



Loewen and Associates

Commodity Consulting/Brokerage

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Morning Ag Markets

Matt Hines

Quite the wild and crazy week for cattle futures. Friday's sharply higher finish, limit higher for August and November feeders, helped to at least bring a few contracts up for the week. The official word that China will be importing U.S. beef by no later than July 16th primed the markets on Friday. Just a reminder, China officially opened up for imports last September but no trade as taken place just yet.

Cash feedlot trade was mostly cleaned up on Wednesday peaking at \$138 live and \$225 dressed, \$7 to \$8 lower than the week previous. Moderate cash business developed again though on Thursday in the North at \$137 to \$138 live and \$217 to \$221 on a dressed basis. Beef prices continue to climb higher and chainspeeds are still rolling strong.

NATIONAL FEEDER & STOCKER CATTLE SUMMARY – W/E 05/12/2017

| RECEIPTS: | Auctions | Direct | Video/Internet | Total |
|------------------|-----------------|---------------|-----------------------|----------------|
| This Week | 225,900 | 48,400 | 54,600 | 328,900 |
| This Week | 184,500 | 69,600 | 3,300 | 257,400 |
| Last Year | 159,000 | 50,100 | 40,100 | 249,200 |

Compared to last week, steers and heifers sold steady to 3.00 higher early in the week, while mid to late week sales were reported from 3.00 to 10.00 lower, with instances 13.00 to 15.00 lower on some individual weight groups. The bloom is off the rose this week as cattle feeders were more cautious with incoming purchase prices as deferred live cattle futures are 2.00 to 3.00 lower than last week's highs. Auction receipts this week are near 50k higher than last week with all of that increase due to the influx of marketings in Oklahoma, Kansas and Missouri. Cattle feeders tried to keep fed cattle as high as they could this week, however with the weakness in the futures this past week, packers procured their lineups mostly 7.00 lower than last week's at 138.00 in the Southern Plains. It has been a spectacular rally for the producer in the fat cattle market, driven by packer competition in order

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to meet sold ahead positions in meat sales for domestic and export commitments. Boxed-beef values have increased sharply over the last 5-weeks but the increased values have also forced the packer to chase this market and pay up on cattle which is putting them in the red. The cut-out has gone significantly higher to compensate the higher fat cattle market gaining near 40.00 on Choice product since the first of April and with a 20.00 spread between Choice and Select the result of so many green cattle being pulled forward.

For the week, Friday May 5th to Friday May 12th, June Live Cattle -\$3.12, August +\$.60, May Feeder Cattle +\$.77, August -\$1.60, June Lean Hogs +\$1.62, July +\$1.77.

Cattle slaughter from Friday is estimated at 114,000 head, down 1,000 from a week ago but up 2,000 compared to a year ago. For the week, 609,000 head, down 3,000 from the week previous but up 11,000 compared to last year. Year to date slaughter up 5.8%, beef production only up 4.3% vs. a year ago.

Hog slaughter from Friday is estimated at 418,000 head, down 6,000 from a week ago but up 15,000 compared to a year ago. For the week, 2,258,000 head, down 4,000 from the week previous but up 96,000 compared to last year. Year to date slaughter up 2.5% and pork production up 2.2% vs. a year ago.

Boxed beef cutout values higher on Choice and lower on Select on light moderate demand and light offerings for a total of only 71 loads sold.

Choice Cutout__247.69 +.83, +8.82 for the week

Select Cutout__225.51 -1.15, +5.94 for the week

CME Feeder Index: __143.48 -2.02

CME Lean Hog Index.__70.63 -1.51

Pork Carcass Cutout__83.29 +1.44

IA-S.MN Wtd Avg Carcass Base__70.28 +.41

National average Wtd Avg Carcass Base__69.73 +.17

June live cattle hit support at the 20-day moving average around \$122 last week and pulled back up to the 10-day moving average for a high on Friday at \$126.87. May feeders ranged from \$150 to \$140 last week with the high up at \$156.75. August found support at \$145 with a gap yet to be filled from \$151.82 to \$152.15

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and the contract high up at \$163.50. June lean hogs still unable to close above \$78 with strong support at \$76.

USDA crop report last week was in line as far as domestic numbers. World stocks and production numbers though were friendly for corn, neutral to bearish for soybeans and bearish for wheat. Grains didn't react much to the new fundamental news. Planting weather looks to open up for most keeping pressure on the fall crops. Wheat shorts holding firm to positions even with quite a bit of damage to assess in both HRW and SRW country and HRS plantings way behind.

For the week, Friday May 5th to Friday May 12th, July Corn +\$.00 ¼, December +\$.00 ¾, July Soybeans -\$.10, November -\$.06 ¾, July KC Wheat -\$.10 ¾, September -\$.10 ¾, July Chicago Wheat -\$.09 ½, September -\$.09 ½

Grain markets trading mixed overnight. Weather remains the main factor. Wheat actually held a ¼ cent gap lower and finished 3 to 4 lower with corn down ½ cent and soybeans 2 to 4 higher.

NOPA April crush today expected to be a little under 146 MBU vs. 147.6 MBU last April and 153.1 MBU in March.

This afternoon's crop progress and conditions report will be watched closely. The trade will be looking for the USDA to show corn planting at 58% to 65% planted as of Sunday. This will compare with 75% planted last year on this date and the average of 70%. Soybean planting expected to be near 25% to 30% complete vs. 36% last year and 32% average. Spring wheat planting expected to be 75% to 78% against 54% last Monday, also looking for winter wheat conditions to fall 1% to 2% from the 53% good to excellent posted last Monday, articles saying wheat streak mosaic becoming more prevalent in Kansas,

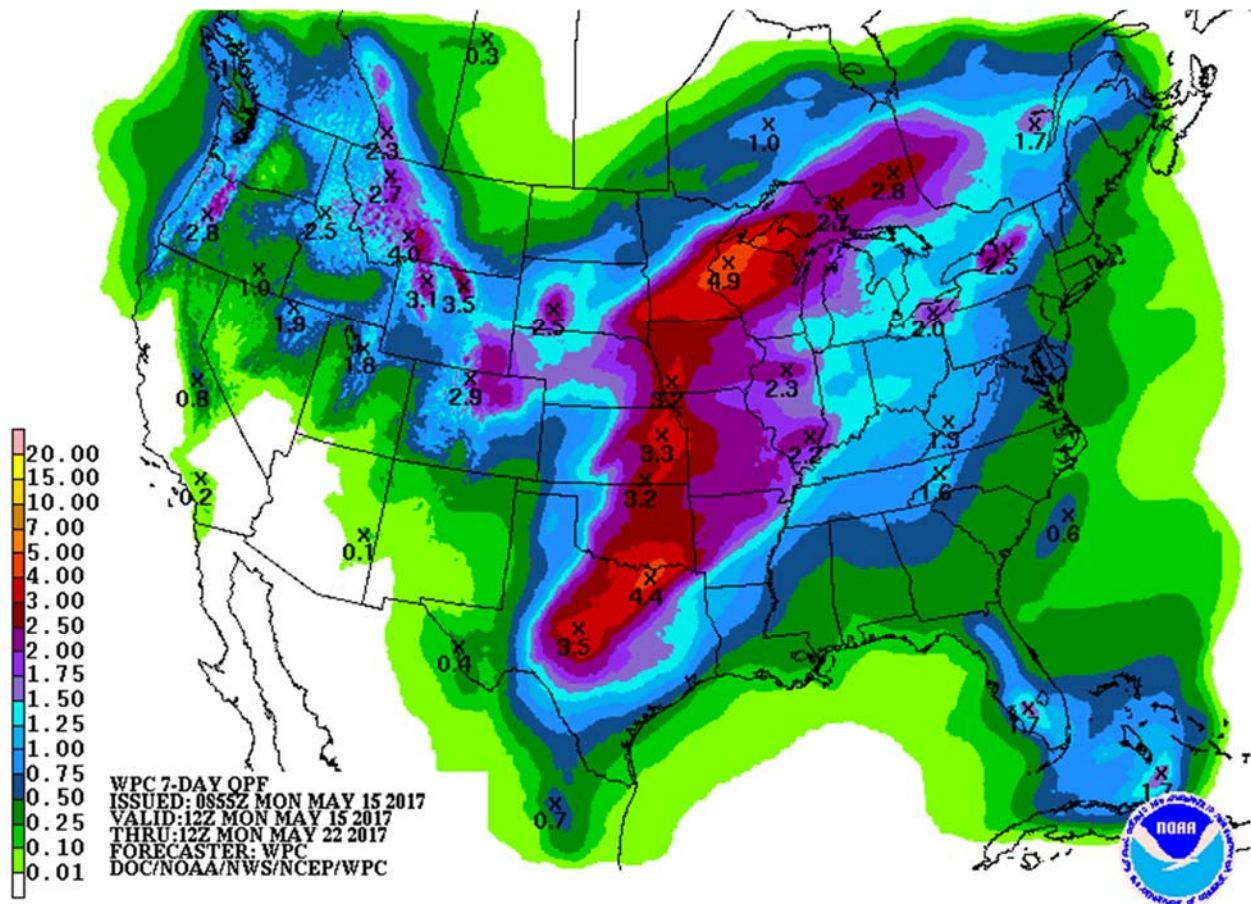
July corn right in the middle of its 2 month long range bound trade from \$3.60 to \$3.80 with the December contract trading from \$3.78 to \$3.96. The squeeze continues here signify a blowout to come soon. July soybeans still barely holding the uptrend since the first of April with support at \$9.60 and resistance at last week's high of \$9.83. The November contract looks the same with support at \$9.60 with last week's high at \$9.73 ¾. July KC wheat struggling to hold \$4.35 to \$4.30 right now with the contract low down at \$4.11 ¼ and resistance up at \$4.45.

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July Chicago wheat has support at last week's low of \$4.26 with the contract low from mid-April at \$4.16.

Most of the Corn Belt was clear over the weekend and planting progress was made in many areas. The areas that recently experienced excessive rains and cool temps should get a better idea this week about how many acres will need to be replanted. This next week looks wet again though from TX through the Great Lakes with another 2-4 inches predicted. The 6-10 day runs from last night show normal to above normal precip for all except the PNW. Temps are below normal here in the central states with above normal on both coasts.



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