



Loewen and Associates, Inc.

Commodity Consulting/Brokerage

**Pete Loewen, Matt Hines,
Doug Biswell, Matt Burgener
866 341 6700**

www.loewenassociates.com

Date: June 20, 2017

After a brief stint at higher money on Friday, both the live and feeder cattle futures sunk to fresh new recent lows yesterday. The front three months in the feeders were pushing up very close to \$3 lower. Live cattle were down over \$2 in the August contract and \$1+ in all the others. Whether the fundamentals warrant the decline or not (which in my opinion, they don't), there was a lot of technical damage inflicted by yesterday's trade that could very easily get spec sellers even more active on pushing things lower.

To paint a little back picture of this cattle complex, both the live and feeder markets bottomed last October and mounted a massive rally that ended in May, pushing contracts like the August feeders up more than \$50/cwt and June fats up over \$40/cwt. They all dropped hard into late May, but then rallied earlier this month to test the contract highs. Some of the deferred live cattle futures actually touched into new high ground, but failed and dropped hard. Yesterday's price action took out those late May lows, which opens the doors to a lot of thin air below on the charts. That's the technical damage I was referencing earlier.

Fundamental traders are more than a little distraught with the recent price action. Choice beef is still perched just under \$250, which is just a couple dollars from the high point this spring. Compared to negotiated feedlot cash trade from two Friday's ago, spot June live futures settled \$17 below that mark. On the fundamental side, it's very easy to look at this situation and say the cart is way out in front of the horse at the moment with this futures selling. When it's bot trade and managed money pushing the buttons though, it doesn't have to make fundamental sense.

Cattle slg. ___ 117,000 unch wa +7k ya
Choice Cutout ___ 249.46 -.36
Select Cutout ___ 221.36 +1.56
Feeder Index: ___ 150.18 -.89
Lean Index. ___ 85.32 +1.26
Pork cutout ___ 96.57 +.94
IA-S.MN direct avg ___ 86.47 +1.15
Hog slg. ___ 430,000 +19k wa +11k ya

Copyright © Loewen and Associates, Inc.

This does constitute a solicitation to buy or sell commodities futures and/or options. The information contained herein is provided for informational purposes only. The information is not guaranteed as to its accuracy or completeness, although the information was taken from sources we believe to be reliable. The market recommendations of Loewen and Associates, Inc. are based solely on the judgment of Loewen and Associates, Inc. personnel. We do not guarantee or warranty, either expressed or implied, of success to you in the use of this information. Loewen and Associates, Inc. disclaims responsibility for or loss associated with use of information from our commentary, analysis or recommendations. **There is risk of loss in trading commodity futures and options. The risk in trading can be substantial; therefore only genuine "risk" funds should be used.**

Grain and oilseed markets started the day with higher soybean and wheat trade, but lower in corn. As the day progressed, corn selling escalated and that seemed to pull the soybean and wheat markets along for the slide. At the close, corn was off a little over 8 cents across all contract months, beans were down a little more than a penny and wheat was mixed.

Weekly export inspections that came out yesterday morning were really good across the board. Corn inspected for export was 48 mln bushels, soybeans 10.1 mln and wheat 27.2 mln.

Yesterday afternoon's crop progress and condition data showed wheat harvest moving up 9 to 28 pct complete. This is running 3 pct ahead of normal. Winter wheat conditions were off 1 at 49 pct G&E. Soft wheat was up 1 at 70 pct G&E. Hard wheat was unchanged at 43 pct G&E. Spring wheat conditions were off 4 points at 41 pct G&E. Corn conditions were unchanged at 67 pct G&E, but excellent took two points from good, which technically would be an improvement. Ratings in Colorado, Kansas and Texas were lower, holding down the gains shown in other states. Sorghum planting moved up 15 to 86 pct complete. Conditions were off 1 at 66 pct G&E. Bean planting moved up 4 to 96 pct complete and that leaves 3.6 mil acres to plant. Most of that is behind wheat harvest. Conditions were up 1 at 67 pct G&E.

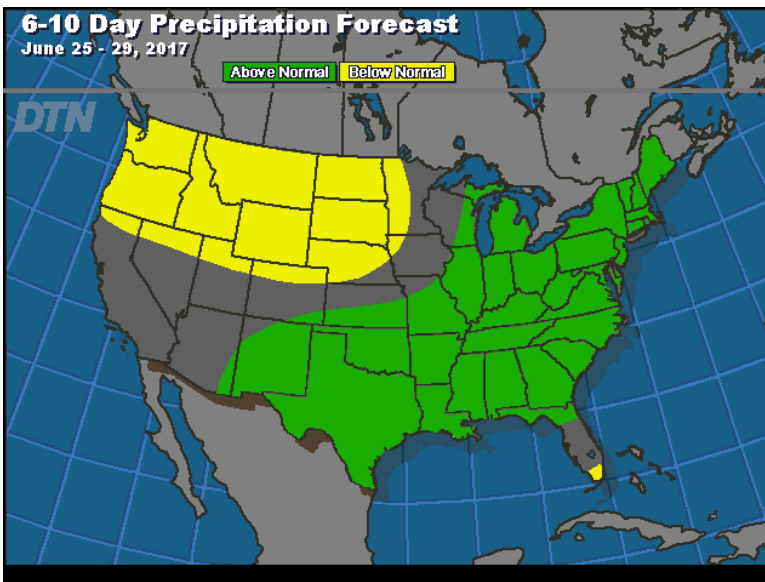
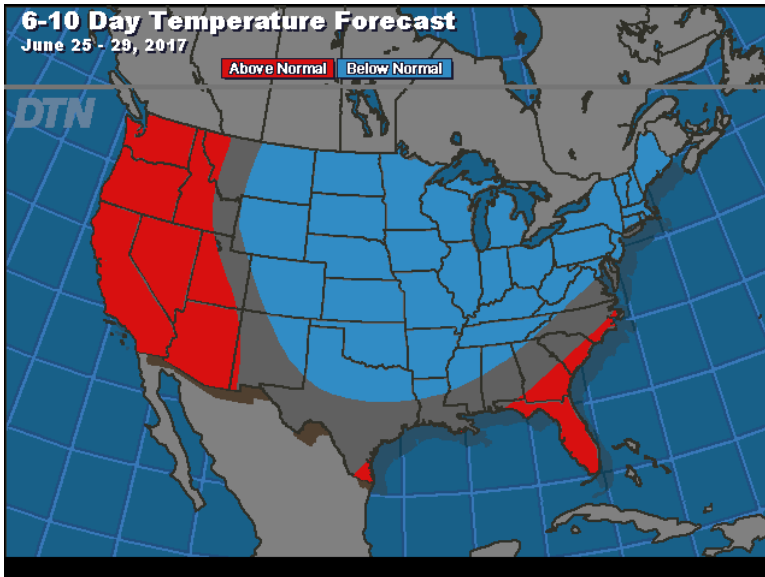
Moving back to the wheat, South Dakota winter wheat ratings were 18% good and zero excellent. Spring wheat ratings in South Dakota were 13% g/ex and 64% p/vp. North Dakota was rated 42% g/ex, which only 3% of that in excellent. P/vp conditions were 24%. Montana spring wheat was rated 19% g/ex and 37% p/vp. If you were wondering why Minneapolis HRS wheat futures were \$1.60 higher than KC HRW wheat in the September contract, it's those condition ratings that are leading the charge. Protein levels in this current HRW wheat crop are likely going to be even lower than last year, which means millers might have to source much higher protein HRS wheat to blend with the HRW to get milling quality. A major drought in the Dakota's and Montana wheat areas has that market surging higher and it's also what's driving protein premiums in some of our Kansas, Oklahoma and Texas commercial wheat bids.

I emphasized it last week and I'll emphasize it again..., if you have good protein levels in the wheat you are harvesting, absolutely under no circumstances should you be hauling that anywhere and taking the posted bid. Call us and we'll do whatever we can to get you a big premium for that protein. That's one of our specialties.

6-10 day forecasts last night showed much cooler temperatures through the vast majority of the Plains and Corn Belt. The Northern Plains and northern Corn Belt were showing much below temps. Precip was above normal from Central Kansas south and from Illinois east. Nebraska, up through the Dakota's and into western Minnesota was below normal on precip.

Copyright © Loewen and Associates, Inc.

This does constitute a solicitation to buy or sell commodities futures and/or options. The information contained herein is provided for informational purposes only. The information is not guaranteed as to its accuracy or completeness, although the information was taken from sources we believe to be reliable. The market recommendations of Loewen and Associates, Inc. are based solely on the judgment of Loewen and Associates, Inc. personnel. We do not guarantee or warranty, either expressed or implied, of success to you in the use of this information. Loewen and Associates, Inc. disclaims responsibility for or loss associated with use of information from our commentary, analysis or recommendations. **There is risk of loss in trading commodity futures and options. The risk in trading can be substantial; therefore only genuine "risk" funds should be used.**



Pete Loewen

Loewen and Associates, Inc.

Pete Loewen / Matt Hines / Doug Biswell / Matt Burgener

www.loewenassociates.com

Copyright © Loewen and Associates, Inc.

This does constitute a solicitation to buy or sell commodities futures and/or options. The information contained herein is provided for informational purposes only. The information is not guaranteed as to its accuracy or completeness, although the information was taken from sources we believe to be reliable. The market recommendations of Loewen and Associates, Inc. are based solely on the judgment of Loewen and Associates, Inc. personnel. We do not guarantee or warranty, either expressed or implied, of success to you in the use of this information. Loewen and Associates, Inc. disclaims responsibility for or loss associated with use of information from our commentary, analysis or recommendations. **There is risk of loss in trading commodity futures and options. The risk in trading can be substantial; therefore only genuine “risk” funds should be used.**