



## **Loewen and Associates**

***Commodity Consulting/Brokerage***

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

**[www.loewenassociates.com](http://www.loewenassociates.com)**

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### **Morning Ag Markets**

**Matt Hines**

Mixed trade on light volume to end the week for livestock futures. Light cash feedlot trade last week, mostly steady to higher, \$134 to \$137 live, dressed sales from \$216 to \$221. Some reported for 15-30 day delivery.

#### **NATIONAL FEEDER & STOCKER CATTLE SUMMARY – WEEK ENDING 06/09/2017**

RECEIPTS:	Auctions	Direct	Video/Internet	Total
This Week	177,700	68,000	30,700	276,400
Last Week	120,100	43,900	300	164,300
Last Year	182,400	39,600	47,000	269,000

Compared to last week, yearling steers and heifers sold steady to 8.00 higher. Steer and heifers calves traded steady to 5.00 higher. Feeder steers and heifers in the southeast sold 2.00-5.00 higher. Trade was active on good to very good demand. The major livestock markets were back in business posting huge gains after being closed last Monday in observance of the Memorial Day holiday. Oklahoma City and Joplin Stockyards saw feeders 5.00-12.00 higher compared to two weeks ago. This was expected as the markets had to play catch up and digest all the positive news from the week before. Other sale barns running on a limited schedule saw heavier receipts than usual as producers are trying to take advantage of the higher market. There was some evidence that the sharp turn in the futures affected a few cattle markets during the middle of the week. However, most traders shook-off the negative news and continued to purchase yearlings at higher prices as feedlots are trying to keep up with packer demand and keep pen space full. The Choice-Select spread continues to widen posting another record at 30.92 on Friday. Extreme heat plagued parts of the Plains and Midwest with temperatures topping in the mid 90's which slowed cattle movement in some areas.

For the week, Friday June 2<sup>nd</sup> to Friday June 9<sup>th</sup>, June Live Cattle +\$.42, August - \$2.20, August Feeder Cattle -\$4.55, September -\$4.20, June Lean Hogs +\$1.25,

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July +\$.72. Boxed Beef Choice \$5.97 at \$251.21, Select +\$2.23 at \$220.29, Pork Carcass Cutout +\$1.05 at \$92.45.

Cattle slaughter from Friday is estimated at 117,000 head, up 1,000 from a week ago and up 7,000 compared to a year ago. For the week, 583,000 head, up 114,000 from the week previous and up 26,000 compared to a year ago.

Hog slaughter from Friday is estimated at 412,000 head, down 21,000 from a week ago but up 20,000 compared to a year ago. For the week, 2,192,000 head, up 220,000 from the week previous and up 102,000 compared to a year ago.

Boxed beef cutout values firm to higher on moderate to fairly good demand and moderate offerings for a total of 116 loads sold.

Choice Cutout\_\_251.21 +.82, +5.97 for the week

Select Cutout\_\_220.29 +.28, +2.23 for the week

CME Feeder Index:\_\_154.91 +.80

CME Lean Hog Index.\_\_80.02 +.61

Pork Carcass Cutout\_\_92.45 -.09

IA-S.MN Wtd Avg Carcass Base\_\_77.64 -.20

National average Wtd Avg Carcass Base\_\_76.61 +.11

June live cattle still holding above \$130 with cash still premium. August made a new contract high on Tuesday at \$127.65 with the big key reversal lower that day. Futures have been steady since with support at the 10-day moving average, now at \$123.30. August feeders popped above \$160 but contract highs from mid-May were not tested last week. Support tracking the 20-day moving average now at \$152.20. June lean hogs continue to trend higher looking to take out the May highs this week.

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No real big surprises from USDA in regards to the US production and ending stocks. And futures did not react much to the updated data. Winter Wheat production estimates increased though vs. average trade estimates before the report that were projecting lower than a month ago. HRW and SRW came in higher while white wheat was decreased slightly. The major increases were seen in CO, up 5.85 MBU and KS up 13.8 MBU. MT was reduced by 3.4 MBU and WA down 3.32 MBU.

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The U.S. Wheat balance sheet had old crop stocks increased by 2 MBU from Imports increasing the same amount. This carries forward into new crop with beginning stocks up 2 MBU, production up 4 MBU and imports for new crop also increased by 5 MBU. Old crop ending stocks now at 1.161 BBU with new crop at 924 MBU.

Old crop soybean ending stocks increased by 15 MBU due to a decrease in domestic crush by the same amount, this being the only other change not expected ahead of the report. This took old crop ending stocks up 15 MBU to 450 MBU and new crop to 495 MBU.

There were quite a few changes to the world picture, most of which were bearish with wheat and soybean production increased. Wheat production increased in Argentina for the 2016/17 crop year by 1 MMT to 17 MMT and for the 2017/18 crop year by .5 MMT to 17.5 MMT. Also for the new crop, India wheat production dropped 1 MMT and Russian up 2 MMT. The South American soybean crop continues to get bigger with Brazil up 2.4 MMT to 114 now and Argentina up .8 MMT to 57.8. Corn production estimates were increased for old crop in Brazil and South Africa but decreased for new crop in the EU and Canada to offset.

For the week, Friday June 2<sup>nd</sup> to Friday June 9<sup>th</sup>, July Corn +\$.15, December +\$.15, July Soybeans +\$.20 ¼, November +\$.22 ¾, July KC Wheat +\$.18 ¼, September +\$.17 ¾, July Chicago Wheat +\$.16 ¼, September +\$.16 ¼.

Grain markets overnight under heavy pressure as extended weather forecasts are less threatening. All finished 5 to 7 lower.

The trade will be looking for the USDA to show Corn rated 66% to 68% good to excellent in this afternoons report. This compares to 68% last week, 75% last year and 71% average. We get our first Soybean condition report today. Look for USDA to show Soybeans 68% to 70% good to excellent vs. 74% last year and 67% average for this date. Spring Wheat conditions should be below 50% good to excellent compared to last week's 55% and last year's 62%.

For the 2<sup>nd</sup> day in a row, USDA reported a private sale of old crop soybeans, this time 130,000 MT or 4.8 MBU of Soybeans sold to unknown destination

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Weather forecasts are looking favorable for the Midwest with 1 to 3 inches expected this week in the Northern Plains and throughout the Corn Belt. The latest 6-10 day outlook shows below normal precipitation for the Plains heading west and above normal east of the Mississippi River. Temperatures are forecasted mostly normal to above normal, the above normal centered on the Southwest.

July corn finally broke out higher last week, stopping short of the Feb highs while the December contract pushed through for a new 11-month high at \$4.09. July really needs to hold above \$3.80 and December above \$3.90 this week to keep the higher momentum going. July and November soybeans hit resistance in the \$9.50 area last week, unable to push any higher. Support for July is at \$9.30. The November contract has a recent low at \$9.15 ½ then the low from last August down at \$9.03 ½. July KC wheat still trending higher with support every dime lower down to the contract lows at \$4.11 ¼. July Chicago wheat very similar with the contract low from mid-April at \$4.16. MPLS spring wheat has taken out the recent highs from February and into price areas not seen since the summer of 2015. Holding near \$6 today could lead to a test of the \$6.25 area.

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Pete Loewen / Matt Hines / Doug Biswell / Matt Burgener

[www.loewenassociates.com](http://www.loewenassociates.com) [pete@loewenassociates.com](mailto:pete@loewenassociates.com) [matt@loewenassociates.com](mailto:matt@loewenassociates.com)

**866-341-6700**

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