



Loewen and Associates

Commodity Consulting/Brokerage

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Morning Ag Markets

Matt Hines

The U.S. cattle industry experienced many market moving headlines throughout the week. On Tuesday, an announcement from the largest feedlot operator in the U.S., JBS, as they disclosed their divestment plan. The plan included the dispersal of several major feed yards throughout the country. Also, on Thursday it was announced that the U.S. would suspend beef imports from Brazil, mainly due to safety and health concerns.

Thursday's Cold Storage Report concluded that total red meat supplies in freezers is down 5% from last month and 7% from last year. Total pounds of beef in freezers is down 10% from last month and down 11% from last year. For pork, frozen supplies are slightly lower than last month and down 4% from last year, with the stock of pork bellies down 6% from last month and 59% from last year.

Futures continued to lead the cash markets lower for cattle this past week. Cash feedlot trade started at \$124 live, with decent volume trading mid-week at \$122 and concluded with light clean up volume Thursday down to \$119. Overall, live sales \$5 to \$11 lower than the previous week and NE dressed trades were \$7 to \$17 from \$193 to \$198.

After the close, yet another bearish cattle on feed report with the 3rd month in a row of double digit placements, this time at 112% vs. a year ago. We did have 1 more business day this May, so the 109% Marketings are more like 105%. Cattle on feed were 103% vs. a year ago and also slightly above the average trade estimates.

NATIONAL FEEDER & STOCKER CATTLE SUMMARY – W/E 06/23/2017

RECEIPTS:	Auctions	Direct	Video/Internet	Total
This Week	145,400	26,800	72,700	244,900
Last Week	146,700	32,500	200	179,400
Last Year	126,900	32,400	1,400	160,700

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Compared to last week, steers and heifers sold mostly 2.00 to 8.00 lower. Yearlings and heavy weight steers were steady to weak with lower undertones noted. The supply of feeder cattle is fairly tight as there is competition in the marketplace with farmers trying to buy cattle at lower prices, especially farmer feeders with old crop corn to feed.

For the week, Friday June 16th to Friday June 23rd, June Live Cattle -\$2.50, August -\$2.90, August Feeder Cattle -\$2.92, September -\$2.95, July Lean Hogs +\$2.97, August -\$0.47. Boxed Beef Choice -\$10.09 at \$239.75, Select -\$3.08 at \$216.72, Pork Carcass Cutout +\$5.52 at \$101.15.

Cattle slaughter from Friday is estimated at 118,000 head, matching the total from a week ago and up 5,000 compared to a year ago. For the week, 632,000 head, up 4,000 from the week previous and up 24,000 compared to a year ago.

Hog slaughter from Friday is estimated at 419,000 head, up 2,000 from a week ago and up 18,000 compared to a year ago. For the week, 2,144,000 head, down 35,000 from the week previous but up 48,000 compared to a year ago.

Boxed beef cutout values sharply lower on Choice and steady on Select on light to moderate demand and offerings for a total of 85 loads sold.

Choice Cutout__239.75 -3.13

Select Cutout__216.72 -.20

CME Feeder Index: __147.09 -1.09

CME Lean Hog Index.__90.17 -.87

Pork Carcass Cutout__101.15 +1.63

IA-S.MN Wtd Avg Carcass Base__86.38 -.31

National average Wtd Avg Carcass Base__85.85 -.29

August live cattle with support in the \$110 area and then \$105. The double top formation and key reversal lower earlier this month point to a test near \$107.

August feeders should find some support at \$140. August lean hogs with some very volatile trading days recently from a top up at \$82.40 to lows down at \$77.60 with strong support at \$77.

Weather in the central and ECB continues to look less threatening pulling grain prices lower throughout the week and heading into the weekend. The extended

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forecasts do continue to show heat expanding in the WCB on already very dry areas. The other concern here for the fall crops is exports from now until post-harvest. Soybeans shipments and sales have already fallen off hard, corn is losing momentum now as well. It was reported last week that South American origins are now offering corn at prices not seen since 2010, roughly \$30-40/MT under current U.S. values or \$.75 to \$1/BU, excluding freight.

MPLS wheat continues to lead the way higher with weather still a challenge in the Northern Plains and hot and dry conditions continue in Europe. Winter wheat futures remain under some pressure with wheat harvest but yields still variable and protein levels still a major concern.

For the week, Friday June 16th to Friday June 23rd, July Corn -\$.30, December -\$.30 ³/₄, July Soybeans -\$.37, November -\$.37 ¹/₄, July KC Wheat -\$.09 ¹/₄, September -\$.09, July Chicago Wheat -\$.05 ¹/₂, September -\$.08, July MPLS Wheat +\$.18 ¹/₂, September +\$.19 ¹/₄.

Grain markets were mixed overnight. Corn and soybeans were higher on some short covering, KC and Chicago wheat lower from harvest pressure and MPLS wheat still climbing higher.

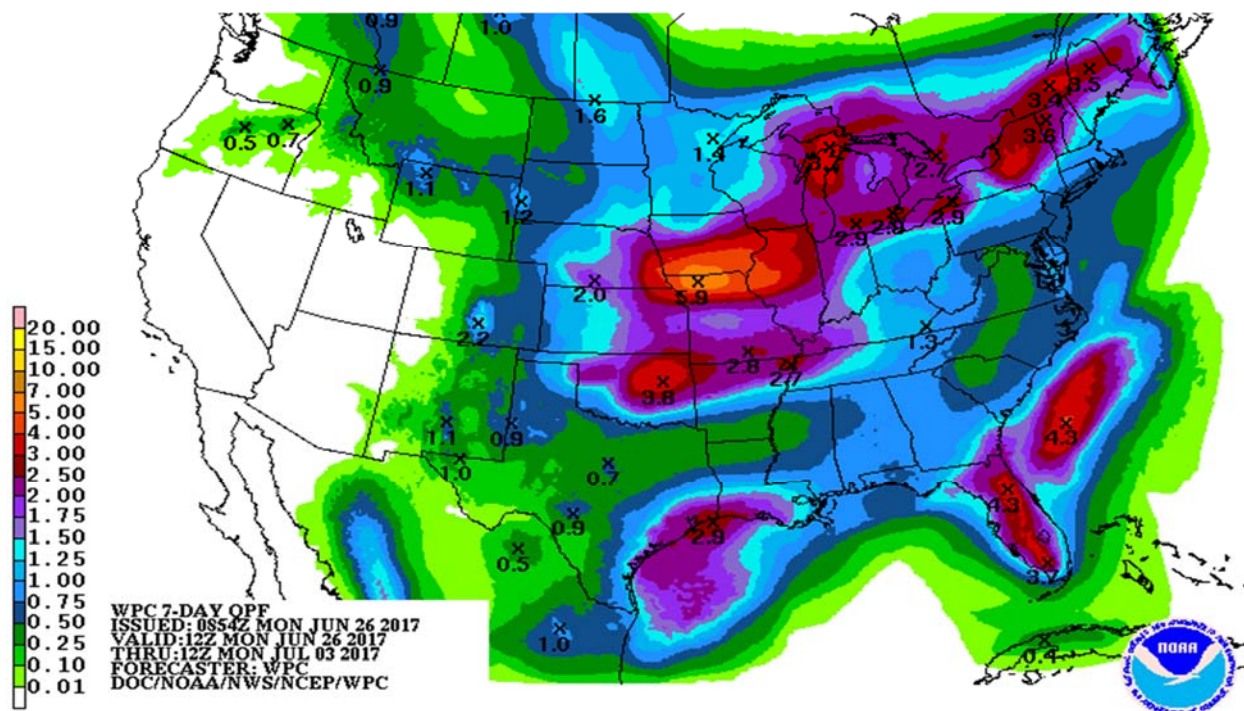
The trade will be looking for the USDA to show Corn rated 68% to 69% good to excellent in this afternoons report. This will compare with 67% last week, 75% last year and 68% average. Soybean conditions 67% to 69% good to excellent vs. 67% last week, 72% last year and 63% average for this date.

July corn punched below the \$3.60 support last week and again overnight with the next level of support down at \$3.50. The December contract also below \$3.75 support, down into new lows for 2017 with the next major support level at \$3.65. July soybeans touched \$9 last week, November still a dime plus away from last fall's low at \$9.03 ¹/₂. July KC wheat pulled back \$.20 from its highs last week, support around \$4.50. July Chicago wheat with support at \$4.45. MPLS spring wheat now testing the highs from back in December 2014.

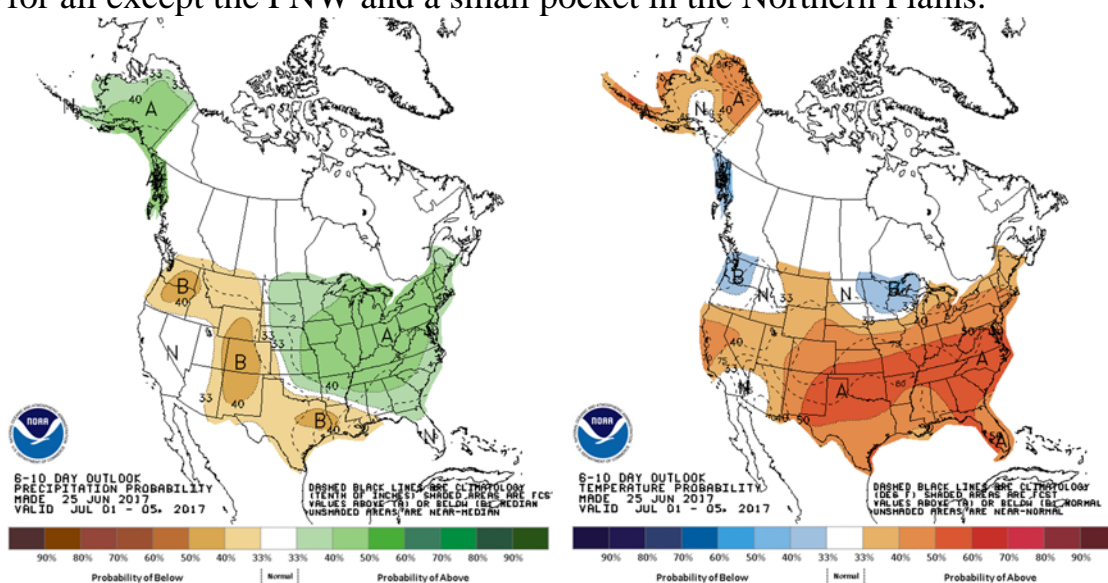
Weather forecasts are looking favorable for the Midwest, 3 to 5 inches of rain for this week, 1 to 2 for the ECB and Northern Plains.

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The latest 6-10 day outlook shows above normal precipitation central and east with below normal south and west. Temperatures are forecasted above normal though for all except the PNW and a small pocket in the Northern Plains.



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