



## **Loewen and Associates**

**Commodity Consulting/Brokerage**

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

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

**Date: June 28<sup>th</sup>, 2017**

### **Morning Ag Markets**

**Matt Hines**

Limit higher Monday after a bearish cattle on feed report makes as much sense as yesterday's reversal lower. Limits were expanded yesterday and necessary but to the down side as both fats and feeders ripped lower wiping out all of Monday's gains. Some more concerns out of Brazil with JBS not paying cash for cattle at delivery and instead delaying payments by as much as 30 days. This is reportedly only happening in Brazil but has many concerned for the future here as JBS Five Rivers is up for sale.

The Fed Cattle Exchange continues to run on its old platform here today with 2,554 head consigned this week. Last week, 457 head sold at \$123 out of the 2,148 consigned.

USDA is expected to show all hog inventory as of June 1 at 103% of the year ago level, if realized that would be approximately 71.6 mln head, according to latest Reuters poll. The quarterly hogs and pigs inventory is forecast to show kept for breeding at 102% of the year ago and kept for marketing at 104%. The report will be released tomorrow at 2:00 pm CDT

Cattle slaughter from Tuesday is estimated at 118,000 head, up 1,000 from a week ago and up 4,000 compared to a year ago.

Hog slaughter from Tuesday is estimated at 436,000 head, up 4,000 from a week ago and up 8,000 compared to a year ago.

Boxed beef cutout values sharply lower on light to moderate demand and moderate offerings for a total of 128 loads sold.

Choice Cutout\_\_233.91 -4.66

Select Cutout\_\_215.26 -2.40

CME Feeder Index:\_\_\_146.42 +.58

#### **IMPORTANT—PLEASE NOTE**

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.**

CME Lean Hog Index.\_\_91.10 +.48  
Pork Carcass Cutout\_\_102.31 +.96  
IA-S.MN Wtd Avg Carcass Base\_\_86.36 -.02  
National average Wtd Avg Carcass Base\_\_85.75 -.03

It wasn't quite a key reversal lower yesterday but August live cattle still have resistance at \$120 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 were able to break through the \$150 mark yesterday but quickly back to the \$145 support and we should find some additional 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. Yesterday low was near that area again with strong support in the \$77 area.

\*\*\*\*\*

Grains were higher supported by the crop conditions report Monday after the close and heavy rains followed by heat coming into the Corn Belt in the extended forecasts. MPLS wheat was once again the leader taking out the highs back from December 2014. This could lead to a test of the high from July of 2014 at \$7.38 or even the \$7.99 high from May of 2014.

Export basis bids for US HRW are a little softer with some importers deciding they can use 11.5% pro vs. the 12% minimum standard. There is still a \$1+ premium though for 12 pro vs. ordinaries for export and domestic mills.

South Korea bought an additional cargo of corn brining their total up to 13 so far this week. They paid \$177.50/MT delivered for shipment in October which is still some \$17/MT or \$.43/BU less than US offers. South America continues to offer corn into Asia for OND at 35 to 45 cent discount. This also signifies they are no longer showing any interest in feed wheat.

It was announced yesterday by the EPA that along with the Department of Army, and Army Corps of Engineers (the agencies) are proposing a rule to rescind the Clean Water Rule and re-codify the regulatory text that existed prior to 2015 defining "waters of the United States" or WOTUS. This action would, when finalized, provide certainty in the interim, pending a second rulemaking in which the agencies will engage in a substantive re-evaluation of the definition of "waters of the United States." The proposed rule would be implemented in accordance with Supreme Court decisions, agency guidance, and longstanding practice.

#### IMPORTANT—PLEASE NOTE

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.**

EPA Administrator Scott Pruitt was quoted, "We are taking significant action to return power to the states and provide regulatory certainty to our nation's farmers and businesses. This is the first step in the two-step process to redefine 'waters of the U.S.' and we are committed to moving through this re-evaluation to quickly provide regulatory certainty, in a way that is thoughtful, transparent and collaborative with other agencies and the public."

Grain markets were mixed to firm overnight led by MPLS wheat. Not much new news as the market awaits Friday's Acreage and Quarterly Stocks report along with watching the current weather and update forecasts. Corn finished steady, soybeans 1 to 2 higher, KC and Chicago wheat 1 higher with MPLS wheat 9 to 11 higher.

Acreage and Quarterly Stocks from USDA Friday at Noon...

- 2017 Corn acreage expected to be 89.90 mln acres compared to the 89.996 mln in the late March intentions report.
- 2017 Soybean acreage expected to be at 89.75 mln acres compared to the 89.482 mln in the late March intentions report.
- 2017 All Wheat acreage expected to be at 46.07 mln acres vs. 46.059 in March. The total includes 32.83 mln winter wheat vs. 32.747, 11.21 mln spring wheat vs. 11.308 and 2.0 mln acres of durum wheat, unchanged from March.
- US corn stocks as of June 1st at 5.12 bln bushels that compares to the 8.62 bln on March 1 and the 4.71 bln from June 1, 2016.
- US soybean stocks as of June 1st at 983 mln bushels that compares to the 1.735 bln on March 1 and the 872 mln in June 1, 2016.
- US wheat stocks as of June 1st at 1.14 bln bushels that compares to the 1.655 bln on March 1 and the 976 mln in June 1, 2016.

Stats Canada 2017 crop planting report coming out tomorrow...

- Barley expected at 6.0 mln acres, just above the April intentions report at 5.88 mln acres. Last year's barley acres were 6.39 mln.
- Corn expected at 3.6 mln acres, below the April intentions report at 3.75 mln acres. Last year's corn acres were 3.32 mln.

#### IMPORTANT—PLEASE NOTE

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.**

- Canola acres expected at 22.2 mln acres, just below the April intentions report at 22.38 mln acres. Last year's canola acres were 20.36 mln.
- Soybean acres expected at 7.0 mln acres, just above the April intentions report at 6.95 mln acres. Last year's soybean acres were 5.46 mln.
- All Wheat expected at 22.7 mln acres, off from the April intentions report at 23.18 mln acres. Last year's all wheat acres totaled 23.21 mln.
- Durum wheat acres in 2017 are seen at 5.0 mln in tomorrow's report compared to the 5.15 mln in April and below the 6.19 mln acres in 2016.

Wet weather is forecasted to continue for the Corn Belt but still not much for the Northern Plains. Accumulation maps over the next 7 days have a 6+inch bullseye on Southern IA/Northern MO surrounded by 1 to 3 inches for most of the surrounding states. The latest 6-10 day outlook shows above normal precipitation for the Corn Belt, below normal for the Plains. Temperatures are forecasted above normal for all except the PNW with models showing a dome setting in over the Southern Plains and moving into the Corn Belt.

July corn punched below the \$3.60 support, still hanging close to that level with the next level of support down at \$3.50 and resistance up at \$3.64. The December contract also fell below \$3.75 support, down into new lows for 2017 with the next major support level at \$3.65 and resistance at \$3.82. July soybeans touched \$9 last week, November still a dime plus away from last fall's low at \$9.03 ½. Support for July at \$9 with resistance at \$9.20 and on the November contract, support at \$9.07 with resistance at \$9.30. July KC wheat support at \$4.52, resistance at \$4.81. July Chicago wheat with support at \$4.49 and resistance at \$4.74.

### **Loewen and Associates, Inc.**

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**

#### **IMPORTANT—PLEASE NOTE**

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.**