



Loewen and Associates

Commodity Consulting/Brokerage

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Morning Ag Markets

Matt Hines

Friday's livestock futures trade was mixed on light volume. There seemed to be a little interest in moving the markets after wild volatile swings the past few sessions. Negotiated cash feedlot trade wrapped up mostly on Thursday from \$117 to \$118 live with a few up to \$119 and as low as \$116.50, but those at the low end were probably for delivery out ahead. Dressed sales were from \$186 to \$188. The market was down \$1 to \$2 from a week ago.

NATIONAL FEEDER & STOCKER CATTLE SUMMARY – WEEK ENDING 07/07/2017

RECEIPTS:	Auctions	Direct	Video/Internet	Total
This Week	15,800	38,200	55,500	109,500
Last Week	134,200	36,200	87,100	257,500
Last Year	25,400	56,500	31,500	113,400

Compared to last week, there were not enough feeder cattle on hand to call a trend as the majority of sale barns took the week off in observance of Independence Day. Next week all the major markets will be open for business and should give an indication on trends. Although most markets were closed, a few opened late in the week with heavy offerings. Trade was active on a few sales reported, with good demand. Despite the lower trends in boxed beef, futures, and feedlot trade throughout the last several weeks, many feeders continue to trend at higher prices. There is good demand from farmer feeder participation, with many thinking they can make a profit or break even when factoring in costs at these price levels.

For the week, Friday June 30th to Friday July 7th, August Live Cattle -\$1.52, October -\$1.37, August Feeder Cattle -\$2.90, September -\$3.00, July Lean Hogs +\$1.10, August -\$0.52. Boxed Beef Choice -\$5.89 at \$218.84, Select -\$5.91 at \$202.51, Pork Carcass Cutout +\$2.04 at \$104.96.

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Cattle slaughter from Friday is estimated at 120,000 head, up 1,000 from a week ago and up 12,000 compared to a year ago. For the holiday shortened week, 546,000 head, down 92,000 from the week previous but up 32,000 compared to a year ago.

Hog slaughter from Friday is estimated at 420,000 head, up 6,000 from a week ago but down 12,000 compared to a year ago. For the week, 1,849,000 head, down 336,000 from the week previous but up 23,000 compared to a year ago.

Boxed beef cutout values lower on light to moderate demand and heavy offerings for a total of 162 loads sold.

Choice Cutout__218.84 -1.21, -5.89 for the week

Select Cutout__202.51 -1.25, -5.91 for the week

CME Feeder Index:__148.19 +.35

CME Lean Hog Index.__92.46 +.06

Pork Carcass Cutout__104.96 +1.12

IA-S.MN Wtd Avg Carcass Base__87.47 -.59

National average Wtd Avg Carcass Base__86.34 -.36

All the downside movement in futures have providing one good thing for live cattle, the steep discounts to deferred months as come back together with the nearby August contract through January now trading near even. August live cattle found support last week at the 100-day moving average with resistance above at the 10-day moving average. We can bounce a little off the 100-day averages but I think rally potential is limited past \$117-\$118. August feeders did not make a new recent low last week, also finding support at the 100-day moving average. Resistance is at \$146 and again at \$150. August lean hogs reached up for a new contact high last week at \$85.37 with support at \$82 and the double bottom down just below \$78.

We are smack dab in the middle of a US weather rally, primarily it has been wheat led. But wheat was the one to fade last week and soybeans took a leadership position. July hot and dry for soybeans is typically not a crop killer like it would be in August. Corn is pollinating in major growing areas this week and into next which is the critical time.

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Export sales were delayed until Friday last week with wheat sales at 375 TMT or 14 MBU. Included 4.3 hard, 1.7 soft red, 4.1 white, and 3.7 spring. Total sales to date are 308 MBU vs 311 last year. Corn sales were 140 TMT or 5.5 MBU old crop with 3 mil new crop added. Takes total sales to 2.189 BBU vs 1.860 last year and USDA projections of 2.225 BBU. Grain Sorghum sales were 72 TMT or 3 MBU taking total to 177 MBU vs. 307 last year. Soybean sales were 365 TMT or 13 MBU with 3 mil added to new crop. Takes total sales to 2.195 BBU vs 1.885 last year and USDA projections of 2.050 BBU.

For the week, Friday June 30th to Friday July 7th, September Corn +\$.11 ½, December +\$.12 ¾, August Soybeans +\$.54, November +\$.60 ¾, September KC Wheat +\$.13 ½, December +\$.14 ½, September Chicago Wheat +\$.09, December +\$.12 ¾, September MPLS Wheat -\$0.05, December +\$.01.

Grains sharply higher overnight with continued support from worries over hot and dry weather forecast for the Plains and Corn Belt. Corn finished 6 to 7 higher, soybeans 19 higher, KC wheat 12 higher, Chicago wheat 14 higher and Minneapolis wheat 30 higher.

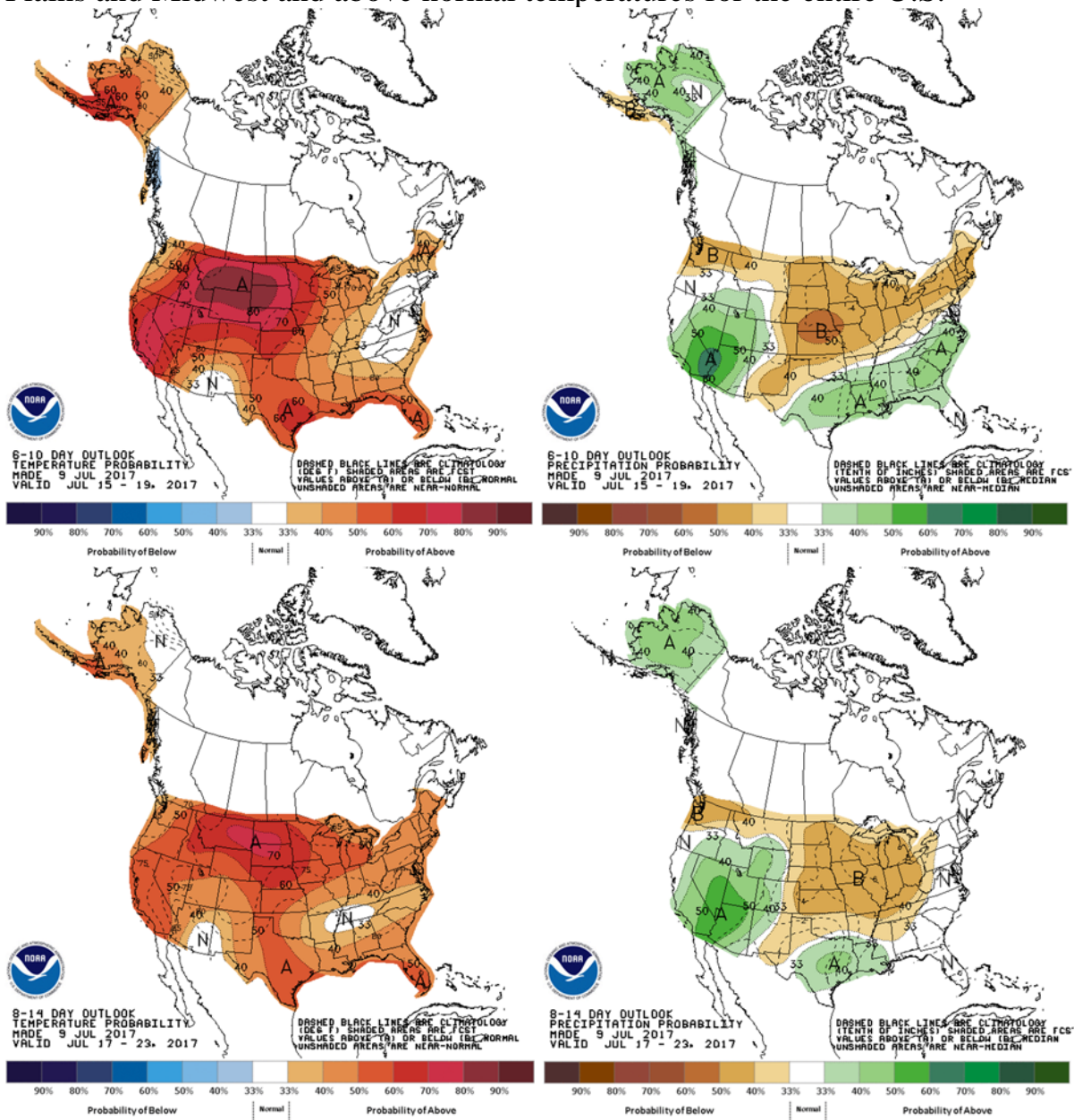
Crop conditions report this afternoon has trade expecting a 1-3% decline from the 68% G-E corn rating last week. Traders are also expecting a decline in soybean G-E ratings by 1- 2% from the 64% last week. The 5year average is 66%. Spring wheat ratings are expected to drop to 35% G-E compared to the average rating of 71% and LW's 39% reading.

September corn broke through for a new 12-month high overnight at \$4.01. The next area of resistance is up at \$4.39 which was the highs from June of last year. The December also into a new recent high, taking out the \$4.09 from early June, \$4.20 and then \$4.50 would be the next targets. August soybeans gapped higher overnight into the \$10.20 area. November also gapped higher and into new recent highs. \$10.43 is the current contract high. Daily wheat charts are difficult to find resistance levels so looking at weekly charts, KC wheat has resistance up in the \$5.90 area, the highs back from early 2015. Chicago wheat may find some near \$5.50 and again at \$6. MPLS reached above \$8 last week but quickly reversed lower, getting back above that level will be the key for extending the rally this week.

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Rain chances are isolated to the northern halves of IL through NY over this week. The latest 6-10 day and 8-14 day outlook show below normal precipitation for the Plains and Midwest and above normal temperatures for the entire U.S.



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