



## **Loewen and Associates**

***Commodity Consulting/Brokerage***

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**Date: July 17<sup>th</sup>, 2017**

### **Morning Ag Markets**

**Matt Hines**

Another strong close for cattle futures on Friday as lean hog futures were triple digits lower. Cash feedlot trade kicked off midweek with the Fed Cattle Exchange at \$118+ followed up by \$2 to \$3 higher trade than a week ago in the country. Sales were mostly done at \$120 live, active in all trading regions, and some topping at \$121. Dressed sales were done at \$190 to \$191.

#### **NATIONAL FEEDER & STOCKER CATTLE SUMMARY – WEEK ENDING 07/14/2017**

<b>RECEIPTS:</b>	<b>Auctions</b>	<b>Direct</b>	<b>Video/Internet</b>	<b>Total</b>
<b>This Week</b>	<b>150,700</b>	<b>81,200</b>	<b>138,200</b>	<b>370,100</b>
<b>Last Week</b>	<b>15,800</b>	<b>38,200</b>	<b>55,500</b>	<b>109,500</b>
<b>Last Year</b>	<b>162,200</b>	<b>62,300</b>	<b>104,600</b>	<b>329,100</b>

Compared to last week, there were not enough comparable sales to call an accurate market trend. Trade was active with moderate supplies and very good to moderate demand, as many markets re-opened this week with their first sale after Independence Day. Demand remains excellent for long-time weaned calves and yearlings coming off of grass. As a typical trend in the summer months, many unweaned calves are beginning to make their way to sale barns; however, these are selling on limited demand. Cattle buyers throughout the Plains continue to demonstrate caution as the hot, humid weather has set in and the “dog days of summer” have arrived, which may have an impact on deteriorating pasture conditions. Slaughter cattle have continued to move at a good pace, with the year-to-date slaughter 5.9 percent higher than a year ago. This provides support to the feeder cattle market and was demonstrated during this week’s feedlot trade that saw higher prices. The northwestern Plains are still experiencing a drought and over time, it has continued to intensify. With grass supplies becoming depleted, many cattle are headed to town earlier than normal, including several cow-calf pairs and cull cows.

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For the week, Friday July 7<sup>th</sup> to Friday July 14<sup>th</sup>, August Live Cattle +\$3.02, October +\$4.75, August Feeder Cattle +\$9.25, September +\$9.05, August Lean Hogs -\$3.32, October -\$3.80.

Cattle slaughter from Friday is estimated at 118,000 head, down 2,000 from a week ago but up 11,000 compared to a year ago. For the week, 637,000 head, down 1,000 from 2 weeks ago but up 39,000 compared to a year ago.

Hog slaughter from Friday is estimated at 414,000 head, down 6,000 from a week ago and down 2,000 compared to a year ago. For the week, 2,202,000 head, up 17,000 from 2 weeks ago and up 81,000 compared to a year ago.

Boxed beef cutout values weak to lower on light to moderate demand and heavy offerings for a total of 159 loads sold.

Choice Cutout\_\_209.35 -.50, -9.49 for the week

Select Cutout\_\_195.42 -1.84, -7.09 for the week

CME Feeder Index: \_\_149.74 -1.00

CME Lean Hog Index.\_\_92.78 -.06

Pork Carcass Cutout\_\_104.48 +.81

IA-S.MN Wtd Avg Carcass Base\_\_86.85 -.91

National average Wtd Avg Carcass Base\_\_86.40 -.40

August live cattle found support 2 weeks ago at the 100-day moving average, now at \$113.50 and overhead resistance now at the 50-day moving average of \$119.20. A break above that and we look to fill the gap up at \$120.50. August feeders with a double top above \$161 and double bottom now around \$141. We couldn't quite take out the resistance at \$155 last week. August lean hogs broke lower and closed below the 50-day moving average on Friday with strong support just below \$78 which was tested four times back in June.

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Grains were mostly higher to end the week but the price damage was done midweek. USDA did not adjust corn or soybean yields lower from trendline and weather forecasts are not all matching up with some calling for less threatening conditions for the Corn Belt during these next couple weeks of critical corn pollination time period. The Northern Plains are still hot and dry though and both winter and spring wheat production estimates should continue to decrease.

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It was a bit surprising to see from the CFTC data that funds were still net buyers for the week ending 7/11. Again this is only through last Tuesday though and the reversal came Wednesday and Thursday. Sub trendline corn yields are believed by most everyone right now but a range from 165 to 168 BPA most likely trading currently.

For the week, Friday July 7<sup>th</sup> to Friday July 14<sup>th</sup>, September Corn  $-\$.16 \frac{1}{4}$ , December  $-\$.15 \frac{1}{4}$ , August Soybeans  $-\$.12$ , November  $-\$.14$ , September KC Wheat  $-\$.29 \frac{1}{2}$ , December  $-\$.28 \frac{3}{4}$ , September Chicago Wheat  $-\$.24 \frac{1}{4}$ , December  $-\$.23$ , September MPLS Wheat  $-\$.08 \frac{3}{4}$ , December  $-\$.00 \frac{1}{2}$ .

Grains were mixed overnight with soybeans 3 to 4 higher and MPLS wheat 3 to 6 higher while corn and Chicago wheat finished 1 to 2 lower and KC wheat 3 to 4 lower. The weather is just bad enough to keep prices steady for the time being, but a bounce higher today could be in the cards.

Crop conditions will be released later this this afternoon with expectations of lower ratings again. Corn conditions are expected to be down 1 to 2 points in the good to excellent categories vs. 65% LW, 76% LY and 69% average. Soybean ratings expected to be steady to 2 points lower vs. 62% LW, 71% LY and 66% average. HRS rating expected to drop 1 to 3 points vs. only 35% good to excellent LW.

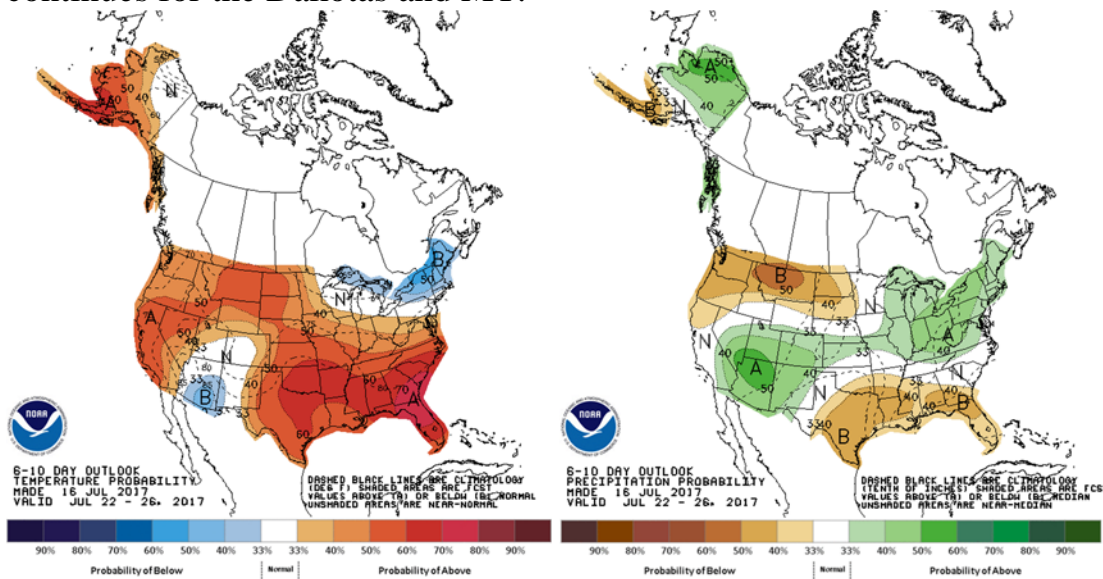
September corn broke the \$4 barrier last week but now is looking at support at \$3.65 and resistance at \$3.80. The December contract also into a new recent high, taking out the \$4.09 level from early June. Support is down at \$3.75 with resistance at \$3.90 to \$3.91. August soybeans with support at \$9.71, resistance at \$10 and last week's high up at \$10.32  $\frac{1}{2}$ . November with support at \$9.67, resistance at \$10.10 and last week's high at \$10.47. September KC wheat has support at \$5 with the first line of resistance up at \$5.15. September Chicago wheat with the same support at \$5. September MPLS wheat with support at \$7.50 and resistance at \$8.

Scattered rains fell over the weekend along with a break in temps, but by Sunday SD and MT reached up to 100 degrees yet again. This week does not have many rain chances in the forecast for the Plains and plenty of spots forecasted above 95 for a few days. The band of rain this week stays North and East with 2 to 4+ inches expected in So. MN through No. OH.

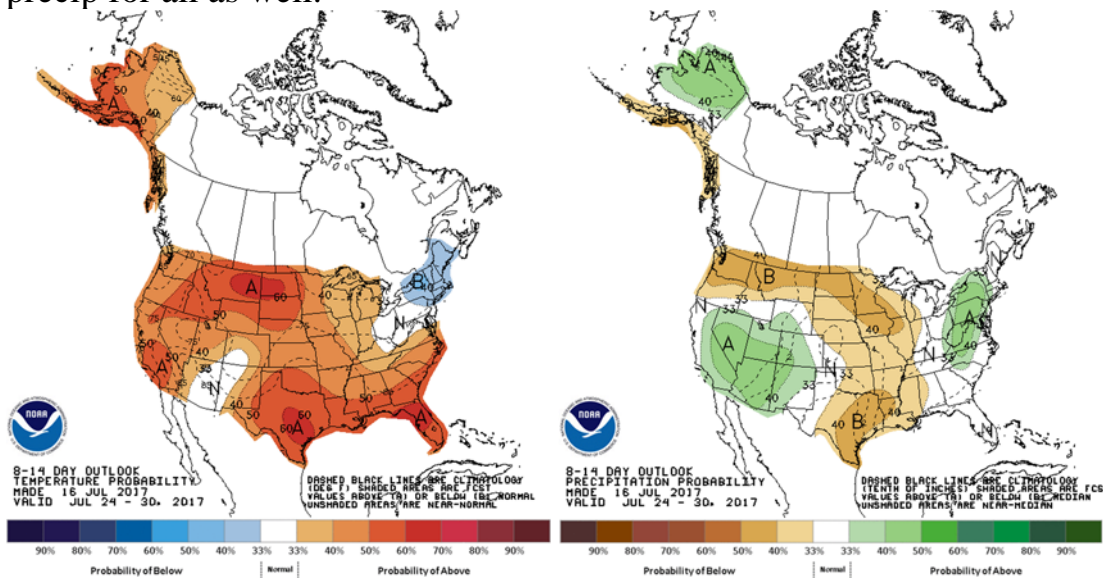
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The latest 6-10 day outlook has above normal temps for all major growing areas and above normal precip the Great Lakes and ECB, normal here and below normal continues for the Dakotas and MT.



The 8-14 day outlook stays with the above normal temps for all and below normal precip for all as well.



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