



## **Loewen and Associates**

***Commodity Consulting/Brokerage***

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**Date: July 24<sup>th</sup>, 2017**

### **Morning Ag Markets**

**Matt Hines**

Good support in the cattle market to end the week with corn pulling back down to support levels ahead of the weekend. Cash feedlot trade was minimal heading into Friday with some light trade at \$118 live and \$188 dressed. By midday Friday, packers were paying up to \$120 live in KS and TX.

USDA Ag Sec Perdue authorized the use of additional Conservation Reserve Program (CRP) lands for emergency grazing and haying in and around portions of Montana, North Dakota and South Dakota affected by severe drought. USDA is adding the ability for farmers and ranchers in these areas to hay and graze CRP wetland and buffer practices.

#### **NATIONAL FEEDER & STOCKER CATTLE SUMMARY – WEEK ENDING 07/21/2017**

RECEIPTS:	Auctions	Direct	Video/Internet	Total
This Week	121,300	67,100	234,900	423,300
Last Week	150,700	81,200	138,200	370,100
Last Year	105,700	50,600	265,100	421,400

Compared to last week, steers and heifers sold 3.00 to 6.00 higher with some instances 8.00 to 10.00 higher. In many ways, this week was one long waiting game; waiting for the futures market to move in a clear direction, waiting for fat cattle trade to be established, and waiting for Friday's release of both the USDA Cattle Inventory and the Cattle on Feed reports. Several days of up and down, triple digit moves this week at the CME; big, volatile moves in the futures markets have become commonplace again and while that often takes confidence out of the market, order buyers were able to shake off the uncertainty and still pay up some high prices, especially for yearling type cattle.

Cattle and calves on feed for the slaughter market in the United States for feedlots with capacity of 1,000 or more head totaled 10.8 million head on July 1, 2017,

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104% vs. July 1, 2016, and above the range of pre report estimates. Marketings of fed cattle during June totaled 1.99 million head, or 104% vs. June 2016. The most impactful number was Placements in feedlots during June totaled 1.77 million head, 116% vs. June 2016 and 10% above the average trade estimate. Placements by weight class (expressed as % of previous year) are as follows...

Under 600 lb 129%

600-699 lb 124%

700-799 lb 126%

800-899 lb 103%

900-999 lb 100%

1000+ lb 100%

The cattle inventory report is a little more difficult to assess since USDA did not release a report in July 2016, some of the comparisons are vs. 2 years ago. Overall the continued expansion in numbers continues. All cattle and calves in the United States, as of July 1, 2017, totaled 103 million head. This is 4 percent above the 98.2 million head on July 1, 2015. The 2017 calf crop in the United States is expected to be 36.3 million head, up 3 percent from last year's calf crop and up 6 percent from 2015.

For the week, Friday July 14<sup>th</sup> to Friday July 21<sup>st</sup>, August Live Cattle -\$1.37, October -\$1.17, August Feeder Cattle -\$1.32, September -\$0.92, August Lean Hogs +\$1.20, October +\$0.05. Boxed Beef Choice -\$2.44 at \$206.91, Select -\$0.62 at \$194.80, Pork Carcass Cutout -\$1.70 at \$104.48.

Cattle slaughter from Friday is estimated at 115,000 head, matching the previous Friday and up 3,000 compared to a year ago. For the week, 622,000 head, down 7,000 from the week previous but up 25,000 compared to a year ago.

Hog slaughter from Friday is estimated at 426,000 head, up 19,000 from a week ago and up 23,000 compared to a year ago. For the week, 2,213,000 head, up 18,000 from the week previous and up 72,000 compared to a year ago.

Boxed beef cutout values lower on light to moderate demand and heavy offerings for a total of 144 loads sold.

Choice Cutout\_\_206.91 -.74, -2.44 for the week

Select Cutout\_\_194.80 -.78, -.62 for the week

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CME Feeder Index: \_\_149.03 +1.81  
CME Lean Hog Index. \_\_91.67 -.33  
Pork Carcass Cutout \_\_102.78 -1.24  
IA-S.MN Wtd Avg Carcass Base \_\_83.60 -1.25  
National average Wtd Avg Carcass Base \_\_83.33 -.88

August live cattle with support around \$114 and then the July low of \$112.42 with resistance up at \$118.65. August feeders settled above all the major moving averages Friday with levels of support at \$150, \$143.80 then the June low at \$140.77. Resistance is just above \$155 tested a few times over the past couple weeks. August lean hogs have been consolidating in price recently trading a \$3 range from roughly \$80 to \$83 with strong support just below \$78 which was tested four times back in June.

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Back and forth weather trading in the grains to wrap up the week. Corn and beans still finished higher week over week along with MPLS wheat, but KC and Chicago wheat were lower and hitting some oversold conditions. Some scattered rains did move through NE, central IA and into Northern IL through OH to end this week after temps are reached 100+ in the WCB.

For the week, Friday July 14<sup>th</sup> to Friday July 21<sup>st</sup>, September Corn +\$.03 ½, December +\$.04, August Soybeans +\$.20, November +\$.20 ¾, September KC Wheat -\$.17 ½, December -\$.17 ¼, September Chicago Wheat -\$.11 ½, December -\$.12 ¼, September MPLS Wheat +\$.07 ¾, December +\$.13 ¼.

Grains were sharply lower overnight, corn down 8, soybeans down 20, wheat down 7 to 10. The WCB did not get great coverage over the weekend but cooler temps are in the extended forecast.

Crop conditions will be released later this this afternoon with expectations of lower ratings again. Corn conditions are expected to be steady to down as much as 3 points in the good to excellent categories vs. 64% LW, 76% LY and 64% average. Soybean ratings expected to be steady to 2 points lower vs. 61% LW, 71% LY and 62% average.

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Scattered rains fell over the weekend along with a break in temps. On Saturday it was line from NC KS straight east to S. OH. Sunday's rain kept to the Southeast and more in IN and OH. The 6-10 day outlook now shows normal to below normal temps but precip still remains below normal. Rains forecasted over this next week still focused on the Northern and Eastern Corn Belt.

Most grains gapped lower overnight. September corn now below the major moving averages with support down at \$3.70 then the recent lows at \$3.65. The December contract looks similar with support at \$3.75. August soybeans should find support next at \$9.75 and then a gap remains down from \$9.50 to \$9.55. November with support at \$9.80 and a gap from \$9.58 to \$9.63. September KC wheat now off \$1 from its high back on July 5<sup>th</sup> and breaking the uptrend that had been in place since early June. The next level of support is around \$4.70. September Chicago wheat off \$.80 from its high, support also at \$4.70. September MPLS wheat trying to hold support at \$7.50 with resistance at \$7.94.

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