



## **Loewen and Associates**

***Commodity Consulting/Brokerage***

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**Date: August 18<sup>th</sup>, 2017**

### **Morning Ag Markets**

**Matt Hines**

Livestock futures down hard again yesterday, the lack of support from cash and meat values adding to the liquidation activity and future market concerns. Cash feedlot trade earlier this week was light in the north at \$110 live and \$175 dressed, some of those sales though for delivery 2-4 weeks out leaving some hope that spot sales could still be higher. But yesterday flushed the market with TX and KS trading mostly \$110 live, down \$5 from last week and good volume in NE at \$109 to \$110.50 live, dressed at \$173 to \$175, \$8 to \$10 lower than a week ago.

Some good news with a statement released by the White House Thursday afternoon that Argentina has agreed to imports of US pork. US pork has been barred from Argentina since 1992. This could be worth up to \$10M per year.

Cattle slaughter from Thursday is estimated at 117,000 head, up 1,000 from a week ago and up 3,000 compared to a year ago. Week to date now at 467,000 head, 2,000 behind last week's pace. Hog slaughter from Thursday is estimated at 447,000 head, matching a week ago and up 15,000 compared to a year ago. Week to date at 1,785,000, 72,000 ahead of last week's pace.

Boxed beef cutout values lower on light to moderate demand and heavy offerings for a total of 167 loads sold.

Choice Cutout\_\_195.63 -1.88

Select Cutout\_\_194.20 -.84

CME Feeder Index:\_\_145.44 +.95

CME Lean Hog Index.\_\_83.70 -.33

Pork Carcass Cutout\_\_91.97 +.42

IA-S.MN Wtd Avg Carcass Base\_\_75.59 -1.22

National average Wtd Avg Carcass Base\_\_75.46 -.93

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October live cattle tested the \$106 area again yesterday, the recent low being at \$105.75 from Tuesday. The low from this past April is down at \$104.97 followed by support in the \$102 area. August feeders still trying to hold the 2 month support at \$140 with resistance up at \$147. October lean hogs are very volatile right now, trading a \$5 range so far this week, support down at \$66 with resistance up near \$71.

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The corn market continued to grind lower yesterday with yet another late session rally attempt that stalled out. The market focus is shifting from weather to crop surveys as we count down to the end of the growing season. Several private crop tours in Illinois this week generally found yields lagging last year by 10%. We continue to hear chatter that most feel a national yield around 165 is very possible.

The soybean market continues to recover. The trigger has been the pickup in demand at the lower price levels. Last week, 5 cargoes of US beans were shipped out of the Gulf to China, it is rumored but not confirmed that another 20 or so cargoes were bought, and this week another ceremonial contract was signed in Omaha by the Chinese trade delegation. All of this has helped shift the focus away from, at least momentarily, production and positive yield building August weather and toward growing demand and the big buyer in the world, China.

When the day session began the weakness continued, with prices gradually falling for all three wheat contracts, even with solid export sales. The break was not as steep as Wednesday, but trade did reach between six and eight cents lower across the board before finishing slightly off those lows. The question still lingers, at what level will we finally start seeing pricing surface as the markets are way oversold. The spread between wheat and corn showing that we have to be close to putting hard wheat back into feed rations if we have not already done that.

Grains overnight were quite on low volume and little new fundamental news to drive the market either direction. Corn and soybeans both finished steady, wheat was 2 to 5 higher.

Russia's SovEcon raised their 2017/18 grain export forecast by 3.3 MMT to 43.6 MMT, for all cereal grains expect barley, this will be a record amount if confirmed. Wheat exports currently estimated at 32 MMT or 1.18 BBU with the U.S. projected at only 975 MBU.

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The 7 day precipitation accumulation map issued this morning shows 1-2 inches for KS and 1-3 inches stretching from IA through the Great Lakes. Most of IA has missed major rainfall here this week with similar forecasted. The 6-10 day forecast shows normal to below normal temps with above normal precip for the Plains and below normal for the upper Midwest.

Dec corn holding above \$3.63 so far this week, breaking that points to a test of \$3.52 to \$3.50, major resistance area up at \$3.88. November soybeans holding the reversal higher from Wednesday, support at \$9.07 and \$9 with resistance up at \$9.55, \$9.60 and \$9.70. KC and Chicago wheat trying to hold off from a test of the \$4 mark while September MPLS wheat is up \$.37 so far this week, resistance up at \$7.40.

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