



## **Loewen and Associates**

***Commodity Consulting/Brokerage***

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### **Morning Ag Markets**

**Matt Hines**

Cattle futures took a decent technical bounce higher yesterday, hogs continued lower into new 4-month low. There was some light movement of fat cattle at \$107 to \$109 so far this week but most waiting for steady or better than a week ago now. See if we get any trade from the Fed Cattle Exchange with 1,067 head consigned this week.

Oklahoma National Stockyards - Oklahoma City, OK

FEEDER CATTLE Weighted Average Report for 8/21/2017

Receipts: 4,342 Last Week: 4,001 Year Ago: 6,049

Compared to last week: Feeder steers trading mostly 3.00-5.00 higher. Feeder heifers lightly tested with comparable weight ranges trading 2.00 higher. Heavier steer and heifer calves mostly 3.00-4.00 higher. Cooler weather is expected for the middle of the week. Demand moderate to good.

Tulsa Livestock Auction- Tulsa, Oklahoma

Feeder Cattle Weighted Average Report for 08/21/2017

Receipts: 1,536 Last Week: 2,115 Year Ago: 2,835

Compared to last week: Steers mostly steady. Heifers 4.00 lower. Quality average. Demand good. Slaughter cows 3.00 lower. Slaughter bulls 2.00 lower.

Joplin Regional Stockyards - Carthage, MO

Feeder Cattle Auction Report for 8/21/2017

Receipts: 3,372 Last Week: 3,616 Year Ago: 4,608

Compared to last week, steers steady to 3.00 higher, heifers steady following last week's sharply lower trade. Demand moderate to good, supply moderate. Pasture conditions have improved after the recent rains and cooler temperatures.

Cattle slaughter from Tuesday is estimated at 118,000 head, down 1,000 from a week ago but up 5,000 compared to a year ago. Hog slaughter from Tuesday is

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estimated at 449,000 head, up 3,000 from a week ago and up 13,000 compared to a year ago.

Boxed beef cutout values steady to weak on light to moderate demand and moderate offerings for a total of 137 loads sold.

Choice Cutout\_\_193.03 -.06

Select Cutout\_\_190.89 -.73

CME Feeder Index: \_\_143.43 +.03

CME Lean Hog Index.\_\_81.53 unchanged

Pork Carcass Cutout\_\_89.14 -1.42

IA-S.MN Wtd Avg Carcass Base\_\_70.87 -.69

National average Wtd Avg Carcass Base\_\_70.66 -1.06

USDA Report Recaps from August 22<sup>nd</sup>...

Cold Storage Report - Total red meat supplies in freezers were up 1 percent from the previous month but down 8 percent from last year. 430.4 million pounds of beef in freezers is up 4 percent from the previous month but down 8 percent from last year. Frozen pork supplies at 556.18 million pounds is down 1 percent from the previous month and down 7 percent from last year. Stocks of pork bellies at 17.55 million pounds is down 21 percent from last month and down 65 percent from last year. Total frozen poultry supplies on July 31, 2017 were up 1 percent from the previous month and up 2 percent from a year ago. Total stocks of chicken were down 1 percent from the previous month and down 4 percent from last year. Total pounds of turkey in freezers were up 4 percent from last month and up 11 percent from July 31, 2016.

Semi-Annual U.S. and Canadian Cattle - All cattle and calves in the United States and Canada combined totaled 116 million head on July 1, 2017, up 4 percent from the 111 million head on July 1, 2015. All cows and heifers that have calved, at 46.6 million head, were up 5 percent from 2015. All cattle and calves in the United States as of July 1, 2017, totaled 103 million head, 4 percent above the 98.2 million head on July 1, 2015. All cows and heifers that have calved, at 41.9 million head, were up 5 percent from 2015. All cattle and calves in Canada as of July 1, 2017, totaled 13.0 million head, up slightly from the 12.9 million head on July 1, 2016. All cows and heifers that have calved, at 4.74 million head, were up 1 percent from a year ago. July 2016 United States Cattle report suspended due to budgetary constraints.

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Semi-Annual U.S. and Canadian Hogs - United States and Canadian inventory of all hogs and pigs for June 2017 was 85.8 million head. This was up 3 percent from June 2016, and up 7 percent from June 2015. The breeding inventory, at 7.34 million head, was up 1 percent from a year ago and up 2 percent from 2015. Market hog inventory, at 78.4 million head, was up 3 percent from last year and up 7 percent from 2015. The semi-annual pig crop, at 78.5 million head, was up 4 percent from 2016 and up 7 percent from 2015. Sows farrowing during this period totaled 7.34 million head, up 3 percent from last year and up 5 percent from 2015.

Chickens and Eggs - United States egg production totaled 8.91 billion during July 2017, up 3 percent from last year. Production included 7.74 billion table eggs, and 1.17 billion hatching eggs, of which 1.09 billion were broiler-type and 74.9 million were eggtype. The total number of layers during July 2017 averaged 371 million, up 2 percent from last year. July egg production per 100 layers was 2,401 eggs, up 1 percent from July 2016. All layers in the United States on August 1, 2017 totaled 371 million, up 2 percent from last year. The 371 million layers consisted of 311 million layers producing table or market type eggs, 56.9 million layers producing broiler-type hatching eggs, and 3.12 million layers producing egg-type hatching eggs. Rate of lay per day on August 1, 2017, averaged 77.6 eggs per 100 layers, up 1 percent from August 1, 2016.

Cattle On Feed Industry Estimates for Friday, August 25, 2017 report

	Avg Estimates	Prev Rpt
On Feed August 1	105%	104%
Placements during July	106%	116%
Marketings in July	105%	104%

October live cattle coming back from that \$104.75 low on Monday with resistance up at \$110. August through November feeders back above the \$140 support area with \$145 the next area of resistance. October lean hogs off over \$7 in just the past 5 sessions hitting a new low for the month yesterday with the next downside target near \$62.

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It was fairly quite in the grains with futures mixed for most of the day yesterday. In the end though corn reached for a new recent low, down near a year ago levels. KC and Chicago wheat hit new contract lows as MPLS wheat fell to a new 2-

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month low with spring wheat harvest entering the final stretch. Russian wheat harvest continues with good yields being reported that could increase production estimates even further. Soybeans were the only to hold minor gains even though conditions improved a point Monday after the close. We'll see how wild soybean oil gets with the U.S. announcing import duties on biodiesel imports from Argentina and Indonesia. Yesterday's price action higher has already extended the rally up to a new 8-month high. The preliminary duties range from 50.29% to 64.17% for Argentina and 41.06% to 68.28% for Indonesia. Early talk when all this started was about a duty of 40% so this may be a bit higher than some were thinking. On the flip side this had been expected so at least a part of it has been priced in already.

Grains overnight were firm to higher led by soybeans, finishing 7 to 8 higher, as they have found some nearby support on continued Chinese demand. Corn broke into new lows overnight but quickly came back to finish 2 higher. Wheat finished 2 to 4 higher.

The Pro Farmer crop tour continues this week with final results to be released Friday. Today we will see coverage on IL and IA. The results that I have seen have been a mixed bag with some good and some bad crops and in general better than anticipated overall? Tough to quantify relative to the USDA because of different methodologies that end up with different results. PF over recent history has been below the USDA final in their corn and soybean yield estimates. So far, OH and IN in the East and SD and NE in West have been covered. Compared to what they have reported from previous year's, SD down slightly, OH well above while IN and NE were both 3-4 BU over their 3-year average. Pod counts on beans though significantly lower in all but IN.

USDA reported 295,000 MT or 10.8 MBU of soybeans sold for unknown destination of 10.4 MBU is new crop and only 411,529 BU old crop. Also, China **CANCELLED** 640,970 MT or 23.6 MBU of old crop soybeans. As of August 10<sup>th</sup>, China had 31.5 MBU still listed as outstanding sales.

The 7 day precipitation accumulation map issued this morning showing only light rain over this next week for most of Midwest, 1 inch from the TX Panhandle through Western KS and then shifting east across NE, Eastern SD and covering MN. Harvey looks to dump massive amounts in the TX Gulf Coast. The 6-10 day **IMPORTANT—PLEASE NOTE**

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forecast shows above normal temps for the western 1/3 of the U.S. and below normal centered on the Southeast. Precip is below normal for the Plains and above normal for the Southeast.

Dec corn breaking \$3.60 overnight with the contract low from last August at \$3.58 ½. We are down \$.30 since the USDA crop report on August 10<sup>th</sup>. November soybeans holding the reversal higher from last Wednesday, hitting some resistance currently with the next area up at \$9.60. September KC wheat did break \$4 yesterday, September Chicago just a few cents from it with the next level of support down at \$3.82. September MPLS finding support at \$6.40, resistance at \$6.81.

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