



Loewen and Associates

Commodity Consulting/Brokerage

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Morning Ag Markets

Matt Hines

On Wednesday, negotiated cash trade broke free in Kansas and Nebraska with moderate demand. Live sales traded \$1 lower as compared to the previous week, at \$116, however a few late purchases were reported up to \$118. More trade occurred for Nebraska on Thursday with live sales steady as compared to Wednesday at \$118 and few dressed purchases at \$188. Texas finally traded live slaughter cattle on Friday \$.50 to \$1 higher from \$117.50 to \$118.00 and dressed sales in Nebraska steady from \$187 to \$188. The steady to higher trade along with the rebound in futures should lead to \$120+ asking prices this week.

NATIONAL FEEDER & STOCKER CATTLE SUMMARY – W/E 08/04/2017

RECEIPTS:	Auctions	Direct	Video/Internet	Total
This Week	150,900	37,300	189,300	377,500
Last Week	116,800	40,600	94,300	251,700
Last Year	122,000	105,100	48,600	275,700

Compared to last week, feeder steers and heifers sold mostly steady to 5.00 higher. Steer and heifer calves traded steady to 3.00 higher on light offerings. Demand moderate to good on moderate to active trading. The week opened slowly with the Oklahoma and Joplin Stockyards reporting light receipts, which gave an unclear direction to the early week feeder market. Cattle producers opted to stay out of the market with the bearish Cattle on Feed Report still in their minds from two weeks ago. Heat advisories throughout regions in the southern plains also played a role this week, with cattle producers staying on the sidelines. However, receipts gained ground mid-week as CME cattle futures closed in positive territory on Tuesday and Wednesday. This, along with some cooler temperatures and moisture in much needed areas, acquired the confidence of producers.

For the week, Friday July 31st to Friday August 4th, August Live Cattle +\$3.45, October +\$2.15, August Feeder Cattle +\$3.77, September +\$4.20, August Lean

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Hogs +\$2.92, October +\$.75. Boxed Beef Choice -\$2.61 at \$203.61, Select +\$.49 at \$197.31, Pork Carcass Cutout -\$2.98 at \$95.77.

Cattle slaughter from Friday is estimated at 117,000 head, up 2,000 from a week ago and up 11,000 compared to a year ago. For the week, 634,000 head, the largest weekly kill since early July, up 7,000 from the week previous and up 51,000 compared to a year ago.

Hog slaughter from Friday is estimated at 422,000 head, down 10,000 from a week ago and marching totals compared to a year ago. For the week, 2,250,000 head, up 11,000 from the week previous and up 50,000 compared to a year ago.

Boxed beef cutout values weak to lower on light to moderate demand and offerings for a total of 109 loads sold.

Choice Cutout__203.61 -1.55

Select Cutout__197.31 -.47

CME Feeder Index: __151.99 +1.12

CME Lean Hog Index.__86.69 -.42

Pork Carcass Cutout__95.77 -.98

IA-S.MN Wtd Avg Carcass Base__80.61 -.60

National average Wtd Avg Carcass Base__79.82 +.32

August live cattle held the \$112 support last week with resistance levels at \$116 and \$118. August feeders still have a gap from last week's high at \$151.55 up to \$151.80 back from July 21st. We held near the \$145 support level last week with the next down at \$140 and resistance up at \$155. August lean hogs broke out to the upside on Friday, with support near \$81 then \$80 and resistance at \$84 then the contract high up at \$85.37.

Over in the grains, prices were mixed on Friday and hopeful that at least corn and wheat have found some support in this area but still not much new news to spark a rally. Wheat harvest continues with hedge pressure on as well. The drought in the Northern Plains has stretched into Southern Canada, especially in Saskatchewan with its lowest rainfall for the summer in over 100 years.

For the week, Friday July 31st to Friday August 4th, September Corn -\$0.04 ¼, December -\$0.03 ¾, August Soybeans -\$0.45 ¼, November -\$0.50 ½, September KC

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Wheat $-\$.15 \frac{1}{4}$, December $-\$.14 \frac{3}{4}$, September Chicago Wheat $-19 \frac{3}{4}$, December $-\$.17 \frac{1}{4}$, September MPLS Wheat $-\$.15$, December $-\$.15$

Grains were higher overnight supported by oversold conditions from last week and forecasts still showing the majority of this week's moisture south and east of the major producing areas and areas needing relief. Soybeans finished 5 to 7 higher, corn 3 higher and wheat 2 to 5 higher.

USDA reported a private sale of 206,000 MT or 7.6 MBU of old crop soybeans sold for unknown destinations and 180,800 MT or 7.1 MBU of new crop corn sold to Mexico.

Crop conditions will be released later this afternoon with expectations for steady to maybe 1 point better for both corn and soybeans.

Weather will be the focus this week ahead of the USDA crop report on Thursday morning. This will be the first yield update for the fall crops but do not expect acreage to change any this round. We have seen quite a few private estimates sub 165 BPA for corn, but it would be a bullish shock to the market for USDA to post an August yield sub 167. I will be in DC this week and have the opportunity to be in the lockup room at USDA prior to the report. As far as reporting out numbers that morning, that isn't possible as all mobile devices are taken away, the room is locked until the report has been released and they even sweep for signals coming in or going out.

The 7 day precipitation accumulation map issued this morning shows 3-5 inches stretching from CO and KS down into OK, then dipping south and east wrapping back up the East Coast. SD, MN, and parts of IA may catch an inch but all other areas forecasted for less. The 6-10 day outlook continues to show below normal temps and above normal precip centered on OK but covering the majority of the Midwest.

September Corn made new recent lows last week at $\$3.61 \frac{1}{4}$, climbed back above $\$3.65$ and now gapped higher overnight. The first area of resistance is near $\$3.75$ followed by the $\$3.80$ area. The December contract did not break the $\$3.75$ support last week and is back up to last week's highs already. The $\$3.90$ area will be the first area of resistance. November soybeans reached down to $\$9.55 \frac{1}{2}$,

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filling the gap left from late June, resistance up at \$9.85 then the \$10 mark. September KC wheat trying to hold the \$4.57 support, resistance up at \$4.80 then \$4.92. September Chicago wheat dipped down to \$4.53 ½ last week, next level of support down at \$4.40 with resistance up at \$4.80. September MPLS wheat the only still holding the uptrend from mid-May with last week's low at \$7.07 ½ and last week's high at \$7.41.

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