



Loewen and Associates

Commodity Consulting/Brokerage

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Morning Ag Markets

Matt Hines

Overall it was a decent week for the cattle but Friday was a mixed to lower day for the futures. Cash cattle trade was steady in most cases at \$161 live and \$255 on a dressed basis. The real bullish news came from boxed beef with a record high for Choice cutouts Thursday at \$264.74 but Friday was down \$2.81 to \$261.93.

For the week, Friday to Friday, June Live Cattle up \$1.02, August up \$.98, May Feeder Cattle up \$3.13, August up \$.78, June Lean Hogs down \$1.47, July unchanged

Cattle slaughter from Friday estimated at 111,000 head down 4,000 from a week ago and down 2,000 from a year ago. For the week, 569,000 head, up 2,000 from a week ago but down 27,000 from a year ago. The year to date difference now at 7.2% less.

Boxed beef cutout values lower on Choice and steady on Select on light to moderate demand and moderate offerings.

Choice Cutout__261.93 -2.81

Select Cutout__251.10 -.21

Feeder Index:__220.40 +.72

Hog slaughter from Friday estimated at 410,000 head, up 3,000 from a week ago and up 64,000 from a year ago. For the week, 2,128,000 head, up 17,000 from a week ago and up 130,000 compared to a year ago. The year to date difference remains at 5.5% more.

Lean Index.__81.67 +.63

Pork carcass cutout__83.48 -.89

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IA-S.MN direct avg__81.85 +1.59

National Average__80.63 +1.25

Both cattle and hog futures are called 10 to 50 lower today with early cash calls steady to \$1 higher for hogs but steady to \$1 lower for cattle. The lack of follow through for cash feedlot trade last week as well as futures and boxed beef values on Friday will provide the initial pressure today. June live cattle held support on Friday with the 10 day moving average at \$151.33. We set a new recent high last week at \$154.97 and additional resistance is up at \$158. Feeders are still trying to top the \$220 area meeting strong resistance there. June hogs broke below the 10 day moving average for the first time in a month with support now in the \$81 area.

Over in the grains, futures were lower on Friday as well with hopes that corn and wheat could extend their weekly gains. The updated supply and demand report has now settled in traders' minds with all attention now on how big will the South American crop finally be and how will US weather shake out this summer. Brazil and Argentina continue to gobble of export business for both soybeans and corn, the latest last week with SE Asia taking weekly tenders from them instead of from the US. Canadian Oilseed Processors Association pegged weekly Canola crush at 127,333 MT up +24.4% over last week, that brings the season to date total to 5.622 MMT compared to last year's 5.415 MMT by this point in the season. Soybean crush was reported at 40,615 MT up +21.6% over last week, which brings the season to date total to 1.365 MMT compared to last year's 1.270 MMT. The fund driven wheat rally on Thursday tried to expand more on Friday but faltered up a nickel and fell back into red territory.

For the week, Friday to Friday, July Corn up \$.02 ½, December up \$.04 ½, July Soybeans down \$.23, November down \$.17 ½, July KC Wheat up \$.33 ¼, July Chicago Wheat up \$.29 ½.

Overnight grains were all higher, wheat the leader at 10 higher for the KC contracts and 6 to 7 higher for the SRW Chicago contracts. Soybeans finished 5 to 6 higher and corn 3 higher.

This afternoon's crop progress and conditions report will be released at 3PM. The range for corn planting is 85% to 90% complete vs. 75% last week, 73% last year and compares to 76% average for the date. Last year USDA did not issue a Corn conditions report until June 1. Soybean planting estimated to be

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50% to 55% complete vs. 31% last week, 33% last year and compares to 38% average for the date.

Oman flour millers are seeking 60,000 MT or 2.2 MBU of milling quality wheat from either Germany or Russia this morning, not even entertaining offers from the US.

Above normal precipitation continues this week and on the 6-10 maps with below normal temps west and for the Southern Plains and above normal temps for the eastern half of the US.

Corn futures carved out a bottom in the \$3.60 area on the July contract and mid \$3.70's on the December contract with contract lows about a dime lower for each. Soybeans are sitting right at recent lows with contract lows down at \$9.36 ½ for July and \$9.31 ¾ for November. Wheat on the other hand has rallied some \$.50 cents this month. July KC has retraced 62% so far trying to get back to the \$5.93 high in early April and the July Chicago contract looking to get above the \$5.40 resistance area from the past 3 months.

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