



**Loewen and Associates, Inc.**

**Commodity Consulting/Brokerage**

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Cattle complex futures had a quiet session on Wednesday, but it was punctuated by all the deferred months being higher and the spot feeders and live market lower. During the trade, a minor amount of negotiated cash feedlot trade was noted at \$132, which is \$2 lower than last week, but still about \$9 above where June futures were trading. While that's a fantastic basis trade on hedged cattle, it was a little disappointing that anybody was giving in to lower money already so early in the week.

Last week the cash trade made a \$5.00+ jump, along with product trade being sharply higher over the last week and a half. Choice cutouts in the last 8 business days have rallied \$24.02, while spot June Live Cattle futures have risen \$2.40. That's an obvious stark contrast, especially with cash feedlot trade still sitting at a sharp premium to the futures still as well. A normal mid-May basis on the feedlot trade would be about +\$2 historically. Last week it was +\$10 and yesterday it was +\$9. Great reminder that past performance doesn't necessarily predict future results...

Tomorrow afternoon we get monthly COF numbers released at 2:00pm. Average guesses have the May 1 On Feed total at 100.1% of a year ago, placements in April at 99.2% and marketings at 102.4%. The range of guesses is really wide in both the placement and marketing numbers though, so there's definitely room for fireworks from the numbers. Placement guesses were from 97% up to 110.2% of a year ago and marketings from 100.7% up to 108.4%.

Cattle slg. \_\_\_ 112,000 unch wa -2k ya  
Choice Cutout \_\_\_ 227.76 +2.43  
Select Cutout \_\_\_ 212.20 +.60  
Feeder Index: \_\_\_ 148.45 +.08  
Lean Index. \_\_\_ 77.79 +.66  
Pork cutout \_\_\_ 83.78 +.38  
IA-S.MN direct avg \_\_\_ 76.64 -.43  
Hog slg. \_\_\_ 431,000 unch wa +6k ya

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Grain and oilseed trade included more of the same active back and forth trade for soybeans. Big gains on Tuesday were followed by moderate losses yesterday. At times they were double digit losses, but none of the closes were that steep. Wheat floundered around very flat all day. Corn managed to keep the \$4 handle in front of the Dec contract, settling just 3 cents off the recent high of \$4.09. That's really good action in corn, considering the pressure we had in beans. The action was pretty sickly in the overnight trade, across everything.

7:30am export sales numbers were a bullish bonanza for corn and soybeans with 58 mln bushels of old crop corn sales, along with 21.3 mln new crop. Soybean sales were 20.4 mln old and 5.8 mln new. Milo sales were sluggish at 2 mln. Wheat sales were 6.4 mln old and 21.1 mln new.

OK, so let's talk about this wheat number for a moment. USDA in the May S&D report actually increased this marketing year wheat export sales to 780 mln bushels from 775 previously. The marketing year ends on the last day of this month and current cumulative sales are 757.5 mln for the marketing year. 80.6 mln of those sales still remain unshipped, meaning the shipment pace needs to pick up RIGHT NOW to avoid some of these sales being switched to the next marketing year. With 2 ½ weeks of export sales numbers left to report, along with shipments, I don't think there's any chance of making that projection of 780 mln, especially with the weekly pace being in the single digits like the 6.4 mln this week. Basically that means there's a chance wheat ending stocks could top 1 bln bushels instead of the current 978 mln projected. That's not good news for wheat.

8:00am daily export reporting had a 129k tonne sale of old crop US beans to China.

6-10 day weather showed normal temps in the High Plains and above normal Central and East. Precip was still below normal in the western Panhandle region, but normal to above through the rest of the Plains and Corn Belt.

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