



Loewen and Associates, Inc.

Commodity Consulting/Brokerage

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Yet another frustrating day for the cattle complex with wild volatility and a big lack of connection between futures market direction and actual cash fundamentals. Product trade had been on a rampage higher for a week and a half along with cash jumping \$5 last week. This week there was some early trade in the \$131-\$132 range which is \$2.00 lower than a week ago. I don't think that trade had anything to do with packers not needing cattle, or the fundamentals really changing in the short term picture. Instead it was lower front month futures breaking down the psychology and resolve of the sellers.

Yesterday's futures market action started out mildly lower, but quickly escalated into a full-blown bearish blowout. With it came Nebraska cattle feeders taking \$4 lower money than last week in the live trade and \$4-\$5 lower dressed. Product trade took the first hit since rising \$24.02 in 8 days as well, closing only mildly lower in choice yesterday, yet still lower.

In the grand scheme of things, the cattle complex is still bearish. Short term fundamentals over the last 2-3 weeks however had been bullish. Selling wasn't unique to just the cattle in the ag complex yesterday though, it was hogs, cattle, grains and oilseeds, along with a stronger dollar and weaker stock market. The timing couldn't have been worse in cattle...

This afternoon we get monthly COF numbers released at 2:00. Average guesses coming off of DTN this morning are for On Feed supplies May 1 at 100%, Placements in April at 98.5% and Marketings last month at 101.5%. There's a big range of guesses from high to low in marketings and placements, so there is definitely room for market influence from this report.

Cattle slg.____ 113,000 unch wa -2k ya
Choice Cutout____227.16 -.60
Select Cutout____211.15 -1.05
Feeder Index:____148.29 -.16_
Lean Index.____ 78.43 +.64
Pork cutout____83.29 -.49
IA-S.MN direct avg____75.90 -.74

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Hog slg.____396,000 -36k wa -29k ya

Grain and oilseed trade was being influenced by the same set of macros as the meats yesterday with the dollar index and DOW being negative influences on the ags. No different than in cattle, we had some short term bullish influences that were being ignored in favor of double digit lower selling through a good part of the day Thursday. Weekly export sales were very bullish numbers in corn and soybeans, yet still bearish wheat. There were 58 mln old crop corn sales reported, along with 20.4 mln bushels of beans. Those are great numbers. Wheat was a measly 6.4 mln.

Along with the good fall crop weekly sales, there was a daily reporting of 129k tonnes of old crop beans sold to China. All of that had zero positive influence on futures given the fact heavy selling was present right at the open yesterday.

This morning's news included another daily export sales announcement. This time it was 125k tonnes of US corn sold to Columbia.

The 6-10 day weather outlook has remained very similar over the last 3 days. Normal to below normal temps in the Panhandle region and above normal temps everywhere north and east of that area. Precip is below normal in the western Panhandle and normal to above everywhere else. One last note regarding weather- yesterday there was a much talked about forecast for a wet summer across the Corn Belt. I remember very distinctly starting in December and January that the La Nina bulls were tooting their horns about a summer drought. What baffles me is that so many people were quick to jump on that bandwagon, no different than all the chatter yesterday about it not being as hot and dry gaining some bandwagon followers as well. Folks, there is little to NO reliability in a forecast out past 7-10 days. It is useless to read, listen to, or talk about what the forecasters are saying for July or August or even most of June for that matter. Please stop listening to it because generally speaking it's someone putting out dramatic numbers just to gain subscribers or followers. There's no merit to the numbers.

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