



**Loewen and Associates, Inc.**

**Commodity Consulting/Brokerage**

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Date: May 31<sup>st</sup>, 2016

Two Friday's ago we had a very bearish COF report that set the tone for depressed futures trade all through last week. Monday the market gapped lower and stayed lower, but by Thursday the sellers had given up trying to push things lower. The futures charts that day put in a big bullish key reversal higher that was followed through with higher prices again on Friday. The turn in futures also took what had been a horrible negotiated cash feedlot trade from Thursday and added a few dollars on the last day of the week.

Texas and Kansas negotiated live cash was \$124-\$125, which is \$7 lower than the previous week. Nebraska traded cattle early in the week at \$196 dressed, then \$197-\$198 on Thursday. That was \$8.00+ lower peak to peak from the previous week. Late Friday there was some trade all the way up to \$205. That was only \$1 lower than the previous week. So, we had a nice turnaround in futures and a nice turnaround in cash in the north as well. Southern traders weren't so fortunate.

Feeder cattle and calf market trade last week showed the national trend at \$3-\$10 lower on true feeders and \$5-\$15 lower in the calf market. A corn futures market that has now moved solidly over the \$4 mark added significant pressure to the feeder cattle trade. It's going to take strongly higher deferred live cattle quotes to justify any strength in feeders with the increased feed costs associated with that corn rally. So, if the live market can't capitalize on the reversal higher and extend gains, feeder cattle cash is going to remain under pressure.

Cattle slg. \_\_\_ 112,000 Fri wtd 586,000 -1k wa 61k ya  
Choice Cutout \_\_\_ 225.07 -.65  
Select Cutout \_\_\_ 201.57 -1.69  
Feeder Index: \_\_\_ 146.09 -1.51  
Lean Index. \_\_\_ 78.23 +.37  
Pork cutout \_\_\_ 83.56 -.01  
IA-S.MN direct avg \_\_\_ 73.21 -.35  
Hog slg. \_\_\_ 419,000 fri wtd 2.181 mln +67k wa +318k ya

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Weekly closes in the meats had June Live Cattle down \$1.35, August down \$1.02, August Feeders down \$1.22, September down \$1.22, June Lean Hogs up \$.67, July up \$.82.

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In the grain and oilseed trade it was corn's week to shine. The new crop December contract put a \$4.09 high in back on the 21<sup>st</sup> of April, then set back almost to the \$3.75 level before catching support. On Thursday last week that \$4.09 level was breached, creating a nice spurt of new buying from new longs as well as shorts running buy stops. Corn took a back seat to the soybean rally over the last 30 days and last week was corn's turn to shine. Wheat on the other hand is still sitting in the tank, not very far off of contract lows. Tough to move that market much when HRW wheat areas continue to get rain and with US and World stocks still very burdensome.

For the week, Friday May 20th to Friday May 27th, July corn up \$.18 ¼, December up \$.13 ¾, July Soybeans up \$.12 ¼, November up \$.06 ¾, July KC Wheat up \$.10 ¾, September up \$.10 ¾, July Chicago Wheat up \$.13 ¾, September up \$.13.

6-10 day weather forecasts last night showed normal to above temps on the western edge of HRW wheat areas and below normal central and east. Precip was pegged at below normal in the central and northern Plains as well as most of the Corn Belt. The far west, far east and deep south were all above normal on moisture.

Yesterday's holiday means a delay in all of the USDA reporting this week. Today we'll get export inspections. This afternoon we get crop progress and condition numbers. It will be Friday morning when weekly export sales are released. Expectations for the planting progress numbers are for 92%-97% of the corn planted and 68%-73% on soybeans. The expected corn pace would be normal for this time of year. If the beans come in at expectations, it would be slightly behind normal.

8:00 am export reporting showed 120k tonnes of previous unknown corn sales switched to Taiwan. There was also a 213k mt sale of soybeans to unknown destination. 73k of that as old crop and 140k mt's new.

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