



## **Loewen and Associates**

***Commodity Consulting/Brokerage***

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**Date: May 16<sup>th</sup>, 2016**

### **Morning Ag Markets**

**Matt Hines**

Cash prices have been pushing higher and beef prices higher for the week yet cattle futures are lethargic at best. Nearby June live cattle gained the most for the week, +270, but cash feedlot trade was another \$6 to \$8 higher last week at \$134 to \$135 live and \$9 to \$10 higher in Nebraska at \$209-\$210 on a dressed basis. Hedgers are benefiting with a now +12 basis vs nearby June futures.

#### **NATIONAL FEEDER & STOCKER CATTLE SUMMARY – W/E 05/13/15**

**Receipts: This Week: 249,200 Last Week: 204,200 Last Year: 231,900**

Compared to last week, steers and heifers sold 5.00 to 10.00 higher with some early and mid-week auctions reporting calf sales as much as 15.00-20.00 higher. Higher fed cattle trade last week along with surging boxed beef prices pumped some life back into the feeder market. CME cattle futures started the week with a bang on Monday, with most Live and Feeder Cattle contracts seeing triple digit gains. Tuesday and Wednesday were pretty quiet in the cattle complex with moderate losses and light activity after corn and beans took a big jump on Tuesday. Volatility prevailed by the end of the week however, and the futures market took a tumble Thursday and Friday. Thursday's late sell off was especially confusing after fat trade developed earlier in the day, mostly 5.00-6.00 higher live at 132.00-136.00 and dressed sales a whopping 10.00 higher at 210.00. Early to midweek projections had cash trade pegged to be fully steady to (hopefully) 3.00 higher but clearly packers were more short bought than they were thought to be, even after the huge kill of the past two weeks. That large slaughter volume has certainly helped feedlots get cleaned up on the front end and showlists this week were generally smaller. Supplies of market ready cattle are expected to remain tight through mid-summer which will force packer competition and should provide some solid bottom to the market for the time being.

#### **IMPORTANT—PLEASE NOTE**

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For the week, Friday May 6<sup>th</sup> to Friday May 13<sup>th</sup>, June Live Cattle up \$2.70, August up \$.82, May Feeders down \$.32, August down \$.92, June Lean Hogs up \$.67, July up \$.30.

Cattle slaughter from Friday estimated at 112,000 head, even with a week ago and year ago. Weekly totals were estimated at 601,000 head, up 14,000 from the week previous and up 33,000 compared to a year ago.

Hog slaughter from Friday estimated at 402,000 head, down 18,000 from a week ago and down 3,000 from year ago. Weekly totals were estimated at 2,160,000 head, down 54,000 from the week previous but up 35,000 compared to a year ago.

Boxed beef cutout values sharply higher on Choice and firm on Select on moderate to fairly good demand and moderate offerings for a total of 102 loads sold.

Choice Cutout\_\_218.56 +4.10, +14.82 for the week

Select Cutout\_\_205.95 +.71, +11.63 for the week

Feeder Index:\_\_146.21 +.61

Lean Index.\_\_76.43 +.38

Pork carcass cutout\_\_82.50 -.63

IA-S.MN direct avg\_\_75.72 +.22

National Average\_\_74.53 +.31

June live cattle were able to push up to but unable to push through the 62% retracement level from the highs back in mid-March to the lows at the end of April. Support is down near \$120 which would close the gap from last Monday's trade. Feeders have not been able to bounce like fats, every time we think the long term downtrend may be broken, futures slide lower and continue that trend lower. Both May and August Feeders have resistance in the \$152 area and contract lows down in the \$138 area. June lean hogs continue on the roller coaster ride up and down finding support at \$80 and resistance at \$83. They were able to punch through \$83 this week but fell short of the \$84 highs.

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Moving over the grains, activity calmed down after Tuesday's crop report, soybeans gained \$.50+ that day but have lost \$.20 since while corn as continued to inch forward. The continued wet weather and current bean to corn ratio should support corn futures and pressure soybeans. Weather and an update on planting pace will be watched closely here today.

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For the week, Friday May 6<sup>th</sup> to Friday May 13<sup>th</sup>, July corn up \$.13 ¼, December up \$.13 ½, July Soybeans up \$.30 ¼, November up \$.32 ½, July KC Wheat up \$.02 ½, July Chicago Wheat up \$.11.

Overnight, grains were on the defensive with corn 2 to 3 lower. Soybeans and wheat traded both sides of unchanged and finished steady to 3 lower for soybeans, KC wheat 1 lower and Chicago wheat steady to 1 higher.

USDA announced this morning a private sale of 5 MBU of old crop corn to South Korea.

NOPA April crush report out later today with the average estimates at 147.7 MBU vs. 159.6 MBU in March and compares to 150.3 MBU last year.

For this afternoon's Crop Progress and Conditions report, the expectations are for the USDA to show Corn planting 73% to 78% complete vs. 85% last year and 75% 5-year average. Soybean planting is expected to be 33% to 38% complete vs. 45% last year and compares to 31% average.

Weather wise, over the weekend, some freeze damage potential in the northern US Plains and parts of the Canadian prairies. Rain throughout the Midwest and up to 3 inches expected from this current system today through Wednesday. The 6-10 day maps continue to show above normal precipitation while temps finally warm up with above normal East and below normal West.

July corn has support at \$3.68 with resistance up at \$3.95. The December contract has support at \$3.75 with resistance at the past few sessions high of \$3.98 ½. July soybeans have support at \$10.50 and \$10.20 after reaching up to \$10.91 for a high last week. November soybeans peaked out at \$10.79 ¾ last week, support around the \$10.30 area. July KC wheat now has a contract low at \$4.41 ¼ providing support and resistance up at \$4.80. July Chicago wheat has been able to stay off the contract low at \$4.49 ½ with resistance up at \$4.77.

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