



## **Loewen and Associates**

**Commodity Consulting/Brokerage**

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### **Morning Ag Markets**

**Matt Hines**

Cattle futures were higher on Tuesday with feeders leading the way again. More than anything we saw some technical buying as contracts either bounced off nearby support levels or broke through some nearby resistance both spurring additional buying. Beef prices continue to scream higher as well.

Oklahoma National Stockyards - Oklahoma City, OK – Close

Feeder Cattle Weighted Average Report for 05/16/2016

Actual Receipts: 8,225 Last Monday: 7,686 Year Ago Monday: 8,713

Compared to last week: Feeder steers and heifers \$1 to \$3 higher. Demand good for feeder cattle. Steer and heifer calves mostly steady with moderate to good demand.

Cattle slaughter from Tuesday estimated at 113,000 head, down 1,000 from a week ago and even with a year ago.

Hog slaughter from Tuesday estimated at 431,000 head, even with a week ago and up 9,000 compared to a year ago.

Boxed beef cutout values sharply higher on moderate to fairly good demand and light to moderate offerings for a total of 113 loads sold.

Choice Cutout\_\_225.33 +2.93

Select Cutout\_\_211.60 +3.06

Feeder Index:\_\_148.37 +.40

Lean Index.\_\_76.72 +.29

Pork carcass cutout\_\_83.40 -.23

IA-S.MN direct avg\_\_77.07 +.18

National Average\_\_75.54 +.81

#### **IMPORTANT—PLEASE NOTE**

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USDA May cattle on feed report Friday afternoon at 2 PM is expected to show 100% of the year ago period on feed as of May 1st (101% on April 1st). Placements in April are expected around 99% and marketings are seen at 102% of the year ago level. Placements in March were 105% and marketing during that month were 107%.

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 a week ago Monday's trade with resistance just shy of \$125. Feeders have not been able to bounce higher like fats, every time we think the long term downtrend may be broken, futures slide lower and continue that trend lower. The past couple days though feeders have been the leaders higher. 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 \$84 with a month long uptrend holding so far.

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Grains were also higher on Tuesday with soybeans and soybean meal leading the way. Inner market spreading has played a key role in price action over the past few weeks as the fundamental news has taken a back seat. Weather remains wet and cool in the Midwest supporting prices for corn and wheat as commercial buying in soymeal appeared to be the catalyst for the soy complex. Crop progress for corn and soybeans on Monday came in at expectations and still ahead of the 5-year average but running a touch behind last year's pace now. The ECB being the main area lagging significantly behind.

Overnight grains leaked back lower with the dollar higher and a little profit taking after yesterday's jump up. Soybeans finished 9 to 10 lower, corn 2 lower and wheat 2 to 4 lower.

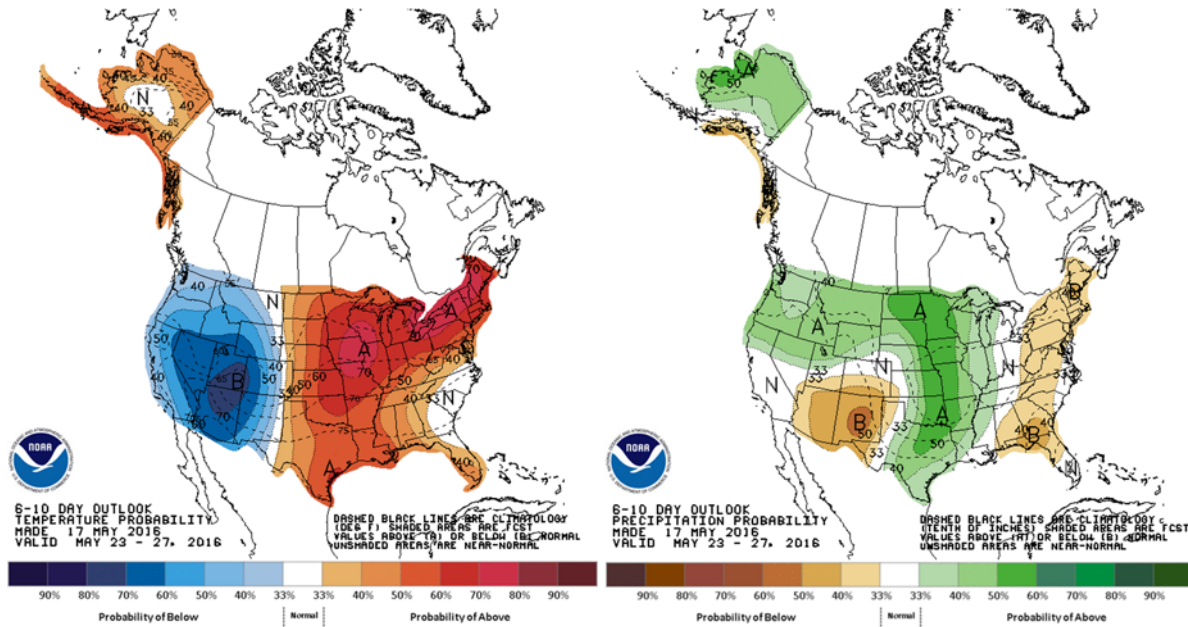
July corn has support at \$3.68 and was able to push through the resistance at \$3.95 yesterday but fell short of the \$4 mark. The December contract has support at \$3.75 and was able to push through the \$4 level the past few days. July soybeans have support at \$10.50 and \$10.20 after reaching up to \$10.91 for a high last week. November soybeans peaked out at \$10.79 <sup>3</sup>/<sub>4</sub> last week with support at \$10.47. July KC wheat now has a contract low at \$4.41 <sup>1</sup>/<sub>4</sub> providing support and resistance up at \$4.80. July Chicago wheat has been able to stay off the contract low at \$4.49 <sup>1</sup>/<sub>2</sub> from early March with resistance up at \$4.85.

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Argentina harvest conditions should advance relatively well this week while southern Brazil is a little too wet once again raising concern over the general condition of second season crops.

Weather begins to warm up more seasonally this week while rains will keep the lower belt and delta wet for next 5 to 7 days. The 6-10 day outlook shows above normal temps but continued above normal precipitation for the Midwest.



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