



Loewen and Associates

Commodity Consulting/Brokerage

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Morning Ag Markets

Matt Hines

We wrapped up a great week for cattle as cash hogs pulled futures lower most of the week but cash turned around late in the week and kill levels jumped higher. Cash feedlot trade got going at \$126 live, up \$2 from the week previous and by the end of the day was pushing \$128 to \$130 live in the South and \$200 on a dressed basis in the North, up \$4 to \$5.

NATIONAL FEEDER & STOCKER CATTLE SUMMARY – W/E 05/06/16

Receipts: This Week: 204,200 Last Week: 261,600 Last Year: 220,000

Compared to last week, early week steer and heifer sales were weak to 5.00 lower with mid and late week sales steady to 3.00 higher. Several encouraging signs for the beef market this week changed the outlook to cautiously optimistic and not a moment too soon as the height of seasonal beef demand is right around the corner. Early week auctions were still cynical, reflective of recent losses throughout the beef sector but by midweek several positive signs had crept up to turn the market ever so slightly. The most obvious was the tremendous futures rally that narrowed the gap between futures and cash prices.

For the week, Friday April 29th to Friday May 6th, June Live Cattle up \$5.80, August up \$5.47, May Feeders up \$6.95, August up \$6.80, May Lean Hogs down \$1.10, June down \$.42.

Cattle slaughter from Friday estimated at 112,000 head, even with a week ago but down 3,000 compared to a year ago. Weekly totals were estimated at 590,000 head also even with the week previous and up 24,000 compared to a year ago.

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Hog slaughter from Friday estimated at 420,000 head, up 33,000 from the week previous and up 13,000 from year ago. Weekly totals are estimated at 2,214,000 head, up 75,000 from the week previous and up 103,000 compared to a year ago.

Boxed beef cutout values weak to lower on light to moderate demand and heavy offerings for the second day in a row for a total of 189 loads sold.

Choice Cutout__203.74 -.68, -7.71 for the week

Select Cutout__194.32 -1.18, -7.95 for the week

Feeder Index:__144.48 +1.52

Lean Index.__74.33 -.74

Pork carcass cutout__81.65 -1.47

IA-S.MN direct avg__72.95 +.65

National Average__71.27 +.28

June live cattle pushed through the \$120 resistance level and 38% retracement level from the highs back in mid-March to the lows at the end of April. The next level of resistance is in the \$122 to \$123 area with support down at \$118. May Feeders have broken the recent downtrend as well but have yet to retrace to the 38% level. A close today above \$150 should keep the rally going this week and look for a test of \$155 for both the May and August contract. June lean hogs charged back to \$83 early last week but were unable to test the highs from March pulling back to the \$81 support area.

Over in the grains, soybeans rebounded on Friday wiping out all of Thursday's losses pulling prices higher for the week. Soybeans actually had 2 major downside reversals last week that were unable to follow through. Corn and wheat were pulled higher but the damage for the week was too much to climb back out of. Israel purchased their first major chunk of US corn on Friday as they have opted for Black Sea corn this marketing year. Wet weather will persist for most over the weekend and into next week. The next USDA crop report will be out Tuesday morning.

For the week, Friday April 29th to Friday May 6th, July corn down \$.14 ¼, December down \$.10 ½, July Soybeans up \$.05, November up \$.14 ¼, July KC Wheat down \$.25, July Chicago Wheat down \$.24 ¾.

Overnight, grains were higher but pulled back as the morning approached. Corn and wheat contracts finished steady to 1 higher while soybeans finished 1 to 3 higher.

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More old crop corn sold this morning with USDA announcing 4.7 MBU sold for unknown destinations and 6.7 MBU sold to Japan.

For this afternoon's Crop Progress and Conditions report, the expectations are for 65-70% of the US corn crop to be planted compared to 75% at this time last year and 61% average pace. Soybeans planted is expected to be 25-30% complete vs. 31% last year and 21% average pace.

Tuesday's USDA Crop Report – Pre Report Expectations

2016 US winter wheat Production at 1.38 BBU vs. last year's 1.37 BBU.

HRW at 817 MBU compared to 827 MBU last year

SRW at 365 MBU compared to 359 MBU last year.

White wheat production at 200 MBU vs 184 last year.

16/17 world Wheat ending stocks at 242.9 up 3.1 MMT from anticipated 15/16 stocks of 239.8 MMT (Apr report at 239.3 MMT)

US 16/17 Soybean ending stocks at 405 MBU compared to the expected 15/16 ending stocks estimate at 425 bushels (Apr report 445 MBU)

16/17 World Soybean ending stocks at 73.2 MMT that is -3.1 MMT from the anticipated 15/16 Soy ending stocks of 76.3 MMT (Apr report at 79.0 MMT)

US 16/17 Corn ending stocks at 2.30 BBU compared to the expected 15/16 ending stocks estimate at 1.84 BBU (Apr report 1.86 BBU)

16/17 World Corn ending stocks at 211.6 MMT that is up 5.8 MMT from the anticipated 15/16 ending stocks of 205.8 MMT (Apr 208.9 MMT)

15/16 Brazil Corn production at 80.5 MMT down from April's 84.0 MMT

15/16 Argentina Corn production at 27.6 MMT down from April's 28.0 MMT

15/16 Brazil Soybean production at 99.4 MMT down from April's 100.0 MMT

15/16 Argentina Soybean production at 55.7 MMT down from April's 59.0 MMT

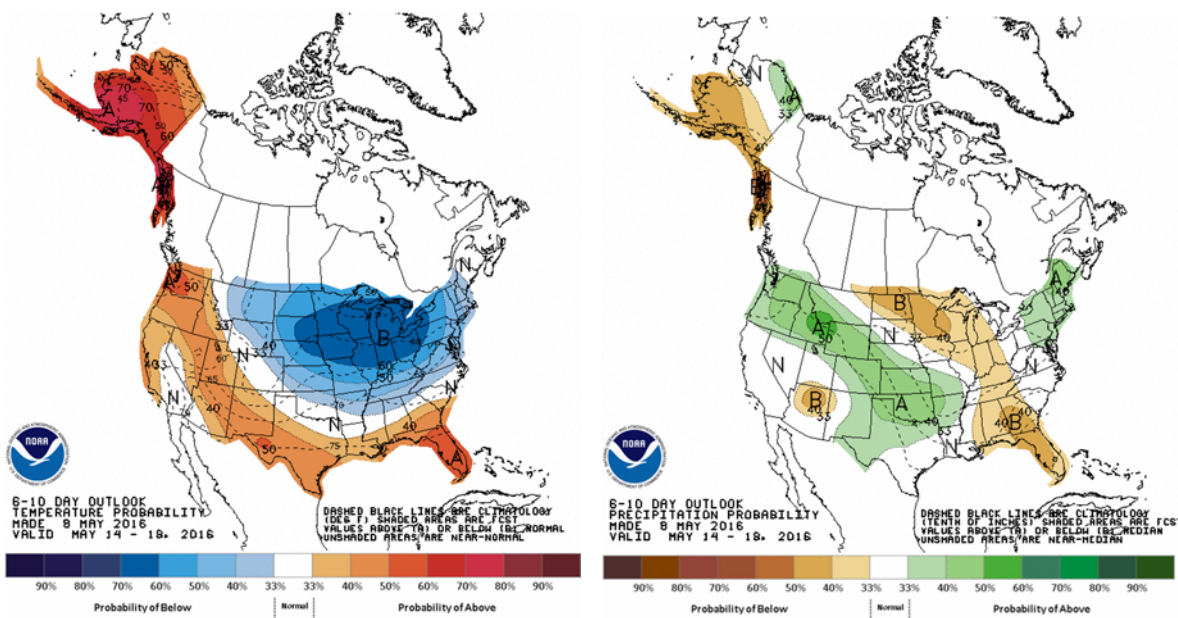
July corn found support just above \$3.70 mid last week with resistance up at \$3.95. The December contract has support at \$3.80 with resistance up in the \$3.97 area. July soybeans dipped below the \$10.10 support early Friday but

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reversed higher with resistance up at \$10.45. November soybeans pushed below the 10-day moving average the end of last week with support now at \$9.97 and resistance from \$10.25 to the recent high \$10.30 ³/₄. July KC wheat now has a contract low at \$4.50 ¹/₂ providing support and resistance up at \$4.65. July Chicago wheat still has \$.20 to go for a new contract low and resistance at \$4.77.

Over the next 7 days, the Midwest stays wet with 2 to 3 inches expected over most areas. The 6-10 day maps show above normal precip stretching from the PNW down into the Southern Plains with the Northern Plains and Corn Belt normal to below normal. Temps are forecast normal to below normal for all major growing areas.



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