



Loewen and Associates

Commodity Consulting/Brokerage

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Morning Ag Markets

Matt Hines

What a week for cattle futures, peaking out Thursday with expanded limits to crater both Thursday and Friday to wrap up the week. Longs were in pure liquidation mode pushing live cattle limit lower in the front 2 contracts and feeders limit lower in 6 contracts. Managed money had pushed cattle futures higher than they fundamentally should have been so a massive pullback was expected to come sooner or later. Negotiated cash feedlot trade on Wednesday shot up to \$145-\$146 in TX, mostly \$145 in KS and \$145-\$147 in NE, along with dressed trade from \$230-\$232.

NATIONAL FEEDER & STOCKER CATTLE SUMMARY – W/E 05/05/2017

RECEIPTS:	Auctions	Direct	Video/Internet	Total
This Week	184,500	69,600	3,300	257,400
Last Week	207,300	63,900	51,400	322,600
Last Year	144,500	39,000	20,700	204,200

Compared to last week, feeder steers and heifers sold 3.00 to 8.00 higher with instances of 10.00 to 12.00 higher on very good demand. The big story this week in the cattle markets is the torrential rains and significant snow falls throughout the Midwest and Southern Plains. The rains closed many farm to market roads which hampered cattle movement to the major sale barns in Texas, Oklahoma, Kansas, and Missouri. Western Kansas saw significant snowfall with some areas receiving upwards of 15 inches causing road closures and poor visibility. This heavy wet snow and high winds created havoc in western feedyards with muddy pens and cattle on grass traveled until they found shelter or until a cross fence stopped them. Despite the less than desirable weather the feeder cattle market found a bright spot with feeder cattle futures closing in the black much of the week. The wet weather put a stop to spring field work so many backgrounders and feeders were on hand at sale barns will full pockets and positive attitudes as they jockeyed for the limited supply of feeder cattle on offer. Coupled with a higher fed cattle market for the

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past two weeks buyers were eager to buy replacement stock to fill empty pen space.

For the week, Friday April 28th to Friday May 5th, June Live Cattle +\$4.27, August +\$1.12, May Feeder Cattle -\$5.77, August -\$1.27, June Lean Hogs +\$2.32, July +\$1.60. Boxed Beef Choice +\$17.09 at \$238.87, Select +\$11.89 at \$219.57. Pork Carcass Cutout +\$3.28 at \$77.74.

Cattle slaughter from Friday is estimated at 115,000 head, even with a week ago and up 3,000 compared to a year ago. For the week, 612,000 head, down 12,000 from the week previous but up 26,000 compared to last year.

Hog slaughter from Friday is estimated at 424,000 head, up 1,000 from a week ago and up 6,000 compared to a year ago. For the week, 2,262,000 head, down 28,000 from the week previous but up 45,000 compared to last year.

Boxed beef cutout values again sharply higher on moderate to good demand and light offerings for a total of only 75 loads sold.

Choice Cutout__238.87 +3.29, +17.09 for the week

Select Cutout__219.57 +2.73, +11.89 for the week

CME Feeder Index:__145.75 +.36

CME Lean Hog Index.__63.55 +1.31

Pork Carcass Cutout__77.74 +1.22

IA-S.MN Wtd Avg Carcass Base__65.05 +.32

National average Wtd Avg Carcass Base__64.20 +.43

June live cattle peaked at \$134.55 last week, still over \$4 shy of the April contract high at expiration. We are sitting right at the first support level with strong support down at \$115. May feeders peaked at \$156.75 and showing a key reversal lower now on the weekly charts. The first area of support is down at \$140 with support for the fall contracts at \$150. June lean hogs are up \$8 from the low just 2 weeks ago with support in the \$74 area and resistance around \$78.

It took until Friday for corn to move much and finish higher for the week.

Soybeans continue to grind higher holding a nice higher trend for about a month now. Wheat prices shot higher at the beginning of the week but come crashing

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back to end the week. Damage was done on a quite a bit from central into western KS but ending stocks both here in the US and world are still very burdensome.

For the week, Friday April 28th to Friday May 5th, July Corn +\$.04 ¼, December +\$.03, July Soybeans +\$.16 ¾, November +\$.13 ¼, July KC Wheat +\$.12 ¾, September +\$.14, July Chicago Wheat +\$.10, September +\$.10 ½

Overnight, grains were back lower with extended forecasts opening up for better planting conditions. Corn finished steady to 1 lower, soybeans 2 to 4 lower and wheat steady to 3 lower.

In this afternoon's crop progress and conditions report, corn planting is expected to be around 45% complete compared to 64% last year and 50% average pace. Soybean planting is expected to be near 15% complete compared to 23% last year and 16% average pace.

July corn right in the middle of its 2 month long range bound trade from \$3.60 to \$3.80 with the December contract trading from \$3.78 to \$3.96. July soybeans holding the uptrend since the first of April with support at \$9.60 and resistance at last week's high of \$9.83. November sitting right at the \$9.60 support with last week's high at \$9.73 ¾. July KC wheat left a \$.03 gap last week. It would need a hard run to push past \$4.70 again and then test the \$4.90 resistance. July Chicago wheat has only a penny and half gap from last week. \$4.60 and then \$4.75 are the resistance areas.

This week's forecasted rains place 1-2 inches across KS and 1-3 in the OH River Valley to the East Coast. The latest 6-10 models show above normal temps from TX to ND with below normal west of the Rockies and in the eastern half of the U.S. Precipitation over that time period has above normal for only the Northwest quarter of the U.S.

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