



Loewen and Associates

Commodity Consulting/Brokerage

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Morning Ag Markets – Matt Hines

Cash feedlot trade early in the week was very light for deferred shipment in a range from \$121 to \$125 live. Coming into Friday, bids and offers will still some \$5 apart with packers buying plenty of inventory in the previous weeks to hold off on nearby purchases. Late Friday, trade finally broke loose at \$122 live, and \$190 to \$192, \$4 lower than the bulk of the trade from the previous week and on very light volume. The Choice/Select spread remains at +\$22 and Choice quotes lower for the first time in almost a month.

For the week, Friday May 4th to Friday May 11th, June Live Cattle +\$1.57, August -\$0.65, May Feeder Cattle -\$1.97, August -\$2.42, May Lean Hogs -\$1.77, June +\$1.57

NATIONAL FEEDER & STOCKER CATTLE SUMMARY – W/E 05/11/2018

RECEIPTS:	Auctions	Direct	Video/Internet	Total
This Week	216,400	54,700	6,000	216,400
Last Week	250,300	65,000	61,000	376,300
Last Year	225,900	48,400	54,600	328,900

Compared to last week, steers and heifers sold steady to 2.00 lower. Fundamentally speaking, feeder cattle demand can only be moderate at this time on all weights of feeders as farmers have turned their attention to the GPS monitors that are making sure the corn rows are straight. With that segment of buyers on the sidelines for a week or two, that leaves the order buyers from feedyards to come in and gobble up the available supplies of feeders this week. The cash fed cattle market has been strong and the volume purchased by packers the past couple of weeks is not by any means record breaking, however it is notable in the fact that they were willing to take on inventory. Due to that increased volume, packers are not aggressively chasing the market this week and are content to set back, kick their heels up and wait to buy cattle cheaper. How much cheaper and if any significant volume has yet to be determined as sellers have dug in for a late Friday trade. Overall, the positive fundamentals of good beef demand and export sales are encouraging,

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however packers and retailers will pay close attention to beef sales this weekend with Mother's Day in the windshield and the Memorial Day weekend coming up soon.

Cattle slaughter from Friday is estimated at 118,000 head, up 1,000 from the week previous and up 2,000 compared to last year. For the week, 645,000 head, down 2,000 from the week previous but up 26,000 from last year. Beef production for the week at 517.0 million pounds last week compared to 522.6 million the week previous and 487.4 last year.

Hog slaughter from Friday is estimated at 436,000 head, up 2,000 from the week previous and up 14,000 compared to a year ago. For the week, 2,313,000 head, down 14,000 from the week previous but up 47,000 from last year

Boxed beef cutout values steady to weak on light to moderate demand and offerings for a total of 105 loads sold.

Choice Cutout__230.97 -.10, +2.67 for the week

Select Cutout__208.69 -.45, -.80 for the week

CME Feeder Index:__137.21 -.73

CME Lean Hog Index.__64.06 -.33

Pork Carcass Cutout__73.47 +.89

IA-S.MN Wtd Avg Live__ N/A, Wtd Avg Carcass Base__62.62 +.97

National Wtd Avg Live__ 47.38 +.26, Wtd Avg Carcass Base__61.98 +.89

June live cattle still holding the higher trend with support at \$105 and resistance at \$108. May Feeders now in a lower trend since the end of April with the first line of support at \$136 and the contact low down at \$128.87, resistance up at \$143.00. May lean hogs expire today with June carrying a \$10 premium and very choppy trade the past couple months. June should find some support from \$73 to \$72.20 with resistance up at \$77.50.

Mixed to friendly report numbers from USDA this past Thursday couldn't carry through to end the week. The markets are back to trading weather now with Brazil expected to see some much needed rain on their second corn crop and rains moved through the U.S. Corn Belt. The drought in the Southwest though continues to expand with 7 states now a part of the severe to extreme category.

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There was a surprise in Friday afternoon's commitment of traders report with managed money buying 33,000 contracts of Chicago and 9,400 in KC wheat as prices closed the week sharply lower. Funds are estimated to be long 212,000 corn contracts, up 26,000 from the last report and long 127,000 contracts of soybeans, selling 50,000.

For the week, Friday May 4th to Friday May 11th, July Corn $-\$.09\frac{3}{4}$, December $-\$.06\frac{1}{2}$, July Soybeans $-\$.33\frac{1}{2}$, November $-\$.23$, July KC Wheat $-\$.37\frac{3}{4}$, December $-\$.35\frac{3}{4}$, July Chicago Wheat $-\$.27\frac{1}{2}$, December $-\$.25\frac{3}{4}$, July MPLS Wheat $-\$.18$, September $-\$.17\frac{1}{4}$, July Soybean Meal $-\$15.10/T$, December $-\$10.30/T$

The crop progress and conditions report released after the close today should show winter wheat conditions slightly improved. I would expect to see corn planting progress going from 39% to around 55%, soybeans from 15% to around 30% and spring wheat from 30% to around 50% complete.

Over this next week, 1 to 2 inches expected across the Plains and Corn Belt with 3 to 5 in the forecast for the Eastern Corn Belt and Southeast. The latest 6-10 day outlook showing normal to above normal precipitation for all except South TX and the Northern border states. Temperatures are forecasted above normal except for a below normal centered on NE.

July corn still holding the higher trend since mid-January topping at $\$4.08\frac{1}{4}$ earlier this month, now sitting right at support with the next down at $\$3.85$. July soybeans actually still holding the higher trend since last summer but nearby in a sharp downtrend with support next at $\$9.90$ and resistance up at $\$10.20$ and $\$10.30$. July KC wheat still holding the higher trend from mid-December, like soybeans though in a sharp nearby downtrend. Support next right around $\$5.00$, resistance at $\$5.40$ and $\$5.68\frac{1}{2}$. July Chicago wheat looks similar with resistance at $\$5.15$ and $\$5.38\frac{1}{2}$, support being tested overnight with the next strong support down at $\$4.65$.

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