



## **Loewen and Associates**

**Commodity Consulting/Brokerage**

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### **Morning Ag Markets – Matt Hines**

Cash feedlot trade was very light last week with packers buying enough the past few weeks for deferred delivery to cover a majority of their needs. Prices were sharply lower, \$5 to \$10 lower than the week previous with KS trade ranging from \$114 to \$117 live mid last week and TX from \$115 to \$117. NE trade reported at \$112 to \$115 live and \$180 to \$185 on a dressed basis. In Colorado live trades were from \$112 to \$113. In the Western Corn Belt the last reported live trade market was on Wednesday with live trades from \$112 to \$117.

#### **NATIONAL FEEDER & STOCKER CATTLE SUMMARY – W/E 05/18/2018**

RECEIPTS:	Auctions	Direct	Video/Internet	Total
This Week	190,400	36,000	24,500	250,900
Last Week	216,400	54,700	6,000	277,100
Last Year	182,100	25,400	29,500	237,000

Compared to last week, steers and heifers sold 2.00 to 7.00 lower nationwide this week. Sharp declines in the CME Cattle complex rocked cash feeders on their heels this week.

For the week, Friday May 11<sup>th</sup> to Friday May 18<sup>th</sup>, June Live Cattle -\$5.22, August -\$6.20, May Feeder Cattle -\$6.20, August -\$6.27, June Lean Hogs -\$0.40, July +\$.27

Cattle slaughter from Friday is estimated at 119,000 head, up 1,000 from the week previous and up 5,000 compared to last year. For the week, 660,000 head, up 15,000 from the week previous and up 48,000 from last year. Beef production for the week at 526.5 million pounds last week compared to 517.0 million the week previous and 481.9 last year.

Hog slaughter from Friday is estimated at 436,000 head, matching the week previous and up 16,000 compared to a year ago. For the week, 2,348,000 head, up 35,000 from the week previous and up 84,000 from last year.

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Boxed beef cutout values weak on Choice and steady on Select on light to moderate demand and moderate offerings for a total of 109 loads sold.

Choice Cutout\_\_232.21 -.47, +1.24 for the week

Select Cutout\_\_208.46 +.22, -.23 for the week

CME Feeder Index: \_\_133.58 -1.25

CME Lean Hog Index.\_\_67.74 +.73

Pork Carcass Cutout\_\_73.91 -1.59

IA-S.MN Wtd Avg Live\_\_ 49.46 no comp, Wtd Avg Carcass Base\_\_65.05 -.46

National Wtd Avg Live\_\_ 49.70 +.75, Wtd Avg Carcass Base\_\_64.89 -.16

June live cattle higher trend taken out last week and currently below all major moving averages. Last week's low at \$101.37 tested and held support with the contract low down at \$97.07 from early April, resistance from \$104.50 to \$105.20. May Feeders into their last week of trading, off over \$10 this month. \$131.87 the low from last week, contact low at \$128.87 and resistance up at \$135. June lean hogs trending higher this month with support at \$74 and resistance at \$77.50.

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Grains ended the week higher led by wheat reversing higher after touching the previous day's lows. It was very good to see the strength on Friday, especially after the massive soybean export sales cancellation. The outlook for improved trade relations between U.S. and China were also reported after both sides were reporting positive negotiations and increased Ag and energy trade. China announced that it was abandoning its anti-dumping investigation into U.S. grain sorghum.

The CFTC Commitment of Traders report showed managed money, funds, (Wed-Tues) actively selling grains including -20.2k corn (net long 191.6k), -9.8k Chicago Wheat (net short -5.5k), -4.4k KC Wheat (net long 44.1k), -18.9k beans (net long 108k), -8.8k meal (net long 121.5k), +12.5k oil (net short -55.4k).

For the week, Friday May 11<sup>th</sup> to Friday May 18<sup>th</sup>, July Corn +\$.06, December +\$.05 <sup>3</sup>/<sub>4</sub>, July Soybeans -\$.04 <sup>3</sup>/<sub>4</sub>, November -\$.06, July KC Wheat +\$.20 <sup>3</sup>/<sub>4</sub>, December +\$.20 <sup>3</sup>/<sub>4</sub>, July Chicago Wheat +\$.19 <sup>1</sup>/<sub>2</sub>, December +\$.17 <sup>1</sup>/<sub>2</sub>, July MPLS Wheat +\$.24, September +\$.21 <sup>1</sup>/<sub>2</sub>, July Soybean Meal -\$2.30/T.

Overnight, grains were sharply higher led by the soy complex as both U.S. and China made statements over the weekend that the trade war is over. China has  
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agreed to pull more Ag and energy products from the U.S. to decrease the trade deficit. Tariffs are now on hold and implementation of new tariffs that could have come as early as tomorrow have been suspended. Corn finished 3 higher, soybeans 17 to 18 higher, wheat 1 to 3 higher and meal \$5/T higher.

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 62% to around 80% complete nationwide, but still behind the average pace in the North. Soybean planting should be up another 20% to near 55% complete.

Wheat futures can rally off U.S. conditions but it is very hard to sustain those rallies without issues in other parts of the world. Russian wheat production areas have been trending warm and dry, but it was a little surprising to hear from SovEcon last week that some of the key Russian wheat areas are having its worst conditions of the last five years. Australia remains dry with not much help showing in eastern wheat country for this next week.

Over this next week, scattered rains expected, light in the Plains, heavier in the already wet areas of northern IA and southern MN, and 3+ inches expected in the Southeast. The latest 6-10 day outlook showing below normal precipitation for the Plains, above normal in the PNW and Southeast. Temperatures are forecasted above normal except for the Southeast.

July corn gapped higher overnight, resistance at \$4.08 ¼, support at \$4.00 and \$3.95. July soybeans also gapping higher overnight, support at last week's low at \$9.92 ½ and resistance at \$10.25 and \$10.33. July KC wheat still holding the long term higher trend from mid-December and now back on nearby higher trend. Support at \$5.18 and last week's low at \$5.02 ½, with resistance up at \$5.68 ½. July Chicago wheat looks similar with resistance at \$5.38 ½ and support around \$4.90.

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