



Loewen and Associates

Commodity Consulting/Brokerage

Pete Loewen, Matt Hines, Doug Biswell,

Matt Burgener, Alex Gasper

866 341 6700

www.loewenassociates.com

Date: May 23rd, 2018

Morning Ag Markets – Matt Hines

Cattle futures followed up Monday's sharply higher trading with a day of tight trading ranges, touching both sides of unchanged and in general just lacking any direction. Lean hogs continued under pressure with new lows for the month.

Steer and heifer calves lightly tested in El Reno, OK yesterday, but a higher undertone was noted. Feeder steers in OKC on Monday were reported as steady to \$3 lower, feeder heifers steady to \$2 lower. Calves traded with a much lower undertone on limited comparable offerings. No report this week out of La Junta, CO due to a lack of receipts.

USDA April 2018 Cold Storage Report after the close was bearish.

Total red meat supplies in freezers were up 4% from the previous month and up 7% from last year. Total pounds of beef in freezers at 471.5 million pounds were up 2% from the previous month and up 3% from last year. Frozen pork supplies at 641.4 million pounds were up 5% from the previous month and up 9% from last year. Stocks of pork bellies were up 9% from last month and up 93% from last year.

Total frozen poultry supplies were up 2% from the previous month and up 7% from a year ago. Total stocks of chicken were down 1% from the previous month but up 9% from last year. Total pounds of turkey in freezers were up 7% from last month and up 5% from last year.

Cattle slaughter from Tuesday is estimated at 119,000 head, matching both last week and last year. Hog slaughter from Tuesday is estimated at 458,000 head, down 3,000 from last week but up 18,000 compared to a year ago.

Boxed beef cutout values lower on light to moderate demand and moderate offerings for a total of 129 loads sold.

Choice Cutout __229.35 -1.47

IMPORTANT—PLEASE NOTE

This does constitute a solicitation to buy or sell commodities futures and/or options. The information contained herein is provided for informational purposes only. The information is not guaranteed as to its accuracy or completeness, although the information was taken from sources we believe to be reliable. The market recommendations of Loewen and Associates, Inc. are based solely on the judgment of Loewen and Associates, Inc. personnel. We do not guarantee or warranty, either expressed or implied, of success to you in the use of this information. Loewen and Associates, Inc. disclaims responsibility for or loss associated with use of information from our commentary, analysis or recommendations. **There is risk of loss in trading commodity futures and options. The risk in trading can be substantial; therefore only genuine "risk" funds should be used.**

Select Cutout__205.86 -1.66
 CME Feeder Index:__133.41 -.24
 CME Lean Hog Index.__68.69 +.31
 Pork Carcass Cutout__76.14 +.04
 IA-S.MN Wtd Avg Live__ N/A, Wtd Avg Carcass Base__64.71 +1.10
 National Wtd Avg Live__ 50.44 +.69, Wtd Avg Carcass Base__64.78 unchanged

Cattle On Feed Industry Estimates for Friday, May 25, 2018

	Avg Estimates	Prev Rpt
On Feed May 1	105%	107%
Placements during Apr	91%	91%
Marketings in Apr	106%	96%

June live cattle higher trend taken out last week, resistance now from 3 major moving averages converging near \$105. Last week's low at \$101.37 with the contract low down at \$97.07 from early April. May Feeders expire tomorrow. August dipped down to \$136.25 last week, contract low at \$135 with resistance this week at \$141.15 and then up at \$143. June lean hogs were trending higher this month until Monday, now testing recent lows with the contract low down at \$70.25.

Grains finished higher yesterday but all pulled back from their daily highs. Soybeans peaked right after the open while corn and wheat hit their highs for the day around 11:30 with wheat \$.20 to \$.25 higher and corn \$.04 higher. Wheat has been on a bipolar roller coaster ride recently with massive swings back and forth. US crop conditions were stable last week and export shipments have been very disappointing. Russia's Ag Ministry estimated 2018 grain harvest at 105-110 MMT, down from 115. USDA already has Russian wheat estimated at 72 MMT vs. 85 MMT this past year. EU wheat yields are also projected lower and this along with the Russian and Kazakhstan dry weather pushed European Wheat futures into new highs for 2018. Light rains are in the forecast for both US and Canadian wheat areas but overall dry conditions are persisting.

Grains were mixed overnight on tight trading ranges. Corn finished steady, soybeans 1 to 2 higher, wheat mixed, 1 higher on the front months.

IMPORTANT—PLEASE NOTE

This does constitute a solicitation to buy or sell commodities futures and/or options. The information contained herein is provided for informational purposes only. The information is not guaranteed as to its accuracy or completeness, although the information was taken from sources we believe to be reliable. The market recommendations of Loewen and Associates, Inc. are based solely on the judgment of Loewen and Associates, Inc. personnel. We do not guarantee or warranty, either expressed or implied, of success to you in the use of this information. Loewen and Associates, Inc. disclaims responsibility for or loss associated with use of information from our commentary, analysis or recommendations. **There is risk of loss in trading commodity futures and options. The risk in trading can be substantial; therefore only genuine "risk" funds should be used.**

U.S. and Chinese trade relations continue to garner some attention as the U.S. looks to lift its ban on U.S. companies supplying parts to China's electronics manufacturer ZTE and China will reportedly reduce tariffs on imports of U.S. cars/parts. China's Sinograin seeking offers for both old crop and new crop U.S. soybeans for the first time since early April. There are also rumors that COFCO has been allowed to resume purchases of U.S. soybeans without the restrictions put on during the heightened tensions. DDG offers are also being requested. This is supportive and falls in line with the recent chatter that the trade war has ended.

USDA reported a private sale of 140,000 MT or 5.5 MBU of optional origin corn sold to Saudi Arabia this morning with half to be shipped this marketing year and half for the 2018/19 marketing year.

Weather remains the market maker in the near term for all grains from the Southern Plains drought to the excessive rains in the northern Corn Belt. Over this next week, scattered rains expected with heavy rains still forecasted for the Southeast. The latest 6-10 day outlook showing above normal precipitation for the Northern Plains and Southeast with a below normal band stretching from TX into the Great Lakes. Temperatures are still forecasted to remain above normal for all.

July corn resistance at \$4.08 $\frac{1}{4}$, support at \$4.00 and \$3.95. December finding resistance at \$4.25 with the next from \$4.28 to \$4.29 $\frac{1}{2}$, the highs from last summer. July soybeans gapped higher on Monday, topping yesterday and overnight at \$10.36. Right now it appears soybeans are looking for direction with last week's low at \$9.92 $\frac{1}{2}$ and early May highs near \$10.56 as the next resistance area. July KC wheat still holding the long term higher trend from mid-December and now back on nearby higher trend. Support at \$5.24 with resistance up at \$5.68 $\frac{1}{2}$. July Chicago wheat with the same pattern, support at \$5.05 and resistance at \$5.38 $\frac{1}{2}$.

Loewen and Associates, Inc.

Pete Loewen / Matt Hines / Doug Biswell / Matt Burgener / Alex Gasper

www.loewenassociates.com pete@loewenassociates.com matt@loewenassociates.com

866-341-6700

IMPORTANT—PLEASE NOTE

This does constitute a solicitation to buy or sell commodities futures and/or options. The information contained herein is provided for informational purposes only. The information is not guaranteed as to its accuracy or completeness, although the information was taken from sources we believe to be reliable. The market recommendations of Loewen and Associates, Inc. are based solely on the judgment of Loewen and Associates, Inc. personnel. We do not guarantee or warranty, either expressed or implied, of success to you in the use of this information. Loewen and Associates, Inc. disclaims responsibility for or loss associated with use of information from our commentary, analysis or recommendations. **There is risk of loss in trading commodity futures and options. The risk in trading can be substantial; therefore only genuine "risk" funds should be used.**