



Loewen and Associates

Commodity Consulting/Brokerage

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Morning Ag Markets – Matt Hines

Cash feedlot trade continued higher last week topping out at \$128 live and \$198 to \$200 dressed. Beef prices also continue higher yet futures only reacted sharply higher on Thursday of last week and still finished the week lower. This is a concern with cash still some \$20+ premium and looking back to last year when cash trade started tanking in early May.

For the week, Friday April 27th to Friday May 4th, June Live Cattle -\$.95, August -\$.90, May Feeder Cattle -\$1.62, August -\$1.92, May Lean Hogs +\$.97, June +\$.90. Choice Boxed beef +\$6.56, Select +\$5.17.

NATIONAL FEEDER & STOCKER CATTLE SUMMARY – W/E 05/04/2018

RECEIPTS:	Auctions	Direct	Video/Internet	Total
This Week	250,300	65,000	61,000	376,300
This Week	234,500	58,100	3,600	296,200
Last Year	184,500	69,600	3,300	257,400

Compared to last week, steers and heifers traded from 2.00 higher to 2.00 lower nationwide. Feeder cattle buyers have purchased replacement feedlot cattle on either side of steady this week as the market is looking for direction from any type of news that could hit the airwaves. Auction trading volume on this report just barely topped 250K this week. It is only the second occurrence that large since early February, indicating cattle producers are willing to market feeders at these prices.

Cattle slaughter from Friday is estimated at 117,000 head, up 6,000 from the week previous and matching a year ago. For the week, 647,000 head, up 24,000 from the week previous and up 32,000 from last year. Beef production for the week at 522.6 million pounds last week compared to 506.1 million the week previous and 482.6 last year.

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Hog slaughter from Friday is estimated at 439,000 head, down 13,000 from the week previous but up 15,000 compared to a year ago. For the week, 2,332,000 head, down 31,000 from the week previous but up 64,000 from last year

Boxed beef cutout values firm on moderate to fairly good demand and moderate to heavy offerings for a total of 116 loads sold.

Choice Cutout__228.30 +.74

Select Cutout__209.49 +.32

CME Feeder Index: __137.90 -.21

CME Lean Hog Index.__63.13 +.20

Pork Carcass Cutout__69.29 -.10

IA-S.MN Wtd Avg Live__ N/A, Wtd Avg Carcass Base__59.19 +.93

National Wtd Avg Live__ 46.03 -.57, Wtd Avg Carcass Base__59.05 +.10

June live cattle continue to trend higher, but very slowly, up only \$5 in the past month and only \$9 higher than the contract low on April 4th. Nearby resistance at \$107.80 then at \$109 with support at \$104.50. May Feeders also trending higher, \$11.50 off the contract low with resistance up at \$143 and support at \$137.30. May lean hogs trending lower the past few weeks with support at \$65.50 and resistance at \$68 then \$70.75, the April high.

Grains continue to trade weather with delayed planting here in the U.S. and dry conditions hurting Brazil's second corn crop. Wheat was the leader higher last week with the crop tours in KS and OK confirming poor conditions. Soybeans continue to bounce back and forth as meal rallies pull beans higher but trade concerns keep rallies at bay. Buyers jumped in late Thursday on speculation that a deal would be reached between China and the U.S., but Friday the markets collapsed. Trade war uncertainty has the market worried about export demand particularly after China cancelled 2 cargoes of soybeans last week and resold a 3rd to Vietnam.

The KS Wheat Tour came up with an average estimate at 243 MBU, the lowest state output since 1989, OK even worse at only 58 MBU which is half a normal crop. NE scouts reported a crop of 43.7 MBU, down from 46.9 last year and in CO and estimate of 70 MBU down from 86.9 MBU. Overall the crop is late and very short, not a lot of disease pressured noted but some reports of stripe rust in OK.

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For the week, Friday April 27th to Friday May 4th, July Corn +\$.07 ¾, December +\$.06 ½, July Soybeans -\$.19 ½, November -\$.09 ¾, July KC Wheat +\$.25 ¼, July Chicago Wheat +\$.27 ¾

Grains were weaker overnight led by soybeans and wheat. Buy the rumor and sell the facts seem to be hitting the past couple days. Corn finished 2 to 3 lower, soybeans 4 to 6 lower and wheat 8 to 9 lower.

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 17% to around 40%, soybeans from 5% to around 15% to 20% and spring wheat from 10% to around 25% to 30%.

Argentine soybean harvest is over 60% complete with the crop production estimates still in the 35-40 MMT range. Brazilian crop estimates continue to inch higher now at 117-119 MMT range. If not for the trade tariff related uncertainty, we could have seen Brazilian beans compensating for the shortfall in Argentina instead of the current Argentine import of U.S. beans. Production estimates for Brazil's second corn crop continue to decline but some much needed rain is in the forecast for the southwest corner of Brazil's major winter corn producing region.

Over this next week, 1 to 2+ inches expected across the Corn Belt. The latest 6-10 day outlook showing above normal precipitation for the eastern half of the U.S., below normal for the Southwest and PNW. Temperatures are forecasted above normal both east and west, normal temps expected in the middle part of the U.S. with below normal in the Great Lakes.

July corn trending higher since mid-January topping at \$4.08 ¼ last week with support at \$4.00. July soybeans very choppy, touching support at \$10.27 ¾ overnight, resistance up from \$10.50 to \$10.55. July KC wheat still holding the higher trend with support at \$5.40, resistance at \$5.68 ½. July Chicago wheat with resistance at \$5.38 ½ and support at \$5.12 then \$5.00.

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