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## **Morning Ag Markets**

### **Pete Loewen**

Monday was a strong day for feeders, mixed in hogs and mild to moderately higher in the live cattle trade. With the spot April live futures expiring tomorrow on the last day of the month, a lot of the problems with basis disparity have been alleviated over the last week or so. Last week's Southern cash was in that \$145-\$146 range and futures closed at \$145.40 yesterday, ending a long run at extreme discrepancies between cash and futures. This is a problem that dated back to the February futures contract as well, which has led to a lot of questioning as to whether price discovery and convergence of cash and futures during deliveries was functioning properly. In the big picture it isn't, but with so little of the actual trading in the country going on in a negotiated manner, it isn't a problem that can be fixed very easily either.

Keep in mind when this April contract expires and June futures become spot there will be another significant gap between current cash and spot month futures. June futures have been discount to the April by \$8-\$10 for about 2 months. That is a wide swath for cash or futures to make up over the next 60 days with most thinking most of the work will be done by cash weakening from increasing supplies.

Cattle slg.\_\_\_\_114,000 +11k wa -5k ya

Choice Cutout\_\_\_\_233.17 +.34

Select Cutout\_\_\_\_221.57 -.07

Feeder Index:\_\_\_\_178.86 -.44

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Lean Index.\_\_\_\_ 116.83 -.25

Pork cutout\_\_\_\_118.41 +2.28

IA-S.MN direct avg\_\_\_\_112.33 +.45

Hog slg.\_\_\_\_ 344,000 +71k wa -

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Moving on to the grains, futures trade was erratic in beans yesterday with front months closing strong and back months fairly flat. All bean contracts were up nicely early on in the session, but faltered late to close well off the highs. Corn trade was uneventful, yet still managed higher closes. Wheat was higher in KC and mixed in Chicago.

Export inspections were lower than the prior week as a whole. Most of that weakness came from a sharp drop in corn. Total corn shipments were 45.5 mln bushels. Bean shipments were 9.3 mln, bringing the cumulative year to date total to 1.520 bln. Wheat shipments were 23.2 mln. Both the wheat and the beans were higher than a week ago. Offsetting some of the friendliness of the bean inspections were numerous reports of South American soybeans and meal either unloaded, or en route to US ports. Like it or not, we're going to have a lot of South American vessels headed this way, which is actually desperately needed given the export and crush pace we've seen in the US so far

Crop progress and condition numbers had more bullish undertone than bearish. I think the consensus coming into the numbers was for a corn planting pace between 20% and 25% complete and USDA gave us 19% nationwide as the number. That number is a lot better than last year's 5% on this date, but well behind the normal 28% number that is the average. Data for the major states had Illinois only 1 point behind normal, Iowa 18 points behind, Nebraska 2 points behind and Minnesota 26 points back. On a side note, Kansas was 37% done which is 7% ahead of normal pace, but I thought that number would be a little larger. Rain and cold weather in the Corn Belt put the skids on any additional pace yesterday.

18% of the winter wheat was headed, which ironically is 5 points ahead of last year, but still 8 points behind normal. Kansas is sitting at 4%, compared to 17%

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normally. Oklahoma is 45%, down from 59% on average and Texas is 50% compared to 55% average. The big news for wheat country yesterday was weather reminiscent of the Dirty 30's with dust storm pictures pasted all over the internet and news.

Crop conditions for winter wheat dropped 1 point out of g/ex at 33% total. Fair was unchanged at 33%. P/vp conditions were listed at 34%, up 1 from the previous week. It's awfully sad when only 9% of the Oklahoma crop is rated g/ex, 13% in Texas and 21% in Kansas.

Spring wheat seeding was listed at 18% complete compared to 30% normally. North Dakota is only 3% done and struggling with more snow in recent days.

6-10's are still below normal temps in the north, but moved to above normal south last night. Precip chances are normal to above in the Corn Belt and dry in the southwest.

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