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## **Morning Ag Markets**

### Pete Loewen

Thursday was a harsh day of red ink for some of the live cattle contracts, as well as the front end of the hog market. Feeders were heavily mixed with the front end and soon to be expiring May contract rallying nicely, while back months were much quieter. It isn't very often that we get to see a spot feeder contract with only a couple weeks to go moving more actively than all the rest of the contracts. Up until yesterday though the index had moved higher every day this month and the downtick yesterday afternoon was only mild. Everybody wants to get their hands on feeder cattle and calves despite the fact their costing more than they ever have in history AND it still remains solidly a seller's market, not a buyer's market.

Cattle On Feed numbers come out this afternoon. The average guess for On Feed May 1 sits at 99% of a year ago. Placements in April are pegged at 97% and marketings in April at 98%.

There was also a mild amount of negotiated feedlot cash activity going on yesterday with \$145-\$146 buying a few in Texas which his steady to \$1 lower than a week ago. Nebraska traded some at \$146-\$147 live, which is \$2 lower than last week and \$234-\$235 dressed which is \$3 lower.

Cattle slg. \_\_\_ 118,000 -1k wa -8k ya

Choice Cutout \_\_\_ 225.21 +.13

Select Cutout \_\_\_ 215.47 +.01

Feeder Index: \_\_\_ 184.08 -.13

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Lean Index.\_\_\_112.73 -.18

Pork cutout\_\_\_113.23 +.31

IA-S.MN direct avg\_\_\_109.88 +.55

Hog slg.\_\_\_413,000 +17k wa +8k ya

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Moving on to the grains, KC wheat futures got pounded yesterday and it pulled the rest of the complex down in the process. I spent a lot of time yesterday trying to rationalize why wheat shouldn't be lower and obviously the same day wheat posts the hardest losses in quite a while. To add insult to injury KC wheat lost significantly more than Chicago did as well. The vast majority of the SRW wheat crop, which is Chicago wheat is in really good shape, but we all know what the vast majority of the HRW wheat crop looks like, which is KC wheat and it isn't good!

It probably didn't help matters that corn and wheat weekly export sales were pitiful. Wheat sales were only 2 mln bushels old crop and corn showed 13.5 old crop. Bean sales were bullish because we had a positive number instead of a net negative from cancellations. 2.7 mln bushels of beans were added to the commitment list, making the ytd total now 1.643 bln in sales. USDA has the yearly total pegged at 1.625 bln. I'm going to guess that even with quite a few cancellations and rolls, we'll still hit that 1.625 target and maybe even more by the time the marketing year ends on the last day of August.

The big news this morning is the return of winter to some areas of the Corn Belt. SE Nebraska and the northeast tip of Kansas corn country had temps in the freezing range. Western Iowa up through SE South Dakota had temps in the mid 20's, which is NOT good for any corn that was out of the ground.

Overnight export news had 180k tonnes of new crop beans sold to unknown destination.

Argentinas wheat planting estimate is for 4.3 mln hectares compared to 3.6 mln last year. Also India is expected to raise 264.4 mmt's of grains this year, up from 257 last year and the 264 would be a record. Not good news for the world picture in wheat.

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