



Date: 2.23.15

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### **Morning Ag Markets**

#### **Matt Hines**

Cattle were hit hard to end the week and locked in triple digit losses for the week while hogs look like they may be carving out a bottom. It was rumored that both sides were getting close to resolving the issues at West Coast ports during the day Friday, but when those turned false and cash feedlot trade faded, futures dropped sharply with live cattle contracts touching limit lower. Kansas trade was active Thursday at \$160 live, \$2 lower than a week ago with Nebraska trade at the same but only light volume. Friday, live trade slipped down another \$2 to \$158 live and dressed trade ranged from \$253 to \$256 in NE and IA to close out the week. After the close, cattle on feed was close to estimates at 100% and Marketings at 91% but Placements were a little higher than the 86.5% expected coming in at 89%.

The breakdown on Placement weights as a % of year ago numbers are as follows...

Under 600 lb 86%

600-699 lb 78%

700-799 lb 85%

Over 800 lb 102.7%

The cold storage report was bearish with poultry, beef and pork stocks all higher than a month ago and all but pork higher than a year ago.

- Total frozen poultry up 11% from last month and 5% above last year
- Total red meat up 14% from last month and 5% higher than year ago
- Total beef in freezers up 10% from previous month and 14% above last year
- Total pork up 18% from previous month and down 4% from last year
- Belly stocks up 13% from last month and down 39% from last year

For the week, February Live Cattle -\$3.30, March Feeders -\$4.67, April Lean Hogs +\$1.37.

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Cattle slaughter from Friday estimated at 103,000 head, down 2,000 from a week ago but up 3,000 compared to a year ago. For the week, 524,000 head down 13,000 from the week previous and year ago.

Boxed beef cutout values firm to higher on moderate demand and light to moderate offerings.

Choice Cutout\_\_240.31 +.39

Select Cutout\_\_237.79 +1.08

Feeder Index:\_\_210.58 +.10

Hog slaughter from Friday estimated at 428,000 head, up 3,000 from a week ago and up 52,000 from a year ago. For the week, 2,285,000 head, up 63,000 from the week previous and up 174,000 compared to a year ago. Year to date totals are now 1.4% ahead of last year's pace.

Lean Index.\_\_60.27 -.13

Pork carcass cutout\_\_71.50 -.82

IA-S.MN direct avg\_\_59.57 +.34

Opening calls this morning are lower for both cattle and hog futures. The bearish cold storage report along with spillover selling are expected to pressure the markets to start the week. Live cattle and feeders gave back all the week's previous gains while hogs broke through last week's highs. Resistance is up near \$160 to \$160.50 for the February live cattle and \$205 for March feeders.

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The grains spent the week bouncing around, soybeans mostly higher and wheat mostly lower. Egypt pulled the rug out from under us with hopes they would use our aid package for some US milling quality wheat and instead passed on all offers and purchased 180,000 MT from France and 60,000 MT from Romania. Soybean shipments are dwindling but still moving out for now and domestic demand for soybean meal keeps crushers running at full capacity with around \$1.00/BU profit margins.

Export sales were delayed until Friday and continue to show more sales in soybeans and meal than expected. Soybean sales totaled 19 MBU with 4 MBU added to new crop. Total sales for this marketing year are now at 1.715 BBU vs. 1.582 BBU last year and USDA total estimate of 1.790 BBU. China added 4 additional cargos and moved 2 from unknown. The other primary buyers were

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Indonesia and Japan. Meal sales were 317,000 MT taking year to date totals to 8.854 MMT vs 7.293 MMT a year ago.

Wheat sales were 10 MBU with 1 MBU added to new crop. Total sales are 772 MBU vs 1.018 BBU last year and projections of 900 MBU. Corn sales were 37 MBU plus 6 MBU new crop. Year to date sales are at 1.341 BBU vs 1.385 last year and projections of 1.750 BBU. The major buyers were Taiwan, South Korea, Japan, and Mexico.

For the week, March Corn  $-\$.02$ , March Soybeans  $+\$.08\frac{3}{4}$ , March KC Wheat  $-\$.29\frac{1}{2}$  March Chicago Wheat  $-\$.22\frac{3}{4}$  and March Soybean Meal  $+\$15.20/\text{Ton}$ .

Overnight grains were mixed with soybeans 2 higher supported by good export sales and Brazil truckers continued their protest by blocking some roads and disrupting grain movement. Corn and wheat were both lower overnight, corn down  $\frac{1}{2}$  to 1 and wheat down 1 to 3 even with the cold snap and ice into Texas this morning.

Over the past 2 weeks now March corn has not traded more than a dime from  $\$3.85$ . Producer selling has been light and basis continues to remain steady to stronger as we get ready to roll from March to May. March soybeans broke the  $\$10$  barrier this past week but haven't strayed too far from it now. The 100 day moving average is just above  $\$10.08$  now with more resistance seen in the  $\$10.20$  to  $\$10.25$  range. Both Chicago and KC wheat did an about face this past week and look to slip down to the contract lows set a few weeks ago at  $\$4.92\frac{1}{4}$  and  $\$5.33$  respectively.

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