



Loewen and Associates

Commodity Consulting/Brokerage

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Morning Ag Markets

Matt Hines

Livestock futures did an about face halfway through the session and pushed into higher territory for fats and feeders and limited the losses in hogs. The cash markets for calves and feeders continue to race higher throughout the country with reports of \$5 to in some cases \$15 higher. Testing continues on a suspected case of bird flu in Arkansas while 2 confirmed cases have been reported in Missouri and Minnesota so far this week. There are also rumors that PEDv could spike here but the data for the last week in February will not be released until Thursday.

April Live Cattle +75 @ 154.75, June +10 @ 146.25

March Feeders +252 @ 212.22, August +47 @ 209.12

April Lean Hogs -10 @ 65.97, June -62 @ 78.67

Cattle slaughter from Tuesday estimated at 109,000 head for the 4th Tuesday in a row now but down 8,000 compared to a year ago.

Boxed beef cutout values steady to weak on light to moderate demand and offerings.

Choice Cutout__247.79 +.20

Select Cutout__245.12 -.63

Feeder Index:__212.00 +1.75 & +5.76 in March

Hog slaughter from Tuesday estimated at 433,000 head, down 2,000 from a week ago but up 21,000 from a year ago.

Lean Index.__67.22 -.30

Pork carcass cutout__68.63 -.12

IA-S.MN direct avg__not available now for 2 consecutive days

National Average__62.56 -.85

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March feeders are making a run for the \$215 area after finding support at \$195 about 3 weeks ago. \$216.72 is the 100 day moving average and with \$217.35 & \$224.47 the contract highs for 2015. Feb live cattle have already reached back up to its 100 day moving average and has found resistance with more in the \$165 to \$166 range.

Currently...

Grains finished mixed on USDA report day. Wheat and soybeans were neutral but corn was bullish with a cut of 50 MBU to US ending stocks and over 4 MMT to world stocks. Futures sure didn't reflect this fundamental news though. No change on the US soybean ending stocks may have a little bearish tone with the processors running at max capacity and the record export shipment pace that most thought would be enough for USDA to increase one if not both of those demand side factors and decrease ending stocks. USDA did increase feed usage and exports for corn by 50 MBU each while decreases the amount used for ethanol production by 50 MBU.

The world balance sheet was fairly quiet but the follow are some highlights...

- Brazil and Argentina soybean production left unchanged at 94.5 and 56 MMT respectively.
- EU wheat exports up another .5 MMT as slight production decreases seen in India and Middle East.
- Argentina corn production increased to 23.5 MMT from 23.0 MMT.
- South African corn production decreased to 11.5 MMT from 13.5 MMT and exports dropped to 1 MMT from 2.5 MMT.

May Corn - $\frac{3}{4}$ @ 388, July - $\frac{1}{2}$ @ 395 $\frac{3}{4}$, December - $\frac{1}{2}$ @ 412 $\frac{1}{4}$
May Soybeans -8 $\frac{3}{4}$ @ 984 $\frac{1}{2}$, July - 9 $\frac{1}{4}$ @ 989 $\frac{1}{4}$, Nov -6 $\frac{3}{4}$ @ 965 $\frac{1}{4}$
May KC Wheat +5 $\frac{1}{2}$ @ 536, July +5 @ 540 $\frac{1}{2}$, Sept +5 @ 551 $\frac{3}{4}$
May Chicago Wheat +3 $\frac{1}{4}$ @ 493 $\frac{1}{4}$, July +2 $\frac{3}{4}$ @ 497, Sept +3 @ 507

Overnight grains rebounded some as back and forth continues. Corn finished 3 to 5 higher, soybeans 6 to 7 higher and wheat 3 to 6 higher in all 3 pits.

The Brazil government met with representatives of the independent truckers Tuesday and discussed freight rates. The truckers agreed to present their

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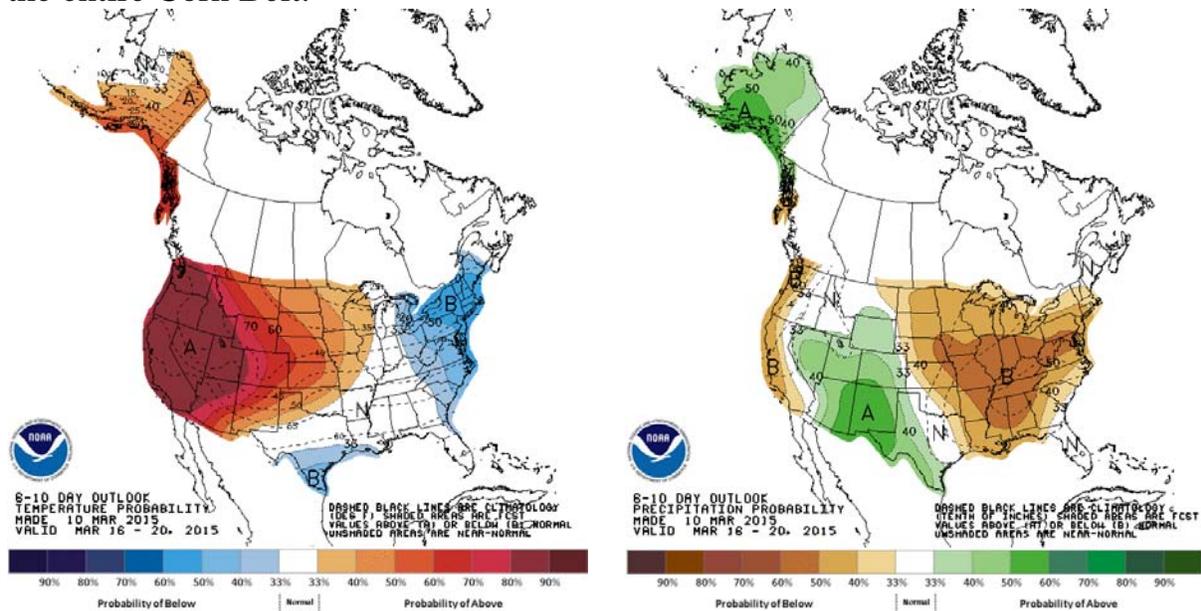
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proposal on March 26th. Truckers wanted the government to lower diesel fuel prices but a government spokesman said that would be nearly impossible.

Argentine farmers begin their protest against the Argentine government today by halting grain sales for three days. The president of one of the largest farm organizations says if they don't get answers, bigger protest are probably on the way.

Both Chicago and KC wheat continue to chop sideways to lower with new contract lows and the recent \$.25 break. Look for more of the choppy trade to continue. Nothing different in corn. The market is still battling this \$3.80 to \$4.00 range. A settlement below \$3.80 could lead us down to \$3.67 and a move over \$4.00 would only expand the range \$.05 to \$.07. The soybean market found some support as it neared the \$9.75 level and has rebounded since. The range of trade is now \$9.60 to \$10.40.

Dry conditions continue across the Midwest and some bulls are trying to use this story more today. The 6-10 maps show continued normal to well above normal temperatures for the western half of the US and below normal precipitation for the entire Corn Belt.



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