



## **Loewen and Associates**

***Commodity Consulting/Brokerage***

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Date: 3.4.15

### **Morning Ag Markets**

#### **Matt Hines**

Livestock futures were hit hard with a massive triple digit lower turnaround Tuesday. The reasons for why, longs liquidating or profit taking is all that comes up to talk about early in the week. There are quite a few barns moving through very thin volumes this week due to the winter weather. Demand is picking up for the middle meats for the spring/summer grilling needs which has helped support and keep the trend in cutouts higher. In the long run, all contracts are still range bound with fats around \$150 and feeders around \$200.

Cattle slaughter from Tuesday estimated at 109,000 head for the 3<sup>rd</sup> Tuesday in a row now but down 4,000 compared to a year ago.

Boxed beef cutout values higher on choice and steady on select on moderate demand and light to moderate offerings.

Choice Cutout\_\_249.61 +.94

Select Cutout\_\_245.28 -.17

Feeder Index:\_\_206.38 +.14

Hog slaughter from Tuesday estimated at 435,000 head, up 28,000 from a week ago and up 31,000 from a year ago.

Lean Index.\_\_66.67 +1.08

Pork carcass cutout\_\_69.01 -.66

IA-S.MN direct avg\_\_65.67 -.71

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Grains finished steady to higher on Tuesday with wheat the leader in the end after a lower start to the day touching the recent and/or contract lows. Soybeans actually stayed a little lower on nearby contracts as the trucker protest in Brazil cools down and the arguments between Argentina's producers and the government heat up.

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Brazilian trucker protests continue but more roads have been cleared and grain movement has improved, some traffic continues to be disrupted in parts of the country but the sense is this story is on its way out of the headlines sooner rather than later. Brazil reported February soybean exports at 868,700 MT vs 85,300 in January but compares to 2.7 MMT in last February. This is mostly due to crop being behind pace not the protest though.

The Argentine government will require the registration of Ag bag sales which farmers have been using to hold grain back from the market as a hedge against deflation in their country. The implication is that this could encourage more grain sales or the government could step in and force those sales? Meanwhile Argentine farmers will suspend grains sales for three days in protest of export quotas and other government policies they say hurt profits so all is not well in Argentina between the farmers and government but then again, when is it ever? Rumors from some are they will start today and others are pointing to next week.

Overnight grains were back under pressure with soybeans down 9, corn down 1 to 2 and wheat down 4 to 5.

Ukraine Ag Minister announced grain exports since July 1 at 24.7 MMT. This is still in line with last year's pace and this year's expectations. The total included 11.4 MMT of corn, 9.3 MMT of wheat and 3.9 MMT barley.

All grains are still range bound like the livestock contracts. May corn trading \$3.80 to \$4.00 the past month and half. May soybeans broke the uptrend and trying to hold on desperately to the \$10 level. Wheat futures continue to bounce off recent and/or contract lows but no new lows yet this week.

One more day of cold temps locally until we get back to normal. The 6-10 day maps are showing above normal temps sweeping in the form the west and north but along with that is below normal precipitation for the Plains and entire Corn Belt.

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