



## **Loewen and Associates**

***Commodity Consulting/Brokerage***

**Pete Loewen, Matt Hines, Doug Biswell,**

**LaVell Winsor, Matt Burgener**

**866 341 6700**

**www.loewenassociates.com**

Date: 4.22.15

### **Morning Ag Markets**

#### **Matt Hines**

Livestock futures rebounded yesterday after the past two days of massive selling. Cash is still premium to futures which may help to provide some underlying support. Not only did live cattle futures see support from technical traders, but the market had reached what was deemed to be an unreasonable discount to last week's cash market of \$160 to \$161 per cwt on a live basis.

Bird flu continues to spread rapidly in the Midwest over this past month with now over 7 million birds euthanized and just yesterday a large egg layer in Iowa confirmed. Egg sets are expected to come up, but some say only around \$.15 to \$.20 cents per dozen as of now. USDA and ISU are working on vaccines but still in process and the cost to production is still unknown. Mexico's government announced late on Tuesday they're temporarily banning live bird and egg imports from Iowa after the state found the outbreak of bird flu.

Cattle slaughter from Tuesday estimated at 110,000 head, down 1,000 from a week ago and down 6,000 from a year ago.

Boxed beef cutout values firm on Choice on lower on Select on light to moderate demand and moderate offerings.

Choice Cutout\_\_259.82 +.68

Select Cutout\_\_249.55 -2.65

Feeder Index:\_\_217.48 -.18

Hog slaughter from Tuesday estimated at 432,000 head, up 1,000 from a week ago and up 23,000 from a year ago.

Lean Index.\_\_64.76 +.49

Pork carcass cutout\_\_68.61 +.75

IA-S.MN direct avg\_\_62.30 -.34

#### **IMPORTANT—PLEASE NOTE**

This does constitute a solicitation to buy or sell commodities futures and/or options. The information contained herein is provided for informational purposes only. The information is not guaranteed as to its accuracy or completeness, although the information was taken from sources we believe to be reliable. The market recommendations of Loewen and Associates, Inc. are based solely on the judgment of Loewen and Associates, Inc. personnel. We do not guarantee or warranty, either expressed or implied, of success to you in the use of this information. Loewen and Associates, Inc. disclaims responsibility for or loss associated with use of information from our commentary, analysis or recommendations. **There is risk of loss in trading commodity futures and options. The risk in trading can be substantial; therefore only genuine "risk" funds should be used.**

National Average\_\_61.08 -.10

Cash cattle markets were relatively quiet again Tuesday with rumors of dressed-basis trading at \$253 per cwt, down about \$3 from last week. The USDA reports a total of 220 steers trading this week in the Plains at \$157.25, and 131 heifers moving at \$159.00. Dressed markets had 393 steers changing hands at an average of \$253 and 133 heifers at \$254.

Estimates for Friday's USDA Cattle-on-Feed report showed that traders expect on-feed numbers to be down 1.4% from a year ago, placements down 5.5% and marketings down 1.8%.

\*\*\*\*\*

Over in the grains, wheat opened lower but grew some legs and walked higher throughout the day bouncing at the \$5 support area for the May Chicago contract and then settling right at it. Monday's overall winter wheat conditions were unchanged due to improved conditions for SRW whereas HRW regions did slip another percent or two. Soybeans opened near their highs but faded and finished lower while corn did open at its highs and also finished lower. Corn planting pace was slightly behind expectations and the average pace but additional bird flu cases in the US and world prices much cheaper than US values pressured corn all day.

Overnight grains were mixed to lower with corn down 1 to 2, soybeans down 3 to 4 and wheat steady in KC, up 1 to 2 in Chicago.

On the global front, weather remains mostly favorable in the Black Sea and the EU, although Europe has been trending a little drier and moisture chances are slim over the coming week to 10 days. India (the second biggest producer in the world) is starting to have some trouble with the quality of their crop. It's typical for Indian wheat to be mostly feed wheat, but certainly worth keeping an eye on.

China pumped out some import/export stats and the wheat numbers weren't pretty. Wheat imports into China were down -72% compared to March 2014, while Q1 wheat imports were down over -80%. DDGs imports were off -44% from the year ago month to 243,000 MT in March 2015. Customs data also shows DDGs imports over the 1Q 2015 were 391,074 MT off -72% from Q1 2014. March 2015 Corn imports at 50,562 MT up +5.1% from the year ago month, imports during 1Q 2015 totaled 1.232 MMT up 4.6% Q1 2014.

**IMPORTANT—PLEASE NOTE**

This does constitute a solicitation to buy or sell commodities futures and/or options. The information contained herein is provided for informational purposes only. The information is not guaranteed as to its accuracy or completeness, although the information was taken from sources we believe to be reliable. The market recommendations of Loewen and Associates, Inc. are based solely on the judgment of Loewen and Associates, Inc. personnel. We do not guarantee or warranty, either expressed or implied, of success to you in the use of this information. Loewen and Associates, Inc. disclaims responsibility for or loss associated with use of information from our commentary, analysis or recommendations. **There is risk of loss in trading commodity futures and options. The risk in trading can be substantial; therefore only genuine "risk" funds should be used.**

The Academy of Social Science in China released their annual report suggesting the country's overall grain production will be 610 MMT, +0.5% on the year and marking the 12th straight year for higher grain harvests. But this year's projection was nearly half of the previous year's outlook for 2015 to show +0.9% growth in grain output.

The export market has been active, with the latest tender of note from Iraq. They saw offers roll in from Russia, Australia the U.S. and Canada, with Russian offers coming in the lowest. Syria also went with Black Sea wheat in their latest tender. This morning it was reported that 35,300 MT of Aussie wheat was bought by South Korea Flour Mill group, the grain is for shipment in September.

Stats Canada will publish their spring planting intention survey on Thursday, April 23rd. Analysts are forecasting all wheat acreage in that report around 24.2 million acres that compares to a previous poll in February by Reuters at 23.9 million acres, and up from last year's acreage of 23.84 million acres. Spring wheat acres are now expected at 17.9 million up 600,000 acres over the February survey, and up 500,000 acres from last year. Durum acreage this spring is expected at 5.3 million acres up from last year's 4.75 million acres. Barley acreage expected at 6.7 million acres that compares to a previous poll in February by Reuters at 6.3 million acres, and up from last year's acreage of 5.88 million acres.

Corn futures are still range bound but right at the bottom now, with May trading from \$3.70 to \$4.00 since mid-January and the December contract stuck between \$3.95 and \$4.20. May soybeans are still holding a downtrend since mid-January, but we did push above the 10 day moving average, have rallied 20 cents from the bottom and could break that trend this week. Resistance is around \$9.90 and again at the \$10 level. May KC wheat scored new contract lows last week with Chicago not too far behind, but both have held steady to slightly higher now the past few sessions. Both are very oversold and looking for any news to pop back higher but funds continue holding a large short position and have not looked to exit that anytime soon.

### **Loewen and Associates, Inc.**

Pete Loewen / Matt Hines / Doug Biswell / LaVell Winsor / Matt Burgener

[www.loewenassociates.com](http://www.loewenassociates.com)

[peteloewen@cox.net](mailto:peteloewen@cox.net)

[matthines1@cox.net](mailto:matthines1@cox.net)

**866-341-6700**

#### **IMPORTANT—PLEASE NOTE**

This does constitute a solicitation to buy or sell commodities futures and/or options. The information contained herein is provided for informational purposes only. The information is not guaranteed as to its accuracy or completeness, although the information was taken from sources we believe to be reliable. The market recommendations of Loewen and Associates, Inc. are based solely on the judgment of Loewen and Associates, Inc. personnel. We do not guarantee or warranty, either expressed or implied, of success to you in the use of this information. Loewen and Associates, Inc. disclaims responsibility for or loss associated with use of information from our commentary, analysis or recommendations. **There is risk of loss in trading commodity futures and options. The risk in trading can be substantial; therefore only genuine "risk" funds should be used.**