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Morning Ag Markets

Matt Hines

Cattle futures were pressured all day from the bearish cattle on feed report from last Friday. Yesterday in the sale barns it was reported feeder steers and heifers were still holding steady to higher while calves were trading steady to lower.

In OKC compared to last week, feeder steers \$2 to \$4 higher. Feeder heifers steady to \$2 higher with 600-700 lbs up to \$5.00 higher. Steer and heifer calves \$2 to \$4 lower. Demand remains good for feeder cattle with demand for calves moderate. Numbers are still limited and along with that more and more heifers are returning to the country as replacements.

In Joplin compared to last week, steer calves under 600 lbs steady to \$5 lower, steer calves over 600 lbs and yearling steers steady to \$5 higher, heifer calves and yearling heifers steady. Demand was good and supply was moderate.

Cattle slaughter from Monday estimated at 105,000 head down 5,000 from a week ago and down 9,000 from a year ago.

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

Choice Cutout__256.89 -.10

Select Cutout__247.98 +.36

Feeder Index:__214.35 +1.38

Hog slaughter from Monday estimated at 429,000 head, down 1,000 from a week ago but up 85,000 from a year ago.

Lean Index.__65.83 +.44

Pork carcass cutout__70.86 +.92

IA-S.MN direct avg__66.72 +1.97

National Average__64.61 +.65

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USDA and Iowa's state ag department say prelim tests on five new poultry farms indicate possible bird flu infections, reportedly affecting up to 6 million birds. If confirmed as H5N2, it would bring the total birds affect in the US to nearly 15 million.

Packers with margins back in the black bumped kills back to 544,000 head last week and were bidding more aggressively for cattle late in the week. Trade volumes looked moderate at best again last week, which means showlists are probably going to be steady/larger this week. Boxed beef markets were running into buyer resistance late in the week though, which means we could see kills cut back a little this week. That along with what looks to be a very negative reaction in the futures market early this week in response to the bearish cattle on feed report Friday probably gives the packer some leverage in this week's price negotiations for fed cattle and we could be looking at a lower market again by the end of the week.

Corn reached down for new recent lows, wheat into new contract lows in all 3 pits while soybeans held on to small gains helped by the unexpected 5.8 MBU of old crop soybeans sold for unknown destinations.

Export inspections for the week ending April 23rd were better than expected for the 3 major commodities with soybeans shipments at 11.45 MBU which was twice the amount from the week previous. Japan, Mexico and Pakistan were shipped 2 to 3 MBU each. Year to date shipments are at 1.683 BBU vs. last year's 1.519 and USDA's current estimate of 1.79 BBU. Corn shipments totaled 50.9 MBU with Mexico taking 20 MBU, Japan 7.1 MBU and Colombia, Saudi Arabia and South Korea each being shipped 4.7 to 5.7 MBU. Corn shipments year to date are at 1.045 BBU a little behind last year's pace still of 1.102 BBU with USDA's estimate this year at 1.395 BBU compared to last year's 1.367 BBU. Wheat shipments totaled 20 MBU with 4.2 MBU to Egypt, 2.2 MBU to Mexico and a total of 10.3 MBU to countries in SE Asia. Year to date is at 763 MBU vs. last year's 1.045 BBU and USDA estimating 880 MBU total vs. 1.176 BBU a year ago.

US Corn Planted at 19% vs. expectations at 25%, last week at 9%, last year at 17% and the 5-year average at 25%. IL @ 31%, IN @ 3%, IA @ 14% and OH @ 2% are all behind the average pace. KS @ 32% and NE @ 16% are right on pace while MN @ 38% and SD @ 16% are way ahead for this time of year.

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US Soybeans Planted at 2%, last year at 3% and the 5-year average at 4% are a shade behind as well. The shocker is ND @ 1% while most in the Corn Belt have not started yet and the Southeast is behind.

US Grain Sorghum Planted at 24%, last week at 19%, last year at 26% and the 5-year average at 25%

Spring Wheat Planted at 55%, last week at 36%, last year at 17% and the 5-year average at 29%

Winter Wheat Headed at 28%, last week at 16%, last year at 17% and the 5-year average at 24%

Winter Wheat Conditions, good to excellent remained unchanged at 42% while poor to very poor increased 1% to 20%. South Dakota & Kansas wheat continues to be affected the most by dry conditions with each gaining 5 to 6% in the poor to very poor category over the past 2 weeks.

Overnight grains were steady to higher with soybeans leading the way finishing up 5 to 9. Corn finished steady to 1 higher while wheat was steady to 1 higher for the KC HRW contract and steady to 2 lower for the Chicago SRW.

Taiwan is reported to have purchased between 4.7 and 5.1 MBU of US corn for delivery late this summer.

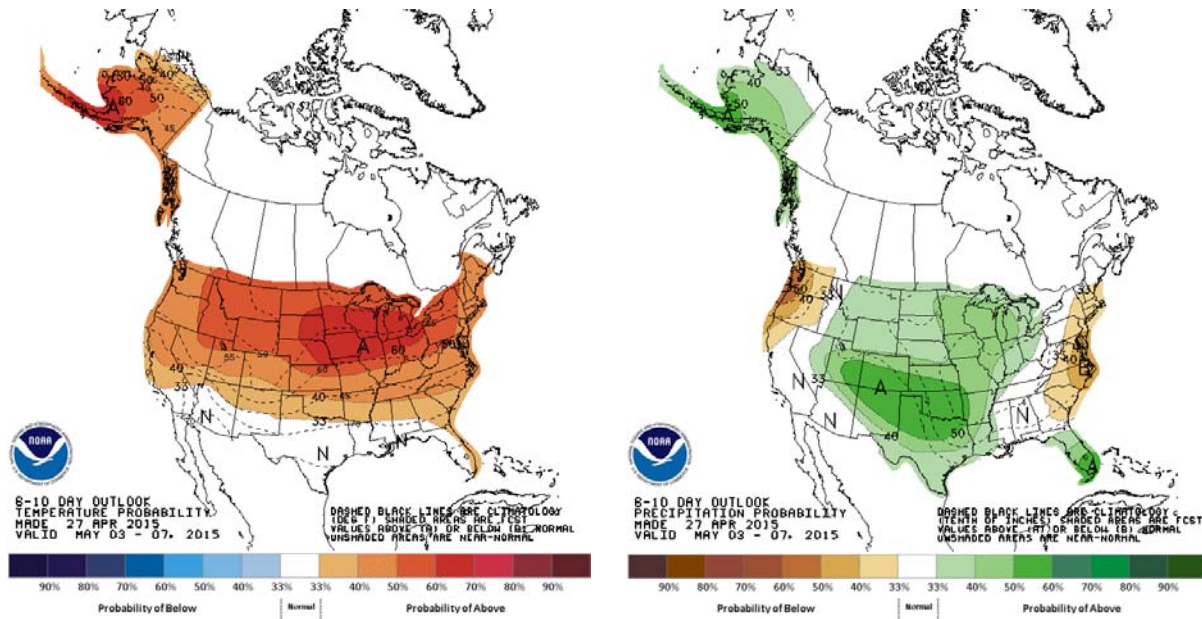
USDA announced another soybean sale to unknown destinations this morning. This one is for 14.3 MBU but it also for new crop.

Corn futures broke the range bound trade last week with May hitting a new nearby low of \$3.63 ³/₄ and December at \$3.87 ¹/₂ followed up by yesterday's lows hitting the bottom side of the downtrending channel. May soybeans have support at \$9.65 with resistance in the \$9.84 area which was tested overnight. The May KC wheat contract has chart resistance at the 10-day moving average at \$5.11. We hit new contract lows in all three wheat pits on Monday though even though we are very oversold. Reports are coming out that weather in Russian and Ukraine could be straightening up which could boost production in those areas.

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The 6-10 day weather maps continue to show above normal temps and precip here after this morning's frost advisories for SW KS.



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