



## **Loewen and Associates**

***Commodity Consulting/Brokerage***

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### **Morning Ag Markets**

#### **Matt Hines**

A lower day throughout the grain and livestock markets yesterday except for live cattle futures which finally found positive territory by midday and held small gains. Showlists are coming in larger and there is some concern that beef cutouts are going to stall out at current values, which in turn could weigh on cash cattle prices. June and August live cattle got back down into their respective gap areas from a couple weeks ago for the second day in a row and held support at \$151 and \$148 respectively. Based off the start of this week it looks like our spring rally could be ending short of the January highs.

Cattle slaughter from Tuesday estimated at 110,000 head up 1,000 from a week ago but down 9,000 from a year ago.

Boxed beef cutout values mixed, firm on Choice and weak on Select on light to moderate demand and offerings.

Choice Cutout\_\_256.98 +.50

Select Cutout\_\_251.23 -.32

Feeder Index:\_\_221.23 -.95

Hog slaughter from Tuesday estimated at 433,000 head, up 7,000 from a week ago and up 17,000 from a year ago.

Lean Index.\_\_59.80 +.16

Pork carcass cutout\_\_65.32 -.38

IA-S.MN direct avg\_\_58.00 +.05

National Average\_\_55.81 -.12

So far this week the USDA has reported 105 head of fed cattle that sold in Iowa/Minn. for \$169 live and 179 head of mixed steers/heifers in Kansas that sold for \$162 live. So if cash feedlot can break higher by another \$2 to \$4 this

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week, it could give us enough momentum to push futures back to the January highs. And if not, we break out the bottom side and could proceed down \$5 to \$10 lower in pretty quick fashion.

Currently...

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Grains were all lower beginning overnight and continued through the day session. Corn and soybeans only traded 2 to 5 cent ranges while wheat futures opened the morning down double digits and came back off the lows during the day with conditions worse but rain forecasted for parts of the Southern Plains and Corn Belt weather not ideal for planting but not detrimental yet either.

Overnight grains were mixed with corn and soybeans steady to 1 higher while wheat steady to 1 lower in KC and Chicago and 2 to 3 higher in Minneapolis.

The USDA will release its monthly Supply and Demand report Thursday at 11:00 PM.

Average estimates for US ending stocks: Corn 1.854 vs. 1.777 in March  
Soybeans 370 vs. 385 in March Wheat 692 vs. 691 in March

May will be the first official estimates for the 2015/2016 supply and demand.

Average estimates for World ending stocks: Corn 186.9 vs 185.28, Soybeans unchanged at 89.5 and wheat unchanged at 197.5

Average estimates for Brazil Corn production at 74.8 MMT down from the 75.0 MMT estimate back in the March report. Argentina's 14/15 corn output is expected at 23.9 MMT compared to the 23.5 MMT in the March USDA report.

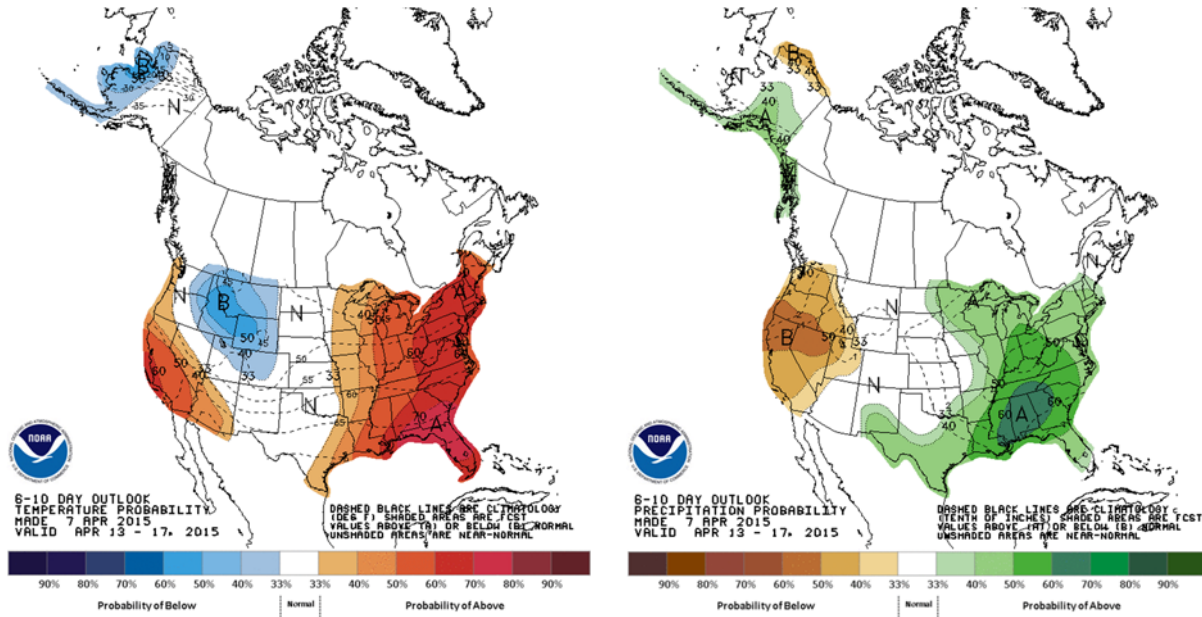
Rains are still forecasted here and more into the Corn Belt and Southeast for this week and next. The 6-10 day maps show above normal temps and precipitation for the eastern half of the US.

Corn futures are still range bound with May trading from \$3.70 to \$4.00 since mid-January and the December contract stuck between \$3.90 and \$4.20. May soybeans are still holding a downtrend since mid-January with support at \$9.65 and \$9.53, resistance at the \$9.80 and \$10 levels. Both KC and Chicago wheat

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futures are still holding a nearby uptrend with resistance still at the 100 day moving averages of \$5.87 for the May KC contract and \$5.48 for May Chicago.



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