



Loewen and Associates

Commodity Consulting/Brokerage

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Morning Ag Markets

Matt Hines

Good news in the livestock markets with cash trade and products higher this past week. This overall was the supporting factor for futures higher for the week as well. Cash feedlot trade held out until late Friday in most areas with packers paying up \$2 compared to the week previous with dressed trade up North at an average of \$257 and live sales averaging \$162 both North and South. Compared to last week, calves and yearlings sold fully steady to 5.00 higher with instances 6.00-8.00 higher and in most cases full advance placed on heavy yearlings over 800 lbs.

US beef imports in March were enormous compared to year ago at 325.153 mln lbs compared to 254.365 mln lbs in February and 243.950 mln lbs last year. US beef exports in March were 185.332 mln lbs compared to 177.980 mln lbs in February and 198.454 mln lbs last year. Beef exports in March were smaller than a year ago and enormously smaller than imports! Yes, the US was a net beef importer, by a wide margin

For the week, Friday to Friday, June Live Cattle up \$2.32, May Feeder Cattle up \$2.25, August up \$2.55, May Lean Hogs up \$4.85, June up \$3.57

Cattle slaughter from Friday estimated at 115,000 head up 6,000 from a week ago and up 5,000 from a year ago. For the week, 567,000 head, up 1,000 from a week ago but down 33,000 from a year ago. Last week's estimated dressed weights were 26 lbs heavier when compared to last year. Another way to look at it, cattle slaughter numbers were 5.5% less than a year ago but continued heavy carcass weights resulted in beef production down only 2.5%.

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

Choice Cutout__258.13 +.54

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Select Cutout__246.82 +.98
Feeder Index:__214.87 -.60

Hog slaughter from Friday estimated at 407,000 head, down 8,000 from a week ago and up 34,000 from a year ago. For the week, 2,111,000 head, down 48,000 from a week ago but up 104,000 compared to a year ago. The year to date difference remains at 5.5% more.

Lean Index.__77.14 +1.16
Pork carcass cutout__79.57 +.73
IA-S.MN direct avg__79.17 +.82
National Average__77.86 +.40

Both cattle and hog futures are called 10 to 50 higher today with early cash calls steady to \$1 higher as well. June live cattle have added \$6 since mid-April and now up \$12 from the lows back in February. The \$152 to \$154 area has some hefty resistance but with cash still \$10 premium we hope to break that barrier this week. Feeders are up \$10 since mid-April and \$20+ since the lows in February with resistance in the \$220 area and support around \$210. The hogs may be even more impressive with a steep uptrend holding since late March adding \$15-\$16 and within a \$1 of completing a full retracement from the \$82 high back in late February, although there may be some large sell orders at that level. Support is at the \$77 level where the 100 day and 10 day moving average are about to converge.

Over in the grains, the week could actually be recapped as fairly sideways trade. US exports are still lagging even with a lower US\$ now recently. Egypt purchased wheat from the Black Sea region with US SRW quotes still some \$20/MT too high and China cancelled not only soybeans this past week but wheat, corn and grain sorghum. US weather along with crop progress and conditions will be the hottest topic heading into this week.

For the week, Friday to Friday, July Corn unchanged, December down \$.02, July Soybeans up \$.11 ½, November up \$.11 ¼, July KC Wheat up \$.08, July Chicago Wheat up \$.07 ½.

Overnight grains were mixed with soybeans finishing 1 to 2 higher, corn 1 higher to 1 lower and wheat 1 to 3 lower.

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Bird Flu Update: Iowa reported 4 more bird flu cases on egg farms over the weekend. This brings the total of egg laying hens affected to 25 mill head. About 40% of Iowa's egg laying hens have been culled or will be culled due to bird flu. Grocery stores in some areas already have signs up notifying customers of short supplies and prices are beginning to climb.

For this afternoon's crop progress report, we look for corn planting to be 75% complete vs. 55% last week, 59% last year and 58% average for this date. Expectations for soybean planting at 24% to 28% complete vs. 13% last week, 20% last year and 21% average pace.

Looking ahead to USDA's next supply and demand report to be released tomorrow at 11 am the following is the average pre report estimates...

US All Wheat production 2015 at 2.098 BBU vs. 2.026 BBU last year
All Winter Wheat production at 1.46 BBU vs. 1.378 last year
Hard Red Winter Wheat at 836 MBU
Soft Red Winter Wheat at 422 MBU
White Winter Wheat at 206 MBU

US Wheat 14/15 ending stocks at 692 MBU vs. April's at 684 MBU
US Wheat 15/16 ending stocks at 750 MBU

World Wheat 14/15 ending stocks at 196.7 MMT vs. April's at 197.2 MMT
World Wheat 15/16 ending stocks at 194 MMT

US Soybean 14/15 ending stocks at 360 MBU vs. April's at 370 MBU
US Soybean 15/16 ending stocks at 442 MBU

World Soybean 14/15 ending stocks at 90.2 MMT vs. April's at 89.55 MMT
World Soybean 15/16 ending stocks at 95.2 MMT

US Corn 14/15 ending stocks at 1.86 BBU vs. April's at 1.827 BBU
US Corn 15/16 ending stocks at 1.75 BBU

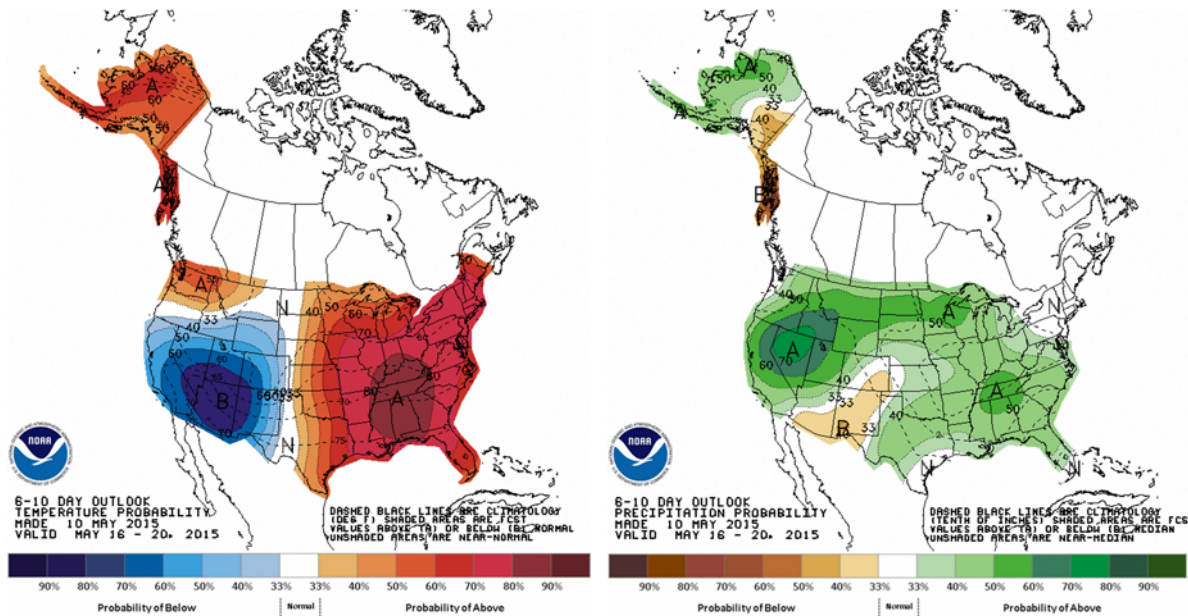
World Corn 14/15 ending stocks at 190 MMT vs. April's at 188.46 MMT
World Corn 15/16 ending stocks at 182.7 MMT

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Expectations are higher for South American corn and soybean production estimates also.

After this very wet week for most of the central US, snow reported in the Dakotas, Colorado and even Western KS this am, this week looks to be a little less active. The 6 to 10 Day Maps show below normal temps west with above normal temps central and east while precipitation is again forecasted above normal.



Corn futures continue to trade steady to lower in this downtrending channel eyeing the contract lows at \$3.46 ³/₄ for July and \$3.64 ¹/₄ for the December contract. Soybeans are trying to hold an uptrend with roughly a \$.40 cent range recently. Wheat futures are trying to carve out a bottom here both in KC and Chicago.

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