



## **Loewen and Associates**

***Commodity Consulting/Brokerage***

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### **Morning Ag Markets**

#### **Matt Hines**

Narrowly mixed trade for cattle futures quickly turned sharply higher with the front two contracts for both fats and feeders hitting limit higher for the day. Equities racing higher seem to be the main catalyst for the abrupt turn which now means expanded limits in live cattle to \$4.50 while the CME left feeders limits unchanged today, also at \$4.50.

Tulsa Livestock Auction - Tulsa, Oklahoma

Receipts: 1930 Last Week: 1625 Year Ago: 2059

Compared to last week: Steers 5.00 higher. Heifers 3.00 higher. Quality average with good demand.

Joplin - Joplin Regional Stockyards

Receipts: 4500 Last Week: 4440 Year Ago: 1580

Compared to last week, steer calves 3.00 to 10.00 lower, yearling steers steady to 3.00 lower and heifers under 450 lbs 6.00 to 15.00 lower, over 450 lbs 2.00 to 10.00 higher. Demand moderate to good. Supply moderate.

Oklahoma National Stockyards, Oklahoma City, OK

Actual Receipts: 7,859 Last Monday: 6,186 Year Ago Monday: 5,689

Compared to last week: Feeder steers and heifers steady to 3.00 higher with good demand. Steer and heifer calves mostly steady. Quality average to attractive with several feeder cattle off wheat pasture in medium to fleshy conditions.

Cattle slaughter from Tuesday estimated at 108,000 head, down 1,000 from week ago and down 2,000 compared to a year ago.

Hog slaughter from Tuesday estimated at 439,000 head, up 17,000 from a week ago and up 37,000 from year ago.

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Boxed beef cutout values lower to sharply lower on light to moderate demand and light offerings for a total of 111 loads sold.

Choice Cutout\_\_214.49 -.80

Select Cutout\_\_209.07 -3.63

CME Feeder Index\_\_156.95 -.01

CME Lean Hog Index\_\_65.89 -.02

Pork carcass cutout\_\_76.41 -.26

IA-S.MN direct avg\_\_63.59 -.76

National Average\_\_62.50 -.46

February live cattle still holding the down trend with resistance in the \$134 area and a double top at \$137.87. March Feeders also still in the downtrend needing to break above the \$160 level for an additional run higher. The first line of support is at last week's low of \$146.72 and then the contract low at \$141.70. April lean hogs are now the front month trading still trending higher in a channel with the \$68 level as support and the \$71 area as resistance.

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All three grains closed higher Tuesday although a little unexpected with a bearish NOPA domestic soybean crush report, another crop-friendly forecast for South America, and a sharply higher U.S. dollar. NOPA January domestic crush was reported at 150.5 MBU vs. estimates of 155.3 MBU. This was over 7 MBU less December and 12 MBU less than 162.7 MBU total last January. Wheat futures were pulled higher by the fall crops and some chatter centered on the warmer weather raising concerns for an early exit from dormancy leaving plants vulnerable to a late freeze. Commercial buying was very active following the three day weekend and the end of Chinese New Year holiday.

Wheat weekly export inspections were in line with expectations at 383,947 MT or 14.1 MBU. The weekly export inspections for corn were also in line with expectations at 690,922 MT or 27.2 MBU. The current shipment pace needed to meet USDA's estimate of 1.65 BBU is still over 40 MBU though. USDA also announced Tuesday morning 190,000 MT or 7.5 MBU of corn sold to Colombia. Soybean shipments for the week ending February 11<sup>th</sup> were very strong at 1.76 MMT or 64.7 MBU with shipments to China over 42 MBU. Grain sorghum shipments were 172,677 MT or 6.8 MBU taking total year to date to 190.2 MBU vs. 168.9 MBU last year.

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Grains pulled back a little overnight. Corn finished ½ penny lower, soybeans and wheat 1 to 2 lower.

South American ports are getting busy with vessels lining up. The futures rally and current currency values for both Brazil and Argentina shook loose some cash bushels yesterday.

China continues to get a handle on their massive stockpile of domestic corn. They are reportedly offering large discounts to ethanol and starch producers as the 3 year old corn is less than feed quality now.

March corn hanging close to the \$3.60 area with resistance at \$3.73 ½ and support in the \$3.50 area. March soybeans also chopping sideways in the \$8.60 to \$8.90 range still consolidating that range though. March wheat contracts both for Chicago and KC are roughly a dime off their lows and bumping their head now on their respective 10-day moving averages.

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