



**Loewen and Associates, Inc.**

**Commodity Consulting/Brokerage**

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The entire ag complex was mired in red ink on Wednesday. The meat complex closed in triple digits lower with feeders leading the charge on some \$4.00+ losses. Not unlike the grains, not a lot of legitimate bearish implications in the meats that haven't already been known for a long time, yet there we were watching fats and feeders pressing down close to limit losses at times even though nothing closed there.

The response in the negotiated cash as well as product trade was heavy pressure. A very limited amount of dressed trade occurred in the north yesterday at \$214-\$216, down \$2-\$4 from last week. Cutouts were down \$3 and \$4+ in choice and select. Not a good situation for a set of markets that just two weeks ago looked really good on the charts and on the cash side. Now it appears cash may very well have peaked at \$140 and choice cutouts in the mid \$230's.

The good news is, strong technical chart support is just below this market. It's going to be imperative that support holds though or there's a lot of thin air below- strictly from a technical perspective.

Cattle slg. \_\_\_ 111,000 +5k wa +10k ya

Choice Cutout \_\_\_ 221.87 -3.19

Select Cutout \_\_\_ 212.68 -4.16

Feeder Index: \_\_\_ 158.29 +.21

Lean Index. \_\_\_ 65.25 +.32

Pork cutout \_\_\_ 77.59 +1.27

IA-S.MN direct avg \_\_\_ 53.26 +.19

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Hog slg. \_\_\_436,000 -2k wa unch ya

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In the grain and oilseed trade, the wheat market was the leader to the downside with losses in the teens in the KC contracts, along with low double digits in Chicago SRW wheat. Corn and bean losses were in the 5-7 cent range. Part of the wheat drop came on the heels of an extended weather model predicting a very wet April for both HRW and SRW areas. I'm seriously doubting whether that merits such a large drop, but there really wasn't anything else out there that was bearish.

Big day for news today with weekly export sales out earlier this morning and Quarterly Stocks and First Planted Acreage Intentions both out at 11am central time.

Weekly export sales data was neutral to bearish across the board. Wheat sales were 11.7 mln bushels, which is terrible. Soybean sales were 10 mln old crop and 3.3 mln new. That's much better than net negative sales which we occasionally get this time of year, but it's also teetering on the edge of single digits, which isn't good either. Milo sales were a net negative 300,000 bushels of old crop today. Corn sales were 31.1 mln old and 2.7 new. Nothing to write home about there either.

Quarterly stocks guesses are all looking for larger totals than what we got in 2015. The corn average guess is about 55 mln bushels larger than last year's March actual. Soybeans are 220 mln bushels larger and wheat 230 mln larger.

Planted acreage estimates in corn and soybeans are larger than last year's actual totals, thanks in part to wheat acres being lower. The average wheat guess is 51.7 mln acres compared to 54.6 mln planted last year. Corn guesses average 89.9 mln acres versus 88 mln last year. Beans are 83 mln in the estimates versus 82.7 last year. So, a lot of bearishness in the expectations so in my opinion, it's going to take significant bearishness to move prices lower following the report. The negative undertone should already be factored in to current prices.

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