



Loewen and Associates

Commodity Consulting/Brokerage

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Morning Ag Markets **Matt Hines**

Cattle futures rocketed higher in the morning hours last Friday almost touching the trade limits, but faded off the highs as the day progressed. Rumors were circulating that as high as \$140 live was trading in the North. \$220 on a dressed basis was confirmed which is \$6 higher than a week ago and only \$138 live confirmed in NE, but still \$2 higher than scattered sales earlier in the week. Late Friday, movement was slower in TX and KS but trade was also \$2 higher than the week previous at \$138 live.

For the week, Friday March 4th to Friday March 11th, April Live Cattle up \$3.45, June up \$2.07, March Feeders up \$3.90, May up \$4.92, April Lean Hogs up \$1.02, June up \$1.85.

Cattle slaughter from Friday estimated at 97,000 head, down 1,000 from the week previous and down 1,000 compared to a year ago. Weekly totals were estimated at 536,000 head, up 3,000 compared to the week previous and up 8,000 from a year ago. Beef production estimated at 441.8 mil pounds, +.4% from last week, +2.7% from last year. Year to date at .8% ahead of last year's total.

Hog slaughter from Friday estimated at 417,000 head, up 5,000 from the week previous but down 3,000 from year ago. Weekly totals were at 2,215,000 head, down 5,000 from the week previous and down 11,000 from a year ago. Pork production at 470.8 mil pounds, -.2% from last week, -1.1% from last year. Year to date at 1.3% below last year's totals.

Boxed beef cutout values lower on Choice and higher on Select on light to moderate demand and offerings on a total of 129 loads sold.

Choice Cutout__224.05 -1.19

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Select Cutout__215.12 +1.27
Feeder Index:__160.03 +.46
Lean Index.__66.56 +.08
Pork carcass cutout__76.08 -.57
IA-S.MN direct avg__63.56 -1.57
National Average__62.40 -1.32

April live cattle pushed above \$140 last Friday but was unable to hold that line. The next level of resistance is at \$144.45, the high back from December, with support in the \$138 area. March Feeders finally broke through the \$160 resistance level with good support in the \$157 area. April lean hogs continue to trade in the up trending channel with the boundaries at \$70 on the bottom side and \$75 on the topside. The \$74 area will be a strong resistance area matching the highs back from last fall. The June contract has already moved above those levels from last fall looking to test the contract high now at \$83.90.

Over in the grains, soybeans were the leader higher on Friday hitting their highest prices of 2016. The rally of the Brazilian real continued which is improving the competitiveness for US soybeans to China. Corn futures were pulled higher and wheat was stuck around unchanged for the day. We have had 2 weeks of mostly higher futures now with interior basis levels holding mostly flat. Gulf values and the river markets are up 1 to 2 cents this past week.

The macro markets experienced some extreme volatility all week. EU and China both continue to talk about ways to support their economies with banking rules and lower interest rates. This has pushed the grain markets around as well. Wheat markets have been very strong due to the weather concerns. Dryness over about 25 to 30% of the HRW area has KC gaining on Chicago and other grain markets. The corn market has not been able to rally much due to farmer selling daily.

The firming real in Brazil has shut off farmer selling there with lower bean prices in domestic currency. The rally in the Real continued into the end of the week with a 4.7% gain compared to the US\$ breaking 1.2% lower. Brazil bean basis has firmed along with this. US looks to be more competitive out into the summer months now. Brazil Gov't faced some political disruptions over the weekend with truck strikes that didn't cause to many disruptions but the Sunday public demonstrations over political corruption and possibly impeachment proceedings were massive.

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For the week, Friday March 4th to Friday March 11th, May corn up \$.06 ³/₄, December up \$.04 ³/₄, May Soybeans up \$.11 ¹/₄, November up \$.15 ³/₄, May KC Wheat up \$.14 ¹/₄, July up \$.15, May Chicago Wheat up \$.15, July up \$.16.

Grains were mixed overnight with soybeans finishing 3 lower after reaching up for a new recent high, corn held at 1 to 2 higher and wheat 2 higher in KC but steady to down 1 for the Chicago SRW contracts. Soybeans seeing some pressure as South American currencies have calmed some and last week's rally generated some cash selling. Weather watchers keeping an eye on dry areas of the Plains and wet areas of the Delta and South. Trade attention will now turn to the March 31 Quarterly Stocks and Prospective Planting reports.

Brazil's largest Soybean producing state, Mato Grosso reported Soybean harvest 76.6% complete as of Friday vs. 80.2% last year on this date and compares to 76.1% average for the date.

Delta states added another 1 to 3 inches of rain over the weekend adding to already flood totals. Rains were not as heavy over the Ohio River Valley and eastern belt as expected over the weekend with .25 to 1 inch totals. Rains the next few days move more north. Temps this week are not as cold and stay mostly in the northern plains where wheat is not as advanced and will not face any damage. Freeze/Frost threat looks less threatening in the longer term forecasts by some while others continue to show a sub 30 for the Plains coming. The 6-10 day maps show below normal temps for the Central US along with below normal precipitation.

May corn has pushed into a new high for the month and back to the midpoint of the 3 month long range bound trade from \$3.54 to \$3.78. May soybeans were able to break and stay above the \$8.90 resistance area but peaked out at \$8.96 ³/₄ with resistance from \$9.00 to \$9.02. May KC wheat is trying to test the Jan highs \$4.92 while Chicago still needs to take out the Feb high at \$4.87.

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