



## **Loewen and Associates**

***Commodity Consulting/Brokerage***

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### **Morning Ag Markets**

#### **Matt Hines**

Cattle futures did not fire out of the gates at the open but by midday were firing on all cylinders finishing triple digits higher while hogs remained mixed. For the 2<sup>nd</sup> day in a row boxed beef prices are sharply higher and Choice now up over \$13 so far this month. This has been very supportive to futures as we move closer to prime grilling season. Undertones of the fed cattle market remain \$1-2 higher for this week with the recent surge in beef and higher futures to start the week.

Cattle slaughter from Tuesday estimated at 113,000 head, up 5,000 from last week and up 4,000 compared to a year ago.

Hog slaughter from Tuesday estimated at 432,000 head, down 3,000 from the week previous and down 6,000 from year ago.

Boxed beef cutout values sharply higher on good demand and light offerings on a total of 105 loads sold.

Choice Cutout\_\_231.01 +3.54

Select Cutout\_\_221.58 +4.09

Feeder Index:\_\_160.82 +.19

Lean Index.\_\_66.75 +.09

Pork carcass cutout\_\_75.74 -.89

IA-S.MN direct avg\_\_63.39 +.25

National Average\_\_62.30 +.01

April live cattle did push above an settle above the \$140 mark yesterday with the next level of resistance is at \$144.45, the high back from December, with support in the \$138 area. March Feeders should test the \$165 resistance area again this week with support at \$160. April lean hogs need to stay above the \$70 area this week to keep the up trending channel going. The June contract

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also has an up trending channel with support around \$80 and resistance in the \$83 area with the contract high not too far away at \$83.90.

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Over in the grains, it was a mixed day with corn and wheat trading both sides of unchanged while soybeans pulled back a few cents. Soybeans are most certainly over bought technically making yesterday the first day in the past 10 we have not closed steady to higher. NOPA crush was friendly yesterday with 146.2 MBU of soybeans processed in February vs. expectations of only 139.9 MBU. The bearish news came from the Brazilian real pulling back 3.5% and the 1.2 MMT increase in Brazil soybean production estimate by Brazil's Association of Vegetable Oil Industries along with an increase of 800,000 MT of expected exports this year.

Grains continued lower overnight with corn 1 lower, soybeans 4 lower and wheat 1 to 2 lower.

News is pretty thin here this morning. Brazil's past president accepted a cabinet position to avoid prosecution.

Egypt is tendering for another round of wheat. Overnight only 6 offers came in with French wheat being the cheapest and still many questions over the ergot tolerance.

USDA announced a private sale of 100,000 MT or 3.7 MBU of soybeans sold for unknown destinations for this crop year. Any additional sales this spring and summer are a bonus with the South American crop now available and still cheaper than US values.

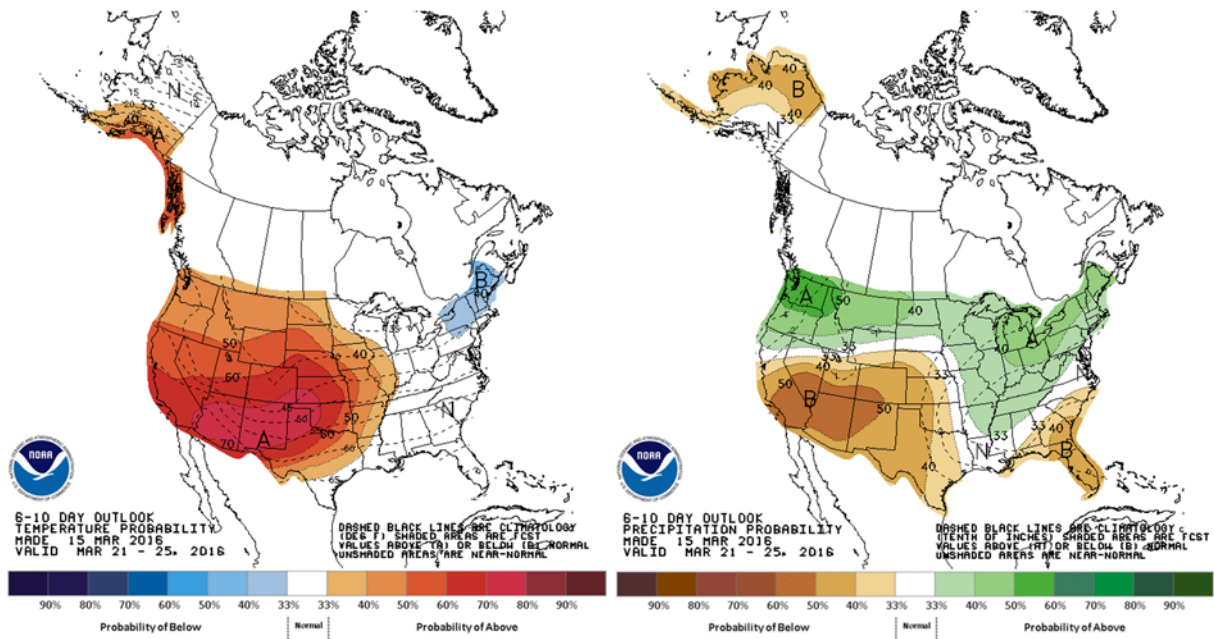
May corn has pushed into a new high for the month and back to the midpoint of the 3 month long range bound trade from \$3.54 to \$3.78. May soybeans back below the \$8.90 area with the moves overnight along with the November contract below \$9. Support is at \$8.80 for the nearby and \$8.90 for November. 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.

Rains for the last 24 hours were light over the midsouth and east Midwest as well as the PNW with .25 to .5 inch accumulations. Rains remain active over the northern plains and western Midwest today. Rains return to the Delta states late this week with .5 to 1 inch accumulations. Temps are still forecasted to dip

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below freezing overnight Friday and Saturday as far south as West Texas. The 6-10 day temps show expand the above normal temps from the Southwest to now the entire western half of the US. Precipitation is above normal in the PNW and northern plains while below normal holds for the Southwest and southern plains.



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