



Loewen and Associates

Commodity Consulting/Brokerage

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Morning Ag Markets

Matt Hines

Boxed beef prices sharply higher for 3 days in a row this week has been the biggest fundamental driver for higher cattle prices. Choice is up \$16+ so far this month. Yesterday though, boxed beef prices were mixed and after reaching up for new recent highs, futures pulled back to finish the day lower. There is a cattle on feed report due out after the close today with the average trade estimates at 100.5% on feed, 108.3% placements, and 104.7% marketing's. The report will be considered a little negative to the deferred live cattle contracts, but the market has already built in steep discounts there.

Cash feedlot trade at a standstill with only a few head traded so far in the North at \$138 and rumored that \$142-\$144 was passed by the feedlots midweek.

Beef exports for the week of March 4-10, net sales of 14,400 MT for 2016 were up 82% from the previous week and 51% from the prior 4-week average.

Cattle slaughter from Thursday estimated at 108,000 head, the same as last Thursday's total and up 4,000 compared to a year ago.

Hog slaughter from Thursday estimated at only 392,000 head, down 44,000 from the week previous and down 43,000 from year ago.

Boxed beef cutout values firm on Choice and lower on Select on light to moderate demand and light offerings on a total of 98 loads sold.

Choice Cutout__234.64 +.72

Select Cutout__222.97 -.71

Feeder Index:__161.52 +1.11

Lean Index.__66.78 -.01

Pork carcass cutout__75.95 -.86

IA-S.MN direct avg__62.36 -.40

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National Average__61.74 -.31

April live cattle holding above the \$140 area now and unable to push through \$142 the past 2 sessions in a row with the next level of resistance at \$144.45, the high back from December, and support in the \$138 area. March Feeders did push above \$165 just barley yesterday but all the contracts did not show any follow through. The 2016 high is at \$166.87 with May through August all trying to push above the \$165-\$167 resistance area this week as well. April lean hogs will need to stay above the \$70 area to keep the up trending channel going. The June contract also has an up trending channel with support around \$80 and resistance in the \$83 area with the contract high just a few ticks away at \$83.90.

Grains were mixed yet again with soybeans holding onto small gains, corn steady and wheat hammered lower. The collapsing dollar has helped support the soybeans the most as we are price competitive with Brazil again. The forecasts have sure not changed, still showing the freeze event over the next few days in Plains, but wheat futures were exhausted and sell orders pressured futures lower.

Overnight, corn and wheat finished steady to 1 lower while soybeans were 1 to 2 higher.

Cash grain movement picked up from the steady trickle so far the past few week's. Soybean basis is down 1 to 2 at the Gulf and river markets while processors have pulled back to 1 to 5 cents since the beginning of the week.

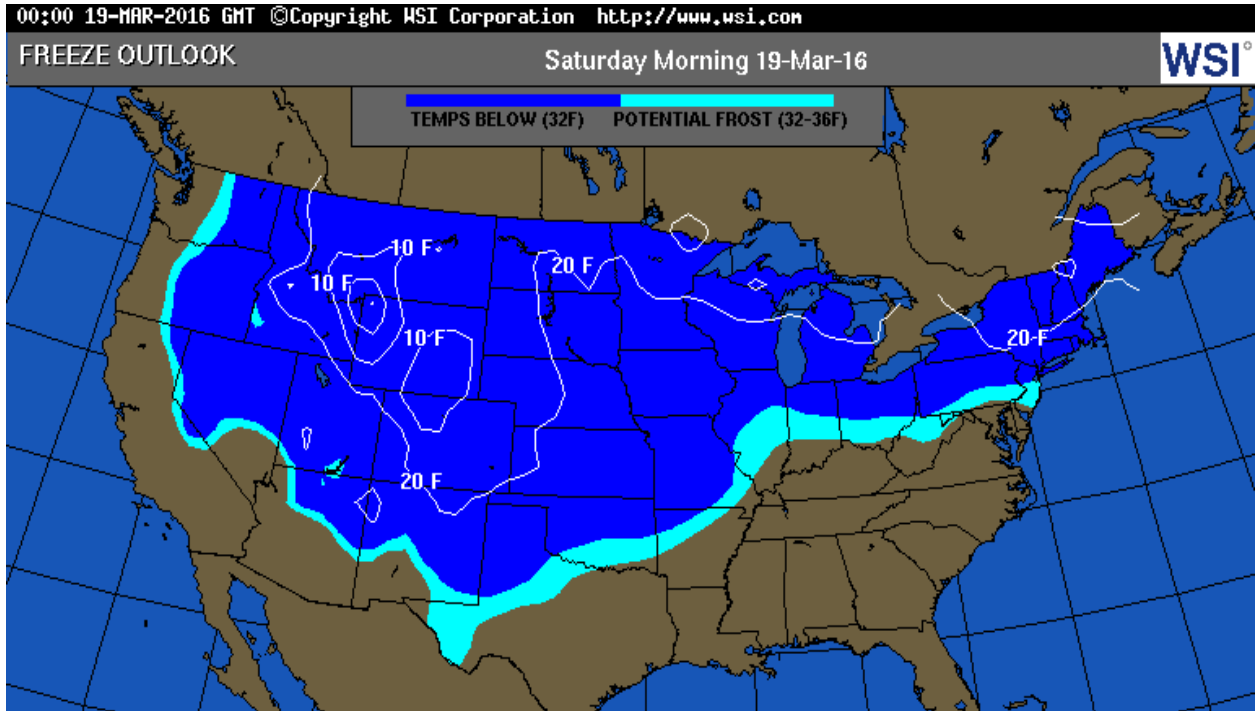
News is very thin here this am with most the of market attention centered on Brazil's political nightmares and forthcoming protests along with the weather to hit the Plains this weekend and into next week for the Corn Belt.

May corn still sitting near the midpoint of the 3 month long range bound trade from \$3.54 to \$3.78. May soybeans spiked higher but the follow through was disappointing. \$9.05 is the first line of resistance with the next in the \$9.14 to \$9.17 area. The November contract did trade up to \$9.16 overnight with the \$9.20 to \$9.25 target area next. Wheat charts look very ugly now after the dive yesterday taking out half of this March rally. The May KC contract has resistance at \$4.90 and the contract low as support down at \$4.55. The May Chicago contract has resistance at \$4.80 and contract low down at \$4.50 ¼.

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Temps are still forecasted to dip below freezing overnight Friday and Saturday as far south as West Texas. Temps warm next week with the 6-10 day now showing below normal centered over the Rockies. Light rains continue in the already flooded Southeast here today. The 6-10 day maps show continued above normal precip for the eastern half of the US while dry conditions continue for the Southwest and Southern Plains.



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