



Loewen and Associates

Commodity Consulting/Brokerage

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Morning Ag Markets

Matt Hines

Weekly gains were nearly wiped out by Friday's move lower in the cattle futures. Cash feedlot trade finally got going late Friday at \$223 on a dressed basis in the north, \$3 higher than the week previous. In the South, \$139 to \$140 live was reported which is \$1 to \$2 higher than a week ago.

The Cattle on Feed report was bearish with placements at 1,710,000 head, 110% vs. a year ago and nearly 2% above expectations. Total cattle on feed as of March 1st came in at 10,770,000 which is 101% vs. a year ago and marketings at 1,591,000 or 105% vs. a year ago.

For the week, Friday March 11th to Friday March 18th, April Live Cattle up \$.02, June up \$.55, March Feeders up \$.82, May down \$1.40, April Lean Hogs down \$.37, June down \$.82.

Cattle slaughter from Friday estimated at 93,000 head, down 4,000 from the week previous but up 7,000 compared to a year ago. Weekly totals were estimated at 545,000 head, up 9,000 compared to the week previous and up 25,000 from a year ago.

Hog slaughter from Friday estimated at 410,000 head, down 7,000 from the week previous and down 2,000 from year ago. Weekly totals were at 2,187,000 head, down 53,000 from the week previous and down 51,000 from a year ago.

Boxed beef cutout values sharply lower on Choice and weak on Select on light to moderate demand and offerings on a total of 102 loads sold.

Choice Cutout__231.81 -2.83

Select Cutout__222.33 -.64

Feeder Index:__162.24 +.72

Lean Index.__66.78 unchanged

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Pork carcass cutout__76.35 +.40
IA-S.MN direct avg__61.06 -1.30
National Average__60.12 -1.62

Cattle futures are expected to open lower with follow through selling and pressure from the bearish placements numbers while hogs are expected to open mixed.

April live cattle on Friday took out the weekly gains but held above the \$139 area. \$142 will be the first line of resistance followed by \$144.45. 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. April lean hogs will need to stay above the \$71 area to keep the up trending channel going this week. The June contract also has an up trending channel with support around \$81. The June contract did trade above the previous contract high and settled right at the level on Friday.

Grains were lightly traded on Friday with ranges fairly tight. Corn and soybeans were able to finish higher for the week but wheat futures hammered on Thursday sealed the deal for the week even with the freezing temps still forecasted for the Southern Plains.

For the week, Friday March 11th to Friday March 18th, May corn up \$.02, December up \$.02 $\frac{3}{4}$, May Soybeans up \$.01 $\frac{3}{4}$, November up \$.03, May KC Wheat down \$.13 $\frac{1}{2}$, July down \$.13, May Chicago Wheat down \$.12 $\frac{3}{4}$, July down \$.12 $\frac{1}{2}$.

Grains were mixed overnight with soybeans finishing 2 lower, corn steady and wheat 6 higher for the KC contracts and 4 higher for Chicago. Temps in the hard wheat belt got colder than anticipated on Fri and Sat nights. The area of SE CO, SW KS, and the OK panhandle dropped 10 degrees lower than expected into the teens with some reporting lows in the single digits.

China's February DDG imports fell 38% compared to January, a one year low of 181,000 MT. We expected trade to fall off due to China's anti-dumping investigation into US-origin exports.

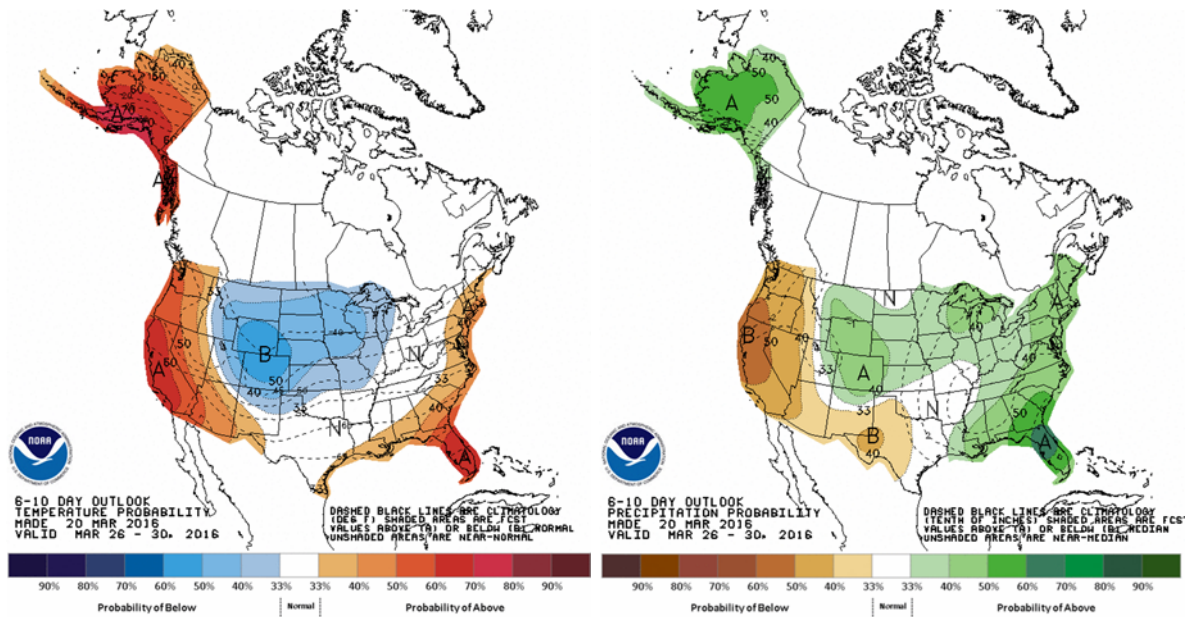
May corn still sitting near the midpoint of the 3 month long range bound trade from \$3.54 to \$3.78. May soybeans spiked higher last week but the follow through was disappointing. \$9.05 is the first line of resistance with the next in

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the \$9.14 to \$9.17 area. The November contract will need to hold above \$9 this week and the next target area is from \$9.20 to \$9.25. Wheat will try to get back last week's losses with a gap higher move today. 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.

This week's rains are mostly limited to the North and ECB with 1-2 inches expected to fall. The 6-10 day maps show below normal precipitation for the West Coast and Southwest. Temperatures are forecasted normal to below normal for most of the US with both the West and East coasts showing above normal.



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