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Morning Ag Markets

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Markets off course closed last Friday and Thursday's cattle futures calmed down considerably compared to the sharp losses from earlier in the week. Cash feedlot trade wrapped up on Thursday with live sales in the South at $136, $3 to $4 lower than the week previous. Nebraska reported most sales at $136 live also with dressed sales $5 lower at $218.

NATIONAL FEEDER & STOCKER CATTLE

Compared to last week, calves and stocker cattle traded mostly steady to $5 lower. Yearlings traded steady to $5 lower early in the week, then turned mostly $3 to $8 lower from mid-week on. Purchasing of stocker cattle and calves for grazing still remains very good as cattle growers want to turn-out a stocker that will weigh over 800 lbs by late summer.

The March 18th cattle-on-feed report brought the first bearish signal to the feeder cattle market since the last report was released a month ago; as numbers all came in a little above industry estimates. On average analysts expected placements to be up near 9 percent than year ago levels which USDA survey showed placements a little over 10 percent higher. Not that much of a difference really and should not impact supply projections for the months ahead, but bearish news travels fast. Cattle futures reached an overbought status and futures had five straight sessions of losses, before closing higher on Thursday. This put a damper on the uptrend support, as futures turned defensive on a bearish reversal that definitely put stress on the feeder cattle market.

The sharp drop in the futures does grab ones attention, as it seems the breaks always happen quicker than the rallies. The combination of a bearish cattle on feed report followed by a sharp drop in the cut-out value has weighed on the cattle complex this week, along with looking at lower fed cattle trade this week. There's no doubt that feeder cattle prices were getting top heavy and vulnerable for a tumble if a strong enough push came along and with all the vulnerability that this market has experienced sometimes it doesn't take a very big push.

Choice boxed-beef has taken a breather after a nice rally and has pulled-back as choice product has lost near 10.00 over the past five trading sessions. On Tuesday the Cold Storage Report was released and showed total red meat supplies in freezers were down 3 percent from the previous month and down 5 percent from last year. Total pounds of beef in freezers were down 5 percent from last month at 490,575 million lbs and down slightly from a year ago. Frozen pork supplies were up slightly from previous month at 628,360 million lbs, but down 8 percent from last year. Total chicken inventories were 810.4 million lbs, 10.7 percent higher than year ago levels and 22.7 percent higher than the five year average. If there is a positive side hopefully it appears the most bearish beef stocks supply could be behind this market.

Quarterly Hogs and Pigs was release on Friday with the United States hog inventory up slightly. United States inventory of all hogs and pigs on March 1, 2016 was 67.6 million head. This was up slightly from March 1, 2015, but down 1 percent from December 1, 2015. Breeding inventory, at 5.98 million head, was down slightly from last year, and down slightly from the previous quarter. Market hog inventory, at 61.7 million head, was up slightly from last year, but down 1 percent from last quarter. The December 2015-February 2016 pig crop, at 29.6 million head, was down slightly from 2015. Sows farrowing during this period totaled 2.87 million head, down 1 percent from 2015. The average pigs saved per litter was a record high 10.30 for the December-February period, compared to 10.23 last year. United States hog producers intend to have 2.84 million sows farrow during the March-May 2016 quarter, down 1 percent from the actual farrowings during the same period in 2015, but up 1 percent from 2014. Intended farrowings for June-August 2016, at 2.91 million sows, are down 3 percent from 2015, and down 3 percent from 2014.

For the week, Friday March 18th to Thursday March 24th, April Live Cattle down $3.97, June down $3.72, March Feeders down $2.25, May down $5.67, April Lean Hogs down $1.82, June down $3.05.

Cattle slaughter from Friday estimated at 97,000 head, up 4,000 from the week previous but down 3,000 compared to a year ago. Weekly totals were estimated at 547,000 head, up 2,000 compared to the week previous and up 8,000 from a year ago.

Hog slaughter from Friday estimated at 409,000 head, down 1,000 from the week previous and down 13,000 from year ago. Weekly totals were at 2,178,000 head, down 9,000 from the week previous and down 101,000 from a year ago.

Boxed beef cutout values weak on Choice and sharply lower on Select on light to moderate demand and moderate to heavy offerings on a total of 123 loads sold.
Choice Cutout__224.36 -.48
Select Cutout__214.89 -2.42
Feeder Index:__162.03 -1.07 from 3/23
Lean Index.__65.89 -.11 from 3/22
Pork carcass cutout__75.27 -.28
IA-S.MN direct avg__62.31 +.05
National Average__61.44 +.58

April live cattle are back to the starting point for this month with $134 as the next line of support. April Feeders are now the front month contract and prices dipped below the March lows last week. $154 is the next line of support there. April lean hogs have really been chopping sideways the past month and look to settle in the $69 to $70 area. The June contract tested the contract high back on March 18th had since has completely fallen out of bed coming back to the March lows.
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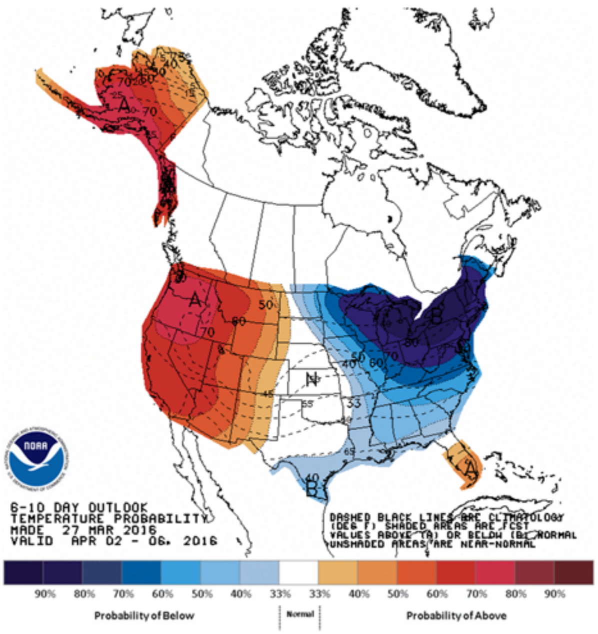
Grains continued steady to higher last week as news was fairly light. Export sales were decent last week and US weather continues to be supportive. On Friday USDA reported 304,000 MT or 11.2 MBU sold for unknown destinations with 7.8 MBU for old crop and balance for new crop.

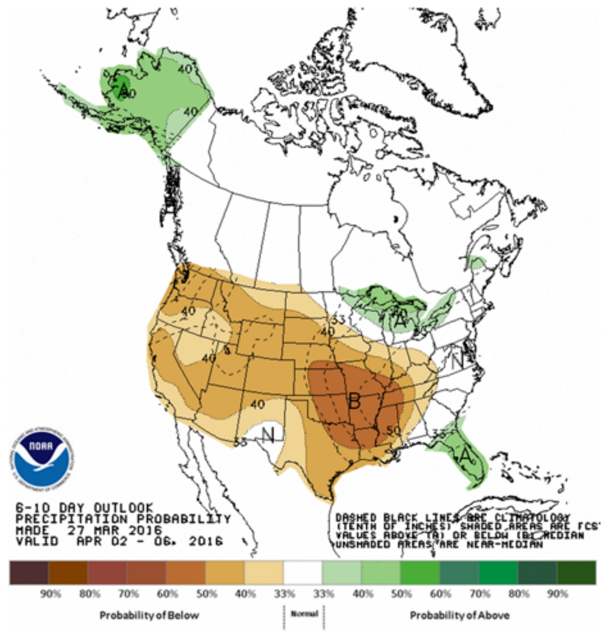
For the week, Friday March 18th to Thursday March 24th, May corn up $.03, December up $.01 ¾, May Soybeans up $.13, November up $.13, May KC Wheat up $.02 ¼, July up $.02 ¾, May Chicago Wheat unchanged, July up $.00 ½.

Grains were mixed overnight with soybeans and corn finishing 1 lower, while wheat futures were 1 to 2 higher. Markets are expected to be somewhat quiet this week ahead of Thursday's Quarterly Stocks report and Prospective Plantings.

May corn has traded the range from $3.65 to $3.72 now for the past 2 weeks with the wider 3 month range from $3.54 to $3.78. May soybeans continue their sharp rally trying next to take out the spike high from last December at $9.17 ¼. The November contract reached up for a new recent high overnight yet fell a ½ cent short of the December high at $9.26 ½. The May KC wheat contract has resistance in the $4.78 area and the contract low as support down at $4.55. The May Chicago wheat contract has resistance at $4.70 and contract low down at $4.50 ¼.

This week's rains are mostly limited to the Southeast, Great Lakes and New England. The 6-10 day maps only show above normal precipitation for the Great Lakes and Florida. Temperatures are forecasted above normal for the western 1/3 of the US, normal in the central plains and below normal East.





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