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Morning Ag Markets

Matt Hines

Cattle futures were mixed yesterday still in search of direction after the early month rally and the last week and half collapse. Beef prices continue to drift lower this week. We'll likely see some bids surface today but I wouldn't expect to see any meaningful cash feedlot trade develop until later this week. The fed cattle market continues to carry an unevenly steady undertone with some pressure for another dollar or two lower. Lean hog futures remain firm though so far this week with the June contract eyeing the $84 resistance area again.

Oklahoma National Stockyards, Oklahoma City, OK for 03/28/2016
Actual Receipts: 4,147 Last Week: 8,880 Year Ago: 9,501
Compared to last week: Supplies limited due to the Easter Holiday. Feeder steers and heifers steady to $3 lower in a light test. Steer and heifer calves mostly steady. Demand moderate for the light numbers.

Carthage- Joplin Regional Stockyards for 03/28/16
Receipts: 3,216 Last Week: 5,298 Year Ago: 5,823
Compared to last week, steers under 700 lbs. steady to $2 higher, over 700 lbs. steady, heifers steady to $3 higher. Demand good, supply moderate to light.

Cattle slaughter from Tuesday estimated at 111,000 head, down 1,000 from the week previous but up 1,000 compared to a year ago.

Hog slaughter from Tuesday estimated at 435,000 head, up 6,000 from the week previous and up 12,000 from year ago.

Boxed beef cutout values steady to lower on light to moderate demand and heavy offerings on a total of 169 loads sold.
Choice Cutout__225.06 -.22
Select Cutout__216.84 -.79

Feeder Index:__158.08 -.51
Lean Index.__65.06 -.33
Pork carcass cutout__76.32 +.02
IA-S.MN direct avg__63.07 +.10
National Average__61.62 +.65

April live cattle need to hold above the $134 level this week or risk a test back to the $129-$130 area. The 100 day moving average is at $133.87 and the uptrend line going back to December is just under that. April Feeders are trying to hold the $155 support line this week. A move below $154 could trigger a run back to the $150 area. April lean hogs have really been chopping sideways the past month and look to be content around the $70 area. The June contract tested the contract high back on March 18th, broke out of the up trending channel last week and has rebounded so far this week now back within $1 of the contract high.
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Corn futures settled yesterday on their highs, soybeans a penny or less from it supported by higher palm oil prices. Dry weather concerns continue to keep wheat and the fall crops supported as well. The US$ dollar continues to drift lower also, yesterday's break in response to Yellen's speech to bankers and investors implying again that rate increases were going slower in the future.

Grains leaked lower overnight with corn down ½, soybeans 1 lower and wheat ½ to 1 lower in Chicago and 2 to 3 lower in KC. Grains still supported underneath by friendly technicals and dry weather while farmer selling providing some pressure.

The market overall is still focused on Thursday's Quarterly Stocks and Prospective Plantings report. The corn numbers would need to come outside of the range of expectations on the low side to spark a rally, and if the acreage would come in at 91 million or higher, we could quickly challenge the contract lows on Thursday. The average trade guess for the 2016 US corn acreage is at 90.047 million acres, the range of estimates from 89 to 91.5 million. The March 1 Corn stocks are expected to be at 7.822 billion bushels vs. 7.75 billion a year ago.

The average trade guess for the 2016 soybean planting intentions is at 82.95 million acres vs. 82.65 a year ago, the range of estimates from 81.6 to 84.2

million. The quarterly stocks are estimated to be at 1.569 billion bushels vs. 1.327 billion a year ago.

The average trade guess for the total wheat planted acreage is at 51.659 million acres vs. 54.644 a year ago. Spring wheat is only expected to be down slightly at 12.905 million vs. 13.246 million a year ago. The March 1 Quarterly stocks are expected to be at a record large 1.356 billion vs. 1.140 billion bushels last March.

Storms roll across the Plains here later today but precipitation chances are slim for the HRW areas. Rains start in the Delta tomorrow with 3+ inches forecasted over the next 3 days. These rains spread over the eastern half of the country by the weekend. The 6-10 day forecasts have above normal precipitation in the Great Lakes and New England with temperatures below normal for that same area. Below normal precipitation and above normal temps stick around for the Plains.

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 are pressing the $9.17 ½ spike high back from last December. The November contract has already reached above that high with the next area of resistance up near $9.40. The May KC wheat contract has resistance in the $4.90 area and the contract low as support down at $4.55. The May Chicago wheat contract has resistance at $4.80 and contract low down at $4.50 ¼.

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