



## **Loewen and Associates**

***Commodity Consulting/Brokerage***

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### **Morning Ag Markets**

#### **Matt Hines**

Opening calls for the week were steady to \$.50 higher which made perfect sense with the steady to higher cash feedlot trade and both beef and pork prices stronger. Instead we opened the cattle futures market \$.50 to \$1 lower and panic hit the markets sending nearby live cattle futures limit lower followed by feeders. We did trade off the limit lower a few times throughout the day, but in the end the Bears won this round leaving most scratching their heads and questioning the day's volatile move. Little has changed fundamentally over the past few weeks but the market was in liquidation mode after pushing through nearby support levels.

Oklahoma National Stockyards - Oklahoma City, OK - Close

Feeder Cattle Weighted Average Report for 04/18/2016

Estimated Receipts: 5,700 Last Monday: 7,947 Year Ago Monday: 5,419

Compared to last week: Feeder steers and heifers 5.00-12.00 lower. Steer and heifer calves not well tested, but a definite lower undertone is noted.

Cattle slaughter from Monday estimated at 110,000 head, down 1,000 from a week ago and compared to a year ago.

Hog slaughter from Monday estimated at only 436,000 head, up 51,000 from a week ago and up 9,000 compared to a year ago.

Boxed beef cutout values steady on light to moderate demand and offerings on a total of 124 loads sold.

Choice Cutout\_\_224.88 -.25

Select Cutout\_\_215.98 +.25

Feeder Index:\_\_155.51 -1.06

Lean Index.\_\_66.55 -.12

Pork carcass cutout\_\_80.17 +.91

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IA-S.MN direct avg\_\_64.06 +.57  
National Average\_\_62.31 +.57

April live cattle took out a couple support levels yesterday and will have limits expanded to \$4.50 today. The next area of support is at \$127 followed by the contract low from December at \$123.05. April feeders broke out of the month long \$6 trading range yesterday with the next level of support down in the \$148 to \$147 area. Also, expanded limits today at \$6.75. June lean hogs are off \$6 from their highs in mid-March but found some support at \$76.80 with resistance up at \$79.

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The grain markets Sunday night traded higher led by soybeans and surprisingly wheat. Weekend rains in HRW country did come through but the record fund short shown in Friday's COT report inspired some major short covering. Rain was widespread in the U.S. hard red winter wheat country Friday through Sunday with nearly 100% coverage and rainfall of 1 to 4 inches with heavier local totals up to 7 inches. Areas from Nebraska to north-central Texas were wettest. The Gulf states will continue to see rain this week as flooding is now the concern.

Soybeans reached up for new highs but gains faded late in the day Monday. Corn was able to hold to gains and wheat raced higher with Chicago contracts doubling that of its KC counterpart. Outside markets featured the dollar under modest pressure while the Brazilian real gave back its post impeachment vote gains and was also lower. Crude oil was lower as world producers are unable to agree on a production freeze.

The Lower House in Brazil voted overwhelmingly on Sunday night to impeach President Dilma. The Senate will take up the measure over the next couple of weeks and is expected to approve it also. The knee jerk reaction was a higher Real, but could not hold its gains and weakened throughout the day. Strength in the real is normally a supportive input to bean prices because the Brazilian farmer is a less incentivized seller and with the US\$ lower, US soybeans are price competitive with Brazil's.

Export inspections for the week ending April 14th were all at or above expectations. Corn shipments continue to be strong at 42.9 MBU. 40 MBU+ should be feasible now for the next couple months. Rumors were circulating

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that Brazil may look to import limited quantities of US corn to help them limp bridge the gap between their first and second crop harvest. Slow harvest progress in Argentina is also forcing some importers to switch to US to ensure prompt delivery. Soybean shipments are taking a back seat still at 9.4 MBU. Grain sorghum shipments totaled 7.6 MBU with year to date at 253.3 MBU vs. 249.6 MBU last year. USDA has the final estimate at 325 MBU compared to last year's 353 MBU. Wheat shipments totaled 16.8 MBU with year to date at 647.2 MBU vs. last year at this time at 742.8 MBU.

Crop Progress after the close found national corn planting progress toward the low-end of expectations at 13% complete. There was not a national soybean planted number yesterday, but the South is a little behind with TX at 11% vs. 34% avg and LA at 13% vs. 22% avg pace. MS at 19% and AR at 12% were right on track.

US Corn Planted at 13%, 4% last week, 7% last year, and 8% 5-year average  
IL @ 12%, IA @ 13%, KS @ 35%, MN @ 13%, MO @ 58%, NE @ 7%, TX @ 49%

US Grain Sorghum Planted at 16%, 15% last week, 18% last year, and 21% 5-year average

US Spring Wheat Planted at 27%, 13% last week, 31% last year, and 19% 5-year average

US Winter Wheat Conditions up 1% at 57% good to excellent and 9% poor to very poor, last year at this time 42% good to excellent and 19% poor to very poor.

KS down 1% to 49% G/E and 12% P/VP, 3% Headed

OK up 2% to 56% G/E and 7% P/VP, 25% Headed

TX no change at 45% G/E and 11% P/VP, 35% Headed

Overnight grains continue to push forward with corn 1 to 2 higher, soybeans 7 higher and wheat 2 higher.

South American news continues to dominate the news wires with dry conditions in Brazil affecting their second corn crop and flooding in Argentina delaying soybean harvest and movement. Crop stress is rising in Brazil second crop areas

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as subsoil moisture rapidly depletes, though there is still some time to turn things around. Argentina's outlook is drier for later this week, which should help things dry down some and potentially allow for better harvest progress. Rains are still likely in the interim, which will make a difficult situation even worse.

USDA reported this morning 9.5 MBU of corn sold to unknown destinations, 1.7 MBU of old crop soybeans sold to Mexico and 12.2 MBU of new crop soybeans sold to Mexico.

May corn was able to pop through and stay above the first line of resistance at \$3.78 with the next in the \$3.85 to \$3.87 area and support down at \$3.70. The December did as well at the \$3.90 level with \$3.95 the next target area. For both May and November soybeans, \$9.85 is the resistance area being watched for next. May has support at \$9.45 and November's first line of support is at \$9.60. KC wheat contracts are \$.20 off the contract lows from early last week but would need to rally another \$.20 to keep the market moving higher. Chicago wheat futures are only a few cents away from pushing through the resistance levels and highs set back in March.

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