



Loewen and Associates

Commodity Consulting/Brokerage

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Morning Ag Markets

Matt Hines

Cattle futures finished the week mixed as hogs came under sharp pressure again Friday. The last 2 USDA reports, Hog and Pig & Cold Storage, were both friendly but product and cash prices continue to drift lower keeping pressure on the futures. Cash feedlot trade wrapped up \$3 to \$4 lower at \$133 live in the South and \$214 to \$216 on a dressed basis in the North.

NATIONAL FEEDER & STOCKER CATTLE SUMMARY - WEEK ENDING 04/01/2016

RECEIPTS:	Auctions	Direct	Video/Internet	Total
This Week	166,400	23,400	27,700	217,500
Last Week	225,300	34,600	2,400	262,300
Last Year	235,500	70,200	35,600	341,300

Compared to last week, calves and yearlings traded mostly steady to \$5 lower, with instances \$10 lower. Early week most sales were steady to instances higher but Wednesday's collapse in the cattle futures pressured the market. Market softness prevailed last week with cattle futures seeing some limited downside pressure, trying to find some stability before Wednesday's free-fall. The return of volatility with defensive futures and with cut-out values also imploding on Wednesday with choice closing \$3.19 lower put cattle market psychology in a black mood. This makes all participants in the cattle market very leery but then no one wants to be caught with empty pens or pastures if profit opportunities appear. These are the results of an industry yearning for profits as volatility the only rule that cattle markets have abided by since last fall with many unpredictable attitudes directing market direction. Then on Thursday cattle futures saw a sharp reversal as the USDA Grain Report was bearish for grain (especially corn) with feeder cattle futures turning bright green with limit gains. This week saw many soft fall-born new crop calves making their way to the

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market and in many cases widening the price spread against the rugged old croppers. In addition to market pressure on feeder calves, many lightweight offerings in the coming weeks will be overwhelmingly made up of new crop fall born calves which are not always in high demand by feeder buyers as many are unweaned and carrying plenty of flesh. Never the less, most top quality 5 weight and 6 weight steers that are longtime weaned and have good weighing conditions that are suitable for grass are still in good demand. Meat trade following the Easter Holiday has started out on the defensive as well, after a 10.00 dollar slide backwards last week has still encountered struggling demand as sharp losses developed at mid-week.

For the week, Thursday March 24th to Friday April 1st, April Live Cattle down \$2.87, June down \$1.80, April Feeders up \$.37, May down \$.32, April Lean Hogs down \$1.82, June down \$1.47.

Cattle slaughter from Friday estimated at 100,000 head, up 7,000 from the week previous and up 4,000 compared to a year ago. Weekly totals were estimated at 542,000 head, up 2,000 compared to the week previous and up 17,000 from a year ago.

Hog slaughter from Friday estimated at 433,000 head, up 24,000 from the week previous and up 31,000 from year ago. Weekly totals were at 2,181,000 head, up 3,000 from the week previous but down 9,000 from a year ago.

Boxed beef cutout values lower to sharply lower on light demand and light to moderate offerings on a total of 130 loads sold.

Choice Cutout__219.11 -1.88

Select Cutout__206.93 -3.55

Feeder Index:__158.53 +.27

Lean Index.__65.54 +.29

Pork carcass cutout__76.25 +.20

IA-S.MN direct avg__63.48 -.79

National Average__61.18 -1.05

April live cattle broke the uptrend line that started back in December with prices now below the 100-day moving average. The next line of support is just under \$129. April Feeders have support in the \$151 area with resistance up near \$160. April lean hogs have lost all their upward movement with support at \$67. The

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June contract has as well now off almost \$5 from the contract high tested in mid-March and support near \$78.

Over in the grains, soybeans continue to be leader higher, trying to attract additional acres. This extends the rally that began in March into new highs with old and new crop able to punch through their next layer of resistance back from the December spike highs. Weather has been supportive with the recent cold snaps and continued dry conditions in the Plains for wheat. Corn of course hammered Thursday with the 93.6 million acre surprise by USDA, but so far the May contract is holding the long term support. Friday there was also the talk about adjustments to planting intentions since the report data came from late Feb surveys. Mpls spring wheat gained 50 cents to corn and November soybeans gained 65 cents to December corn in the month of March which may be enough to pull some acres from corn.

For the week, Thursday March 24th to Friday April 1st, May corn down \$.16, December down \$.17 1/2, May Soybeans up \$.07 3/4, November up \$.09 1/2, May KC Wheat up \$.06, July up \$.05 3/4, May Chicago Wheat up \$.12 3/4, July up \$.12 1/4.

Grains were mixed overnight with soybeans finishing 1 to 2 higher, corn 1 to 2 lower, KC wheat 1 lower and Chicago wheat 3 lower.

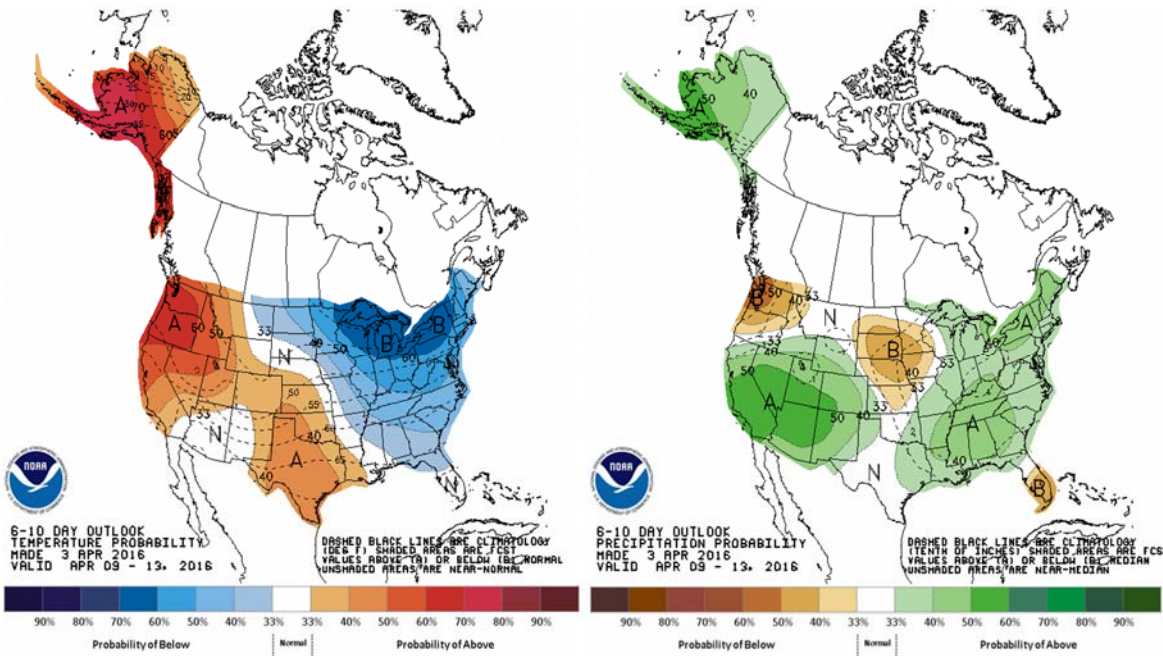
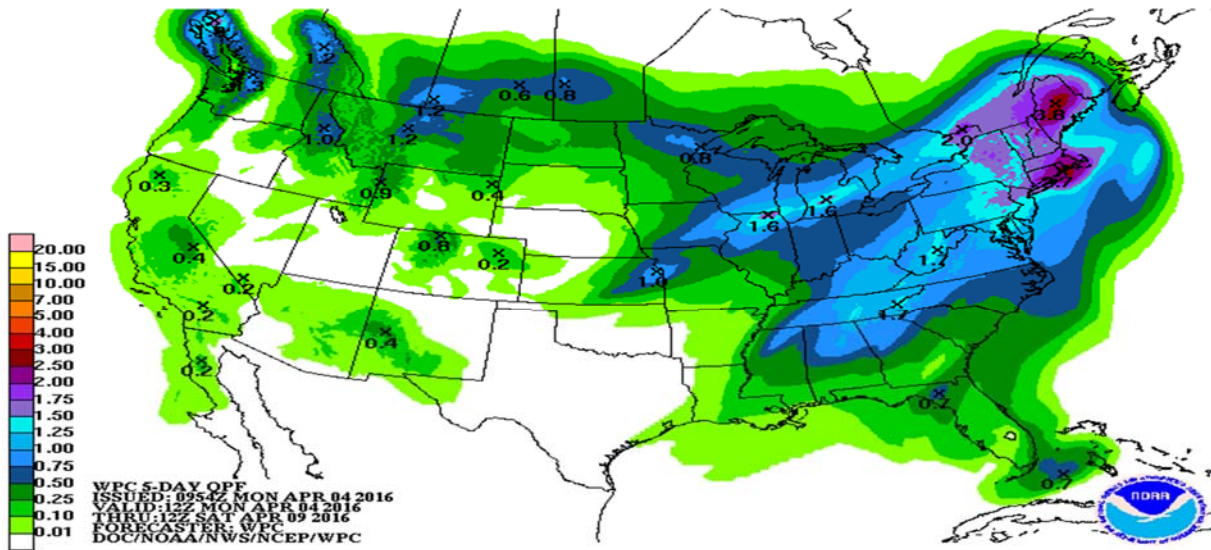
On Friday a South Korean Flour Mill bought 33,000 MT or 1.2 MBU of US wheat for July-Aug shipment. We would not be surprised to see US export business pick up some for a moment, given the break in flat price and multi-month lows in the US Dollar. Today, 3 South Korean firms purchased a total of 193,000 MT or 7.6 MBU or corn for July-August but still purchased as optional origin.

May corn ran down to \$3.47 1/2 to find the long term support on the weekly charts. May soybeans dove below the \$9 level last Thursday but has since quickly rebounded and was able to get above the December spike high at \$9.17 1/2. The next resistance level is up near \$9.30. The May KC wheat contract has been consolidating its trading range since the contract low at \$4.55 at the beginning of March and the recent high at \$4.90 from the middle of the month. The May Chicago wheat contract has resistance at \$4.80 and contract low down at \$4.50 1/4.

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This week's rains stay mostly north and east with cooler temps and the Plains remain dry. The 6-10 day maps show normal to below normal precipitation for the Plains to continue with normal to above normal temps west and below normal east.



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