



## **Loewen and Associates**

***Commodity Consulting/Brokerage***

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### **Morning Ag Markets**

**Matt Hines**

The thoughts heading into yesterday were maybe we can stabilize this cattle market, get some cash feedlot trade at even money later this week and just maybe beef prices will turn back higher. Futures collapsed touching limit lower while beef prices did finally stabilize and move higher after losing \$14 to \$17 over the past few weeks. A few fed cattle traded yesterday as well with scattered sales reported in parts of Kansas and Texas at \$132 to \$133, steady to \$1 lower. A few dressed deals in the North were marked at \$212, roughly \$3 lower than last week's weighted average basis Nebraska.

Live and feeder cattle futures closed sharply lower, pressured by long liquidation, technical selling and beef demand nervousness. Feeders specifically were under pressure thanks to poor commercial buying interest and disappointing feedlot margins. Lean hog futures settled on a mixed basis with deferreds gaining on nearbys.

Cattle slaughter from Tuesday estimated at 112,000 head, up 1,000 from a week ago and up 3,000 compared to a year ago.

Hog slaughter from Tuesday estimated at 436,000 head, up 1,000 from a week ago and up 6,000 compared to a year ago.

Boxed beef cutout values steady on Choice and sharply higher on Select on moderate to fairly good demand and moderate to heavy offerings on a total of 168 loads sold.

Choice Cutout\_\_217.70 +.19

Select Cutout\_\_209.20 +2.97

Feeder Index:\_\_158.29 +.02

Lean Index.\_\_65.86 +.14

Pork carcass cutout\_\_77.60 +1.07

#### **IMPORTANT—PLEASE NOTE**

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IA-S.MN direct avg\_\_63.18 -.51

National Average\_\_61.91 -.13

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

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Soybeans continue to fall back from last Friday's high pressured by losses in soybean oil and the Brazilian real. Corn ended a couple cents higher with help from commercial buying while wheat posted a slight loss in the face of dry and windy conditions in the southwestern Plains.

The first National crop progress and conditions report for the year was released yesterday afternoon after being delayed 1 day by USDA. Only winter wheat conditions were released along with crop progress for Barley, Oats, Rice and Grain Sorghum. As expected the national winter wheat conditions were well ahead of year ago with 8% poor to very poor and 59% good to excellent compared to last year's 16% poor to very poor and 44% good to excellent. 13% of the nation's grain sorghum has been planted compared to 8% last year at this time. Further state breakdowns are below...

State Crop Conditions –

TX Wheat – 47% G/E, last week 48% & 12% Headed

OK Wheat – 61% G/E, last week at 63% & 40% Jointed

KS Wheat – 55% G/E, last week at 56%

TX Corn – 42% Planted vs. 42% last year and 47% 5-year avg

TX Corn – 23% Emerged vs. 5% last week and 24% 5-year avg

LA Corn – 46% Planted vs. 52% last year and 82% 5-year avg

MS Corn – 19% Planted vs. 25% last year and 49% 5-year avg

AR Corn – 31% Planted vs. 20% last year and 36% 5-year avg

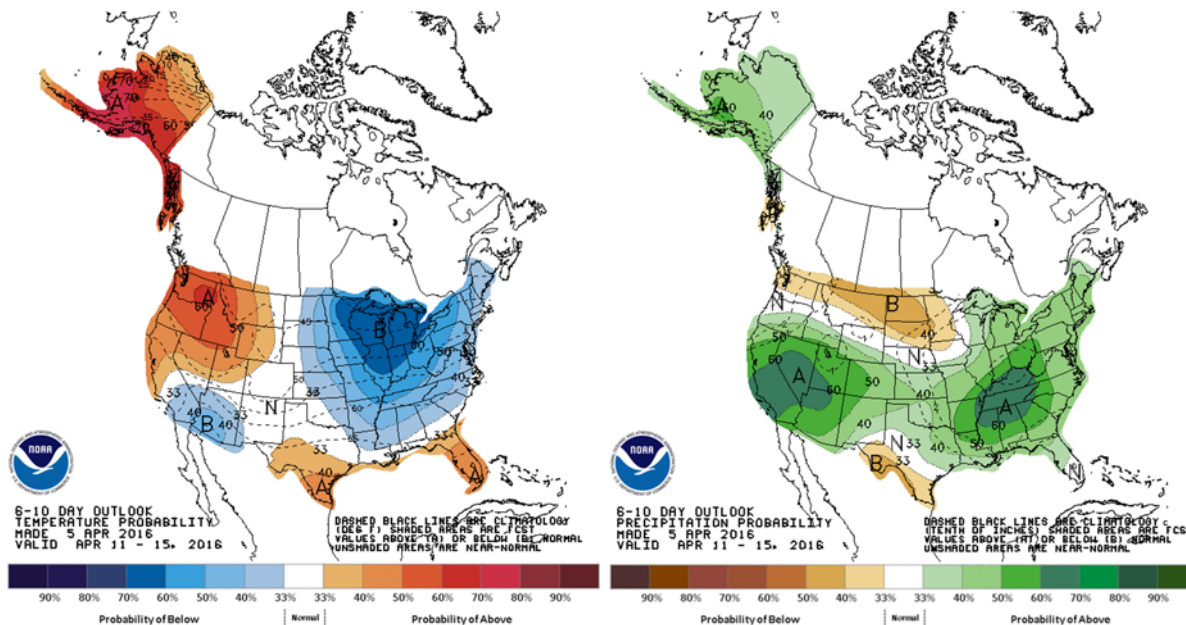
Grains were lower overnight with corn down 1, soybeans down 2 and wheat down 6 to 8. There continues to be long range forecasts showing good amounts of moisture for the HRW areas but over the past few weeks we continue to miss these opportunities. The lower acreage and production forecasted in the US are still not enough to sustain a wheat rally.

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May corn ran down to \$3.47 ½ to find the long term support on the weekly charts. Nearby futures are now 9 cents off last week's lows, but right into resistance just shy of \$3.60. December corn will also find some resistance from \$3.70 to \$3.75. May soybeans have pulled back some 20 cents from their high last week with support right around the \$9 level. The November contract should find the first level of support at \$9.10 with additional at the \$9 level as well. 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 support from \$4.57 to \$4.55.

Rains for the rest of this week stay mostly north and east with cooler temps as wet and cold continues to hamper progress in the Corn Belt. The 6-10 day maps show normal to above normal precipitation for most of the US with normal to below normal temps.



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