



## **Loewen and Associates**

***Commodity Consulting/Brokerage***

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### **Morning Ag Markets**

**Matt Hines**

Beef prices continue to soar higher, now up 16 out of the last 17 business days and over \$30 higher in the past month. In the feedlot trade mostly from last Wednesday, live cattle in the Texas Panhandle traded mostly steady to 1.00 higher at 125.00. In Kansas live cattle sales were mostly steady at 125.00. In Nebraska live purchases traded 1.00-2.00 higher from 126.00-127.00 and dressed sales were steady to 2.00 higher from 200.00-202.00. Colorado live sales were steady to 1.00 higher from 125.00-126.00. In the Western Corn-belt live sales traded 2.00-4.00 higher from 127.00-128.00 and dressed sales were 2.00 higher at 202.00.

#### **NATIONAL FEEDER & STOCKER CATTLE SUMMARY – W/E 03/10/2017**

<b>RECEIPTS:</b>	<b>Auctions</b>	<b>Direct</b>	<b>Video/Internet</b>	<b>Total</b>
This Week	256,300	61,500	12,700	330,500
Last Week	255,600	42,600	34,400	332,600
Last Year	272,200	51,700	5,600	329,500

Compared to last week, steer and heifer calves sold mostly steady to 5.00 higher, with instances 1.00-2.00 lower in the north central. Feeder steers and heifers traded uneven, seeing prices 3.00 lower to 5.00 higher. Demand continues to be very good for grazing calves, as cattle raisers are eager to turn their cattle out on grass. Due to limited numbers, premiums were paid for good quality, long-time weaned calves with all their shots; with discounts placed on fleshy, un-weaned soft bawling calves. In a few sale barns 300 lb steer and bull calves started to break the 2.00 mark, as buyers are willing to pay more for these cattle if they have the right condition. On the other hand, demand for feeders is moderate to good. The cash slaughter cattle market continues to trade at a double digit premium to the April live cattle contract. The June contract and later months are mostly at a double digit discount to April, making feeder buyers cautious as they purchase cattle. Slaughter cattle continue to receive support from higher boxed beef prices, a decline in carcass weights, feedlots staying current and good demand for beef exports and the domestic market. The beef retail department is finding that lower prices are

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driving a greater willingness for premium beef products to be purchased by consumers and retail ads are full of beef promotions as beef regains favor with consumers. The unusually warm winter has wheat pastures maturing ahead of schedule. Many of the cattle coming off wheat came in earlier than usual and are tipping the scales between 800-1000 lbs. Many are thinking the run is near for cattle coming off wheat.

Chinese health officials reported 160 cases of H7N9 bird flu infections in humans and 61 deaths in the month of February. Since this past October there have been 161 deaths directly from the infections.

For the week, Friday, March 3<sup>rd</sup> through March 10<sup>th</sup>, April Live Cattle +\$1.62, June +\$.75, March Feeders +\$3.25, April +\$3.72, August +\$3.07, April Lean Hogs +\$1.42, June +\$.45.

Cattle slaughter from Friday is estimated at 104,000 head, up 3,000 from the week previous and up 5,000 compared to a year ago. For the week, 587,000 head, up 6,000 from the week previous and up 44,000 vs. a year ago. Beef production estimated at 480.3 million pounds last week vs. 475.9 the week previous and 451.7 million last year.

Hog slaughter from Friday is estimated at 426,000 head, up 7,000 from the week previous and up 13,000 compared to a year ago. For the week, 2,313,000 head, up 2,000 from the week previous and up 76,000 vs. a year ago.

Boxed beef cutout values higher to sharply higher on moderate to good demand and light offerings for a total of 73 loads sold.

Choice Cutout\_\_219.83 +4.27

Select Cutout\_\_210.99 +1.99

CME Feeder Index: \_\_127.22 +.22

CME Lean Hog Index.\_\_72.51 -.08

Pork Carcass Cutout\_\_81.88 +.13

IA-S.MN Wtd Avg Carcass Base\_\_66.92 -.82

National average Wtd Avg Carcass Base\_\_66.33 -.91

April live cattle trending higher over this past month and long term trend higher since mid-October. Support is around the \$115 level with resistance at the March  
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1<sup>st</sup> high of \$118.95 and then the January high of \$120.32. March feeders do not expire until the end of the month, but the volume has already moved into the April contract. There is good support from \$120 to \$122 over the past month and half tracking with the 100-day moving average. Friday's sharply higher move blew past the February high and resistance levels with the \$130 level now in sight. April lean hogs broke the higher trend we have had since October with very price volatile days recently. \$65 is the next area of support with resistance up near \$70.

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Grains continued to move lower and wrapped up really an ugly technical week. All of February gains were wiped out and both May corn and soybeans hit new 2 month lows. The confirmation of the large South American crop finally hit this past week with USDA taking Brazil soybean production up to 108 MMT and some private estimates up to 110 MMT.

For the week, Friday, March 3<sup>rd</sup> through March 10<sup>th</sup>, May Corn  $-\$.16 \frac{1}{2}$ , December  $-\$.12 \frac{3}{4}$ , May Soybeans  $-\$.31$ , November  $-\$.22 \frac{1}{4}$ , May KC Wheat  $-\$.16 \frac{1}{4}$ , July  $-\$.15 \frac{3}{4}$ , May Chicago Wheat  $-\$.13$ , July  $-\$.12$ .

Brazil's first corn crop is mostly harvested, the first bits of Argentina's elongated corn harvest likely to start soon, and Brazil's safrhina or 2<sup>nd</sup> crop is nearly all planted (85%+), risk has declined significantly in that corner of the world. Brazil's soybean harvest estimated to be 56% complete vs. 52% a week ago and 47% for an average pace. Mato Grosso is said to be over 88% complete compared to 78% last week and a 76.5% average pace.

Overnight, grains were mixed and finished that way with corn 1-2 lower, old crop soybeans down 1 with new crop steady to 3 higher and wheat 3 to 5 lower.

Canada is said to be looking at expanding wheat sales to Mexico if a trade war develops involving the US. Mexican wheat imports last year were just under 5 MMT.

Winter is certainly not over with cold temps and windy conditions the next couple days locally and a blizzard hitting states in the Northeast. The 6-10 day weather outlook is forecasting above normal temps for most areas though, below normal in PNW, New England and Florida. Precipitation is mixed with normal to above

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normal mostly Northwest and around the Great Lakes and below normal centered on the Southwest and Southeast.

May corn has now dipped below the bottom support line of the channel trend higher that has been in place since this past harvest. Support is now at \$3.60 with resistance up at \$3.86. The December contract is off \$.20 from its most recent high with support around \$3.75 and resistance near \$3.95. May soybeans pushing the trend line from this past fall sitting right at major support levels with the next down near \$9.90. November also at support levels with major support at \$9.90. Wheat charts look the same with support for the July KC contract at \$4.57 and then \$4.48. July Chicago wheat near the \$4.50 support areas now, the next at \$4.40 and the contact low not far away at \$4.20.

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