



Loewen and Associates

Commodity Consulting/Brokerage

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Morning Ag Markets

Matt Hines

Slaughter cattle sold steady to \$1 higher last week, \$124-\$126 live, with dressed sales in Nebraska \$4 higher at \$200. Packer demand was good along with demand for beef as export demand is very good. Boxed Beef prices as of Friday afternoon averaged \$206.06 up \$7.10 from last Friday. Weights down this year compared to last with YTD cattle slaughter +4.2% but beef production only up 3.3%. Hog slaughter down .3% from a year ago and pork production down .5%

NATIONAL FEEDER & STOCKER CATTLE SUMMARY – W/E 03/03/2017
Compared to last week, steers and heifers traded uneven; mostly from 2.00 higher to 2.00 lower, with the Southeast being on the upper end of that trading range. Active trading again as 20,000 head more reported through auctions this week than last. The central part of Oklahoma received some pretty timely rains the past couple of weeks and the grass is greening up pretty quickly and the temperatures have been unseasonably warmer. After the blizzard last week in Nebraska, some normal Friday auctions were rescheduled for Sunday and Tuesday this week in order to get cattle moved out prior to getting ready for this weeks sale. Calving season is in full swing in several parts of the nation with some areas starting 2 to 3 weeks ago. Warmer than normal temps and drier than normal winter has left some producers thankful that mud isn't knee deep. However they are concerned that less moisture this time of year will follow through into summer. A short supply of front-end fed cattle created an issue for the packers gain this week.

For the week, Friday, February 24th through March 3rd, April Live Cattle +\$1.02, June +\$1.90, March Feeders +\$2.52, April +\$1.40, August +\$1.70, April Lean Hogs -\$1.27, June -\$1.37.

Cattle slaughter from Friday is estimated at 101,000 head, down 8,000 from the week previous but up 1,000 compared to a year ago. For the week, 581,000 head, up 6,000 from the week previous and up 44,000 vs. a year ago.

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Hog slaughter from Friday is estimated at 419,000 head, up 32,000 from the week previous and up 6,000 compared to a year ago. For the week, 2,311,000 head, up 43,000 from the week previous and up 87,000 vs. a year ago.

Boxed beef cutout values weak on Choice and firm on Select on light to moderate demand and moderate offerings for a total of 94 loads sold.

Choice Cutout__208.07 -.28

Select Cutout__204.05 +.33

CME Feeder Index:__126.75 +.31

CME Lean Hog Index.__73.38 -.63

Pork carcass cutout__80.63 +.47

IA-S.MN direct avg__68.12 -1.20

National average__67.38 -.54

USDA announced a confirmed case of bird flu in TN at a chicken farm that contracts with Tyson prompting an immediate ban on imports of US poultry by South Korea.

April live cattle filled the gap from late January and touched as high as \$119 last week before pulling back lower to find support at the 20-day moving average. The range from \$115 to \$119 should be in the cards this week. Volume has already shifted from March feeders to the April contact. March should remain range bound from \$121 to \$126 this week. April has a similar range with the 100-day moving average providing support this past month. 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.

Over in the grains, Friday was a very calm day especially compared to the moves earlier in the week. South American harvest will continue to provide pressure overall but demand for US grains is providing the support. Biofuel policy and trade will be the hot topics for Ag coming from DC. Corn gains for the week established an outside week reversal higher on the weekly chart, which could prove significant should the market maintain its poise here this week.

For the week, Friday, February 24th through March 3rd, May Corn +\$.10, December +\$.08 ¼, May Soybeans +\$.13 ¼, November +\$.15, May KC Wheat +\$.04 ¾, July +\$.04 ¾, May Chicago Wheat +\$.05 ½, July +\$.06 ¼.

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Overnight, grains were steady to higher most of the session with soybeans finishing 3 to 6 higher, corn 1 to 2 higher and wheat 6 to 8 higher. The above normal temps and limited moisture in the Southern Plains supporting wheat right now. Drought conditions currently cover 30-60% of the Plains wheat crop, 38% reported of the KS crop. If looking for a reason for soybeans higher, transportation delays are prominent in Brazil and some heavy local rains are expected in Argentina midweek.

The 6-10 day weather outlook is forecasting above normal temps for the southern half the US with below normal in Northern Border States. Precipitation is below normal for the SW and normal to above normal elsewhere with the heaviest amounts forecast for the PNW and Ohio River Valley to the East Coast.

May corn still climbing the hill higher in a consistent stair step pattern. Nearby support at the 10 and 20-day moving averages, \$3.77 ³/₄ to \$3.76 ¹/₂, with longer term support at the 50 and 100-day moving average, \$3.70 ³/₄ to \$3.67. Resistance at the spike high of \$3.86 ¹/₄ and \$3.87 ¹/₄. The December contract made it to \$4.04 last week with the first close above \$4 since this past June. First area of support from \$3.95 to \$3.96 and more from \$3.88 to \$3.90. May soybeans also trending higher but with much larger steps or ranges from high to low, \$.50 to \$.60 compared to the \$.10 to \$.20 seen in corn futures. Support for the May contract at \$10.20 with resistance at \$10.73. November soybeans also holding the trend higher since this past fall. \$10.05 is the first area of support then the \$10 mark and strong support at \$9.93 and \$9.75. KC wheat trending higher since December with support for the July contract at \$4.67 and resistance at \$4.98. Chicago wheat steady to higher with support at with support at \$4.38 and spike higher from February at \$4.77.

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