



Loewen and Associates

Commodity Consulting/Brokerage

**Pete Loewen, Matt Hines,
Doug Biswell, Matt Burgener
866 341 6700**

www.loewenassociates.com

Date: April 10th, 2017

Morning Ag Markets

Matt Hines

The Fed Cattle Exchange this past Wednesday had over 3,500 head on offer, but all were a no sale as bids were passed. Feed yards came into the week with no leverage on the negotiating table after the previous week's fall in the cash market and without help from the board as well as packers are pulling on contract cattle and cattle bought over the last several weeks. Late Friday we finally saw some moderate trade in KS and TX \$2 lower at \$126 live. Only light trade in the North this past week mostly \$4 to \$5 lower from \$128 to \$130 live. Dressed cattle in Nebraska were also lightly tested at \$8 to \$10 lower, \$196 to \$200.

NATIONAL FEEDER & STOCKER CATTLE SUMMARY – W/E 04/07/2017

RECEIPTS:	Auctions	Direct	Video/Internet	Total
This Week	209,400	50,800	5,400	265,600
Last Week	212,700	66,200	32,400	311,300
Last Year	240,900	41,100	13,900	295,900

Compared to last week, feeder steers and heifers sold mostly steady to 7.00 lower, with some instances 1.00-5.00 higher. Feeder steers and heifers in the southeast traded mostly steady to 3.00 lower. Demand was moderate to good for all weight classes. The higher prices were generally noted on limited supply of weaned calves suitable for grazing and heavy yearlings with less time expected in the feedlot as they are hoping to cash in before slaughter prices fall. Perhaps the feeder market has reached the point of topping or tipping as the word “lower” has reared its head on market reports the last couple of weeks across the country. However, it would be difficult to call demand much lighter as some large sales especially through the Northern Plains had good runs this week. The cattle futures and box beef cut-out values took a hit this week, adding to the bearishness in the feeder market. However, the market saw optimism from the fact that buyers are still looking for good quality grazing calves and replacement heifers to improve their herds. Un-weaned fall calves are starting to make their way to the market and buyers are quick to place discounts, especially if they are too fleshy. The

IMPORTANT—PLEASE NOTE

This does constitute a solicitation to buy or sell commodities futures and/or options. The information contained herein is provided for informational purposes only. The information is not guaranteed as to its accuracy or completeness, although the information was taken from sources we believe to be reliable. The market recommendations of Loewen and Associates, Inc. are based solely on the judgment of Loewen and Associates, Inc. personnel. We do not guarantee or warranty, either expressed or implied, of success to you in the use of this information. Loewen and Associates, Inc. disclaims responsibility for or loss associated with use of information from our commentary, analysis or recommendations. **There is risk of loss in trading commodity futures and options. The risk in trading can be substantial; therefore only genuine “risk” funds should be used.**

unseasonably warm temperatures have cattle gaining at a rapid pace and adding flesh condition effortlessly. Producers are slowly changing their attention to calving, and with the weather improving for the next several days, field work and spring planting is in the near distance.

For the week, Friday March 31st to Friday April 7th, April Live Cattle +\$.10, June +\$.92, April Feeder Cattle -\$.20, May +\$1.17, August +\$1.90, April Lean Hogs - \$2.35, June -\$1.07. Boxed Beef Choice -\$6.90 at \$207.22, Select -\$6.51 at \$197.49. Pork Carcass Cutout -\$.12 at \$75.28

Cattle slaughter from Friday is estimated at 99,000 head, down 13,000 from a week ago but up 6,000 compared to a year ago. For the week, 547,000 head, down 21,000 from the week previous but up 18,000 compared to last year.

Hog slaughter from Friday is estimated at 437,000 head, up 5,000 from a week ago and up 34,000 compared to a year ago. For the week, 2,306,000 head, down 37,000 from the week previous and down 147,000 compared to last year.

Boxed beef cutout values weak on Choice and sharply lower on Select on light to moderate demand and moderate to heavy offerings for a total of 155 loads sold.

Choice Cutout__207.22 -.68

Select Cutout__197.49 -2.79

CME Feeder Index:__132.96 -.25

CME Lean Hog Index.__65.73 -.42

Pork Carcass Cutout__75.28 +1.17

IA-S.MN Wtd Avg Carcass Base__58.74 -.99

National average Wtd Avg Carcass Base__58.17 -.88

Interesting story of the weekend from The Financial Times reporting that China will offer some concessions to avert a trade war with the U.S. The FT said China was prepared to raise the investment ceiling in the Bilateral Investment treaty and end the ban on U.S. Beef imports.

April live cattle filled the \$118 gap from mid-March last week but were able to recover wrapping up the week. Support is down at \$116 if selling hits hard again this week with resistance up in the \$123 area. May and August feeders have traded a range from \$129 to \$137 these past few weeks as we are again near the contract

IMPORTANT—PLEASE NOTE

This does constitute a solicitation to buy or sell commodities futures and/or options. The information contained herein is provided for informational purposes only. The information is not guaranteed as to its accuracy or completeness, although the information was taken from sources we believe to be reliable. The market recommendations of Loewen and Associates, Inc. are based solely on the judgment of Loewen and Associates, Inc. personnel. We do not guarantee or warranty, either expressed or implied, of success to you in the use of this information. Loewen and Associates, Inc. disclaims responsibility for or loss associated with use of information from our commentary, analysis or recommendations. **There is risk of loss in trading commodity futures and options. The risk in trading can be substantial; therefore only genuine "risk" funds should be used.**

highs to begin this week. April lean hogs have retraced over 50% from the rally that began in October and peaked in early February. June touched the 62% retracement level last week at \$71.70 finding support.

Over in the grains, after an energetic start to the week, the wheat markets ended the week stumbling. Price action on Friday was similar to what we saw over the past few days, with flat price battling both sides of unchanged, KC gaining on Chicago and Mpls losing to both Chicago and KC. Corn futures slid lower as US weather opens up for fieldwork and planting after a very wet past couple weeks. The soybean market had another two-sided performance as the market continues to correct its oversold posture through consolidation. Trade volumes remain light and fresh fundamental news even lighter.

For the week, Friday March 31st to Friday April 7th, May Corn $-.04 \frac{3}{4}$, December $-.03 \frac{3}{4}$, May Soybeans $-.04$, November $-.04 \frac{1}{2}$, May KC Wheat $+.01 \frac{1}{4}$, July $+.00 \frac{1}{2}$, May Chicago Wheat $-.02 \frac{1}{2}$, July $-.02 \frac{3}{4}$.

Overnight, grains were mixed for most of the night with soybeans 3-5 higher seeing support from recent rains in Argentina delaying harvest. The rains are forecasted to shift in Southern Brazil while Argentina gets a 10-day stretch of dryer conditions. Corn finished 1-2 higher, Chicago wheat steady to 1 higher but KC wheat steady to 1 lower.

USDA announced a private sale of 101,600 MT or 4 MBU of old crop corn sold for unknown destinations this morning.

US wheat crop conditions should continue to show improvement in this afternoon's crop progress and conditions report. The worst conditions were of course in the Southern Plains with the lack of moisture this winter. Last week's national avg showed 51% in good to excellent condition with 14% poor to very poor.

The USDA will issue its first planting progress report today. Would look for them to show Corn planting at 5% to 7% complete. Last year on April 10th Corn planting stood at 4% vs. 4% average for the date. On April 17th Corn was 13% planted, April 24th 30%, May 1st 45%, May 8th 64%, May 15th 75%, May 22nd

IMPORTANT—PLEASE NOTE

This does constitute a solicitation to buy or sell commodities futures and/or options. The information contained herein is provided for informational purposes only. The information is not guaranteed as to its accuracy or completeness, although the information was taken from sources we believe to be reliable. The market recommendations of Loewen and Associates, Inc. are based solely on the judgment of Loewen and Associates, Inc. personnel. We do not guarantee or warranty, either expressed or implied, of success to you in the use of this information. Loewen and Associates, Inc. disclaims responsibility for or loss associated with use of information from our commentary, analysis or recommendations. **There is risk of loss in trading commodity futures and options. The risk in trading can be substantial; therefore only genuine "risk" funds should be used.**

86%, May 30th 94%. The first Soybean planting progress report came on April 24th with 3% planted vs. 2% average.

USDA will update supply and demand tomorrow and will have to contend with the higher quarterly stocks results reported at the end of March. The April S&D and WASDE is not typically a major report but the government will have to reconcile the larger stocks figures from the quarterly report as well as update the South American production estimates, neither of which should be supportive. The average trade estimate for the US soybean carryout is 450 MBU compared to 435 MBU last month with Brazil soy production at 110 MMT vs. 108 MMT previously, some private estimates last week topped 113 MMT.

We should see a minor bump up in US wheat ending stocks from March's figure of 1.129 BBU and US corn from 2.32 BBU just based off the Crop Report data from March 31. Exports for both have been ahead of average pace though and we may see a bump in each. World wheat ending stocks are expected to see a slight increase as well. Last month ending stocks were increased 1.3 to 249.9 MMT, and we could see a similar increase this month. The average estimate for world corn stocks is up to 222 MMT vs. 220.7 MMT last month.

The latest 6-10 day run shows above normal temps for all except the PNW and normal to above normal precip for except the SW and East Coast.

May corn is range bound over this past month from \$3.54 to \$3.71. The December contract reached down below \$3.80 but did not test the strong support at \$3.75 then peaked at \$3.95 April 3rd. May soybeans are back near this past harvest's lows while November is trying to hold near the \$9.50 level. This past fall, the November 2017 contract was near \$9. Both the KC and Chicago wheat futures are chopping sideways and within 10 to 20 cents of the contract lows from mid to late December.

Loewen and Associates, Inc.

Pete Loewen / Matt Hines / Doug Biswell / Matt Burgener

www.loewenassociates.com pete@loewenassociates.com matt@loewenassociates.com

866-341-6700

IMPORTANT—PLEASE NOTE

This does constitute a solicitation to buy or sell commodities futures and/or options. The information contained herein is provided for informational purposes only. The information is not guaranteed as to its accuracy or completeness, although the information was taken from sources we believe to be reliable. The market recommendations of Loewen and Associates, Inc. are based solely on the judgment of Loewen and Associates, Inc. personnel. We do not guarantee or warranty, either expressed or implied, of success to you in the use of this information. Loewen and Associates, Inc. disclaims responsibility for or loss associated with use of information from our commentary, analysis or recommendations. **There is risk of loss in trading commodity futures and options. The risk in trading can be substantial; therefore only genuine "risk" funds should be used.**