



Loewen and Associates

Commodity Consulting/Brokerage

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Morning Ag Markets

Matt Hines

It was contract expiration day for cattle and first notice day for May grains last Friday. April feeders finished at \$140.85 and April fats +240 at \$138. The gains were pushed high enough this week to flip what has been a positive basis for fat cattle to now negative. Cash feedlot trade started at \$132 in South and \$126 in the North via the midweek online auction but quickly caught fire to finish at mostly \$136 to \$137 live and \$217 to \$219 on a dressed basis.

Once again packers were active last week purchasing cattle for May and June. Packers bought 18,000 for May and 11,000 for June at prices not reported by mandatory price reporting but instead posted as PAR sales under basis contracts. Word of mouth reports and rumors show these sales at \$125-131. USDA refuses to correct their erroneous report that has resulted in confusion and misinformation for the producers.

NATIONAL FEEDER & STOCKER CATTLE SUMMARY – W/E 04/28/2017

RECEIPTS:	Auctions	Direct	Video/Internet	Total
This Week	207,300	63,900	51,400	322,600
Last Week	195,400	65,900	4,100	265,400
Last Year	165,700	36,500	59,400	261,600

Compared to last week, steers and heifers sold steady to 5.00 higher, with instances 8.00 to 10.00 higher on some weight categories later in the week. After last week's higher markets all around the country, analysts were thinking that a top had been put in on feeders and fed cattle. However, that was certainly not the case this week as early week auction prices were catching up to the last week's late auctions.

Then mid-week rolled around again and packers were again very aggressive to meet their procurement needs. Negotiated cash fed cattle traded in the Southern Plains at mostly 138.00 this week, while some cash live sales in Nebraska traded up to 140.00, which would be 10.00 to 11.00 higher from two weeks ago. After last week's Cattle on Feed Placement report of 111 percent of a year ago being

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above industry expectations, analysts are wondering just how current the fed cattle marketings are going to be through the summer months. Anecdotes in the industry of 8 weight steers being sold with less than 100 days on feed makes for interesting coffee shop fodder. Calf-feds continue to make their way to the marketplace as steer dressed weights are now 30 lbs under a year ago and this week's estimated cattle slaughter reported at 624,000.

For the week, Friday April 21st to Friday April 28th, April +\$8.20, June +\$7.32, August +\$7.27, April Feeder Cattle +\$2.30, May +\$10.30, August +\$12.45, June Lean Hogs +\$5.67, July +\$5.70. Boxed Beef Choice +\$4.62 at \$221.78, Select +\$3.79 at \$207.68. Pork Carcass Cutout -\$0.12 at \$74.46

Cattle slaughter from Friday is estimated at 115,000 head, up 11,000 from a week ago and up 4,000 compared to a year ago. For the week, 624,000 head, up 29,000 from the week previous and up 34,000 compared to last year.

Hog slaughter from Friday is estimated at 423,000 head, down 20,000 from a week ago but up 35,000 compared to a year ago. For the week, 2,290,000 head, up 3,000 from the week previous and up 154,000 compared to last year.

Boxed beef cutout values higher to sharply higher on moderate to good demand and moderate to heavy offerings for a total of 130 loads sold.

Choice Cutout__221.78 +2.63, +4.62 for the week

Select Cutout__207.68 +1.00, +3.79 for the week

CME Feeder Index:__141.38 +1.52

CME Lean Hog Index.__59.64 -.07

Pork Carcass Cutout__74.46 +.81

IA-S.MN Wtd Avg Carcass Base__57.03 +1.06

National average Wtd Avg Carcass Base__56.21 +.75

We are still reaching up for new recent highs and new contract highs for live and feeder cattle futures now. Looking at the weekly charts, live cattle support at \$115 with resistance up from \$140 to \$142. May feeders are now the nearby contract that will look to take out the \$150 resistance and then fill the \$5 gap up around \$160. August and September reached the \$155 for a high last week. June lean hogs came charging back higher last week to finish near the resistance and highs for April. A move above \$74.60 this week should lead to test of the \$78 area.

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This past week's grain trade was focused on weather and political rumors and rumblings. The market absorbed minor weather scares (mostly in wheat), NAFTA posturing, upgrades to Brazil's safrinha or 2nd corn crop, and even a little ethanol mandate buzz. Yes it was wet this weekend but forecasts were calling for warmer and drier as the corn market pulled back some to end the week. The wheat complex had a mixed session with trade slightly better overnight, but during the day the markets struggled to hold those gains as the rest of the grain floor was under pressure.

For the week, Friday April 21st to Friday April 28th, May Corn +\$.01, December +\$.03, May Soybeans -\$.05 ¾, November -\$.06 ¼, May KC Wheat +\$.14, July +\$.20, May Chicago Wheat +\$.13 ½, July +\$.11 ¼

Overnight, wheat gapped higher and fall grains followed. MPLS wheat finished 5 to 8 higher, Chicago wheat 10 to 12 higher and KC wheat 10 to 18 higher. Corn finished 5 to 6 higher and soybeans 7 to 9 higher.

The biggest thing I can say about grains, especially wheat this week, if you have some sold, make sure and get out there this week and adjust accordingly. We still have a long ways to go to get the attractive wheat prices again and many resistance levels to push through. July KC would need a hard run to push past \$4.70 and then \$4.90. July Chicago even harder to break \$4.50 first. May corn is still range bound from around \$3.55 to \$3.73, December from \$3.80 to \$3.95. May soybeans with resistance up at \$9.72, November up at \$9.68.

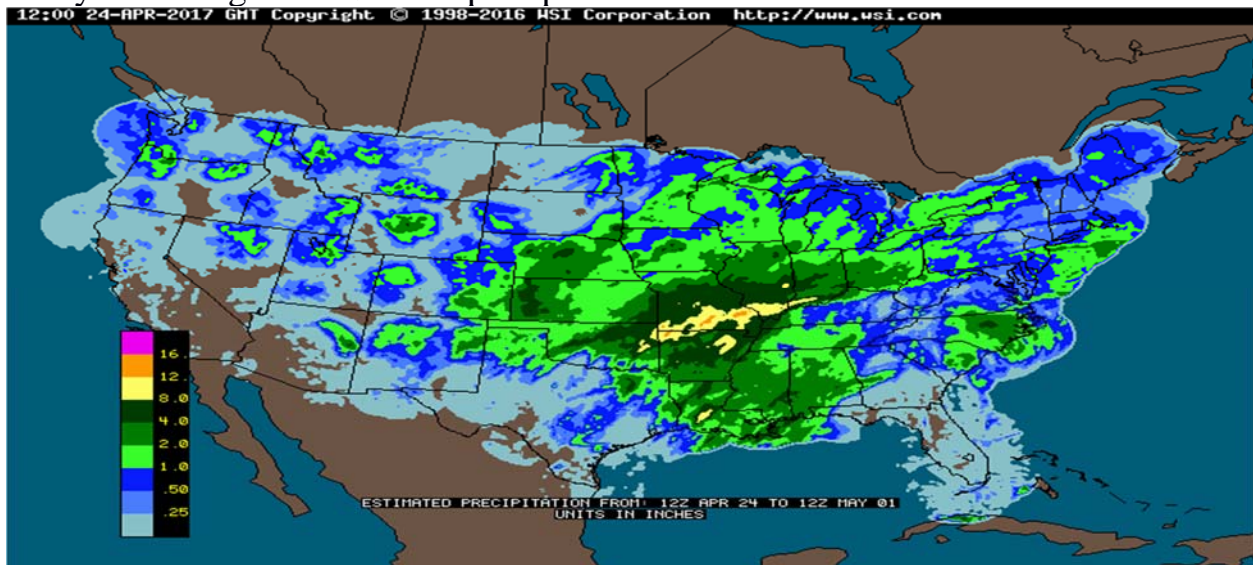
It is all about the weather here today with the western 1/3 of KS in a blizzard yesterday that dumped up to a foot of snow. The central districts saw frost and freezing temps from Thursday on. Weather over the weekend did not just impact grains in the western 1/3 of KS. A few reports are coming in this morning of catastrophic conditions as feedlots were not able to get to pens. Just how many head were lost is still be assessed. Cold this past week may be too early to show any reduction in condition ratings on Monday, but the state by state crop ratings should start seeing limited if no improvement either.

Floods in Eastern KS through MO an AR and into IL with this past week's and weekend rainfall. The Eastern Corn Belt planting progress in particular could

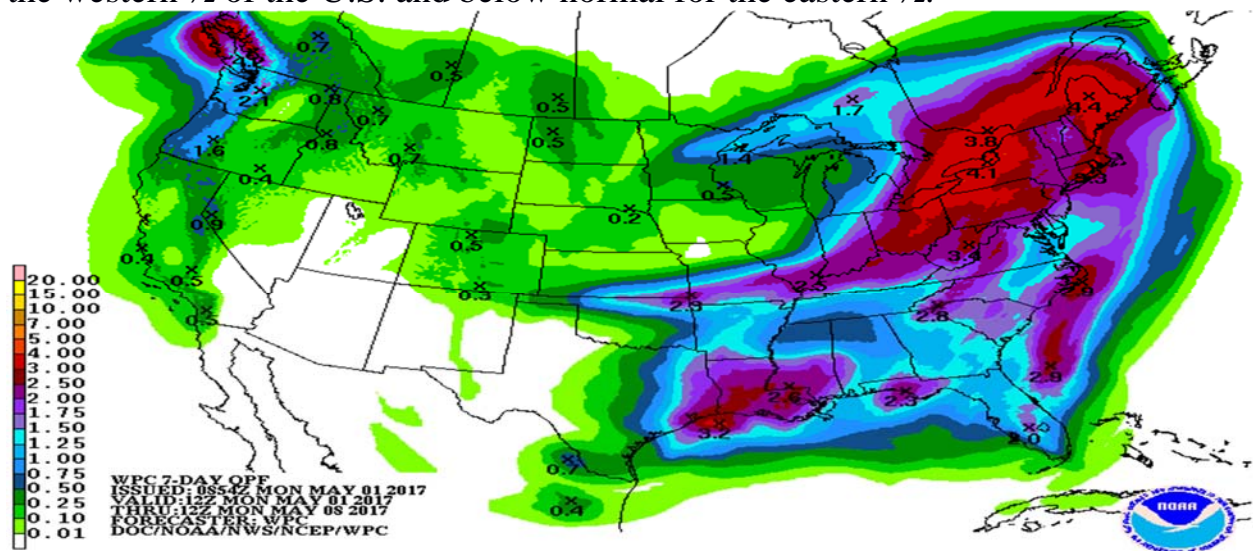
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surprise many traders with just how much is done come later today in USDA's crop progress report. It would not be surprising if planting progress stands near the five year average of 30%. Est precipitation last week...



This week's precipitation is heaviest in the Eastern Corn Belt and East Coast. The latest 6-10 day run shows normal to above normal temps centered on the Northern Plains, below temps still for the East. Precipitation is split with above normal in the western 1/2 of the U.S. and below normal for the eastern 1/2.



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