



Loewen and Associates

Commodity Consulting/Brokerage

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Morning Ag Markets – Matt Hines

The mixed trade and sluggish volume the prior day led to sharp losses quickly developing across all cattle trade. What started out as narrow to moderate losses, quickly developed into a triple-digit market tumble led by the feeder market. In the end feeders stayed \$2 to \$3 lower but live cattle futures were able to climb back to only modest losses nearby and \$1+ for deferred contracts. This not only is affecting potential trade activity, but is likely to change the tone of the market, which has posted moderate to strong gains over the last week.

Cash feedlot trades were confirmed yesterday at mostly \$128 live in both KS and TX and \$203 to \$205 in NE and IA, which is \$2 lower than a week ago. Fed Cattle Exchange quite again with only 218 head consigned, 2 lots, 1 of which a no sale and the other passed out at \$126.25 live.

Cattle Slaughter from Wednesday estimated at 111,000 head, down 2,000 from a week ago and down 3,000 compared to last year. Week to date at 324,000, behind last week by 18,000.

Hog slaughter from Wednesday estimated at 460,000 head, down 4,000 from last week but up 14,000 from last year and week to date now at 1,339,000, down 49,000 compared to last week.

Boxed beef cutout values higher on moderate to fairly good demand and light offerings for a total of 114 loads sold.

Choice Cutout__217.37 +1.45, +\$10 since last Tuesday

Select Cutout__211.92 +1.52

CME Feeder Index: __147.99 -.12

CME Lean Hog Index.__70.78 -.63

Pork Carcass Cutout__78.73 -.99

IA-S.MN Wtd Avg Live__ N/A, Wtd Avg Carcass Base__63.84 -.57

National Wtd Avg Live__ 51.13 +1.08, Wtd Avg Carcass Base__ 63.92 -.37

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Cold Storage will be out later today with Cattle on Feed coming after the close on Friday. Pre report estimates are as follows...

On Feed as of February 1st – 107%, last month 108%

January Placements – 100%, last month 101%

January Marketings – 106%, last month 99%

The sharp selloff yesterday for both live and feeder cattle futures looks pretty ugly on the charts. February live cattle dove below the 10-day moving average for the first time in over a month. The contract expires here in less than a week, so for now we should hold above the \$128 level. The April contract tested trendline support and a break below \$122 would cause a lot of concern moving forward. March Feeders breaking nearby support yesterday, trendline support down near \$144, with resistance at \$152. April lean hogs building some upward momentum after last Friday's dip down to \$68. A real test of this rally will come if we can get back up to last week's highs at \$71.27.

The weather pattern looks to keep Argentina dry, and Brazil wet in the near term, which is limiting the downside in both soybeans and meal. Both spent some time in the red the night before, but came back to steady yesterday morning. At the opening bell though, it was the gates opening at the horse track and both beans and meal were off to the races. They hit their highs for the day though within the first few minutes, quite the short sprint, and proceeded to trade sideways the rest of the day. Corn was in for another steady to slightly higher day, still unable to break \$3.70 nearby. Wheat was mixed with KC lower on the day and some moisture chances actually entering the forecast here in the Plains.

Grains were steady to lower overnight, trading mixed here so far this morning.

Argentina's Rosario Exchange Crop Estimates:

Corn: 35 MMT vs. 40 MMT last estimate, USDA 39 MMT

Soybeans: 46.5 MMT vs. 52 MMT last estimate, USDA 54 MMT

The US Commerce Department set final duties on imported Argentine biodiesel at 86.4%, up from 60.4%. They also set the final duties on Indonesian biodiesel at 276.7%, up from 92.5%. International Trade Commission is scheduled to make its final decision around April 6th.

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South Korea purchased 120,000 MT or 4.7 MBU of US corn overnight. USDA announced a private sale of 130,000 MT or 5.1 MBU of corn sold for unknown destinations. They also announced 55,000 MT or 2 MBU of both old crop and new crop soybeans sold for unknown destinations.

USDA Outlook Forum begins today, again these are not official USDA estimates, yet the market will trade the information presented. Right now the market is thinking US 2018 corn planted acres at 89.9 million, slightly lower than last year's 90.167 million. Early estimates resulting in production around 14.3 BBU and ending stocks down 200 to 500 MBU from this year's 2.352 BBU.

US 2018 Soybean planted acres up to 90.59 million acres that compares to 2017 acres at 90.14 million. This is projecting a US 2018 soybean production at 4.37 BBU and ending stocks from 500 MBU up to 700+ MBU for next year.

U.S. Planted Area 2018 <i>Analyst predictions for USDA's Feb. 22, 2018 Agriculture Outlook Forum (millions of acres)</i>				
	Average	Range	USDA Long-term f'cast	2017
Corn	89.902	88.767 - 92.5	91	90.167
Soybeans	90.588	88.5 - 91.512	91	90.142
Wheat	46.082	44.0 - 48.5	45	46.012

Data sources: USDA; Reuters @kannbwx

Rain continues for the Southeast and forecasted into the Midwest over the next 7 days. The latest 6-10 day outlook continues to show above normal precip for the West Coast, Southeast and a line from ND down into East TX. Temps still forecasted below normal west and above normal east.

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March corn still holding the higher trend since mid-January and still unable to break the \$3.70 resistance, now below the 10-day moving average. March soybeans still holding the recent high at \$10.39 with the contract high up at \$10.50 ½. Support at \$10.20 then \$9.90. March KC wheat breaking nearby support with the next at \$4.54 then \$4.42 and resistance up near \$4.85. March Chicago wheat with the support at \$4.40, resistance at \$4.67 then \$4.82.

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