



Loewen and Associates

Commodity Consulting/Brokerage

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

www.loewenassociates.com

Date: February 27th, 2018

Morning Ag Markets – Matt Hines

Cattle futures traded mixed to lower to start the week with hogs under heavy pressure. Cattle did come back from triple digit losses during the day but the charts still look bearish breaking nearby support and long term higher trends.

653 head confirmed traded in KS and TX yesterday at \$126 live or \$2 lower than last week. Just about a year ago, packers began extending bids into forward delivery periods in an attempt to capitalize on attracting hedged feeders in the next contract month. These trades, if they satisfy Mandatory reporting requirements, are thrown into the spot market cash report. For example, \$126 trades yesterday in Texas and Kansas might be for mid-March delivery but they are lumped into current cash prices. This practice is likely to continue so long as the deferred futures are selling discount to current cash.

Oklahoma National Stockyards - Oklahoma City, OK

Livestock Weighted Average Report for 2/26/2018

Receipts	Week Ago	Year Ago
2,633	10,151	7,529

Compared to last week: Feeder steers over 700 lbs traded 3.00-4.00 lower, grazing cattle under 700 mostly steady. All classes of feeder and heifer calves were too lightly tested for trends. Demand remains moderate to good. Heavy rains, along with winter precipitation across much of the trade area hampered livestock movement.

Joplin Regional Stockyards - Carthage, MO

Livestock Auction Report for 2/26/2018

Receipts	Week Ago	Year Ago
4,523	9,172	6,350

Compared to last week, steers under 800 lbs steady, over 800 lbs steady to 2.00 lower, heifers under 700 lbs steady to 3.00 higher, over 700 lbs 2.00 to 4.00 lower.

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.**

Demand moderate to good, supply moderate to light. Heavy rains hampered the movement of cattle to the market. Muddy conditions and flooding makes for extra work to feed cattle and repair water gaps and fences.

Cattle slaughter from Monday is estimated at 117,000 head, up 21,000 from the week previous and up 2,000 compared to last year. Hog slaughter from Monday is estimated at 461,000 head, up 25,000 compared to the week previous and up 17,000 compared to a year ago.

Boxed beef cutout values higher on light to moderate demand and offerings for a total of 83 loads sold.

Choice Cutout__219.52 +1.15

Select Cutout__214.72 +1.90

CME Feeder Index:__148.30 +.67

CME Lean Hog Index.__69.32 -.46

Pork Carcass Cutout__80.27 +.79

IA-S.MN Wtd Avg Live__ 49.00, no comp, Wtd Avg Carcass Base__62.77 +.10

National Wtd Avg Live__ 49.35 +.07, Wtd Avg Carcass Base__62.89 +.26

The sharp selloff last week 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 this week, so for now we should hold near the \$128 level. The April contract is below the 10 and 20-day moving averages and below the trendline support. A break below \$122 would cause a lot of concern moving forward. March Feeders are below all moving average and the higher trend that was in place since mid-December. A move below \$144.50 would be another bearish signal. April lean hogs with a huge key reversal lower yesterday, higher high and lower low than the previous session, and settled on its low for the day, right below the 10-day moving average. Resistance is up at \$72 with support down at \$68

Technical traders of the March soybean chart will say the upside price objective was met, but little follow through after which led to the reversal lower. Forecasts still calling for isolated showers in Argentina that desperately needs it and more concentrated showers in Brazil where it is not needed. March corn still unable to break \$3.70 but December touched the \$4 mark for the first time since October. Funds are estimated to be about 60K contracts long, adding another 10K to their

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.**

positions yesterday. Wheat actually held the best gains of the day, quietly slipping higher. State summaries were released after the close showing winter wheat conditions still a wreck, KS down another 2 points with now only 12% good to excellent, the lowest in over a decade, previous 10-year low for February was 23% in 2013, last year was 43%. Weekly Crop Conditions will begin next week.

Export inspections for the week ending February 22nd were again disappointing for wheat at only 10.3 MBU. Even worse were grain sorghum shipments at 2.3 MBU. Soybean shipments met expectations at 28 MBU, 57% of that total going to China. Corn shipments jumped up to 51.4 MBU, a 40% increase over the week previous.

Grains overnight were mixed to mostly higher until this morning. Soybeans finished the overnight 1 lower and corn steady but wheat held overnight gains to finish 6 to 7 higher in KC and 3 higher in Chicago.

CME Group Monday announced their KC HRW futures VSR will rise \$.02/BU to around \$.08/BU based on the contract's observation period. The Chicago SRW futures VSR will stay unchanged around \$.11/BU.

Tomorrow is first notice day for the March Grain contracts, please have any long positions rolled today and short positions start working on it as volume will be getting thin and there are no daily limits on the March contracts tomorrow until expiration.

USDA announced a private sale of 130,000 MT or 5.1 MBU of corn sold for unknown destinations.

Rain continues for the Southeast and Midwest over the next 7 days. Flooding still a concern in the Midwest. The latest 6-10 day outlook shows above normal precipitation for the Northern Plains and Western Corn Belt with below normal for the Southwest and East Coast. Temps are forecasted below normal west and above normal in the Northeast.

March corn still holding the higher trend since mid-January and still unable to break the \$3.70 resistance, back above the 10-day moving average and taking another run at \$3.70 this week. March soybeans into a new high taking out the \$10.39 ½ resistance formed last week with the contract high up at \$10.50 ½, but

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.**

again reversed lower and closed on its low Monday. The 10-day moving average is down at \$10.27 and the next real support levels not until the \$10 area. March KC wheat back above the 10 and 20-day moving averages with support at \$4.54 and breaking nearby resistance today with the next up from \$5.12 to \$5.16. March Chicago wheat with the support at \$4.40, resistance at \$4.67 then \$4.82.

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.**