



Loewen and Associates

Commodity Consulting/Brokerage

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Morning Ag Markets – Matt Hines

Cattle futures weaker again yesterday as deferred hogs gained on the nearby contract. Cash feedlot trade reported in the afternoon from \$1 lower to \$1 higher than last week. KS at \$126 to \$127 live, TX at \$127 live, IA at \$130 live and NE at \$126 live, \$203 to \$204 dressed. This puts cash still \$4 to \$5 premium to the nearby April Live Cattle contract as of the close.

OKC West - El Reno, OK

Livestock Weighted Average Report for 3/13/2018

Receipts	Week Ago	Year Ago
2,500	13,592	12,462

Compared to last Tuesday: Steer and heifer calves sold sharply lower with bulk of the trades being 8.00-10.00 lower. Quality plain threw few attractive. Demand light to moderate.

Cattle slaughter from Tuesday is estimated at 118,000 head, up 3,000 from the week previous and up 5,000 compared to a year ago.

Hog slaughter from Tuesday is estimated at 461,000 head, up 9,000 from the week previous and up 32,000 compared to a year ago.

Boxed beef cutout values steady to weak on light to moderate demand and offerings for a total of 117 loads sold.

Choice Cutout__223.73 -.17

Select Cutout__216.75 -.74

CME Feeder Index:__143.17 -.17

CME Lean Hog Index.__66.67 -.38

Pork Carcass Cutout__74.63 -.25

IA-S.MN Wtd Avg Live__ N/A, Wtd Avg Carcass Base__59.81 -.47

National Wtd Avg Live__ 47.49 +.07, Wtd Avg Carcass Base__59.58 -.95

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April live cattle continue to trend lower from their most recent peak at \$128 back in January. Last week's low of \$120.90 was taken out yesterday with the next level of support not until \$118. March Feeders below all moving averages and breaking the higher trend that was in place since mid-December with a lower trend since the begging of February with the high at \$151.95. The next support level is down around \$140 then \$138.30 with resistance up near \$145 then at \$147.50. April lean hogs reversed higher yesterday, up over \$1 at one point, finding resistance at the 20-day moving average now at \$68.87. Support now around \$66.50 and then down at \$65.

Fall crops remained higher yesterday but wheat fell off double digit highs at midday. The new weather models indicate some much needed rain relief for the Southern Plains, yet this is still a couple weeks out. Conditions Monday night were improved for TX and OK, KS slightly lower, and the extended forecast change was just enough to cause some long liquidation. Soybeans appear to be waiting to see if rains materialize this week or next in Argentina. There would be no reason to challenge recent highs in beans or meal if they come through, but if they don't, look out for new highs and talk of a sub 40 MMT crop in Argentina.

Grains were steady to weaker last night, EU milling wheat and corn higher, US\$ lower, gold higher. Corn finished steady to 1 higher, beans 2 higher old crop, 1 lower for new crop contracts, wheat 1 to 3 lower.

In D.C. this week, it was rumored last week that President Trump would be announcing a cap on RINS this week which caused a hug uproar in the pro biofuels camp. This announcement was cancelled as it appears there will be a settlement reached for the Pennsylvania company still behind some \$300 million in RIN obligations. Also being reported is a "fix" for the 199A tax law passed for 2018 giving a 20% tax deduction of gross Ag sales to coop patrons. This fix will in essence go back to the old 199 DPAD and allow producers a 20% reduction from net for doing business with coops or privates. The concern still today for those wanting this corrected is getting the necessary 60 Senate votes required to pass

Ukraine Ag Ministry stated 17/18 cumulative grain exports at just under 28 MMT, behind last year's nearly 31 MMT total. This season's total includes 13.4 MMT of wheat, 10.3 MMT of corn, and over 4.0 MMT of barley. Here's the wild part about Ukraine, based on USDA current estimates, Ukraine only produces 3.5% of

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the world's wheat, but accounts for 9.5% of the world exports and only 2.3% of the world's corn production but account for nearly 13% of the world exports. For wheat, the EU combines to produce 20% of the world's wheat, Russia is the #1 exporter at 20%. The US is only 6.2% of production and tied for 2nd now with the EU for exports at 13.8%. U.S. is still the world's #1 producer and exporter of corn at roughly 36% for each.

Some rain chances in the forecast to end this week staying mostly in NE, catching NE KS then into MO and into the Southeast. The latest 6-10 day outlook still showing above normal precipitation for most, below normal now for TX and OK and the Northeast. Temperatures are forecasted below normal except in the South.

May corn into a new recent high at \$3.95 ¼ yesterday, the current resistance level with support around \$3.80. May soybeans climbing back from the \$10.32 low hit this week, first resistance at \$10.60 then the highs from earlier this month around \$10.80. May KC wheat tested resistance at \$5.48, now off \$.20, with support right around \$5.00. May Chicago wheat was unable to take out the \$5.20 resistance the first of March, finding support at the 20-day moving average now at \$4.84 ½.

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