



Loewen and Associates

Commodity Consulting/Brokerage

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Date: March 21st, 2018

Morning Ag Markets – Matt Hines

Coming off of some nasty losses across the entire Ag sector on Monday, Tuesday showed a lot more subdued trade in the grains, although the meat trade was still a little ugly late in the day. There were a couple of live cattle contracts that closed down triple digits after low volume and sluggish range bound trade throughout the morning.

Packers came into the day bidding around \$126 and that money was passed early, but found willing takers as the day progressed. Active trading was reported in TX and KS at \$126 live, \$1 lower than last week and \$126 live in NE, \$2 to \$3 lower. Salebarns still reporting sharply lower prices for feeders and calves, on average \$5 to \$8 lower than last week.

Cattle slaughter from Tuesday is estimated at 118,000 head, matching last week and up 1,000 compared to a year ago. Hog slaughter from Tuesday is estimated at 464,000 head, up 3,000 from the week previous and up 18,000 compared to a year ago.

Boxed beef cutout values weak to lower on light to moderate demand and moderate offerings for a total of 134 loads sold.

Choice Cutout__223.35 -1.52

Select Cutout__216.74 -.55

CME Feeder Index:__141.25 -.48

CME Lean Hog Index.__64.29 -.68

Pork Carcass Cutout__72.07 +.09

IA-S.MN Wtd Avg Live__ N/A, Wtd Avg Carcass Base__55.75 -.69

National Wtd Avg Live__ 44.81 -.73, Wtd Avg Carcass Base__55.73 -.77

April live cattle continue to trend lower from their most recent peak at \$128 back in February and very close to a complete retracement to the low at \$118.05 in January. March Feeders into a new recent low the past two trading sessions with

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the next support level at \$134 back from mid-August. April lean hogs with a new contract low yesterday at \$62.82. Looking at the weekly chart, the next support level is at \$60 then \$55.

Grain and oilseed trade that was under massive and active pressure on Monday, looked like a light switch had been flipped. Corn finished flat and had a fairly tight range. Wheat was flat as well, but wheat actually started with some mild to moderate gains that leaked lower as the day progressed. Soybeans finished all in the green.

Grains were mixed overnight with corn and wheat trading both sides of unchanged while soybeans holding gains. Corn and wheat finished steady to 1 lower, beans 1 to 3 higher.

USDA reported a private sale of 138,000 MT or 5.4 MBU of corn sold to South Korea for the 17/18 MY. Three separate South Korean houses picked up a total 197,000 MT Or 7.75 MBU of corn in private deals late yesterday.

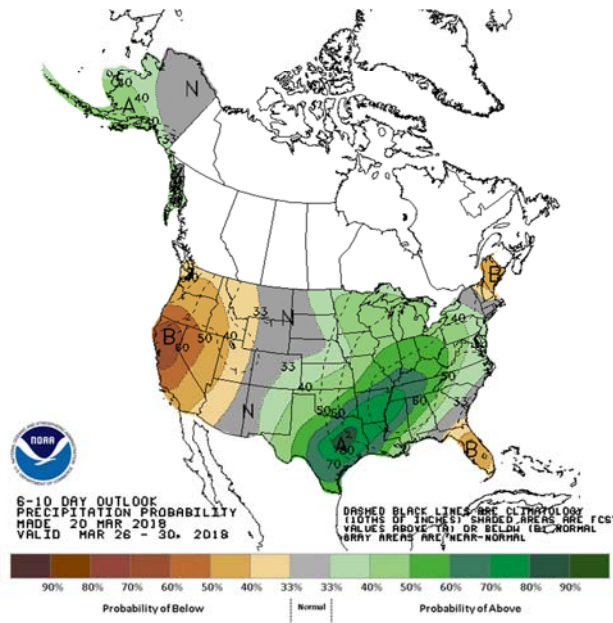
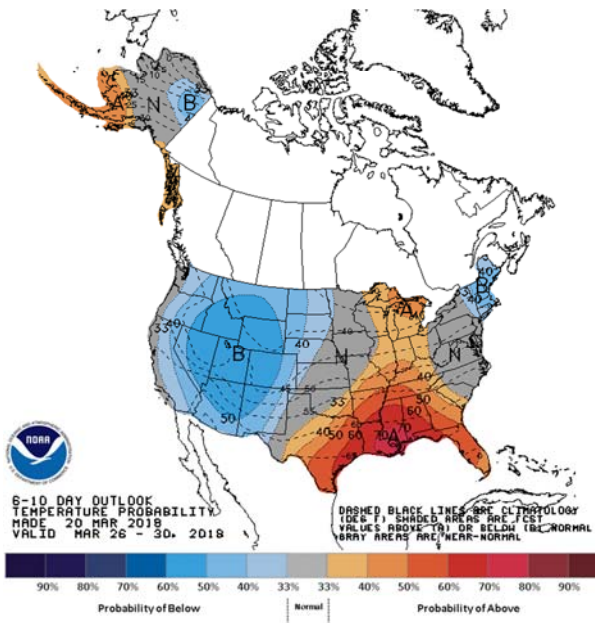
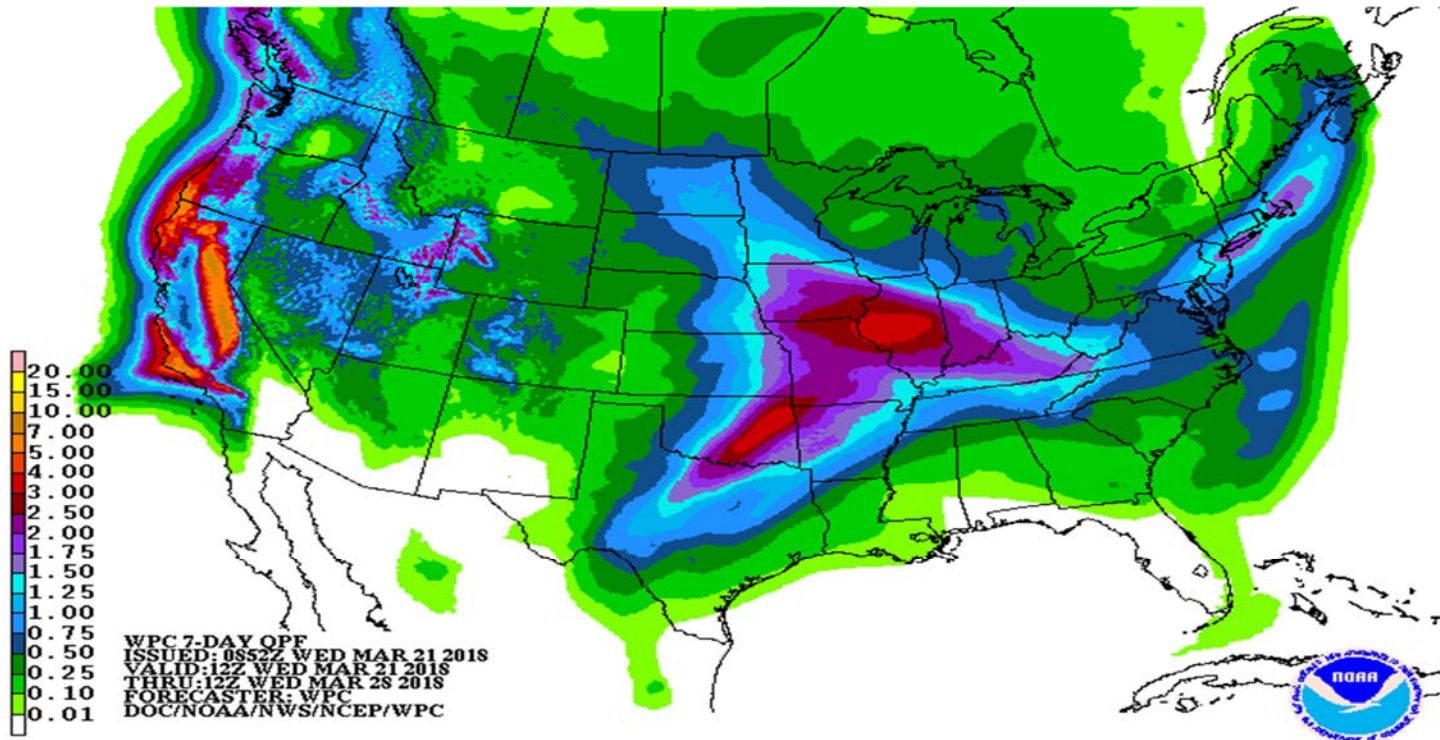
Latest USDA attaché report from China suggests 17/18 MY soybean imports will reach 97 MMT and then rise to a forecasted 100 MMT in the 18/19 MY. There are still concerns though that China may retaliate against the latest U.S. tariffs. An editorial run in a Chinese tabloid accused US farmers of dumping soybeans into the Chinese markets due to unfair US subsidies, then arguing that strong restrictive measures are needed.

The forecast for South American still holding, showing rains going into the weekend for northern and eastern Argentina, moving into most of Brazil again. Some heavy rains in the U.S. forecast from eastern OK up into the Corn Belt over this next week. The latest 6-10 day outlook still showing above normal precipitation for the Southeast and Midwest, below normal West. Temperatures are forecasted above normal for the Southeast and below normal West.

May corn finding support at the 50-day moving average, now at \$3.73 ¼, resistance up at \$3.82. May soybeans still on a lower trend from earlier this month, support at \$10.20 with resistance near \$10.50. May KC wheat finding support at the 100-day moving average now at \$4.65 ¼, with a gap remaining from \$4.95 to \$4.98 ¾. May Chicago wheat with support at \$4.50, resistance at \$4.70.

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