



## **Loewen and Associates**

***Commodity Consulting/Brokerage***

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### **Morning Ag Markets – Matt Hines**

Early gains for cattle futures helped spur some additional buying activity leading to mostly triple digit gains. Hogs though remain under heavy pressure, both on the cash side and futures. Cash feedlot trade should be about wrapped for the week at \$126 live and \$200 to \$203 dressed.

#### **Record High Red Meat and Pork Production for February**

Commercial red meat production for the United States totaled 4.06 billion pounds in February, up 3% from the 3.94 billion pounds produced in February 2017.

Beef production at 1.98 billion pounds, up 3% from the previous year. Cattle slaughter totaled 2.42 million head, up 2% from February 2017. The average live weight was up 8 pounds from the previous year, at 1,368 pounds.

Pork production totaled 2.06 billion pounds, up 4% from the previous year. Hog slaughter totaled 9.64 million head, up 3% from February 2017. The average live weight was up 2 pounds from the previous year, at 286 pounds.

#### **Cold Storage – Record High Total Frozen Poultry**

Total frozen poultry supplies on February 28, 2018 were up 6% from the previous month and up 14% from a year ago. Total stocks of chicken were up 3% from the previous month and up 15% from last year. Total pounds of turkey in freezers were up 14% from last month and up 13% from last year.

Total red meat supplies in freezers were down slightly from the previous month but up 1% from last year. Total pounds of beef in freezers were down 8% from the previous month and down 8% from last year. Frozen pork supplies were up 6% from the previous month and up 8% from last year. Stocks of pork bellies were up 6% from last month and up 188% from last year.

Cattle slaughter from Thursday is estimated at 119,000 head, up 1,000 from a week ago and up 2,000 compared to a year ago. Week to date 473,000 head, up 7,000 from last week and up last year.

#### **IMPORTANT—PLEASE NOTE**

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Hog slaughter from Thursday is estimated at 461,000 head, matching last Thursday's total and up 18,000 compared to a year ago. Week to date now at 1,839,000 head, down 6,000 from last week but up 64,000 from last year.

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

Choice Cutout\_\_225.21 +.83

Select Cutout\_\_218.02 +1.63

CME Feeder Index:\_\_139.39 -1.56

CME Lean Hog Index.\_\_63.03 -.60

Pork Carcass Cutout\_\_70.74 -.71

IA-S.MN Wtd Avg Live\_\_ 44.51 -.08, Wtd Avg Carcass Base\_\_53.93 -1.20

National Wtd Avg Live\_\_ 41.25 -3.96, Wtd Avg Carcass Base\_\_53.97 -1.07

April live cattle continue to trend lower making a new recent low this week at \$117.15, prices we haven't seen since this past September. The next support area is at \$115 from the weekly charts and then around \$110. March Feeders into a new recent low for the fourth day in a row with the next support level at \$134 back from mid-August. April lean hogs with another new contract low at \$60.85. Looking at the weekly chart, the next support level is at \$60 then \$55.

**Beef:** Net export sales of 6,000 MT for 2018--a marketing-year low--were down 70% from the previous week and 66% from the prior 4-week average. Exports of 16,700 MT were up 10% from last week and 7% from the 4-week average.

**Pork:** Net export sales of 19,500 MT for 2018 just about average but down 38% from the previous week and 31% from the prior 4-week average. Exports of 24,100 MT were down 3% from last week and 1% from the 4-week average.

Average estimates for this afternoon's monthly USDA cattle on feed report to show 108% of the year ago level on feed as of March 1st. Placements onto feedlots during February are expected at 104% of the year earlier level, while marketings during February are seen at 101% of the year ago month.

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Grains were steady to higher yesterday, although mixed trade throughout the day. Soybeans dropped down to test support levels again near \$10.20 for both the nearby and new crop contract. Wheat tried to stabilize yesterday with IGC dropping their 2018/19 global wheat stocks forecast by 17 MMT to now 741 MMT.

Grains under pressure overnight, corn finished 3 to 4 lower, soybeans 6 to 9 lower and wheat 2 to 5 lower.

So, here's the latest from DC, the 199a fix passed through the Senate late last night as apart of the huge spending bill. In response to US tariffs, Chinese officials are considering levying 15% additional duty on US pork imports as well as other items such as wine and steel pipe. However, the timing of implementing the tariffs is unclear and soybeans have yet to be mentioned. Buenos Aires Grain Exchange dropped their Argentine soybean estimate another 1.5 MMT to now 39.5 MMT. They also dropped their corn estimate 2 MMT to 32 MMT. This is not the year that South American can supply Chinese soybean demand by themselves.

**Export Sales - Wheat:** 9.7 MBU, up 63 percent from the previous week, but down 1 percent from the prior 4-week average.

**Corn:** Net sales of 57.9 MBU were down 41 percent from the previous week and 23 percent from the prior 4-week average.

*Optional Origin Sales:* For 2017/2018, new optional origin sales of 10.9 MBU were reported for South Korea. Options were exercised to export 2.7 MBU to South Korea from the United States. The current optional origin outstanding balance is 33.3 MBU.

**Grain Sorghum:** Net sales reductions 1.4 MBU for 2017/2018 from some switching to China from unknown destination but also decreases or cancellations by both.

**Soybeans:** Net sales of 27.9 MBU for 2017/2018 were down 40 percent from the previous week and 33 percent from the prior 4-week average.

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Heavy rains still in the forecast for the Southeast and 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 now for the Plains.

May corn hit the 62% retracement overnight taking the low from mid-January up to the high earlier this month, 2 months to rally \$.40 and only a week+ to retrace. The next support can be found at \$3.68 and \$3.64 with resistance up at \$3.82. May soybeans still on a lower trend from earlier this month, \$10.20 support taken out overnight with the next down at \$10.10 and the first line of resistance up at \$10.36. May KC wheat finding support at the 100-day moving average now at \$4.65 ½, with a gap remaining from \$4.95 to \$4.98 ¾. May Chicago wheat dipping down to \$4.46 ½ for a new recent low with resistance up at \$4.67.

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