



Loewen and Associates

Commodity Consulting/Brokerage

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Morning Ag Markets – Matt Hines

Cash feedlot trade wrapped up early last week at mostly \$126 live and \$203 dressed, \$1 lower than the week previous. Plenty of fresh fundamental news during the week...

- A reminder that we are setting new records for meat production, 4.06 billion pounds in February
- Bearish cold storage numbers for pork (+8% from LY) but bullish cold storage numbers beef (-8% from a year ago). Total frozen poultry a new monthly record and up 14% from last year.
- And then the Cattle on Feed Report after the close on Friday that was yet again bearish. Cattle on feed at 11.7 million head as of March 1st, 109% vs. a year ago and 1% above estimates. Marketings at least were not bearish at 102% vs. 101% average guess. Placements though were again at 107% compared to 104% average trade estimate. Placements in feedlots during February totaled 1.82 million head. During February, placements of cattle and calves weighing less than 600 pounds were 325,000 head, (103% vs. a year ago), 600-699 pounds were 335,000 head (102%), 700-799 pounds were 537,000 head (110%), 800-899 pounds were 420,000 head (106%), 900-999 pounds were 150,000 head (121%) and 1,000 pounds and greater were 50,000 head (125%).

For the week, Friday March 16th through Friday March 23rd, April Live Cattle - \$5.20, June -\$5.55, March Feeder Cattle -\$4.27, April -\$4.10, August -\$3.95, April Lean Hogs -\$7.02, May -\$7.52. Boxed Beef, Choice -\$2.50 @ \$223.09, Select - \$.46 @ \$216.40.

Cattle slaughter from Friday is estimated at 108,000 head, up 1,000 from the week previous but down 6,000 compared to a year ago. For the week, 607,000 head, up 12,000 from the week previous but down 6,000 from last year. Beef production at 498.5 million pounds, up 2% from a week ago, unchanged vs. a year ago with YTD running at 2.6% higher than last year.

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Hog slaughter from Friday is estimated at 452,000 head, up 2,000 from the week previous and up 36,000 compared to a year ago. For the week, 2,409,000 head, down 4,000 from the week previous but up 86,000 from last year. Pork production at 516.2 million pounds matching a week ago and up 4.6% from a year ago with YTD running at 3.3% higher than last year.

Boxed beef cutout values lower on light to moderate demand and moderate offerings for a total of 109 loads sold.

Choice Cutout__223.09 -2.12, -2.50 for the week

Select Cutout__216.40 -1.62, -.46 for the week

CME Feeder Index:__137.98 -1.41

CME Lean Hog Index.__62.32 -.71

Pork Carcass Cutout__70.74 unch, -1.83 for the week

IA-S.MN Wtd Avg Live__ N/A, Wtd Avg Carcass Base__52.72 -1.21

National Wtd Avg Live__ 42.61 +1.76, Wtd Avg Carcass Base__52.96 -1.03

April live cattle off almost \$12 in a month, breaking into new recent lows on Friday. The next support area is at \$115 from the weekly charts and then lows from August down around \$110.30. March Feeders on a roll with 7 days in a row with a new recent low, the next support level at \$134 back from mid-August. April lean hogs with another new contract low at \$58.40. Looking at the weekly chart, the next support level is at \$55.

Export sales were delayed until Friday last week, not great numbers although within the expected range. The bigger news to jolt the market initially lower last Friday was the trade tariffs put in place by the US and the announcement of possible tariffs by China on US pork and other Ag products although minimal in comparison and soybeans have yet to be mentioned. Grains rebounded though during trading hours and once again led higher by soybean meal. Brazil soybean harvest estimated to be 65% complete, lagging last year's 68% but ahead of the average pace of 62%. Second crop corn in essence is done at 99% complete and jumped ahead of the average pace of 96% complete.

CFTC report showed managed money funds were net sellers of 19,832 contracts in corn, 12,678 contracts in soybeans, 20,523 contracts of SRW wheat, with marginal changes in HRW wheat with small buying of +640 contracts week over week.

They reduced their overall net long positions in corn and soybeans while sizably

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increased their SRW short vs HRW long, along with a considerable reduction in the HRS position (flipping from net long back to net short in the week ending 3/20/2018).

For the week, Friday March 16th through Friday March 23rd, May Corn $-\$.05 \frac{1}{2}$, December $-\$.04 \frac{1}{2}$, May Soybeans $-\$.21 \frac{1}{4}$, November $-\$.14 \frac{1}{2}$, May KC Wheat $-\$.20 \frac{1}{4}$, July $-\$.18 \frac{1}{4}$, May Chicago Wheat $-\$.07 \frac{1}{2}$, July $-\$.08 \frac{1}{2}$, May MPLS Wheat $-\$.09$, September $-\$.10 \frac{1}{4}$, May Soybean Meal $+\$5.00/T$, October $+\$4.60/T$.

Grains were mixed overnight, again led higher by beans and meal finishing 4 to 6 higher and \$3 to \$5 higher respectively. Corn tagged along to finish 1 higher while wheat was under pressure finishing 2 to 3 lower.

China's February customs data pegged Corn imports at 102,485 MT, off -28% from the year ago month, Jan-Feb imports totaled 494,515 MT up +63.9% from the year earlier period. DDGS imports at 3,657 MT off -94% last February and ethanol imports at 197,652 cubic meters. The volume was the most since May 2016 and 189,035 cu m was imported from the US. China's February customs data pegged Soybean imports at 5.424 MMT off -2.0% from the year ago month, Jan-Feb imports totaled 13.903 MT up +5.4% from the year earlier period

USDA reported a private sale of 120,000 MT of soybean meal to Spain and 132,000 MT or 4.85 MBU of soybeans sold for unknown destinations.

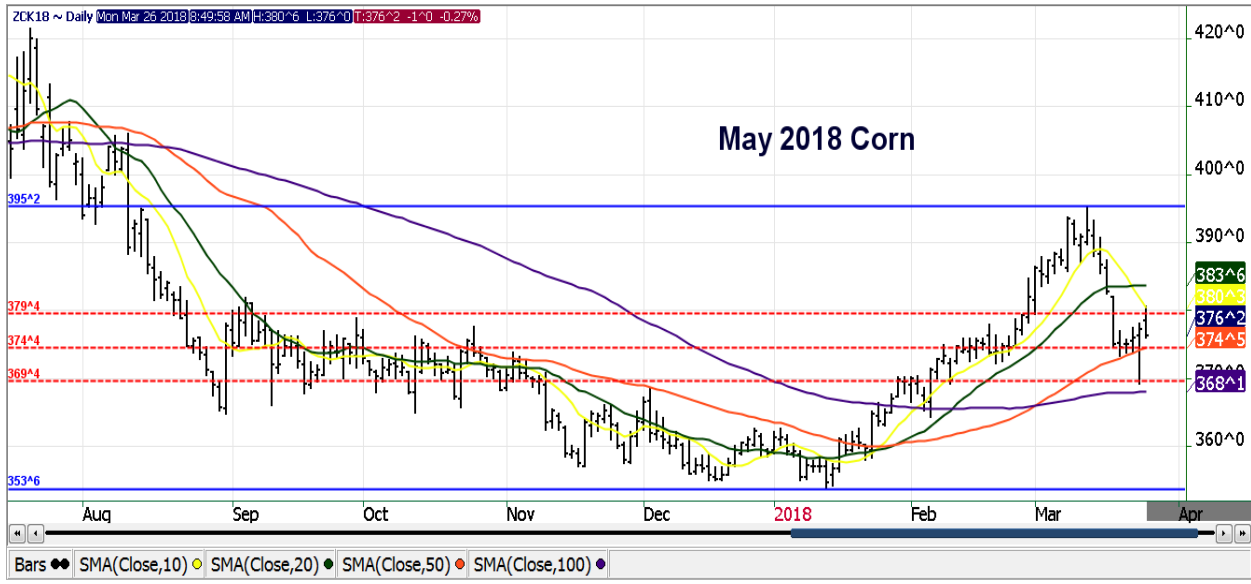
Heavy rains still in the forecast for the Southeast and up into the Corn Belt over this next week. The latest 6-10 day outlook showing above normal precipitation for the Northern Plains and Upper Midwest with below normal for the Southwest. Temperatures are forecasted normal to above normal for the South and below normal North.

May corn hit the 62% retracement last week before bouncing higher and starting a higher trend. Support is from \$3.70 to \$3.68 with the first line of resistance touched overnight at $\$3.80 \frac{3}{4}$ then up at \$3.82. May soybeans still on a lower trend from earlier this month, but the \$10.36 resistance was taken out overnight, the next up at \$10.50 with support at \$10.10. May KC wheat finding support at the 100-day moving average now at $\$4.65 \frac{3}{4}$, with resistance up at \$4.90 and then a

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gap remaining from \$4.95 to \$4.98 3/4. May Chicago wheat with support at \$4.46 1/2, resistance up at \$4.65 to \$4.67.



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