



**Loewen and Associates, Inc.**

**Commodity Consulting/Brokerage**

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**Morning Ag Markets**

**Pete Loewen**

Cattle complex futures traded triple digit gains in most of the contract months yesterday, but once again just couldn't muster enough order flow on the buy side to hold those gains all the way into the close. They finished with mixed closes and most just mildly higher or lower on either side of unchanged. Hogs closed out the day a little lower on the front month and a little higher on everything else.

On the cash cattle side, Fed Cattle Exchange traded \$117.71 as the 1-9 day weighted average yesterday and following that, there was some \$115-\$117 Texas trade and \$116-\$118 Kansas trade. So far that's close to steady with last week's action. The internet exchange also traded light numbers in the 17-30 day delivery window at \$114. Given April futures at \$113.50 at the close yesterday and June at \$101.57, I'd say those numbers were pretty solid still.

Weekly export sales in the meats this morning showed net beef sales of 21,800 mt's and actual exports 15,100 mt's. I'd view that as a little on the bearish side. Pork net sales were 21,800 mt's with actual exports of 22,900 mt's. That's neutral to slightly negative as well.

Cattle slg.\_\_\_\_119,000 +1k wa +4k ya

Choice Cutout\_\_213.07 -.44

Select Cutout\_\_200.61 -.72

Feeder Index:\_\_\_\_134.85 +.04

Lean Index.\_\_\_53.02 -.48

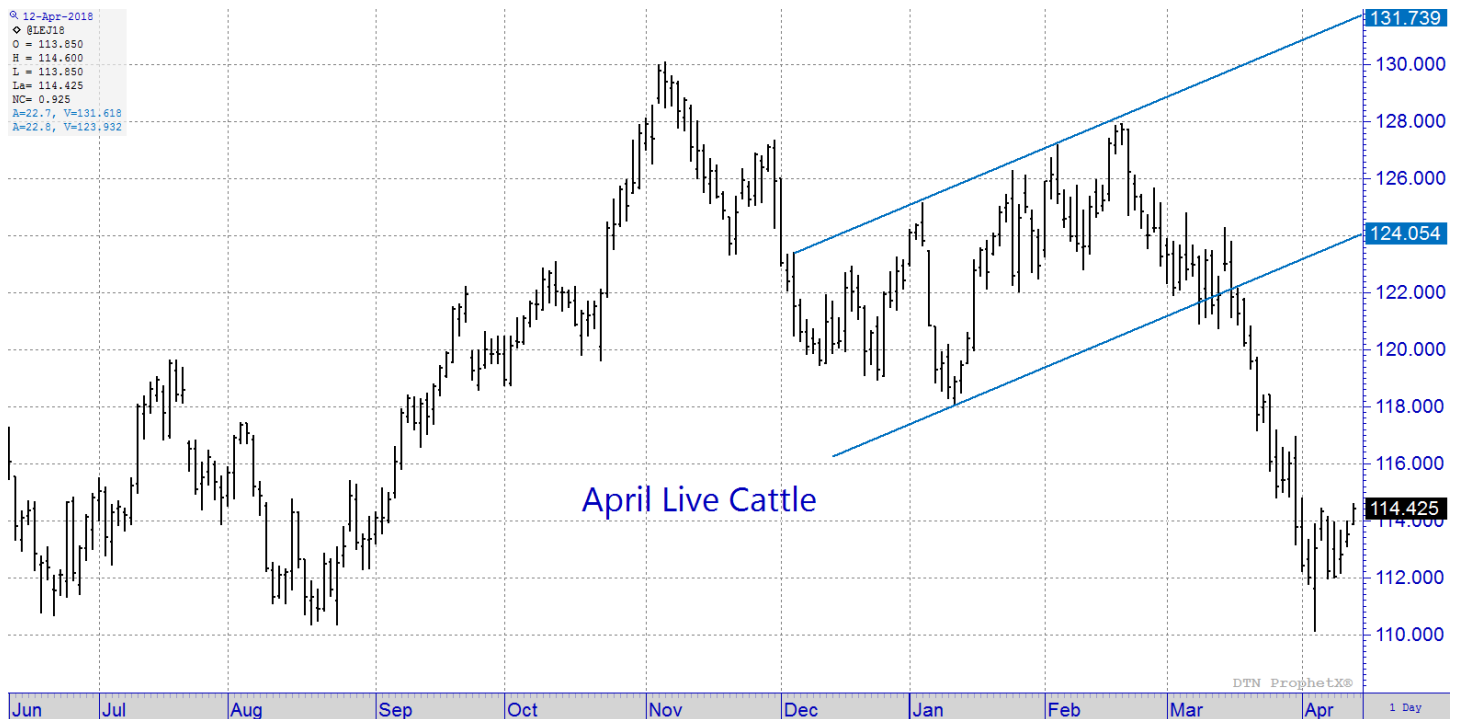
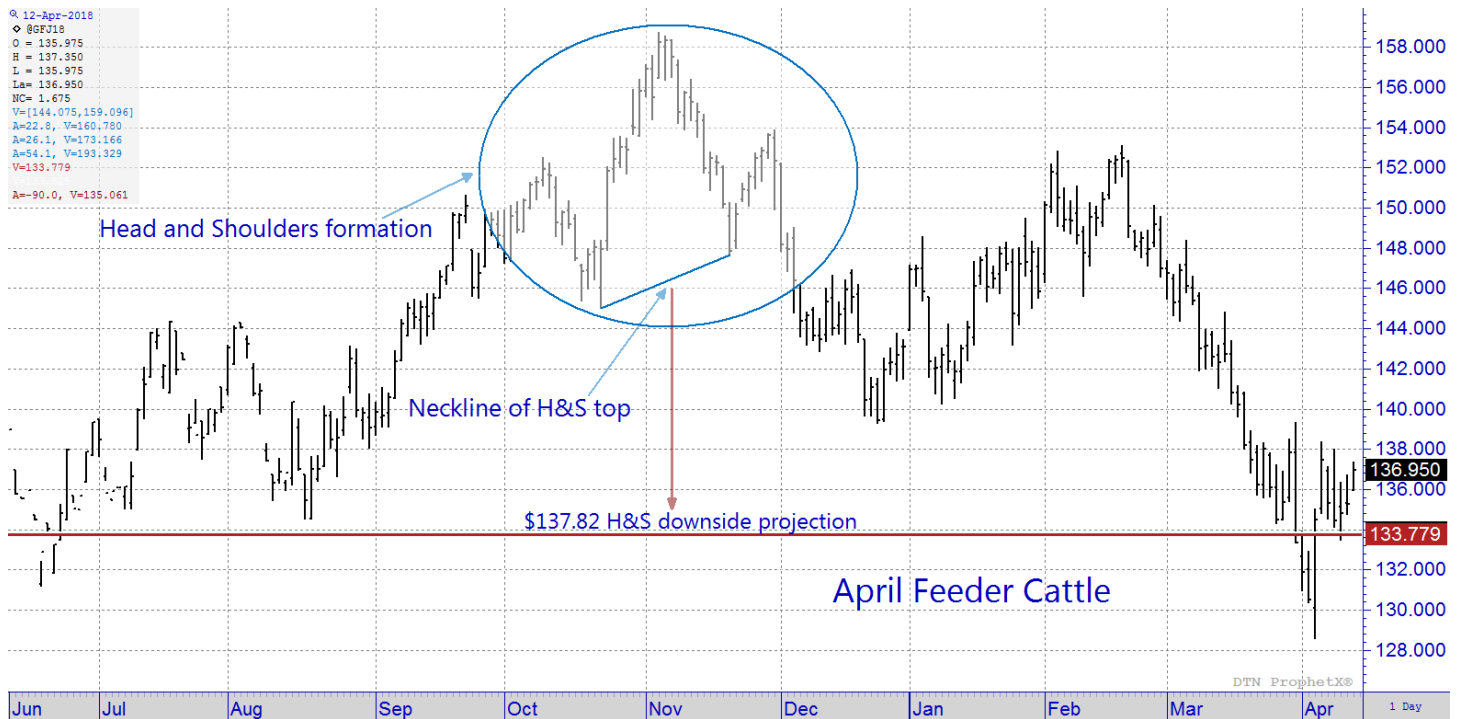
Pork cutout\_\_\_\_65.86 -.71

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IA-S.MN direct avg\_\_48.45 +1.32

Hog slg.\_\_\_ 466,000 unchg wa +19k ya



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In the grain and oilseed trade, there was a lot of red ink across the screen at the close. Aside from the front three months of MGEX wheat that managed to squeeze out a higher close, the rest of everything was on the south side of unchanged at the finish. News flow for the day hadn't really changed much from the first two days this week. Every farmer in the north is curious when snow will quit falling and spring can start. Their forecast through the weekend is for more of the white stuff on the way. Through the central and southern HRW wheat belt it's still all about praying for a rain to break the drought though. There are some areas that caught a decent rain a couple weeks ago and a lot of areas that are high and dry still, aside from a few light rain or snow events. I think we're really going to test this wheat crop over the next couple of days with the warm weather and find out just how much moisture the roots are tapping.

The one news factor that's been consistently prevalent on the friendly side has been a strong lineup of soybean sales this week in the face of all the trade war and Trump bashing that was going on earlier that touted bean sales maybe headed to zero. Of course, we laughed at that banter because there is zero potential of China not buying beans from the US still this year. Reality is, South American has no way of filling all of China's needs, so they have to come to us to fill the void. Over the last four days, 904k mt's of old crop beans have been sold in the 8a.m. daily export reporting and 710k mt's of new crop. Some of the sales have been to China and two of the big ones are going to Argentina. That's BIG news for the bean market. It also had beans mildly higher most of the day before leaking lower into the close.

Fund activity yesterday was estimated as sellers of 8000 corn, 6000 beans and 6000 wheat.

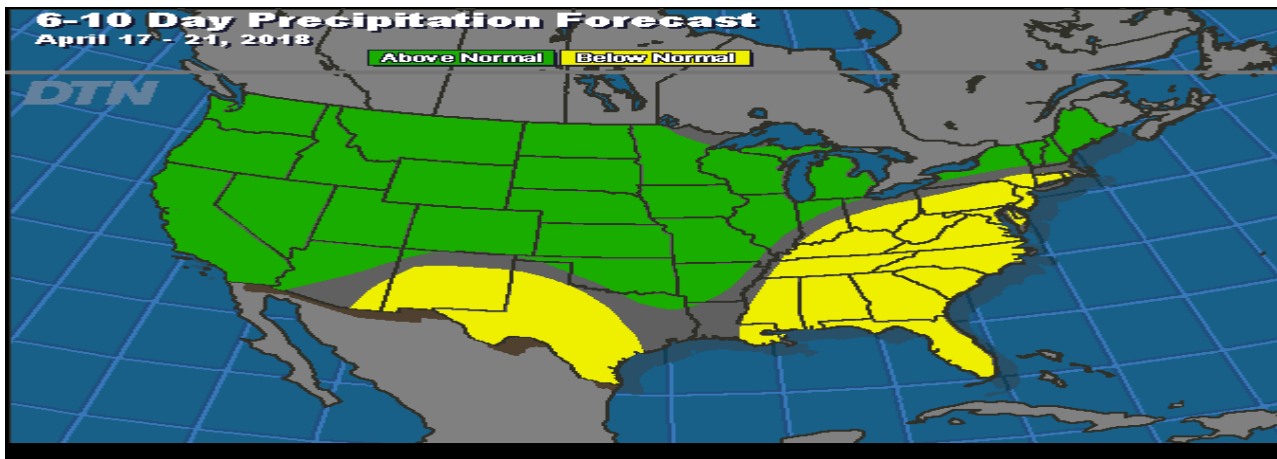
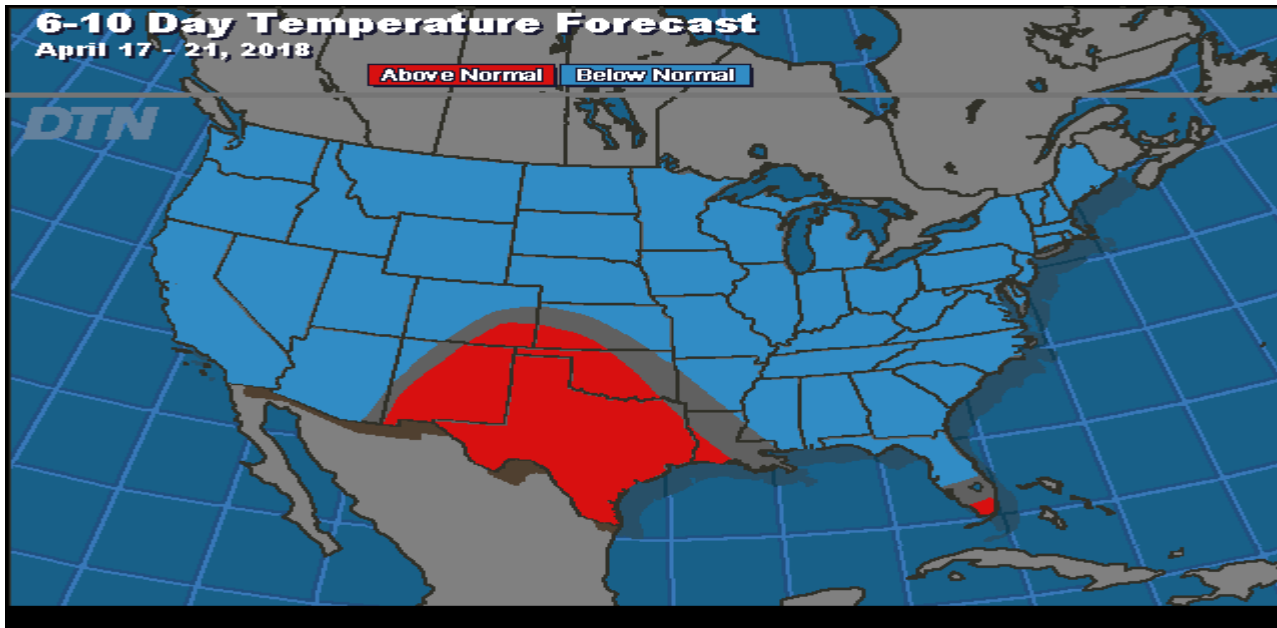
Weekly export sales this morning were very bullish beans, a little bearish on corn and badly bearish wheat. Corn sales were 33.1 mln old and 2.2 mln new crop. That puts marketing year to date sales at 2% less than last year at the same time and shipments down 21% still. The USDA is projecting we end the year down 3% from a year ago. Soybean sales this morning were a whopping 55.5 mln bushels old and another 35.1 mln bushels of new crop. That puts bean sales at 4% under last year and shipments still 13% behind. The USDA projection for soybeans is for a 5% drop versus last year. At this point, it feels like it will be easier to hit that target than the corn target. Wheat sales this morning were 4.4 mln old and 2.5 new. Wheat sales are 15% behind last year's pace and shipments down 10%. That isn't far off the target, but like I mention every week, with ending stocks pegged on the north side of 1 bln bushels, the old crop wheat picture is still very bearish. Any bullishness has to come from new crop.

6-10's last night showed above normal temps from WC Kansas through Texas. From central Kansas east and north, everything was below normal on temps. Precip was below normal from the central Panhandle area of Texas to the south. North of that line was above normal on precip, all the way through the Central and Northern Plains and all of the Corn Belt. The East Coast and SE US was below normal on precip.

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South American news this morning had a lot of production forecasts, some private and some not. The US attaché in Brazil has corn production at 89 mmt's versus USDA's 92 number. The Rosario Grain Exchange dropped Argentina's soybean production estimate all the way down to 37 mmt's compared to their last estimate of 40. They kept their corn number at 32 mmt's versus the actual number of 41 mmt's last year. On a little less friendly note, a private in Brazil pegged soybean production at 117.4 mmt's, up 2.3% from their last estimate. USDA has Brazil at 115 mmt's.



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