



## **Loewen and Associates**

**Commodity Consulting/Brokerage**

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

Livestock futures traded both sides of unchanged yesterday, yet again early gains for fats and feeders didn't last long. The highs for day were seen within the first 30 minutes of trading just as they did on Monday. Some light cash feedlot trade yesterday in NE, 1,152 head confirmed at \$114 live. Bids at \$116 nearby and at \$114 out to the first week of May have been passed so far in KS. Fed Cattle Exchange online auction later this morning with 3,931 head consigned which is significantly higher than the past few weeks. Last weeks, only 373 head consigned of which 156 head, 2 lots from KS, sold at \$117 live.

USDA's April Supply and Demand or WASDE Report continues to show the 2018 Red Meat & Poultry Total Supply to expand but at a slower rate than the previous month, but relative to the previous year to expand by +2.2% for domestic consumers. Per Capita Consumption is expected to be at 221.5 pounds/person, up from last year's 216.8 pounds, but down almost 1 pound from last month. This is still a rather strong expansion to absorb, especially at current beef prices. Total Red Meat & Poultry Exports are forecast to expand during 2018 to 16.653 billion pounds, a year over year increase of +3.9%.

Tulsa Stockyards - Tulsa, OK

Feeder Cattle Weighted Average Report for 04/09/2018

Receipts: 1440 Last Week: 660 Year Ago: 2760

Following a light sale last week, but a good demand this week, there were too few receipts last week to compare, however an extremely high undertone is noted on both steers and heifers. Slaughter cows 4.00-6.00 higher following a light test last week.

Oklahoma National Stockyards - Oklahoma City, OK

Livestock Auction Report for 4/9/2018

Receipts	Week Ago	Year Ago
4,295	1,912	8,209

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Compared to the last test two weeks ago: Feeder steers and heifers 2.00-6.00 higher, instance 10.00 higher. Stocker cattle and calves steady to 3.00 higher. Demand very good for all classes. Quality mostly average.

Joplin Regional Stockyards - Carthage, MO  
Livestock Auction Report for 4/9/2018

Receipts	Week Ago	Year Ago
4,496	2,403	6,118

Compared to a light test last week, steer and heifer calves and yearling heifers steady to 3.00 higher, yearling steers 2.00 to 4.00 higher. Demand moderate to good, supply moderate to light.

Winter Livestock Inc - La Junta, CO

Feeder Cattle Weighted Average Report for 04/10/2018

Receipts: 1402 Last Week: 5633 Year Ago: 2356

Compared with last Tuesday: Feeder Steers and heifers too lightly tested for a comparison this week. Slaughter cows steady to 1.00 higher.

Cattle slaughter from Tuesday is estimated at 119,000 head, matching last Tuesday and up 7,000 compared to a year ago. Hog slaughter from Tuesday is estimated at 451,000 head, down 12,000 from the week previous but up 10,000 compared to a year ago.

Boxed beef cutout values lower on light to moderate demand and moderate to heavy offerings for a total of 163 loads sold.

Choice Cutout\_\_213.51 -1.53

Select Cutout\_\_201.33 -1.81

CME Feeder Index:\_\_134.81 +.32

CME Lean Hog Index.\_\_53.50 -.52

Pork Carcass Cutout\_\_66.57 -.05

IA-S.MN Wtd Avg Live\_\_ N/A, Wtd Avg Carcass Base\_\_46.87 +.47

National Wtd Avg Live\_\_ 36.66 -.06, Wtd Avg Carcass Base\_\_46.27 +.56

April live cattle with a key reversal higher last Wednesday after hitting the \$110 level, a low not seen for almost a year. Now struggling to build from there with \$112 support and \$114 resistance. April Feeders also with a key reversal higher on Wednesday after hitting a new contract low at \$128.57 then bouncing almost \$10

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higher by Thursday for a high at \$138.37. Trending lower though since in roughly a \$4 trading range. April lean hogs set to expire here on Friday. May has rebounded almost \$7 from the contract low last week with support at \$64.50 and resistance up at \$71.

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Grains were fairly quiet until the WASDE report was released at 11 am. Soybeans were supported early by additional export sales announcements at 8 am totaling 19.5 MBU, a portion of that was new crop soybeans sold for Argentina. Argentina picked up 4.4 MBU but private sources put the total closer to 14.7 MBU. There is some thought that Argentina could import as 37 MBU this year. Supplies of soybeans will start to run thin by September/October, a time when US supplies generally become both abundant and cheap.

Also supporting were comments by China late Monday offering some trade concessions mainly dealing with China's use of intellectual property that is thought to cool trade tensions and provide an important foundation for negotiation trade differences. But at the same time threats to liquidate \$1.3 trillion US bond holdings which could drive interest rates higher.

Overall the crop report yesterday was mixed, US ending stocks for soybeans were friendly while corn and wheat stocks increased. Large reductions were made to all South American crops except Brazil's soybeans which is overall supportive to the U.S. fall crops. US domestic crush for beans was raised another 10 MBU, world stocks dropped 3.6 MMT. Corn and wheat feed/residual were increased yet remember animal production and meats still forecasted higher year over year. This appears to be a residual or what we call the USDA slush fund adjustment, which may be in part to production levels overestimated from this past year. Stocks, exports and domestic processing are all measured monthly yet the feed consumption is still a guess and that slush fund amount is thrown in with it to be able to make adjustments. World stocks in corn down 1.4 MMT from the South American decreases in production but world wheat stocks up 2.3 MMT, part from the US and the rest from the increase in production in Morocco.

Grains mixed overnight with soybeans 6 to 7 higher, corn steady, KC wheat down 7, and Chicago wheat down 4.

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USDA announced private sales of more new crop soybeans, 141,518 MT or 5.2 MBU to Mexico and another 120,000 MT or 4.4 MBU to Argentina.

Argentina and Brazil skies cleared for the most part. Brazil had scattered rains across the far northern part of the country. It is turning dry in parts of Ukraine where planting of spring crops may be hampered. Heavy rains still in the forecast for the Southeast over this next week along with the Upper Midwest and PNW. The latest 6-10 day outlook shifted to below normal precipitation for the Southeast, still remaining in Southern Plains though. Temperatures are forecasted above normal for the Southwest and below normal for the Upper Midwest.

May corn still testing but unable to break through the \$3.92 resistance with the next up at \$3.95 and support at \$3.82. May soybeans into a new recent high yesterday, support at \$10.33 and resistance at \$10.65 then \$10.82. May KC wheat with a bullish island bottom, support at \$5.11 with resistance from \$5.30 to \$5.33 then up at \$5.48. May Chicago wheat also an island bottom, support at \$4.75, resistance up at \$4.94 and \$5.10.

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