



## **Loewen and Associates**

**Commodity Consulting/Brokerage**

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

Mixed day for livestock futures and once again and aggressively higher start is squashed by midday for feeders. Live cattle futures held onto gains as the cash market is still premium to the nearby April contract with only 9 trading days left until expiration. Spring and summer demand is having a hard time developing due to the continued winter weather. Feeders look like they want to move higher on the charts. The nearby April contract now trading a \$3+ range since last Thursday and building good support just above the \$138 level.

Hog prices in China have plummeted recently as a glut of hogs has washed into the market. Increased hog production over the past couple years, coupled with corresponding price drop to 8 year lows, and growth in pork demand below supply, has prompted small and medium size hog producers to pull back or halt their expansion plans. Threat of increased soybean prices has not helped market sentiment. The expansion plans of two production firms have reportedly either been scaled back or put on hold. Smaller scale farms have already started slaughtering sows, while medium size firms are restricting number of sows added to stocks, or even keeping them at current levels.

Winter Livestock Inc - La Junta, CO

Feeder Cattle Weighted Average Report for 04/17/2018

Receipts: 1517 Last Week: 1402 Year Ago: 1250

Compared with a couple of weeks ago: Feeder steers under 700 lbs mostly steady, over 700 lbs 3.00 to 5.00 higher. Heifers under 700 lbs steady to 2.00 lower, over 700 lbs steady to 5.00 higher advance on 800 to 825 lbs. Slaughter cows and bulls 2.00 to 3.00 lower from a week ago. Demand moderate to good.

OKC West - El Reno, OK

Livestock Weighted Average Report for 4/17/2018

Receipts	Week Ago	Year Ago
2,000	8,865	12,843

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Final report including feeder cattle will be released later today  
Compared to last Tuesday: Steer calves sold 4.00-6.00 higher and heifers 2.00-4.00 higher where comparable sales were noted on both classes. Demand moderate to good especially for long weaned calves.

Cattle slaughter from Tuesday is estimated at 120,000 head, up 1,000 from last week and up 4,000 from last year. Hog slaughter from Tuesday is estimated at 468,000 head, up 17,000 from last week and up 22,000 compared to a year ago.

Boxed beef cutout values firm on Choice and weak on Select on light to moderate demand and moderate to heavy offerings for a total of 128 loads sold.

Choice Cutout\_\_212.13 +.34

Select Cutout\_\_199.58 -.40

CME Feeder Index:\_\_137.75 +.16

CME Lean Hog Index.\_\_54.02 +.49

Pork Carcass Cutout\_\_68.21 +.06

IA-S.MN Wtd Avg Live\_\_ 40.26 +1.08, Wtd Avg Carcass Base\_\_52.70 +1.02

National Wtd Avg Live\_\_ 40.16 +1.03, Wtd Avg Carcass Base\_\_51.96 +1.14

April live cattle gapped higher on Monday, and still holding the higher trend. Support around \$115 with the next resistance area around \$120. April Feeders also holding the higher trend since new lows on April 4<sup>th</sup>. Support is at \$136 with resistance up near \$144. May lean hogs pulling back some since gaining near \$10 the past couple weeks. Support is at \$67.30 with resistance at \$70.12.

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Wheat and soybeans held soft gains yesterday while corn slipped into new recent lows and a lower trend since early last week. Fundamentally, corn should have the strongest case for higher prices based on current demand, lower projected acres and current weather issues across the U.S. from drought in the Southern Plains to excessive snow and cold temps into the Northern Corn Belt. Right now though, it wants to remain a follower and take a leading role. Soybeans and wheat continue to garner more attention with the recent headlines, but beans seem to be running out steam and wheat is awaiting the forecasted rains later this week.

Grains traded mixed overnight but finished higher with corn up 2, soybeans 5 to 6 higher and wheat 2 to 7 higher. Rain in the SW scaled back to 60% coverage for this Friday/Saturday. Following Monday's crop conditions and severe temperature  
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swings seen this week, rains have to come through. Right now the market is stuck between will these rains improve crop conditions or simply just stabilize the crop though. In spring wheat country, don't expect any planting progress here soon given last weekend's snowfall and more this week.

Australia sorghum has risen \$10/MT to \$322/MT or \$8.18/BU after China imposed a 178% of the value deposit on US sorghum imports. Latest USDA attaché report from Australia shows the post expects 2018/19 Wheat output at 24.0 MMT while the WASDE report released last week had production estimated at 21.5 MMT.

Again the rains are still in the forecast for the Southern Plains later this week but coverage area has been reduced and now looking at 1 to 1 ½ inches instead of 1 to 3. Heavy rains have been pushed east and will continue for the Southeast. The latest 6-10 day outlook showing above normal precip now for the Southwest and Southeast, below normal in the heart of the Corn Belt. Temperatures are forecasted above normal for the Southwest, below normal for the Southeast.

Expanding dryness expected in Brazil in the next two weeks. The South American temperature forecast is also trending a bit warmer, which will accelerate harvesting in Argentina, but work to draw down soil moisture reserves across the Southern half of Brazil's 2<sup>nd</sup> corn crop or safrinha Corn Belt.

May corn trending lower since testing the \$3.92 resistance again early last week, finding support at \$3.80 then down at \$3.72. May soybeans finding support at the 10-day moving average with the next support level down at \$10.38 and resistance up at \$10.67. May KC wheat holding support at \$4.76, next level down near \$4.56 with resistance at \$5.00. May Chicago wheat with support at \$4.61 ½, the next down near \$4.40 and resistance up at \$4.94.

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