



Loewen and Associates

Commodity Consulting/Brokerage

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Morning Ag Markets – Matt Hines

Volatility throughout the futures markets last week held the bulls in check as the bears solidly took over. Cash cattle on Friday traded \$121 live in the south and \$122 in the north which is \$5 lower than the previous week's trade.

The quarterly Hogs and Pigs report was estimated at 72.908 million head, a record for the data series that started in 1988. The report was expected to be bearish and it sure was with expansion still aggressive. All Hogs as of March 1 at 103%, Kept for Breeding at 102% and Winter Pig Crop at 104%.

NATIONAL FEEDER & STOCKER CATTLE SUMMARY – W/E 03/30/2018

RECEIPTS:	Auctions	Direct	Video/Internet	Total
This Week	164,900	37,000	0	201,900
Last Week	194,100	77,400	25,000	296,500
Last Year	212,700	66,200	32,400	311,300

Compared to last week, feeder steers heifers sold 1.00 to 5.00 lower, with lighter calves in the Southeast as much as 8.00 lower. Demand was moderate to good at most auctions this week, with calves suitable for grass having the best demand.

There are still some yearling cattle showing up at auctions and some are commanding handsome prices. On Wednesday at the St Joseph Stockyards in St Joseph, MO a package of 635 lbs steers sold at 199.00. Just 75 miles up the road on Thursday at Clarinda Livestock Auction in Clarinda, IA a part load of 651 lb steers sold at 176.00. On Monday at F & T Livestock in Palmyra, MO a package of 650 lbs steers sold at 178.00 and on Tuesday at Lolli Brothers in Macon, MO a package of 707 lb steers sold at 166.50. Feeder buyers have been more willing to dip down and procure smaller packages of top quality cattle as the numbers at auctions are sure to dwindle in the coming months. Heifers ready to take home and make cows for a long time were in demand in the North Plains late last week. Last Friday at Fort Pierre Livestock in Fort Pierre, SD a load of 847 lbs replacement quality bangs vaccinated heifers sold at 146.00 while a half load of 886 lbs similar heifers sold at 145.75. Significant equity has vanished from the

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Cattle complex in recent weeks as feedlot managers trade a substantial amount of cattle out front for future delivery in order to lock in a price ahead of the normal calf-feds hitting the supply chain in late April to early May. Fed cattle supplies increasing in the weeks ahead and anticipation of lower prices has been the focus of this cattle market and packers bought the second largest weekly total purchased for 15-30 day deliveries since the data series started in March of 2010. Placements in the September to November time frame were roughly 12.5 percent above the previous year placements and winter weather in the Southern Plains has been good for weight gains, so an increase over year ago carcass weights are also expected. For the first two months of the year, steer carcass weights are 2 pounds above year ago levels and 7 pounds above the previous three year average.

For the week, Friday March 23rd through Thursday March 29th, April Live Cattle - \$2.30, June -\$3.62, March Feeder Cattle -\$.10, April -\$2.77, August -\$1.87, April Lean Hogs -\$1.17, May +\$2.60. Boxed Beef, Choice -\$2.05 @ \$221.04, Select - \$7.71 @ \$208.69.

Cattle slaughter from Friday is estimated at 106,000 head, down 2,000 from the week previous and down 7,000 compared to a year ago. For the week, 594,000 head, down 13,000 from the week previous and down 7,000 from last year.

Hog slaughter from Friday is estimated at 429,000 head, down 23,000 from the week previous and down 7,000 compared to a year ago. For the week, 2,391,000 head, down 12,000 from the week previous but up 47,000 from last year.

Boxed beef cutout values steady on Choice and lower on Select on light to moderate demand and moderate offerings for a total of 116 loads sold.

Choice Cutout__221.04 +.04

Select Cutout__208.69 -.99

CME Feeder Index: __136.21 -.02, from 3/28

CME Lean Hog Index.__59.06 -.80, from 3/28

Pork Carcass Cutout__70.62 +.65

IA-S.MN Wtd Avg Live__ 38.95 no comp, Wtd Avg Carcass Base__48.49 -.01

National Wtd Avg Live__ 39.06 +.74, Wtd Avg Carcass Base__48.49 -.17

April live cattle with a key reversal lower last Thursday, again into a new recent low. The next support area is at the lows from August down around \$110.30.

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April Feeders also into a new recent low with the contract low at \$131.17 now in range. August also pressing the lows, contract low at \$139.00 shortly after the contract first started trading last August. April lean hogs with another new contract low at \$56.75. Looking at the weekly chart, the next support level is at \$55.

Prospective Plantings and Quarterly Stocks by USDA last Thursday. Acreage dropped vs. the average trade estimates and their own Outlook Forum numbers from this winter to 88.026 million acres to be planted to corn and 88.982 million acres to soybeans. All wheat acres up to 47.339 million with winter wheat at 32.708 million, spring at 12.627 and Durum at 2.004 million. Cotton acres up to 13.47 vs. 12.6 last year and grain sorghum acres up to 5.93 vs. 5.63 last year. March 1 grain stocks actually bearish for corn and soybeans, both near the top of the pre report trade estimate range.

For the week, Friday March 23rd through Thursday March 29th, May Corn +\$.10 1/2, December +\$.12 1/4, May Soybeans +\$.16 1/2, November +\$.21 1/4, May KC Wheat - \$.12, July -\$.12, May Chicago Wheat -\$.09 1/4, July -\$.08, May MPLS Wheat -\$.24 1/4, September -\$.21, May Soybean Meal +\$6.10/T, October +\$6.70/T.

Grains higher overnight, building off the 3-day weekend and bullish gains last Thursday. Corn finished 3 higher, soybeans 7 to 9 higher, KC Wheat 7 higher, Chicago wheat 4 higher, MPLS wheat 1 higher and meal \$3/T higher.

The Chinese government announced tariffs on about \$3 billion worth of US imports are going into effect Monday, hitting 128 products ranging from pork, to fruit, steel pipes and ethanol. They will impose an extra 15% on ethanol, while some analysts say the price differential has been neutralized, others suggest the effects will be short term as blenders will need to return to global markets to meet blending requirements. China policy dictates a 10% ethanol fuel blend by 2020.

AgRural estimates that Brazil has harvested 71% of its soybeans vs. 69% average pace and 51% of its summer corn, 59% average pace.

CFTC Commitment of Traders Report thru March 27th

Managed Money: *Corn Long 117,000 off 96,000 *Soybeans Long 184,000 off 11,000 *Wheat Short 78,000 up 22,000 *Soybean Meal Long 102,000 up 3,000

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Heavy rains still in the forecast for the Southeast over this next week. The latest 6-10 day outlook showing below normal precipitation for the Southern Plains, above normal for both the western and eastern 1/3 of the U.S. Temperatures are forecasted above normal for the Southwest and below normal for the northern corn belt and northeast.

May corn looking to test the recent high at \$3.95 with resistance next from \$4 to \$4.05. May soybeans breaking the month long downtrend with the high from a month ago up at \$10.82 ½. May KC wheat still chopping sideways in roughly a \$.20 range, support at \$4.56 and resistance at \$4.86. May Chicago wheat also choppy with support with support at \$4.40, resistance up at \$4.65 to \$4.67.

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