



Loewen and Associates

Commodity Consulting/Brokerage

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Morning Ag Markets – Matt Hines

Early gains for cattle futures were wiped out by midday as we finished mixed to lower yesterday and hogs continued under pressure. I thought we may end up holding the gains again yesterday especially with beef prices higher as well. Light cash feedlot trade so far this week at \$121 live & \$195 dressed, steady to \$1 lower than last week, but still hearing most asking up at \$125 live. The \$121 live was in KS and delivery slated for May, but still not sure if this is for next week or the full month. Fed Cattle Exchange later this morning with volume back above 3,000 head for the 3rd week in a row after a couple months of dreadfully low numbers.

Winter Livestock Inc - La Junta, CO

Feeder Cattle Weighted Average Report for 04/24/2018

Receipts: 1733 Last Week: 1517 Year Ago: 1057

Compared with last Tuesday: Steers 500 to 600 lbs \$5 to \$8, instances \$10 higher, 600 to 700 lbs \$2 to \$3 higher, yearling feeder steers over 700 lbs steady to \$3 higher advance on 700 to 750 lbs. Heifers under 500 lbs steady, 500 to 700 lbs \$5 to \$8 higher. Yearling feeder heifers over 700 lbs \$1 to \$2 higher.

Tulsa, Oklahoma City & El Reno all reported steady to higher prices earlier this week. Tulsa reported feeder steers and heifers \$3 to \$4 higher. Oklahoma City reported feeder steers and heifers \$1 to \$4 higher and steer and heifer calves \$1 to \$3 higher. El Reno calf sale only reported so far this week with steer calves lightly tested at mostly steady with a week ago and heifer calves sold \$1 to \$4 higher.

Cattle slaughter from Tuesday is estimated at 120,000 head, matching last week and up 3,000 from last year. Hog slaughter from Tuesday is estimated at 466,000 head, down 2,000 from the week previous but up 25,000 compared to a year ago.

Boxed beef cutout values sharply higher on Choice and firm on Select on moderate to good demand and moderate to heavy offerings for a total of 146 loads sold.

Choice Cutout__217.65 +2.54, Select Cutout__202.11 +.39

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CME Feeder Index: __138.08 -.05
CME Lean Hog Index. __59.00 +1.12
Pork Carcass Cutout __68.08 +.21
IA-S.MN Wtd Avg Live __ 44.91 +1.12, Wtd Avg Carcass Base __58.28 +.30
National Wtd Avg Live __ 45.15 +1.51, Wtd Avg Carcass Base __57.96 +.23

April live cattle did reach up for a new recent high yesterday at \$122.20, but settled near the day's low. Futures still discount to cash with only a few trading days left until expiration. 10 contracts were tendered for delivery in Kearney, NE which makes sense for a packer trying to secure cattle in the North under the current cash market. June live cattle also into a new recent high yesterday, still \$16 discount to April though, support at \$104, resistance at \$107 & \$109. April Feeders still \$1 over the index with the contract expiring on Thursday. May reversed higher but unable to hold gains yesterday as well. The higher trend still intact since April 4th with support at \$139.90 and resistance at \$142.65. May lean hogs breaking support that had held the past couple weeks and the higher trend in place since hitting a contract low early this month. The next level of support at \$64.30 with resistance up at \$70.75.

Grains traded mixed to start the day but wheat continued to build some momentum. Conditions were unchanged national for winter wheat, HRW slipped a bit lower. Fall crop progress of course behind for all except grain sorghum and cotton. Brazil's second crop corn areas look to remain dry in the near term, but temps are favorable. Harvest is on the downhill slide now for most areas. Brazil's basis and currency moves have pushed soybean values premium to US values. This was evident with the another sale of US soybeans to Argentina yesterday, this time though it included 1 cargo of old crop along with some additional new crop.

Grains were firm overnight with corn finishing 1 to 2 higher, soybeans 3 higher and wheat 1 to 3 higher.

Chinese grain buyers are pleading to their government to drop the tariff, or as of now deposit required, on US grain sorghum. 3 shipments have already been diverted to Saudi Arabia this week. Soybeans though have not been purchased for a couple weeks even though crush margins have tanked since the beginning of April and US soybeans are now discount to Brazil.

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Corn basis levels, mostly those hitting the export channel, have firmed to the best levels so far this marketing year. This will only be here though for a few more days with Monday being first notice day for the May futures contract. If bids were rolled to vs. the July today, the spread or carry of \$.09 would be added to the basis. Also, if futures can rally here and take out the April highs, basis will also weaken as cash grain will begin moving again. Even if you don't like the flat price right, this is something to think about if you still have some old crop on hand.

VSR kicking in again for KC Wheat with an increase from \$.08/BU/MO now going up to \$.11/BU/MO effective May 18th. This does not mean all commercial storage rates are going up to \$.11 but any held in a delivery location on receipt or shipping cert will see that increase and spreads or carry for KC wheat can theoretically widen to approximately \$.20 factoring in the increased storage cost and interest.

There is still no rain in the forecast for the Brazilian second crop corn areas over the next few weeks and private crop estimates are sliding to the mid 80's MMTs in terms of total Brazilian corn production.

U.S. weather only showing light rains forecasted for the Southeast and Western Corn Belt over this next week. The latest 6-10 day outlook showing above normal precipitation for the Rockies and Southeast, below normal east. Temperatures are forecasted below normal west and above normal east.

May corn finding support at \$3.76 ¼ last Friday with the next level of support down at \$3.72 and resistance up at \$3.83 then \$3.92 ½. May soybeans breaking support last week, finding some this week at the 100-day moving average now at \$10.16 with resistance up at \$10.40. May KC wheat still holding a nearby higher trend with support at \$4.76 and resistance just shy of \$5. May Chicago wheat looks flat to sideways, a slower uptrend since mid-December with support now at \$4.55 ½ and resistance up at \$4.80.

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