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Morning Ag Markets – Matt Hines

The online Fed Cattle Exchange midweek had over 3000 head consigned for the 3rd week in a row but had no sales. A few hundred cattle trading in Nebraska for \$115 that was likely for the end of May. Packers started Monday by purchasing a few thousand cattle in Kansas for May delivery at \$121. Feedlots held firm though with sales late Friday at \$124 in the South and \$126 in the North, \$1 to \$3 higher than the week previous.

For the week, Friday April 20th through Friday April 27th, April Live Cattle +\$5.10, June +\$3.27, May Feeder Cattle +\$2.70, August +\$3.75, May Lean Hogs -\$3.85, June -\$4.92 Boxed Beef, Choice +\$9.76 @ \$221.74, Select +\$4.19 @ \$204.32.

NATIONAL FEEDER & STOCKER CATTLE SUMMARY – W/E 04/27/2018

RECEIPTS:	Auctions	Direct	Video/Internet	Total
This Week	234,500	58,100	3,600	296,200
Last Week	182,800	62,500	700	246,000
Last Year	207,300	63,900	51,400	322,600

Compared to last week, calves and yearlings sold fully steady to 5.00 higher, with instances 7.00-10.00 higher with full advance noted on all classes at times but most impressively on yearlings over 700 lbs. Last week's higher fed cattle market and a neutral to slightly bullish Cattle on Feed Report caused feeder prices to come out of the gate with active bidding and good demand. Demand remains very good for popular weight of steer calves weighing from 400-650 lbs. Most top quality 600-750 lb steers that are long timed weaned and have good weighing conditions that suitable for grass are in very good demand. Cattle feeders have set their sights on acquiring the summer grass yearlings that require very little care other than an occasional ride by or windshield glance while putting out salt or mineral. Live Cattle futures spread between April and June is the widest for any first month cattle contract to the second month cattle contract going back to 1980. The bears in this market no doubt are hearing the hoof beats of a thundering herd of cattle coming down the pike and are convinced that enough cattle are available to

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accelerate a downward cash market. There have been plenty of out front sales made over the last week for May delivery in the range of 115.00-121.00. It's hard to resist the basis difference by hedging off the June board for the hedger it's a home run.

Cattle slaughter from Friday is estimated at 111,000 head, down 3,000 from the week previous and down 6,000 compared to a year ago. For the week, 623,000 head, down 1,000 from the week previous and down 7,000 from last year. Beef production for the week at 506.1 million pounds last week compared to 508.5 million the week previous and 502.1 last year.

Hog slaughter from Friday is estimated at 452,000 head, down 2,000 from the week previous but up 27,000 compared to a year ago. For the week, 2,363,000 head, down 73,000 from the week previous but up 64,000 from last year

Boxed beef cutout values higher on moderate to good demand and moderate to heavy offerings for a total of 138 loads sold.

Choice Cutout__221.74 +1.59, +9.76 for the week

Select Cutout__204.32 -.16, +4.19 for the week

CME Feeder Index:__139.99 +.50

CME Lean Hog Index.__61.75 +.52

Pork Carcass Cutout__68.61 +.76

IA-S.MN Wtd Avg Live__ N/A, Wtd Avg Carcass Base__58.31 -.15

National Wtd Avg Live__ 45.06 -.27, Wtd Avg Carcass Base__58.22 -.11

April live cattle expire today, June still \$17+ discount. June did hit a new monthly high on Friday at \$107.22 with the next area of resistance up near \$109. May Feeders were unable to hit a new recent high last week, resistance from \$142 to \$142.65 and support right around \$140. May lean hogs trending lower last week finding support at \$66 with resistance up \$70.75.

Over in the grains, it was a soy complex led rally, more specifically a soybean meal led rally. Argentine meal basis spiked on Friday supporting the move higher with technical buy signals hit shortly after that. On the flip side, the market will be closely watching the rally and not wanting to push soybean prices high enough to encourage additional soybean acres as the weather for April as probably already done that. Warmer weather for the North should have allowed for quite a bit of

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fieldwork done over the weekend, the market will be paying close attention to this afternoon's crop progress and conditions report as we roll into May this week.

For the week, Friday April 20th through Friday April 27th, May Corn +\$.13, December +\$.12, May Soybeans +\$.16 ¼, November +\$.12, May KC Wheat +\$.29 ½, July +\$.28 ½, May Chicago Wheat +\$.32 ¼, July +\$.21 ¼, May MPLS Wheat +\$.06 ¼, September +\$.02 ¾, May Soybean Meal +\$19.10/T.

Grains continued higher in the overnight, Chicago wheat gapping higher and closing the gap to KC wheat rapidly the past few trading sessions. Corn finished 2 to 3 higher, soybeans 5 to 6 higher, KC wheat 4 to 5 higher, Chicago wheat 7 to 9 higher, MPLS wheat 5 to 7 higher and soybean meal 3 to 4 higher.

The crop progress and conditions report released after the close today should show winter wheat conditions unchanged. Planting progress will be the story heading into May though with expectations of 5% planted on soybeans and 15% for both corn and spring wheat.

The wheat rally is not only from the production concerns here in the Southern Plains but now dry conditions and most private estimates reducing the Russia wheat crop. World supplies are burdensome so it will take reduced production in multiple areas across the world to sustain a rally in wheat.

Today is first notice day for the nearby May grain contracts. Please make sure to get out or roll any positions here today as the nearby contract will go into delivery, volume will be getting thin and daily limits are taken off.

Over this next week, severe storms expected midweek here in the Plains, heavy rain in central TX and the Western Corn Belt. The latest 6-10 day outlook showing above normal precipitation for the Southwest and stretching into the Southern Plains, below normal for the PNW and Northern Plains. Temperatures are below normal centered on the Great Lakes and above normal for the western half of the U.S.

May corn breaking the \$3.92 resistance overnight. The next is up at \$3.95, the high from early March, with support down at \$3.85. May soybeans with support at \$10.16 and resistance up at \$10.67, the early March high clear up at \$10.82 ½.

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May KC wheat still holding the higher trend with support at \$4.99, resistance at \$5.28 ¾ then \$5.48 ½. May Chicago wheat again gapped higher in the overnight for a 2-month high with resistance next up at \$5.18 and support at \$4.76.



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