



Loewen and Associates

Commodity Consulting/Brokerage

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Morning Ag Markets – Matt Hines

Cash feedlot trade was spread out last week with the heaviest volume on Tuesday and Wednesday. Prices were sharply lower, mostly \$4 to \$6 lower for live from \$114 to \$118 and \$2 to \$6 lower, bulk of the trade being \$2 lower, for dressed sales at \$184 to \$188. Beef prices lower and outside markets all over place last week with potentially additional trade tariffs going back and forth between the U.S. and China.

NATIONAL FEEDER & STOCKER CATTLE SUMMARY – W/E 04/06/2018

RECEIPTS:	Auctions	Direct	Video/Internet	Total
This Week	131,900	31,500	33,300	196,700
Last Week	164,900	37,000	0	201,900
Last Year	209,400	50,800	5,400	265,600

Compared to last week, early week sales of calves and yearlings in a light test traded unevenly steady to 5.00 lower, with instances 10.00 lower. Early week sales saw the most declines but Wednesday's and Thursday's sharp gains in the CME cattle futures help to stabilize most markets with several auctions reporting steady to 5.00 higher trends, as this week's sales were a tale of two markets. Receipts were light this week coming back from Easter Holiday, a strong cold front through the Southern and Northern Plains along with fears of lower market uncertainties all hampered receipts this week; especially at some of your larger markets as Oklahoma City, El Reno and Joplin all had very light receipts. The coming weeks will be made up of new crop fall born calves which are not always in high demand by feeder buyers as many are unweaned and carrying flesh. Never the less, most top quality 5 weight and 6 weight steers suitable for grass that are longtime weaned with good weighing conditions are still in good demand. Feeder cattle are caught in a bottleneck of lower fed cattle prices, increasing supplies of fed cattle, sharply lower cattle futures and record supplies of competing meats as the entire livestock complex struggles with these issues, demand and exports are very important to keep product moving and prices stable. Until the fed cattle market finds a bottom and live cattle futures find support hoping to see higher fed

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cattle market down the road and fund selling stops feeder cattle prices will continue to be volatile until in most cases they align with profitable returns on fed cattle. This keeps the cattle markets and futures very vulnerable and very fluid in moving fast in one direction or the other; caution certainly remains in the air.

For the week, Thursday March 29th through Friday April 6th, April Live Cattle - \$1.52, June -\$0.25, April Feeder Cattle +\$2.00, May +\$1.60, August +\$1.02, April Lean Hogs -\$5.12, May -\$3.35. Boxed Beef, Choice -\$6.73 @ \$214.31, Select - \$3.09 @ \$205.60.

Cattle slaughter from Friday is estimated at 114,000 head, up 8,000 from the week previous and up 13,000 compared to a year ago. For the week, 615,000 head, up 21,000 from the week previous and up 37,000 from last year.

Hog slaughter from Friday is estimated at 455,000 head, up 26,000 from the week previous and up 14,000 compared to a year ago. For the week, 2,335,000 head, down 56,000 from the week previous but up 17,000 from last year.

Boxed beef cutout values weak to lower on light to moderate demand and moderate to heavy offerings for a total of 160 loads sold.

Choice Cutout__214.31 -.78

Select Cutout__205.60 -.71

CME Feeder Index:__135.41 +.10

CME Lean Hog Index.__54.75 -.52

Pork Carcass Cutout__66.69 -2.22

IA-S.MN Wtd Avg Live__ N/A, Wtd Avg Carcass Base__45.76 +.03

National Wtd Avg Live__ 35.08 -.39, Wtd Avg Carcass Base__45.27 +.14

April live cattle with a key reversal higher last Wednesday after hitting the \$110 level, a low not seen for almost a year. Nearby resistance now at the 10-day moving average at \$114 with the next up near \$117. April Feeders also with a key reversal higher on Wednesday after hitting a new contract low at \$128.57 then bouncing almost \$10 higher by Thursday for a high at \$138.37. April lean hogs with another new contract low at \$50.47. Looking at the weekly chart, the next support level is at \$45.

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Wheat was the leader on Friday and for the week as freezing temps are forecasted for Southern Plains heading into the weekend and moisture is still desperately needed. Corn was steady on Friday and for the week but did trade some wild swings as it followed the soy complex sharply higher and lower during the week. Soybean Meal still finished higher for the week with the shrinking Argentine soybean crop offsetting the trade war talk with China.

Although volatility has kicked up, the actual negative impact from all of the tariff chatter has not been excessive on grain prices. Ownership has changed hands, but with a nominal price change. Overall, the net MM fund position in corn at +140K, +23K, well off the recent 2018 high of +233K, and the 10yr max net length of +429K. Funds are long 181K soybeans, -2K, long 22K KC Wheat and short 73K Chicago wheat.

For the week, Thursday March 29th through Friday April 6th, May Corn +\$.00 ³/₄, December +\$.01, May Soybeans -\$.11, November -\$.14 ¹/₂, May KC Wheat +\$.39 ¹/₂, July +\$.39 ¹/₄, May Chicago Wheat +\$.21 ¹/₄, July +\$.20, May MPLS Wheat +\$.28 ³/₄, September +\$.29 ¹/₂, May Soybean Meal +\$2.30/T, October +\$2.80/T.

Grains higher overnight, corn finished 1 higher, soybeans 9 to 12 higher, and wheat 5 to 7 higher. The tariff talk has lightened up and thoughts that NAFTA will be done sometime this week. Big meeting of the Americas in Peru on the 13th.

President Trump in Monday's cabinet meeting will review potential changes to the US Renewable Fuels Standards. The US EPA and USDA department heads are expected to present proposals to the President.

April WASDE out tomorrow. Overall, market is expecting slightly higher US carryouts in corn and soybeans and steady for wheat following the bearish March Quarterly stocks report. South American production numbers need to support the idea of lower global supplies.

17/18 US Corn ending stocks avg est at 2.190 BBU, 2.127 BBU in March.
17/18 US Soybean ending stocks avg est at 575 MBU, 555 MBU in March.
17/18 US Wheat ending stocks avg est at 1.035 BBU, 1.034 BBU in March.

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Global 17/18 Corn ending stockpiles are estimated at 197.3 MMT, the March report figure was 199.17 MMT.

Global 17/18 Soybean ending stockpiles are estimated at 92.9 MMT, the March report figure was 94.40 MMT.

Global 17/18 Wheat ending stockpiles are estimated at 268.2 MMT, the March report figure was 268.89 MMT.

Argentina 17/18 Corn production avg est at 33.7 MMT, off from March's report at 36.0 MMT. Argentina 17/18 Soybean production avg est at 42.6 MMT, off from March's report at 47.0 MMT.

Brazil 17/18 corn production is forecast at 92.7 MMT off from last month's 94.50 MMT and soybean production is forecast at 115.3 MMT up from 113.0 MMT.

AgRural estimating Brazil's first season corn crop harvest pace at 60%, that compares to the 51% pace last week, but lagging the 70% in the year ago period and long term average at 67%. Brazil's second season corn crop planting complete, and noted crops were developing without major concerns. Soybean harvest pace at 77%, that compares to the 71% pace last week, but lagging the 82% in the year ago period.

Heavy rains back in for the Southeast over this next week. The latest 6-10 day outlook still showing below normal precipitation for the Southern Plains, above normal in the PNW and Eastern half of the U.S. Temperatures are forecasted below normal for the Upper Midwest, locally up to 70-80 by midweek and down below freezing again by the weekend.

May corn looking testing the \$3.92 resistance again overnight with the next up at \$3.95 and support at \$3.82. May soybeans gapped higher overnight, support at \$10.30 and resistance at \$10.60. May KC wheat also gapped higher overnight with resistance from \$5.30 to \$5.33 then up at \$5.48. May Chicago wheat breaking the month long down trend, resistance up at \$4.93 and \$5.10.

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