

Market Overview and Executive Summary

The U.S. trade war with all countries has altered the supply and demand balance for U.S. beef. In this week's issue, we provide an overview of the U.S. beef supply and disposition. Beef supplies available for the U.S. domestic market in the second quarter are estimated at 7.218 billion pounds, up 180 million pounds from the second quarter of 2024. The USDA WASDE report was considered bullish for corn as we expected. This will support the barley market moving forward.

On Thursday, April 10, Alberta packers were buying fed cattle on a dressed basis in the range of \$470-\$475/cwt. Using a 60% grading, this equates to a live price of \$282-\$285/cwt. In Ontario, packer bids were surfacing on a dressed basis \$480-\$485/cwt which equates to a live range of \$288-\$291/cwt. Break-even pen closeouts in Alberta are in the range of \$255-\$265 fob feedlot. In Ontario, break-even pen closeouts are around \$253.

In Kansas and Texas, live cattle were trading at \$204/cwt, down \$4 from last week. In Nebraska, live cattle were trading on a dressed basis at \$328/cwt, down \$7-\$9 from values on April 3. The weekly slaughter pace is lagging year-ago levels. U.S. market-ready fed cattle supplies make a seasonal low in April before increasing each month from May through July. The Commitment of Traders Report tells us that U.S. packers have sufficient coverage in the short-term and don't need to buy many cattle at the current levels.

On the afternoon of April 10, wholesale choice beef was trading at US\$334/cwt, down \$5/cwt from seven days earlier; select product was valued at US\$315/cwt, down US\$3/cwt from last week. Wholesale prices are expected to trend lower moving forward as beef supplies increase. U.S. beef demand tends to make a seasonal high in June but consumer spending will be lower than earlier anticipated.

Western Canadian feeder cattle markets continue to trade at historical highs. The U.S. cash market appears to be softening. Canadian feedlot operators often base the purchase price of replacements on the current fed cattle market, instead of the deferred live cattle futures. Compared to last Friday, the live cattle futures are softer and the Canadian dollar has strengthened. The feeding margins structure for the summer has deteriorated and feeder cattle prices in Western Canada are higher this week. Be careful, we've advised all cattle producers to buy puts on the feeder cattle futures.

We have a neutral to slightly bullish outlook for the Canadian dollar. Short-term bond yield spreads favor Canadian dollar appreciation against the U.S. greenback. There appears to be a repatriation of funds as Canadians liquidate U.S. and foreign securities. The Canadian dollar and the Euro are favorable safe havens as the U.S. induced global trade war continues. Canadian fiscal policy is expected to improve, regardless of who wins the election.

U.S. Fed Cattle Supply and Beef Production

Monthly total slaughter; Weekly Slaughter Under Federal Inspection

	<u>2024</u>	<u>2025</u>	
Jan	2,730,400	2,716,600	
Feb	2,613,200	2,323,800	
Mar	2,509,900	2,440,500	
Apr 5	614,000	591,000	
Apr 12	598,000	564,000	
YTD	8,918,000	8,435,000	-5.4% y-y

The weekly slaughter pace continues to lag year-ago levels while carcass weights are higher than last year.

For the week ending April 12, the weekly slaughter was estimated at 564,000 head, down 27,000 head from last week and down 34,000 head from the same week of 2024. The average dressed weight for the week ending April 12 was estimated at 873 pounds, up 25 pounds from the week ending April 13, 2024.

The slower processing pace in March will result in larger supplies of market-ready cattle on April 1. To reiterate from last week, U.S. cattle on feed 150 days or longer as of March 1 were 2.766 million head, up 1.3% or 36,000 head from March 1, 2024. March placements are projected to come in at 1.795 million head, up 48,700 head or 2.8% from March 2024.

U.S. cattle on feed 150 days or longer as of April 1 are expected to come in at 3.242 million head, up 3.2% or 103,000 head from the April 1, 2024, number of 3.139 million head. Compared to a month earlier, cattle on feed 150 days or longer as of April 1, 2025, are up 103,000 head from March 1, 2025. There is a build up of market-ready cattle in the short term. We're almost half way through April and the slaughter is down 57,000 head from last year.

U.S. market-ready supplies of steers and heifers are at a seasonal low in April. Supplies increase in each month from May through June before peaking in July. Keep this in mind.

U.S. Steer and Heifer Market-Ready Supplies in 1,000-Head Plus Feedlots (000's of head) (as per placement data in the Cattle on Feed Reports)

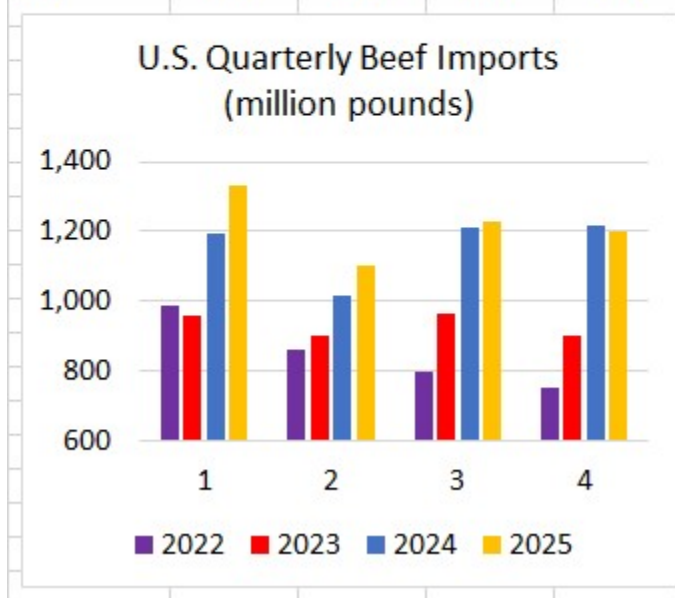
	<u>2024</u>	<u>2025</u>	<u>Difference</u> <u>(2025 minus 2024)</u>
Mar est	1,744	1,801	+56
Apr est	1,703	1,669	-34
May est	1,744	1,728	-16
Jun est	1,957	1,953	-4
July est	2,140	2,120	-20
Aug est	2,101	2,081	-20
Sept est	1,926	1,906	-20
Oct est	1,766	1,716	-50
Nov est	1,752	1,712	-40
Dec est	1,906	1,866	-40

U.S. Quarterly Beef Production

Quarter	(million pounds)					USDA	USDA
	USDA 2020	USDA 2021	USDA 2022	USDA 2023	USDA 2024	March 2025	April 2025
1	6929	6895	7022	6,821	6,560	6,535	6,545
2	6054	6957	7069	6,710	6,766	6,735	6,745
3	7110	6979	7147	6,621	6,780	6,715	6,695
4	7059	7106	7053	6,812	6,883	6,700	6,715
total	27152	27937	28291	26,964	26,989	26,685	26,700

We feel comfortable with the USDA’s quarterly beef production estimates. There were no significant changes on the April WASDE Report. In this issue, we want to review the current fundamentals.

Year	2022	2023	2024	2025
Quarter 1	985	956	1,196	1,330
Quarter 2	859	901	1,012	1,100
Quarter 3	797	966	1,210	1,230
Quarter 4	750	903	1,218	1,200
Total	3,391	3,726	4,635	4,860



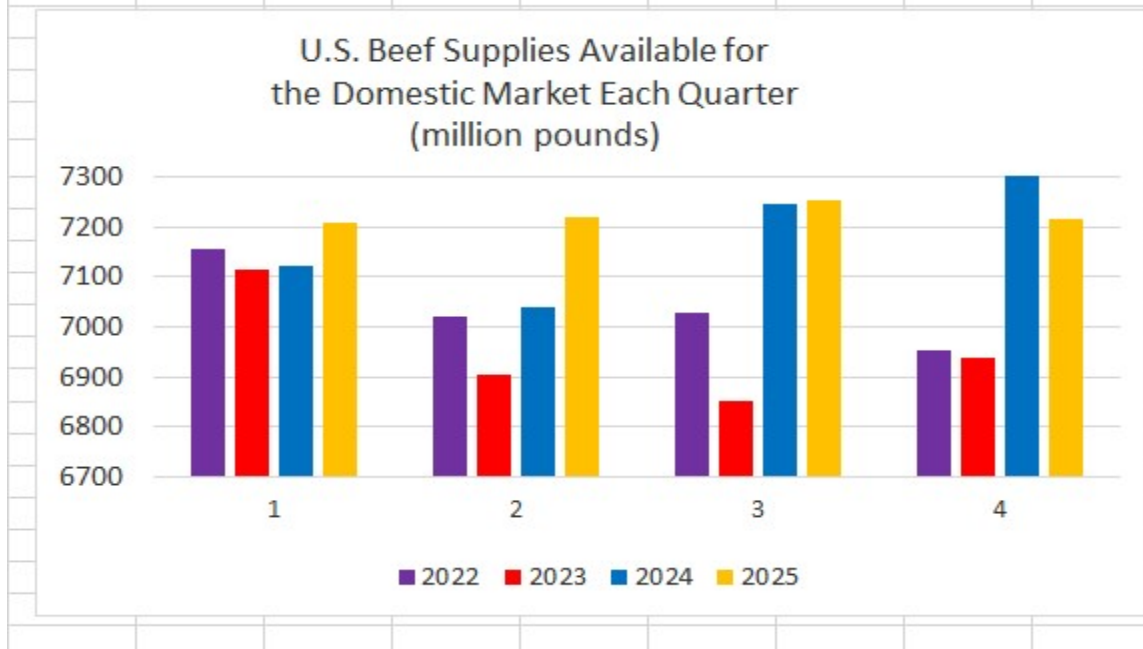
	2023	2024	2025
Beginning stocks	723	638	602
Production	27,034	27,055	26,767
Imports	3,725	4,635	4,860
Total Supply	31,482	32,328	32,229
Exports	3,038	3,003	2,685
Ending Stocks	638	602	580
Supplies available for the Domestic Market	27,806	28,723	28,964

U.S. beef imports for 2025 are expected to reach 4.860 billion pound, up 225 million pounds from 2024. U.S. beef exports for 2025 are projected to finish near 2.685 billion pounds, down 318 million pounds from 2024. Compared to last year, the change in the trade balance has added about 543 million pounds to the U.S. domestic beef supply. U.S. beef production is only expected to be down 300 million pounds from 2024.

On the following page, we have the beef supplies for the U.S. domestic market. We calculate this volume by adding the carry-in stocks plus production plus imports minus exports and carryout. For the second quarter of 2025, the beef supplies for the domestic market are expected to reach 7.218 billion pounds, up 180 million pounds from the second quarter of 2024.

U.S quarterly production during the second quarter is expected to be 6.745 billion pounds, down 21 million pounds from last year; however, when we account for imports and exports, beef supplies in the second quarter are actually up 180 million pounds from year-ago levels. In the third quarter, there is not much of a change from year-ago levels but we see there is a minor decrease in the fourth quarter.

Available Supplies for the Domestic U.S. Market (million pounds)								
Year	2018	2019	2020	2021	2022	2023	2024	2025
1	6513	6457	6934	6894	7155	7,116	7,122	7,209
2	6760	6762	6408	7072	7020	6,903	7,038	7,218
3	6729	6846	7348	6949	7027	6,851	7,245	7,255
4	6760	6905	6870	7048	6955	6,937	7,317	7,215



We want to make a note that the wholesale beef market has incorporated a risk premium because of the uncertainty in trade. However, there is now a pause for 90 days so this risk premium in the wholesale beef market will likely erode.

Canadian Supplies

	Canada Slaughter			Canada Slaughter Cattle Exports		
	2023	2024		2023	2024	
Total	3,144,571	3,007,041	-5%	540,470	621,621	+15%

	Canada Monthly and Weekly Slaughter		Canada Slaughter Exports			
	2024	2025	2024	2025		
Jan 2025	250,220	220,171	47,866	63,795		
Feb 8	61,922	53,551	10,121	13,717		
Feb 15	60,407	53,904	14,657	14,818		
Feb 22	54,988	50,483	10,011	13,986		
Mar 1	60,901	54,709	15,038	17,595		
Mar 8	60,851	54,148	13,465	11,589		
Mar 15	60,964	58,463	14,696	11,457		
Mar 22	65,688	63,315	12,492	18,490		
Mar 29	49,449	57,050	14,424	20,494		
Apr 5	59,060	52,372				
Y-T-D	807,455	775,820	-8.4%	152,770	185,991	+22%

Alberta basis levels remain firm as market-ready supplies are extremely tight. The function of the Alberta market is to ration demand by trading high enough to curb exports. Alberta and Ontario fed cattle prices were stronger this week but the U.S. was weaker.

For the week ending April 5, the Canadian slaughter was 52,372 head, 6,688 head from last year. The Eastern Canadian slaughter was down 166 head from last year but the Western Canadian slaughter was down 6,522 head from the same week of 2024.

For the week ending April 5, the Western Canadian average steer weight was 935 pounds, down eight pounds from 12 months earlier; the heifer weight was 886 pounds, down five pounds from last year.

In Eastern Canada, the average steer weight was 984 pounds, unchanged from the year-ago average while the heifer weight was 863 pounds, down 12 pounds from the same week of 2024.

Alberta and Saskatchewan cattle on feed 150 days or longer as of March 1 were only 45,609 head, down 84,586 head from last year. Cattle on feed 120 days and longer as of March 1 were 414,882 head, down 15% or 69,420 head from last year.

The tightest fed cattle supply will occur from April 15 though May 15. In the latter half of May, market-ready fed cattle supplies will start to increase. During June, market-ready supplies make a seasonal high. **Beware, within a 45 day window, market-ready supplies in Western Canada move from an extremely tight situation to a relatively burdensome situation.**

**AB and SK Steer and Heifer Market-Ready Supplies in 1,000-Head Plus Feedlots
(as per placement data in the Cattle on Feed Reports)**

	2024	2025	(2025 minus 2024)
Mar	123,677	99,932	-23,745
Apr	91,299	80,878	-10,421
May	165,696	152,155	-13,541
June	296,055	309,701	+13,646
July	233,844	240,618	+6,774
Aug	159,754	161,551	+2000
Sept	147,454	142,101	-15,000

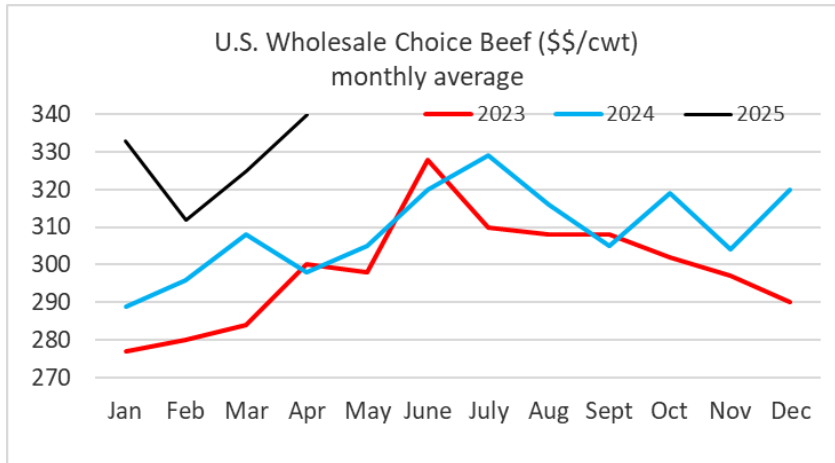
Beef Demand Summary

There are no changes to our GDP forecasts for the first half of 2025. We're expecting the Canadian and U.S. economies to experience two quarters of negative growth which is technically a recession. Please refer to our Canadian dollar commentary for economic overview.

REAL GDP	2023				2024				2025	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
U.S.	2.0	2.4	4.9	3.2	1.3	3.0	3.1	2.3	-2.4	-2.5
Canada	3.9	0.8	-0.6	0.7	2.0	2.2	1.1	2.6	-2.0	-2.0

- quarter-over-quarter, seasonally-adjusted annual rates

U.S. wholesale beef prices are marginally lower than last week. The wholesale beef market had incorporated a risk premium due to the specific tariffs on major beef exporters to the U.S. However, the 90-day pause has caused the risk premium to erode although there is still the blanket 10% import levy. We're expecting the wholesale beef market to drop by US\$10-US\$15/cwt over the next three weeks.



On the afternoon of April 10, wholesale choice beef was trading at US\$334/cwt, down \$5/cwt from seven days earlier; select product was valued at US\$315/cwt, down US\$3/cwt from last week.

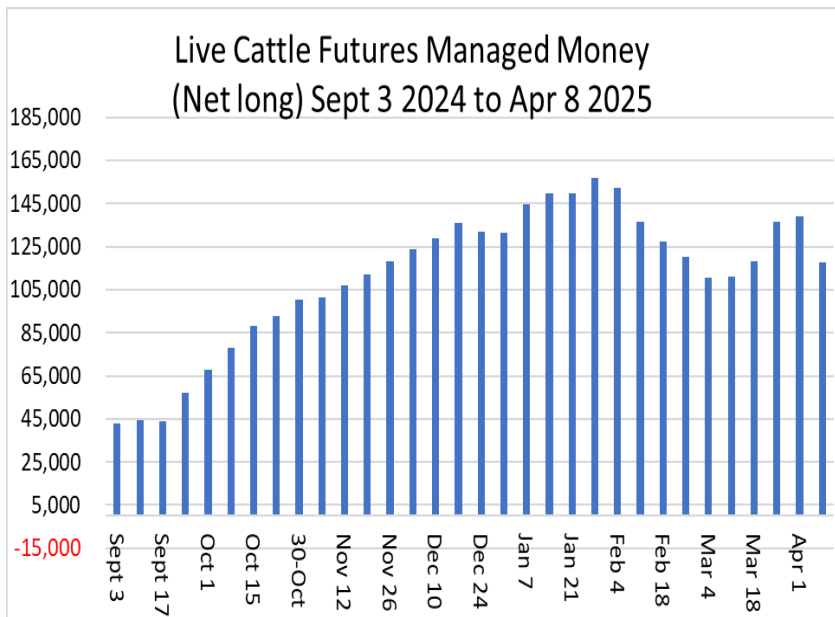
Commitment of Traders (COT) for Live Cattle Futures

Live Cattle Futures Only

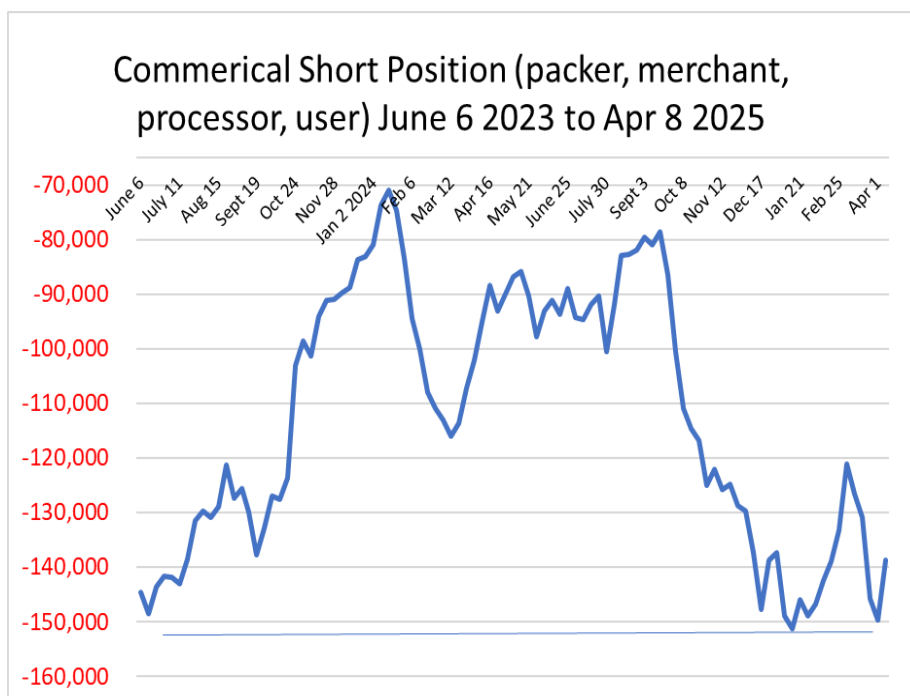
Commitment of Traders Disaggregated Report Futures Only

	Mar 11	Mar 18	Mar 25	Apr 1	Apr 8	Change
Pro/Mer/Pro/User	-126,645	-130,886	-145,777	-149,662	-138,791	10,871
Swap Dealer	50,398	50,024	52,213	51,689	51,637	-52
Managed Money	111,061	118,029	136,592	139,126	117,617	-21,509
Non Commercial	-13,726	-14,604	-19,605	-15,480	-9,897	5,583

***Producers / Merchant / Processor / User



For the week ending April 8, the commercial (packer) was a net buyer of 10,871 contracts while the managed money was a net seller of 21,509 contracts. Commercial buying and managed money selling characterize a bearish market sentiment or downward trending market. The managed money length of 117,617 contracts is still relatively high.



The commercial short does not usually move beyond 150,000 contracts. This past week, the commercial short of 138,791 suggests that packer demand is about 93% full. The U.S. packer does not need to buy many cattle at the higher levels. Markets go down because of the lack of buying or limited demand. When demand is full, markets go down.

Strategy and Conclusion for Fed Cattle

In our March 22, 2025, issue we advised feedlot operators to price 60%-75% of their May through September fed cattle marketings.

U.S. market-ready fed cattle supplies make a seasonal low in April and then increase during May and June before peaking in July. Dressed weights are above year-ago levels and the slaughter pace is lagging. Cattle on feed 150 days as of April 1 are expected to be up from year-ago levels.

The Commitments of Traders Report is bearish for the cash and futures markets. The futures market is leading the cash market lower. During the second quarter of 2025, U.S. beef production is only down about 21 million pounds compared to the second quarter of 2024; however, beef supplies available for the domestic market are up 180 million pounds from last year. The wholesale beef market had incorporated a risk premium due to the uncertainty in supplies. Now that there is a 90-day pause on tariffs from major countries that export beef to the U.S., the risk premium in the wholesale market is expected to erode.

In Western Canada, market-ready fed cattle supplies are extremely tight in the short term. We expect market-ready supplies to increase in the latter half of May. During June, market-ready fed cattle supplies in Western Canada will be burdensome. Within a 45-day window, market-ready fed cattle supplies move from an extremely tight situation to a burdensome situation.

See our technical comment on the Dow Jones. We believe there is further downside in the equity markets as the U.S. economy moves into a recession later in summer.

Feeder Cattle

Steers	Central Alberta Week ending April 12		Heifers		
Mixed	984 lbs	\$360	Red mixed	868 lbs	\$355
Red	859 lbs	\$384	Mixed	811 lbs	\$390
Mixed	800 lbs	\$409	Red	746 lbs	\$407
Black	700 lbs	\$465	Black	642 lbs	\$440
Mixed	600 lbs	\$505	Tan	511 lbs	\$512
Char	500 lbs	\$580	Black	490 lbs	\$529

Western Canadian feeder cattle continue to trade at or near historical highs. Profitable feedlot margins continue to be the main influence driving the feeder market. Alberta and U.S. feedlot margins will move into negative territory in the summer months.

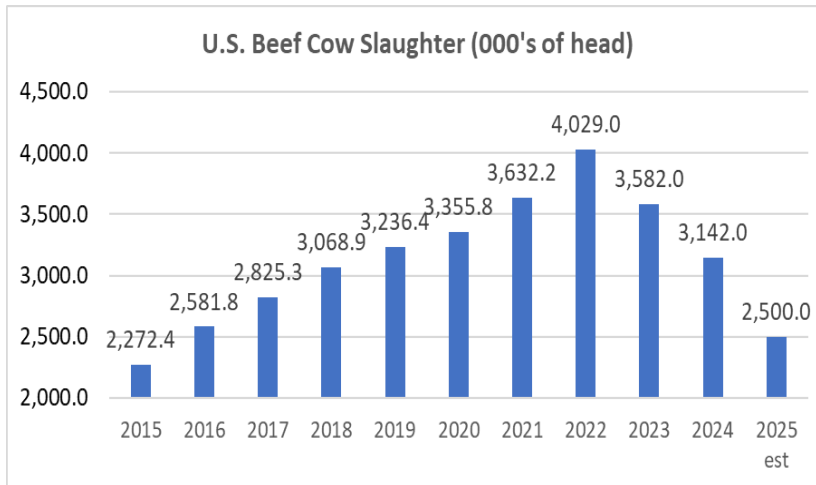
Compared to last week, Western Canadian feeder markets traded steady to \$5 higher on average. Strength in the fed cattle market continues to support the overall feeder complex. We mentioned last week that feedlot operators often use the current fed cattle market to base the purchase price for replacements. This works well in a bullish market but it's not so favorable when the deferred live cattle futures are trading at a discount to the nearby fed cattle cash market.

The Alberta and Ontario cash markets for nearby delivery were stronger this week, which translated into higher feeder cattle prices. However, the deferred price structure actually deteriorated with the softer live cattle futures and stronger Canadian dollar. The margins for incoming replacements have actually deteriorated from last week. Given the projected fed cattle prices for August through October, feedlot operators in Alberta and Ontario will not be able to cover feed costs.

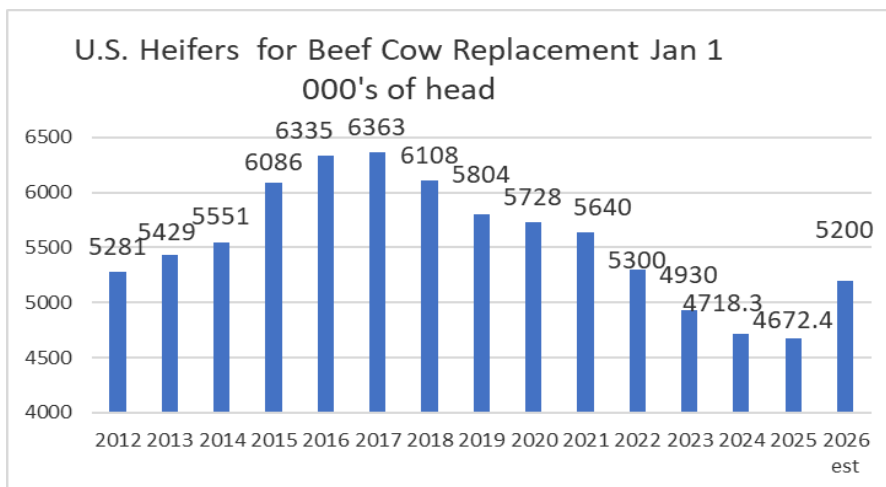
Below we have the economics for finishing 750-1,000-pound steers based on current feeder cattle prices.

Economics for Finishing 750-1000 lb Steers Based on Current Market Prices				
Finishing Steers	Southern Alberta			
Purchase month	April	April	April	April
Steer weight (lbs)	750	850	900	1000
Steer purchase price (\$\$/lb)	\$4.30	\$3.98	\$3.77	\$3.60
Total Cost	\$3,225	\$3,383	\$3,393	\$3,600
Cost per pound gain (feed)	\$1.14	\$1.14	\$1.14	\$1.14
Costs per pound gain (all costs)	\$1.64	\$1.64	\$1.64	\$1.64
Selling Month	Oct	Sept	Sept	Aug
Weight at sale price	1400	1400	1400	1400
Break-even price (feed only)	\$2.83	\$2.86	\$2.83	\$2.90
Break-even price (all costs)	\$3.07	\$3.06	\$3.01	\$3.04
Expected Price Based on Futures as of Friday April 11	\$269.00	\$269.00	\$267.61	\$267.61
Our projected fed cattle price	\$269.00	\$269.00	\$267.61	\$267.61

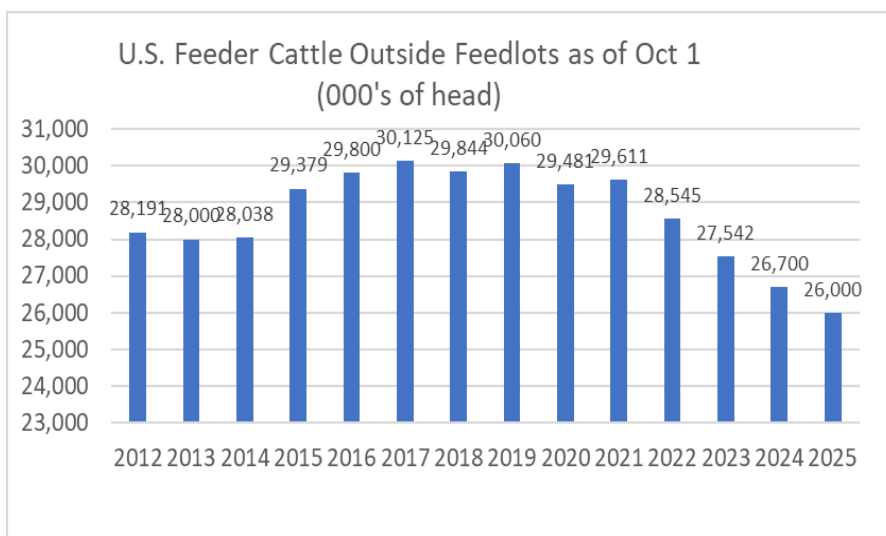
The August feeder cattle futures are trading at a \$5 premium to the nearby May contract. This coincides with the February 2026 live cattle futures trading at a \$3 premium to the October 2025 contract. We're expecting significant heifer retention this summer. Cattle producers tend to make their decision on retaining heifers in the summer and fall.



The U.S. beef cow slaughter for 2025 is projected to drop to 2.5 million head, down from the 2024 processed number of 3.142 million head. The lower beef cow slaughter points to expansion behavior. Cull cow prices are expected to increase to historical highs this summer.



Heifers for beef cow replacement on January 1, 2026, projected to be 5.2 million head, up from 4.7 million head on January 1, 2025. There will be about 500,000 heifers taken out of the feeder cattle pool. This is supportive to August feeder cattle futures.



U.S. feeder cattle supplies outside finishing feedlots on October 1, 2025, are expected to be 26.0 million head, down 700,000 head from October 1, 2026.

CME Composite Feeder Price

The CME composite price is the official cash settlement price for the CME feeder cattle futures at contract final settlement. Figures have been calculated by the CME Group from prices reported by the USDA. Below is the seven-day average price for 700-899-pound feeder steers.

Date	Avg. Price	Date	Avg. Price	Date	Avg. Price	Date	Avg. Price
04/09	287.29	04/07	290.53	04/03	291.95	03/20	287.78
04/08	290.61	04/04	290.00	04/02	291.93	03/14	283.27

We've shown the CME composite price since March 14. The U.S. cash market appears to have peaked in early April but now it's starting to soften. In Western Canada, feeder cattle prices are still percolating higher. This is red flag for the feeder market!

Commitments of Traders for Feeder Cattle Futures

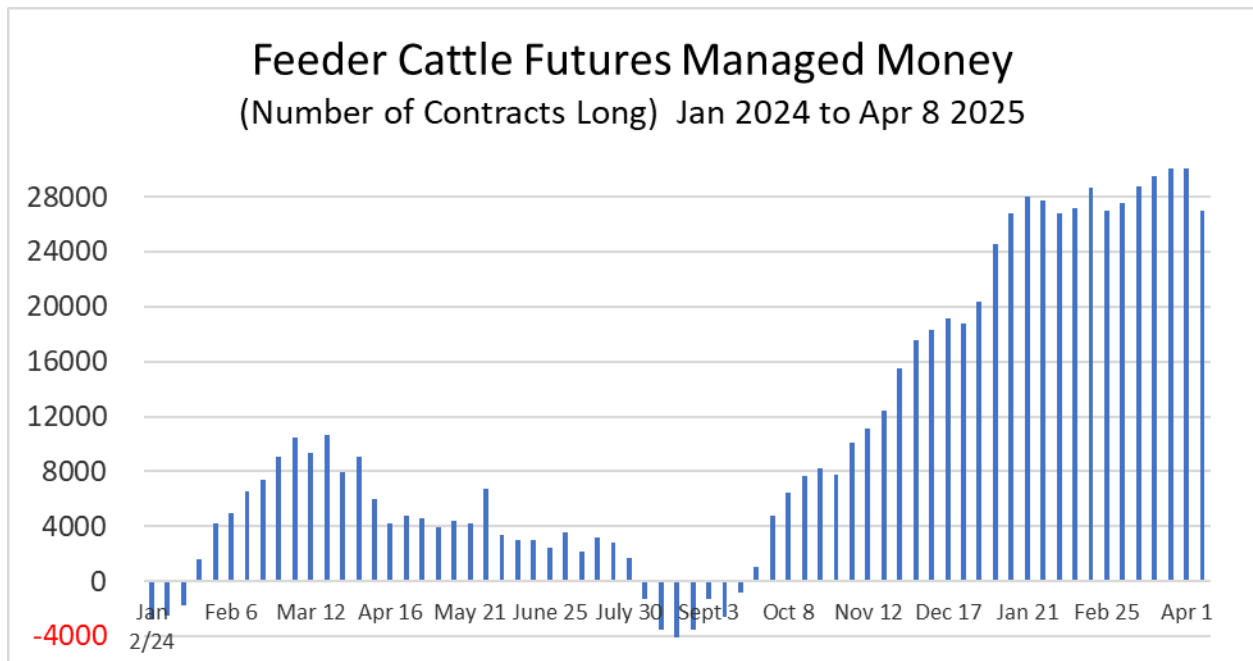
Feeder Cattle Futures Only

Commitment of Traders Disaggregated Report Futures Only

	Mar 11	Mar 18	Mar 25	Apr 1	Apr 8	Change
Pro/Mer/Pro/User**	-6,635	-7,347	-8,843	-8,872	-6,810	2,062
Swap Dealer	2,752	2,581	2,287	2,033	1,099	-934
Managed Money	28,767	29,538	32,504	31,912	26,951	-4,961
Non Commercial	-10,485	-9,379	-10,283	-9,542	-9,400	142

**Producers / Merchant / Processor / User

For the week ending April 8, the commercial was a net buyer of 2,062 contracts while the managed money was a net seller of 4,961 contracts. Commercial buying and managed money selling characterize a bearish or downward trending market. The managed money length remains near a historical high. Over the next six weeks, we believe the managed money will take their position down to about 15,000 contracts.



Strategy and Conclusion for Feeder Cattle

In our March 22 issue we advised backgrounding operators and cow calf operators to have price insurance or hedge up 100% of their ownership. Producers who were planning to buy grass cattle were also advised to have coverage. In the March 22 issue, we mentioned that the feeder market was expected to put in the highs over the next month. We're now starting to see the U.S. market soften. This will eventually take the steam out of the Canadian feeder market.

The feedlot operator is in a unique situation. Feeder cattle supplies are expected to tighten through the summer and remain below year-ago levels in the fall. This comes at a time when there is significant economic uncertainty. Feeding margins on both sides of the border are expected to move into negative territory during the summer months. I've recommended to some feedlot operators to have some put options on the feeder cattle futures if you're not forward contracting the finished animal at this time. Looking at past price patterns, the feedlot operator needs to move through one round of negative margins (four to six months) before there is a serious downward adjustment in the cash feeder cattle market. Just like the live cattle, the feeder cattle market is vulnerable if the projected U.S. recession materializes.

When the cattle herd transitions from contraction to expansion, this is a difficult period for the finishing feedlot, especially if consumer spending starts to wane.

Barley and Corn Comment

Canadian barley stocks as of March 31, 2025, are expected to be similar to March 31, 2024. The domestic market should be well supported as supplies decrease late in the crop year.

Lethbridge area feedlots were buying feed barley in the range of \$305-\$315/tonne delivered this past week. Operations in the Red Deer region were showing bids at \$290-\$300/tonne delivered. Fob farm bids in Saskatchewan continue to hover in the range of \$5.10-\$5.50/bu or \$234-\$252/tonne. Farmer selling has gone deathly quiet; however, most feedlots have their April and May requirements covered. We estimate that feedlots have covered about 50% of their June and July demand.

Wheat for feed usage was trading in the range of \$300-\$320/tonne delivered in Central and Southern Alberta. Elevator bids for No.1 and No.2 CWRS 13.0 protein were averaging \$300/tonne across Alberta. Imported U.S. corn was trading in the range of \$315-\$325/tonne delivered in southern Alberta.

Canadian crop year-to-date barley exports for the week ending April 10 were 1.419 million tonnes, up 8,000 tonnes from last year for the same period. Statistics Canada will release their March 31 Stocks Report on May 8. We're estimating total barley stocks as of March 31, 2025, to come in at 3.0 million tonnes which includes 492,000 tonnes in commercial positions and 2.508 million tonnes on farms. This is similar to the March 31, 2024, total supplies of 3.072 million tonne with 449,000 in the pipeline and 2.622 million tonnes on farms.

Below we have the Canadian barley disposition by month. On farm stocks become extremely tight during June and July.

Canadian Barley Disposition by Month 2024/25													
(000's of mt)	Act	Act	Act	Act	Act	Act	Act	Est	Est	Est	Est	Est	Est
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	April	May	June	July	total
Carry in visible deliveries	273	337	382	355	331	324	374	486	492	244	304	305	
dockage	1	1	1	1	1	1	1	1	1	1	1	1	13
net deliveries	499	699	949	1049	1017	699	774	649	599	599	549	449	8530
imports	7	11	15	15	15	5	5	4	2	2	2	2	85
TOTAL SUPPLY	779	1047	1346	1419	1363	1028	1153	1139	1093	845	855	756	
Demand													
China	34.6	189.2	217.8	244.5	72.2	18.9	63.5	90.0	100.0	100.0	75.0	75.0	1,280.7
Other	-	-	-	-	-	-	-	-	-	-	-	-	-
/Peru/Ecuador	-	-	-	-	-	-	-	-	-	-	-	-	-
Japan	11.0	54.8	49.4	27.5	88.7	-	66.0	60.0	60.0	25.0	50.0	25.0	517.4
Mexico	-	-	-	-	-	-	-	-	-	-	-	-	-
Saud Arabia	-	-	-	-	-	-	-	-	-	-	-	-	-
UAE	-	-	-	-	-	-	-	-	-	-	30.0	-	30.0
United States	1.3	9.3	5.7	18.6	10.6	10.2	6.9	17.0	20.0	20.0	20.0	20.0	159.6
Total Exports	46.9	253.3	272.9	290.6	171.5	29.1	136.4	167.0	180.0	145.0	175.0	120.0	1,987.7
								seed :	240				
Domestic Food/Ind	45	62	68	68	68	75	80	80	79	75	75	75	850
Domestic Feed	350	350	650	729	800	550	450	400	350	321	300	300	5550
TOTAL DEMAND	442	665	991	1088	1040	654	666	647	849	541	550	495	8628
net carry out visible	337	382	355	331	324	374	486	492	244	304	305	261	
month end farm stox	8351	7651	6701	5651	4633	3933	3158	2508	1908	1308	758	308	
				Total	4957		Total ==	3000					
** Domestic food includes malt processed for export and barley for industrial usage.										TOTAL CARRYOUT IS		569	

Germany and France will have larger production than last year. A marginal year-over-year decline is expected in Russia and Ukraine. We continue to project an increase in Canadian output.

World barley values are unchanged from last week. French barley was offered at US\$230/tonne fob Rouen and US\$225/tonne fob La Pallice. German feed barley was offered at \$228/tonne fob Hamburg. Australian barley was quoted at US\$230/tonne fob Port Adelaide. Russian and Ukrainian barley was quoted at US\$235/tonne fob Black Sea.

French barley output is projected to reach 11.3 million tonnes, up from 9.8 million tonnes last year; German output is estimated at 10.5 million tonnes, unchanged from last year. Russian barley production is estimated at 15.5 million tonnes, down from the 2024 crop of 16.3 million tonnes. Ukrainian farmers are expected to produce 5.5 million tonnes, down from 5.8 million tonnes last year. The larger European crop is negative for malt barley prices barring adverse weather during harvest.

We continue to project a Canadian barley crop of 8.7 million tonnes, up from the 2024 production of 8.1 million tonnes. We believe that farmers will switch intended canola acres into spring wheat and barley. Farmers are expected to sell about 1.1 million tonnes of barley per month from September through December. Therefore, we don't believe there is an urgency to book new-crop supplies. Cattle on feed inventories during August and September are at seasonal lows. Notice that domestic feed demand during September is only about 350,000 tonnes. The Canadian feed barley market tends to bottom in September.

The USDA lowered U.S. ending stocks for 2024/25, which we expected. On the following page, we have the updated supply and demand table for U.S. corn. The main points on the corn market are as follows. U.S. ending stocks for 2024/25 crop year are below the five-year average. Secondly, next fall, Brazil and Argentina will have lower corn acres due to Chinese tariffs on U.S. soybeans. South America will increase soybean acres.

The USDA WASDE report was considered bullish for the 2024/25 crop year. They increased the export projection but lowered domestic usage. The net result was that the carryout was taken down from 1.540 billion bushels to 1.465 billion bushels. This is below the five-year average of 1.531 billion bushels. Ending corn stocks from the major exporters (Argentina, Brazil, Russia, South Africa, Ukraine, excluding the U.S.) are expected to drop to 8.0 million tonnes, down from the 2023/24 carryout of 9.75 million tonnes and down from the five-year average of 14.0 million tonnes. The market cannot afford a crop problem in the Northern Hemisphere in the spring and summer of 2025.

The U.S. will be the dominant player on the world market until late June or July. On April 9, U.S. corn was valued at US\$219/tonne fob the Gulf while Brazilian corn was offered at US\$225/tonne fob Paranagua. Argentinean corn was quoted at US\$225/tonne Up River (Rosario).

US Corn Supply and Demand							
Supply and Disposition of U.S. Corn (million bushels)				March	April		
	USDA 22/23	USDA 23/24	5 year average	USDA 24/25	USDA 24/25	Case 1 25/26	Case 2 25/26
Acres Seeded	88.2	94.6	91.3	90.6	90.6	95.3	95.3
Acres Harv.	78.7	86.5	82.8	82.9	82.9	87.2	87.2
Yield (bushels per acre)	173.4	177.3	173.3	179.3	179.3	179.0	173.0
SUPPLY (million bushels)							
Opening Stocks Aug 1	1377	1360	1622	1763	1763	1465	1465
Production.	13651	15341	14359	14867	14867	15609	15086
Imports	39	28	31	25	25	26	26
Total Supply	15066	16729	16013	16655	16655	17100	16577
USE (million bushels)							
Feed-Waste-Dockage	5486	5804	5702	5775	5750	5900	5850
Food Seed Industrial	6559	6869	6589	6890	6890	6885	6885
<i>Ethanol</i>	5176	5478	5172	5500	5500	5500	5500
Domestic Demand	12045	12673	12291	12665	12640	12785	12735
Exports	1661	2292	2191	2450	2550	2400	2350
Total Demand	13706	14966	14482	15115	15190	15185	15085
TOTAL CARRYOVER	1360	1763	1531	1540	1465	1915	1492

Corn stocks in Brazil and Argentina will drop to historical lows at the end of 2024/25 campaign. The USDA WASDE Report had Brazilian output at 126 million tonnes, unchanged from March and up from 119 million tonnes last year. Argentinean corn production was estimated at 50.0 million tonnes, down one million tonnes from last year. Brazil's first corn harvest has been completed and the Argentine corn harvest is about 23% complete.

For the 2025/26 crop year, we've included our two case studies from last week. As of April 6, the U.S. corn crop was 2% planted. We're expecting Monday's Crop Progress Report to show planting at 6% complete. We're not expecting to see much progress over the next two weeks. The market will be nervous until seeding progress reaches 75% complete. Early seeding tends to result in higher yields. **The U.S. farmer doesn't sell much corn during the seeding period so the commercial selling on the futures market is limited.**

Commitments of Traders for Corn Futures

Corn Futures

Commitment of Traders Disaggregated Report Futures Only

	Mar 11	Mar 18	Mar 25	Apr 1	Apr 8	Change
Pro/Mer/Pro/User**	-509,634	-475,013	-423,146	-390,308	-395,228	-4,920
Swap Dealer	292,915	293,290	282,708	278,924	269,424	-9,500
Managed Money	132,412	104,430	73,920	128,433	131,184	2,751
Non Commercial	135,945	134,946	126,451	38,436	41,698	3,262

For the week ending April 8, the commercial was a net seller of 4,920 contracts while the managed money was a net buyer of 2,751 contracts. Commercial selling and managed money buying characterize a bullish market sentiment or upward trending market.

Strategy and Conclusion for Barley and Corn

Our strategy is unchanged from last week. We've advised feedlot operators to have 100% coverage for barley or corn through July. We're expecting the corn futures to incorporate a risk premium due to the uncertainty in U.S. production during April and May. The corn market cannot afford a crop problem in the U.S. We always recommend buying some "out-of-the-money" call options on the corn futures. This is North American drought insurance. These options pay off once every four years on average. For new-crop positions, we don't believe there is an urgency to take coverage given the larger barley and corn production.

Canadian Dollar

The June Canadian dollar closed at 71.77 U.S. cents, up 0.54 U.S. cents for the week. We're at the beginning of a trade war, not the end. We have at least a year left of this drama with President Trump although he is becoming a bit jittery as the equity markets lost about \$10 trillion before he paused his tariff program on Wednesday.

U.S. tariffs on Canadian oil, steel, aluminum, lumber, oil and potash remain intact. On Wednesday, President Trump delayed his tariff program for 90 days but left the reciprocal tariffs in place but lowered the levy to 10%. On March 13, Canada imposed 25% tariffs on \$29.8 billion in products from the U.S. This follows the March 4 tariffs of 25% on \$30 billion worth of U.S. goods. On April 3, the U.S. placed a tariff of 25% on non-compliant USMCA Canadian automobiles. Canada basically countered this exact measure with a tariff of 25% on non-compliant USMCA vehicles imported from the U.S. News on Friday was that China raised tariffs on U.S. goods to 125% after the Trump administration increased Chinese tariffs to 145%. U.S. tariff rates are changing daily so use the above as a guide only.

The financial markets are focused on projections for unemployment and inflation, not recent data.

Over the next 12 months, the U.S. is expected to lose 2 million jobs if Trump's tariff plan is fully implemented. Canada is expected to lose about 600,000 to 800,000 jobs. Career placement company Challenger, Grey and Christmas released a report earlier in April that U.S. employers had announced 275,240 job cuts in March, the highest number since May 2020. This follows the

February number of 172,017 job cuts. When companies announce layoffs, the employees are not fired immediately but over a period of time. This is often viewed as an indication for upcoming government job reports.

For a company like Walmart, approximately 60% of the merchandise is imported from China. It takes time to manage supply chains and source from other countries. Major retailers have stated concerns about weaker consumer spending and rising prices. The National Retail Federation's Global Port Tracker forecasts that U.S. importers brought in the equivalent of 2.14 million loaded containers in March and 2.08 million in April. During May, the schedule reflects a forecast for only 1.66 million containers down 20.5% from May 2024. Retailers have built up inventories and will rely on these inventories for the short-term until retail demand becomes more certain. Weaker consumer spending has lowered GDP forecasts and also tempered inflationary projections in the short-term.

There are no change to our GDP forecasts for the first and second quarters of 2025.

REAL GDP	2023				2024				2025	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
U.S.	2.0	2.4	4.9	3.2	1.3	3.0	3.1	2.3	-2.4	-2.5
Canada	3.9	0.8	-0.6	0.7	2.0	2.2	1.1	2.6	-2.0	-2.0

- quarter-over-quarter, seasonally-adjusted annual rates

U.S. short-term yields have lost ground to their Canadian counterparts which favors Canadian dollar appreciation against the greenback.

January data shows that Canadian investors sold foreign equities at the fastest pace in three years. Canada is in a trade war with it's largest trading partner but not all trading partners. The U.S. is basically in a trade war with every country. The U.S. greenback is not the short-term safe haven it once was. There appears to be an investment flow toward the Canadian dollar and the Euro. The Australian dollar fell on April 4 but has recovered. Australia's trade with the U.S. is relatively small compared to other nations. The U.S. has also been a bit softer on Canada, Mexico and Europe, at least in the short-term. This has favored buying Canadian dollars and Euros against the U.S. dollar. Investors and financial houses are liquidating U.S. long-term bonds. This results in lower bond prices and higher yields.

Apr 4/25	2-year	5-year	10-year	Apr 10/25	2-year	5-year	10-year
Canada	2.3010	2.4630	2.8550	Canada	2.6480	2.8500	3.2580
U.S.	3.5760	3.6390	3.9420	U.S.	3.8160	4.0700	4.4710
Spread	-1.2750	-1.1760	-1.0870	Spread	-1.1680	-1.2200	-1.2130

Canada is having an election. The Liberals and Conservatives are neck-to-neck in a two horse race. The fiscal position will improve moving forward. The key is it won't get worse.

Liberal leader Mark Carney has pulled the Liberals from far left to center. He stated that law protecting Canada's dairy supply management system is not necessary. He's not putting it on the table for trade negotiations but this is a change in position from two years ago. He's waffled on this subject. He's also promises to streamline energy projects. Ideas are that he may have been

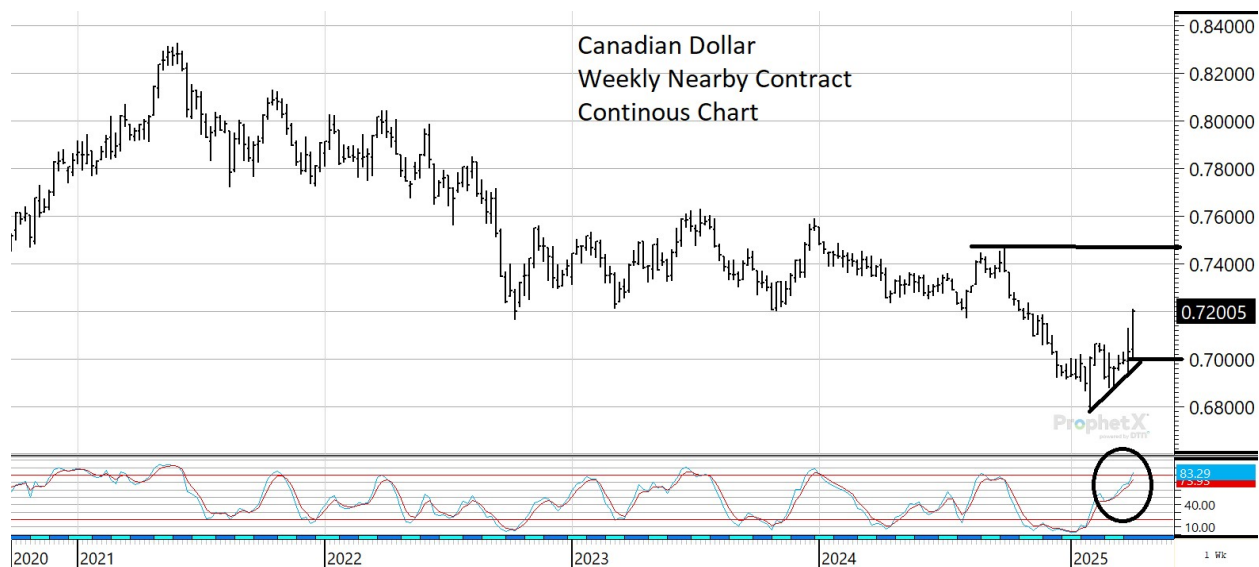
pushing climate ideology to get in Trudeau's good books but he has softened his tone. He scrapped the carbon tax and the capital gains increase. There will be more fiscal responsibility moving forward regardless who wins. The Conservatives are gaining momentum after lagging earlier in the race. Carney is somewhat self destructive when speaking and appears to be out-of-touch with the working person. A Conservative win is bullish Canadian dollar and it will be at 80 cents U.S. before you know it.

We expect lower interest rates in Canada and the U.S. moving forward.

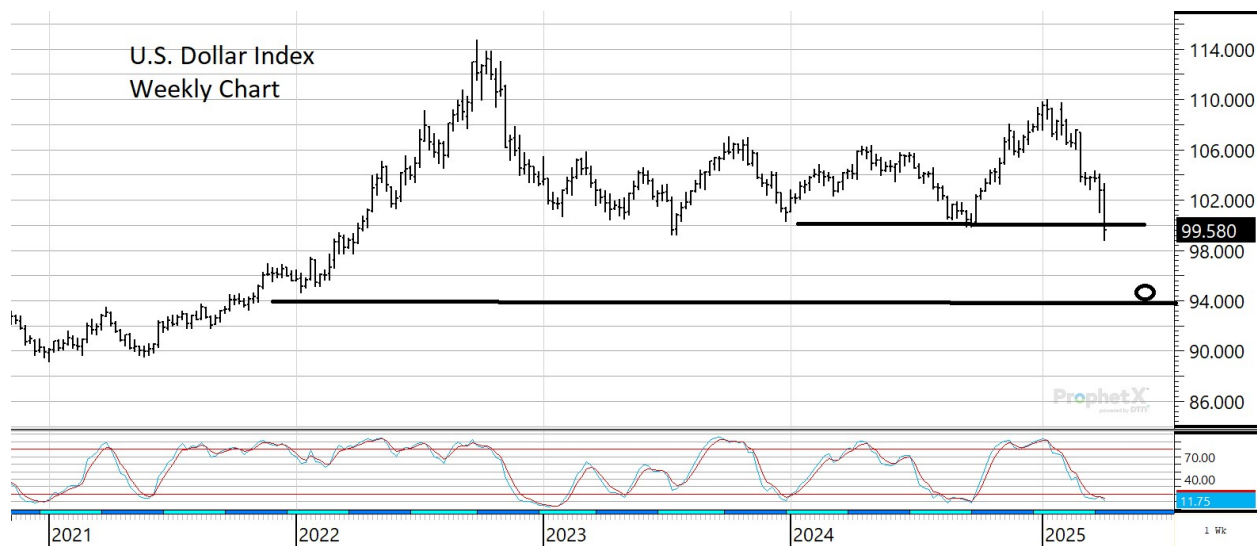
The Bank of Canada (BoC) is expected to lower their benchmark rate by 25 basis points on April 16 from the current rate of 2.75% to 2.50%. There is a 50/50 chance for a cut of 50 basis points. On May 1, the U.S. Federal Reserve (Fed) is expected to lower their rate from the range of 4.25%-4.50% to the range of 4.00%-4.25%. This environment favors a neutral outlook for the Canadian dollar until the equity markets stabilize.

In conclusion, we have a neutral to bullish bias on the Canadian dollar.

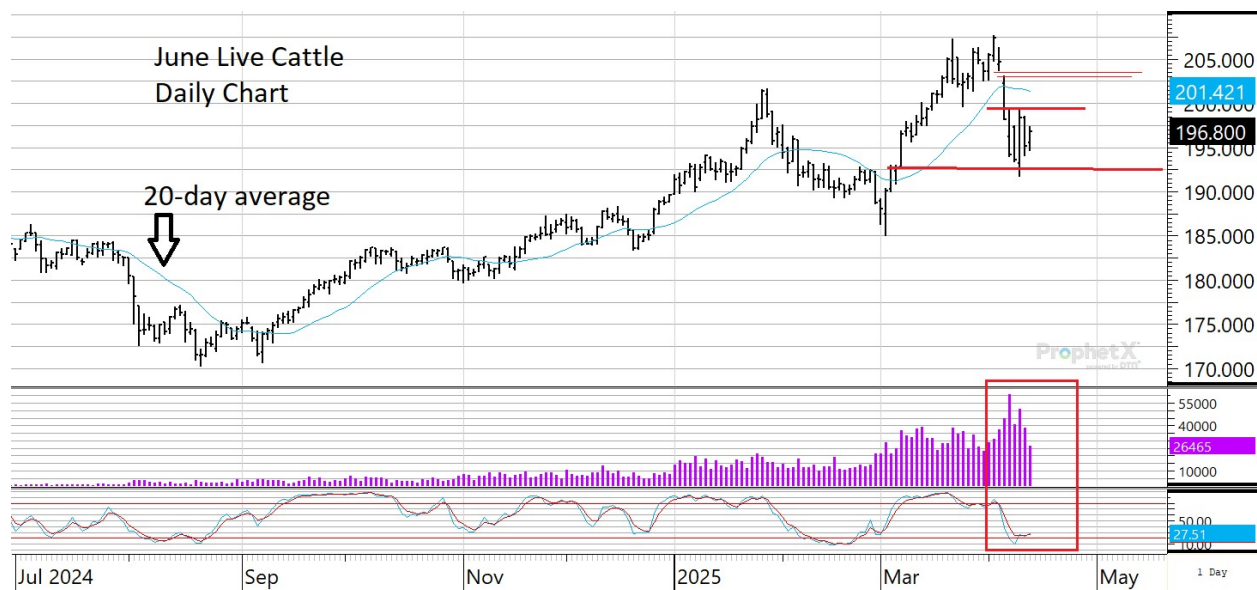
In the short-term, investors are buying Canadian dollars and Euros against the U.S. dollar. Investors are liquidating U.S. long-term bonds as U.S. assets are not the safe-haven instrument. Short-term bond yield spreads favor Canadian dollar appreciation against the U.S. dollar. The U.S. is in a trade war with all nations. Europe, Canada and Australia are only in a trade war with the U.S. We continue to project a major recession in the U.S. and a minor recession in Canada. The U.S. Federal Reserve are expected to lower their benchmark rate by 25 basis points on May 1. We may see a downward adjustment of 25 or 50 basis points from the Bank of Canada. A Conservative win is bullish; a Liberal win is neutral. Canada's fiscal position is expected to improve rather than decline moving forward.



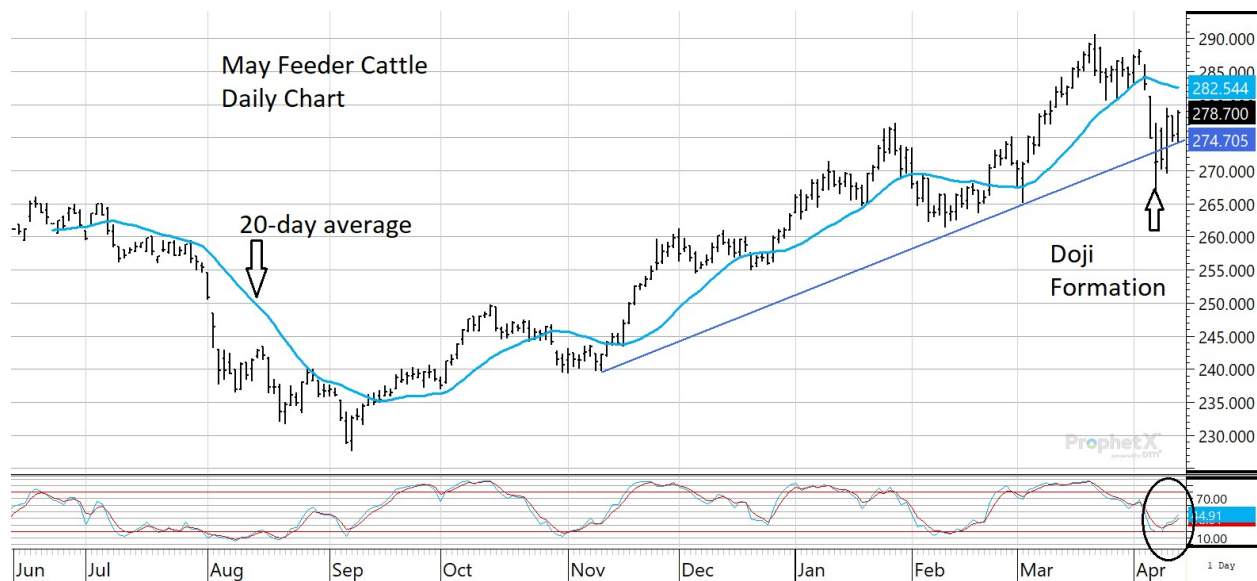
This chart is bullish. The market has upside potential in the short-term to range of 74-75 U.S. cents. A close above 75 U.S. cents would put the 80-cent level as the upside objective. Major support is at 70.00 U.S. cents. The stochastics are bullish reflecting upward momentum. The market closed near the highs of the week's range. The market is searching for sellers. The Commitment of Traders Report for the Canadian dollar was considered bullish. The asset manager has been a significant buyer.



Since January 2023, the U.S. Dollar Index had major support at 100.00. The market has now broke below this key level. When a market breaks below a long-term support line, there is usually a significant move and tells us there is a major fundamental shift in the market. The downside objective if the short-term is the range of 94.00-95.00. Major resistance is now at 104.00.



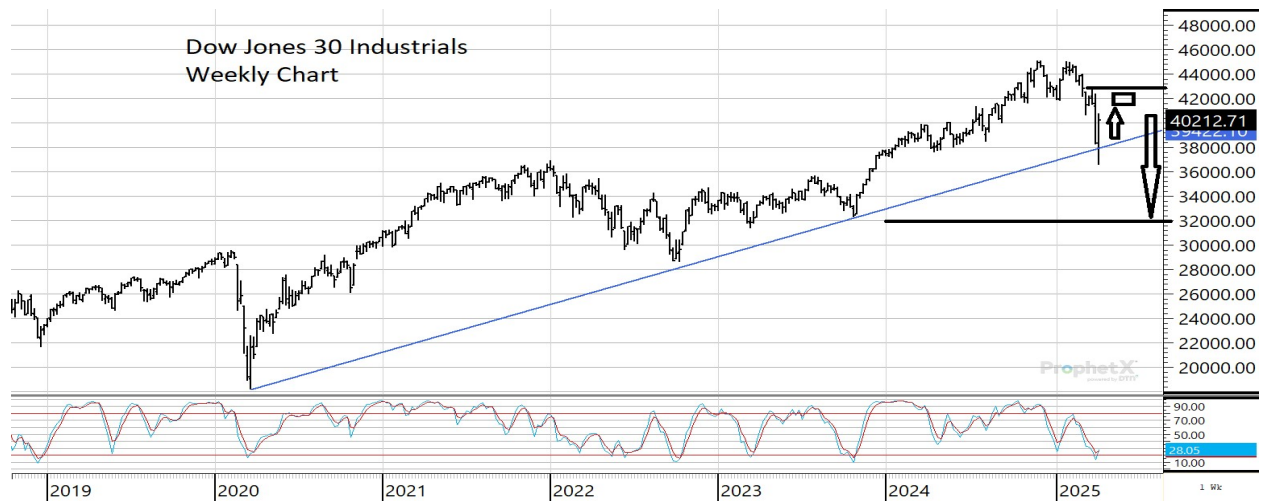
The market gapped lower on April 4. This gap in the range of \$203.15-\$203.70 is major resistance. Markets will usually try to fill in gaps; however, failing to fill in the gap is a negative signal. The market is currently correcting in time by consolidating, rather than price with a minor rally to fill in the gap. The market appears to be forming a bearish flag. Minor resistance is at \$199.50 and support is at \$192.50. A close above the resistance would suggest upside to the gap. A close below support would suggest downside to the \$185 level in the short term. Notice the large volume on April 7 which confirmed the support level. This suggests that a close below the support is a very negative signal so watch this level. The stochastics are not providing a clear signal but look rather neutral.



May feeder cattle formed a “doji” formation on April 7. The opening and closing prices were basically the same telling us that buying and selling forces are in equilibrium. This is usually a reversal signal. There is a gap in the range of 281.32 and 282.37. It appears that the market is trying to fill in this gap. The stochastics have turned higher reflecting upward momentum. We’re looking for the market to move back up to the \$285 on a corrective swing. Major resistance is at \$290. If the market would move above \$290, the upside objective would be the psychological \$300 level. If the market would eventually close below \$270, there would be downside potential to the \$250 area.

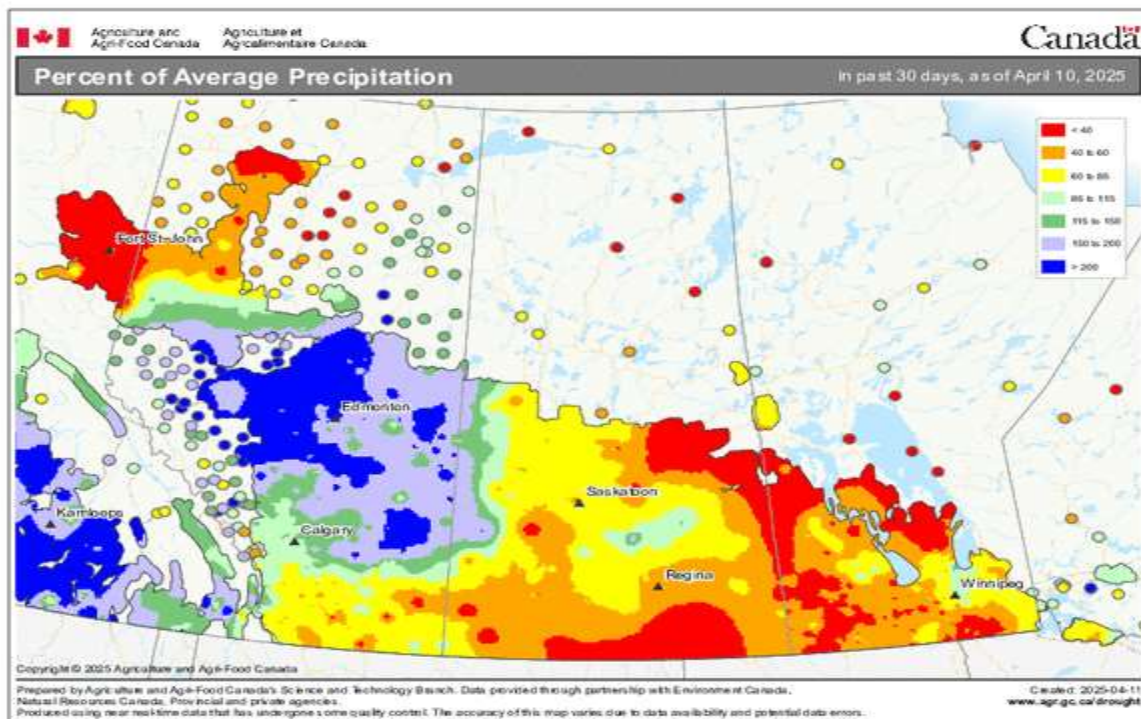


This is a bullish chart. The market is searching for sellers. On Thursday, there was huge volume and then on Friday, the market continued to trade higher. This is a bullish signal. Minor resistance is at the \$5.00 level and major resistance is at \$5.20. Given the recent pattern, the \$5.00 level won’t slow the market down at all. A close above \$5.20 would make the \$5.80-\$6.00 range the upside objective.



The Dow Jones Industrial average tested the major upward trendline. The market dropped from 45,000 down to 36,611 and is now correcting in price with a retracement pattern. The key level on this corrective phase is 43,000. The recovery zone is 42,000 -43,000. After testing this range, the market will be inclined to trade lower with potential downside to the range of 32,000-34,000.

Below is the Western Canadian map showing precipitation over the past 30 days. Western Canadian weather patterns move in 18 year cycles and 2007 was a dryer year. This is something to watch moving forward.



Charts and Quotes Courtesy of DTN Prophet X.

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