



**Loewen and Associates, Inc.**

**Commodity Consulting/Brokerage**

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## **Morning Ag Markets**

**Pete Loewen**

Very lackluster day in the meat complex with prices closing mixed with a few more pluses than minuses in live cattle and more red ink in feeders than green. Hogs finished the day mildly higher.

Cattle market trends and fundamentals are well supported, so the path of least resistance short term yet is still higher. The biggest movers in cattle have been live market indicators recently, more so than the feeders. The CME cash feeder cattle index really hasn't moved much at all this month, even though futures have been creeping higher. Live cattle futures are into new all-time highs, cash took a \$4 jump last week and choice cutouts are a little over \$4 above where they were on the first day of November. So like I said, the path of least resistance certainly appears to be higher yet in the short term.

There is a seasonal play that should be working against beef product pricing, but based on continued cutout gains, it apparently isn't having much impact. The Thanksgiving holiday certainly isn't a beef focused holiday and yet prices continue to creep higher. Granted, the turkey and ham buying have been completed at the wholesale level for quite a while with the focus now shifting to Christmas and New Year's positioning and inventory booking. Regardless, we didn't even get a brief pause in beef price to call it anything remotely seasonal. That's another factor that is good news for cattle.

Cattle slg.\_\_\_\_106,000 -1k wa -8k ya

Choice Cutout\_\_254.79 +.50

Select Cutout\_\_242.05 +.79

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Feeder Index:\_\_\_240.10 +.01

Lean Index.\_\_\_88.75 +.62

Pork cutout\_\_\_92.64 -1.52

IA-S.MN direct avg\_\_\_86.46 -.87

Hog slg.\_\_\_ 426,000 -3k wa -12k ya

In the grains, bullish speculative and big money flow appeared to have exited the building as beans and wheat got hit with double digit lower prices and corn very close to doubles lower. With fundamentals still siding with the bear through the whole run higher in October, I don't feel the need to go too far in depth as to why markets are lower. They probably shouldn't have been up so much in the first place.

Export sales were released this morning, but there was also some friendly daily reporting as well. 101,600 tonnes of corn was reported sold to unknown destinations as well as 140,000 tonnes of soybeans to unknown.

The weekly export sales numbers were a mixed bag. Corn sales were 35.8 mln bushels, which is being viewed as neutral. Beans were 17.7 mln, along with 200,000 of next year's new crop. Wheat sales came in at 13.3 mln, which was called neutral to bearish. HRW wheat once again took a back seat, taking only 2.4 mln of the 13.3 total. That was 3rd amongst the 5 classes with white wheat the largest last week, followed by spring wheat and then HRW.

Other news impacting the markets, December grain options go off the board tomorrow with FND coming up on the last day of the month. There is always a chance at heightened volatility heading into those dates.

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