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## **Loewen and Associates**

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### **Morning Ag Markets**

**Matt Hines**

Livestock pits were mixed after a lower start yesterday while grains were led higher by soybeans and meal. Cash cattle trade still quiet for the week and boxed beef mixed for the day as well. Cattle futures showed little enthusiasm in moving either side of unchanged yesterday as volume remained light.

Hogs held gains throughout the day supporting by short covering and hopes that pork values and cash prices are nearing a seasonal bottom.

Cattle slaughter from Tuesday estimated at 107,000 head down 8,000 from a week ago and down 15,000 from a year ago.

Boxed beef cutout values higher on Choice and lower on Select on moderate demand and moderate to heavy offerings.

Choice Cutout\_\_249.97 +.83

Select Cutout\_\_238.43 -.72

Feeder Index:\_\_241.21 -.48

Hog slaughter from Tuesday estimated at 394,000 head down 38,000 from a week ago and down 42,000 from a year ago.

Lean Index.\_\_87.93 +.01

Pork carcass cutout\_\_95.60 +1.81

IA-S.MN direct avg\_\_86.66 -.04

National cash avg\_\_86.58 +1.33

Mixed for cattle futures and higher opening calls for hogs early today. Cash calls for hogs look to be steady to \$1 higher moving forward this week as well.

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Over in the grains, we did open lower but soybeans and meal got another charge higher. With an outside day lower from the report Monday, yesterday's kick higher was to say the least a little unexpected. Corn and wheat were drug along higher after spending most of the morning steady to lower. Although very cold, we should remain dry for most of the Midwest to allow the last 10-15% to be harvested. After which most of the focus should shift down to South American weather. It is getting some attention already with planting pace a little behind and mixed reports of some areas too wet versus others too dry. The other driver right now is double booking of cash beans and meal due to continued rail backlogs.

Overnight, soybeans and meal again the leader higher. Around 2 am soybeans topped out around 18 higher and finished up 13. Corn traded a nickel range and finished 3 higher. Wheat was 5 to 8 higher in all three pits. This massive cold front on uncovered wheat and in some cases dry ground could cause a little winterkill talk to get brewing already.

Very little new news overnight beyond the soybean and meal rally. December meal is within just a couple dollars of hitting the contract high at 411.4 seen this past spring. January soybeans would still need another \$2 rally to get up to the highs from this past spring. The 50% retracement level sits at \$10.98. December corn is still trying to break through the \$3.80 resistance with support at \$3.60. December Chicago wheat is similar trying to break the \$5.40 resistance with support at last week's low of \$5.11. December KC wheat has spent the last 2 months between 5.50 and 6.20 and the trend going from steady to lower. We shall see if this rally can hold today and push prices back above \$6.

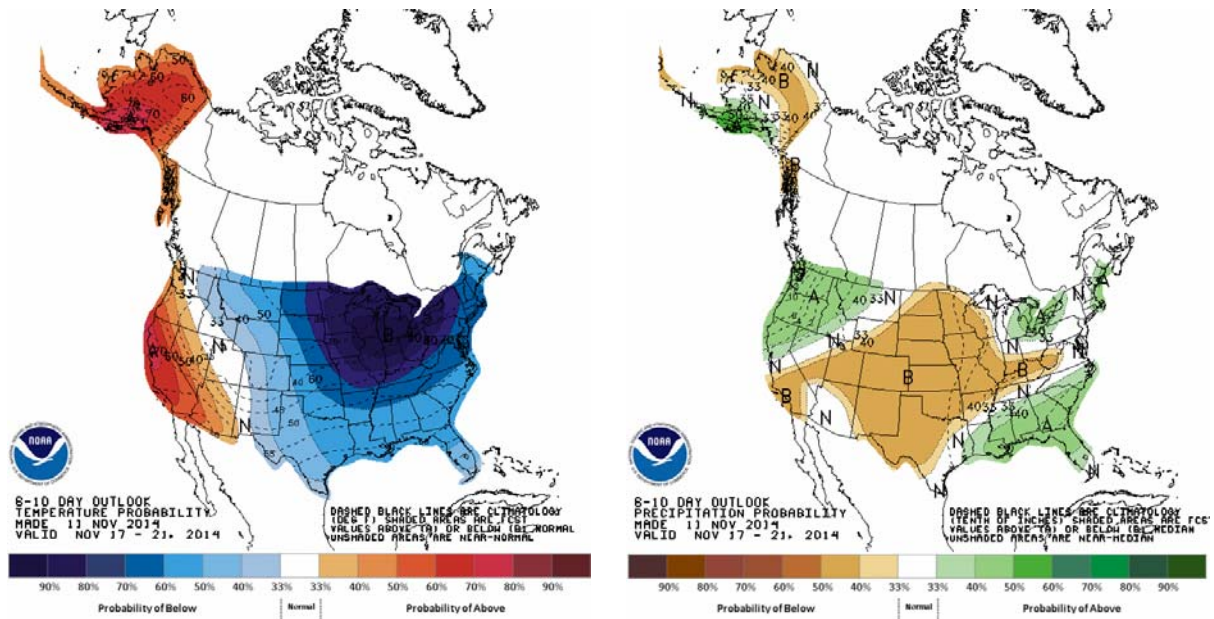
Rosario Exchange in Argentina released its first corn production estimate of 21.5 MMT which confirms what most have been projection, a lower corn production than last year's 24.8 MMT. Wheat production was left unchanged at 12 MMT and they expect farmers to plant 20.7 million HA of soybeans, this estimate towards to lower end of previous estimates.

Looking at the weather, again this massive cold front will stick around for a couple days with some more snow expected in the Great Lakes region and then locally over the weekend. The 6-10 day maps continue with below normal

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temps for all except on the West Coast and below normal precipitation for the central part of the US.



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