



## **Loewen and Associates**

***Commodity Consulting/Brokerage***

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Date: 11.17.14

### **Morning Ag Markets**

#### **Matt Hines**

Livestock futures finished the week higher with soybeans breaking back lower, corn following and wheat holding gains. Higher cash feedlot trade finally came around late on Friday. Cash feedlot trade was reported at \$3 to \$5 higher with some areas seeing new record high prices. The range was \$168 early to as high as \$172 late with most at \$170 to \$172 live in the South and \$264 to \$267 on a dressed basis in the North. The feeder index has pulled back a couple bucks this past week but futures reached back up to \$240. The CME hog index dipped under \$88 early last week but rebounded back above while futures added 3 plus dollars.

For the week, December live cattle up \$3.40, November feeders up \$1.47, December lean hogs up \$3.90

Cattle slaughter from Friday estimated at 107,000 head, down 1,000 from a week ago and down 4,000 from a year ago. For the week, 560,000 head down 4,000 from last week and down 41,000 from a year ago. Our year to date difference remains at 7.2% less.

Boxed beef cutout values firm on Choice and weak on Select on light to moderate demand and offerings.

Choice Cutout\_\_252.16 +.81

Select Cutout\_\_238.29 -.64

Feeder Index:\_\_239.83 -.55

Hog slaughter from Friday estimated at 416,000 head, up 3,000 from a week ago but down 15,000 from a year ago. For the week, 2,219,000 head, down 13,000 from the week previous and down 127,000 from a year ago. Year to date difference slightly better now at 5.2% less.

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Lean Index. \_\_88.25 +.09  
Pork carcass cutout \_\_95.93 -.31  
IA-S.MN direct avg \_\_86.54 -.08

Opening calls are higher this morning for both cattle and hogs. Packers paying up to end last week have renewed the bullish sentiment in the cattle sector along with follow through buying and bullish technical signals. December live cattle broke into new contract highs and look to take out the all time high set last month at \$171.97. Early feedlot offers should be coming in at \$174+ live and \$270+ dressed this week. It has taken 2 weeks for November feeders to climb \$5 and we will see if they can test the high at \$245.75.

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Moving over to the grains, soybeans and meal trading like Jekyll and Hyde this past week with violent swings back and forth. Winter most certainly arrived last week with now over 50% of the US covered in snow and some fall harvest still to go trying to find some homes. Ground piles have been covered and soybean processors have been cutting back on receiving hours for the past couple weeks as storage capacity is full. Gulf values slipped for both corn and beans late last week as well. Rumors continue to fly around that South American meal will soon be coming the Southeast. Brazilian meal was weaker every day last week and very beneficial rains fell over the driest areas over the past couple weeks.

For the week, December corn up \$.14 ¼, January soybeans down \$.14 ¼, December KC wheat up \$.36 ¼, December Chicago wheat up \$.46.

Overnight grains were mixed with corn finishing 2 to 3 lower and soybeans surprisingly steady. KC and MPLS wheat finished steady to 1 higher but Chicago SRW wheat finished 2 to 3 lower.

A very unusual trade has been confirmed this morning that a US meal importer purchased 25,000 MT of German origin rapeseed meal for shipment in November. With the high soymeal prices and rail transportation issues this makes it feasible.

NOPA crush will be reported later this morning with expectations for 151 to 153 MBU of soybeans to have been crushed domestically in October. This compares to last month's 100 MBU and still under last year's 157.1 due to slow harvest progress in early October.

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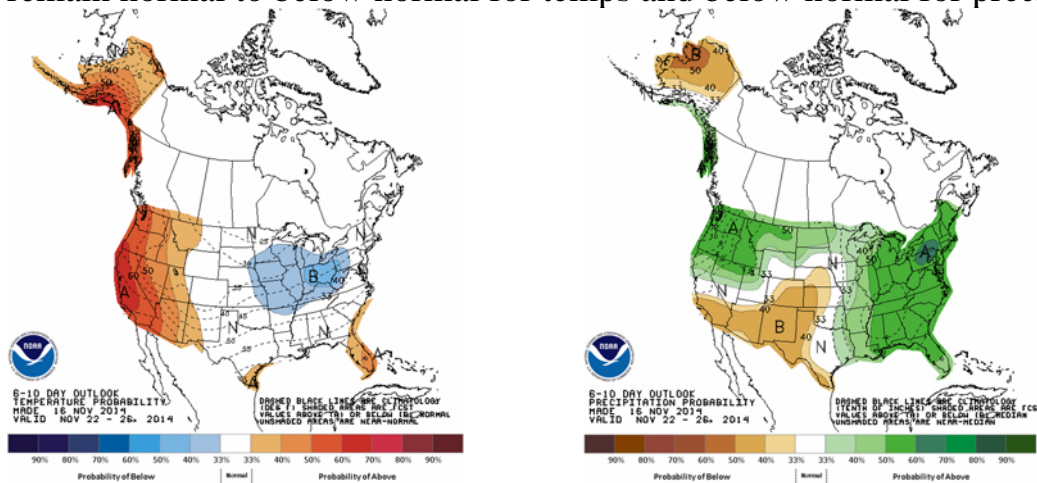
Crop progress to be released later this afternoon should show 94% to 97% soybean harvest complete compared to 90% a week ago. Corn harvest is expected to be 88% to 94% complete compared to 80% a week ago.

The EU is taking protective steps and anticipate culling 150,000 birds due to the finding of the highly contagious H5N8 bird flu strain in the Netherlands. They will also be halting the sale of live poultry, eggs and other poultry products near the infected area. Research has shown this strain is capable from jumping from animals to humans that come in close contact.

Argentina announced planting progress slightly behind last year's pace with soybeans at 38% complete and corn at 22% complete.

As we look at the charts, we are still holding the uptrends in corn and soybeans but sitting on the cliff's edge for soybeans. Support sitting around the \$10.15 area for January soybeans and \$3.65 for December corn. We got the bounce in December KC wheat last week and pushed above the \$6 mark but resistance still holding at \$6.15. December Chicago also broke resistance but stalled at \$5.60 and has resistance showing around \$5.80.

Locally we will finally get above freezing by mid-week. The 6-10 day maps remain normal to below normal for temps and below normal for precipitation.



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