



Loewen and Associates

Commodity Consulting/Brokerage

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Morning Ag Markets

Matt Hines

Livestock futures and grains finished the week mixed. Cash feedlot trade held out until late Friday afternoon as packers paid up again last week. Cattle sold in Texas/Kansas at \$172-\$173 live, in Colorado at \$174 live, and in Nebraska/Iowa at \$170-\$174 live and \$2.67-\$2.68 dressed, all \$1 to \$3 higher.

The November cattle on feed report released after the close was neutral to bearish. Cattle on feed at 100% and marketings at 92% versus last year were both right in line with expectations. Placements were high though at 99% compared to the average pre report estimate at 95.5%. This could lead to some pressure this week especially on deferred futures.

Placements Weights as a % of previous year

Under 600 lb 95.8%

600-699 lb 98.6%

700-799 lb 91.5%

Over 800 lb 110.4%

For the week, December live cattle up \$.70, January feeders up \$.22, December lean hogs down \$2.02

Cattle slaughter from Friday estimated at 111,000 head, up 4,000 from a week ago but down 6,000 from a year ago. For the week, 567,000 head up 7,000 from last week but down 54,000 from a year ago. Our year to date difference out to 7.3% less.

Boxed beef cutout values steady on Choice and lower on Select on light demand and offerings.

Choice Cutout__255.22 -.17

Select Cutout__241.93 -1.06

Feeder Index:__240.11 +.14

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Hog slaughter from Friday estimated at 418,000 head, up 2,000 from a week ago but down 13,000 from a year ago. For the week, 2,232,000 head, up 13,000 from the week previous but down 114,000 from a year ago. Year to date difference remains at 5.2% less.

Lean Index __88.86 -.09

Pork carcass cutout __93.39 -.23

IA-S.MN direct avg __86.48 +.69

Opening calls are higher this morning for cattle and mixed to lower for hogs as both look to extend last week's trade. December live cattle holding strong to stay above \$170 and January feeders holding so far above \$235 with cash still at a \$5 premium.

Grains have been all over the place these past few weeks and last week was no different. Producer selling has been tight causing end users to push basis when needs arise. Both ethanol and soybean processing margins remain strong along with soybean and meal exports. Corn and wheat demand still need to do some building here to justify current price levels.

Friday the EPA admitted it failed to finalize rules for the 2014 Renewable Fuels Standards before the end of the year, blaming the amount of public comments on the standards, they said they will take action on the 2014 standards rule in 2015 prior to or in conjunction with action on the 2015 standards rule. The American Fuel and Petrochemical Manufacturers industry group has filed a notice that it intends to sue the US EPA for its failure to issue RFS requirements.

For the week, December corn down \$.09, January soybeans up \$.16 ½, December KC wheat down \$.01 ½, December Chicago wheat down \$.13 ¼.

Overnight corn and soybeans were under pressure with corn finishing down 3 and soybeans down 12. Wheat tried to stay up but finished down 1 to 2 in KC and mixed in both Chicago and Minneapolis.

South American weather appears to be getting the most talk so far this morning as it has been very favorable recently and forecasts look good. Brazil is about 3/4 planted and Argentina about 1/3 done on soybeans. Corn planting pegged above 40% complete in Argentina and above 50% in Brazil.

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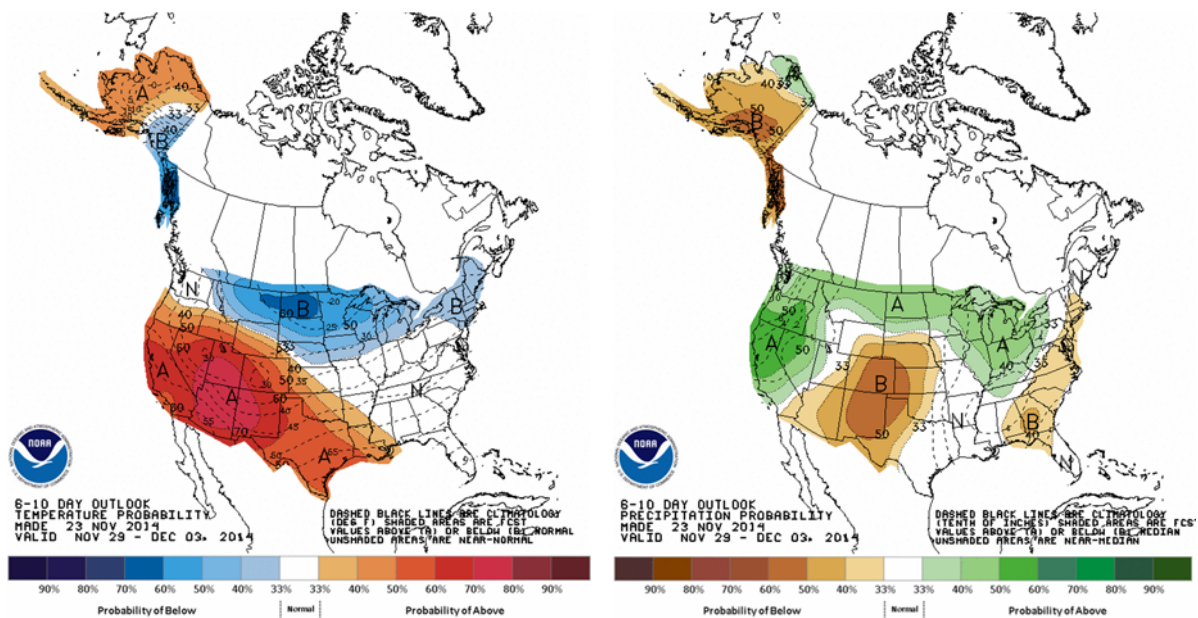
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But here's some news that could turn things around...

Another 235,000 MT or 8.6 MBU of US soybeans sold to China for this marketing year and 174,000 MT of soybean meal sold to Thailand for next year.

As we look at the charts, December corn found support last week at the 100 day moving average, \$3.62 area. Look for a sideways trade for now from that up to \$3.88. January soybeans are always trading sideways over the past month from \$10 to \$10.86, nearby resistance lies in the \$10.50 area. December KC remains in the upper end of its range with resistance at \$6.11 and \$6.15. December Chicago wheat in the middle of its range with support at \$5.40 and \$5.33 and resistance around \$5.60 and \$5.80.

Weather... The 6-10 day maps show normal to below normal for temperatures for the northern plains and into the great lakes with above normal temperatures forecasted for west coast stretching into the southern plains. Precipitation is above normal for the west and wraps around to the north and over into the eastern Corn Belt.



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