



## **Loewen and Associates**

***Commodity Consulting/Brokerage***

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### **Morning Ag Markets**

#### **Matt Hines**

Livestock futures were mixed and grains lower all day yesterday. Feeders reached up for another triple digit higher day. Boxed beef prices have been pulling back here some recently and packers have slowed chainspeeds. It is expected they will keep kills at or below 560,000 head here this week. Contracted supplies should cover a majority of their needs and cash feedlot trade as of midweek is expected to stay steady at best with some saying now packers could drop another \$2 to save some money again. 363 head traded in Iowa yesterday at \$262 dressed for beef cattle and \$252 dressed for Holsteins. Hogs remain under pressure from declining cash prices and pork cutout values.

Cattle slaughter from Tuesday estimated at 115,000 head up 1,000 from a week ago but down 3,000 from a year ago.

Boxed beef cutout values weak to lower on light to moderate demand and moderate offerings.

Choice Cutout\_\_250.14 -.59

Select Cutout\_\_238.49 -.91

Feeder Index:\_\_240.17 -.08

Hog slaughter from Tuesday estimated at 432,000 head was unchanged from a week ago and down 2,000 from a year ago.

Lean Index.\_\_89.28 -.78

Pork carcass cutout\_\_95.67 -2.27

IA-S.MN direct avg\_\_85.63 -.78

National cash avg\_\_84.83 +.52

Opening calls were mixed for cattle this morning as we await some cash feedlot trade. Fats just don't have much in the way of positive news and could continue

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to slip here this week and next. Feeders though have some upside room with the index holding a \$3 premium over futures. Hogs were called lower from follow through selling and sharply lower pork values.

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Moving over the grains, soybeans and soybean meal continue to be the leader in the grain complex, now leading grains lower though as traders liquidate bull spreads. The pipeline for beans and meal looks to finally be filling now as the demand led rally in beans and meal as turned south. Bird flu rumbles coming from China are also pressing the markets lower. Fall harvest is pressuring space now and we still have over 600 MBU of soybeans left to cut and over 6 BBU of corn left to pick.

Overnight, grains under pressure with soybeans down 9, corn 3 lower, and wheat down 2 to 5 in all three pits.

Snap tender for another cargo of wheat for Egypt yesterday. Offers are rolling in with non from the US again and it appears there is still some cheaper French wheat around.

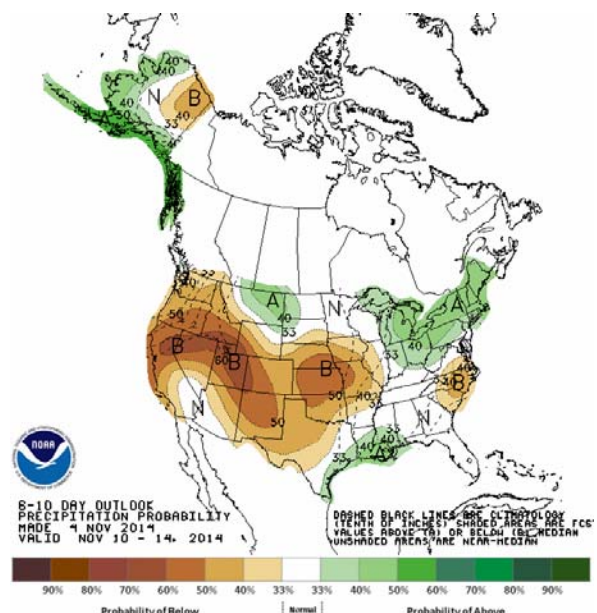
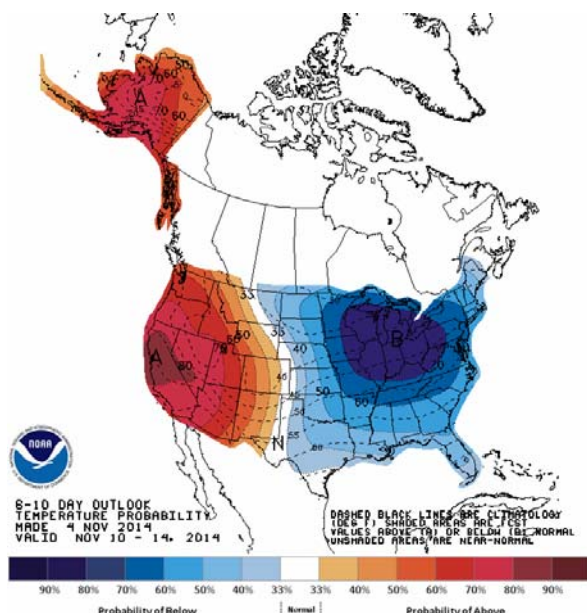
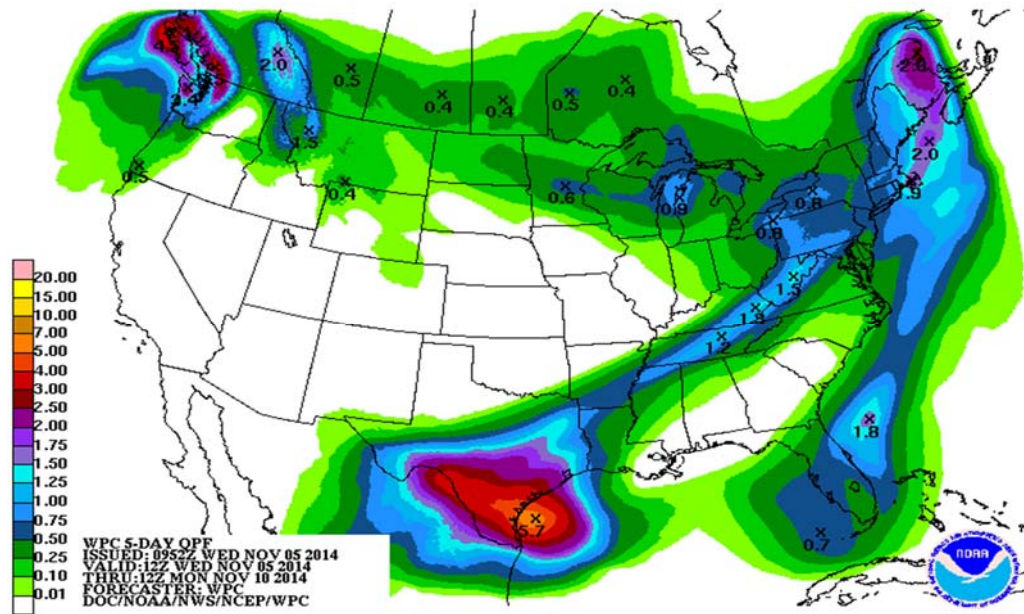
Monday will be the next supply and demand report from USDA with market focusing on corn and soybean production. The average pre report estimates have corn production at 14.55 BBU vs USDA's 14.475 last month, yield at 175.2 bpa vs USDA's 174.2 and ending stocks at 2.135 BBU compared to 2.081 last month from USDA. World stocks are seen steady. Soybean production is estimated at 3.967 BBU vs 3.927 from USDA in October, yield at 47.6 bpa vs 47.1 but ending stocks at 442 MBU compared to 450 MBU estimated by USDA a month ago. We could see a higher crush and or export estimate from USDA with the recent demand surge both domestically and overseas. World stocks are projected slightly lower at 90.4 MMT compared to 90.7 MMT from USDA in October.

Both December corn and January soybeans have crashed through uptrend lines. Soybeans should find support at \$9.85 with resistance at \$10.20. December corn is sitting right at support levels with the overnight trade at \$3.60 resistance is at \$3.74 and \$3.81. December KC wheat has spent the last 2 months between 5.50 and 6.20 and the trend going from steady to lower now. December Chicago wheat still holding the uptrend but it may just be the last to cave under pressure here today.

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Looking at the weather, the current system is moving through the eastern Corn belt here today with nothing in the forecast after that. The 6-10 day maps continue with dry weather for all except the Great Lakes region and Northeast. Temperatures are above normal for the western half of the US and below normal for the eastern half.



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