



Loewen and Associates, Inc.
Commodity Consulting/Brokerage
Pete Loewen, Matt Hines,
Doug Biswell, LaVell Winsor
866 341 6700
www.loewenassociates.com

Date: 12.09.2014

Morning Ag Markets

Pete Loewen

HUGE down day for the cattle complex again on Monday that brought live cattle well below chart support with limit down closes across several contracts. The feeder market still has a whole different view, not breaking down below any major support yet, but feeders closed limit down across all contracts, not just a few.

Some analysts are tying the recent heavy weakness in the cattle complex to outside market weakness, like crude cratering lower, or the dollar index finally getting strong enough to warrant longer term concern over meat exports. Beef exports were already down 3% from a year ago in October and pork was off 12%.

When this steep break started about a week ago, product and cash showed no signs whatsoever of wavering in the face of the futures drop, but that has changed considerably now too. Choice cutouts have been lower 4 out of 6 days this month with three of the four lower days being triple digits lower. Select has been quoted lower all 6 business days so far and 5 out of those 6 have been down in the triples. Tack on the fact the negotiated cash feedlot trade last week dropped \$5 and the bears are definitely gaining traction. One factor I will emphasize though is that the futures in live cattle especially are getting extremely oversold and due for a bounce.

Cattle slg. ___ 111,000 unch wa -7k ya

Choice Cutout__251.98 -.56

Select Cutout___235.36 -1.33

Copyright © Loewen and Associates, Inc.

This does constitute a solicitation to buy or sell commodities futures and/or options. The information contained herein is provided for informational purposes only. The information is not guaranteed as to its accuracy or completeness, although the information was taken from sources we believe to be reliable. The market recommendations of Loewen and Associates, Inc. are based solely on the judgment of Loewen and Associates, Inc. personnel. We do not guarantee or warranty, either expressed or implied, of success to you in the use of this information. Loewen and Associates, Inc. disclaims responsibility for or loss associated with use of information from our commentary, analysis or recommendations. **There is risk of loss in trading commodity futures and options. The risk in trading can be substantial; therefore only genuine "risk" funds should be used.**

Feeder Index:___242.49 -2.33

Lean Index.___88.30 -.22

Pork cutout___92.81 +.12

IA-S.MN direct avg__unavailable. Western Corn Belt quote - 84.05 -1.52

Hog slg.___ 430,000 -1k wa -3k ya

Moving on to the grains, soybeans and wheat both finished on the plus side, but corn settled lower. December futures expire this week in corn and wheat markets. Plus, we have December Supply and Demand report numbers coming out tomorrow morning. Both of those factors are creating some uneasiness and odd action in the trade.

December S&D reports are usually a little on the dull side given the fact we won't get any production updates in the fall crop markets. The next set of production numbers come with the final tally in the January numbers. Instead, all we get tomorrow are potential changes to world numbers as well as demand changes on the domestic balance sheets. Average guesses for the report have corn ending stocks at 2.018 bln compared to 2.008 in November. Soybeans are pegged at 431 mln versus 450 mln in November. The average wheat ending stocks guess is 651 mln, which is up slightly from 644 mln in November. Once again, there is a good chance these report numbers will be looked right past in anticipation of the January final numbers, but you never know... Soybeans hold the most potential for surprise given the pace of exports and crush through this first quarter of the marketing year.

Pete Loewen

Loewen and Associates, Inc.

Pete Loewen / Matt Hines / Doug Biswell / LaVell Winsor

www.loewenassociates.com

peteloewen@cox.net

866 341 6700

Copyright © Loewen and Associates, Inc.

This does constitute a solicitation to buy or sell commodities futures and/or options. The information contained herein is provided for informational purposes only. The information is not guaranteed as to its accuracy or completeness, although the information was taken from sources we believe to be reliable. The market recommendations of Loewen and Associates, Inc. are based solely on the judgment of Loewen and Associates, Inc. personnel. We do not guarantee or warranty, either expressed or implied, of success to you in the use of this information. Loewen and Associates, Inc. disclaims responsibility for or loss associated with use of information from our commentary, analysis or recommendations. **There is risk of loss in trading commodity futures and options. The risk in trading can be substantial; therefore only genuine "risk" funds should be used.**