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

Date: 12.26.2014

Morning Ag Markets

Pete Loewen

It was kind of a quiet day in the lean hog and live cattle markets in the abbreviated Christmas Eve session on Wednesday. Front month fats settle higher, but the deferreds were all mild to moderately lower. Hogs were lower on the front three contracts and mild to moderately higher on back months. Feeder cattle on the other hand took a rough beating, dropping over $2.00 on most contracts and getting dangerously close to last week's lows once again.

The spot December live cattle contract was aided in squeaking out the higher finish by a combination of very strong product performance this week, as well as beef packers willingness to spend better money for cattle despite the holiday reduced kill weeks. $162-$164 live was paid in the negotiated trade Wednesday, which is still a steep drop from where we started the month. However, it's a nice jump from the previous week where $156 to $160 was the bulk of the action. It's possible there will be some cleanup action today and if there is, it is likely to happen near the top end of that range.

While the packer spending might be eluding to the continued tight available numbers, carcass weights are still doing their fair share of making up the lost ground of smaller overall live supplies. Carcass weights for the week ending Dec 13th were 27 pounds over a year ago for steers and 26 pounds over for heifers. That's a pretty strong indication that cattle were still performing really well up to that point at least.

Cattle slg.___44,000 wed LY was zero

Choice Cutout__243.94 +1.34

Select Cutout___233.19 +1.93

Feeder Index:___225.03 +.27   Lean Index.__80.59 -.96

Pork cutout___87.39 +.46   IA-S.MN direct avg__75.33 -.09

Hog slg.___ 187,000 wed   LY was zero

Moving on to the grains, evidently someone forgot to mention to the grain and oilseed traders that it wasn't nice to pound on markets the day before the most joyous holiday of the year. Corn was only mildly lower, but beans were down in the double digits on most contracts and wheat took a beating that brought prices into the 20+ lower range in KC and Chicago and just shy of that mark in Minneapolis. In all honesty, the move lower did make good, big picture fundamental sense, but it was just tough seeing it happening in an already thin pre-holiday trading atmosphere. Chart technicians pay no attention to whether it was holiday trade or not. In the case of wheat, Wednesday's session made the charts look real sickly.

With very thin trade anticipated for today again and through the balance of next week, I guess the key phrase will be "expect the unexpected". South American weather and crop production potential is favorable.   US weather gets back to a much more normal trend based on the 6-10 being back to much colder. The Ukraine Ag Minister reported that farmers had planted 7% more acreage to winter grains and conditions were 81% satisfactory or good condition.

Part of Wednesday's fallout in wheat was some of the concern being alleviated over Russia's export ban talks.   This morning Russian news sources stated a resolution was signed implementing a 15% export duty on wheat effective February 1. This should actually be mildly supportive wheat today.

Pete Loewen

Loewen and Associates, Inc.

Pete Loewen / Matt Hines / Doug Biswell / LaVell Winsor

www.loewenassociates.com

peteloewen@cox.net

866 341 6700