



## **Loewen and Associates**

***Commodity Consulting/Brokerage***

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### **Morning Ag Markets**

#### **Matt Hines**

The week ended on a sharply higher tone last Friday in the cattle pits supported by cash feedlot trade mostly done by midweek when the futures did not react at all. Live sales were mostly \$4-\$6 higher and dressed sales \$7-\$8 higher. Cattle sold on the southern plains of Texas and Kansas for mostly \$166, with a few marked as high as \$167. In the north, cattle started trading at \$166 live in Nebraska then went to \$167, \$168, and finally finished up late Wednesday afternoon at \$169. The dressed trade in Nebraska took place at mostly \$2.65-\$2.66. Colorado sold their cattle for mostly \$169 and Iowa sold their cattle for mostly \$165-\$166 live and \$2.65-\$2.66 dressed.

Feeders were very impressive last week with the nearby January contract finishing limit higher Friday. Winter temps have set in for most areas and it looks like we won't get much above freezing here locally this week. Snowfall in the North and down in Texas has accumulated as well. Barns should all be back open this week after closed the past couple weeks for the holidays.

For the week, February live cattle up \$3.20, January feeders up \$10.22, February lean hogs down \$.25

Cattle slaughter from Friday estimated at 108,000 head, up 16,000 from last week but down 13,000 from last year. For the week, 452,000 head up 61,000 from the week previous but down 73,000 from a year ago.

Boxed beef cutout values lower on Choice and higher on Select on light to moderate demand and offerings.

Choice Cutout\_\_247.83 -1.07

Select Cutout\_\_239.32 +.75

Feeder Index:\_\_217.95 unch

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Hog slaughter from Friday estimated at 426,000 head, up 6,000 from a week ago and up 11,000 from a year ago. For the week, 1,998,000 head, up 260,000 from the week previous and up 6,000 from a year ago.

Lean Index.\_\_not available with the last value at 78.11 from 12/31

Pork carcass cutout\_\_83.32 -1.08

IA-S.MN direct avg\_\_75.77 -.15

Opening calls are higher for cattle futures and cash while hogs are called steady to mixed. Follow through buying is expected in the cattle pits early on this week with feedlots asking for higher prices. We will see if packers are ready to pay up for the three weeks in a row.

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Over in the grains, Friday was a lower to sharply lower day across the pits with soybeans leading the way and closed out a lower week. All grains fell hard to or below support levels but volume was still light, just slightly better than volume the week of Christmas. Export sales were not disappointing last week but the sharply higher dollar continues to pressure US exports.

For the week, March corn down \$.19, January soybeans down \$.45, March KC wheat down \$.27 ¼, March Chicago wheat down \$.29 ½.

Overnight the turnaround has begun. Most went home last week fearing today would be more continuation lower trade but with corn finishing 6 higher, soybeans 11 higher and wheat 8 to 10 higher it appears the start of this week should be in the green at least.

Over the weekend news still remained fairly light. Early reports from Brazil soybean harvest indicate some record yields to start their new crop. China is rumored to be in the market for considerably more US DDGs now through February.

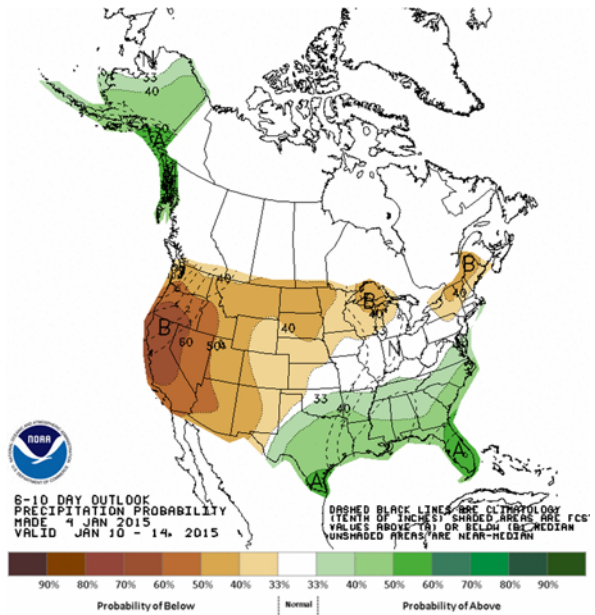
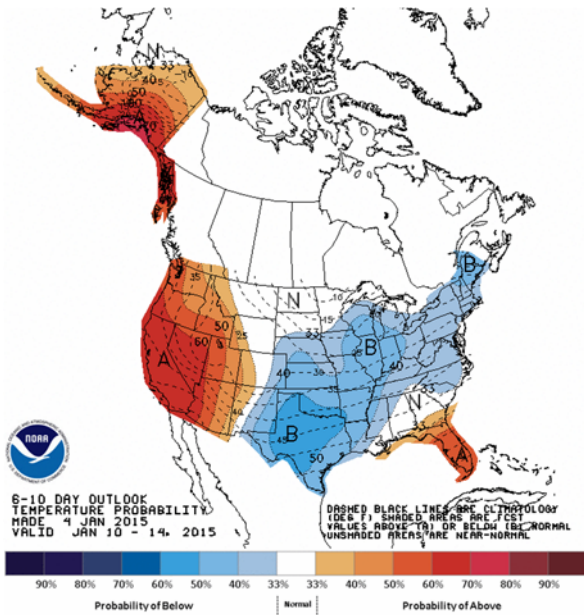
USDA announced this morning a sale of 223,000 MT of US soybeans to China.

March corn has support at \$3.95 and now resistance at \$4.07. January soybeans are now in the lower end of range and tempting the \$10 area with resistance near \$10.30. Wheat had a nice higher trend going but these spikes higher have been met with some massive sell offs. March KC wheat retraced all the way back to the December low at \$6.10. If that level does not hold, look for it to try to take

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out the \$6.00 area. March Chicago wheat looks similar but held above the \$5.72 December low last Friday with support at \$5.70 and resistance near \$6.00.



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