



Loewen and Associates

Commodity Consulting/Brokerage

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Date: 12.10.14

Morning Ag Markets

Matt Hines

Live Cattle futures turned around yesterday as feeders and hogs were mixed to mostly lower. Bids have already surfaced in the \$162-\$164 range but the majority of the cash feedlot trade will probably hold out until later this week with offers still holding firm at \$168+. Monday's trade in Nebraska was on a limited number of cattle, 1,500 head at \$164-\$166.75 live and \$259-\$260 on a dressed basis to regional packers. Yesterday a handful of cattle traded in KS at \$164 which is \$3 to \$4 lower than a week ago. Even with the gain in fats yesterday, there still appears to be a negative tone in the livestock pits this week. So far this week it has been choppy at the sale barns with steers mostly steady to a few dollars higher and heifers mostly steady to a few dollars lower.

Cattle slaughter from Tuesday estimated at 113,000 head up 2,000 from a week ago but down 8,000 from a year ago.

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

Choice Cutout__250.51 -1.47

Select Cutout__236.10 +.74

Feeder Index:__241.71 -.78 and down 3.11 the past 2 days

Hog slaughter from Tuesday estimated at 429,000 head down 1,000 from a week ago and down 8,000 from a year ago.

Lean Index.__88.35 +.05

Pork carcass cutout__93.45 +.64

IA-S.MN direct avg__84.87 with limited trade to compare to yesterday

National cash avg__83.52 -.25

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Early morning calls were mixed for both cattle and hog futures with steady to lower calls for additional cash feedlot trade and steady to higher cash calls for hogs. Today we will most likely see choppy trade with some follow through buying for some and profit taking by others.

Over in the grains, corn and soybeans spent the day quietly back & forth of unchanged for a typical pre report day trade. Wheat got slammed lower though with the only news rising to the surface being related to Russia. Weather there is cold but under a good blanket of snow, they are denying any rumors that exports will be cut short this year and currently running 30% ahead of last year's pace. There was also the announcement of yet another ceasefire with Ukraine. Speaking of Ukraine, corn basis has weakened enough to be competitive with US offers into SE Asia yet again. Early this week China unloaded some US DDG for the first time in months on a guaranteed GMO free shipment. There is talk that China may be in the market for an additional 1 to 3 cargoes of US DDGS but no confirmation of the trade yet.

Overnight, corn and wheat traded in very tight ranges with corn finishing steady to $\frac{3}{4}$ higher and wheat 2 to 5 lower. Soybeans reached up to a dime higher but finished only 1 to 2 higher.

USDA announced a private sale of 188,976 MT or 7.4 MBU of corn sold to unknown destinations for this current marketing year.

Today is report day with the USDA December crop report and World Ag Supply and Demand updates coming at 11 am. December reports are typically not a major market mover like the January final reports since US supply will not be adjusted only the demand side. The average pre report estimates are for ending stocks on wheat up 10 at 654 mil, corn up 20 at 2.027 BBU, and beans off 25 at 427 mil bu. Expectations are based on higher bean exports and lower exports for wheat and corn.

World production numbers can be adjusted though and Brazil's Ag Ministry or CONAB was already out this morning with its new estimates. Brazil's soybean crop is forecast at 95.8 MMT compared to a range in November from 89.3 to 91.7 MMT. Exports are forecasted 1.6 MMT higher than a month ago at 49.6 MMT. Their corn crop estimate is higher as well at 78.7 MMT compared to a range last month from 77.3 to 78.9 MMT and exports up to 20 MMT compared

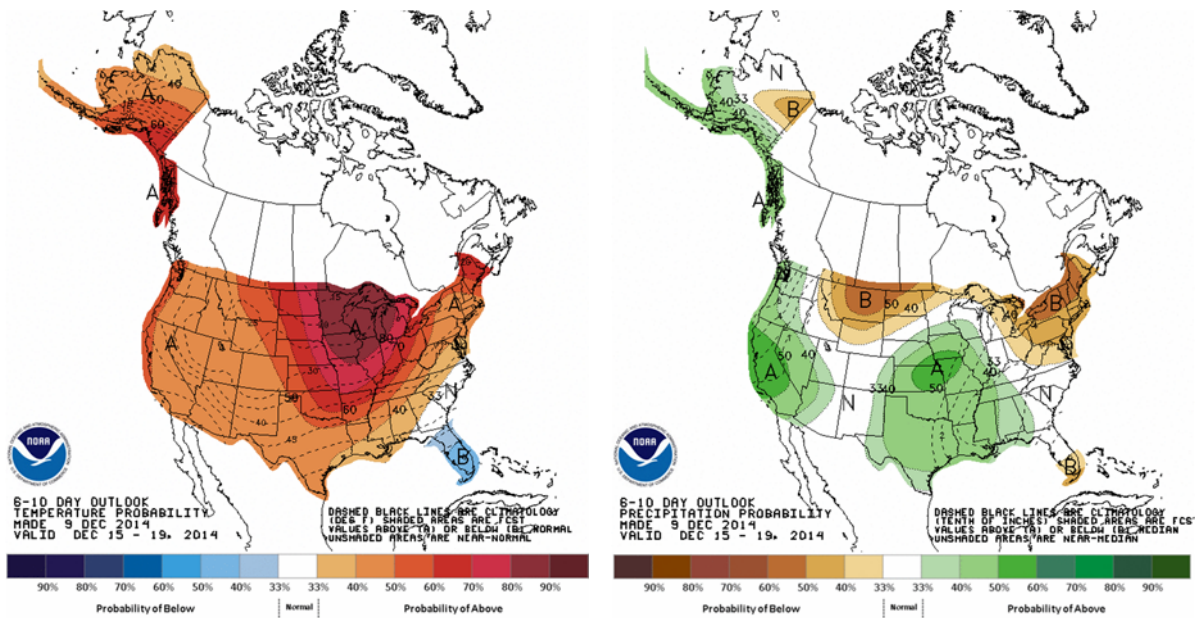
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to 19.5 MMT in November. We will see if USDA remains slightly below these estimates later this morning.

Corn and soybeans are both towards the upper end of their recent range. March corn peaked at \$3.89 a month ago with resistance in the \$3.93 to \$3.95 range. The 10 day average has been the supporting line the past few days now at \$3.76 ³/₄ and the 100 day moving average down at \$3.60. January soybeans looked to have formed a small head and shoulders until this week's break out higher. There is some resistance at this current level with the high spike a month ago up to \$10.86. The wheat charts continue to look ugly with March KC wheat close to hitting the 100 day moving average at \$6.14. March Chicago wheat found support so far at \$5.80 with the 100 day moving average clear down at \$5.48 ³/₄.

Weather still looks warmer than normal for the entire US this week and continues into next week. Precipitation will be light and hit/miss. The 6-10 day forecasts show above normal precipitation centered on NE KS and NW Missouri.



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