



Loewen and Associates

Commodity Consulting/Brokerage

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Morning Ag Markets **Matt Hines**

Feeders were hit with a second day in a row and the third day of the week of down the \$3 limit lower trade Friday. Fats tried to hold on to small gains but with cash feedlot trade from \$4 to \$8 lower and boxed beef prices still falling the pressure was too much for them as well. Dressed sales in the North ranged from \$256 to \$257 with live sales from \$163 to \$165 throughout.

For the week, Friday to Friday, December Live Cattle down \$2.40, January Feeders down \$9.27, December Lean Hogs up \$.92.

Cattle slaughter from Friday estimated at 106,000 head, up 1,000 from a week ago but down 9,000 from a year ago. For the week, 566,000 head up 4,000 from the week previous but down 42,000 from a year ago. Our year to date difference remains at 7.4% less.

Boxed beef cutout values sharply lower on moderate demand and moderate to heavy offerings.

Choice Cutout__245.03 -2.76

Select Cutout__234.10 -1.84

Feeder Index:__236.90 +.13

Hog slaughter from Friday estimated at 426,000 head, steady with a week ago but down 7,000 from a year ago. For the week, 2,254,000 head, up 18,000 from the week previous but down 68,000 from a year ago. Year to date difference remains at 5.1% less.

Lean Index.__88.05 -.39

Pork carcass cutout__92.55 +1.62

IA-S.MN direct avg__81.44 -1.58

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Opening calls are steady to lower for cattle futures and steady to higher for hogs. Continued selling looks to hit the feeders to start the week with early cash calls steady to lower as well. January feeders have taken out the low side of the recent range bound trade which may spur some additional selling here this week. December live cattle were choppy last week holding above the \$160 area with the next support line at \$158.

Grains were higher for most of the day Friday led actually by the corn market this time instead of soybeans. DDGS are very tight domestically with prices up some \$20 to \$50/T compared to just a very short weeks ago. China has booked some US DDG and rumors are swirling that Ukraine might have to default on corn sales to China and China close to lifting the ban on US corn, the last being the furthest from true so far. Syngenta reported late Friday that China is very close to lifting the ban MIR 162, but their CEO has made similar comments in the past as well.

This week's rally got some more cash corn moving and basis has started to weaken as we enter the typically slow time to move cash in the holiday season. Basis has also weakened for soybean meal with South American values still at a discount to US values. Russian and French wheat offers continue to decline in price along with US values making our values still some \$40/T or \$1.09/BU premium.

For the week, Friday to Friday, March Corn up \$.12 ½, January Soybeans up \$.11 ¼, March KC Wheat down \$.05 and March Chicago Wheat up \$.12 ½.

Overnight ranges were fairly tight in the grains with corn finishing a penny higher and soybeans a penny lower. Wheat finished mixed from 2 higher to 3 lower in all three pits.

NOPA November crush report will be out later this morning. Average trade estimate is 165.4 MBU vs. 157.9 MBU crushed in October and compares to last year's November crush of 160.1 MBU.

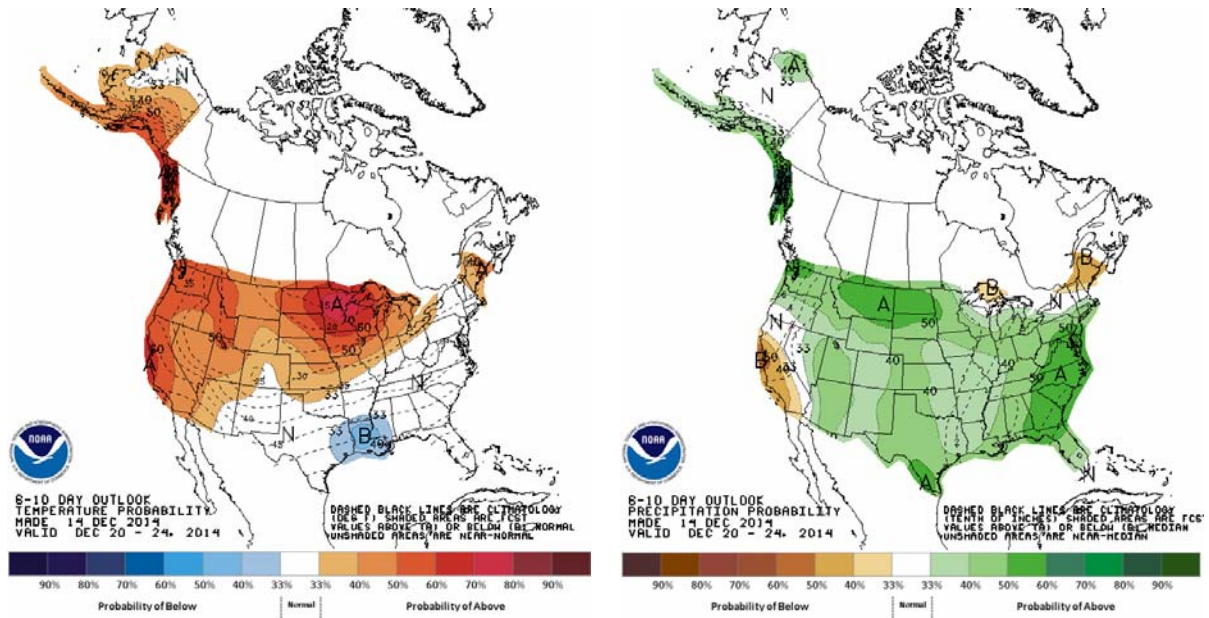
March corn broke through resistance last week and above the \$4 mark brought in some additional buying. There is a gap sitting up at \$4.23 to \$4.27 which is also the 50% retracement area. January soybeans are pushing the \$10.50 lid again with support at \$10.30. March KC wheat has support at \$6.13 ¾ and last

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week's low of \$6.10 ½. March Chicago wheat is pushing against resistance and recent highs in the \$6.10 to \$6.11 area with support around the \$5.80 area.

Temperatures fall back into more normal ranges the rest of this week and into next locally. Above normal temps are forecasted to continue in the northern plains. Precipitation forecasts remain wet with above normal showing on the 6-10 day maps for most of the continental U.S.



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