



## **Loewen and Associates**

***Commodity Consulting/Brokerage***

**Pete Loewen, Matt Hines**

**Doug Biswell, LaVell Winsor**

**866 341 6700**

**www.loewenassociates.com**

Date: 12.22.14

### **Morning Ag Markets**

#### **Matt Hines**

The crazy week for feeders finally ended. We started with 3 days of limit \$3 lower trade then expanded limits and an \$8 to \$9 trading range on Thursday for a finish in the green for the first time in a week. Friday was a sharply higher day with a \$3+ move higher but the damage has already been done with Jan feeders down almost \$17 this month and the index down over \$13.

Cash feedlot trade was fairly light last week with most done at \$156 to \$157 live in Texas and Kansas on Wednesday and Thursday which was \$7 to \$8 lower than the week previous. In Nebraska and Iowa most of the cash trade was seen at \$248 to \$250 on a dressed basis which was also \$7 to \$8 lower but there were a couple small lots moved at \$160 to \$164 live.

The monthly Cattle on Feed report came out Friday at 2 PM with feedlot inventories higher than year ago at 10.9 million head. As of December 1<sup>st</sup> cattle on feed were right in line with pre report estimates at 101% compared to a year ago, but placements were the second lowest ever since the series began in 1996 with net placements of 1.72 million head. Low placements with a higher number of cattle on feed are attributed to the lowest ever marketings at 1.48 million head which is 11% below a year ago. This was actually a very boring report being that all factors were in line with expectations and in line with the increased days on feed and heavier weights.

For the week, December live cattle down \$1.30, January feeders down \$5.45, February lean hogs down \$1.35

Cattle slaughter from Friday estimated at 106,000 head which is equal to last week but down 14,000 from a year ago. For the week, 552,000 head down 17,000 from the week previous and down 65,000 from a year ago. Our year to date difference remains at 7.4% less.

#### **IMPORTANT—PLEASE NOTE**

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.**

Boxed beef cutout values weak to lower on light demand and light to moderate offerings.

Choice Cutout\_\_238.57 -3.38

Select Cutout\_\_229.88 -.44

Feeder Index:\_\_230.63 -.79

Hog slaughter from Friday estimated at 428,000 head, up 2,000 from a week ago but down 8,000 from a year ago. For the week, 2,298,000 head, up 44,000 from the week previous but down 67,000 from a year ago. Year to date difference now at 5.0% less.

Lean Index.\_\_83.89 -1.26

Pork carcass cutout\_\_86.83 -.55

IA-S.MN direct avg\_\_77.40 +1.35

Opening calls are higher for cattle futures as we expect to see some follow through buying to the start the week. Early cash calls are steady to \$2 higher and we should see trade as early as tomorrow as both sides look to clean up before Christmas. Hogs are called steady to mixed for both futures and cash.

\*\*\*\*\*

Over in the grains Friday was more of a settle up day for the week's wild trading. Wheat had a nice run going by midweek with a spike in Chicago up over \$1 higher for the week but gave  $\frac{3}{4}$  of it back for the second half of the week. Russia imposing wheat export duties was the reason for the spike but this will still not turn into additional demand for US wheat because values are still too high. Another hit would be a decrease in US exports to Brazil with Argentina now estimating a crop of 13.2 MMT versus 12 MMT in November. Corn finished steady with small gains last week but basis has pulled back already with heavy cash movement heading into the holiday trade. Soybeans slipped all week with commercial demand slowing, basis slipping there as well and China moving to South American already for additional soybeans.

For the week, March corn up \$.03, January soybeans down \$.16  $\frac{3}{4}$ , March KC wheat up \$.31  $\frac{3}{4}$ , March Chicago wheat up \$.25  $\frac{3}{4}$ .

Overnight corn hanging around unchanged and finished down  $\frac{1}{2}$  to  $\frac{3}{4}$  while soybeans were steady to a nickel lower and finished down 3. Wheat bounced back from Friday's collapse finishing steady to 7 higher.

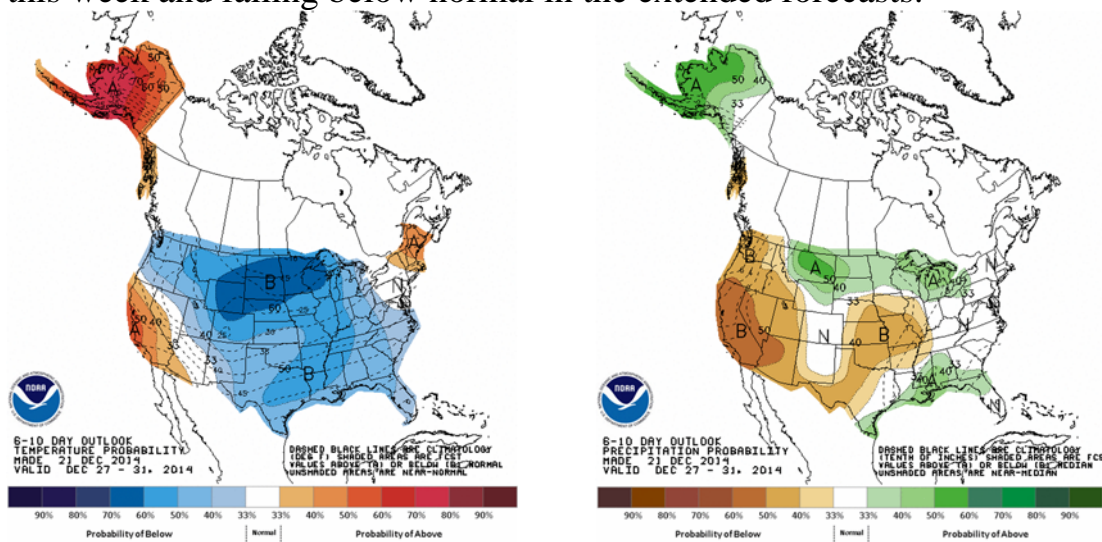
#### IMPORTANT—PLEASE NOTE

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.**

Over the weekend Egypt purchased 240,000 MT of French wheat and 60,000 MT of Russian wheat. US offers were near \$.75/BU to high. Pakistan purchased 50,000 MT of US soybeans for February shipment and 166,000 MT of US corn was reported this morning for unknown destinations.

March corn has some good support at \$4.05 and it would be very impressive to see it fill the gap around \$4.25. This would also be near a 50% retracement from the high last spring at \$5.22 and the low around the 1<sup>st</sup> of October at \$3.30 ½. January soybeans are caught in sideways trade with support around \$10.12 and resistance at \$10.40. The bands are getting tighter which could lead to a breakout but looking at the chart you can almost see a head and shoulders pattern both on the upper and lower side. Wheat has a nice trend going but these spikes higher have been met with some massive sell offs. March KC wheat needs to hold above \$6.50 this week to keep moving higher. March Chicago wheat is even more impressive with close to \$2 rally going since late September. Support is at the \$6.18 and would need to stay north of \$6.10 to keep going.

Locally it has been very wet but the 6 to 10 day forecasts have below normal precipitation centered on the middle of the U.S. Temperatures look to be normal this week and falling below normal in the extended forecasts.



**Loewen and Associates, Inc.**

Pete Loewen / Matt Hines / Doug Biswell / LaVell Winsor

[www.loewenassociates.com](http://www.loewenassociates.com)

[peteloewen@cox.net](mailto:peteloewen@cox.net)

[matthines1@cox.net](mailto:matthines1@cox.net)

**866-341-6700**

**IMPORTANT—PLEASE NOTE**

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.**