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Loewen and Associates

Commodity Consulting/Brokerage

Pete Loewen, Matt Hines

Doug Biswell, LaVell Winsor

866 341 6700

www.loewenassociates.com

Morning Ag Markets

Matt Hines

This week has started with solid gains for cattle futures led by the live cattle contracts and supported by spillover buying while hogs were lower with sharply lower cash markets. Lean hog futures and the national cash average are down about \$10 so far this month. Packer bids already surfaced by midday Monday at \$159 live in Kansas which is \$2 above the average paid last week. Feedlots are holding offers at \$160+ but if any trade takes place this week it should come before Christmas.

Cold storage as of the end of November was reported yesterday with total frozen poultry supplies @ 889.3 million pounds, down 15% from the previous month and down 7% from a year ago. Total stocks of chicken were up 6% from the previous month but down 6% from last year. Total pounds of turkey in freezers were down 51% from last month and down 14% from last year. Total red meat supplies in freezers were at 919.1 million pounds, down 3% from the previous month and down 10% from last year. Total pounds of beef in freezers were up 5% from the previous month but down 12% from last year. Frozen pork supplies were down 7% from the previous month and down 11% from last year while stocks of pork bellies were up 21% from last month but down 30% from last year.

Cattle slaughter from Monday estimated at 115,000 head, up 3,000 from last week but down 6,000 from a year ago.

Boxed beef cutout values steady to firm on light demand and offerings.

Choice Cutout__239.36 +.79

Select Cutout__230.22 +.34

Feeder Index:__225.70 -4.93

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Hog slaughter from Monday estimated at 435,000 head, up 3,000 from a week ago but down 5,000 from a year ago.

Lean Index.__82.54 -1.35

Pork carcass cutout__87.52 +.69

IA-S.MN direct avg__73.86 -3.54

National avg__74.56 – 1.99

Opening calls are steady to higher for cattle with continued follow through buying expected as we await this week's cash feedlot trade while most auction barns are closed for this holiday week. Hogs are called mixed as we may see continued selling pressure but also some short covering ahead of the quarterly hogs and pigs report to be released later this afternoon. The average pre report estimates are as follows versus a year ago...All Hogs @ 101.4%, Kept for Breeding @ 103%, Kept for Marketing @ 101.5%

Over in the grains, it appears traders are already in full holiday mode as news and trading volumes were light to start the week. Soybeans and meal were higher as basis levels for both corn and soybeans held steady at the Gulf. Wheat futures ran from a dime lower to a dime higher then back down to 3 to 8 lower at the close. Bulls and bears are battling with winter weather concerns that come and go and the continued Russian grain export scenarios. Cash grain movement has come to a screeching halt with producers sitting out this week and buyers covered through the holidays awaiting the first of the year mass selling.

Export shipments reported yesterday were above expectations for wheat, corn and soybeans. Soybeans again led the way with over 82 MBU shipped for the week ending 12/18. Shipments to China were near 64% of the total with cargoes also going to Bangladesh, Indonesia, Japan, Thailand and the Netherlands. Corn shipments totaled 31 MBU with Japan receiving over 7 MBU and Peru nearly 5 MBU. Wheat shipments totaled 17.4 MBU with over ½ moving through the PNW destined for SE Asia.

Overnight corn again just hanging around unchanged with only a 2 cent trading range. Soybeans were steady to lower all night finishing down 3 to 4. Wheat again showing a little bounce back in the overnight trade finishing up 2 to 4 in all three pits.

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So far this could rank up there as the most benign holiday grain trading weeks, a little surprising especially given the volatile swings from just last week. South American weather forecasts continue to look good for crop development keeping pressure on corn and soybeans.

Overnight Taiwan stepped up and purchased 78,320 MT, or 2.88 MBU of US milling wheat for shipment this spring. Currently our best outlets have been to SE Asia or Central America as we are not price competitive throughout the rest of the world.

The charts haven't changed much since yesterday, March corn has some good support at \$4.05 and \$4.00 with \$4.14 the recent high and a gap around the \$4.25 area equal to the 50% retracement from the high last spring at \$5.22 and the low around the 1st of October at \$3.30 ½. January soybeans still sideways with support around \$10.12 and resistance at \$10.40. The market squeezed in another couple cents. Wheat is still holding support levels at \$6.50 for the March KC contract and \$6.18 for the March Chicago contract but the gains from last week have almost been taken out.

Rain with snow mix will hit the Plains here for the next 24 hours but temps warm heading into Christmas day. The SE and East Coast look to get the brunt of the system this week. On the 6-10 day maps forecasted temperatures and precipitation still showing mostly normal to below normal.

Loewen and Associates, Inc.

Pete Loewen / Matt Hines / Doug Biswell / LaVell Winsor

www.loewenassociates.com

peteloewen@cox.net

matthines1@cox.net

866-341-6700

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