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Morning Ag Markets

Matt Hines

Triple digit loses hit the livestock side hard to end last week. Calves and feeders continue to climb higher but packers dropped the hammer last week with boxed beef prices and volume lower. In the South, packers paid $166 to $168 live which is $5 to $7 lower than the week previous. In the North, prices were only off $2 to $3 at $264 to $265 on a dressed basis.

For the week, December live cattle down $4.42, January feeders up $3.80, December lean hogs down $3.72

Cattle slaughter from Friday estimated at 105,000 head, down 2,000 from a week ago and down 9,000 from a year ago. For the week, 562,000 head up 66,000 from the week previous mainly due to no kill on Thanksgiving, but down 67,000 from a year ago. Our year to date difference remains out to 7.4% less.

Boxed beef cutout values sharply lower on moderate demand and moderate to heavy offerings.
Choice Cutout__252.54 -1.88
Select Cutout__236.69 -3.57
Feeder Index:__244.82 +.63

Hog slaughter from Friday estimated at 426,000 head, up 8,000 from a week ago but down 3,000 from a year ago. For the week, 2,236,000 head, up 245,000 from the week previous but down 81,000 from a year ago. Year to date difference actually improved slightly now at 5.1% less.

Lean Index.__88.52 -.20
Pork carcass cutout__92.69 -.93
IA-S.MN direct avg__85.73 +.73

Opening calls are mixed for both cattle and hog futures this morning while cash is called steady to start the week. Follow through selling could lead the futures lower today while a little short covering could pop up the markets. December live cattle are over $7 off its high and found some support at the $164 level. The next level of support is down around $162. January feeders have been stuck trading in a $5 range this past month now towards the upper end of the range with the contract high from October at $239.30.
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Moving over to the grains, we had a nice bounce higher to end the week after trading under pressure for most of last week. Domestic crush margins for soybeans remain strong but we have seen some basis slipping for both soybeans and meal. Friday's pop started with another export sale announced for soybeans. Ethanol margins remain on the defensive with crude and gasoline prices slipping and corn reaming steady to higher. Wheat futures saw Chicago gaining over KC again. Cold temps in Russia along with the continued back and forth comments on their exports this year seem to be the hottest topics lately.

For the week, March corn up $.06 ¼, January soybeans up $.20, March KC wheat down $.00 ¾, March Chicago wheat up $.15 ½.

Overnight grains were mixed with corn holding on to 1 to 1 ½ higher while soybeans finished 4 to 5 lower and wheat 3 to 5 lower.

South Korea passed on 40,000 MT of South American or US feed wheat but 2 South Korean feed companies did purchase 60,000 MT & 68,000 MT of optional origin corn for delivery in April.

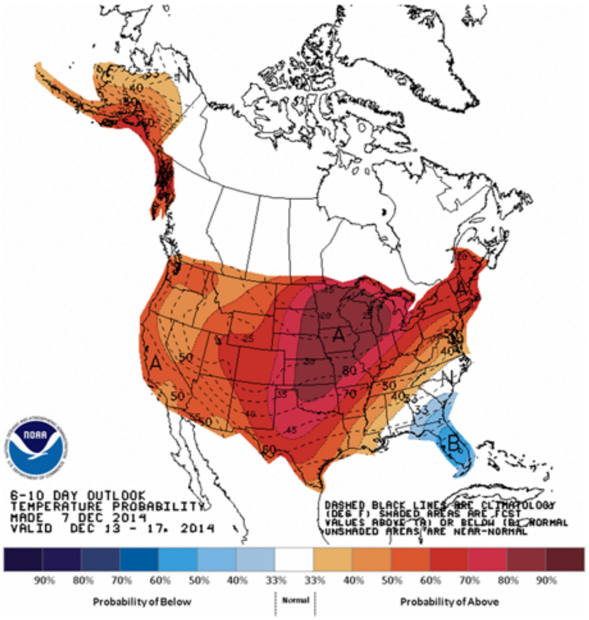
USDA announced this morning 130,000 MT of US soybeans sold to Spain for this marketing year and 136,000 MT of US corn sold to Japan.

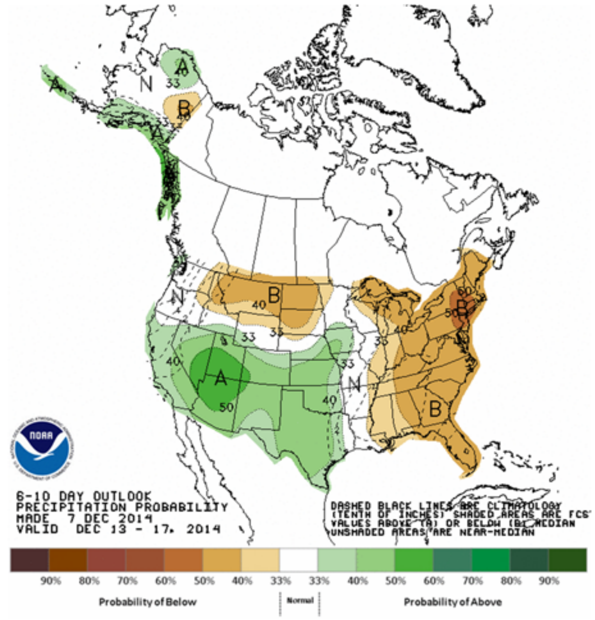
Brazil is pushing past 90%+ on soybean and corn planting while Argentina is only 50-60% complete but both near historical pace.

Wednesday will be the next USDA supply and demand report in which we should not see any changes to the US supply but some may be made to the demand side. The pre report estimates are looking for slightly higher US wheat stocks but slightly lower world stocks. US soybean ending stocks are estimated about 25 MBU lower than last month and world stocks down approximately

500,000 MT. US and world corn ending stocks are seen as unchanged to slightly higher than a month ago.

Temperatures remain above normal on the 6 to 10 day maps. Locally it was good to see some moisture come through over the past few days and precipitation is still forecast normal to above normal for the Southern Plains.





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