



Loewen and Associates, Inc.

Commodity Consulting/Brokerage

**Pete Loewen, Matt Hines,
Doug Biswell, LaVell Winsor
866 341 6700**

www.loewenassociates.com

Date: 01.29.2015

Hog futures enjoyed a stout day higher on Wednesday and the cattle complex scored some decent gains on a few contract months and struggle to tread water on others. Most of the strength in cattle was isolated to the spot month futures in feeders and fats. In the feeder cattle market that one is an easy explanation. Spot January futures expire today and the index has been solidly premium to the futures market for a long time. Yesterday the index dropped 11 cents and futures rallied \$1.67, closing the gap to \$2.80. With that contract being cash settled, the index will continue to migrate to futures or vice versa.

Basis in the cash feedlot trade compared to spot February futures have been in the same predicament with cash falling hard lately, but not nearly as hard as futures have fallen. I'm looking for lower cash yet again this week, but we should be seeing basis narrow up some with deliveries against the February having the potential to start on the 9th.

The second good thing that happened this week was a stout narrowing of the spread between January and March Feeder Cattle futures. Those two contracts have traded as wide as \$12.00 apart on numerous occasions in January after starting the month at around \$2.25. With the general trend this month being sharply lower, what that means is that deferred march futures have fallen at a much faster rate the January, which was supported somewhat by the fact cash trade in the country wasn't falling nearly as fast as futures either. That spread made it into the \$6.00 range this week after being at \$12.00 last week and I would anticipate it going off today in the \$6-\$8 range hopefully. Ideally I'd like to see a lot closer than that even, but beggars can't be choosers and the fact it isn't double digits wide has been a relief.

Cattle slg.____112,000 +2k wa -4k ya

Choice Cutout__247.29 -.41

Copyright © Loewen and Associates, Inc.

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.**

Select Cutout___240.34 +.08

Feeder Index:___215.25 -.11

Lean Index.___72.14 -..36

Pork cutout___80.33 -1.28

IA-S.MN direct avg___67.55 -.21

Hog slg.___433,000 +2k wa +59k ya

Grain futures sunk deep into red ink territory in wheat, corn was under moderate pressure and beans were mildly lower at the close. Not a lot of news for the grains other than weak technical trends and active speculative selling that has pushed a lot of contract months in all three major markets into very weak territory on the charts. Wheat surged into new life of contract lows on the front end KC and is a clear winner for looking the worst between the three. Even new crop July KC broke down into contract lows this week, making that chart look horrible as well. Chicago and Minneapolis contracts have done a much better job of not dropping into uncharted territory, but they are certainly making a run at it with a solid 30+ days of lower trade since the recent highs in mid-December.

Daily export reporting showed 116,000 tonnes of milo sold to unknown destination. That's a giant sale, which will make next week's weekly data look huge. Weekly sales and marketing year to date milo sales have continued to impress, even in the face of GMO issues on corn and DDG's being a lot quieter lately. The weekly sales number for milo was 9.1 mln bushels. That brought the ytd total up to 269.5 mln, well over double the amount from the same time a year ago. Corn weekly export sales this morning were 42.1 mln old and 600,000 new. I would call that bullish as well. Soybeans were 32.6 mln old crop and 800k new which was bullish as well. The wheat sales total was 20 mln old and 800k new. 20 mln wheat is considerably larger than other sales in recent weeks, but wheat sales are still a disappointment in the big picture. The key thing I want to point out about the sales this week is that they are all impressive in the face of the incredibly steep rally we have seen in the dollar. That should be a deterrent to exports, but these are pretty good numbers this week.

Copyright © Loewen and Associates, Inc.

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.**

On a final note this morning, both the front month March and new crop December corn futures broke through solid support in the overnight action. That makes corn futures very vulnerable to more aggressive selling in the near term.

Pete Loewen

Loewen and Associates, Inc.

Pete Loewen / Matt Hines / Doug Biswell / LaVell Winsor

www.loewenassociates.com

peteloewen@cox.net

866 341 6700

Copyright © Loewen and Associates, Inc.

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.**