



## **Loewen and Associates**

***Commodity Consulting/Brokerage***

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### **Morning Ag Markets**

#### **Matt Hines**

Cattle futures just can't stop from taking big losses even with higher cash trade on calves, feeders and fat cattle reported all week. Boxed beef prices have rallied for about a week and half as well but once we filled the gaps left from limit lower trade the past weeks futures stalled and sell signals hit driving prices lower.

For the week, February live cattle down \$5.07, January feeders down \$1.52, February lean hogs down \$2.27.

Cattle slaughter from Friday estimated at 95,000 head, down 13,000 from a week ago and down 9,000 from a year ago. For the week, 538,000 head up 86,000 from the week previous but down 35,000 from a year ago.

Boxed beef cutout values higher on moderate to good demand and light to moderate offerings.

Choice Cutout\_\_256.79 +2.22

Select Cutout\_\_248.23 +2.89

Feeder Index:\_\_235.22 -.94

Hog slaughter from Friday estimated at 372,000 head, down 54,000 from a week ago and down 35,000 from a year ago. For the week, 2,163,000 head, up 165,000 from the week previous and up 74,000 from a year ago.

Lean Index.\_\_77.40 -.21

Pork carcass cutout\_\_83.96 +.05

IA-S.MN direct avg\_\_72.46 -.54

Opening calls are mixed for cattle, although under considerable pressure to start the week, and lower for hogs. Cattle futures limits are expanded today to \$4.50

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for live cattle and \$6.75 for feeders. Which is too high, cash or futures, is the question on everyone's minds this week. Cash feeders and fats are both running \$10 to \$12 premium to futures right now which should provide some support at some point with continued tight supplies.

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Grains finished mixed on Friday and for the week. The New Year started out with a bang and then a fizzle as the week progressed. Early this week grains were higher with traders coming back from the low volume holiday weeks seeing the sell off and reversing course. Wheat sold off from there for the balance of the week while corn and soybeans chopped sideways. Brazil's CONAB was out Friday with increased estimates for both soybean and corn production. Export sales totals for last week were at a marketing year low for both corn and wheat while soybean sales were up 49% from the week previous. Net sales of corn totaled 15.26 MBU, wheat 5.55 MBU and soybeans totaled 33.46 MBU. This week's should be better with a few large sales of soybeans to China, South Korea jumping in Friday with some additional wheat and corn purchases, and as of Friday rumors about China purchasing US corn and additional DDG. Egypt purchased 180,000 MT (6.6 MBU) of French wheat last week passing on US offers still some \$.70/BU to high. Since July 1<sup>st</sup>, Egypt has purchased 3.085 MMT or 113.35 MBU of wheat. Today will be the US supply and demand estimates along with quarterly stocks report so be prepared for some fireworks around 11 am.

For the week, March corn up \$.04 ½, March soybeans up \$.44 ¾, March KC wheat down \$.16 ½, March Chicago wheat down \$.17 ½.

Overnight grains all leaked lower in very quiet trade. Corn finished down 3 to 4, soybeans down 3 to 5 and wheat 2 to 4 lower in all three pits. Crude lower and the dollar higher.

Over the weekend news was light. Ukraine's Ag Minister stated that they do not intend to restrict any exports in the foreseeable future offsetting rumors heading into the weekend that may have to.

The USDA January crop report is when USDA adjusts the 2014 supply for the last time, well at least the last adjustment to acreage and yield. There continues to be the rumblings about corn acres too high or yields too high, but based off the average pre report estimates the main theme is lower US ending stocks for corn and soybeans and slightly higher for wheat. Along with the supply and

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demand estimates the markets will be hit with a quarterly stocks estimate as well. Just like rubbing the crystal ball for price prediction, no one will know ahead of the report what the data will bring us, but be assured the markets will react in some drastic fashion today.

Average trade estimates for Monday's USDA reports.

Corn Production: 14.349 BBU vs. 14.407 in November and 13.925 in 2013

Yield: 173.3 BPA vs. 173.4 in November and 158.8 in 2013

Soybeans Production: 3.956 BBU vs. 3.958 in November and 3.358 in 2013

Yield: 47.6 BPA vs. 47.5 in November and 44.0 in 2013

US Ending Stocks

Corn 1.927 BBU vs. 1.998 in December

Soybeans 393 MBU vs. 410 in December

Wheat 666 MBU vs. 654 in December

US Winter Wheat Seedings

Total 42.56 Mil Acres vs. 42.4 in 2014

Hard Red 31.02 Mil Acres vs. 30.47 in 2014

Soft Red 8.04 Mil Acres vs. 8.49 in 2014

White 3.5 Mil Acres vs. 3.43 in 2014

World Ending Stocks 2014/2015

Corn 191.2 MMT vs. 192.2 in December

Soybeans 89.4 MMT vs. 89.87 in December

Wheat 194.3 MMT vs. 194.9 in December

Quarterly Stocks

Corn 11.12 BBU as of December 1<sup>st</sup> vs. 10.45 BBU as of December 1, 2013

Soybeans 2.59 BBU as of December 1<sup>st</sup> vs. 2.154 as of December 1, 2013

Wheat 1.50 BBU as of December 1<sup>st</sup> vs. 1.475 as of December 1, 2013

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