



## **Loewen and Associates**

***Commodity Consulting/Brokerage***

**Pete Loewen, Matt Hines**

**Doug Biswell, LaVell Winsor**

**866 341 6700**

**www.loewenassociates.com**

Date: 1.14.15

### **Morning Ag Markets** **Matt Hines**

Tuesday was certainly not the turnaround we were all looking for with fats limit down and feeders and hogs also with triple digit losses. The inability to sustain Monday's rallies is worrisome. Sharply lower although low volume cash feedlot trade kicked off in Nebraska and Iowa yesterday at \$264 to \$265 on a dressed basis which is \$6 to \$7 lower than last week. Basis trades of +\$10 over could be the volume carrier this week instead of cash negotiated trade. Calves and feeders continue to show weaker prices in the country on pretty good volume so far this week. Boxed beef prices continue to rally though now up \$12 to \$13 so far this year.

Cattle slaughter from Tuesday estimated at 111,000 head, up 1,000 from a week ago but down 10,000 from a year ago.

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

Choice Cutout\_\_261.63 +2.85

Select Cutout\_\_251.68 +1.30

Feeder Index:\_\_232.65 -1.04

Hog slaughter from Tuesday with another good day estimated at 433,000 head, up 16,000 from a week ago and up 11,000 from a year ago.

Lean Index.\_\_76.26 -.45

Pork carcass cutout\_\_84.36 +1.54

IA-S.MN direct avg\_\_71.88 -.68

National avg\_\_71.37 -.09

Feedlots are still holding steady so far this week with offers but cash calls are now \$1 to \$3 lower. We do have expanded limits today in live cattle out to

#### **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.**

\$4.50. The December low in February live cattle is in striking distance at \$155.15 with a gap still to fill back from late August down to \$154.85. January feeders are still supported by an index price over \$11 premium. We have been able to stay above \$221 so far this year but gaps from there to \$219.50 and \$217.30 to \$214.80 are sitting out there. March feeders need to hold support at \$210 or the \$205 to \$202 range will come real fast.

\*\*\*\*\*

Grains also experienced a turnaround but that was higher trade overnight and at the open with lower to sharply lower trade by the close. Corn was down the hardest following a somewhat friendly crop report Monday. Wheat tried to hold on with support coming from export slowdowns in Ukraine and Russia. After the Ag Minister came out and said no curbing exports earlier this week, Ukraine has now told exporters to keep shipments on milling quality wheat under 200,000 MT for January and February. Russia is using regulatory efforts to slow down shipments until the taxes start in February by delaying grading and paperwork procedures.

There were indications that China may have delayed offloading or even rejected a cargo of US DDG's due to lack of proper paperwork and guarantees. It was possible this cargo sailed prior to the change in allowances in US GMO that was announced back in December. China is thought to have purchased well over 1 MMT of US DDGs in the last 4 weeks with shipments through May. China also announced a ban on imports of poultry, eggs and products from the US due to avian flu found in wild birds in the PNW taking the total now to over 20 countries. On a good note, they said they have imported over 8.5 MMT or 313 MBU of soybeans in December a new monthly record by 16%.

Overnight grains continued under pressure with corn down 4 to 6, soybeans down 6 and wheat 4 to 5 lower.

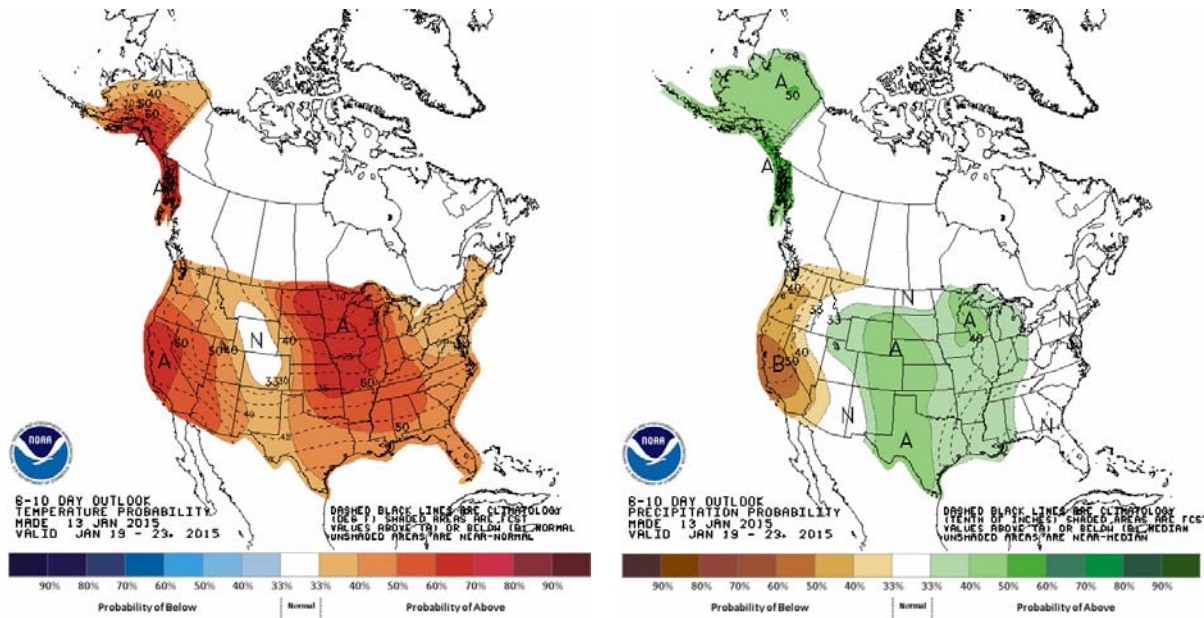
NOPA December crush will be out tomorrow with the average guess of 166.9 MBU crushed domestically vs 161.2 in November and 165.3 last December.

South Korea purchased a cargo of US corn for April and Pakistan a cargo of US soybeans also for shipment in April overnight. This morning USDA announced a sale of 202,750 MT or 7.5 MBU of soybeans for unknown destinations and 125,000 MT or 4.9 MBU of corn sold to Taiwan, both for this marketing year.

#### 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.**

While ice and snow hit the east coast, we finally climb above freezing here locally and are looking for highs in the mid 50's through the weekend. The 6-10 day maps are forecasting warmer and wetter weather as well throughout most the mid-section of the US.



The grains charts are looking a bit more bearish now with March corn nearing some decent support in the \$3.77 to \$3.75 range. Resistance now at \$3.95 to \$3.96. March soybeans broke the \$10 support overnight but have not settled below that since October 24<sup>th</sup>. The 100 day moving average is at \$10.13 with more resistance at \$10.25. March KC wheat is now on a \$1.30+ slide sitting on \$5.75 support with the contract low at \$5.58 ¼. March Chicago wheat is showing about the same collapse and sitting near the \$5.40 support with more at \$5.20 but the contract low is all the way down at \$4.80.

**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.**