



## **Loewen and Associates**

**Commodity Consulting/Brokerage**

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### **Morning Ag Markets**

#### **Matt Hines**

This week opened with livestock futures seeing early gains but crashing to down the limit by mid-morning from aggressive long liquidation then inching back off their lows. January feeders were kept higher with the cash index now only \$7 premium to the futures. Lower cash prices for calves and feeders continue to roll in this week on lighter volumes. In Nebraska light fed cattle trade took place yesterday at \$158 to \$160 live and \$256 on a dressed basis roughly \$5 to \$6 lower than a week ago.

Cattle slaughter from Tuesday estimated at 112,000 head, up 1,000 from a week ago but down 6,000 from a year ago.

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

Choice Cutout\_\_258.24 -1.18

Select Cutout\_\_248.83 -1.02

Feeder Index:\_\_221.87 -2.26

Hog slaughter from Tuesday with another good day estimated at 434,000 head, up 1,000 from a week ago and up 3,000 from a year ago.

Lean Index.\_\_74.85 -.23

Pork carcass cutout\_\_88.91 +1.38

IA-S.MN direct avg\_\_68.73 -2.03

National avg\_\_69.22 -.96

February live cattle are now only \$4.25 from the August low at \$148.80. We should find some decent support in the \$149 to \$150 range. January feeders will still be supported by the cash index. March and deferred contracts were hit hard yesterday. March feeders at limit down blew right past the lows from July and

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Aug. It did rebound to settle above those levels and \$200 should provide some support.

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Over in the grains, trading was mixed all day with corn and wheat higher while soybeans finished lower. Another US soybean cancellation by China of 6.4 MBU was not what soybeans needed to start the day. Export shipments were in line or above expectations for all three but the US dollar continues to rally and pressure additional sales.

Soybeans inspected for export for the week ending January 15<sup>th</sup> totaled 55.8 MBU with 75% shipped to China. Year to date we are over 200 MBU ahead of last year's pace. Corn shipments totaled 29.4 MBU with Columbia, Japan and Mexico taking the largest volumes. Wheat shipments totaled 11.4 MBU with the majority shipped out of the PNW destined for countries in SE Asia. Milo shipments were double that of last week at 9.2 MBU and year to date the US has exported 134.5 MBU which is 3 times the amount shipped by this date last year.

Overnight corn finished down 1, soybeans up 1 to 2 while wheat was a leader at 3 to 7 higher.

Wheat is very oversold & due for a bounce but not even escalating tensions between Ukraine and Russia have been able to do so yet. They may have helped stop the crash lower though. Russia has exported nearly 85% of its wheat intentions and may have to ban exports altogether to keep what is needed for the domestic food supply. This is quite the double edged sword since they also need the trade revenue to help their struggling economy hit by sanctions.

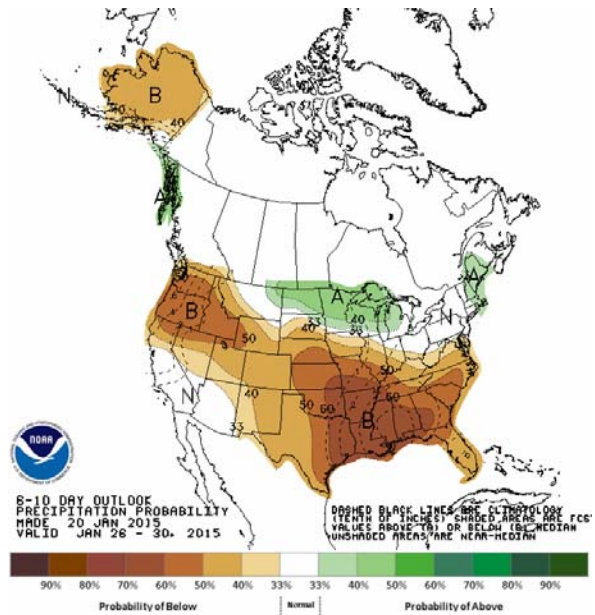
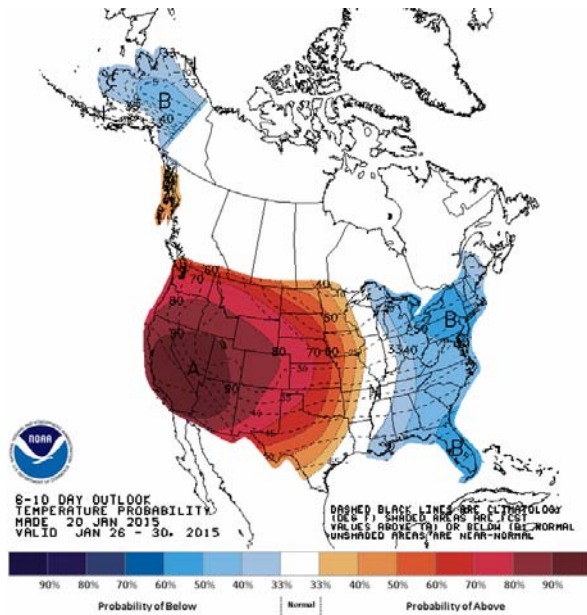
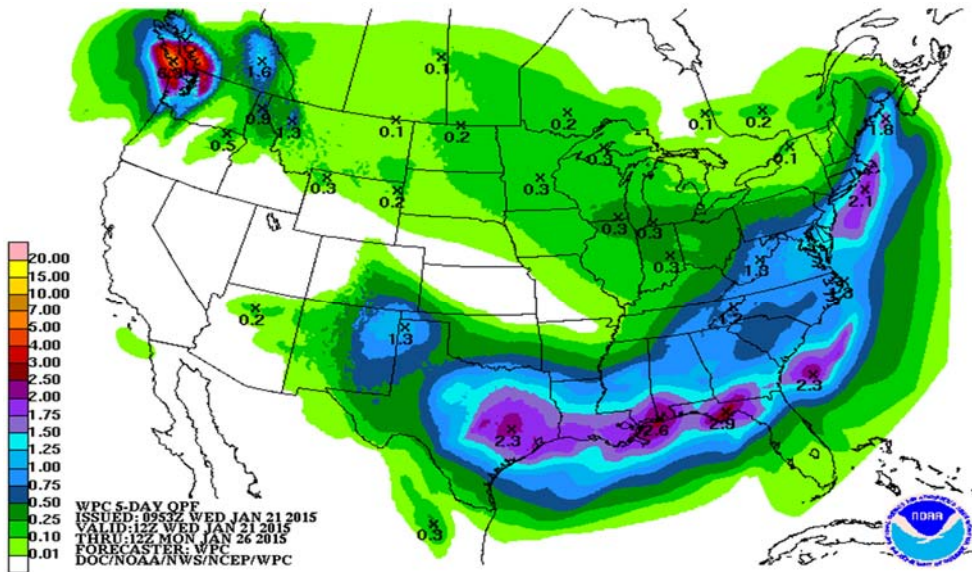
USDA announced this morning that China has purchased 6.5 MBU of US soybeans for this marketing year after cancelling 6.4 MBU yesterday. Between China for soybeans and Egypt for wheat, tell me another country that has more market influence based on imports or cancellations.

March KC wheat only has the contract low at \$5.58 ½ left supporting while March Chicago wheat has the \$5.20 area then the contract low around \$4.80. March soybeans broke out of its 2 month long range bound trade last week where the \$10 level was seen as strong support and now is resistance. The contract low is down in the \$9.25 area. March corn is still range bound between \$3.75 and \$4.15 the past 2 ½ months. Breaking out the November lows could lead to \$3.60 mark.

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Weather should remain very mild locally based on forecasts here for this next week but the Texas Panhandle could see some large snowfall amount here over the next couple days. The 6-10 day maps continue with normal to above normal temps for the western 2/3 of the US while the East Coast is forecasted below normal. Precipitation is seen as normal to below normal for all except for the Northern Plains and Great Lakes.



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