



Loewen and Associates

Commodity Consulting/Brokerage

Pete Loewen, Matt Hines

Doug Biswell, LaVell Winsor

866 341 6700

www.loewenassociates.com

Date: 1.26.15

Morning Ag Markets

Matt Hines

Friday was a dismal trading day with feeders and fats starting \$1 to \$2 lower and charging to limit lower by midday. We did come off limit lower trade a few times but cash prices weaker, boxed beef prices weaker and monthly cold storage bearish for beef as well continue to pressure futures. Cash feedlot trade last week was at \$160 live which is \$4 lower than the week previous and \$256 average on a dressed basis which is \$5 to \$9 lower. Next week's fed cattle trade is already called weaker as well.

CATTLE ON FEED – Neutral to slightly bullish

USDA	Actual	Avg Guess
COF Jan 1	101%	101.6%
December Placements	92%	95.9%
December Marketings	95%	95.1%

Placements Weights as a % of previous year

Under 600 lb 91.6%

600-699 lb 86.3%

700-799 lb 103.4%

Over 800 lb 102.4%

For the week, February Live Cattle down \$4.10, January Feeders down \$.40, March down \$3.02, February Lean Hogs down \$5.20

Cattle slaughter from Friday estimated at 108,000 head, up 16,000 from a week ago but down 7,000 from a year ago. For the week, 576,000 head up 30,000 from the week previous but down 24,000 from a year ago.

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

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.**

Choice Cutout__253.74 -1.91
Select Cutout__247.23 -1.66
Feeder Index:__220.45 +.22

Hog slaughter from Friday estimated at 424,000 head, up 4,000 from a week ago and up 2,000 from a year ago. For the week, 2,316,000 head, up 59,000 from the week previous and up 102,000 from a year ago

Lean Index.__73.57 -.54
Pork carcass cutout__84.38 -.32
IA-S.MN direct avg__69.04 unchanged

Early calls are mixed for futures and steady to \$2 lower for cash cattle and hogs this morning. Continued pressure and spillover selling will be balanced with futures very oversold and the friendly cattle on feed report after the close Friday. January feeders look to hold above \$210 and so far March has stayed above \$200 level. February fats are now in the \$150 area with the low at \$148.80 back in August as support.

Grains were mixed all day with very small trading ranges. Export sales came out Friday morning and were a new marketing year high for corn, over 86 MBU, while soybean sales were a marketing year low. 4.2 MBU were sold in total but only 500,000 BU for this marketing year. China cancelled 2.8 MBU and soybeans sold for unknown destinations cancelled 15.2 MBU. Cancellations continue as the South American soybean crop starts to come in. The strength in the US dollar continues to hurt exports across the ag sector as well. South Korea was a big buyer of corn last week but most will be shipped from Ukraine instead of the U.S.

Ethanol plants continue to show a decreasing profit margin with some pulling back some 10% now under production capacity. This is not easy to take with cash DDG values up \$30 to 35 a ton over the last few weeks. This is thanks to China approval of MIR 162 GMO and an immediate active buying program for Feb-March. Today DDG values are pushing this feedstock out of rations to be replaced with meal and corn in least costs formulations.

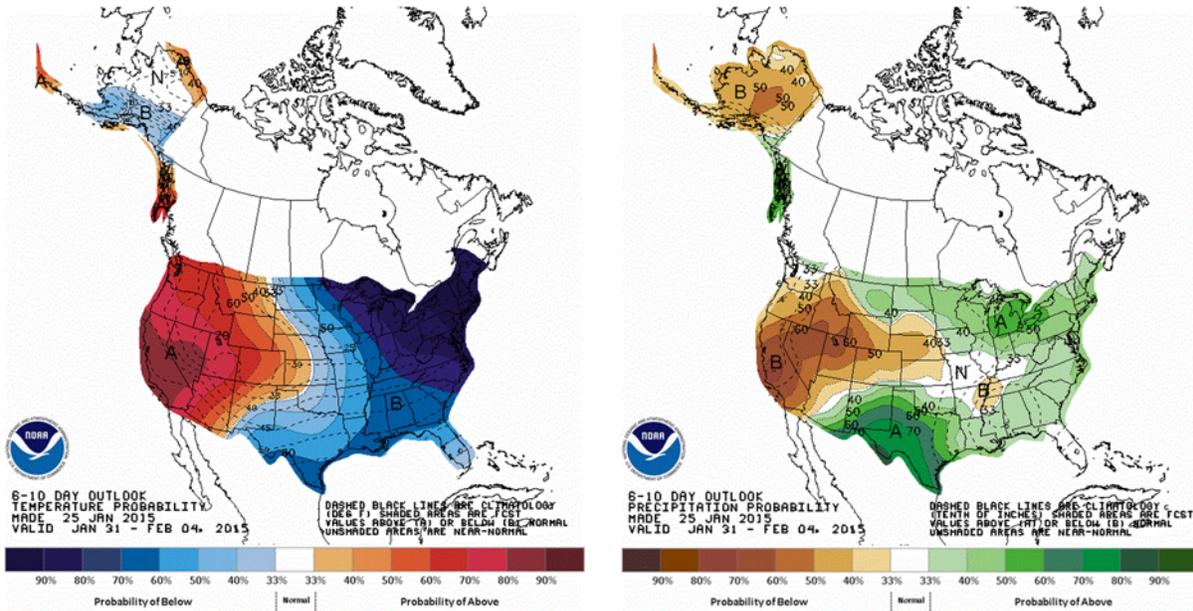
For the week, March Corn ¼ of a penny, March Soybeans down \$.19, March KC Wheat down \$.12 ¼, March Chicago Wheat down \$.02 ¾.

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.**

Overnight corn finished down 3, soybeans down 2 to 5 and wheat was steady to 1 lower in KC with Chicago wheat steady to 1 higher.

The biggest news over the weekend was related to the winter storm bearing down on the Northeast with forecast of up to 1 to 3 feet and 70 to 80 mph winds. Locally temperatures will remain above normal for most of the week. The 6-10 day maps show above normal temps West and below normal temps East with above normal precipitation in the Northern Plains, circling around through the East Coast and down into Texas. In South America, dry parts of East and SE Brazil have some heavy rainfall forecasted this week.



March soybeans are still trending lower with support down at \$9.50 and the contract low in the \$9.256 area. March corn made a small recovery last week and moving sideways now with support still at the November lows and 100 day moving average in the \$3.75 to \$3.77 range. Breaking those could lead to \$3.60 mark. March KC wheat only has the contract low at \$5.58 ¼ left supporting while March Chicago has the \$5.20 area then the contract low around \$4.80.

Loewen and Associates, Inc.

Pete Loewen / Matt Hines / Doug Biswell / LaVell Winsor

www.loewenassociates.com

peteloewen@cox.net

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.**