



Loewen and Associates

Commodity Consulting/Brokerage

Pete Loewen, Matt Hines

Doug Biswell, LaVell Winsor

866 341 6700

www.loewenassociates.com

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Morning Ag Markets

Matt Hines

Livestock futures were mixed yesterday. Feeders opened triple digits lower, made a run higher and broke through the \$198 top, but failed to hold and collapsed back to the daily lows. Cash feeders and calves have been reported lower to sharply lower at the sale barns so far this week but numbers have been light with the winter weather especially in Texas and Oklahoma. Cash feedlot trend definitely lower this week with a few head trading in NE and IA yesterday at \$157 live and \$250-\$252 on a dressed basis, down another \$2 to \$3. Packers have slowed chainspeeds which has lowered production enough they continue to ask more from retailers for beef with prices higher for the past week and half and sharply higher yesterday. Cash prices for hogs were sharply higher nationwide yesterday as daily kills continue to exceed 400,000 head and weekly totals exceed 2 million plus extending the packers pace over last year's.

Cattle slaughter from Tuesday estimated at 109,000 head which is equal to a week ago but down 8,000 compared to a year ago.

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

Choice Cutout__244.24 +3.16

Select Cutout__242.65 +3.27

Feeder Index:__208.76 -.79

Hog slaughter from Tuesday estimated at 407,000 head, up 2,000 from a week ago but down 7,000 from a year ago.

Lean Index.__60.88 +.48

Pork carcass cutout__71.00 -.59

IA-S.MN direct avg__64.90 +2.46

National Average__63.33 +3.56

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Cattle charts are looking pretty ugly with feeders within \$1 to \$3 of contract lows and deferred live contracts hitting new lows the past couple sessions. Hogs appear to have carved out a bottom here so far with the nearby April contract bumping its head on the \$70 level and the 10 day moving average finally trending back up.

Grains were mixed as well, led by the soybeans and soybean meal higher all day, corn and wheat could not hold on to gains though. Brazil's trucker protest is escalating and expanding now up to 7 different states. 1 port reported only 45 of the 900 trucks anticipated delivered yesterday. Egypt purchased 290,000 MT or 10.7 MBU, of US wheat from a US wheat only tender, which is good to hear, but some expected over 15 MBU to be purchased.

Overnight grains were lower with soybeans down 3, corn down 1 and wheat steady to down 2.

This morning USDA announced that Egypt purchased an additional 120,000 MT or 4.4 MBU of US wheat, so there's the rest of that US aid package being used up.

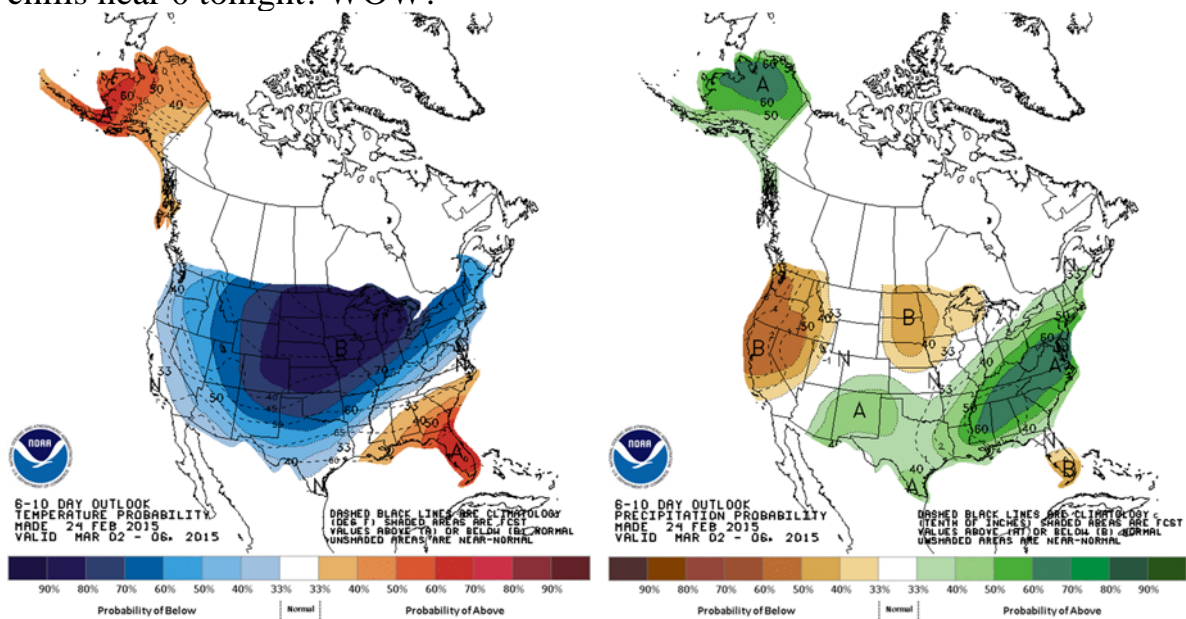
The soybean rally yesterday sure did spur some producer selling not only in the US but also in South America. Basis level in both Brazil and Argentina pulled back a few cents. This along with the logistical nightmare may cause the basis to weaken even more this week. We are hearing anywhere from harvest stopping because producers are out of diesel to soy processors cutting back because they can't get the beans in or the meal back out.

Looking at the charts, March corn is still stuck on the \$3.85 price, now having hit that mark consecutively the past 15 sessions. We have also not traded more than dime from it. A snap off this consolidated trade is looking more and more evident but direction is still a pure guess. March soybeans still holding the recent uptrend with support now at \$9.99. Both KC and Chicago March wheat contracts are sitting at or just above recent and contract lows. The additional sale to Egypt and Russia threatening to cutoff natural gas supplies to Ukraine should both be supportive this morning.

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Winter is not over, based on these maps just getting going for some. The southern Plains have been hit with sleet and ice accumulations here this week and locally we may top out near 60, to see rain and snow late then and wind chills near 0 tonight! WOW!



Loewen and Associates, Inc.

Pete Loewen / Matt Hines / Doug Biswell / LaVell Winsor

www.loewenassociates.com

peteloewen@cox.net

matthines1@cox.net

866-341-6700

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