



Loewen and Associates

Commodity Consulting/Brokerage

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Morning Ag Markets

Matt Hines

Strong gains in both lean hogs and feeders to close out last week while live cattle were mixed throughout the day Friday but finished lower. Cash feedlot trade was light but still lower than the week previous with the North averaging another \$4 to \$5 lower.

After the close, the November cattle on feed report had no surprises with all three categories coming in close to trade expectations. Marketings again with the lowest monthly total since the data series began in 1996.

	USDA Actual	Average Guess	Range
Cattle On Feed:			
On Feed November 1	102.0%	102.2	101.6-103.2%
Placed in October	96.0%	95.9%	93.8- 98.4%
Marketed in October	97.0%	96.2%	95.0-98.0%

For the week, Friday to Friday, December Live Cattle down \$.97, January Feeders down \$.90, December Lean Hogs up \$2.65.

Cattle slaughter from Friday estimated at 108,000 head, up 14,000 from a week ago but down 5,000 from a year ago. For the week, 571,000 head, up 15,000 from a week ago and up 1,000 from a year ago. The year to date difference continues to decrease, now at 5.5% less than a year ago.

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

Choice Cutout__203.14 -1.69

Select Cutout__190.95 -2.39

Feeder Index:__174.39 -1.38

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Hog slaughter from Friday estimated at 437,000 head, up 4,000 from a week ago and up 18,000 from a year ago. For the week, 2,400,000 head, up 12,000 from a week ago and up 157,000 from a year ago. The year to date difference remained the same though at 7.9% more than a year ago.

Lean Index __55.52 -.35

Pork carcass cutout __73.14 -1.25

IA-S.MN direct avg __52.07 +1.51

National Average __50.92 +1.40

December live cattle did reach down for a new contract low last week at \$125.50 but came back \$4 higher by the week's end. \$131.50 will be the first line of resistance this week. January feeders also hit a new contract low last Tuesday at \$158.05 and traded the \$160 to \$165 range the rest of the week. December lean hogs contract low is at \$51.80 touched both Monday and Tuesday of last week with a breakout to the upside on Friday that now shows a key reversal higher on the weekly charts. The \$59 area will be the next area of resistance.

Grains finished lower on Friday with corn and wheat lower for the week but soybeans able to stay higher for week. Corn as only traded a dime range and soybeans approximately a 20 cent range since the bearish USDA crop report. The most important news heading into the weekend was the presidential elections in Argentina.

For the week, Friday to Friday, December corn down \$.05, March down \$.04 ¼, January Soybeans up \$.02 ¼, March up \$.04 ¼, December KC Wheat down \$.08 ½, NC July down \$.08 ¼, December Chicago Wheat down \$.07 ¼, July down \$.07 ½.

Overnight grains were lower with soybeans down 12, corn down 3 and wheat 1 to 3 lower.

Conservative candidate Macri won the Argentine presidential election yesterday. Analyst and agronomist believe with the polices Macri said he would institute you could see Argentina surpass Brazil as a corn exporter and double wheat exports. Corn acres could increase in over the next year by 1 million hectares and over the next three years Corn exports could rise 44% to 23 MMT. Wheat exports could go from 4.3 MMT this year to 11 MMT and Soybean exports from

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45 MMT to 52 MMT. The president elects farm policy team projects a 30% rise in Argentine grain production to 130 MMT by 2019. The export tariffs put in place recently will be at least adjusted if not abolished by the new administration. Many producers in Argentina were holding on to old crop grain in hopes their markets would improve dramatically from this election causing a flood of old crop bushels to hit the market now and most heading into the export channels.

Technically all grains finished last week chopping in tight ranges near contract lows except for December Chicago wheat which is still some \$.20 away. The turn lower in the overnight trade though has pushed KC wheat and soybeans into new contract lows that look to be extended lower today. December corn still has the contract low at \$3.56 holding so far.

South America weather outlook remains favorable over the next two weeks. Timely rain is expected in both Brazil and Argentina with sufficient amounts of rain to fall to support planting, emergence and early growth. Temperatures will be seasonable in both countries further supporting crop development as well as seed germination and emergence. Some pockets of dryness will occur, but they are not expected last very long

Weekend snowfall from southern South Dakota and northern Nebraska through Iowa to northern Indiana and most of Michigan was significant with 6 to 12 inches from southeastern South Dakota through northern and central Iowa to Michigan with up to 15 inches along the Illinois/Wisconsin border. Snowfall of 1 to 4 inches occurred from northern Missouri and southern Iowa to central Indiana and northwestern Ohio. The 6-10 day forecasts call for below normal temps and below normal precipitation NW with above normal south and east.

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