



Loewen and Associates

Commodity Consulting/Brokerage

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Morning Ag Markets

Matt Hines

Coming out of the gates yesterday, fats were not down too hard and feeders were even \$1+ higher at one time. All early reports from the salebarns showed cash prices steady to higher for calves and feeders compared to a week ago. Feeders on that lower end at steady to \$2 higher with calves mostly \$5 to \$10 higher and in OKC heifer calves \$10 to \$20 higher. In the end the very bearish cold storage report provided the pressure though and sent live cattle triple digits lower pulling feeders with it.

Another winter storm is expected from Thanksgiving day through the weekend. Freezing rain and sleet mix in the Texas & Oklahoma Panhandles and into Kansas Friday and Saturday with snow in northeast Colorado, Nebraska, and moving east, which could offer some support after the holiday. Carcass weights have peaked and will be moving lower in the weeks ahead, if the yards stay muddy.

Monday afternoon's cold storage recap was another reminder of burdensome stocks in the freezers (especially hams), but that market has been aware of that for some time now. Total pork stocks came in at 602 million lbs, which is running +17% ahead of the 5-year average. All that extra hog slaughter means extra pork production as well. USDA data show that pork production last week totaled 506.9 million pounds, a record that surpassed the previous high of 499.4 million pounds the week before.

Cattle slaughter from Tuesday estimated at 110,000 head, up 3,000 from a week ago and down 7,000 compared to a year ago.

Boxed beef cutout values higher on moderate to fairly good demand and moderate to heavy offerings.

Choice Cutout__203.81 +1.02

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Select Cutout__192.24 +1.19
Feeder Index:__171.83 +.32

Hog slaughter from Tuesday estimated at 438,000 head, up 2,000 from a week ago and up 1,000 compared to a year ago.

Lean Index.__55.50 +.13
Pork carcass cutout__73.62 +1.32
IA-S.MN direct avg__51.88 -.03
National Average__50.68 -.11

Today should be a fairly quiet session and calls are mixed as traders position ahead of the holiday break. Markets will be open Friday but expect volume to be low both today and Friday. Cash feedlot trade should get cleaned up today. A few pens did sell in Nebraska yesterday afternoon at \$195 on a dressed basis which is steady with a week ago.

December live cattle are trying to stay above \$130 this week with the contract low last week at \$125.50 and resistance at \$133. January feeders also hit a new contract low last week at \$158.05 but have since pushed above the \$165 resistance level. Holding above \$164 will be the key for this week to try and extend the rally further. 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.

Over in the grains, it is starting to look like holiday trade is already here with grains steady to lower after steady to higher on Monday and what technically was a significant key reversal for many contracts. There defiantly may have been some overreaction to the presidential elections in Argentina over the weekend but bulls were quick to take small profits yesterday. The biggest news remains that there are not any major weather problems in South America in the near term.

World tensions have been ratcheted up a notch, and not just because of the tragic terrorist attacks in Paris last week. Turkey shot down a Russian jet close to the Syrian border as the pilots were asked repeatedly to leave Turkish airspace. Russia is of course denying the plane was in Turkish airspace and has cut off energy sales to Turkey. Outside markets reacted negatively but the lasting

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impact was a bounce in crude oil, which has held major support levels. Earlier this week, Ukraine cut off electricity to the contested Crimean peninsula, which has also raised the tensions in that area.

Overnight, grains were mixed on light volume with corn finishing 1 higher, soybean 1 lower and wheat steady to 3 higher.

Egypt's GASC announced they are seeking 50,000 MT of Wheat in a tender, with shipment for Dec 21 to 31. Origins include Argentina, Australia, Canada, France, Germany, Kazakhstan, Poland, Romania, Russia, the Ukraine and the US, but look for the business to go to France or Russia.

Over the next few days wet and icy weather is forecasted through the Plains centered on Oklahoma. It begins to spread East by the week's end but is forecasted to dump a ton of moisture on the Southern Plains then reaching up into the Corn Belt. The 6-10 day maps show below normal temperatures for the Southern Plains with above normal North and East while precipitation is below normal through the Rockies and Southwest but normal to above elsewhere.

Technically, corn continues to struggle to find any momentum one way or the other, following-up Monday's reversal higher with lower trade yesterday. Support remains at the post-report lows of \$3.56, with resistance in the \$3.75 area. January soybean have held above the 10-day moving average the past 2 days at \$8.60 but struggling to push above \$8.70. Wheat futures are choppy as well with December Chicago wheat trading the \$4.80 to \$4.90 range while December KC is sideways to lower with a new contract lows this week at \$4.49.

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