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Date: December 29, 2015

Yesterday's futures market reaction in the cattle to the three day holiday weekend was disappointing. We were coming off of huge gains from last Thursday, plus some terrible winter weather conditions in the Panhandle region in Texas cattle feeding country, as well as some bullish weather influence to the north and east of those areas as well. The assumption could have been made that it was a gimmee that futures would be up, but sadly they weren't.

As I have always stated, weather markets in livestock are a double edged sword. No doubt asking prices at the feedlot gate this week will be sharply higher and the odds are packers will have to pay up considerably. That's the bullish side. The problem is that the loss of weight and performance from the weather struggles sometimes exceeds the benefit of any cash price increase. For those that missed the weather or had good slicked up pen conditions going in, there is a definite benefit. For those that didn't, it could be a wash. If nothing else, the weather and winter finally showing up from the Southern Plains all the way into the Corn Belt should finally start to aggressively trim live and carcass weights on fed cattle. That would be a definite supporting factor for both cash and hopefully futures in the short and intermediate term.

In the feeder cattle and calf market cash trade, there's a big lull in action through this two week holiday timeframe with a lot of sales closed through the holiday stretch. When the calendar turns to 2016 I would expect the light / mid-weight calf prices in particular to take a sharp jump as the spring and summer grass crowd starts gathering inventory. At that point and as time progresses into spring we'll also get the seasonal widening of the spread between feeder cattle futures and heavier weight feeder cattle cash price. In other words, we're getting closer to the point where basis starts to kick some people in the rear selling heavy feeders.

Cattle slg.___ 90,000 -21k wa -24k ya

Choice Cutout__201.09 +3.46

Select Cutout___193.20 +3.73

Feeder Index:___157.19 +3.62

Lean Index.__53.50 -.51

Pork cutout___70.50 +.84

IA-S.MN direct avg__48.46 -.24

Hog slg.___440,000 +6k wa +5k ya

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In the grain and oilseed trade, corn and wheat were mildly lower yesterday, but soybeans hit just over double digits to the downside. Pressure was coming from two fronts; rains over northern Brazil solved dryness problems for some, but still didn't cover all the dry areas and secondly, there's a lot of talk about Argentine soymeal imports into the US with the export tax reduced and the currency devaluation happening there recently. The bad news for corn and wheat, even though they were down only mildly was that some of the corn contracts made new contract lows. Wheat contracts were within just a few cents, or even fractions of a cent from making new lows, yet didn't in Chicago or KC markets.

South American crop talk is going to be focused on some improvement in Brazil's bean crop moisture, as well as the underlying bearishness of Argentina becoming more active in the world export trade. Crop analyst Cordonnier left his Brazil and Argentina production estimates unchanged this week. Brazil beans were 97 mmt's and Argentina at 58 mmt's. Brazil corn was 81.2 mmt's and Argy corn 21.6.

US weather was a mixed bag over the Christmas break and through yesterday. Record flooding in parts of the western Corn Belt that was bad, beneficial moisture over parts of HRW wheat country that was good, but way too much moisture in some areas as well.

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