



Loewen and Associates

Commodity Consulting/Brokerage

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Morning Ag Markets **Matt Hines**

Thursday's half day of trading wrapped up last week's trade with sharply higher gains in live cattle futures again while feeders and lean hogs traded both sides of unchanged and finished higher for the day. The cash feedlot trade last week was very impressive with averages at \$124 live and \$2.00 dressed trade compared to \$117-\$118/\$1.83-\$1.84 the week previous. In summary, we have some major weather issues with the Southern Plains hit hard by snow and cold, weights are coming down hard, funds are covering short positions in futures, packers are long the board, and we have better beef business on the horizon all of which should be beneficial to the cash fed cattle trade for the next couple weeks.

For the week, Friday December 18th to Thursday December 24th, December Live Cattle up \$10.95, February up \$11.50, January Feeders up \$14.72, March up \$12.17, February Lean Hogs up \$1.67, April up \$3.02.

Cattle slaughter from Thursday estimated at 55,000 head, down 59,000 from the week previous. Weekly totals were at 395,000 through Thursday compared to 452,000 the week previous and 273,000 a year ago.

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

Choice Cutout__197.63 +2.73, +3.49 for the week

Select Cutout__189.47 +1.97, +3.12 for the week

Feeder Index:__151.03, last quoted from 12/22

Hog slaughter from Thursday estimated at 212,000 head, down 227,000 from a week ago. Weekly totals through Thursday at 1,516,000 down 242,000 from the week previous but up 461,000 from a year ago.

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Lean Index.__54.01 -.24, last reported 12/23
Pork carcass cutout__69.66 +.80, -1.84 for the week
IA-S.MN direct avg__48.70 -.50
National Average__47.79 -.25

Opening calls are higher for both cattle and hog futures as we see traders coming into this week with some bullish enthusiasm. December live cattle have retraced almost all of the losses from the past month with strong resistance in the \$132 area. January feeders are similar, up \$20 from the contract low at \$143.20 with resistance in the \$166 to \$167 area. February lean hogs are in the upper range of the past few months trade with support at \$58 and resistance up near the \$62 level.

Grains were under pressure to end the week and all last week although volumes were light. News was very thin and markets eased and no fresh bullish news spilled in. There are some concerns heading into this week with regards to trade with China as it was revealed late last week that China and other Asian countries were dumping cheap steel into the US for which the Dept. of Commerce will now apply a 256% import tariff that could spark a trade war.

For the week, Friday December 18th to Thursday December 24th, March corn down \$.10, December down \$.08, January Soybeans down \$.17, November down \$.17 ¼, March KC Wheat down \$.14 ¾, July down \$.15, March Chicago Wheat down \$.19 ¼, July down \$.16 ¼.

Overnight grains were mixed with soybeans 4 cents lower from recent rains in Brazil while corn remained steady and wheat held steady to 2 higher.

We don't usually talk about US weather impacting grains but this time it may be. The winter storms of course here in the Plains have more impact on livestock but spring like systems have been pushing through the Midwest. Flooding rains have caused mainly along the Mississippi and Illinois River to slow down or stop loading barges. The St. Louis gage currently ready 35 ft. is already above flood stage and is forecasted to crest near 45ft by Thursday. The record was set in the summer of 1993 at 49.5 ft.

Technically grains are still bearish with March corn only a couple cents away from the contract low \$3.62 ½. KC and Chicago wheat are also near contract lows near \$4.65 for the nearby March contracts. January soybeans continue to

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trade the biggest back and forth swings now sitting at the midpoint of its recent trading range from \$8.50 to \$9.10.



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