



Loewen and Associates, Inc.

Commodity Consulting/Brokerage

**Pete Loewen, Matt Hines,
Doug Biswell, Matt Burgener
866 341 6700**

www.loewenassociates.com

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The entire meat complex closed with nice gains yesterday and also without a tremendous amount of volatility, at least compared to other times we've seen over the last two years. When you can call less than a \$2.00 range from high to low in fats and less than \$3.00 high to low in feeders quiet, you know something's wrong with the mode of thinking. Too many times lately there has been another \$1.00+ from high to low in that range though and after a period of time it feels like a dull day with only a couple bucks in the range.

There are some conflicting forces at work in the cash markets. Cutouts in beef are sinking after being strongly higher all through December and into the first week of this month. Feeder cattle and calf market trade has been stout this week. Negotiated cash feedlot trade was steady to \$1.00 better last week. That feedlot trade happened at about a \$3.00 positive basis to the spot February futures, but higher futures since has whittled that down a little bit.

The end of the month of January means annual Cattle Inventory report time. Expectations are for the total herd count to be up 2.5-3 mln head from a year ago. Heifer retention has been very active over the last year plus, meaning expansion is running full steam ahead. That doesn't necessarily mean it will be a bearish report. The front end of the market could very easily still stay supported with the lack of heifers at the bunk line in the feedlot mix. Deferred futures are where the biggest potential downside comes from, although to some extent that's already priced in the market.

Cattle slg. ___ 112,000 unch wa unch ya

Choice Cutout ___ 223.01 -.78

Select Cutout ___ 216.42 -2.52

Feeder Index: ___ 158.44 +.94

Lean Index. ___ 58.77 +.40

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Pork cutout___76.57 +.99

IA-S.MN direct avg__58.35 +1.31

Hog slg.___440,000 +1k wa +24k ya

In the grain and oilseed trade, fall crop markets closed mildly lower while the wheat was mildly higher. Market driving news was nonexistent. Today isn't going to be much different as export sales were delayed this week until tomorrow morning due to the snowpocalypse in DC. There were no new 8:00 am daily sales announcements yesterday. None this morning either. The fact the equity and energy markets were all higher yesterday might have provided some supporting effect to the ags. Earlier this morning those markets were all mild to moderately lower though, so today could very well have the opposite effect.

6-10 day weather got colder for the Central Plains. From western Iowa through the Dakota's and Kansas on West the temps were forecast at below normal. Illinois east was above normal. Precip was still pegged at above normal everywhere except south Texas and far southern Oklahoma. The Panhandle region was still above normal.

Quite honestly there isn't anything else out there worth talking about today other than maybe a repeat of what the chart picture looks like for everything. Long term trends are still lower, but the very short term picture is still up. Nothing is going anywhere fast.

Pete Loewen

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Pete Loewen / Matt Hines / Doug Biswell / Matt Burgener

www.loewenassociates.com

peteloewen@cox.net

866 341 6700

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