



## **Loewen and Associates**

***Commodity Consulting/Brokerage***

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### **Morning Ag Markets**

#### **Matt Hines**

Wednesday was the active day for cash feedlot trade with live sales mostly at \$135 in the Southern Plains with a few dressed sales at \$212 in Kansas, \$11 to \$13 higher than the week previous. In the Northern Plains live sales sold from \$134 to \$135 with dressed sales at \$212 in Nebraska, \$10 to \$12 higher. In the Western Cornbelt live sales only \$8 higher from \$130 to \$133 with dressed sales at \$212. This along with sharply higher boxed beef prices for now 7 days in row continue to support higher futures.

For the week, Thursday December 24<sup>th</sup> to Thursday December 31<sup>st</sup>, December Live Cattle up \$4.70, February down \$.22, January Feeders up \$3.42, March up \$3.52, February Lean Hogs up \$1.50, April up \$.87.

Cattle slaughter from Thursday estimated at 87,000 head, up from 55,000 last Thursday. Weekly totals were at 396,000 through Thursday compared to 395,000 the week previous and 321,000 a year ago.

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

Choice Cutout\_\_212.59 +3.81

Select Cutout\_\_205.22 +3.71

Feeder Index:\_\_159.64 +2.54, last quoted from 12/30

Hog slaughter from Thursday estimated at 374,000 head, compared to only 212,000 a week ago. Weekly totals through Thursday at 1,664,000 up 148,000 from the week previous and up 428,000 from a year ago

Lean Index.\_\_52.92 -.05, last reported 12/30

Pork carcass cutout\_\_68.83 +1.05

IA-S.MN direct avg\_\_49.43 -.22

#### **IMPORTANT—PLEASE NOTE**

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National Average\_\_48.96 +.67

Opening calls mixed for lean hogs today and higher for cattle futures. We hope to see some follow through buying as beef prices race higher along with the cash feedlot trade. February live cattle pushed up against the \$138 resistance level last week and support is seen in the \$135 area. January feeders were able to push past the late November high at \$167.35 before fading back last Thursday. Look for a push into the \$170 area this week. February lean hogs continue their steady climb higher now in the upper half of last 2 months range bound trade. The first line of resistance sits at the \$60 level.

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Grain and soybeans end the year mostly lower. Corn was pressured by lack of demand. Soybeans were lower on slow exports and expected rain in the dry areas of Brazil. Weekly export sales for wheat were bearish coming in at 14.1 MBU (382,400 MT) with 13.4 MBU (363,600 MT) for the 2015-2016 marketing year. Export sales for corn came in at 27.8 MBU (705,200 MT) with all for the 2015-2016 marketing year. Sales of soybeans were listed at 21.3 MBU (579,400 MT) with 17.6 MBU (478,800 MT) for the 2015-2016 marketing year. Sorghum showed a total of 5.3 MBU (134,800 MT) with all for the 2015-2016 marketing year.

For the week, Thursday December 24<sup>th</sup> to Thursday December 31<sup>st</sup>, March corn down \$.05 <sup>3</sup>/<sub>4</sub>, December down \$.06, January Soybeans down \$.04, November down \$.07 <sup>1</sup>/<sub>4</sub>, March KC Wheat up \$.01, July up \$.00 <sup>3</sup>/<sub>4</sub>, March Chicago Wheat up \$.02 <sup>1</sup>/<sub>2</sub>, July up \$.00 <sup>1</sup>/<sub>2</sub>.

Overnight grains were under continued pressure with soybeans down 4 to 7, KC wheat down 4 to 5 while Chicago wheat and corn steady to 1 lower. Rains over the weekend came through in most of area of Brazil needing some relief and in fact some was a bit excessive with RGDS reporting some flooding issues.

Pressure from sharply lower world equities could be some of the problem this morning spilling over into the commodities. Overnight the losses began in China with disappointing manufacturing data. On its launch day, a new circuit-breaker system for Chinese stocks kicked in after steep declines on a benchmark of blue-chip shares. Chinese officials announced plans for the system in December, as a measure to prevent the wild swings that accelerated this summer's stock-market crash. The Shanghai Composite Index dropped 6.9% before being shut down for the rest of the trading session.

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On the flip side, geopolitical tensions in the Middle East caused oil prices to spike as traders worry about supply disruptions. Saudi Arabia has cut all diplomatic ties with Iran over the weekend after the execution by Saudi Arabia of a Shiite Cleric was followed up by their embassy being overrun. They have now given all Iranian diplomats 48 hours to exit Saudi Arabia.

In a surprise shift, USDA announced this morning that 8 MBU of soybeans have changed from unknown destinations to the Netherlands for this crop year.

Technically grains are at their lows, not to say they can't go lower but all pressing contract lows. March KC and Chicago wheat reached down for new contract lows already to start this year. March corn was within a penny of new low last night. March soybeans have about a dime to go but have been under the most pressure these past few trading sessions.



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