



Date: 1.19.16

Loewen and Associates

Commodity Consulting/Brokerage

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

www.loewenassociates.com

Morning Ag Markets

Matt Hines

Live and feeder cattle futures closed sharply lower on Friday with most contracts settling limit down. Most of the selling pressure was tied to worries over global growth, the continued collapse in the equity markets and imploding oil prices. Lean hogs were only moderately lower and still able to finish the week stronger, somewhat supported by improving hog and pork fundamentals. A few live sales were reported at \$130 live in Nebraska on clean up trade on Friday. Most of the trade was complete Thursday though in the Southern Plains with live sales at \$134 and dressed sales in Kansas at \$214. In Nebraska the bulk of live sales sold at \$134 with the bulk of dressed sales for the week from \$209 to \$210. In the Western Corn Belt live sales sold at \$130 with dressed sales for the week from \$208 to \$210. In Colorado a very few live sales sold from \$133 to \$134.

For the week, Friday January 8th to Friday January 15th, February Live Cattle down \$5.32, April down \$5.32, January Feeders down \$5.12, March down \$7.05, February Lean Hogs up \$2.17, April up \$2.22.

Cattle slaughter from Friday estimated at 103,000 up 1,000 from week ago and up 10,000 compared to a year ago. Weekly totals were at 568,000 up 18,000 from week ago and year ago. Cattle slaughter from Monday at 107,000 down 3,000 from last week and year ago.

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

Choice Cutout__231.28 -1.19

Select Cutout__224.94 -2.19

Feeder Index:__162.03 -.59 last quoted from Thursday Jan 14th

IMPORTANT—PLEASE NOTE

This does constitute a solicitation to buy or sell commodities futures and/or options. The information contained herein is provided for informational purposes only. The information is not guaranteed as to its accuracy or completeness, although the information was taken from sources we believe to be reliable. The market recommendations of Loewen and Associates, Inc. are based solely on the judgment of Loewen and Associates, Inc. personnel. We do not guarantee or warranty, either expressed or implied, of success to you in the use of this information. Loewen and Associates, Inc. disclaims responsibility for or loss associated with use of information from our commentary, analysis or recommendations. **There is risk of loss in trading commodity futures and options. The risk in trading can be substantial; therefore only genuine "risk" funds should be used.**

Hog slaughter from Friday estimated at 429,000 head, down 4,000 from week ago but up 9,000 from year ago. Weekly totals were at 2,300,000 down 69,000 from the week previous but up 56,000 from a year ago. Hog slaughter from Monday estimated at 384,000, up 70,000 from last week but down 6,000 from a year ago.

Lean Index.__53.83 -1.59

Pork carcass cutout__73.20 +.66

IA-S.MN direct avg__52.66 -1.01

National Average__51.42 -1.36

Joplin and OKC moved through some decent volume yesterday on good demand but prices were reported sharply lower throughout. In their mid-session report, Joplin was reporting feeder steers \$5 to \$7 lower and heifers \$4 to \$12 lower. OKC reporting the same and calves \$10 to \$15 lower for the 2nd week in row.

Opening calls are mixed so long as cattle futures can shake off the equity blues here. Outside markets are supportive so far this morning so some short covering may come in today. February live cattle gapped lower on Friday and now only \$5 away from the lows at \$122. January feeders also gapped lower Friday but have yet to enter the gap left a month ago. February lean hogs continue their steady climb higher with the 10-day moving average providing support.

It was a strong close to end the week for corn and KC wheat futures while soybeans sagged back. Overall for the week though the feature was continued back and forth trading for all grains as the spike higher from report day on Tuesday was not followed through for soybeans and Chicago wheat. Friday's pressure in soybeans was partly due to meal deliveries coming out overnight along with crush margins that took a 6 cent hit falling to new lows. The outside markets were downright ugly with equities trading sharply lower and crude oil falling to new lows below \$30/barrel.

In the NOPA report, December crush was 157.1 MBU which was in line with estimates and compared to November's crush of 156.1 MBU. The additional day in December is the reason for the monthly increase over November although the daily rate of crush was down due to the implosion of margins. Oil stocks came in a 1.481 billion lbs. vs. 1.530 expected and last month at 1.477 while meal exports were off about 9,000 to 839,874 tons. The report was supportive for oil share which has seen a nice bounce back since making lows on

IMPORTANT—PLEASE NOTE

This does constitute a solicitation to buy or sell commodities futures and/or options. The information contained herein is provided for informational purposes only. The information is not guaranteed as to its accuracy or completeness, although the information was taken from sources we believe to be reliable. The market recommendations of Loewen and Associates, Inc. are based solely on the judgment of Loewen and Associates, Inc. personnel. We do not guarantee or warranty, either expressed or implied, of success to you in the use of this information. Loewen and Associates, Inc. disclaims responsibility for or loss associated with use of information from our commentary, analysis or recommendations. **There is risk of loss in trading commodity futures and options. The risk in trading can be substantial; therefore only genuine "risk" funds should be used.**

Wednesday and reversing. For wheat, the lower US\$ was supportive but news that two cargoes of Argentine wheat are scheduled to arrive at port in Wilmington, NC, likely 10.5 protein feed already pressured Chicago wheat futures earlier in the week.

For the week, Friday January 8th to Friday January 15th, March corn up \$.06 ¹/₄, December up \$.02 ¹/₄, March Soybeans down \$.00 ¹/₂, November up \$.06 ³/₄, March KC Wheat up \$.01 ¹/₄, July up \$.01 ¹/₄, March Chicago Wheat down \$.04 ³/₄, July down \$.05 ³/₄.

Coming off the 3 day weekend, grains were higher overnight with soybeans 6 to 7 higher, corn finished 4 higher, and wheat 2 to 4 higher.

Export inspections will come out today at 10 am and weekly sales are pushed back to Friday am.

Argentina is trying to bring in more soybeans as the new administration announced yesterday they have lowered the import barriers for soybeans. One third of Argentina's soybean processing capacity is currently not in use. The hope is to bring in additional soybeans from Brazil and Paraguay to increase exports of meal and oil.

USDA announced this morning a private sale of 110,500 MT or 4.35 MBU of corn sold to unknown destinations for this crop year.

Technically grains are all showing a nice uptrend currently. March corn is now above last week's high and 20 cents off the contract low. March soybeans pushed above the 10 and 100- day moving averages again. This happened twice in December but only lasted a couple days each time. Resistance is at the \$9.00 area. Both March KC and Chicago wheat are above their respective 10-day moving averages providing support with resistance in the \$4.89 to \$4.94 area.

Loewen and Associates, Inc.

Pete Loewen / Matt Hines / Doug Biswell / Matt Burgener

www.loewenassociates.com

peteloewen@cox.net

matthines1@cox.net

866-341-6700

IMPORTANT—PLEASE NOTE

This does constitute a solicitation to buy or sell commodities futures and/or options. The information contained herein is provided for informational purposes only. The information is not guaranteed as to its accuracy or completeness, although the information was taken from sources we believe to be reliable. The market recommendations of Loewen and Associates, Inc. are based solely on the judgment of Loewen and Associates, Inc. personnel. We do not guarantee or warranty, either expressed or implied, of success to you in the use of this information. Loewen and Associates, Inc. disclaims responsibility for or loss associated with use of information from our commentary, analysis or recommendations. **There is risk of loss in trading commodity futures and options. The risk in trading can be substantial; therefore only genuine "risk" funds should be used.**