



Loewen and Associates, Inc.

Commodity Consulting/Brokerage

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Cattle futures came out of the chute in a slump yesterday, stumbled, fell and never got up. Both the live and feeder cattle futures closed limit down in almost every contract month traded. That means \$3.00 lower for all the live cattle and \$4.50 in feeders. It also means expanded limits today of \$4.50 in live cattle and \$6.75 in feeders.

Equity market trade was in deep trouble before the cattle complex opened, which I'm sure had some influence on the weak start. I also think the steady to lower negotiated cash feedlot trade from late Friday afternoon had some bearish influence, although spot February live cattle still finished at a deep discount to that cash trade. Delivery potential against the futures started yesterday, but with premium cash to the futures, that really isn't a risk at the moment.

There was a lot of technical damage done to the charts with a giant gap lower. If the selling doesn't stop this week, there will be a lot of damage done to cash as well. This is NOT a good development, especially coming off of a week of what most had expected would be a weather induced big rally in cash that obviously didn't materialize.

Cattle slg. ___ 109,000 -2k wa -2k ya

Choice Cutout ___ 218.81 -1.79

Select Cutout ___ 216.58 +.07

Feeder Index: ___ 160.15 +.48

Lean Index. ___ 64.62 +.32

Pork cutout ___ 76.96 -.61

IA-S.MN direct avg ___ 62.89 +.48

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Hog slg. ___371,000 -68k wa -38k ya

Grain and oilseed futures hit the skids yesterday, just like the meats with pressure spilling over into the ags from the outside markets. Losses were only mild, but it was still solid red across the screen.

6-10 day weather forecasts last night were showing above normal temps from the Central Plains all the way through the West Coast. Below normal temps were forecast for the Mississippi River to the east. Precip was listed as below normal in the Central US from east to west and above normal in the far north.

Export shipments data released yesterday morning showed 14.6 mln bushels of wheat, which was well above expectations, yet still poor in the big picture. The total shipments to date for the marketing year are 13.8 mmt's versus 15.6 mmt's last year at the same time. Soybean shipments were 42.4 mln bushels, which was above expectations as well. Soybean loadings are still lagging year ago totals for the marketing year to date by 173,000 mt's. Corn shipments were bearish at 17.3 mln bushels total. That missed the expectations by a wide swath.

At 11:00am CST this morning we'll get the February USDA Supply and Demand report numbers released. Estimates for US ending stocks show corn up 6 mln bushels from last month to 1.809 bln. Soybeans are up 5 mln from January at 445 mln. The average estimate for wheat ending stocks is 6 mln higher than last month at 947 mln bushels. Balancing out the bearishness of the US stocks estimates are friendlier world stocks forecasts that are looking for mild reductions in all three.

Other news floating around this morning has ABARE raising Australia's wheat production estimate up to 24.2 mmt's versus 23.9 mmt's previously. Cordonnier's US corn and soybean planted acreage guesses have corn acres increasing 1-2 mln from a year ago and soybeans holding at steady to maybe slightly higher.

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