



Loewen and Associates, Inc.

Commodity Consulting/Brokerage

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After a week of very volatile back and forth trade, the cattle and hog futures showed only mild net changes at the close on Friday. Futures trade in the cattle complex lost a lot of ground, led partly on some days by big fallout in the equity market trade. Unfortunately that added pressure to the cash market, breaking the resolve of the sellers as they gave up cattle at prices \$2.-\$3 lower than the previous week. Prices ranged from \$133 to \$134 from north to south on a live basis and \$206 dressed in the north. Despite the lower cash, basis remained very favorable for hedged cattle with about \$1.50 positive basis on Wednesday's \$134 live trade and just shy of \$3.00 positive basis at the close versus Thursday's \$133 live trade.

This coming Friday we have COF numbers coming out in the monthly report. The range of guesses for the On Feed total on February 1 are from 99.4% up to 100.3% of a year ago. January Placements are projected to come in between 98.1% and 100.9% of last year. January marketings have a range of guesses from 96% up to 102.6% of last year. One key factor to keep in mind regarding the marketing number in this report, January had one less business day than a year ago. Adverse weather disrupted timely sales and movement last month and it's happening this month as well with the blizzard in the north and western cattle feeding areas two weeks ago. Taking into account that one less business day, a 2% lower marketing rate in real numbers would be approximately 6.5% lower day to day marketings than a year ago.

Cattle slg. ___ 93,000 -16k wa -6k ya

Choice Cutout ___ 215.29 -.79

Select Cutout ___ 212.70 +.17

Feeder Index: ___ 157.60 -1.19

Lean Index. ___ 65.89 -.02

Pork cutout ___ 76.67 +.59

IA-S.MN direct avg ___ 64.35 +.74

Hog slg. ___ 424,000 +72k wa +8k ya

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Weekly closes in the meats had February Live Cattle down 6.10, April down 5.27, March Feeder Cattle down 3.80, August down 4.17 and February Lean Hogs up 1.15.

Grain trade settled very flat and mixed on Friday with corn, soybeans and Chicago wheat all mildly lower and KC Wheat mildly higher.

Weekly closes in the grains last week showed March Corn down 7, Dec Corn down 7 ½, March soybeans up 5 ¼, Nov beans up 2 ¾, March Chicago wheat down 9 ¼ and new crop July KC wheat down 9 ¾.

In world export news, Egypt is definitely trying to shake things up for some reason?? They rejected a cargo of French wheat in January citing ergot. Bunge filed a lawsuit against GASC over that rejection, stating it passed inspection when loaded on the ship. Now in an apparent retaliation, Egypt has rejected 3 US soybean vessels. One of those vessels carrying Bunge beans, which is where the conspiracy theory of retaliation comes into play. The rejection cited ragweed as the culprit. In my opinion, Egypt is kind of painting themselves into a corner and might find it tough to get export offers from ANY country if there is chances of rejection. Personally, I don't see it lasting because they're such a larger player importing world commodities.

In other world news, China customs reported January soybean imports at 5.66 mmt's versus 9.12 in December. They also expected February imports to fall to around 4 mmt's.

Brazil's AgRural pegged Brazil bean production at 99.7mmt's, up from their previous estimate of 98.7 mmt's. they also stated harvest was around 16% complete, which is 2 points ahead of last year at the same time.

India lowered their forecast for 2016 wheat production down to 93.8 mmt's from 94.7 previously. Unfortunately, that's still well above last year's 86.5 mmt crop.

Despite most news this morning being overwhelmingly on the bearish side, overnight trade and current trade this morning has been higher.

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