



**Loewen and Associates, Inc.**

**Commodity Consulting/Brokerage**

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Big day for the cattle complex today as not only do we have the vast majority of the negotiated cash feedlot trade to look forward to, but the month COF report is out this afternoon following the close as well. With the spot February live contract inking its third consecutive triple digit higher close yesterday, that futures contract settled \$1-\$2 higher than last week's cash. The basis was positive last week by \$1.00 or more, so unless basis swings to negative we should see at least a \$2.00 jump to the upside in cash in this round.

The front month Feb fats once again closed triple digits higher yesterday, but the farther out months only showed mild to moderate gains. Feeders settled mildly higher on the front end and lower from the August contract through October. Hogs were down on the front three and up on the rest in a very quiet day of trade.

COF estimates have the On Feed total on February 1 at 99.9% of a year ago. Placements in January are expected to be near 99% of a year ago. Marketings in January are projected at 98.4%. There was one less business day in January compared to the previous year though, so a 1-2% decline in marketings would equate to about a 4%-5% drop in day-to-day marketings.

It shouldn't come as a surprise that marketings were reduced in January with some harsh weather at times in the heart of cattle feeding country. Performance overall should have been trimmed as well. However, average carcass weights continue to climb, which certainly doesn't correlate very well with the actual feeding conditions in a lot of areas. I suppose where conditions were bad the performance was bad and where conditions were still good, performance must have been excellent.

Cattle slg.\_\_\_\_ 107,000 -1k wa -2k ya

Choice Cutout\_\_213.39 -.96

Select Cutout\_\_\_\_209.27 +1.64

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Feeder Index:\_\_\_157.79 ++.84

Lean Index.\_\_\_ 66.26 +.18      Pork cutout\_\_\_75.48 -1.18

IA-S.MN direct avg\_\_\_64.01 -.69

Hog slg.\_\_\_437,000 +2k wa +6k ya

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After a day of solid green across the screen in the entire ag complex on Wednesday, yesterday's session was a disappointment with lower trade everywhere except in the KC wheat that settled more mixed. News was scarce, partly because the normal Thursday weekly export sales data was delayed until this morning because of the President's Day holiday on Monday.

6-10's last night showed above normal temps from the Western Corn Belt through the West Coast and below normal for the Eastern Corn Belt through the Delta and Southeast. Precip was below normal everywhere except the far west and east coasts.

Argentina's grain exchange issued its first corn production estimate, putting the crop at 25 mmt's, down from 28.2 last year.

Egypt tendered for an unspecified quantity of wheat for mid-March shipment. We'll get those results sometime this morning.

Daily sales announcements showed 101,600 mt's of US corn sold to Japan.

Weekly sales were neutral to bearish corn and soybeans and really bearish to wheat. Wheat sales were 9.3 mln old and 2 mln new. Corn sales were 41.4 mln bushels old and 9.7 mln new. Beans were 20.8 mln old and 1.1 mln bushels new. Milo was bullish at 7.6 mln old crop. Those corn and bean sales weren't terrible, but they weren't enough to warrant any bullish reaction either.

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