



Date: 2.22.16

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

Friday was a mixed day for livestock futures but gains for the week were near \$5. Midweek live cattle and feeder futures were pushed limit higher with equities and crude racing higher. Lean hog futures with Friday's losses finished lower for the week but still within the up trending channel trade.

After the close Friday, the cattle of feed report held no surprises and overall should not impact prices too much here this week. Saturday was the day the clean up cash feedlot trade with \$134 live reported in KS, TX and NE.

US cattle and calves on feed for the slaughter market in the United States for feedlots with capacity of 1,000 or more head totaled 10.7 million head on February 1, 2016. The inventory was slightly below February 1, 2015 yet still listed at 100% right in line with the average pre report guess.

Placements in feedlots during January totaled 1.78 million head, 1 percent below 2015. Net placements were 1.72 million head. During January, placements of cattle and calves weighing less than 600 pounds were 340,000 head or 83% of a year ago, 600-699 pounds were 365,000 head, 107% vs last year, 700-799 pounds were 494,000 head, 104%, and 800 pounds and greater were 580,000 head, or 103% compared to a year ago.

Marketings of fed cattle during January totaled 1.59 million head, 2 percent below 2015. Marketings are the lowest for January since the series began in 1996. Other disappearance totaled 56,000 head during January, 27 percent below 2015.

2015 Cattle on Feed and Annual Size Group Estimates Cattle and calves on feed for slaughter market in the United States for feedlots with capacity of 1,000 or more head represented 80.3 percent of all cattle and calves on feed in the United States on January 1, 2016, down 1 percent from the 81.6 percent on January 1,

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.**

2015. Marketings of fed cattle for feedlots with capacity of 1,000 or more head during 2015 represented 87.2 percent of total cattle marketed from all feedlots in the United States, down slightly from 2014.

For the week, Friday February 12th to Friday February 19th, February Live Cattle up \$5.42, April up \$4.82, March Feeders up \$5.85, May up \$5.80, April Lean Hogs down \$1.47, June down \$1.20.

Cattle slaughter from Friday estimated at 99,000 head, down 5,000 from week ago and down 2,000 compared to a year ago. Weekly totals were estimated at 521,000 head, down 23,000 compared to the week previous and down 1,000 from a year ago.

Hog slaughter from Friday estimated at 431,000 head, down 3,000 from a week ago but up 6,000 from year ago. Weekly totals were at 2,294,000 up 13,000 from the week previous and up 20,000 from a year ago.

Boxed beef cutout values lower on light to moderate demand and offerings on a total of 122 loads sold.

Choice Cutout__211.66 -1.73

Select Cutout__208.15 -1.12

Feeder Index:__158.58 +1.10

Lean Index.__66.40 +.14

Pork carcass cutout__74.63 -.85

IA-S.MN direct avg__63.44 -.64

National Average__62.50 -.25

Live and feeder futures seem likely to open on a mixed basis with nearby contracts better supported than deferreds. Lean hogs seem set to open moderately lower, checked by follow-through selling and softer carcass value. Outside markets are supportive again so far this morning with equities and energy futures higher.

February live cattle still holding the down trend with resistance and a double top at \$137.87. March Feeders also still in the downtrend needing to break above the \$158 level and then the \$160 area for an additional run higher. April lean hogs still trending higher in a channel with the \$68 level as support and the \$72 area as resistance.

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.**

Over in the grains the trade for Friday was mixed and gains held for the week. News has been light as the trade will soon shift their focus from South American to US spring weather. Export sales for the week were all within expectations. Egypt did buy four cargoes of wheat, approximately \$3/MT higher than their previous purchase from Romania and \$15 higher above the current market prices. It was obvious that they needed to buy wheat, and it did not seem like they had an issue paying a little premium to satisfy some of their needs after the recent conflicting issues regarding ergot. Egypt purchased 180,000 MT or 6.6 MBU or Russian wheat and 60,000 MT or 2.2 MBU or French wheat.

For the week, Friday February 12th to Friday February 19th, March corn up \$.06 ³/₄, December up \$.04 ³/₄, March Soybeans up \$.05 ¹/₂, November up \$.02 ¹/₂, March KC Wheat up \$.12 ³/₄, July up \$.12, March Chicago Wheat up \$.04 ¹/₄, July up \$.06 ¹/₄.

Grains were all higher overnight with corn up 2 to 3, soybeans up 5 to 6 and wheat 1 to 3 higher for all three exchanges.

Over the weekend Argentina saw rainfall of up to 3.5 inches in northern production areas. Southern Argentina was dryer this past weekend which was needed after the region saw a lot of rain over the past 2 weeks. Going forward Argentina looks to have a solid mix of weather forecasted over the next 2 weeks. Brazil saw very light rainfall on Friday through Sunday but crop conditions continue to be rated good to very good.

March corn is trying to push the \$3.70 area now with resistance at \$3.73 ¹/₂ and support in the \$3.50 area. March soybeans also chopping sideways in the \$8.60 to \$8.90 range still consolidating that range though. March Chicago wheat lost some ground the last 2 trading sessions as its counterpart March KC contract was able to extend gains.

Loewen and Associates, Inc.

Pete Loewen / Matt Hines / Doug Biswell / Matt Burgener

www.loewenassociates.com pete@loewenassociates.com matt@loewenassociates.com

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.**