



## ***Loewen and Associates***

***Commodity Consulting/Brokerage***

**Pete Loewen, Matt Hines,**

**Doug Biswell, Matt Burgener**

**866 341 6700**

**www.loewenassociates.com**

Date: 2.5.16

### **Morning Ag Markets**

**Matt Hines**

There was a general lack of interest in livestock futures yesterday. Position squaring and outside market influence kept cattle futures lower not allowing any follow through from earlier this week. Only one lonely contract settled higher yesterday in the beef complex and that was the front month Feb live contract. It's obviously being supported by thoughts the negotiated cash feedlot trade will be higher this week, yet it still settled close to \$1 below last week's top in the cash. Feeders were down triple digits in most contracts, obviously forgetting about any weather events from earlier in the week. Lean hogs held their gains though as the cash market continues to firm.

Cattle slaughter from Thursday estimated at 111,000 head, unchanged compared to a week ago and a year ago.

Hog slaughter from Thursday estimated at 401,000 head, down 34,000 from a week ago and down 36,000 from a year ago.

Thursday afternoon boxed beef cutout values were firm on moderate demand and light to moderate offerings. Choice was up .46 at 223.03 with Select also up .46 to close at 218.48 on 113 loads.

Feeder Index: \_\_159.68 -.46

Lean Index. \_\_63.98 +.68

Pork carcass cutout \_\_76.52 -.71

IA-S.MN direct avg \_\_62.34 +.91

Feb live cattle got within 2 ticks of the high back in late December still holding the long term downtrend. March feeders are also still holding their downtrend.

#### **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.**

A push past \$138 for fats and \$162 for feeders with some follow through would break these trends.

\*\*\*\*\*

Another good week of corn export sales has substantiated recent optimism on the export front. Yet it was still not enough to keep corn prices higher for the day. New corn business this week was 1.13 MMT or 44.45 MBU, which was 56% better than the four week average of sales. Two thirds of the business was booked to Mexico, Colombia and Japan. Export sales for wheat were well below expectations with only 2.4 MBU old crop and 3.2 MBU for new crop. Soybean net sales were reported as a net negative 1.6 MBU due to cancellations by China and those sold for unknown destinations (mostly China as well) offsetting the purchases by Japan, Mexico and Taiwan. Right now, sales are at 88% of USDA's current estimate whereas last year we were at 90%. We will need to see some additional sales into the EU this spring or USDA will have no choice but to decrease exports and increase the already large ending stocks.

Stats Canada was out yesterday with their year end stocks as wheat came in less than expected showing a more aggressive export program. Barley, canola and corn stocks came in above expectations. All wheat stocks were estimated at 20.682 MMT vs. expectations of 21.8 MMT and down 19.3% from a year ago. Barley stocks were at 5.66 MT, up 4% from 2014. Canola stocks at 12.12 MMT down 3.9% from last year. Year end corn stocks were at 11.364 MMT and up 17% from a year ago.

Grains were mixed overnight, trading both sides of unchanged. Corn finished down ½ cent, soybeans up 1 to 3 and wheat down 1.

Egypt tendered for wheat overnight and cancelled their tender early this morning with only a few offers even coming in. Yesterday Algeria purchased a whopping 840,000 MT or 30.86 MBU of French wheat for shipment April through May. These aren't surprising to the market as we know US values are still too high, but the reminder after every large tender or sales announcement is depressing.

The markets are also gearing up for the February WASDE, which is due out this coming Tuesday the 9th. US ending stocks are projected higher while world stocks are mixed but mostly unchanged. Overall average estimates are for slightly lower South American production. CONAB was out yesterday with

#### 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.**

total corn harvest for Brazil at 83.3 MMT, up 1 MMT from prior but a soybean crop estimate of 100.9 MMT, down 1.2 MMT from their previous outlook.

March corn has been stuck in the 3.64 to 3.74 range for the past couple weeks now. There is still a small gap on the charts at 3.63. Closing that would take the upside potential away. The \$3.75 to \$3.80 range will be met with some hefty producer selling with resting orders already in place as it is the top of recent range. March soybeans are range bound as well from \$8.70 to \$8.90. March KC wheat looks to try and test the contract low as the push above the \$4.80 mark back in January good not grow any legs for a follow through.

The 6-10 day outlook here in the US is calling for normal to above normal temps for the western 2/3 while below normal east. Below normal precipitation is forecasted for all but the PNW and Great Lakes. Argentine rains expand to cover a good part of the country over the weekend. Brazil rains over the south and west expand north next week. South Africa rains improve next week in time to help corn pollination.

**Loewen and Associates, Inc.**

Pete Loewen / Matt Hines / Doug Biswell / Matt Burgener

[www.loewenassociates.com](http://www.loewenassociates.com)

[peteloewen@cox.net](mailto:peteloewen@cox.net)

[matthines1@cox.net](mailto: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.**