



Loewen and Associates

Commodity Consulting/Brokerage

**Pete Loewen, Matt Hines,
Doug Biswell, Matt Burgener
866 341 6700**

www.loewenassociates.com

Date: 2.8.16

Morning Ag Markets

Matt Hines

The Cattle Inventory Report from a week ago Friday pretty much confirmed that the nation's cattle herd is expanding, but rebuilding a little faster than anticipated. Feeder cattle futures struggled the most with this to start the week but Live cattle futures seem to like a winter storm and moved in a higher direction early in the week. The cattle complex closed sharply lower on Friday led by aggressive selling and triple digit losses dominating the feeder market. Lean hog contracts closed on a mixed basis, stuck in a narrow trading range. The focus on late week position squaring and lack of additional market news is creating some uncertainty through the livestock complex with futures taking out all or most of the gains from early in the week. There remains some skepticism regarding the cash strength in the feeder cattle market as the inventory report showed plenty of feeder cattle outside of feedyards and deferred live cattle futures showing discounts. Cash feedlot trade was very light last week with only a few live sales at \$134, Kansas at \$136 live down \$2 from a week ago and Nebraska at \$210 on a dressed basis, steady with the previous week.

A major winter storm moved across the Central Plains on Monday evening and Tuesday with plenty of high winds closed parts of I-70 and I-80 across Kansas and Nebraska with 10-12 inches in many areas. The storm also affected parts of Colorado, eastern Wyoming and extended back into the upper Midwest across Iowa. This halted production of several packing plants and a number of auctions cancelled.

Lower undertones were prevalent on most classes of feeders sold throughout the Southern Plains and the Midwest with prices ranging steady to 5.00 lower on calves and yearlings through mid-week; as many feedlots were digging out and trying to get cattle fed. A number of auctions from mid to late week reported sales steady to 5.00 higher as many feedlots resumed normal operations after the storm.

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.**

For the week, Friday January 29th to Friday February 5th, February Live Cattle up \$.75, April up \$.40, March Feeders down \$3.42, May down \$2.77, February Lean Hogs down \$1.00, April down \$.40.

Cattle slaughter from Friday estimated at 107,000 up 2,000 from week ago but down 2,000 compared to a year ago. Weekly totals down due to winter storm in the Plains early in the week. Weekly slaughter estimated at 534,000 down 33,000 from week ago and down 12,000 from a year ago.

Hog slaughter from Friday estimated at 435,000 head, up 10,000 from a week ago and up 11,000 from year ago. Weekly totals were at 2,182,000 down 146,000 from the week previous and down 77,000 from a year ago.

Total red meat production under Federal inspection for the week ending Saturday, February 06, 2016 was estimated at 915.6 million lbs. This was 6.1% lower than a week ago and 2.1% lower than a year ago. Cumulative meat production for the year to date is 1% lower compared to last year.

Boxed beef cutout values lower to sharply lower on light demand and light to moderate offerings.

Choice Cutout__220.60 -2.43

Select Cutout__216.51 -1.97

Feeder Index:__159.67 -.01

Lean Index.__64.30 +.32

Pork carcass cutout__77.57 +1.05

IA-S.MN direct avg__62.41 +.13

National Average__61.43 +.32

Grains settled lower Friday and for the week as favorable weather in South America and poor exports in wheat pressured the markets. EU wheat futures were down 26 cents for the week, Egypt cancelled 2 tenders last week and Algeria purchased 840,000 MT or 30.86 MBU of cheap French wheat. Egypt's first tender resulted in no offers. Their 2nd tender, which most thought offers would pour in with the ergot tolerance adjusted, only received 4 offers and the lowest was \$6 higher than their previous purchase and \$17 over the above mentioned deal with Algeria. Morocco, Jordan, Bangladesh, Colombia and Mexico are all in for wheat this week. Improved weather conditions in Russia

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.**

with adequate snow cover in most regions has reduced the risk of winter kill their as well.

China officially starts their week-long New Year's holiday this week, so all business activity at a standstill. US ethanol margins are closer to breakeven now showing anywhere from a 5 cent loss to a 5 cent gain depending on basis paid. Corn exports have improved here the past couple weeks creating some optimism.

For the week, Friday January 29th to Friday February 5th, March corn down \$.06 ¼, December down \$.04, March Soybeans down \$.14 ¾, November down \$.09 ¾, March KC Wheat down \$.18, July down \$.19 ¼, March Chicago Wheat down \$.12 ½, July down \$.14 ¾.

Grains were all lower overnight with corn down 1 to 2, soybeans and wheat down 2 to 4.

USDA announced a private sale of 100,000 MT or 3.9 MBU or corn sold to Mexico for this crop year.

The markets are awaiting Tuesday's USDA and World Ag Board Supply and Demand Reports. Below is a recap of the average pre report estimates vs. last month's...

15/16 US corn ending stocks at 1.81 BBU compared to 1.802 BBU
15/16 world corn ending stockpiles at 208.3 MMT compared to 208.9 MMT
15/16 US wheat ending stocks at 947 MBU compared to 941 MBU
15/16 world wheat ending stockpiles at 231.5 MMT compared to 232.04 MMT
15/16 US soybean ending stocks at 445 MBU compared to 440 MBU
15/16 world soybean ending stockpiles at 78.9 MMT compared to 79.28 MMT
Argentina 15/16 soybean production at 56.9 MMT compared to 57.0 MMT
Brazil 15/16 soybean production at 99.4 MMT compared to 100.0 MMT
Argentina 15/16 corn production at 25.3 MMT compared to 25.6 MMT
Brazil 15/16 corn production at 81.5 MMT compared to 81.5 MMT

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.**