



Loewen and Associates, Inc.

Commodity Consulting/Brokerage

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

www.loewenassociates.com

Date: November 22nd, 2016

Coming off of a bullish COF report from last Friday, along with a sharp increase in cash trade at the feedlot level, expectations were high for a good run in futures to start the week. Both the live and feeder markets saw nice gains early. Feeders were pushing triple digits at one point. Fats held in with moderate gains at the close, but feeders tanked and finished moderately lower across all contract months. That put a big bearish key reversal lower on the chart technicals and a lot of uneasiness heading into today's action.

Lean hog futures finished the day with really strong gains. Feb futures were up over \$2. The front five futures contract months were triple digits higher. Both cash and product trade were higher, but neither were up very much which left a question mark as to why there was so much strength on the board.

This market has been buried in market hogs. We saw an all-time high slaughter and production total in pork a few weeks ago and record pork packer margins to go along with the numbers. Front end futures have been sharply discounted to the deferred contracts and I was under the impression that the odds favored those deferred months eventually coming down in response to the market saturation of pork. Yesterday those back months were very doggy compared to the front and the narrowing up of the wide price discrepancy was coming from front months going up faster, not back months going down faster. If this action keeps up for another couple of days, it's going to get traders on board thinking the lows have been posted in hogs. If that has occurred, this will go down as one of those instances where a market turned the corner at the precise moment when fundamentals looked like they absolutely couldn't get any worse or more bearish. I guess there's a reason for the old adage "it's always darkest just before dawn".

Cattle slg.____ 116,000 +2k wa +6k ya

Choice Cutout__185.68 +2.73

Select Cutout___168.73 +1.72

Feeder Index:___127.22 +.22

Copyright © Loewen and Associates, Inc.

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.**

Lean Index.___ 47.72 -.27

Pork cutout___73.49 +.49

IA-S.MN direct avg___41.23 +.70

Hog slg.___443,000 +6k wa +2k ya

Grain and oilseed futures found solid green across all contracts yesterday with soybeans being the strong leader. Beans finished 20+ higher with corn and wheat a long way back in tow, showing only mild gains. Fundamental reasoning behind the bean rally was non-existent, but funds were strong buyers. When that happens, often times it doesn't matter what the fundamentals say, the market simply moves with the money flow.

Export inspection numbers were friendly beans and neutral to wheat and corn. The soybean total was 98 mln bushels. The last two weeks they have been over 100 mln, but 98 is still very good. Corn inspections were 34.5 mln, wheat was 15.8 mln. That's actually a poor wheat number.

8 a.m. export reporting showed no grain or oilseed sales in excess of 100k mt's. However, there was a 30k mt sale of bean oil report to China.

6-10's last night showed normal to below temps in the High Plains and above normal temps from the Central Plains out through the East Coast. Precip was below normal in the far Northern and Southern Plains and above normal through all of the Corn Belt and Central US from east to west.

Crop Progress and Condition ratings came out yesterday afternoon. The USDA reported Corn harvest 97% complete vs. 93% last week, 97% last year and compares to 96% average for the date. Winter Wheat planting 97% complete vs. 94% last week, 95% last year and 99% average. Winter Wheat was rated 58% good to excellent vs. 59% last week, 53% last year and 54% average. The corn harvest pace and wheat condition numbers came in right at the trade expectations.

Pete Loewen

Loewen and Associates, Inc.

Pete Loewen / Matt Hines / Doug Biswell / Matt Burgener

www.loewenassociates.com

Copyright © Loewen and Associates, Inc.

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.**