



Loewen and Associates

Commodity Consulting/Brokerage

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

www.loewenassociates.com

Date: November 18th, 2016

Morning Ag Markets

Matt Hines

Not much action yesterday for the livestock futures but solid gains look to hold for the week. Cash feedlot trade got going with heavy movement at \$108 to \$110 live and \$168 to \$170 on a dressed basis, \$5 to \$8 higher than last week. After the close today, COF report with expectations at 99% of a year ago levels for cattle on feed, placements at 96% and marketings expected to be at 105%.

Prices for the beef cuts have not moved dramatically this week but volume of sales has. The volumes of sales are large and are an indication retailers are comfortable owning more inventory and may reflect more holiday features for beef. The choice/select spread hovers around \$15. Export business has been very good when compared to last year, but a rising dollar is threatening a continuing brisk export trade.

The burden of a larger cow slaughter this year has added to the supplies of ground beef and contributed to more tonnage. Breeders will be looking at their bottom line as they make judgments regarding culling cows this fall. Those judgments will likely slow any additional expansion if the fed prices haven't already done that. Heifer placements are increasing in the nation's feedyards. The role of increasing heifer placements is important in assessing the stages of the cattle cycles.

Cattle slaughter from Thursday estimated at 116,000 head, matching the week previous and up 5,000 compared to a year ago. This brings WTD up to 461,000 head, running 4,000 ahead of last week so far.

Hog slaughter from Thursday estimated at 444,000 head, up 1,000 from the week previous and up 6,000 compared to a year ago. Week to date up to 1,765,000 head, down 6,000 from last week.

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.**

Boxed beef cutout values weak on light to moderate demand and moderate offerings for a total of 163 loads sold.

Choice Cutout__182.31 -.29

Select Cutout__167.10 -.60

Feeder Index:__126.44 +.53

Lean Index.__48.06 -.25

Pork carcass cutout__72.23 -1.90

IA-S.MN direct avg__40.56 -.26

National Average__40.53 +.10

December live cattle surpassed the Sept high yesterday with the next level of resistance \$110 with support in the \$105 to \$103 area. The Sept high for January feeders up at \$127.50, now within striking distance, support down at \$120.

December lean hogs are stuck around this \$48 area with good support at \$46.

Grains slid higher yesterday on fairly tight trading ranges. Informa released new estimates for U.S. 2017 acreage Thursday. Corn 90.8 million acres vs. 90.9 million estimated last month and compares to 94.5 million this past year.

Soybeans 88.6 million acres vs. 88.4 million estimated last month and 83.7 million last year. Winter Wheat 33.7 million acres vs. 35.4 estimated last month.

The USDA reported weekly Corn export sales at 1.661 MMT or 65.4 MBU vs. trade estimates of 900,000 - 1.200. This takes year to date sales to 27.6 MMT vs. 14.5 MMT sold on this date last year. Crop year to date sales now equal 49% of the USDA estimate vs. the five year average for this date of 47%. Soybean sales came in at 1.418 MMT or 52.1 MBU vs. trade estimates of 1.200 - 1.500 MMT. Year to date Soybean sales stand at 38.4 MMT vs. 30.8 MMT sold on this date last year. Crop year to date sales equal 69% of the total USDA estimate vs. the five year average for the date of 67%.

Overnight, grains were mixed with corn steady to 1 higher, wheat steady to 1 lower and soybeans 1 to 2 lower and the US\$ continuing to climb higher. Markets continue to chop back and forth as Chinese's Soybean demand and Fund buying offers support on breaks while record crops and good weather in South America serves up 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.**

Speaking of China, there is chatter that China was active in Brazil yesterday taking 2 to 3 cargos. USDA announced a private sale of 165,000 MT or 6 MBU of soybeans sold to China.

South Korea confirmed an outbreak of Bird Flu at two poultry farms. South Korea joins several European countries that have recently confirmed outbreaks of Bird Flu.

The Buenos Aires Exchange in its weekly report estimated Argentine Soybean planting at 24% complete vs. 11% last week and 34% average. Corn planting at 40.3% complete vs. 39.8% last week.

Precipitation over the next 7 days continues for the Great Lakes but warm and dry conditions continue here in the Plains. The 6-10 day runs continue to show normal to above normal temps with below normal precipitation from TX to Montana and above normal West and in the Corn Belt.

December corn held the \$3.35 support this week but struggling to get north of \$3.45 now. January soybeans still in the upper half of its rangebound trade over the past 3 months with the first line of resistance now at \$10.00 and the first line of support at \$9.75. Dec KC wheat trading a range of roughly \$.30 for the past 2 months now, sticking with the \$4 to \$4.10 range this week. Dec Chicago also choppy, slight downtrend since mid-Oct, with the same wider range as KC from \$3.95 to \$4.25.

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.**