



## **Loewen and Associates**

**Commodity Consulting/Brokerage**

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### **Morning Ag Markets**

**Matt Hines**

Strong midweek cash cattle trade at \$4 higher and higher beef prices for the week helped support the limited volume trading to end the week. Wednesday's online auction showed few signs of improvement and was steady to \$1 higher with sales mainly from \$109-110. After the futures closed and before dark, packers had taken bids to \$112 in the southern plains and we traded as high as \$113 in Colorado and western Nebraska. Dressed prices were mostly at \$173-175.

#### **NATIONAL FEEDER & STOCKER CATTLE SUMMARY – WEEK ENDING 11/25/2016**

RECEIPTS:	Auctions	Direct	Video/Internet	Total
This Week	95,900	27,500	22,700	146,100
Last Week	297,600	62,700	1,800	362,100
Last Year	79,700	19,600	27,600	126,900

Compared to last week, feeder cattle and calf markets were not fully tested due to limited marketing during the Thanksgiving Holiday week. Some major auctions held specials on Monday and Tuesday this week with calves selling steady to 9.00 higher with some instances 17.00 higher on light weight calves under 550 lbs suitable for wheat grazing. Yearlings sold 2.00 to 7.00 higher.

On Tuesday the USDA's Cold Storage Report was released showing total red meat supplies in freezers were down 3 percent from the previous month but up 1 percent from last year at 1.172 billion lbs. Total red meat supplies set another record high for the month of October after 2015's record setting month. Total beef stocks in freezers were above 532 million lbs up 3 percent from last month and up 5 percent from last year. Frozen pork supplies were near 598.0 million lbs which was down 7 percent from last month and 1 percent from last year. Chicken in cold storage was 10 percent higher than year ago totals while turkey production was 13 percent higher than last year due to Avian bird flu in 2015.

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For the week, Friday November 18<sup>th</sup> to Friday November 25<sup>th</sup>, December Live Cattle +\$2.42, February +\$3.35, January Feeder Cattle +\$2.25, March +\$2.57, December Lean Hogs +\$3.25, February +\$2.57.

Cattle slaughter from Friday estimated at 114,000 head, down 1,000 from the week previous but up 20,000 compared to a year ago. For the week, 551,000 head, only down 78,000 from the week previous and up 93,000 compared to a year ago. Beef production for the week estimated at 462.5 million pounds vs. 527.5 the week previous and 389.0 million last year.

Hog slaughter from Friday estimated at 436,000 head, down 1,000 from the week previous but up 15,000 compared to a year ago. For the week, 2,152,000 head, down 379,000 from the week previous but up 42,000 compared to a year ago.

Boxed beef cutout values higher on moderate to fairly good demand and light offerings for a total of only 89 loads sold.

Choice Cutout\_\_187.64 +1.00, +4.69 for the week

Select Cutout\_\_171.30 +1.18, +4.29 for the week

Feeder Index:\_\_127.82 -.18

Lean Index.\_\_47.89 +.37

Pork carcass cutout\_\_74.03 +.68, +1.03 for the week

IA-S.MN direct avg\_\_42.31 +.57

National Average\_\_41.88 +.54

December live cattle gapped higher last Friday leaving about \$1 gap down to \$109.80. Resistance now is up near the \$116 area with support around \$108. January feeders just pushed past the September highs last week with the highs back from August clear up at \$139.40. Strong support sits down at the \$120 level. December lean hogs also gapped higher on Friday. Resistance now at \$56 and support at \$48.

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Over in the grains, export sales were issued Friday morning and above expectations for all with soybeans at 69.7 MBU, corn at 66.4 MBU and wheat at 26.2 MBU. The soy complex was the leader for the week with meal chasing higher to begin the week and soybean oil limit higher on Wednesday. Soybeans themselves are at their highest levels since this past July and the only bad news here is South American beans are now the price leader. Corn remains in a very

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tight range and unable to grab the coattails of the soybean rally. On Friday, volumes were so thin that 2/3 of the corn futures trading volume was tied to spreads.

For the week, Friday November 18<sup>th</sup> to Friday November 25<sup>th</sup>, December Corn +\$.03 <sup>3</sup>/<sub>4</sub>, March +\$.04 <sup>3</sup>/<sub>4</sub>, January Soybeans +\$.52 <sup>1</sup>/<sub>4</sub>, March +\$.52 <sup>1</sup>/<sub>4</sub>, December KC Wheat -\$.02 <sup>1</sup>/<sub>2</sub>, March -\$.01 <sup>1</sup>/<sub>2</sub>, December Chicago Wheat -\$.12 <sup>1</sup>/<sub>4</sub>, March -\$.05 <sup>3</sup>/<sub>4</sub>.

Overnight, grains were higher again in the soy complex with beans up 9-10. This would be the 7<sup>th</sup> day in a row higher for soybeans. Corn finished steady to 1 lower with KC wheat 1 lower and Chicago wheat 3 to 4 lower.

South American weather prospects generally remain favorable, assuming Argentina's dry spell has a timely end. For now, it is allowing farmers to finally advance corn plantings after being stuck between 35-40% complete for almost a full month! Private analysts on the ground suggest total Brazil corn crop (first and second) potential of 92 MMT, which would be up sharply from 72 MMT this time last year.

The 6-10 day US maps show above normal temps for the SE and Great Lakes with below normal in the western 1/3. Precipitation is above normal for all except the West Coast and New England.

December corn stuck right around \$3.50 this past week with resistance still at \$3.59 and support at \$3.35. January soybeans again broke out its 4 month long rangebound trading with an upside target at \$10.75 and support at \$10.25. Dec KC wheat trading a range of roughly \$.30 for the past 3 months now and that range consolidating. Dec Chicago wheat fell out of bed last week now within only a few cents of the contract low at \$3.86 <sup>3</sup>/<sub>4</sub> from late August.

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