



Loewen and Associates, Inc.
Commodity Consulting/Brokerage
Pete Loewen, Matt Hines,
Doug Biswell, Matt Burgener
866 341 6700
www.loewenassociates.com

Date: December 13th, 2016

Both the live and feeder cattle futures shot aggressively higher yesterday, hitting triple digit gains across the board. The second month out, which is the February fats was up over \$2 and the front three months in feeders were \$2.00+ higher as well.

Validating reasoning behind the strong surge higher was a little tough. On one hand, two weeks ago the feedlot cash was sharply higher and the board sunk heavily two days in a row. Last week's cash was sharply lower and now futures were aggressively higher. Product trade did make a strong push to the upside yesterday. Plus, the forecast is calling for arctic air across cattle feeding country over the next couple of weeks. Those are the positives. On the bear side though, showlists are slightly larger this week on the heels of lower cash from the last round of trade. There is also two holiday shortened kill weeks coming up, which means packers likely don't have to be very aggressive in their procurement.

In the big picture, I really thought the run higher in late November that propelled cash feedlot trade up to \$115 was way too aggressive given competing meat fundamentals as well as the continued large cattle kill. The drop last week seemed a little aggressive as well. Basically, we're moving back into a lot of unexplained volatility in both directions coming off of a period of a couple months where things had finally started to quiet down and make sense at times.

So..., basically we're back to being frustrated watching wild market movement!

Cattle slg.___115,000 unch wa +4k ya

Choice Cutout__189.56 +.62

Select Cutout__173.95 +2.27

Feeder Index:___130.03 -.62

Lean Index.___55.52 +1.19

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.**

Pork cutout___76.38 +.57

IA-S.MN direct avg___53.62 +.89

Hog slg.___444,000 +7k wa +3k ya

Grain and oilseed trade was pretty quiet yesterday with corn closing mildly higher, beans mildly lower and wheat mildly higher. Export inspections were friendly to corn and soybeans and a little negative in wheat. Corn export loadings were 33.9 mln bushels, beans 67.5 mln and wheat 16.2 mln bushels. Marketing year to date export loadings are nearly double the year ago total in corn, mildly ahead of last year in beans and moderately ahead in wheat. The crop that continues to worry me is milo. Export shipments in that crop are well under half what they were last year at the same time. Unfortunately that's going to keep a lid on milo basis gain potential for a while and in the bigger picture it's a little negative to the corn market as well.

6-10's were showing below to much below normal temps across the entire Plains and Corn Belt. Precip was below normal from north to south across the Plains, but normal to above from Missouri east.

8 am export reporting showed no new sales this morning in excess of 100k mt's.

We have moved into the timeframe of year when supply talk is focused on South American production potential and demand talk is focused on US sales and shipments. Brazil and Argentina seem to be in pretty good shape so far, yet the bean market also keeps chugging higher. There's a lot of opportunity being presented out there. Don't miss out on it.

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.**