



Loewen and Associates

Commodity Consulting/Brokerage

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Morning Ag Markets

Matt Hines

Cattle futures were back and forth last week with Tuesday the big gain day. Fed cash cattle prices were \$3 to \$5 lower than the week previous with volume cut in half. Most of the trade in the South was at \$110 live and in the North at \$170 on a dressed basis. The arctic blast should hinder cattle performance for the first time this year. Lean hog futures shot higher last week matching the highs from mid-August but unable to push past them.

NATIONAL FEEDER & STOCKER CATTLE SUMMARY – 12/09/2016

RECEIPTS:	Auctions	Direct	Video/Internet	Total
This Week	325,500	43,100	27,200	395,800
Last Week	275,900	40,100	22,400	338,400
Last Year	337,900	41,300	25,100	404,300

Compared to last week, the majority of the calf and yearling market calls this week were steady to 3.00 lower. Additionally, steers and heifers were very uneven with some weight groups in individual markets trending steady to 5.00 higher and instances as much as 10.00 higher while others were called from 2.00 to 10.00 lower depending on geographic area after last week's higher post-Thanksgiving holiday week. A low pressure system has spread through the Plains and has brought treacherous roads in the North this week hindering producer's ability to get cattle to market. Old man winter has shown up with a bang bringing a bone chilling wind throughout the overwhelming majority of the country. The recent cold weather has "hardened up" the fleshy calves that were commonplace in the market the past few weeks. In addition, pathogens that were prevalent during the mild fall would now be gone and producers can wean calves and treat flu-like symptoms easier than just a month ago. Buyers continue to pay up for quality reputation strings of cattle. Buyers still had confidence that their purchases would make a profit, however for the most part, they wanted to buy them cheaper in case the bulls at the CME reemerge.

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For the week, Friday December 2nd to Friday December 9th, December Live Cattle +\$.50, February +\$1.65, January Feeder Cattle +\$1.35, March +\$.97, December Lean Hogs +\$5.97, February +\$7.52.

Cattle slaughter from Friday estimated at 113,000 head, even with both the week previous and compared to a year ago. For the week, 611,000 head, down 5,000 from the week previous but up 31,000 compared to a year ago. Beef production for the week estimated at 515 million pounds vs. 517.5 the week previous and 486.6 million last year.

Hog slaughter from Friday estimated at 437,000 head, up 11,000 from the week previous and up 2,000 compared to a year ago. For the week, 2,443,000 head, down 92,000 from the week previous but up 13,000 compared to a year ago.

Boxed beef cutout values steady to weak on light to moderate demand and light offerings for a total of 124 loads sold.

Choice Cutout__188.94 -.54, -.78 for the week

Select Cutout__171.68 +.26, -1.02 for the week

Feeder Index:__130.65 -.42

Lean Index.__54.33 +1.16

Pork carcass cutout__75.81 -.07, +2.56 for the week

IA-S.MN direct avg__52.73 -1.10

National Average__52.66 -.78

December live cattle support holding at the 100-day moving average currently at 107.14 with resistance up near \$110.30 and then the December 1st high at \$112.25. January feeders dipped down below \$123 last week with a recent high at \$129.60. For both the uptrend since mid-October continues to hold. Feb lean hogs shot higher last week but only matched the August high at \$62.42 before pulling back on Friday.

Over in the grains, Friday was crop report day but no changes were made to US production or the balance sheet for corn, soybeans or wheat. World stocks for each though were estimated higher which is seen a slightly bearish. Corn and wheat futures though held gains for the day and all were higher week over week.

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World wheat stocks up 2.91 MMT to 252.14 MMT

- Australia prod up 4.7 to 33 MMT, exports up 3.5, ending stocks up .7 MMT
- China production up .85 to 128.85 MMT, ending stocks up .85 MMT
- Russian exports down 1 to 29 MMT, ending stocks up 1 MMT

World corn stocks up 4.06 MMT to 222.25 MMT

- Brazil prod up 3 to 86.5 MMT, exports up 2.5, ending stocks up .5 MMT
- China production up 3.55 to 219.55 MMT, ending stocks up 2.56 MMT

World soybean stocks up 1.32 MMT to 82.85 MMT

- Argentina domestic crush and exports lower, ending stocks up .85 MMT

For the week, Friday December 2nd to Friday December 9th, March Corn +\$.12 ¼, May +\$.12, January Soybeans +\$.10, March +\$.11 ¼, March KC Wheat +\$.04 ¾, May +\$.04 ¾, March Chicago Wheat +\$.12, May +\$.09 ½.

Overnight, corn and soybeans bounced around unchanged with corn finishing 1 lower and beans 2 higher. Wheat was under pressure though finishing 6 to 7 lower. Late Sunday, headlines emerged regarding OPEC reaching a deal with non-OPEC countries to reduce production. This led to a strong \$3 rally in crude oil Sunday evening, complete with a bullish breakout on its long-term monthly charts.

USDA announced a private sale of 100,600 MT or 3.96 MBU of grain sorghum and 256,600 MT or 9.4 MBU of soybeans sold to China.

The 6-10 day runs from last night continue to show below normal temps over most of the US with above normal precipitation for the eastern half of the US and PNW and mostly below normal here for the Plains.

March corn still squeezing together with a dime range now from \$3.50 to \$3.60. Strong support around \$3.43 with strong resistance at \$3.69. January soybeans have support around \$10.25 with resistance up at \$10.65. March KC wheat fell to a new contract low last week at \$3.99 ½. March Chicago wheat has a contract low down at \$3.93 from December 1st and a slight uptrend so far this month.

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