



Loewen and Associates

Commodity Consulting/Brokerage

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Date: December 16th, 2016

Morning Ag Markets

Matt Hines

Mixed day again for the livestock futures. The cash market for calves and feeders continues to be at worst steady with a week ago and most barns are seeing \$2 to \$6 higher. Wednesday's FCE had over 7K head consigned but only traded 3,249 at an average price of \$110.47. Quite a few were no sales due to minimum bids at \$113. The lows were seen in SD at \$108 and highs at \$111.50 in TX.

Cattle slaughter from Thursday estimated at 114,000 head, down 2,000 from a week ago but up 2,000 compared to a year ago. Week to date currently running 7,000 less than last week.

Hog slaughter from Thursday estimated at 441,000 head, up 9,000 from the week previous but down 1,000 compared to a year ago.

Boxed beef cutout values sharply higher on light to moderate demand and light offerings for a total of 105 loads sold.

Choice Cutout__193.46 +2.58

Select Cutout__178.54 +2.17

Feeder Index:__130.53 +.60

Lean Index.__57.59 +.56

Pork carcass cutout__77.97 +2.44

IA-S.MN direct avg__53.86 +.23

National Average__52.97 +.47

December live cattle were within a few ticks of the recent high at \$112.25 back from December 1st. \$110 will be the target here today unless cash can run above that level here today. January feeders took out the December 1st high earlier this week but has faded lower since. \$129.80 is the new recent high and we found

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support at 10-day moving average yesterday at \$126.82. February lean hogs spent the week on either side of \$62, still looking for some more buying enthusiasm to continue the sharp rally higher.

Grains were also mixed yesterday with soybeans higher while corn and wheat were in the red. The soybean market began the session trading lower and pressing support but was unable to sustain the pressure and came bouncing back. Within an hour of the open they were trading double digit gains. Weekly export sales were strong again with over 2 MMT or 73.8 MBU for old crop. The NOPA crush report was a little light though at 160.75 MBU crushed domestically last month vs. expectations at 162.6 MBU.

Informa joined the trend of analyst estimating higher 2017 U.S. soybean plantings. Informa bumped up intentions .2 million acres to now 88.8 million acres with some as high as 90 million acres.

Overnight, grains were also mixed with soybeans finishing 3 to 4 higher, corn steady to 1 higher and wheat 1 to 2 lower.

USDA announced a private sale of 205,000 MT or 7.5 MBU of soybeans sold for unknown destinations. South Korea reportedly purchased a cargo of corn, 2.4 MBU, most likely to come from the US.

Soybeans continue to try and hold some weather premium for South American crops. Brazil in most parts looks great and forecasts do as well. Argentina though has been hampered with dry conditions. This week some hot temps hit major growing areas but rain is in the forecast for this weekend followed by above normal precipitation and below normal temps in their 6-10 day forecasts.

The 6-10 day runs adding some warmer temps with normal to above now forecasted for the central states and eastern half of the US. Precipitation is mixed, with above normal stretching from the Delta to New England and another from the PNW in the SW.

March corn is still trying to hang in the upper end of its range with support at \$3.56 and resistance up at \$3.69. January soybeans have key support at \$10.22 with resistance still at the recent high of \$10.65. March KC wheat hit resistance at

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\$4.20 and trying to hold support at the 10-day moving average of \$4.10. March Chicago wheat is still holding the recent uptrend going back to the contract low at \$3.93 from December 1st with resistance also up in the \$4.20 area.

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