



Loewen and Associates

Commodity Consulting/Brokerage

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Morning Ag Markets

Matt Hines

Sharply higher livestock futures to end the week with higher cash feedlot trade as well. \$112 live in the South and \$175 on a dressed basis in the North was reported finally Friday afternoon which is \$2 to \$5 higher than the week previous. The FCE posted over 7K head of fed cattle but only traded 3,249 at an average price of \$110.47 with the lows seen in SD at \$108 and as high as \$111.50 in TX. 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. Holiday trading kicks in here soon for the next couple weeks but we do have an important report day on Friday with the Hog and Pig report, Cattle on Feed and Cold Storage.

NATIONAL FEEDER & STOCKER CATTLE SUMMARY – WEEK ENDING 12/16/2016

RECEIPTS:	Auctions	Direct	Video/Internet	Total
This Week	299,900	59,300	2,500	361,700
Last Week	325,500	43,100	27,200	395,800
Last Year	178,100	25,200	1,400	204,700

Compared to last week, the majority of the calf and yearling market calls this week were 3.00 to 6.00 higher with instances of 10.00 higher in spots. The greatest demand is for long time weaned calves and fully preconditioned calves with multiple rounds of shots. Grass buyers are now settling for lighter weight cattle under 600 lbs, as most true yearlings are a thing of the past. Winter weather has settled into most parts of the country with extremely cold temperatures blanketing the Midwest and some temperatures and wind chill factors nearing below zero. The extreme temperatures has buyers turning their attention to the condition and flesh of the calves they are bidding on, as bawling calves will be the most affected. Cold weather, poor condition, and overall stress could spell a trip to the hospital before they ever make it to the feed bunk. The temperatures have hardened calves up, as the energy requirements have increased for cattle to maintain their body temperatures. Early in the week the Chicago Mercantile Exchange (CME) showed

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very positive support as early markets reaped the benefits of the positive close. With the end of the year approaching and board showing some support, producers decided to capitalize and bring calves to town and take advantage of the last few days of 2016 to sell calves at their local auction markets.

For the week, Friday December 9th to Friday December 16th, December Live Cattle +\$3.60, February +\$4.82, January Feeder Cattle +\$3.95, March +\$3.80, February Lean Hogs +\$3.15, April +\$2.35.

Cattle slaughter from Friday estimated at 107,000 head, down 6,000 from a week ago and down 2,000 compared to a year ago. For the week, 599,000 head, down 12,000 compared to the week previous but up 13,000 compared to a year ago.

Hog slaughter from Friday estimated at 436,000 head, down 1,000 from the week previous but up 1,000 compared to a year ago. Weekly totals estimated at 2,544,000 head, up 101,000 compared to the week previous and up 45,000 compared to a year ago.

Boxed beef cutout values higher to sharply higher on light to moderate demand and light offerings for a total of only 75 loads sold.

Choice Cutout__194.63 +1.17

Select Cutout__181.09 +2.55

Feeder Index:__131.10 +.57

Lean Index.__57.59 -.12

Pork carcass cutout__77.85 -.12

IA-S.MN direct avg__53.46 -.40

National Average__52.95 +.13

December live cattle pushed through for a new recent high at \$112.67 on Friday. The August high at \$116.65 is the next area of strong resistance and looks to hold for the balance of this year. Support is seen near \$110 and \$107. January feeders also pushed to a new recent high on Friday at \$130 with the August highs at \$139.40. Again, it will be difficult for the both these markets to break through that next level without very strong cash support which we typically do not see during the holidays. Support is down in the \$125 area with the December low down at \$122.92. Lean hog futures took out their August highs last week and continue to rally sharply. The February contract should see some resistance every \$2 higher

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from here to the summer highs at \$70. On the weekly chart we still have a gap to fill up to \$66.82.

Soybeans and KC wheat were the only grains to finish higher on Friday but KC Wheat was the only to finish higher for the week. Export demand remains strong and South American weather premium remains both continue to help support soybeans. Corn futures remain range bound while wheat futures try to stave off another run lower for new contract lows.

For the week, Friday December 9th to Friday December 16th, March Corn $-\$.03 \frac{1}{4}$, May $-\$.03 \frac{1}{4}$, January Soybeans $-\$.00 \frac{3}{4}$, March $-\$.01 \frac{3}{4}$, March KC Wheat $+\$.01 \frac{3}{4}$, May $+\$.01 \frac{1}{4}$, March Chicago Wheat $-\$.07$, May $-\$.04 \frac{3}{4}$.

Overnight, grains were mixed with soybeans under pressure and finishing 5 to 9 lower as Argentina received some very beneficial rains over the weekend. Corn traded only a 2 cent range overnight finishing 1 to 2 lower. Wheat futures 1 to 3 higher as there could be a little bit of concern over winterkill here the Plains from the extremely cold temps over the weekend.

USDA announced a private sale of 264,000 MT or 9.7 MBU of soybeans sold to China and 128,000 MT or 5 MBU of corn sold to Japan.

The 6-10 day runs from last night now showing above normal temps East and below normal West with above normal precipitation for all except the Northern Plains and California.

March corn is still trying to hang in the upper end of its range with support at \$3.50 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 \$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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