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

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Morning Ag Markets

Matt Hines

Mixed day for livestock futures, live cattle contracts traded both sides of unchanged throughout the day as feeders stayed in the red. Lean hogs came back from a sharply lower morning trade to finish the day higher. Bird flu continues to cause concern in SE Asia and Europe. A second city in China has announced it will suspend poultry trade and temporarily ban the entry of outside poultry into the city.

Cattle slaughter from Tuesday estimated at 115,000 head, down 1,000 compared to last week but up 7,000 compared to a year ago. Hog slaughter from Tuesday estimated at 442,000 head, also down 1,000 from the week previous but up 13,000 compared to last year.

Boxed beef cutout values firm on Choice and sharply higher on Select on light to moderate demand and light offerings for a total of 81 loads sold.
Choice Cutout__198.54 +.27
Select Cutout__191.27 +3.83
CME Feeder Index:__132.66 +.63
CME Lean Hog Index.__58.14 -.04
Pork carcass cutout__82.06 +.39
IA-S.MN direct avg__52.15 +.21
National average__51.72 -.40

Cash feedlot trade is at a standstill so far this week and could be very low volume anyway. The online auction, Fed Cattle Exchange, only has 4,786 head consigned this week with results to be watched closely. Over these past couple week's though it appears that higher prices have been paid either directly after the Fed Cattle exchanges ends or at least by the week's end.

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December live cattle holding the uptrend with support near the $112 level and strong support near $107 where the 50-day and 100-day moving averages have now met. Resistance is up at $116.65, the highs back from this past August. January feeders have leveled off some this past week hitting a high at $131.55. There's some resistance at $132.50 and the August highs are clear up at $139.40. Support is down around $128 and $125. February lean hogs regained all that was lost last Friday and were within a few ticks of a key reversal higher. Support is down at $62 with resistance up at last week's high of $66.57.
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Over in the grains, sharply higher soybeans pulled corn and wheat higher, South American weather is back and forth with some much needed rains hitting Argentina last weekend, some southern areas though did not receive any and now hot and dry conditions forecasted for Brazil. Overall, last week's selloff was overdone and due for a correction. Combining a short trading week, the last week of the year, holiday trading and aggressive buying in the outside markets, it wasn't a surprise to the see the grains sharply higher to start this week.

Export inspections for the week ending December 22nd were all above expectations. 62.8 MBU of soybeans, 38.2 MBU of corn, 19.1 MBU of wheat and 6.6 MBU of grain sorghum were inspected for export. Year to date totals are all ahead of last year's pace expect for grain sorghum which is now only half of last year's.

Overnight, grains pulled back some which was also not unexpected with the sharp rally yesterday and very little fundamental news behind it. Soybeans and Chicago wheat finished 3 to 4 lower while corn and KC wheat finished 2 lower.

Just a reminder for those still holding January soybean positions that Friday is first notice day. If you are long you stand the risk of taking delivery and need to exit or roll those positions before Friday. If you are short, you can hold those positions into next week but volume will be thinner and there are no daily limits on that contract starting this Friday.

March corn holding the $3.45 support last week, still showing a slight downtrend since mid-October. The rally yesterday stopped right at the 50-day moving average at $3.56 with the next levels of resistance up at $3.63 and $3.69. January soybeans broke through a few levels of key support last week with the $9.75 level

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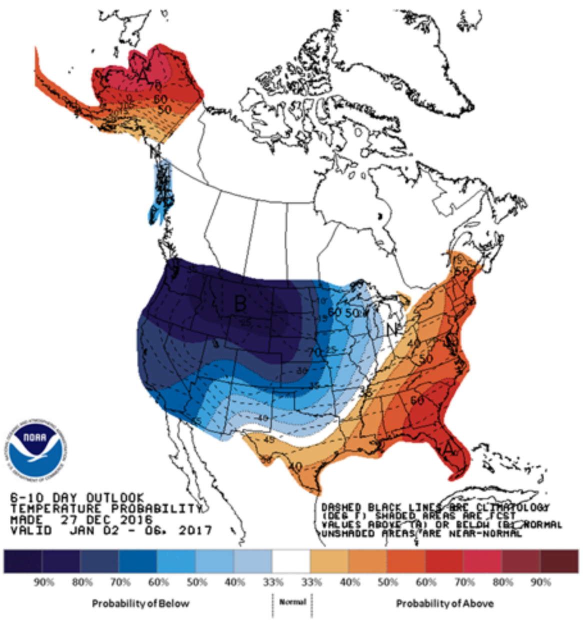
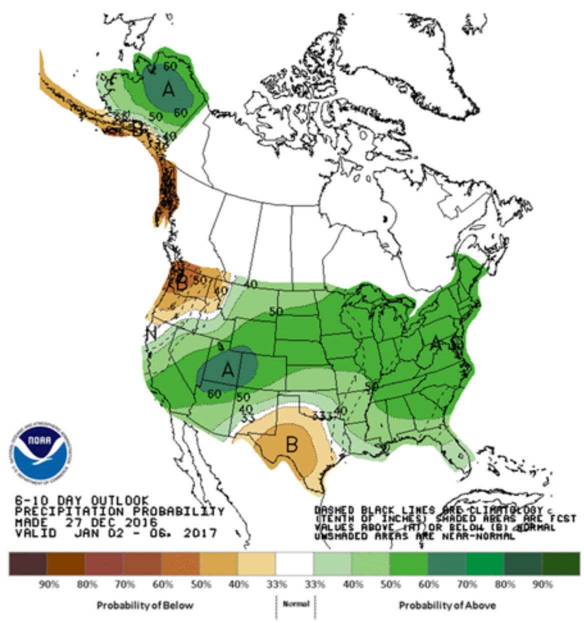
the next area of strong support. Resistance is up at $10.24 and $10.39. March KC wheat hit resistance at $4.20 2 weeks ago and had been in downtrend before yesterday's break out higher. That same level is being tested again this week with support down at $4.05. March Chicago wheat hit contract lows to end last week after falling from the same $4.20 resistance area and continues to lag behind the KC moves higher.

The latest 6-10 day runs still show above normal temps south and east with below normal spreading further out from the north and west and covering most of the Plains now. Above normal precipitation is forecasted for all except south Texas and PNW.





<u>Loewen and Associates, Inc.</u>
Pete Loewen / Matt Hines / Doug Biswell / Matt Burgener
www.loewenassociates.com pete@loewenassociates.com matt@loewenassociates.com
866-341-6700

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