



Loewen and Associates

Commodity Consulting/Brokerage

**Pete Loewen, Matt Hines,
Doug Biswell, Matt Burgener
866 341 6700**

www.loewenassociates.com

Date: December 5th, 2016

Morning Ag Markets

Matt Hines

It was a very negative turn for cattle futures to end last week. Midweek we had cash feedlot trade up to \$115 live and up to \$175 on a dressed basis. Technical selling and long liquidation are the terms being tossed around for Friday's debacle in the futures pits as the last 2 weeks gains were wiped out.

NATIONAL FEEDER & STOCKER CATTLE SUMMARY – 12/02/2016

RECEIPTS:	Auctions	Direct	Video/Internet	Total
This Week	275,900	40,100	22,400	338,400
Last Week	95,900	27,500	22,700	146,100
Last Year	227,900	16,000	23,000	266,900

Compared to last week, steers and heifers traded 2.00 to 6.00 higher with most steer calves under 600 lbs up to 10.00 higher. Several mid and late week auctions were called sharply higher and while they were in fact much higher, many were looking back two weeks due to last week's Thanksgiving holiday. Those sale barns had some catching up to do with last week's early auctions, many of which had held specials before the holiday break. Demand was very good for all classes of cattle this week, but still exceptionally good for light cattle suitable for wheat. Winter weather curtailed receipts in parts of the Dakotas but elsewhere across the country the supply was heavy. The volume that was lagging in the early fall is being caught up now. The cash feeder market has re-energized, with several weeks of steady gains being convincing enough for owners to finally bring their stock to town. In some parts of the country, the supply was so heavy that by mid-week competition for available trucks was just as intense as the rivalry ringside. Weaned calves continue to make up a larger percentage of the offering each week and in most places, the competition to own anything that could be placed in an extended winter grazing program is fierce. Buyers seem to have a renewed confidence in the market, evident by their willingness to chase some cattle to prices that haven't been seen in months. Colder weather moved into the Midwest mid-week which will help harden and "green up" fleshier cattle. Optimism is bountiful as the entire

IMPORTANT—PLEASE NOTE

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.**

cattle complex has recovered remarkably from early November lows. Cattlemen are fully aware of the fickle nature of their market and while there's no assurance this six week rally will hold it has brought a little relief to an industry that badly needed it.

For the week, Friday November 25th to Friday December 2nd, December Live Cattle -\$2.52, February -\$3.32, January Feeder Cattle -\$2.62, March -\$1.82, December Lean Hogs -\$0.30, February -\$2.72.

Cattle slaughter from Friday estimated at 113,000 head, down 1,000 from the week previous but up 4,000 compared to a year ago. For the week, 616,000 head, up 65,000 from the week previous and up 60,000 compared to a year ago.

Hog slaughter from Friday estimated at 431,000 head, down 5,000 from the week previous and down 2,000 compared to a year ago. For the week, 2,540,000 head, up 388,000 from the week previous and up 117,000 compared to a year ago.

Boxed beef cutout values steady to lower on light to moderate demand and light offerings for a total of only 78 loads sold.

Choice Cutout__189.72 -.79, +2.08 for the week

Select Cutout__172.70 -.23, +1.40 for the week

Feeder Index:__131.04 +.53

Lean Index.__49.52 +.72

Pork carcass cutout__73.25 -1.06, -.78 for the week

IA-S.MN direct avg__47.60 +.42

National Average__47.13 +.77

It only took 2 days to take out the \$4 gain from past 2 weeks for December live cattle racing back to the support level at \$108. The next level of support is down at \$105 with resistance up at last week's high at \$112.25. January feeders filled the gap left from the Thanksgiving holiday with support down at \$123 and resistance up at last week's high at \$129.60. December lean hogs are pretty flat trading between \$52 and \$50 with all deferred contracts under pressure recently. The Feb contract peaked at \$57.32 last week with support at \$52.30.

Over in the grains, corn and wheat were able to finish in the green while soybeans continued to slide lower. The week was mostly a selloff week with all the grains

IMPORTANT—PLEASE NOTE

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.**

double digits lower for the week. Wheat contracts raced down for new contract lows, corn futures punched through support levels. The soy complex that had been the leader to the upside in previous weeks became the early leader lower.

For the week, Friday November 25th to Friday December 2nd, March Corn $-\$.11$, May $-\$.11$, January Soybeans $-\$.18 \frac{1}{2}$, March $-\$.17 \frac{1}{4}$, March KC Wheat $-\$.20 \frac{3}{4}$, May $-\$.20 \frac{3}{4}$, March Chicago Wheat $-\$.15 \frac{1}{4}$, May $-\$.17$.

Overnight, grains were higher supported by higher palm oil futures, crude prices and a lower US\$. Soybeans finished 10 to 15 higher while corn and wheat finished the overnight 1 to 2 higher.

This morning Australia's Ag agency projected wheat production at 32.64 MMT up from their September estimate at 28.08 MMT. Tomorrow Stats Canada will release their final 2016/2017 production estimates and the next crop report here from USDA will be released this Friday.

USDA announced a private sale of 426,000 MT or 15.65 MBU of soybeans sold to China this morning.

The 6-10 day runs from last night continue to show below normal temps over most of the US with above normal precipitation.

With December grain contracts now in delivery we will switch over the chart watches to March for both corn and wheat. March corn has been in downtrend since peaking at $\$3.69$ back in mid-October. The support area from $\$3.42$ to $\$3.45$ held last week with the next near $\$3.35$ and then the contract low at $\$3.25$. March KC wheat broke to a new contract low at $\$4.01$ last week after spending 3 months trading the range from $\$4.11$ to $\$4.45$. March Chicago wheat is very similar to its KC counterpart hitting a new contract last week at $\$3.93$ after trading a range from $\$4.09$ to $\$4.45$. January soybeans have support around the $\$10.25$ area with resistance up at last week's high at $\$10.65$.

Loewen and Associates, Inc.

Pete Loewen / Matt Hines / Doug Biswell / Matt Burgener

www.loewenassociates.com pete@loewenassociates.com matt@loewenassociates.com

866-341-6700

IMPORTANT—PLEASE NOTE

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.**