



Loewen and Associates

Commodity Consulting/Brokerage

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Morning Ag Markets

Matt Hines

Boxed beef prices have been on the decline so far this year but were able to stabilize and finish higher finally this past Friday. This along with the winter weather forecast was enough to support higher futures to end the week. The volatile trading throughout the week though as returned with limit higher moves on Tuesday with triple digit losses to follow. FCE midweek up to \$120 TX, KS and NE. Additional cash trade was very limited in the South at \$119. Nebraska traded almost 15,000 head late Friday at \$120 live & \$190 on a dressed basis which is \$2 higher than the week previous.

NATIONAL FEEDER & STOCKER CATTLE SUMMARY – 01/13/2017

RECEIPTS:	Auctions	Direct	Video/Internet	Total
This Week	367,500	53,400	78,800	499,700
Last Week	211,700	44,100	2,500	258,300
Last Year	281,900	56,500	66,600	405,000

Compared to last week, calves under 600 lbs sold unevenly steady ranging from steady to 4.00 higher to 4.00 lower with some spots 6.00 to 10.00 higher throughout all regions. Yearlings trading steady to 3.00 lower with some spots up to 6.00 lower. The first full week of direct trading occurred with most trends reported steady to 4.00 higher. Many producers have been waiting for this week to sell their spring born calf-crop, evidenced by the showing of nearly 500K head sold though auctions, directs and video sales this week. That is the second largest volume reported on this report in the last five years; only topped by week ending 7/17/2015 when nearly 2/3 of the reported receipts of 554,900 were video sales. Producers throughout the country have not liked the prices through fall and when December finally got here, most were prepared to carry cattle until the new year. Demand was good to very good this week in auctions as order buyers had plenty of orders to fill, especially Monday through Wednesday when several of the larger receipt auctions in the country took place. Even though there were plenty of cattle

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headed to feedyards, several auctions in the North Plains had heifers marked as Replacement on their market reports.

For the week, Friday, January 6th through January 13th, February Live Cattle +\$3.70, April +\$3.72, January Feeders +\$2.12, March +\$5.50, February Lean Hogs +\$1.62, April +\$1.42.

Cattle slaughter from Friday estimated at 114,000 head, matching the week previous and up 8,000 compared to a year ago. For the week, 609,000 head, up 72,000 compared to the week previous and up 34,000 compared to a year ago.

Hog slaughter from Friday estimated at 422,000 head, down 10,000 from the week previous and down 7,000 compared to a year ago. For the week, 2,402,000 head, up 314,000 compared to the week previous and up 105,000 compared to a year ago.

Boxed beef cutout values higher on Choice and steady on Select on moderate to fairly good demand and moderate to heavy offerings for a total of 112 loads sold.
Choice Cutout__190.80 +1.70, -8.01 for the week
Select Cutout__186.54 -.01, -6.68 for the week
CME Feeder Index:__132.03 -.57 from 1/12
CME Lean Hog Index.__62.92 +1.07 from 1/12
Pork carcass cutout__80.54 +1.17, +1.53 for the week
IA-S.MN direct avg__62.12 -.34
National average__61.63 +.43

Feb live cattle continue to trend higher on the daily and weekly charts. There is good support at \$116 and again at \$114 with resistance up at last week's high at \$119.70. March feeders also holding the uptrend since mid-October with good support at \$123 and resistance at last week's high of \$130.95. February lean hogs are chopping sideways here over the past month from \$62 to \$67 with the \$70 summer high still the target for a full retracement.

Over in the grains, Friday was a much calmer day following the USDA grain reports on Thursday. The surprise number was the reduced soybean yield as most felt that number could come up 1-2 bushel with the terms "best ever" reported by soybean producers throughout the country this fall. Wheat acres came in lower as

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expected as well as a slightly lower corn yield but both have burdensome US and world ending stocks still.

For the week, Friday, January 6th through January 13th, March Corn +\$.00 ½, December +\$.00 ¾, March Soybeans +\$.51 ½, November +\$.36, March KC Wheat +\$.15 ½, July +\$16 ¼, March Chicago Wheat +\$.02 ¾, July +\$.06 ½.

Overnight, grains stronger with heavy, flooding rains in parts of Argentina, US\$ lower and gold higher. Soybeans were again the leader finishing 15 higher nearby with new crop up 7. Corn and wheat futures overnight finished 2 to 5 higher.

Over the long weekend, Egypt purchased 2.2 MBU of wheat from Romania and 6.4 MBU from Russia.

China's Agriculture Ministry issued a report estimating China will produce 215.3 MMT of Corn in 2016/17 vs. 224.6 MMT this past season. Soybean production was put at 12.5 MMT up 7.7% from this past season. Traders in China say up to 7 cargoes of U.S. Ethanol imports have been cancelled due to an anticipated hike in the import tariff to 30% from 5%.

The Brazil trucker protest that started last Friday continued into Monday in the state of Mato Grosso. Harvest in Mato Grosso is gaining steam. As of Friday, the state reported harvest 5.3% complete vs. 2.0% a year ago, on this date. AgRural on Friday estimated Brazil soybean crop is 1.1% harvested, that compares to the historical 0.3% pace for this point in the season. They added the early harvested beans in Mato Gross have ranged between 52 to 58 bags per hectare with the average being near 45 bags historically.

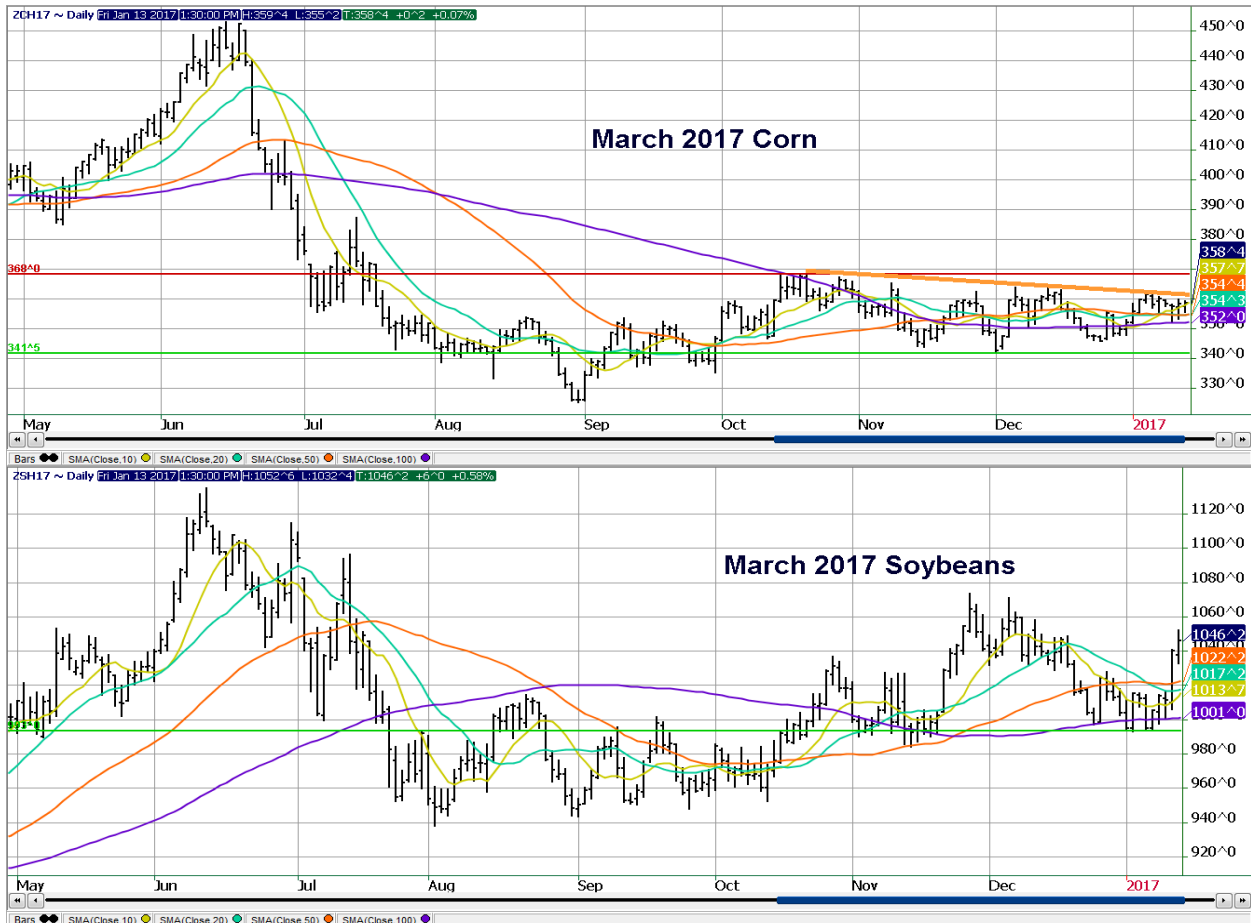
Ahead of today's monthly NOPA crush report, the average estimate is 162.8 MBU of soybeans crushed during December 2016. In December 2015 the group reported a crush of 157.7 MBU, and during November 2016 the group's crush was 160.75 MBU. The report will be released at 11:00 am CST.

The massive ice storm stayed clear of NE KS but hit SW KS hard over the weekend. The latest 6-10 day runs show below normal temps for the western 1/3 of the US with normal to above normal central and east. Precipitation is called normal to above normal for all expect Texas and Maine.

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March corn is still holding the slight downtrend since mid-October unable to push through resistance. Corn futures have actually traded a tight \$.30 range since harvest with support at \$3.40 and resistance up at \$3.69. March soybeans bounced off the \$9.93 support and reversed higher through all the major moving averages last week. The next area of resistance will be around \$10.60. March KC wheat has been on a decent rally the past 2 weeks with conditions deteriorating in the Southern Plains. Friday's close was the highest since August 24th, with the next area to be tested from \$4.50 to \$4.69. March Chicago wheat has been more reluctant to rally, now \$.30+ off contract lows but still some \$.20 from the fall resistance area.



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