



Loewen and Associates

Commodity Consulting/Brokerage

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Morning Ag Markets

Matt Hines

This past week, the North trade got going at \$116 live with dressed pushing up from \$185 to \$190. Trade in the South got rolling Friday morning at \$118 live and some moved from Nebraska at the same level. The online auction or Fed Cattle Exchange last week resulted in 4,464 head of fed cattle selling, most of which from Nebraska, at a weighted average price of \$115.38. This compares to 2,860 head sold at a weighted average price or \$112.68 the week prior. There was a lot from South Dakota that sold at \$114.50, 2 from KS at \$116 to \$116.25, 2 lots from TX at \$116.75 and the rest from Nebraska from \$115 to \$116.25.

Limited salebarns were open last week so no weekly national feeder and stocker cattle report. Traders hit the sell signal midday on Friday sending all contracts \$1+ lower and then kept piling on for what resulted in key reversals lower for both fats and feeders. For the first time in months, the nearby fats converged at negative basis, \$118 cash vs. the \$119 December Live Cattle contract going off the board.

For the week, Friday December 23rd to Friday December 30th, December Live Cattle +\$4.42, February -\$0.25, January Feeder Cattle -\$0.27, March -\$1.60, February Lean Hogs +\$2.95, April +\$2.20.

Cattle slaughter from Friday estimated at 112,000 head, down 1,000 from a week ago. For the week, 507,000 head, down 65,000 compared to the week previous but up 67,000 compared to a year ago. And this wraps up year to date at 30,104,000 head, up 6.4% from 2015. Beef production at 424.9 million pounds and for the year at 24.906 billion pounds, up 6.5% from 2015.

Hog slaughter from Friday estimated at 439,000 head, up 20,000 from the week previous. For the week, 2,081,000 head, down 68,000 compared to the week previous but up 43,000 compared to a year ago. Year to date wrapped up at an estimated 117,366,000 head, up 2.4% from a year ago. Pork production at 440.3

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million pounds last week and for the year at 24.787 billion pounds, up only 1.8% from 2015.

Boxed beef cutout values steady on Choice and lower on Select on light to moderate demand and offerings for a total of only 68 loads sold.

Choice Cutout__203.33 -.14, +5.06 for the week, +13.38 in Dec

Select Cutout__192.84 -1.05, +5.40 for the week, +20.07 in Dec

CME Feeder Index: __133.17 +.13

CME Lean Hog Index.__57.76 -.22

Pork carcass cutout__81.77 +.69, +.10 for the week, +8.45 in Dec

IA-S.MN direct avg__52.44 +.62

National average__51.95 +.14

February live cattle had a great month with an almost \$10 rally in the month of December. Friday's key reversal lower though could cause concern this week as traders open a new year and establish new positions. We should see support around \$114 to \$113 and a pull back to those levels would still keep a rally alive so long as those levels are not taken out. January feeders also had a terrific month and key reversal lower on Friday. Support is down at \$128 and again at \$125. February lean hogs were able to close above the \$66 resistance level last week with the next areas of resistance up at \$68 and \$70.

Another mixed day in the grains to end last week. Export sales were decent for all the grains last week which provided some early support. Late in the day selling hit the soy complex and with volume low and no fresh news the path of least resistance led them lower for the day. All grains though finished higher for the week with corn coming back up from strong support levels and Chicago wheat coming back from new contract lows right before Christmas.

For the week, Friday December 23rd to Friday December 30th, March Corn +\$.07 ¼, December +\$.03 ¾, January Soybeans +\$.07 ½, November +\$.08, March KC Wheat +\$.12 ¼, July +\$.12 ¼, March Chicago Wheat +\$.14 ½, July +\$.13 ½.

Overnight, soybeans started higher supported by current hot and dry conditions in Brazil but extended forecasts show some relief. Chinese futures were lower last night and provided some pressure with soybeans finishing the overnight 2 to 3

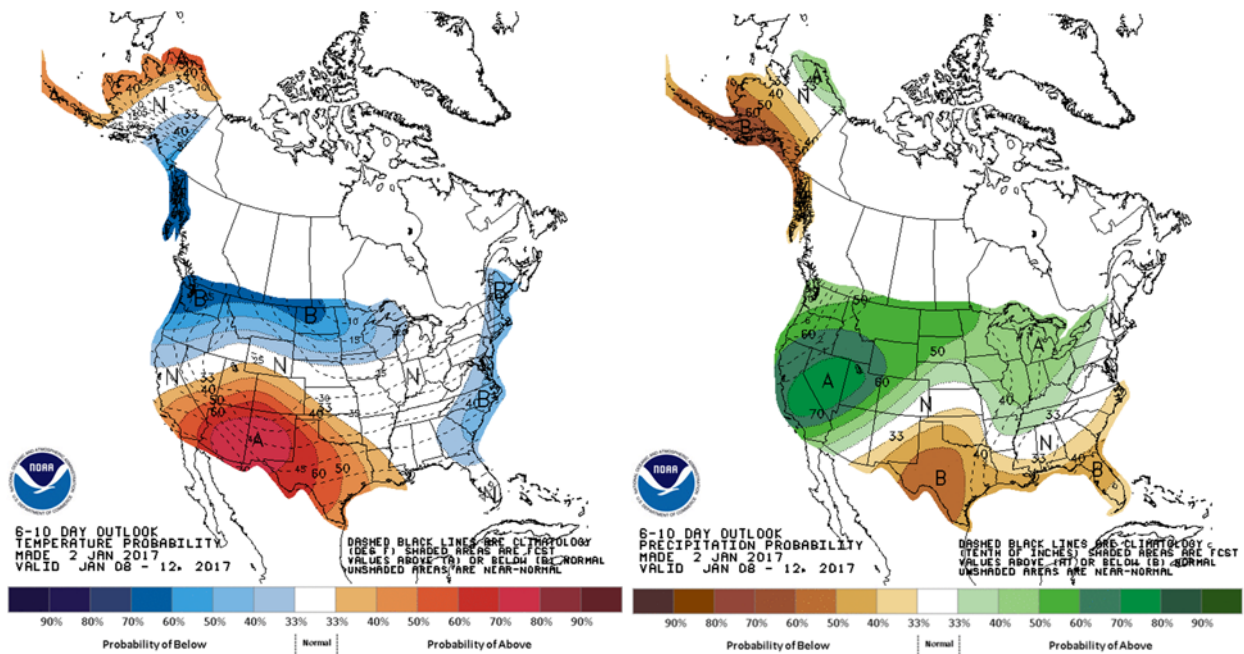
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lower. Corn and wheat finished steady to 1 higher. Crude is higher, gold lower and US\$ sharply higher.

March corn is still holding the \$3.45 support with resistance at \$3.56, \$3.63 and \$3.69. March soybeans have been in a downtrend since mid-December and dipped below the \$10 mark a couple times over the holidays. Support is seen at \$9.97 and \$9.85. March KC wheat continues to hit resistance at \$4.20 and still holding support at the 10-day moving average. March Chicago wheat hit a new contract low before Christmas and unable to get back up to the \$4.20 resistance area since.

It will be a cold week across most of the US here this week. The latest 6-10 day runs show below normal temps North and on the East Coast with above normal in the Southwest. Precipitation is called above normal North and West with below normal South and East.



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