



**Loewen and Associates, Inc.**

**Commodity Consulting/Brokerage**

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Cattle complex futures staged a nice rally again yesterday that had front month Feb Live Cattle up over \$1 and the rest just shy of that \$1 higher mark. Feeders had multiple contract months in the triple digits higher. Hogs rounded out the meat complex rally with the front month February up over \$1 and pushing solidly up into new contract highs again. Deferred months that have yet to make new highs had some contracts pushing up really close to contract high territory. A strong day today again will easily push some of them into new high ground.

The technical picture in live cattle showed contracts coming very close to filling the gap left last week when futures opened sharply lower. That happened on the 30<sup>th</sup> of January and left a gap that some considered a breakaway gap and change in trend that meant we'd seen the highs in cattle for a while. While I don't disagree with that chart analysis, there's still some contention that feedlot cash should remain pretty well supported over the next 30 days or so from limited supplies, particularly in the north. Beef product trade here recently is indicating it might not matter that available numbers are somewhat tight. Choice and select were both actively lower yesterday with choice once again dropping below the \$190 mark, posting the lowest quote seen since January 12<sup>th</sup>.

Cattle slg. \_\_\_ 113,000 unch wa +4k ya

Choice Cutout \_\_\_ 189.96 -1.27

Select Cutout \_\_\_ 187.78 -2.87

Feeder Index: \_\_\_ 127.06 +.03

Lean Index. \_\_\_ 71.45 +.50

Pork cutout \_\_\_ 85.38 +.25

IA-S.MN direct avg \_\_\_ 70.07 +.32

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Hog slg. \_\_\_443,000 +3k wa +11k ya

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Grain and oilseed trade showed solid green across the screen yesterday, albeit just mild gains in most contract months. Interestingly enough, China was listed as one of the catalyst for the gains in corn, not beans where they are usually tied. It's not fresh news that China is moving to encourage more of their farmers to increase soybean production and decrease corn. If that becomes reality, there's a chance China's corn imports increase. With that move, there's also chances their appetite for soybean imports declines some. Given that chance, there's definitely some uncertainty brewing for both the corn and soybean markets for export potential. Adding to the confusion is the fact we're talking about China, so finding actual truth in some of these stories is sketchy at best. Regardless, it did lead to corn futures pushing back up near recent highs in both old and new crop trade.

6-10's last night kept temps at above normal across all the Plains and Corn Belt with much above normal temps in the offering for Nebraska and the Northern Plains. Precip was below normal from central Kansas all the way north and through the Corn Belt. From the Panhandle region through central Oklahoma and south the precip was above normal.

Tomorrow at 11 a.m. we get monthly S&D numbers out from USDA. The average guesses are looking for slight reductions in corn, soybean and wheat ending stocks domestically and in the world numbers compared to the January report findings. Milo is expected unchanged. US stocks guesses have corn at 2.342 bln bushels, soybeans 409 mln and wheat 1.178 bln. Some other numbers that will be actively watched will be the Brazil and Argentina soybean production estimates. Average guesses there have Brazil at 104.1 mmt's, up from 104 even in January. Argentina production estimates averaged 54.3 mmt's, down from 57 mln last month. At this point in time, my estimates for their crop sizes down the road are for 104.5 mmt's or higher for Brazil and 54.5 to 55 mmt's for Argentina.

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