



**Loewen and Associates, Inc.**

**Commodity Consulting/Brokerage**

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It was a banner week in the cattle complex for the cash and product market trade. Futures were on a good roll as well, right up until Friday's session when heavy selling escalated heading into the On Feed report. Feeder cattle futures had several contracts down over \$3. Live cattle futures were down \$2+ on a couple of months. Front end February futures held up remarkably well, closing higher in the face of triple digits lower everywhere else.

Cash feedlot trade advanced \$5 higher from the previous week, along with choice cutouts gaining \$8.47. Calf market prices showed steep gains, with moderate gains on feeders. The national feeder and calf market summary cited prices overall steady to \$4 higher with instances of \$6-\$10 gains in calf prices.

The brunt of the selling in futures on Friday came courtesy of expectations for a bearish COF report. Earlier in the week we waded through a Cold Storage report that showed record supplies of boneless beef and total beef in freezers for the month of January. Friday's numbers showed Cattle on Feed Feb 1 at 101% of last year, compared to expectations of 100.5% prior to the report. Placements in January were 111% of a year ago compared to estimates at 110%. Marketings were 110%, which was right at the expectations. However, one more business day in January this year versus last year meant actual daily marketings were only around 5% larger. In reality, the actual numbers versus the expectations were only mildly bearish because of larger placements and on feed numbers. Bigger picture though, that's several months of much larger feedlot in-movement, meaning there's some pretty big numbers coming at us in the 2<sup>nd</sup> quarter and beyond.

Cattle slg.\_\_\_\_ 106,000 fri 24k sat wtd 575,000 +3k wa +34k ya

Choice Cutout\_\_198.96 +2.77

Select Cutout\_\_195.48 +2.65

Feeder Index:\_\_\_\_127.20 +.21

Lean Index.\_\_\_\_ 77.39 -.34

Pork cutout\_\_\_\_81.91 +1.65

IA-S.MN direct avg\_\_68.71 -2.03

Hog slg.\_\_\_\_399,000 fri 119k sat wtd 2.280 mln -83k wa +71k ya

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Weekly closes in the meat complex had Feb Live Cattle up 5.82, April up 2 cents, March Feeder Cattle -2.37, April down 2.65 and April Lean Hogs down 2.75.

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Grain and oilseed trade finished Friday's session mildly lower in corn and wheat and a little higher in beans. Export sales had been delayed till Friday because of Monday's holiday. Sales were friendly for the fall crop markets with corn 29.3 mln bushels and soybeans 15.2 mln for old crop. Wheat sales were neutral to negative at 16.6 mln bushels. I don't think sales had much bearing on the trade. The biggest influence was March options expiration. The largest open interest was in the 360 strike for March corn and 1020 in beans. There were fairly good odds futures weren't going to close very far away from those marks.

Weekly closes in the grain and oilseed trade had March Corn down 4 ¼, December down 3 ¼, March Soybeans down 19 cents, November down 11 ¼, March Chicago Wheat down 9 ¾, March KC Wheat down 2 ½ and new crop July KC Wheat down 2 ½ cents as well.

6-10's last night showed above normal temps in the Central and Southern Plains, as well as the Corn Belt. The far Northern Plains out through the PNW were normal to below on temps. Precip was below normal across the central US from east to west and above normal in the far south and far north. Not a very good forecast for HRW wheat production.

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