



## **Loewen and Associates**

***Commodity Consulting/Brokerage***

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### **Morning Ag Markets – Happy Thanksgiving**

Turnaround Tuesday for livestock futures yesterday with cattle gaining back most of what was lost Monday and lean hogs losing all that gained Monday. KS and TX moved some decent volume of fed cattle yesterday at \$118 live, \$1 lower than a week ago but at even basis to the December futures. In NE, light trade at \$118 to \$120 live and \$188 dressed.

Cattle slaughter from Tuesday is estimated at 120,000 head, up 2,000 from a week ago and up 4,000 compared to a year ago. Hog slaughter from Tuesday is estimated at 465,000 head, matching last Tuesday and up 18,000 compared to a year ago.

Boxed beef cutout values sharply higher on Choice and firm on Select on light to moderate demand and heavy offerings for a total of 178 loads sold.

Choice Cutout\_\_208.63 +2.45

Select Cutout\_\_188.65 +.60

CME Feeder Index:\_\_156.71 -.20

CME Lean Hog Index.\_\_64.41 -.42

Pork Carcass Cutout\_\_80.87 -1.40

IA-S.MN Wtd Avg Carcass Base\_\_56.85 +.54

National average Wtd Avg Carcass Base\_\_56.59 +.13

Technical reversals yesterday with a key reversal lower for December lean hogs. \$60 should be the next support area with the low from last week down at \$59.25. Overall the cattle charts still look bearish with December live cattle \$10 off their highs from earlier this month, dipping below the 50% Fibonacci retracement level on Monday with the next area of support down at \$114. January feeders are down almost \$11 from the contract high earlier this month, with support at \$149.30 then \$148.17, the low from October.

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Grains were very lethargic, trading mixed throughout the day with little enthusiasm or direction in mind. New positions will be kept to a minimum this holiday week which may help stabilize the grains heading into December. Additional export sales may also be thin though which is desperately needed for all grains. USDA did announce a sale of 4.8 MBU of soybeans sold to China yesterday, the first since October 27<sup>th</sup>. With grains flat to lower, we have seen basis levels continue to improve, in some cases by \$.40 to \$.50 since the gut slot of harvest. Hedged corn and wheat producers looking to move grain before the end of the year though only have this week and next with first notice day for December futures next Thursday.

Wheat was the leader yesterday, popping higher on news of very high radioactive readings in the Southern Ural Mountains in Russia. This was a confirmation of reports from late September. So although this story is not new news, we need to point out that there is a term on Russian wheat that does require a radioactive free cert. Russia will eventually need to explain this leak or it could become a trade issue.

Grains were higher overnight led by soybeans which finished 4 to 5 higher, corn steady and wheat steady to 1 higher.

Today's EIA weekly report is expected to be slightly bearish today, production to increase by 1% wk/wk, which could put run rates near a record high. Demand should improve for the holiday, too, though, which should keep the resulting inventory build limited to less than +1%.

Not much news but here are some things to keep an eye on over these next couple weeks...

Possible Chinese corn business and additional soybean trade

NAFTA talks – as of late Tuesday with US trade reps stating there were no counter proposals from Mexico or Canada on top US demands. Comments were also made expressing regret that both refused to seriously engage on provisions to modernize NAFTA adding that if they do not, a satisfactory result will likely not be reached.

South American weather – Brazil's weather is expected to remain good over the next two weeks, though some drying is expected in NE growing areas, as well as  
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RGDS province. Argentina weather will be more of a concern with expanding dryness possible in the far south and ongoing dryness in some west-central locations during the two week forecast period.

Markets will be closed tomorrow, no overnight trade tonight or tomorrow night. Grains and livestock markets are open Friday from 8:30 am until 12:00 to 12:30 depending on the product.

Still mostly dry forecasts expect for the PNW with another 5-10 inches expected over this next week. Temps going from below normal here locally to possible record highs by Friday. The 6-10 day outlook shows continued below normal precip for most of the country with above normal now only in the Northern Plains. Temperatures are forecasted above normal for all.

December corn with a new contract low last week at  $3.36\frac{1}{4}$ , resistance at \$3.45 then \$3.48 which we need to break to turn the charts friendly again. January soybeans breaking the uptrend from mid-August but strong support with all the major moving averages from  $\$9.86\frac{1}{2}$  to  $\$9.82\frac{1}{2}$ , the next area of support at \$9.67, last week's low. \$10.08 is the next resistance level which is the high this month. December KC wheat still stuck in a sideways to lower trading pattern with the low at  $\$4.13\frac{1}{2}$ , resistance at \$4.22 then \$4.35. December Chicago wheat looks similar with the contract low at  $\$4.16\frac{1}{4}$  and resistance at \$4.28.

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