



Loewen and Associates

Commodity Consulting/Brokerage

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Morning Ag Markets

Mixed trade on Friday with the holiday shortened trading hours. Cash fed cattle got going last Tuesday at \$118 live for TX and KS. On Wednesday, in Nebraska, purchases were mostly at \$120 live with a few up to \$120.50 and \$190 on a dressed basis.

USDA Livestock Slaughter data for October released mid-week with all-time monthly record highs for red meat and pork production in October, beef production up 4% from year ago and pork production up 5% from year ago.

USDA Cold Storage report for October 31, 2017 also released mid-week with total frozen poultry supplies up 12% from year ago. Total chicken up 12% and turkeys up 14%. Total red meat in freezers down 2% from year ago, total frozen beef down 5% from year ago (last year was the all-time record high) and total frozen pork down fractionally from year ago. Stocks of pork bellies up 58% from year ago. Record supplies of total pork loins and boneless hams.

For the week, Friday November 17th through Friday November 24th, December Live Cattle -\$.27, February -\$.10, January Feeders +\$1.57, March +\$1.65, December Lean Hogs +\$2.60, February +\$2.32.

Cattle slaughter from Friday is estimated at 116,000 head, down 2,000 from a week ago but up 5,000 compared to a year ago. For the week, 572,000 head, down 67,000 from the week previous but up 23,000 compared to a year ago.

Hog slaughter from Friday is estimated at 437,000 head, down 16,000 from a week ago but up 7,000 compared to a year ago. For the week, 2,163,000, down 297,000 from the week previous but up 11,000 compared to a year ago.

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Boxed beef cutout values higher on Choice and lower on Select on light to moderate demand and offerings for a total of 82 loads sold.

Choice Cutout__210.99 +1.98

Select Cutout__187.85 -.79

CME Feeder Index: __155.58 -.78 from 11/23

CME Lean Hog Index.__63.98 -.43 from 11/21

Pork Carcass Cutout__82.32 +.34

IA-S.MN Wtd Avg Carcass Base__57.83 +1.02

National average Wtd Avg Carcass Base__57.10 +.45

Cattle futures are looking for some direction this week as early last week the uptrend lines were breached followed by a gap higher move on Wednesday and then reversals lower that filled those gaps on Friday. December live cattle hit support at the 50-day moving average at \$118.40 with the next down at last week's low of \$116.77 with resistance at \$119.80. January feeders have support at \$149.30 with resistance at \$153.70 then \$154.00. December lean hogs are on a \$4 rally since bottoming out on November 15th at \$59.25. Resistance first at \$63.70 then the \$65 area with support near \$61.50.

New positions and new export sales announcements were very light last week for the grains as futures didn't stray too far from unchanged. Friday's trade though finished lower as prices collapsed for all grains. December options expired on Friday as futures will enter delivery this Friday.

Weekly export sales were decent again for corn but no "official" confirmation seen of any China corn business done. Net new corn sales of 1,080,900 MT or 42.5 MBU for 2017/2018 were up 14% from week previous and was the fifth time in seven weeks that new business topped 1 MMT. The big buyers of note were Japan and Peru, who combined accounted for half the total. Trade chatter still suggests China was in for 10-12 cargos of US corn and 5 cargos of South African corn last week. Grain sorghum sales were large at 323,000 MT or 12.7 MBU, mostly to China and unknown destinations.

Wheat was on the defensive all day Friday with USDA weekly export sales at the low end of expectations, coming in at 199,800 MT or 7.3 MBU.

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Soybean export sales of 869,100 or 31.9 MBU were below trade expectations, a marketing year low, -21% from last week and -45% from the 4-week avg. Open soybean sales on the books stand at 14.565 MMT (535 MBU) compared to 18.552 MMT (682 MBU) this time last year while shipments to date stand at 705 MBU vs. 806 MBU a year ago. The USDA is currently projecting a 76 MBU increase over last year's exports.

Chinese trade data showed soybean imports in October totaled 5.856 MMT up 12.35% from September with year to date imports at 77.306 MMT up 15.25%. In October, the total from Brazil was 3.376 MMT, +136%, while US was 1.325 MMT, -45.47%. Year to date total from Brazil is 46.226 MMT, +24.38% while US is 22 MMT, +7.65%.

South American weather heading into the weekend showed better Argentine rain prospects for the northern part of the country while 1/3 of the growing areas are expected to remain dry. Brazil's weather remains in good shape.

For the week, Friday November 17th through Friday November 24th, December Corn $-\$.00 \frac{3}{4}$, March $-\$.00$, January Soybeans $+\$.02 \frac{3}{4}$, March $+\$.03 \frac{1}{4}$, December KC Wheat $-\$.07 \frac{1}{2}$, March $-\$.07 \frac{1}{2}$, December Chicago Wheat $-\$.11 \frac{1}{2}$, March $-\$.08 \frac{3}{4}$, December Soybean Meal $+\$5.60/T$.

Grains were steady to lower with wheat testing the new contract lows from last Friday again overnight. KC wheat finished 2 lower, Chicago 3 lower while corn was down 1 and soybeans steady.

Brazilian producers have planted 84% of their total soybean crop, up 11% from week ago and now ahead of the 5-year average pace of 79%.

Still mostly dry forecasts in the Plains which is concerning for winter wheat and we should see conditions continue to deteriorate. The 6-10 day outlook continues to show above normal temps from the Rockies to the East Coast with below normal temps on the West Coast. Above normal precipitation is forecast for the Southwest, with some hopefully stretching into the Southern Plains, but still a couple weeks out.

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December corn with first notice day for delivery this Thursday, support at \$3.36 ½ and resistance up at \$3.47. March corn with support at \$3.48 and resistance up at \$3.58. January soybeans unable to breach \$10 last week and the reversal action leaves resistance against that key psychological level and should lead to another test of support starting at \$9.87 down to \$9.83. December KC wheat still stuck in a sideways to lower trading pattern with the contract low at \$4.11 ½, resistance at \$4.25 then \$4.35. December Chicago wheat looks similar, but new contract lows today at \$4.10, resistance at \$4.28.

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