



## **Loewen and Associates**

**Commodity Consulting/Brokerage**

**Pete Loewen, Matt Hines,  
Doug Biswell, Matt Burgener  
866 341 6700**

**[www.loewenassociates.com](http://www.loewenassociates.com)**

**Date: December 11<sup>th</sup>, 2017**

### **Morning Ag Markets**

Mixed trade on Friday but pressure late on the feeders into the close. The futures market, while oversold, is still going through some heavy fund liquidation and that likely remains the case into the end of the month. Packers were able to buy cattle cheaper last week leveraging larger showlists and sharply lower futures to do so. Cash feedlot trade this past week was \$3 to \$4 lower than the week previous with light trade daily spread over a 3-day period with most at \$117 live and \$187 dressed.

#### **NATIONAL FEEDER & STOCKER CATTLE SUMMARY – W/E 12/08/2017**

RECEIPTS:	Auctions	Direct	Video/Internet	Total
This Week	334,300	18,200	1,900	354,400
Last Week	257,400	28,500	20,200	306,100
Last Year	325,500	43,100	27,200	395,800

Compared to last week, steer and heifers traded mostly steady to 4.00 lower, with a few auctions nationwide quoting some individual weight ranges higher. Those weight ranges that were higher were isolated to sales that were on the low end of prices last week. Nice runs of longtime weaned calves along with fewer calves right off the cow reported at most sales in the country this week. Most offerings now have now been fully preconditioned, however weaned calves in addition to the bawling calves displayed a little extra flesh this week.

For the week, Friday December 1<sup>st</sup> through Friday December 8<sup>th</sup>, December Live Cattle -\$1.65, February -\$3.67, January Feeder Cattle -\$5.10, March -\$4.70, December Lean Hogs -\$1.60, February -\$1.87. Boxed beef, Choice -\$.40 @ \$205.59, Select +\$2.36 @ \$185.97

Cattle slaughter from Friday is estimated at 114,000 head, down 4,000 from a week ago and matching a year ago. For the week, 633,000 head, down 12,000 from the week previous but up 37,000 compared to a year ago.

#### **IMPORTANT—PLEASE NOTE**

This does constitute a solicitation to buy or sell commodities futures and/or options. The information contained herein is provided for informational purposes only. The information is not guaranteed as to its accuracy or completeness, although the information was taken from sources we believe to be reliable. The market recommendations of Loewen and Associates, Inc. are based solely on the judgment of Loewen and Associates, Inc. personnel. We do not guarantee or warranty, either expressed or implied, of success to you in the use of this information. Loewen and Associates, Inc. disclaims responsibility for or loss associated with use of information from our commentary, analysis or recommendations. **There is risk of loss in trading commodity futures and options. The risk in trading can be substantial; therefore only genuine "risk" funds should be used.**

Hog slaughter from Friday is estimated at 459,000 head, down 6,000 from a week ago but up 20,000 compared to a year ago. For the week, 2,537,000, up 2,000 from the week previous and up 89,000 compared to a year ago.

Boxed beef cutout values firm on Choice and sharply higher on Select on moderate to good demand and moderate to heavy offerings for a total of 196 loads sold.

Choice Cutout\_\_205.59 +.51

Select Cutout\_\_185.97 +2.14

CME Feeder Index:\_\_154.40 -.61

CME Lean Hog Index.\_\_65.48 +.18

Pork Carcass Cutout\_\_83.70 +.52

IA-S.MN Wtd Avg Carcass Base\_\_59.37 -.13

National average Wtd Avg Carcass Base\_\_59.10 -.10

December live cattle still discount to cash with 3 weeks left before the contract expires. We have pulled over \$12 off from the highs since early November. The next levels of support down at \$114.75 then \$113. The February contract is down over \$13 with the next price count down at \$115.67 with strong support down at \$110. January feeders down \$17 from the November highs with the next level of support down in the \$140 area and a complete retracement achieved down at \$136.10, the lows from mid-August. December lean hogs still sliding lower with contract expiration later this week. February still holding the long term higher trend but breaking the mid-November low at \$66.25 would be technically bearish and could call for a test of the \$62 area.

\*\*\*\*\*

Grains were also mixed to end last week but lower week over week. South American weather remains the key fundamental driver with current hot and dry conditions but extended forecasts starting to show some possible signs of relief for Argentina.

For the week, Friday December 1<sup>st</sup> through Friday December 8<sup>th</sup>, March Corn - \$.06, May -\$.05 ½, January Soybeans -\$.04 ½, March -\$.04 ½, March KC Wheat - \$.19 ½, July -\$.19 ½, March Chicago Wheat -\$.19 ½, July -\$.18 ½, March MPLS Wheat -\$.20 ¼, May -\$.18 ¼, January Soybean Meal +\$1.50/T.

Grains were weaker overnight with soybeans 4 to 6 lower, corn 1 lower and wheat 1 to 3 lower.

#### IMPORTANT—PLEASE NOTE

This does constitute a solicitation to buy or sell commodities futures and/or options. The information contained herein is provided for informational purposes only. The information is not guaranteed as to its accuracy or completeness, although the information was taken from sources we believe to be reliable. The market recommendations of Loewen and Associates, Inc. are based solely on the judgment of Loewen and Associates, Inc. personnel. We do not guarantee or warranty, either expressed or implied, of success to you in the use of this information. Loewen and Associates, Inc. disclaims responsibility for or loss associated with use of information from our commentary, analysis or recommendations. **There is risk of loss in trading commodity futures and options. The risk in trading can be substantial; therefore only genuine "risk" funds should be used.**

Brazil weather remains very favorable. Argentina received less than ½ inch over 40% of the country this weekend. The country remains dry, and the best chances for rain are slated for Saturday and Sunday where 1"-2" are forecast with 70% coverage.

USDA announced a private sale of 132,000 MT or 4.85 MBU of soybeans sold for unknown destinations. They also announced a private sale of 110,000 MT or 4.3 MBU of corn sold to Mexico.

Tomorrow is crop report day with no changes to US production but some changes expected to the demand side. Exports for all the grains will be the key number to see if USDA will back off the current estimates as all are behind pace. The average pre report estimate for US wheat ending stocks is 938 MBU vs. 935 MBU in November. US corn ending stocks expected to be 2.478 BBU vs. 2.487 last month, feed and ethanol up to offset a reduction in exports. US soybean ending stocks expected to be 10 MBU higher at 435 MBU. World stocks for each are expected to be near unchanged. South American crop production estimates could also be revised that could give the market some added direction this week.

Still dry forecasts in the Plains, with scattered precipitation east. The 6-10 day outlook shows below normal precipitation for most of the country with above normal only in the north. Temperatures are forecasted to remain above normal throughout the US.

March corn back to within just a couple cents of the contract low at \$3.48 ¾. Resistance still up at \$3.60 then \$3.65. January soybeans into a sideways trading pattern over the past 2 months since trending higher since mid-August. Recent lows down at \$9.67 with highs up at \$10.15. March KC wheat into new contract lows overnight with support down at \$4 then \$3.91 ½. March Chicago wheat looks similar with a new contract low and we will see how low the December contract goes before expiration this week for a new low target on the weekly chart.

### **Loewen and Associates, Inc.**

Pete Loewen / Matt Hines / Doug Biswell / Matt Burgener

[www.loewenassociates.com](http://www.loewenassociates.com) [pete@loewenassociates.com](mailto:pete@loewenassociates.com) [matt@loewenassociates.com](mailto:matt@loewenassociates.com)

**866-341-6700**

#### **IMPORTANT—PLEASE NOTE**

This does constitute a solicitation to buy or sell commodities futures and/or options. The information contained herein is provided for informational purposes only. The information is not guaranteed as to its accuracy or completeness, although the information was taken from sources we believe to be reliable. The market recommendations of Loewen and Associates, Inc. are based solely on the judgment of Loewen and Associates, Inc. personnel. We do not guarantee or warranty, either expressed or implied, of success to you in the use of this information. Loewen and Associates, Inc. disclaims responsibility for or loss associated with use of information from our commentary, analysis or recommendations. **There is risk of loss in trading commodity futures and options. The risk in trading can be substantial; therefore only genuine "risk" funds should be used.**