



Loewen and Associates

Commodity Consulting/Brokerage

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Morning Ag Markets

Slaughter cattle trade in all feeding regions sold steady with the week previous at \$120 live and \$190 to \$191 dressed in Nebraska. We shall see which leads this week's market, cash or futures.

NATIONAL FEEDER & STOCKER CATTLE SUMMARY – W/E 12/22/2017

RECEIPTS: Auctions Direct Video/Internet Total

This Week 133,600 22,200 1,200 157,000

Last Week 243,800 23,400 16,900 284,100

Last Year 75,300 22,200 19,500 117,000

Compared to last week, steer and heifer calves and yearlings sold 2.00 on each side of steady. There was a great deal of optimism in the cattle complex as the week started. With the holidays upon us, this week represented the last marketing opportunity in 2017. Very few auctions will hold sales next week as buyers, feedyards, and auction market personnel need a break after the last few weeks of hard running at auctions. On Monday at Joplin Regional Stockyards, a string of 272 head of 901 lb yearling steers sold for 155.25. On Thursday, Valentine Livestock Auction in Valentine, NE sold a package of 511 lb thin fleshed steers at 205.50 as well a load of 711 lb steers at 175.00.

Cattle and calves on feed for the slaughter market in the United States for feedlots with capacity of 1,000 or more head totaled 11.5 million head on December 1, 2017, that is 108% vs. last December 1st and also up 2% from estimates prior to the release. Marketings of fed cattle during November totaled 1.84 million head, 3% above 2016 and the highest for November since the series began in 1996.

Placements in feedlots during November were very bearish at 2.10 million head, 14% above 2016 and 6% above pre report estimates. The breakdown by weight range is as follows...

less than 600 pounds at 610,000 head, 130% vs. a year ago

600-699 pounds at 545,000 head, 111%

700-799 pounds at 455,000 head, 107%

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800-899 pounds at 294,000 head, 107%
900-999 pounds at 75,000 head, 75%
1,000 pounds and greater at 120,000 head, 145%

USDA monthly cold storage report had total red meat supplies in freezers down 10% from the previous month and down 4% from last year. Total pounds of beef in freezers were down 4% from the previous month and down 8% from last year. Frozen pork supplies were down 16% from the previous month and down 3% from last year. Stocks of pork bellies were up 12% from last month and up 94% from last year.

Total frozen poultry supplies on November 30, 2017 were down 11% from the previous month but up 15% from a year ago. Total stocks of chicken were up 3% from the previous month and up 13% from last year. Total pounds of turkey in freezers were down 37% from last month but up 22% from November 30, 2016.

The Quarterly Hogs and Pigs report was mildly bearish. Larger than expected farrowings and intentions, but the other categories were as expected. All Hogs as of December 1st at 102%, Kept for Breeding at 101% and Kept for Marketing at 102%.

For the week, Friday December 15th through Friday December 22nd, December Live Cattle +\$.92, February -\$2.45, January Feeder Cattle -\$6.20, March -\$7.00, February Lean Hogs +\$1.45, April +\$1.97.

Cattle slaughter from Friday is estimated at 117,000 head, down 1,000 compared to the week previous but up 6,000 compared to a year ago. For the week, 612,000 head, down 18,000 from the week previous but up 43,000 compared to a year ago.

Hog slaughter from Friday is estimated at 461,000 head, up 9,000 compared to the week previous and up 45,000 compared to a year ago. For the week, 2,466,000 head, down 109,000 from the week previous but up 304,000 compared to last year.

Boxed beef cutout values higher on moderate demand and light offerings for a total of 83 loads sold.

Choice Cutout__199.56 +1.44, -2.31 for the week

Select Cutout__187.88 +1.01, +4.63 for the week

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CME Feeder Index: __149.92 from 12/21
CME Lean Hog Index. __61.76 from 12/21
Pork Carcass Cutout __77.23 -.02, -.34 for the week
IA-S.MN Wtd Avg Carcass Base __56.23 +.99
National average Wtd Avg Carcass Base __56.26 +.65

December live cattle look to hang near the \$120 level with cash trade the last 2 weeks and contract expiration later this week. The February contract back to testing the support range from \$118.50 to \$117.50 with resistance up at \$121.95 then \$123.60. January feeders broke the \$145 support area last week finding support down near \$141 with the next down at \$136.10. February lean hogs remain very volatile with a double bottom holding so far at \$66.25 and resistance in a range from \$71.70 up to \$72.25.

Grains were steady to slightly lower to end last week but corn and wheat continue to slowly rally as soybeans remain under heavy pressure. The Plains remain cold and dry and concerning for winter wheat. South American weather will be watched closely this next week as Argentina has been hot and dry lately with beneficial rains in the forecast.

For the week, Friday December 15th through Friday December 22nd, March Corn +\$.04 ½, May +\$.04 ¾, January Soybeans -\$.17 ¾, March -\$.17 ¾, March KC Wheat +\$.04 ¾, July +\$.06 ½, March Chicago Wheat +\$.06 ½, July +\$.06, March MPLS Wheat -\$.08 ¼, May -\$.08 ¼, January Soybean Meal -\$7.80/T.

No overnight trade for the grains. Funds last week increases their short position in corn, decreased it in wheat and flipped from long soybeans to now net short.

Chinese customs data released overnight stated November corn imports at 21,756 MT, -31.2% compared to last November. China's Jan-Nov Import stats for Corn show a decrease of 21.6% to 2.37 MMT vs. last year. China imported 8.68 MMT of soybeans in November, up 10.8% from last year, 53% came from the US, 32% came from Brazil and 8% came from Argentina. YTD total of soybean imports at 85.99 MMT, up 14.8%

USDA announced this morning a private sale of 134,148 MT or 5.3 MBU of corn sold to Mexico.

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Brazil's southern cropping regions received heavy rains over the long weekend, with totals ranging from 1.5" - 4" across the dry southern regions. Argentina also received rain, although totals were generally between .75" and 1.5" across the central and northern parts of the country. More will be needed to sustain the crop in the coming days.

6-10 Day US forecast showing colder than normal for the eastern half of the country, while the west is warm. Precipitation is normal to below normal for much of the country, above normal only showing in the South.

March corn with a new contract low at \$3.46 ½ last week, resistance still up at \$3.60 then \$3.65. January soybeans now within reach of the lows from this past harvest as the South American weather premium has all been taken out. The next levels of support are down near \$9.41 then \$9.29. March KC wheat contract low at \$4.10 ½, support down at \$4 then \$3.91 ½, resistance up at \$4.35, \$4.41 then \$4.50. March Chicago wheat with the same contract low, December got down to \$3.86 ½ before expiring at \$3.95. Resistance levels similar to KC at \$4.36, \$4.43 and \$4.49 to \$4.52.

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