



Loewen and Associates

Commodity Consulting/Brokerage

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Morning Ag Markets

Long futures positions were liquidated to end last week even with higher cash fed cattle trade. Trade activity was Thursday with the earlier transactions occurring in the south at \$121. In the north trades started lower but by day's end were at \$121 live, \$190 dressed and pointed higher to complete the buy for the week. Prices were \$2 to \$3 higher than the week previous. Beef prices though were down 4 out the 5 days this past week. Without earlier week gains, futures would have at least tested if not broken below the November lows.

For the week, Friday November 24th through Friday December 1st, December Live Cattle -\$1.35, February -\$2.60, January Feeders -\$2.97, March -\$3.75, December Lean Hogs +\$2.02, February +\$1.32.

Cattle slaughter from Friday is estimated at 118,000 head, up 2,000 from a week ago and up 6,000 compared to a year ago. For the week, 649,000 head, up 77,000 from the week previous and up 33,000 compared to a year ago.

Hog slaughter from Friday is estimated at 465,000 head, up 28,000 from a week ago and up 36,000 compared to a year ago. For the week, 2,535,000, up 378,000 from the week previous but down 8,000 compared to a year ago.

Boxed beef cutout values higher on Choice and weak on Select on light to moderate demand and moderate offerings for a total of 135 loads sold.

Choice Cutout__205.99 +1.35

Select Cutout__183.61 -.60

CME Feeder Index:__157.20 +.28

CME Lean Hog Index.__63.26 +.27

Pork Carcass Cutout__82.35 -.05

IA-S.MN Wtd Avg Carcass Base__58.78 -1.09

National average Wtd Avg Carcass Base__59.00 -.42

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December live cattle pointing lower again and breaking the November lows here this morning at \$116.77. The next area of support is not found until the \$114 area with resistance up at \$120.50. January feeders also reversed lower last Friday finishing about \$1 away from the November lows. \$148.80 is the 100-day moving average with the next areas of support around \$148 then \$145 with resistance up at \$156. December lean hogs were very choppy last week with support at \$64 and resistance up near \$66. Rangebound, tighter trade should continue with the contract set to expire next week.

Grains moved higher on Friday which allowed week over week gains. Wheat showed some strength from the reported harvest delays in Australia from heavy and possibly damaging rains. Up to 4 MMT could be at risk from the excessive rains. Another impacting story last week was Wednesday night's huge and unexpected Chicago wheat deliveries which inevitably drove the Dec/Mar spread back new contract lows. 10 MBU of SRW were issued for delivery which drove the spread from +19 to the March or \$.19 carry to +24 to the March. Other fundamental news was light, it may just be the managed money buying or re-positioning on the first of the month that gave grains some strength. Funds have peeled back from the record short position in corn near 270K contracts to an estimated 200K currently. South American forecasts really haven't changed much this past week with beneficial rains in Brazil and the continued lack thereof for Argentina.

For the week, Friday November 24th through Friday December 1st, December Corn +\$.02 ½, March +\$.03 ¾, January Soybeans +\$.01, March +\$.01 ¼, December KC Wheat +\$.06, March +\$.05 ½, December Chicago Wheat -\$.01 ¼, March +\$.03 ¾, December Soybean Meal +\$4.50/T.

Grains were steady to higher overnight led by soybeans with a high pressure ridge threatening to build over Argentina. Soybeans finished 9 to 10 higher, corn 1 higher, and wheat 1 to 4 higher.

Stats Canada will update their production estimates later this week. Estimates are for their 2017 all wheat production figure is expected to rise by around 900 TMT from their September estimate to 28.0 MMT. Production in 2016 was 31.72 MMT.

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Updated Australian estimates are now at 20.3 MMT of wheat, down 6% from September and down 42% from last year.

Still dry forecasts in the Plains, SE to get 1+ inches this week and the Great Lakes in for 2-3 inches. The 6-10 day outlook shows below normal precipitation for most of the country with above normal temperatures west and below normal east.

March corn up about a dime since testing the contract lows last week. Getting through \$3.60 today and then \$3.65 this week will be the key to extend the rally. January soybeans gapped higher overnight with resistance from \$10.08 to \$10.13 and solid support around \$9.86. March KC wheat up a dime off new contract lows last week, trend is still lower though until we can break \$4.50. March Chicago wheat looks similar with the contract low at \$4.22 and resistance at \$4.50 to \$4.51 1/2.



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