



Loewen and Associates

Commodity Consulting/Brokerage

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Morning Ag Markets

Early gains in the livestock futures was quickly whisked away as we found a lack of support or any additional buying above Monday's highs. This brought sellers in a hurry and pushed feeders down the hardest. The inability to sustain strong buyer interest adds to the already weak market tone which has developed over the last couple of weeks.

Cash feedlot trade is minimal so far down to \$117 to \$118 live in KS and NE with some \$187 dressed mixed in. IA reported 800 head though up to \$123 live earlier in the day. Fed cattle exchange later today with only 653 head consigned after 2 weeks of no sales.

Oklahoma National Stockyards - Oklahoma City, OK

Livestock Weighted Average Report for 12/4/2017

Receipts	Week Ago	Year Ago
8,938	7,074	8,797

Compared to last week: Feeder steers and heifers traded 1.00-5.00 lower with exception to 600-650 lbs trading 1.00-5.00 higher. Steer calves brought steady to 5.00 lower, lightweight heifer calves steady to 3.00 lower, 500-700 lbs 2.00-7.00 lower. Demand for front end cattle was steady to firm. Demand moderate as a whole with quality mostly plain to average.

OKC West - El Reno, OK

Livestock Weighted Average Report for 12/5/2017

Receipts	Week Ago	Year Ago
7,500	10,311	10,938

Compared to last Tuesday: Steer calves 2.00-4.00 higher. Heifer calves traded 1.00-3.00 lower.

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Winter Livestock Inc - La Junta, CO

Feeder Cattle Weighted Average Report for 12/05/2017

Receipts: 7821 Last Week: 3543 Year Ago: 7250

Compared with last Tuesday: Steer calves under 500 lbs mostly steady instances 3.00 to 5.00 higher on weaned preconditioned calves, 500 to 600 lbs steady to 2.00 higher, over 600 lbs steady to 2.00 lower. Heifer calves steady to 2.00 lower except for 500 to 600 lbs 3.00 to 5.00 lower. Yearling feeder steers over 700 lbs steady to 2.00 lower. Yearling feeder heifer over 700 lbs mostly steady. Slaughter cows 3.00 to 5.00 lower. Slaughter bulls 1.00 to 2.00 lower. Demand moderate to good. Supply included 70 percent feeders, balance mostly slaughter cows and bulls. In the feeder supply steers made up approximately 60 percent of the run, heifers 40 percent. Offerings over 600 lbs near 50 percent.

Cattle slaughter from Tuesday is estimated at 120,000 head, matching a week ago and up 5,000 compared to a year ago. Hog slaughter from Tuesday is estimated at 466,000 head, up 3,000 from a week ago and up 25,000 compared to a year ago.

Boxed beef cutout values higher on light to moderate demand and offerings for a total of 110 loads sold.

Choice Cutout__209.08 +.89

Select Cutout__186.63 +1.09

CME Feeder Index:__156.30 -.39

CME Lean Hog Index.__64.35 +.43

Pork Carcass Cutout__84.78 +.84

IA-S.MN Wtd Avg Carcass Base__59.80 +.53

National average Wtd Avg Carcass Base__59.43 +.29

December live cattle pointing lower again, breaking the November lows on Monday, finding some support yesterday at the 100-day moving average now at \$115.75. The next support area around \$114.50 with resistance up at \$120.50. January feeders with a key reversal lower yesterday and currently below all the major moving averages. Support at \$146.05 then \$144.50 with resistance at \$151.10 then up at \$156. December lean hogs still rangebound as the contract is set to expire next week. All contracts have been very choppy lately, looking for further direction. December looks to stay in the \$63 to \$66 range while the February contract is trading from \$69 to \$72 over the past couple weeks.

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Soybeans led the way in the grains again yesterday after posting new recent highs. N/C November 2018 reached with a nickel of the contract high which was set back on July 12th of this year. Nearby January contract into a new 4 month high as well but still 39 cents away from the highs this past July. South American forecasts still look the same with extended forecasts still leaning drier for Argentina and planting progress near 45% complete which is a bit behind normal. Soybeans and meal will remain the commodities of focus in terms of Argentine weather as they are projected to produce over 16% of the world's soybean production and account for over 46% of the world's soybean meal exports. Argentina only produces 4% of the world's corn and 2% of the world's wheat but they do export approximately 50% of their production of each. Private estimates for their corn crop is trending lower now as well as Brazil's larger second crop corn with earlier dry conditions and delayed soybean planting.

Corn and wheat could not join the ride higher though with corn holding steady and wheat again lower. Wheat continues to trend lower while both corn and wheat basis do continue to improve while soybean basis is only steady with the recent gains from futures. There was a decent grain sorghum sale announced to China yesterday but the corn sales that have been rumored have yet to be confirmed.

Corn and soybeans were firm overnight with dry forecasts still showing for Argentina. Corn finished 1 higher and beans 3 higher. Wheat was steady until the 7:30 Stats Canada production estimates came out. KC and Chicago wheat finished 1 lower with MPLS 4 to 6 lower.

Stats Canada Principal Field Crop Production Estimates

2017 All Wheat: 29.984 MMT; expected 28.00; Sept 27.1; 2016 31.73 MMT

2017 Durum Wheat: 4.963 MMT; expected 4.60; Sept 4.29; 2016 7.76 MMT

2017 Spring Wheat: 22.167 MMT; 2016 20.45 MMT

2017 Canola: 21.313 MMT; expected 20.20 MMT; Sept 19.7; 2016 19.60 MMT

2017 Corn: 14.095 MMT; expected 14.10 MMT; Sept 14.31; 2016 13.19 MMT

2017 Soybean: 7.717 MMT; expected 8.10 MMT; Sept 8.32; 2016 6.55 MMT

2017 Barley: 7.891 MMT; expected 7.50 MMT; Sept 7.31; 2016 8.78 MMT

2017 Oats: 3.724 MMT; expected 3.80 MMT; Sept 3.80; 2016 3.19 MMT

2017 Peas: 4.11 MMT; expected 4.0 MMT; Sept 3.86; 2016 4.84 MMT

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Egypt's supply minister indicated that there are 3.4 MMT of wheat reserves which is enough for 4.5 months. He expects that Egypt will buy about 7 MMT during the fiscal year that began in July with fiscal year to date purchases currently at 2.7 MMT. Russia will garner most of this business this year. Russia's Ag Minister noted that they anticipate 2017/18 grain exports at 45 to 46 MMT including 35 MMT of wheat.

US International Trade Commission made a final finding that imports from Argentina and Indonesia harm US producers, ensuring that anti-dumping and anti-subsidy duties remain in effect for at least 5 years. Imports will not be used meet mandates as well. Soybean Oil has been under pressure recently from recent trade tariffs announced but got a little bounce yesterday on the news.

No new export sales announced this morning, instead a correction from the November 30th soybean sale to China. The private sale is not 19.3 MBU as reported that day but now listed as only 14.4 MBU.

Head of Monsanto's Brazil operations said 17/18 summer corn crop acres may decline by 20% to 30%

Dry conditions continue for the Plains with 1-2 inches in the forecast for the Gulf States. The 6-10 day outlook shows below normal precipitation for most of the country, above normal around the Great Lakes, with above normal temperatures west and below normal east.

March corn still holding higher since testing the contract lows last week. Getting through \$3.60 and then \$3.65 this week will be the key to extend the rally. Again, January soybeans into new 4-month highs yesterday, resistance at yesterday's high of \$10.15 then \$10.28 to \$10.30 with solid support around \$9.86. March KC wheat less than a dime from the new contract lows last week, trend is still lower 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 ½.

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