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Date: January 5, 2018

Morning Ag Markets Pete Loewen

Kind of a nasty day yesterday for the cattle complex. Not only did futures close lower across the board in the live and feeder cattle trade, but both of those markets also posted bearish key reversals lower on the charts. The front end January feeders had been up five consecutive days heading into Wednesday and closed mildly lower that day. Yesterday the cattle complex started out pretty flat, rallied hard and then flopped heading into the close. Live cattle settled mildly lower, yet still posted bearish key reversals on most contracts. Feeders were mildly lower on the January, but over \$1 lower on all the rest of the contract months.

Beef product trade made a strong run higher this week, with choice closing 2.24 higher on Tuesday, up 3.48 Wednesday and then only a nickel higher yesterday. Select was 7.88 higher over three days and up in the triples every single day. Since the 20th of December, choice is up over \$10. Select has gained \$17.61 since the Dec low on the 15th. I can't help but think the product trade has to be close to running out of steam. Beef export sales have ranged from mildly friendly to outright bearish over the last several weeks, so it has been up to holiday clearance and restocking to boost product price. Tough to imagine pushing product much higher than current values, especially in the middle of winter when demand typically isn't the best.

Weekly export sales that came out at 7:30 this morning showed 2400 mt's of net beef sales for 2017 and 8100 mt's for 2018. Actual exports were 12,500 mt's. I'd view that as neutral to bearish beef. Net pork sales were 5300 mt's for 2017 and 10,000 mt's for 2018, along with actual exports of 17,700 mt's. Those numbers are neutral for hogs. Considering it was through the holidays, I wouldn't read too much into bullish or bearish on the numbers.

Cattle slg. ___113,000 -6k wa -4k ya

Choice Cutout__208.67 +.05

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Select Cutout__200.86 +1.70

Feeder Index:___155.60 -.30

Lean Index.___ 63.63 +.88

Pork cutout___78.70 -.06

IA-S.MN direct avg__63.41 +2.33

Hog slg.___ 418,000 --39k wa -18 k ya

Grain and oilseed trade finished lower everywhere except the MGEX wheat yesterday. Funds were reported sellers of 5000 corn, 3000 beans and 2000 wheat. Weather forecasts also went wetter for HRW wheat country, which kinda capped the KC wheat rally for a moment. July KC wheat had rallied 30 ½ cents off the lows that were posted early in December. Most of that rally coming from some fund short covering as well as the string of cold temps and winter kill concerns.

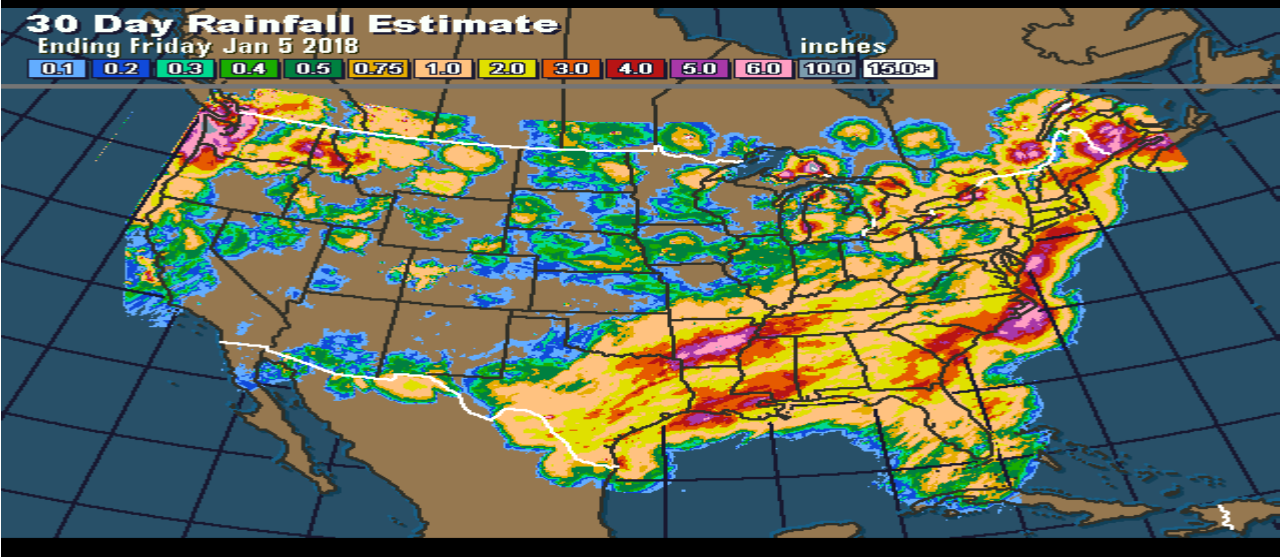
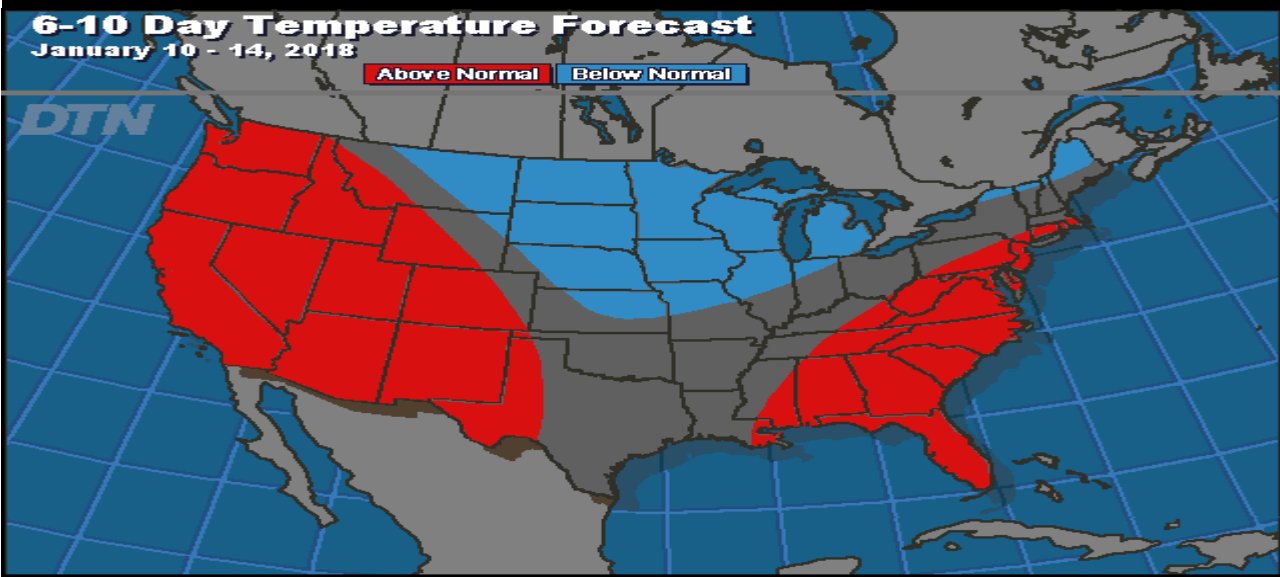
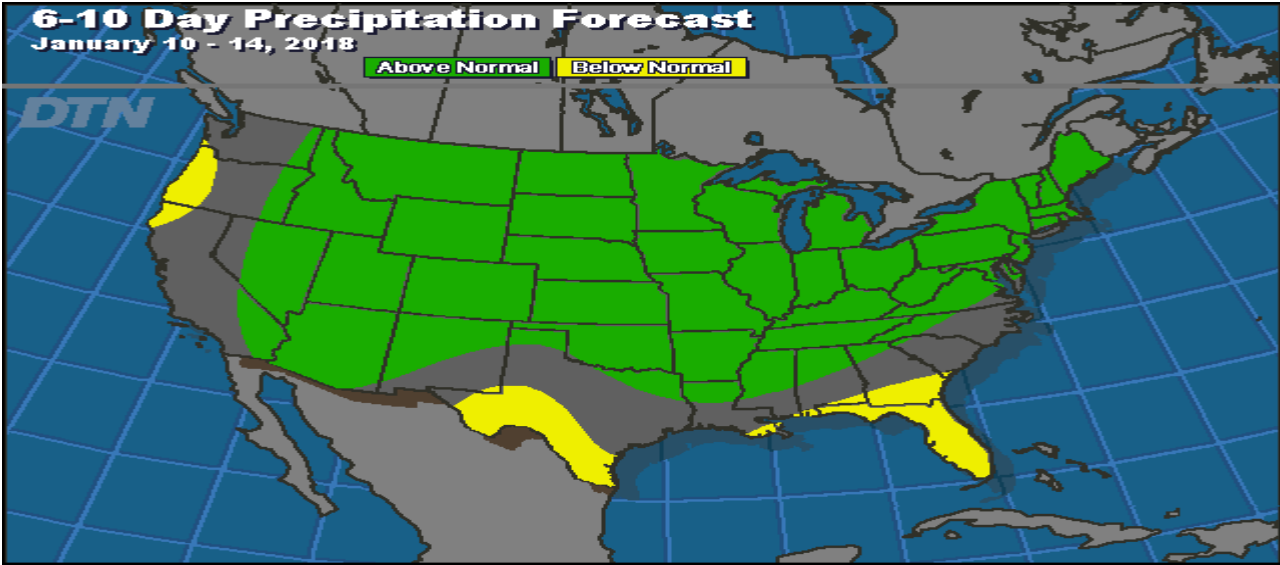
That forecast changed again last night though in the 6-10's. Wednesday the HRW wheat belt was showing normal temps. Yesterday that forecast shifted back to normal to below from Central Kansas north and normal to above from the Panhandle west and south. Precip remained above normal from the Texas Panhandle through Oklahoma and everywhere north. From southern Kansas south those chances were only showing a mild increase though...

Weekly export sales in the grains were terrible in the report this morning, which is typical for holiday weeks. Corn sales were 4 mln bushels, 2.4 mln milo, 20.4 mln beans and 4.8 mln wheat. Total cumulative sales for wheat are still running 7% below last year and shipments are 8% behind. Those are right at the targets for USDA. Corn is down 25% from a year ago in sales and 35% less in shipments. Those are well below USDA's targets for the marketing year. Beans are similar to corn, lagging the expectations. Cumulative sales are down 14% from last year and shipments 14% below. Milo sales are 45% higher than last year and 17% ahead in shipments. Big picture for all that data, corn and beans are bearish, wheat is neutral and milo is bullish. In fact, milo is very bullish, although that's more of a basis influence than anything else.

In other news this morning, the Buenos Aires Exchange weekly progress report showed corn planting up 8% to 78% done. That's 3% behind the average pace. Beans are 88% planted, which is 4% behind normal. Wheat is 92% harvested.

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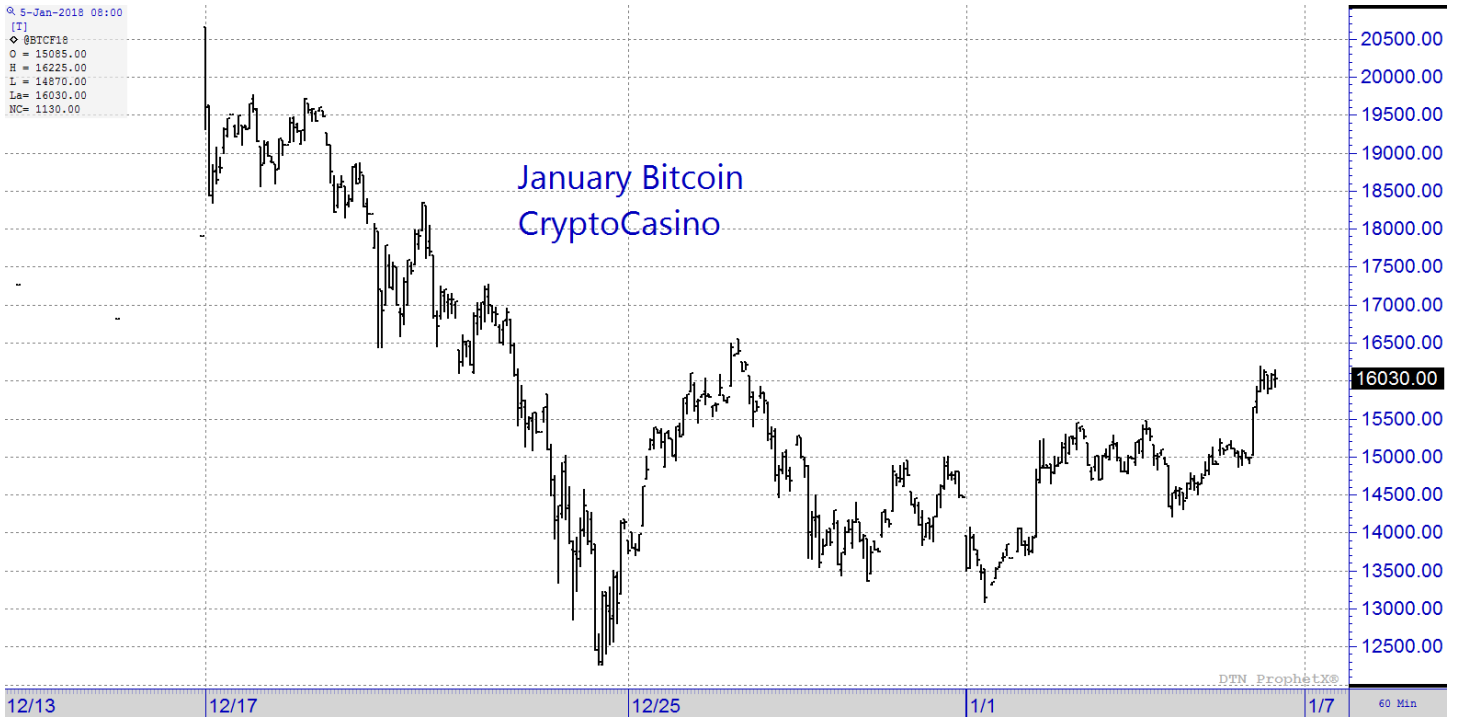


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Q 5-Jan-2018 08:00

[T]
@BTCF18
O = 15085.00
H = 16225.00
L = 14870.00
La= 16030.00
MC= 1130.00



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