



## **Loewen and Associates**

***Commodity Consulting/Brokerage***

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### **Morning Ag Markets**

Slaughter cattle trade last Friday was \$3 higher at \$123 live and \$5 higher in Nebraska at \$195 on a dressed basis. Futures most certainly led the cash market early last week but settled lower last Friday to end the year. There was hope for even higher cash trade as December live cattle opened above \$125 but came back to converge with cash and expired at the \$123 level.

**NATIONAL FEEDER & STOCKER CATTLE SUMMARY – W/E 12/29/2017**  
Due to numerous closures and limited trade over the holiday week, not enough feeder cattle reported in the country to assemble the National Feeder Cattle Summary.

For the week, Friday December 22<sup>nd</sup> through Friday December 29<sup>th</sup>, December Live Cattle +\$3.17, February +\$2.97, January Feeder Cattle +\$4.45, March +\$4.12, February Lean Hogs +\$1.80, April +\$.87.

Cattle slaughter from Friday is estimated at 118,000 head, up 1,000 compared to the week previous and up 4,000 compared to a year ago. For the week, 446,000 head, down 142,000 from the week previous and down 22,000 from a year ago.

Hog slaughter from Friday is estimated at 463,000 head, up 8,000 compared to the week previous and up 26,000 compared to a year ago. For the week, 2,107,000 head, down 353,000 from the week previous but up 39,000 from a year ago.

Boxed beef cutout values firm to higher on light to moderate demand and light offerings for a total of 82 loads sold.

Choice Cutout\_\_202.90 +.62, +3.34 for the week

Select Cutout\_\_192.98 +2.07, +5.10 for the week

CME Feeder Index:\_\_146.51 +.63, last updated 12/28

CME Lean Hog Index.\_\_61.72 +.14, also from 12/28

Pork Carcass Cutout\_\_78.22 +.19, +.99 for the week

#### **IMPORTANT—PLEASE NOTE**

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IA-S.MN Wtd Avg Carcass Base\_\_57.79 -.51  
National average Wtd Avg Carcass Base\_\_58.27 +.34

February live cattle have been stuck in a \$5 trading range over this past month. Strong support down from \$118 to \$117.50 with resistance first at \$122.60 then \$123.70. A real breakout higher though could test the late November highs at \$126.70. January feeders a little more volatile with a \$13 range this past month. The bottom of that range near \$141 is the first level of support with resistance up near the \$149 area. February lean hogs up to a new 2 month high with the contract high in striking distance again at \$73.30.

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Grains didn't move much during last week. News and trading volume was very thin but as expected during the holidays. South American weather still looks good for Brazil and mixed for Argentina. The U.S. Plains are still dry and very cold but with some snow cover protecting winter wheat. US Wheat winterkill projections as high as 20% of the HRW crop with approximately 1/3 of the area experiencing subzero temps the past few days. SRW is expected to much less, 5-10% with less than 10% of the area subzero and not covered by snow.

Export sales last week were at the top end of trade expectations for corn, but near the bottom end of the range for soybeans at 35.8 MBU. This was down 44% from the week previous and down 37% from the 4-week average. Corn sales totaled 49 MBU with 13 MBU sold for unknown destinations at the top of the list that I hope ends up being China. This was still down 20% from the week previous but up 28% from the 4-week average. Wheat sales were not great but near the top end of expectations at 17.6 MBU and down 40% from a week ago.

For the week, Friday December 22<sup>nd</sup> through Friday December 29<sup>th</sup>, March Corn - \$.01 ¼, May -\$.01 ½, January Soybeans +\$.02 ¼, March +\$.01 ½, March KC Wheat +\$.05, July +\$.05 ½, March Chicago Wheat +\$.02 ¼, July +\$.03 ¼, March MPLS Wheat +\$.03, January Soybean Meal -\$.20/T.

No overnight trading for the grains, expecting a mixed day today coming off the long holiday weekend. The weekend rains over South America were better than expected with ¾ to 1 ¼ inches over central and northern Argentina and ¾ to 2 ¼ inches in central and southern Brazil.

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The latest CFTC report shows that Managed Money or “funds” covered a portion of the corn short, added to their net short in soybeans, while reducing their net long in meal and oil. In wheat, they reduced their net short in SRW, added to the net short in HRW, while keeping the HRS gross long relatively unchanged week over week.

USDA’s grain crushing report out later this afternoon. Total corn used for fuel alcohol totaled 470.1 MBU in Oct 2017 while grain sorghum usage was 4.3 MBU. It is assumed corn used for fuel alcohol will surpass Oct 2017 levels in Nov 2017 as the EIA weekly grind translated into monthly data was greater in Nov 2017 than the previous month. Interest lies in the total monthly sorghum usage, as sorghum has been recently slated for export as opposed to domestic use. Oilseed crush expected to at 5.22 mln tons, 174 MBU, of soybeans crushed in November compared to last month’s 5.277 mln tons or 175.9 MBU.

6-10 Day US Forecast: colder than normal still in the Northern Plains through the Midwest and up to the Northeast. Above normal temperatures forecasts for the Southwest and creeping into the Southern Plains. Precipitation is actually normal to above normal for the entire U.S. with rains expected locally this weekend. More than 50% of the U.S. is categorized as having some severity of drought conditions which is now trending near 12-month highs.

March corn with the contract low at \$3.46 ½, 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 with resistance up at last week’s high of \$9.64 ¾ then \$9.75. March KC wheat holding a solid uptrend since December 13<sup>th</sup>. Support down at \$4.10 ½ then the \$4 area with resistance up at \$4.35, \$4.41 then \$4.50. March Chicago wheat with the same higher trend since the contract low at \$4.10 ½, resistance levels at \$4.33 and \$4.47.

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