



## **Loewen and Associates**

***Commodity Consulting/Brokerage***

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### **Morning Ag Markets**

Gap lower and then limit lower for live cattle futures to end last week. Cash feedlot trade was thin during the week, a few head in NE at \$122.50 live and \$194 to \$195 dressed. Midday Friday, trade picked up in KS at \$1 lower than the week previous at \$122 live and \$2 lower in CO and NE at \$121 live along with \$193 dressed.

#### **NATIONAL FEEDER & STOCKER CATTLE SUMMARY – W/E 01/05/2018**

RECEIPTS:	Auctions	Direct	Video/Internet	Total
This Week	116,000	21,400	5,600	143,000
Two Weeks Ago	133,600	22,200	1,200	157,000
Last Year	211,700	44,100	2,500	258,300

Compared to two weeks ago, steers and heifers were mostly 2.00 to 8.00 higher as buyers were back in the seats ready to fill orders. There were still several auctions nationwide that didn't have sales this week due to the holiday or the bone chilling Polar Vortex that encapsulated much of the country this week. Limited auction receipts only totaled 116,000 this week on the report, with a much larger volume expected next week. Demand was moderate to good for all weights of feeder cattle as most buyers could find a ready home for nearly all weights and classes, especially those that will finish before that ever so elusive June Live Cattle contract. The extremely cold weather the past week has tempered the flesh condition on those fleshier calves enough to make them more attractive for buyers. Reports that farmer feeders in the North Plains were content to mostly stay on the sidelines this week as they concentrate on keeping the feedyard equipment running instead of receiving and processing cattle in the subzero temperatures.

For the week, Friday December 29<sup>th</sup> through Friday January 5<sup>th</sup>, February Live Cattle  $-.70$ , April  $-\$1.57$ , January Feeder Cattle  $-.62$ , March  $-.70$ , February Lean Hogs  $-.35$ , April  $+.42$ . Boxed Beef – Choice  $+\$6.61$  @  $\$209.51$ , Select  $+\$9.34$  @  $\$202.32$ . Pork Carcass Cutout  $+\$.85$  @  $\$79.07$

#### **IMPORTANT—PLEASE NOTE**

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Cattle slaughter from Friday is estimated at 118,000 head, matching a week ago Friday and up 5,000 compared to last year. For the week, 541,000 head, up 39,000 from the week previous but down 2,000 from last year.

Hog slaughter from Friday is estimated at 439,000 head, down 24,000 compared to the week previous but up 5,000 compared to a year ago. For the week, 2,151,000 head, up 49,000 from the week previous and up 64,000 from last year.

Boxed beef cutout values higher on moderate demand and light offerings for a total of 98 loads sold.

Choice Cutout\_\_209.51 +.84, +6.61 for the week

Select Cutout\_\_202.32 +1.46, +9.34 for the week

CME Feeder Index:\_\_155.20 -.40

CME Lean Hog Index.\_\_64.22 +.59

Pork Carcass Cutout\_\_79.07 +.37, +.85 for the week

IA-S.MN Wtd Avg Live\_\_ price N/A, Wtd Avg Carcass Base\_\_64.96 +1.60

National Wtd Avg Live\_\_ \$47.57 +.04, Wtd Avg Carcass Base\_\_64.01 +1.35

The gap lower and limit lower finish on Friday for February live cattle took out the 2-week higher trend and put us right back into striking distance from recent lows and support at \$118.50 down to \$117.50. Resistance was hit last Thursday at the 50-day moving average, now at \$123.68. January Feeders did not gap lower, but did fill the gap left from last Monday, finding support near \$146 where the 10 and 20-day moving averages have converged. Resistance now from \$151 to \$151.52. February lean hogs stilly choppy but up near the top of the 3 month long trading range from \$66.25 to the contract high at \$73.30.

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Grains finished mixed on Friday but mostly higher for the week. Export sales were not impressive, although they cover the holidays, corn sales were at a marketing year low at 101,200 MT or 4 MBU. Wheat sales were also a marketing year low at 131,000 MT or 4.8 MBU. Soybean sales topped 20 MBU but still under expectations. This coming Friday, USDA will throw out the final crop year acreage and yield estimates, updated demand estimates and a quarterly stocks report.

For the week, Friday December 29<sup>th</sup> through Friday January 5<sup>th</sup>, March Corn +\$.00 ½, May +\$.00 ¼, March Soybeans +\$.09, May +\$.08 ½, March KC Wheat +\$.10

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¼, July +\$.08 ¼, March Chicago Wheat +\$.03 ¾, July +\$.02 ½, March MPLS Wheat +\$.12, March Soybean Meal +\$5.10/T.

Grains overnight were steady to lower with corn finishing steady, soybeans 3 lower and wheat 1 to 4 lower.

Argentine weather is still a concern (dryness in the northern part of the country). Corn is around 70% planted, which is a record slow planting pace, should be around 86% complete this time of year. The condition of the crop is also average at best. A lot of the early corn ran into hot and dry conditions in early December when it was pollinating, the later corn is still being planted, and the forecast itself doesn't look very good. Hot and dry to conditions for this week after some recent rain. Corn is in greater risk than soybeans in Argentina. Brazil's crop is getting better, especially for soybeans. Overall South American corn production looks to be lower than a year ago, but Brazil could make up for some of Argentina's loss.

USDA reported private sale this morning as follows...

102,100 MT or 4 MBU of corn sold to Mexico

120,000 MT or 4.4 MBU of soybeans sold to Egypt

132,000 MT or 4.85 MBU of soybeans sold for unknown destinations

Light precip expected this week in the Northern Plains with 2+ inches in the ECB and Southeast. The 6-10 day outlook as mostly below normal precip for the U.S., above normal in the PNW and New England. Temperatures are forecasted above normal west, below normal in the Southeast and Midwest.

March corn still stuck right around \$3.50 with the contract low at \$3.46 ½ and resistance up at \$3.51 ¼, \$3.54 ¾ then \$3.60. January soybeans found support 2 weeks ago around \$9.43 with resistance first at now at \$9.66 ½ then \$9.75. March KC wheat holding support at the 50-day moving average the past few sessions, now at \$4.32 with resistance up at \$4.41 ¾ then \$4.50. March Chicago wheat with the support at \$4.23 ¾, resistance at \$4.37 then from \$4.48 to \$4.50.

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