



## **Loewen and Associates**

***Commodity Consulting/Brokerage***

**Pete Loewen, Matt Hines,  
Doug Biswell, Matt Burgener  
866 341 6700**

**[www.loewenassociates.com](http://www.loewenassociates.com)**

**Date: February 12<sup>th</sup>, 2018**

### **Morning Ag Markets**

Cattle futures spent most of this past week lower from spillover pressure from the equity markets. The stock market did bounce back but still very volatile which is concerning for a cattle and beef market that will have to see domestic consumption increase considerable this year over last. Cash feedlot trade this past week was reported as steady to \$1 lower than the week previous at \$125 to \$126 live and \$198 to \$202 on a dressed basis.

#### **NATIONAL FEEDER & STOCKER CATTLE SUMMARY – W/E 02/09/2018**

RECEIPTS:	Auctions	Direct	Video/Internet	Total
This Week	224,300	57,700	26,500	308,500
Last Week	282,200	43,700	1,000	326,900
Last Year	213,700	56,100	3,400	273,200

Compared to last week, steers and heifers sold 1.00 lower to 4.00 higher. Many market comments this week referred to the quality of the runs being above average to outstanding as bidders and buyers bellied up to the ring and were active participants. Even though horrible weather conditions were realized in many places this week, the demand for quality stock was not diminished one iota.

For the week, Friday February 2<sup>nd</sup> through Friday February 9<sup>th</sup>, February Live Cattle  $-\$.32$ , April  $-\$.50$ , March Feeder Cattle  $-\$.472$ , April  $-\$.402$ , February Lean Hogs  $-\$.202$ , April  $-\$.470$ . Boxed Beef – Choice  $-\$.258 @ \$206.52$ , Select  $-\$.71 @ \$202.74$ . Pork Carcass Cutout  $-\$.719 @ \$74.44$

Cattle slaughter from Friday is estimated at 111,000 head, down 2,000 from the week previous but up 1,000 compared to last year. For the week, 591,000 head, down 20,000 from the week previous but up 12,000 from last year.

Hog slaughter from Friday is estimated at 435,000 head, down 26,000 compared to the week previous and down 5,000 compared to a year ago. For the week, 2,389,000 head, down 49,000 from the week previous but up 29,000 from last year.

#### **IMPORTANT—PLEASE NOTE**

This does constitute a solicitation to buy or sell commodities futures and/or options. The information contained herein is provided for informational purposes only. The information is not guaranteed as to its accuracy or completeness, although the information was taken from sources we believe to be reliable. The market recommendations of Loewen and Associates, Inc. are based solely on the judgment of Loewen and Associates, Inc. personnel. We do not guarantee or warranty, either expressed or implied, of success to you in the use of this information. Loewen and Associates, Inc. disclaims responsibility for or loss associated with use of information from our commentary, analysis or recommendations. **There is risk of loss in trading commodity futures and options. The risk in trading can be substantial; therefore only genuine "risk" funds should be used.**

Boxed beef cutout values lower on light to moderate demand and moderate offerings for a total of 133 loads sold.

Choice Cutout\_\_206.52 -2.01

Select Cutout\_\_202.74 -1.05

CME Feeder Index: \_\_147.57 -.45

CME Lean Hog Index.\_\_75.38 -.25

Pork Carcass Cutout\_\_74.44 -2.48

IA-S.MN Wtd Avg Live\_\_ price N/A, Wtd Avg Carcass Base\_\_70.10 -.27

National Wtd Avg Live\_\_ \$54.81 -.92, Wtd Avg Carcass Base\_\_69.72 +.22

Last week's choppy to lower trade broke the month long higher trend for February live cattle. The first line of support is at \$125 with resistance up at \$128. March Feeders are still holding the higher trend from December with \$144 as support. February lean hogs also still holding a higher trend with support at \$73 then \$72. April though is a tailspin, down \$9 this past month and now only \$3 away from the spike low back this past fall.

\*\*\*\*\*

Over in the grains, we finished lower on Friday but mostly steady for the week as new recent highs were set midweek for both corn and KC wheat. Export and international trade continues to be hot topic and concern moving forward. Egypt purchased 6 cargoes of wheat, 2 of which from Romania which is the first non-Russian wheat since December 12<sup>th</sup>.

With a US-China trade spat apparently ratcheting up a notch, there were reports some of the US corn China has purchased in recent weeks would be switched out for Ukraine origin. While this would not make any economic sense (US corn is at least \$10/MT cheaper), it would likely serve broader political motives, even though "GMO" was the stated reason by China.

Managed money continued to cover shorts but some concerns on whether those are being reported accurately now. I would estimate funds are heading into the weekend short just 70,000 corn futures and options, which would be the skimpiest net position they've held in corn since mid-August.

The soybean market finished the week on a down note but managed a weekly reversal higher. Overall, we continue our choppy back and forth trade reflecting uncertainty over the near-term weather outlook in Argentina. There were some

#### IMPORTANT—PLEASE NOTE

This does constitute a solicitation to buy or sell commodities futures and/or options. The information contained herein is provided for informational purposes only. The information is not guaranteed as to its accuracy or completeness, although the information was taken from sources we believe to be reliable. The market recommendations of Loewen and Associates, Inc. are based solely on the judgment of Loewen and Associates, Inc. personnel. We do not guarantee or warranty, either expressed or implied, of success to you in the use of this information. Loewen and Associates, Inc. disclaims responsibility for or loss associated with use of information from our commentary, analysis or recommendations. **There is risk of loss in trading commodity futures and options. The risk in trading can be substantial; therefore only genuine "risk" funds should be used.**

light rains but limited coverage to end last week. Additional moisture was expected through the weekend in Argentina but forecasts suggest Southern crop areas may miss out. In Brazil, soybean harvest at 10% compared to 19% a year ago as recent rains slow activity.

For the week, Friday February 2<sup>nd</sup> through Friday February 9<sup>th</sup>, March Corn +\$.00 ½, December -\$ .00 ¼, March Soybeans +\$.04 ¼, November +\$.01, March KC Wheat +\$.02 ¼, July +\$.03, March Chicago Wheat +\$.02 ¼, July +\$.01 ¼, March MPLS Wheat -\$ .00 ¼, March Soybean Meal +\$12.40/T.

Grains overnight were sharply higher with soybeans gapping higher and pulling the others with it. Argentina received rains over the northern production areas this weekend, but the south remains completely dry. Soybeans finished 13 higher, corn 3 higher and wheat 3 to 6 higher.

Australia pegged their winter wheat crop production at 21.2 MMT, compared 21.5 by USDA last week, which is down 38% from last year.

USDA reported 455,000 MT or 16.7 MBU of soybeans cancelled by China this morning. They also announced 198,000 MT or 7.3 MBU of soybeans sold to unknown destinations for this crop year and 116,000 MT or 4.3 MBU of soybeans sold to unknown destination for new crop.

The 6-10 day outlook shows below normal temps for the western 2/3 of the U.S. and above normal east. Precipitation is above normal for the Southeast and below normal west.

March corn still holding the higher trend since mid-January with \$3.70 the next area of resistance. March soybeans again gapped higher overnight, testing the recent highs last month above \$10 with good support down around \$9.80. March KC wheat with support at \$4.65 and \$4.54 ½ and resistance at last week's high of \$4.84 ½. March Chicago wheat with the support at \$4.48, resistance at \$4.64 ½.

### **Loewen and Associates, Inc.**

Pete Loewen / Matt Hines / Doug Biswell / Matt Burgener

[www.loewenassociates.com](http://www.loewenassociates.com) [pete@loewenassociates.com](mailto:pete@loewenassociates.com) [matt@loewenassociates.com](mailto:matt@loewenassociates.com)

**866-341-6700**

#### **IMPORTANT—PLEASE NOTE**

This does constitute a solicitation to buy or sell commodities futures and/or options. The information contained herein is provided for informational purposes only. The information is not guaranteed as to its accuracy or completeness, although the information was taken from sources we believe to be reliable. The market recommendations of Loewen and Associates, Inc. are based solely on the judgment of Loewen and Associates, Inc. personnel. We do not guarantee or warranty, either expressed or implied, of success to you in the use of this information. Loewen and Associates, Inc. disclaims responsibility for or loss associated with use of information from our commentary, analysis or recommendations. **There is risk of loss in trading commodity futures and options. The risk in trading can be substantial; therefore only genuine "risk" funds should be used.**