



Loewen and Associates

Commodity Consulting/Brokerage

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

www.loewenassociates.com

Date: February 20th, 2018

Morning Ag Markets – Matt Hines

Markets were closed this Monday for President's Day. We should see some active markets the rest of this week with weather in South America the first to impact price movement. This Thursday and Friday is the grain outlook conference in which we will get an indication on upcoming acreage intentions. This is not an official USDA report, but the markets will trade the information that comes out. USDA will update cold storage and livestock slaughter this Thursday and Cattle on Feed coming out on Friday.

Cash feedlot trade was quiet, with some light trade early last week at steady money. Trading was active Friday morning in the Corn Belt but not in the Plains. Right as the futures market was closing, packers stepped up and paid \$3 to \$5 higher than the week previous at \$130 live and \$205 on a dressed basis. Volume was heavy, confirmed as twice as much as a week ago in both KS and NE. This is also up to a price we haven't seen on the cash side since June 2017.

Some concerns moving forward though on the demand side and beef. Beef production in the first five weeks of this year, up to Feb 2, was up 3.8% on last year. But total boxed beef sales volume was down 2%. Domestic sales volume was down 4% but export sales volume was up 11%. Total sales the week before last were 8% smaller than last year. Packers are still struggling to sell beef forward. Buyers say prices are too high but packers are using the April live cattle contract to justify their asking prices. The six-week rolling average on forward bookings is only 1% larger than last year.

NATIONAL FEEDER & STOCKER CATTLE SUMMARY – W/E 02/16/2018

RECEIPTS:	Auctions	Direct	Video/Internet	Total
This Week	238,000	62,900	2,200	303,100
Last Week	224,300	57,700	26,500	308,500
Last Year	257,000	35,200	26,000	318,200

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.**

Compared to last week, steers and heifers sold steady to 5.00 higher. Buyers continue to pay up for cattle suitable for summer grazing as they anticipate the supply of those calves get more difficult to find the farther in the new year they get. Demand was quoted as good to very good at most auctions this week as long strings and high quality cattle were on consignments sheets.

For the week, Friday February 9th through Friday February 16th, February Live Cattle +\$3.57, April +\$4.02, March Feeder Cattle +\$3.52, April +\$4.65, April Lean Hogs -\$.70, May +\$.15. Boxed Beef – Choice +\$3.36 @ \$209.88, Select +\$2.38 @ \$205.12. Pork Carcass Cutout +\$2.90 @ \$77.34

Cattle slaughter from Friday is estimated at 115,000 head, down 4,000 from the week previous but up 7,000 compared to last year. For the week, 596,000 head, up 5,000 from the week previous and up 20,000 from last year. Cattle Slaughter from Monday estimated at 96,000 head, down 14,000 from last week and down 4,000 from last year.

Hog slaughter from Friday is estimated at 450,000 head, up 15,000 compared to the week previous and up 13,000 compared to a year ago. For the week, 2,384,000 head, down 5,000 from the week previous but up 29,000 from last year. Hog slaughter from Monday estimated at 449,000 head, down 13,000 from last week but up 24,000 from last year.

Boxed beef cutout values higher on moderate demand and moderate to heavy offerings for a total of 94 loads sold.

Choice Cutout__212.57 +2.69

Select Cutout__207.43 +2.31

CME Feeder Index:__148.15 +.45

CME Lean Hog Index.__72.89 -.60

Pork Carcass Cutout__77.34 +.35

IA-S.MN Wtd Avg Live__ price N/A, Wtd Avg Carcass Base__65.09 -.41

National Wtd Avg Live__ 51.42 -1.15, Wtd Avg Carcass Base__64.82 -.95

Oklahoma National Stockyards - Oklahoma City, OK

Livestock Weighted Average Report for 2/19/2018

Receipts	Week Ago	Year Ago
10,150	6,097	8,333

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.**

Compared to last week: Feeder steers sold 1.00-5.00 higher and feeder heifers steady to 2.00 higher. Steer calves sold 3.00 higher on a light test. Heifer calves 4.00-8.00 higher on a light test. Demand for all classes remains good.

Joplin Regional Stockyards - Carthage, MO
Livestock Weighted Average Report for 2/19/2018

Receipts	Week Ago	Year Ago
9,172	2,899	6,906

Compared to last week, steers under 700 lbs 2.00 to 7.00 higher, over 700 lbs steady to 2.00 higher, heifers (all weights) steady to 3.00 higher. Demand good, supply heavy.

February live cattle continue the month long higher trend, breaking the \$130 level for a new recent high. It looks like we will test the contract high up at \$131.95 from early November and should find good support down in a range from \$126 to \$125.40. March Feeders are still holding the higher trend from December. Resistance at \$150.20 and \$152 with support \$148.30 and \$146.80. April lean hogs gapped lower on Friday and into a new recent low. We have lost over \$9 since early January and now only \$3 away from the spike low back this past fall.

Corn exports have picked up these past few weeks but chart resistance is very strong at \$3.70 vs. the nearby March contract and \$3.98 vs. the new crop December. The biggest supporting factor are the funds or managed money which are now long corn for the first time since the past summer.

Wheat was under mild pressure on Friday, KC Wheat bounced back to finish steady. Some pop up showers moved across the Texas panhandle overnight, but much of it was to the south of some of the areas that really needed it. That system was to move into southern Oklahoma and may have been behind some of the weaker trade.

Heading into the weekend, Argentina was expected to see some showers around over the next week, but they are expected to be erratic and often too light to make a serious impact. Brazil weather is expected to remain mostly good, though farmers will need to keep dancing through rain to maintain progress on planting their second crop corn. AgRural estimates Brazilian soybean harvest at 17% completed compared to 26% a year ago this time. Mato Grosso advanced 15% to

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.**

45% despite recent rains. Parana is 5% harvested compared to 20% a year ago this time.

Friday's COT report showed managed money continued to aggressively cover short grain positions. Through Tuesday, they +72.3k corn (net short -10.6k), +26.5k wheat (net short -56.8k), +52.8k beans (net long 42.8k), +18.9k meal (net long 70.9k), -10.9k oil (net short -13.6k).

For the week, Friday February 9th through Friday February 16th, March Corn +\$.05 ½, December +\$.04 ¾, March Soybeans +\$.38 ½, November +\$.22, March KC Wheat +\$.13, July +\$.13 ¼, March Chicago Wheat +\$.08 ¾, July +\$.11 ¾, March MPLS Wheat +\$.01 ¾, March Soybean Meal +\$29.50/T.

Grains overnight were higher led by the soy complex with soybeans 12 higher nearby and 4 higher on new crop contracts. Corn finished 1 to 2 higher and wheat 1 to 3 higher for KC and Chicago while MPLS wheat was 1 to 2 lower. Parts of Argentina completed missed the rains over the weekend.

Current private estimates now have the Argentine soybean crop size somewhere between 45 and 48 million tons, down from a 54 million ton USDA forecast in January. This could lead to a 5 or 6 million ton reduction in meal production. This could raise the U.S. crush offsetting what looks like a developing trade issue with China. Most recently the U.S. looks to be implementing significant tariffs on imported metals, and China has cancelled some outstanding soybean sales from the U.S. and totally focused on Southern Hemisphere bean purchases. So the marketplace has plenty to talk about which should mean volatility expands.

March corn still holding the higher trend since mid-January and still unable to break the \$3.70 resistance. March soybeans gapping higher overnight and hitting a new recent high at \$10.39 with the contract high up at \$10.50 ½. March KC wheat with support at \$4.68 and resistance tested overnight near \$4.85. March Chicago wheat with the support at \$4.48 and \$4.40, resistance at \$4.67 then \$4.82.

Loewen and Associates, Inc.

Pete Loewen / Matt Hines / Doug Biswell / Matt Burgener

www.loewenassociates.com pete@loewenassociates.com 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.**