



Loewen and Associates

Commodity Consulting/Brokerage

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Morning Ag Markets

Cash feedlot trade got going early last week with live trades at \$126 on Tuesday, \$1 lower than the week previous. There was also some dressed trade at \$200 that occurred in Nebraska on Wednesday and that was steady with the week previous. The annual cattle inventory report this past week was in line with expectations. The total inventory of cattle and calves in the US on Jan 1 was up 1% from a year ago at 94.4 mln head and that was right at the pre-report estimates. Total beef cow numbers were up 2% from last year at 31.7 mln head. Beef replacement heifers at 6.13 mln was down 4% from a year ago though, a pretty strong signal that the expansion had the brakes applied. All cattle on feed in the US was 14 mln head, which is up 7% from last year at the same time. One note as a reminder of the severity of the drought in the Southern Plains, cattle grazing down 17% from a year ago.

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

RECEIPTS:	Auctions	Direct	Video/Internet	Total
This Week	282,200	43,700	1,000	326,900
Last Week	283,400	83,800	20,200	387,400
Last Year	269,200	48,000	32,600	349,800

Compared to last week, steers and heifers sold steady to 4.00 higher. Buyers bid readily from start to finish nationwide for the heavy supply of mostly weaned calves and feeder cattle on offer this week. At a few auctions in the Northern Plains, demand was noticeable on top quality replacement heifers slated to go back to the breeding pen.

For the week, Friday, January 26th through Friday, February 2nd, February Live Cattle +\$2.25, April +\$1.50, March Feeder Cattle +\$4.20, April +\$4.55, February Lean Hogs +\$2.92, April -\$0.25. Boxed Beef – Choice +\$4.24 @ \$209.10, Select +\$3.29 @ \$203.45. Pork Carcass Cutout +\$.19 @ \$81.63

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Cattle slaughter from Friday is estimated at 113,000 head, up 6,000 compared to the week previous and up 1,000 compared to last year. For the week, 629,000 head, up 41,000 from the week previous and up 33,000 from last year.

Hog slaughter from Friday is estimated at 461,000 head, up 4,000 compared to the week previous and up 27,000 compared to a year ago. For the week, 2,438,000 head, up 68,000 from the week previous and up 111,000 from last year.

Boxed beef cutout values weak to lower on light to moderate demand and offerings for a total of 96 loads sold.

Choice Cutout__209.10 -.50

Select Cutout__203.45 -1.09

CME Feeder Index:__148.03 +.08

CME Lean Hog Index.__74.10 +.23

Pork Carcass Cutout__81.63 -.19

IA-S.MN Wtd Avg Live__ price N/A, Wtd Avg Carcass Base__73.07 +.60

National Wtd Avg Live__ 54.57 +.88, Wtd Avg Carcass Base__72.59 +1.08

February live cattle into a new 3-month high on Friday with support at \$124 and \$122. The next resistance area not until the contract high up at \$131.95. March feeders continuing the month and half higher trend and into new 2-month highs on Friday. Support will be in the range from \$145.25 up to \$146 with resistance up at \$154. February lean hogs broke their sideways pattern reaching up for a new contract high at \$75.40. Support down at \$72.

Wheat was the most impressive of the grains last week with conditions in the Southern Plains deteriorating still and funds liquidating short positions. Egypt purchased another 6.6 MBU of Russian wheat on Friday paying over \$.20/BU more than their previous purchase. They even lowered their protein minimum from 12% down to 11.5% trying to secure cheaper wheat. Corn with another good week of higher trade, many private export sales announced and funds cutting their net short position in half. Soybeans remain under pressure to end the week as the Argentine weather premium is getting pulled out with confidence building in the extended forecasts to provide some relief.

For the week, Friday, January 26th through Friday, February 2nd, March Corn +\$.05, May +\$.04 ½, March Soybeans \$.06 ¾, May -\$.06 ¾, March KC Wheat

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+\$0.20 ¼, July +\$.19 ¾, March Chicago Wheat +\$.05 ¾, July +\$.07, March MPLS Wheat -\$0.10 ¾, March Soybean Meal -\$4.30/T.

Grains were under pressure overnight with soybeans and wheat down 6 and corn 3 lower. No rain over the weekend in Argentina but cooler temps than expected and rain chances kick in by mid-week.

China's Commerce Ministry has launched an anti-dumping and anti-subsidy investigation into imports of US Sorghum which could lead to higher tariffs. Some fear this is in response to President Trump's tariffs on solar panels, washing machines and aluminum alloy sheet metal, and if the US becomes more aggressive, soybeans could be the next target. Chinese officials are stressing that the probe is a "normal case of trade remedy". China is the US's top buyer of sorghum.

Stats Canada out this morning with their latest stocks report. All wheat stocks lower than expected and down 2.2% compared to a year ago...

Stats Canada Grain & Oilseed Stockpile Table:

	December 2016	December 2017	YOY
	1,000 MT	1,000 MT	% change
Total wheat	24 095	23 555	-2.2
Durum wheat	6 140	4 825	-21.4
Barley	6 462	6 068	-6.1
Canola	13 384	14 146	5.7
Corn for grain	11 650	12 202	4.7
Dry field peas	2 705	2 811	3.9
Oats	2 509	2 852	13.7
Soybeans	3 333	4 305	29.2

USDA reported private sales this morning of 198,600 MT or 7.3 MBU of soybeans sold for unknown destinations and 130,000 MT, or 5.1 MBU of corn sold to South Korea.

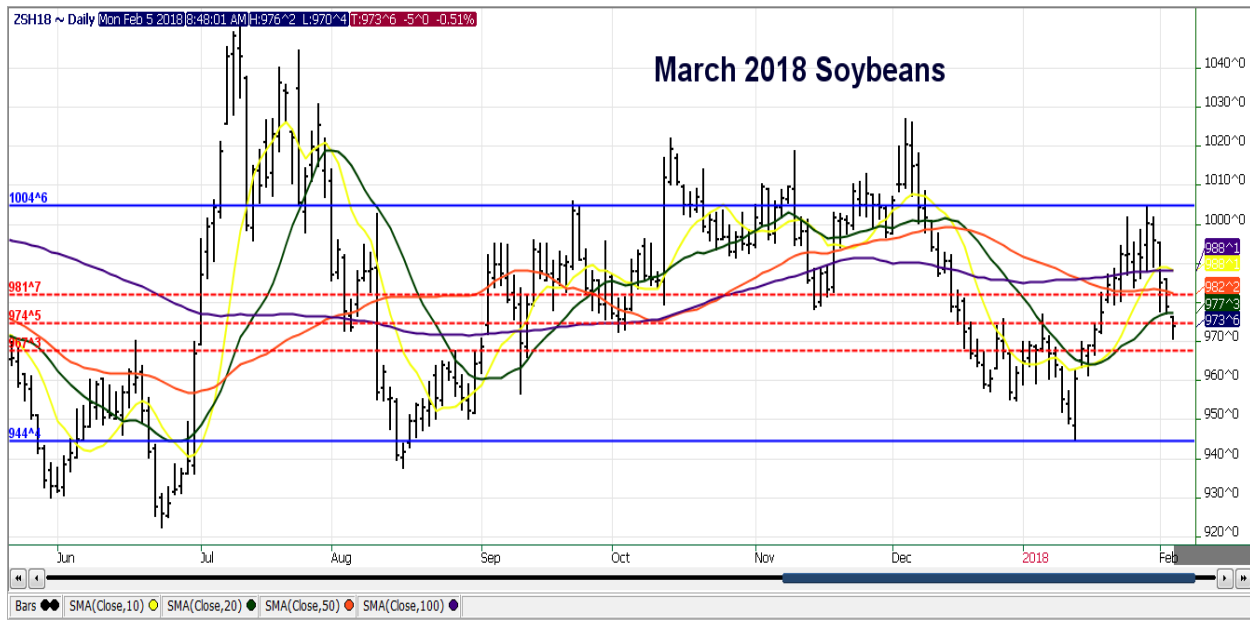
U.S. precipitation over this next week concentrated in the Southeast. The 6-10 day outlook shows above normal precipitation south and east and below normal west.

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Temperatures are forecasted below normal for the central states and above normal both in the Southwest and Southeast.

March corn finding resistance last week at \$3.62, the next up at \$3.65 and \$3.70. Support right at the overnight low of \$3.57 ¼ then down at \$3.54. March soybeans continue to slide lower now breaking the 50% retracement from the low at \$9.44 ½ to the high up at \$10.04 ¾ with a gap lower move overnight. The next level is at \$9.67 ¼. March KC wheat off \$.15 from the highs last week, looking to fill the gap down to \$4.53 ¾, good support down at \$4.41. March Chicago wheat down almost \$.20 from its highs with the next support area around \$4.34.



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