



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

**Commodity Consulting/Brokerage**

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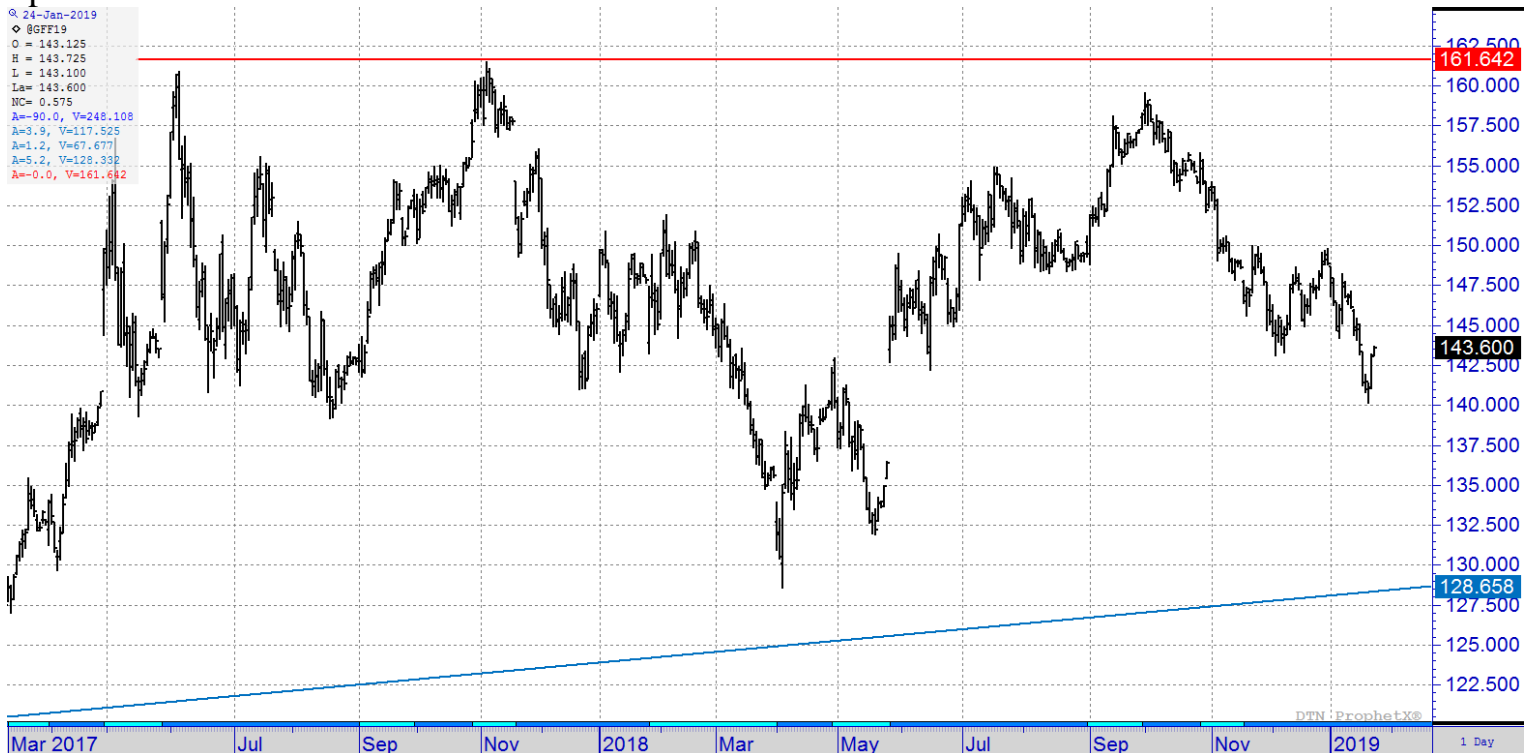
Date: January 24, 2019

### **Morning Ag Markets**

**Pete Loewen**

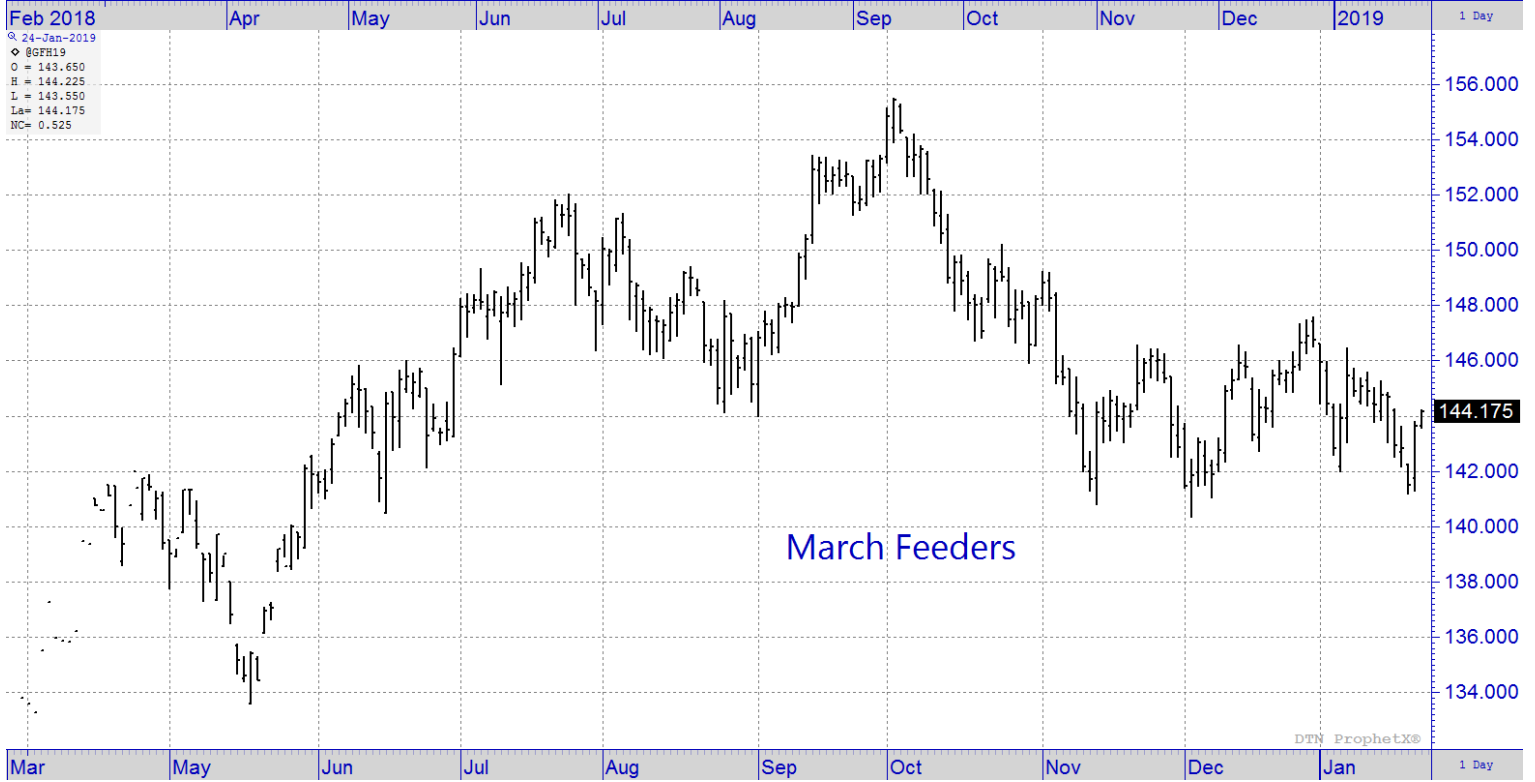
Cattle complex futures got a much needed recovery yesterday that resulted in live cattle finishing mildly higher across the board and the feeders aggressively higher, including \$2+ gains in the March contract. Whether it ends up being a dead cat bounce or not remains to be seen, but the fundamentals really didn't dictate the extent of the losses from last week in feeders, so the rally was welcome. The front month January feeders took the brunt of that hit last week and the resulting technical picture on the charts was really bearish. From the March contract on out though, major support levels were still very much intact and their chart picture looked a lot more supportive than the January contract. Yesterday's rally brought Jan futures back up over those previous support levels that were violated, but it still left the spot continuation chart in a solid bear trend.

#### Spot continuation feeders below



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Negotiated cash feedlot trade caught a few light sales Tuesday in Kansas at \$122 and \$123 in the north, along with \$196 dressed. Not enough business to consider it a trend by any means, but it was lower than last week's trade. The fed cattle exchange internet trade had a pretty large offering this week of 4139 head. The vast majority of those listings were in Nebraska, but all those Nebraska cattle were no sales. Kansas had 1 lot listed that PO'd at \$123. Texas had 1 lot listed and it sold for

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\$123 and that was the only sale of the day. Given the good recovery over the last week in the product market and the fact cattle performance has been far less than stellar because of the bad lot conditions, I don't see any reason why cash should be any less than steady this week.

Cattle slg. \_\_\_117,000 -3k wa +2k ya

Choice Cutout \_\_217.21 +.87

Select Cutout \_\_\_212.04 +.32

Feeder Index: \_\_\_141.58 -.04

Lean Index. \_\_\_ 58.58 +.25

Pork cutout \_\_\_68.70 -.93

IA-S.MN direct avg \_\_52.81 +.17

Hog slg. \_\_\_ 466,000 -14k wa +1k ya

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Grain and oilseed trade suffered heavily from lack of news flow yesterday once again. Generally that might pressure trade, but almost everything closed higher, except for the front two months in the corn market. Fund activity yesterday was estimated at buyers of 3k beans and 3k wheat, along with sellers of 6k corn.

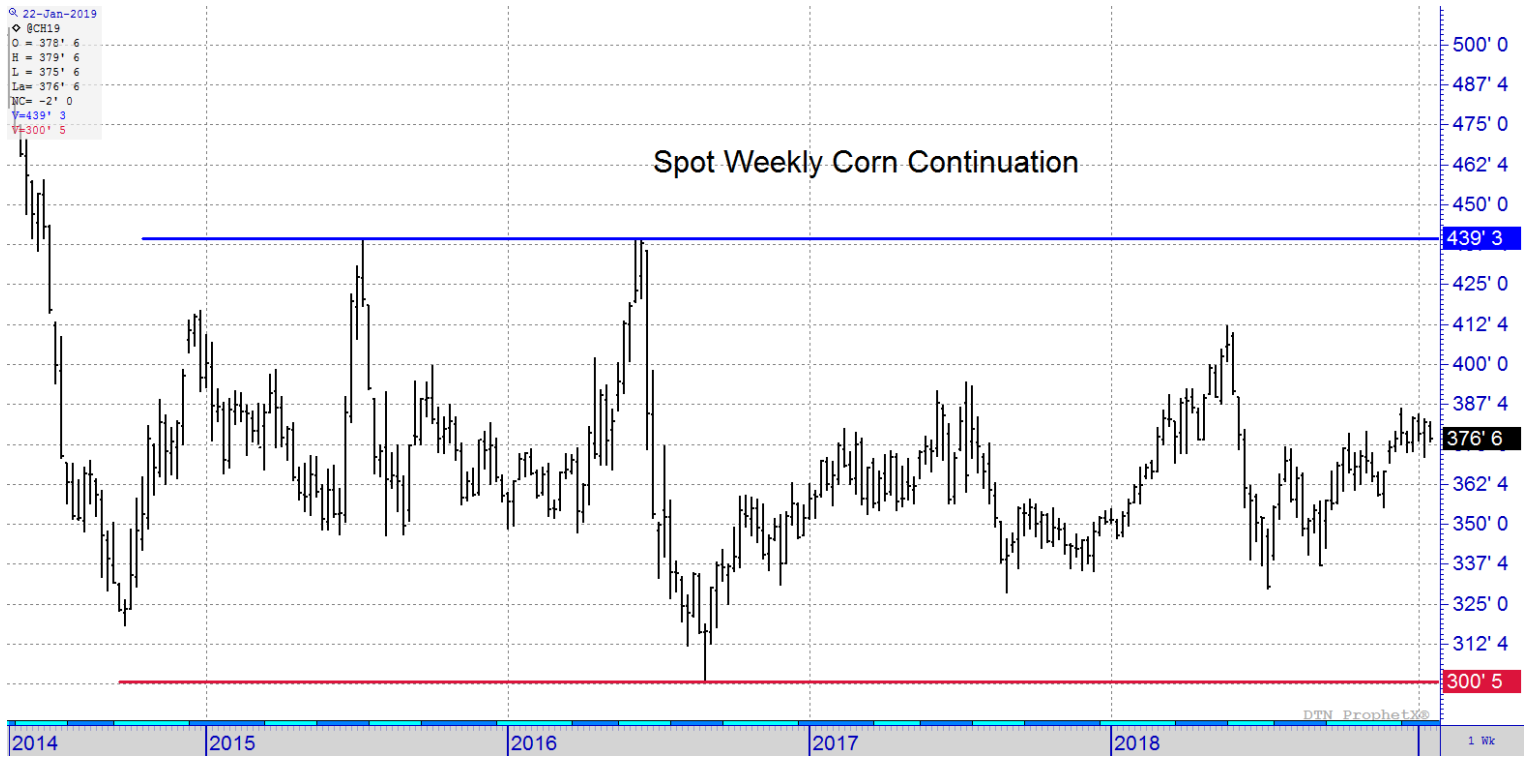
Informa came out with a whole slew of estimates on acreage yesterday. In light of the lack of USDA reporting, things like this could be market movers, but I didn't see any reaction to the numbers. They pegged US corn acres this spring at 91.5 mln, versus 89.1 mln last year. Soybean acres were 86.2 mln down from 89.1 mln last year. Their winter wheat acres estimate was down 1 mln from last year and spring wheat was up 600k. Their cotton acreage estimate was 600k more than last year as well.

Earlier this month there were surveyed estimates for winter wheat acres that came out the week that the January final crop production and winter wheat seedings reports were supposed to be released. Those estimates showed a 1 mln acre reduction in total winter wheat seedings as well. It also showed average guesses on corn yield for the report at .8 bu/ac lower than USDA's last estimate and bean yields .3 bu/ac lower. It will be interesting to see if and when the shutdown ends, what actual reports will get released to catch up with everything missed thus far.

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6-10 day forecasts last night showed below normal temps over the Plains states and much below normal over most of the Corn Belt. Precip was pegged at above normal in the Northern Corn Belt and Northern Plains. Central and south was all below normal on moisture chances.



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