



**Loewen and Associates, Inc.**

**Commodity Consulting/Brokerage**

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## **Morning Ag Markets**

**Pete Loewen**

It was a crazy day for the meat complex as live and feeder cattle futures traded significantly higher, then turned around to significantly lower and then closed flat to lower across most contract months. On the charts, a lot of these contracts had big bearish key reversals. However, for the chart watchers, both the live and feeder markets have had quite a few key reversals on this long trek higher and every one of them has been taken out with new contract highs scored again. IN my opinion, this is just another chapter in the same bullish story.

Beef packers showed their significant weakness by pushing cash \$7.00+ higher and paying well over the spot futures price last week. I honestly thought they had a chance to pull cash back to par or below the October futures price, but that wasn't in the cards.

On the feeder cattle and calf side of the equation, in the big picture over the next 60 to 90 days, it is tough to imagine any significant weakness coming into the market. Wheat and rye pasture buying on the lighter end and Corn Belt farmer/feeders on the heavy end adding more demand in the midst of a lighter overall supply than a year ago should keep things supported or even higher.

Cattle slg. \_\_\_ 114,000 -4k wa -9k ya

Choice Cutout \_\_\_ 251.46 +.38

Select Cutout \_\_\_ 238.18 -.50

Feeder Index: \_\_\_ 226.38 +.43

Lean Index. \_\_\_ 99.02 +1.23

Pork cutout \_\_\_ 106.15 +.87

IA-S.MN direct avg \_\_\_ 103.01 +1.71

Hog slg. \_\_\_ 413,000 -3k wa +5k ya

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In the grains, wheat was lower, but the corn and soybean markets were higher, albeit only mildly so and not on all contracts. With the big September crop production report looming this morning at 11:00, it must have been a little tough to keep hitting the sell button for traders and “evening up” meant mild gains. There may have been some additional support coming from the frost/freeze potential over the next couple of nights in the Northern Corn Belt. There may have been frost in a few limited areas this morning, but nothing major enough to warrant any support from damage. Besides the report today, those temperatures will be important to watch in coming days.

Weekly export sales numbers this morning will take a back seat to daily export news and report data. Wheat sales in the weekly numbers were 690k mt’s, new crop corn sales 563k tonnes, old crop corn 67,800 mts, new crop beans 984k mts and old crop -10,300 tonnes.

The daily 8:00 am reporting showed gigantic new bean sales with China buying 360,000 optional origin beans, 240,000 US beans and unknown destination buying 210,000 mts of US beans. 810,000 total is a pretty decent one day tally!

Report estimates have been cusses and discussed all week and the most watched numbers will be corn and soybean yield and crop sizes. The biggest news going into these numbers is that the bottom end of the range of estimates is still larger than the August actual USDA numbers. That means not a single analyst surveyed thinks the numbers can be the same or smaller than last month, they all think it is going up. Average corn yield guesses landed at 170.7 and beans at 46.2. Average total production was 14.3 bln corn and 3.88 beans. Ending stocks were pegged at 2.004 bln corn, 452 beans and 684 wheat. World stocks are expected to go up across those three commodities as well.

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