



Loewen and Associates

Commodity Consulting/Brokerage

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Morning Ag Markets

Matt Hines

Not a turnaround Tuesday for futures yesterday but more of mixed to lower day than anything else although a few pits bounced off some hefty lows. Cash feedlot trade still quiet at midweek. Showlists appear to be a bit smaller than last week except in Nebraska with a big jump in numbers offered due to light volume traded last week. A lower trend in boxed beef prices is expected for the remainder of the week. This along with futures having a hard time sustaining any sort of rally could work against feeders expecting higher money this week. Cash feeders and calves continue to pull in steady to as much as \$5 higher so far this week. The CME index is now premium to nearby futures after Friday's jump above \$230.

Cattle slaughter from Tuesday estimated at 115,000 head, down 1,000 from last week and down 8,000 from a year ago.

Boxed beef cutout values weak to lower on moderate demand and moderate to heavy offerings.

Choice Cutout__247.64 -1.38

Select Cutout__232.96 -.32

Feeder Index:__230.05 +.01

Hog slaughter from Tuesday estimated at 417,000 head up 12,000 from a week ago but down 15,000 from a year ago.

Lean Index.__103.22 +.96

Pork carcass cutout__110.75 +1.90

IA-S.MN direct avg__104.66 +.92

National cash avg__101.51 +.79

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Overnight livestock futures opened steady and shot triple digits higher around 7 PM. Most contracts held through the night with some fading into the early morning hours.

Over in the grain pits the FSA acreage data dump may have caused the short lived rally overnight but by the pit open grains reversed course and headed back south in a hurry. FSA released certified or signed up acres for farm programs with acres of corn at 84.8 million, up from 83.3 million last month with preventive planting at 1.58 million acres up from 1.54 million. Soybean acres increased from 79.2 million to 80.8 million with 841,000 acres of prevented planting.

Egypt picked up 3 cargoes of French wheat yesterday still running at a hefty discount of \$14 to \$19/MT to US SRW. Offers from Russian and Ukraine were also higher than the French but still some \$3 to \$8/MT under the U.S. Wheat and soybeans traded sideways for most of the day yesterday but corn did come back in the green just barley.

Overnight grains did not stray too far from unchanged. Corn traded in a 3 cent range, mostly lower overnight as soybeans opened a penny lower but spent the rest of the night higher and finished up 1 to 2. KC wheat was lower all night and finished down 2 while Chicago wheat traded +/- 1 and finished steady.

Locally, we are already hearing of elevators filling, waiting on rail cars to show up and ground piles started or starting this week and as of this past Sunday Kansas is only 18% done with corn harvest! This could be a long drawn out harvest with storage space at a premium in most areas

In other markets cash corn premiums have started to fade if not crash. Places like Decatur, IL and St Louis were paying as much as +60 to +45 for old crop. Decatur bid last night at -4 compares with +25 last year on this date and the five year average of +15 for this date. The October bid was at -13 vs. -12 on October 1st last year and the five year average for the date of +7. The bid at St. Louis last night was at -2 vs. +4 last year on this date and compared to the five year average of Option price. Overall the cash corn market is seeing a big crop coming and freight to move it will be expensive, thus it is already discounting premiums into historically low levels and harvest is just getting started.

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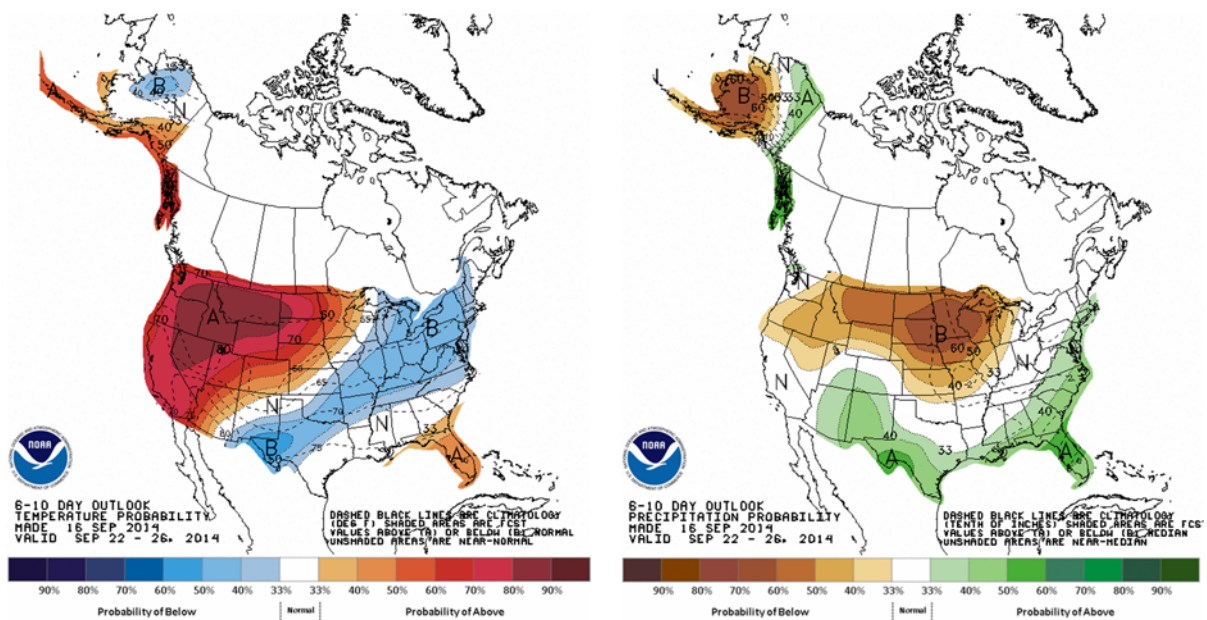
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USDA announced a massive sale of 620,000 MT of soybeans sold to China for this crop year and the market is a buzz trying to figure out if this was a part of or separate from the trade delegation announcement yesterday. As of now it appears that the two sides cannot come to an agreement though on DDGs allowing the US to begin exporting again into China.

December corn next support line at \$3.35 and resistance at \$3.50. November soybeans have been trading sideways from \$9.70 to \$10. The next support goes all the way back to the spring and summer of 2010 at \$9.50 and \$9.30.

December Chicago wheat broke the \$5.00 support line yesterday but as of now is holding near it. December KC on the other hand broke the \$6 barrier and has since proceeded down to \$5.80.

The 6-10 day maps show above normal temps for the western half of the US with below normal from Texas up through the Corn Belt and into New England. Precipitation is normal to below normal for all except the southern and eastern coastlines.



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