



## **Loewen and Associates**

***Commodity Consulting/Brokerage***

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### **Morning Ag Markets**

#### **Matt Hines**

Livestock futures were mostly higher to finish out the week with feeders and lean hogs leading the way. Beef packers still saved \$2 to \$5 this past week paying \$159 in the South and \$245 on a dressed basis in the North. For the second week in row we did not see any cash trade in Texas.

For the week, October live cattle finished down \$.65, September feeders up \$1.13 and October lean hogs up \$.27.

Cattle on feed came out after the close at 98%, placements at 97% and marketings at 90%. Not much reaction is expected today even with larger than expected placements and less than expected marketings. Since the data began in 1996 this is the smallest late summer placements and lowest August marketings in history.

Placements Weights as a % of previous year

Under 600 lb 101.2%

600-699 lb 85.6%

700-799 lb 92.9%

Over 800 lb 103.4%

Cattle slaughter from Friday estimated at 106,000 head, down 7,000 from a week ago and down 16,000 from a year ago. For the week, 571,000 head down 21,000 from last week and down 60,000 from a year ago. Our year to date difference back out to 7.0% less.

Boxed beef cutouts lower on light demand

Choice Cutout\_\_243.71 -1.17

Select Cutout\_\_229.61 -2.48

Feeder Index:\_\_230.28 +.04

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Hog slaughter from Friday estimated at 369,000 head, down 33,000 from a week ago and down 55,000 from a year ago. For the week, 2,050,000 head, down 3,000 from the week previous and down 128,000 from a year ago. Year to date difference remains at 5.3% less.

Lean Index. \_\_105.14 +.40  
Pork carcass cutout \_\_113.54 -.68  
IA-S.MN direct avg \_\_105.82 +.95

Opening calls this morning are mixed for both cattle and hogs. Cash calls are holding steady so far but further pressure on the futures and cutouts could lead to lower cash feedlot sales later in the week whereas cash hogs could see another couple bucks higher this week.

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In the grains, everything was lower to end the week with all closing at or near new contract lows. Harvest yields continue to impress and the markets fears this big crop is getting bigger. This should be year to build up demand, but so far, corn sales are still running approximately 1 MMT behind last year's pace. Soybeans on the other hand are already 2 MMT ahead of last year's pace but ending stocks look destined for a massive 400 to 500 MBU.

For the week, December corn finished down \$.07, November soybeans down \$.28 ¼, December KC wheat down \$.33, and December Chicago wheat down \$.28.

Overnight corn and soybeans pressured some more lead by the soybeans gapping lower at the open and finishing down 15 while corn finished down 2 to 3. Wheat held on to 2 to 4 higher in all three pits.

Over the weekend, Egypt picked up another cargo of wheat, and it is SRW from the U.S. this time. The 2 cheapest FOB offers actually came for the U.S. and even with a freight disadvantage to France, Romania and Russia, Egypt purchased 55,000 MT. South Korea passed on their tender seeking feed grade wheat and purchased 60,000 MT of optional origin corn while seeking 120,000 MT.

Profarmer raised their corn yield estimate from 169.3 to 172 bpa compared to USDA's 171.7 and soybeans from 45.3 to 47 bpa compared to USDA's 46.6.

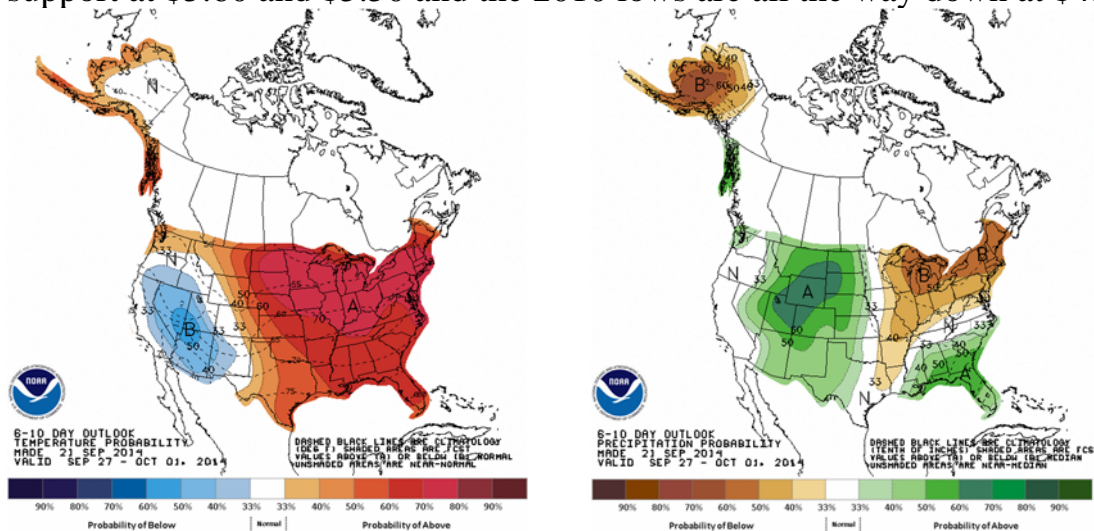
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Informa reduced 2014 corn acreage by 2.3 million to 89.3 million acres and 2015 down another 2 million to 87.3 million acres. 2014 soybean acreage was reduced 1.1 million to 83.7 million acres but added 4 million acres for the 2015 soybean crop, 87.7 million acres.

Corn harvest will pick up speed here this week in many areas with warmer temps and only light rain forecasted. Look for harvest progress to be 12-15% complete in today's crop progress and conditions report. Soybean harvest should be 4-5% complete. More of the early beans are now ready to run in the middle of the Corn Belt. Farmers will switch over as able to take advantage of \$1.00 to 2.00 premium old crop bids remaining. Many locations that were offering shrink only or half price drying charges on corn are moving back to full discounts and old crop basis premiums have dwindled. So there is less incentive to stay after corn in the coming week.

Support levels have been broke as we chased into new lows for all three commodities this past week. December corn broke \$3.35 for the first time this month and now looking at \$3.25 with resistance at \$3.48 and \$3.60. November soybeans still cruising lower and eying the \$9 mark. Both December Chicago and December KC have lost \$.50 plus over the past 2 weeks. Chicago support is down at \$4.50 and the lows from 4 years ago at \$4.25. December KC wheat has support at \$5.60 and \$5.50 and the 2010 lows are all the way down at \$4.55.



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