



Loewen and Associates

Commodity Consulting/Brokerage

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Morning Ag Markets

Matt Hines

Live cattle futures were steady and waiting for cash business to develop this week as feeders nearly touched the contract high and closed just below it yesterday. Cash feeder and calf trade so far this week has been mixed with most reporting steady to higher feeders but in some spots calves have dropped off \$5 to \$10 compared to a week ago.

Cattle slaughter from Tuesday estimated at 109,000 head, down 6,000 from last week and down 13,000 from a year ago.

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

Choice Cutout__239.17 -3.85

Select Cutout__227.29 -1.18

Feeder Index:__230.39 +.70

Hog slaughter from Tuesday estimated at 421,000 head up 4,000 from a week ago but down 13,000 from a year ago.

Lean Index.__105.79 +.49

Pork carcass cutout__116.83 +1.23

IA-S.MN direct avg__106.99 +.24

National cash avg__103.41 +.30

Today we will continue to see some pressure on live cattle with cash calls now \$2 lower. The lack of weekend clearance and boxed beef prices tumbling should be enough to keep futures under pressure and cash to slip lower again this week. Overnight live cattle futures stayed in the red while feeders traded both sides of unchanged.

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Over in the grain pits it was actually a fairly quiet trading day. Corn made new contract lows and closed down near them but soybeans and wheat did not and traded both sides of unchanged all day. Corn and soybean harvest are just a shade behind average pace, 7% vs 15% average for corn and 3% compared to 8% average for soybeans, but will pick up steam here this week and next. Conditions for corn remarkable unchanged and soybeans only lost a point from good to excellent down to poor to very poor. Mature corn is at 42% nationwide and soybeans dropping leaves at 45%.

Ukraine's Ag Ministry reported the country's grain harvest at 72% done, at 39.6 MMT as of Monday. That is up 15% from last year's pace, with grain yields running 15% above last year's pace as well. 17% (3.4 MMT) of the corn crop has been harvested, with average yields of 4.32 MT/HA (68.8 BU/A) running below last year's 4.95 MT/HA pace. Russia's wheat harvest is also yielding 15% above last year and over 75% complete.

Overnight grains have stabilized and we shall see if that continues here today as all are very oversold. Corn finished up 1 to 2, soybeans up 2 to 3 and wheat up 5 to 7 in all three pits on light volume.

The old crop basis premiums are dwindling, discount schedules are back to normal and now there are some elevators unable to take anymore high moisture corn due to space filling up and/or needing more time to run dryers. There was such a push to get corn in just a couple weeks ago and with less than 10% harvested to date the harvest glut as already begun.

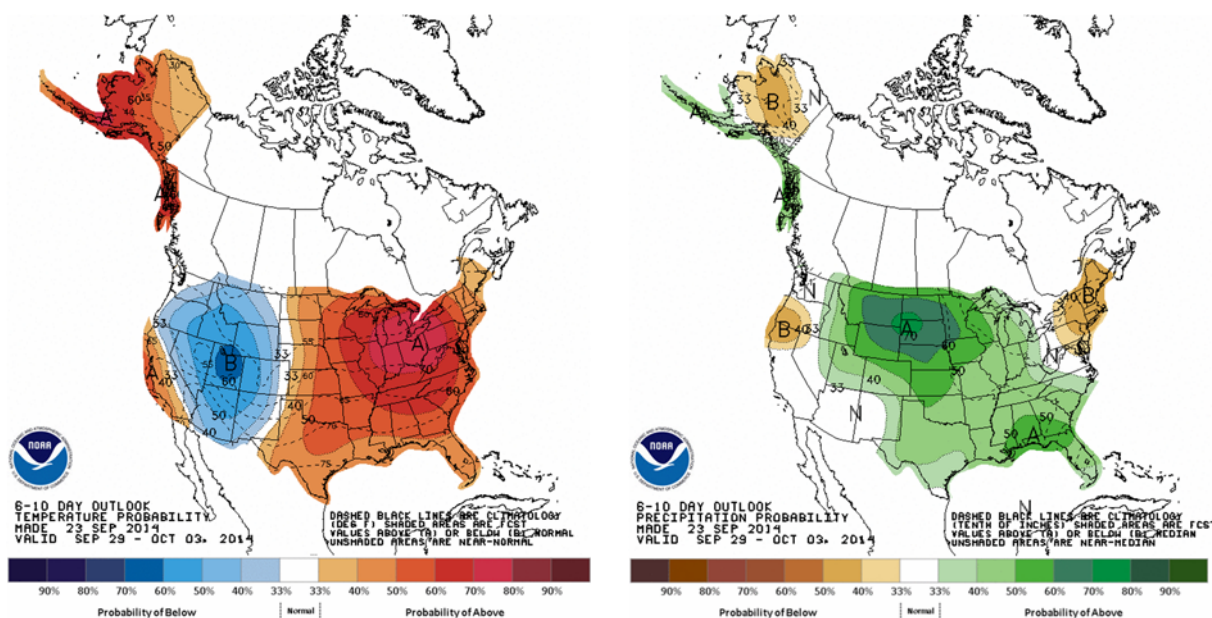
Overnight Taiwan purchased 23,000 MT of US corn and 12,000 MT of US soybeans for shipment in Nov-Dec.

December corn got down to the \$3.25 support and can hopefully stay above it in the near term. November soybeans have found some support in the \$9.30 to \$9.40 range. 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.

The 6-10 day maps still show normal to above normal temps for the Plains and entire eastern half of the US. Precipitation though is forecasted above normal for most of the US as well.

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