



Loewen and Associates

Commodity Consulting/Brokerage

**Pete Loewen, Matt Hines
Doug Biswell, LaVell Winsor
866 341 6700**

www.loewenassociates.com

Date: 9.3.14

Morning Ag Markets **Matt Hines**

Livestock futures began the month with triple digit gains throughout while grains were mixed. Unexpectedly higher cash feedlot trade to end last week pushed futures higher Tuesday from the beginning of the day and gains held well. The focus looks to have shifted from worrying about a Labor Day lag to firming demand expected over the next coming weeks. Cash trade should also bring higher money this week with expectations now for steady to \$2 higher cash feedlot trade and steady to \$1 higher cash hog trade for the balance of the week.

Cattle slaughter from Tuesday estimated at 119,000 head, up 3,000 from last week but down 7,000 from a year ago.

Boxed beef cutouts values steady to weak on light to moderate demand.

Choice Cutout__246.11 -.19

Select Cutout__233.83 -.56

Feeder Index:__221.07 +2.56

Hog slaughter from Tuesday estimated at 420,000 head up 10,000 from a week ago but down 13,000 from a year ago.

Lean Index.__96.45 -1.11

Pork carcass cutout__102.44 +.72

IA-S.MN direct avg__93.31 +.71

National cash avg__91.63 +.58

Overnight livestock futures were steady to higher again led by the cattle futures.

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Over in the grain pits yesterday soybeans opened and stayed higher for the day. Corn traded sideways, finished lower, but still did not break the \$3.60 mark. Wheat was pressured all session with the things relatively quiet in the Black Sea region over the long holiday weekend. After the close, no surprise that with wheat down hard Egypt announced another snap tender for FH October shipment. Last time around, Egypt purchased 175,000 MT of Russian and Romania wheat.

Export inspections were released yesterday with wheat shipments better than expected but corn and soybeans were under expectations to finish out the old crop marketing year.

Ukraine grain harvest is 66% complete with wheat and barley near complete and corn harvest just beginning. As of today it appears there may be cease fire soon although Russia's President Putin stated that there have been discussions but no agreement on a cease fire with Russia because he continues to state that Russia is not involved.

Crop progress and conditions:

- Spring Wheat Harvest at 38%, 61% a year ago and 35% 5-year avg
- Corn Dented at 53%, 39% a year ago and 59% 5-year avg
- Corn Mature at 8%, 4% a year ago and 16% 5-year avg
- Corn Conditions g/ex = 74%, +1%, p/vp = 7%, unchanged
- Soybeans Setting Pods at 95%, 91% a year ago and 95% 5-year avg
- Soybeans Dropping Leaves at 5%, 3% a year ago and 7% 5-year avg
- Soybean Conditions g/ex = 72%, +2%, p/vp = 6%, -1%
- Sorghum Mature at 37%, 30 % a year ago and 29% 5-year avg
- Sorghum Harvest at 25%, 27% a year ago and 24% 5-year avg

FC Stone raised their private estimates considerably from a month ago with surveys from their country elevator clients taken into consideration. They raised their corn production estimate by 140 MBU from 14.455 BBU to 14.595 BBU on a 174.1 bpa national yield. Soybeans were raised 135 MBU from 3.865 BBU to 4.0 BBU on a 47.6 bpa national yield. Last month USDA was at 167.4 and 45.4 respectively with the next crop report due out Thursday, September 11th.

Overnight grains stayed in the red pressured by the better than expected conditions, increasing private yield estimates and continued better than expected

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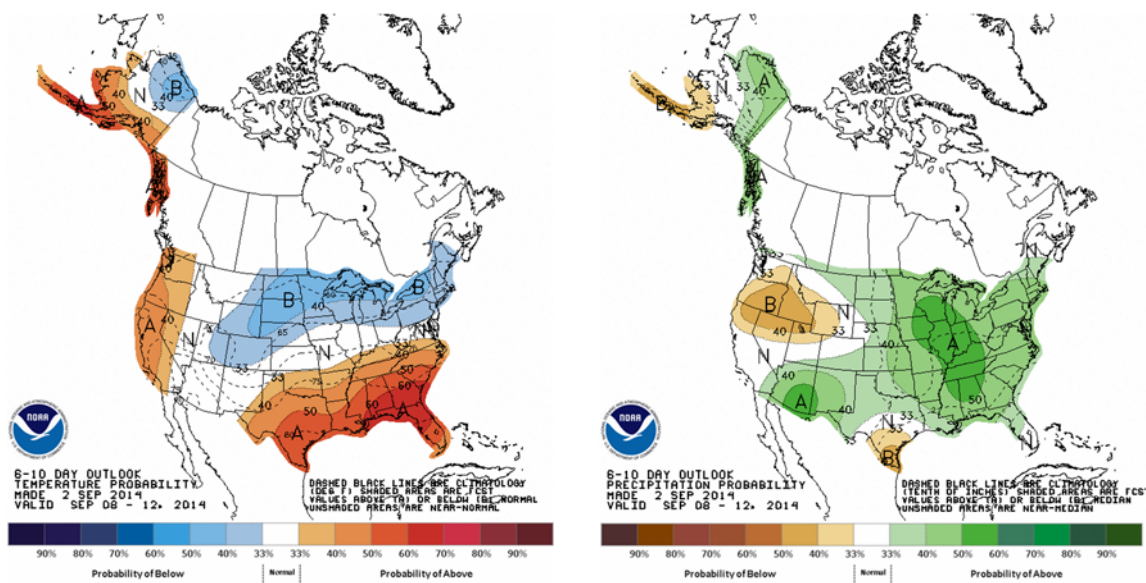
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yields down South. Corn finished down 2 to 4, soybeans down 5 to 6 and wheat down 4 to 5 in KC with Chicago futures down 6 to 10.

A few more private estimates out this morning, this time by Allendale with corn at 171.9 bpa and production at 14.4 BBU and Lanworth at 173.7 bpa and production at 14.649 BBU. Allendale's soybeans estimate is at 46.4 bpa with a production of 3.884 BBU.

December corn remains range bound between \$3.60 and \$3.80, but has continued to drift towards that lower end. \$3.58 is the support line with \$3.50 the next below that. November soybeans bounced off \$10.20 again which for now has some strong support but the market continues to eye the \$10.00 mark. December wheat futures for all three pits have been range bound like corn, and pressing the bottom side here recently.

The 6-10 day maps continue to hold normal to above normal temps and precip for most of the Plains and Corn Belt. The northern parts from Nebraska to Michigan though are now showing below normal temps.



Loewen and Associates, Inc.

Pete Loewen / Matt Hines / Doug Biswell / LaVell Winsor

www.loewenassociates.com

peteloewen@cox.net

matthines1@cox.net

866-341-6700

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