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Morning Ag Markets

Pete Loewen

It was a big bullish day across the entire ag complex yesterday with grains very actively higher in the fall crop markets in particular. In the meats, cattle were up in the triple digits in quite a few contracts. The hog market had the one lonely lower quote in the meat sector with the spot October finishing lower, while the rest were mildly higher.

From a fundamental standpoint, nothing has changed in the meats and especially in the cattle. Supply side fundamentals are bullish and if measuring the attitude of demand was based solely on product values in the fats, both the choice and select have been quite friendly through the month of October so far as well. The demand side of feeders is on fire still with all classes higher last week. Joplin and OK City were a lot closer to steady yesterday though, but I still think in the overall picture we'll see trade better again when the weekly summary comes out Friday.

Cattle slg. ___ 114,000 unch

Choice Cutout ___ 248.31 +.64

Select Cutout ___ 236.41 +1.67

Feeder Index: ___ 242.58 +2.23

Lean Index. ___ 109.92 -.44

Pork cutout ___ 121.57 -1.06

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IA-S.MN direct avg__106.38 -.95

Hog slg.___ 427,000 +2k wa -4k ya

Moving on to the grains, BIG up day for the bean market, as well as corn, but wheat reluctantly trailed back with just mild gains at the close. Finding fundamental bullishness when domestic and world bean and corn stocks are huge in the macro picture is tough, but we also got smaller jumps than expected in the corn and soybean production guesses last week from the October report. Not small enough in my opinion to warrant the current market action being sharply higher, but some of that is likely short covering from technical and spec traders as well.

Short term related news being talked about as fueling some of this strength is dryness in Northern Brazil bean areas, too wet to harvest in the US Corn Belt and talk that China might be coming in shortly for more US beans. On that Brazil news, it is a little early to get overly bullish based on some of these trader's thoughts that the crop won't get planted. Their planting progress is maybe 5-6% complete. That's 1-2 points behind last year and 4% under the longer term average.

6-10's last night were mixed on temps, but below normal precip overall. That kind of weather will be more conducive to harvest progress but with the current progress stalled out because of recent rains in so many areas, there is a little more bullish reaction to work through before moving back lower. Plus, there is no reason at the moment to switch bias away from big picture bearish.

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