



Loewen and Associates, Inc.

Commodity Consulting/Brokerage

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Morning Ag Markets

Pete Loewen

Wednesday was another BIG down day for the meat complex as continued aggressive speculative liquidation pushed prices in feeders and hogs limit down on most contracts and the live market had quite a few \$2+ losses. A lot of this spec trader and fund nervousness is investors getting very squeamish about equity markets and the global impacts that Ebola fear is creating. At the moment, a lot of traders are viewing turning trade profits into cash and stepping onto the sidelines for a bit to see how the situation unfolds.

Cash market action in cattle isn't wavering much despite the futures action. Choice cutouts were up strongly again yesterday and there was some \$164 live trade reported in Nebraska at the feedlot level as well as \$164 in the Southern Plains as well. Feeder cattle and calf market buyers haven't wavered much yet either, but if these losses extend any farther, I could definitely envision cash feeling some weakness as well. It's going to be hard to break feeders too much though unless corn shoots a lot higher and Corn Belt farmer/feeders aren't as aggressive in coming weeks as anticipated.

Cattle slg. ___ 108,000 -5k wa -16k ya

Choice Cutout ___ 250.49 +1.08

Select Cutout ___ 235.44 -.64

Feeder Index: ___ 244.04 +.45

Lean Index. ___ 109.54 -.16

Pork cutout ___ 116.99 -.24

IA-S.MN direct avg ___ 102.39 -2.80

Hog slg. ___ 428,000 +2k wa -4k ya

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Moving on to the grains, the fall crop futures markets ended the short streak of nice gains with a double digit lower close in beans and ½ penny away from doubles in corn through the first four contract months. Wheat futures were lower in the Chicago contracts, but higher on the front end KC futures.

Well, if we are going to attribute a good portion of the recent rally in grains and oilseeds to rain bringing the harvest activity to a halt in quite a few areas, unfortunately we have to look at the current forecast and move back to a bearish bias. The 6-10's all week long have been calling for below normal precip through most of the Corn Belt which should be conducive to a lot of activity very shortly. Barge rates have already begun to firm back up in the river markets in anticipation of grain movement rapidly cranking up again.

This morning's export and world news had 120,000 tonne sale of US corn reported to unknown destination in the 8 am USDA reporting. EU's Strategic Grains estimated this year's EU corn production at 73.3 mmt's, up from 71.3 previously and 64.2 last year. Their wheat estimate was 147.4 mmt's versus 146.6 as their last number and 135.4 last year. Argentina's Rosario exchange's soybean seedings estimate is being pegged at 20.6-20.9 mln hectares versus 20.2 mln last year. Yesterday another Argentine source pegged it at 20.6 mln.

Keep in mind, because of the holiday Monday, weekly export sales are delayed until tomorrow morning and we also get Informa's latest guesses at 2015 corn and soybean plantings. Why that gets so much attention is beyond me because they'll change their estimate every single month until the March prospective plantings are released by USDA, so you need to understand before hearing the numbers tomorrow that it is nothing more than a guess at this moment.

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