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Morning Ag Markets

Pete Loewen

Thursday was another banner day for the bulls in the live and feeder cattle trade and back in the red for the hogs. Pork cutouts, cash and the index took strong hits again, adding continued pressure to an already bearish situation. On top of that, yesterday was the second consecutive day that the daily kill exceeded last year's number.

In the cattle it was a HUGE day for the negotiated cash action with \$170 live trading from north to south. That's as much as \$6 over last week's trade and also moved cash up to a premium over the spot and soon to be expiring October live contract.

This afternoon we get monthly COF numbers and also the first chance to see total On Feed supplies above year ago levels in quite some time based on the early trade guesses. The average guess for the On Feed total is 99.7%. The range of guesses varied from about 2% lower to just shy of 1% larger, so that should be an interesting number to watch today. The average placement guess was 101.9% for the month of September and September marketings were pegged at 99.1%. As always, it isn't so much the actual big picture aspect the numbers, but the deviation of the actual data compared to the guesses that will get the reaction on Monday.

Cattle slg. ___108,000 -1k wa -9k ya

Choice Cutout ___249.43 -1.57

Select Cutout ___233.54 -1.53

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Feeder Index:___239.34 -1.12

Lean Index.___102.40 -1.77

Pork cutout___100.54 -.62

IA-S.MN direct avg___91.08 -1.24

Hog slg.___ 429,000 unch wa +1k ya

Moving on to the grains, Wheat and corn were both mildly higher yesterday, but soybeans rallied BIG with 30+ cent gains on the front two months and mid to upper 20's on most of the rest of the deferreds. The export sales total was big in beans on the weekly numbers, but the corn number was neutral and wheat was bearish. There was quite a bit of disputing the soybean sales number as the total was 79.6 mln bushels and there was very little new daily 8a.m. reporting going on last week that would have eluded to such a huge number. USDA actually did state that there was some daily reporting missed, along with the fact some of the total came from switching on prior optional origin sales.

A big part of the soybean futures price push in my opinion though is the fact there is a lot of interest in the \$10 strike on November bean options and those options go off today. Spot November futures have been hunting down that number through this progressive rally all week and yesterday settled less than 7 cents away. Last night they made it up to 10.02 as a high. I'm not looking for nearly as volatile action today with the board at par with that strike.

Daily export sales reporting showed 101,600 mt's of corn sold to unknown destination. There was also an abrupt swing in the extended 6-10 weather run last night. Continued above normal temps, but normal to above precip as opposed to normal below on moisture was the new run.

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