



## **Loewen and Associates**

**Commodity Consulting/Brokerage**

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

**www.loewenassociates.com**

Date: 10.15.14

### **Morning Ag Markets**

#### **Matt Hines**

Monday it seems was just a little profit taking in the cattle pits as Tuesday was a nasty limit lower trading day with the markets in liquidation mode.

Fundamentals are still positive right now and over the past few months these markets have been on a roller coaster ride, dipping down at mid-month but reaching up for new highs by the end of the month. Some are questioning if this is part of an overall shift of money from equities, energy and cattle into grains, selling off higher end products to secure cheaper commodities. Cash feedlot trade as went quiet with the futures tanking here midweek. Lean hogs were somewhat impressive holding gains in the face of lower cattle futures.

Cattle slaughter from Tuesday estimated at 114,000 head down 1,000 from a week ago and down 9,000 from a year ago.

Boxed beef cutout values higher on Choice and weak on Select on light to moderate demand and light offerings.

Choice Cutout\_\_249.41 +1.10

Select Cutout\_\_236.08 -.33

Feeder Index:\_\_243.49 +.91

Hog slaughter from Tuesday estimated at 428,000 head, unchanged from a week ago but down 6,000 from a year ago.

Lean Index.\_\_109.70 -.22

Pork carcass cutout\_\_117.23 -4.34

IA-S.MN direct avg\_\_105.19 -1.19

National cash avg\_\_104.76 -.37

Overnight, livestock futures were mixed with live cattle futures holding slim gains and feeders slim losses while hogs were hit with triple digit loses. Even

#### **IMPORTANT—PLEASE NOTE**

This does constitute a solicitation to buy or sell commodities futures and/or options. The information contained herein is provided for informational purposes only. The information is not guaranteed as to its accuracy or completeness, although the information was taken from sources we believe to be reliable. The market recommendations of Loewen and Associates, Inc. are based solely on the judgment of Loewen and Associates, Inc. personnel. We do not guarantee or warranty, either expressed or implied, of success to you in the use of this information. Loewen and Associates, Inc. disclaims responsibility for or loss associated with use of information from our commentary, analysis or recommendations. **There is risk of loss in trading commodity futures and options. The risk in trading can be substantial; therefore only genuine "risk" funds should be used.**

with November feeders off \$9 from its high last week, it's hard to get too nervous until we break \$230. Charts look similar for fats with December down \$5 from its high last week and support holding at \$163. Sub \$160 would start to make me nervous there.

\*\*\*\*\*

Rollercoaster rides in the grains as well yesterday, soybeans up 20 early in the morning racing back to up just a couple and finishing up 20. Corn was slow to get out the gates but broke through \$3.50 nearby and \$4 next December to close strong and helped pull soybeans and wheat higher. Over 15,000 contracts traded hands in Dec corn after breaking \$3.49, which is short positions leaving the market. Here's to hoping this wasn't a blow off top with harvest picking back up here this week and a very wide open window it appears for the next 5-10 days.

Export inspections were above expectations yesterday morning for corn and soybeans with wheat coming in under expectations at 423,880 MT. Soybeans inspected for export last week at 1.428 MMT with expectations of 1 MMT. Corn shipped last week totaled 933,788 MT versus expectations of 825,000 MT. Corn shipments have slowed some and look to continue to do so while soybean shipments exploded this past week and will continue to increase. Almost 75% this past week went to China or 19 cargos with 12 loaded from the gulf and 7 from the PNW. Total shipped to date is 144 MBU vs 114 MBU last year.

Fall harvest is still behind pace with corn right in the middle of expectations at 24% complete and soybeans above expectations at 40% complete. Corn harvest only progressed 7% this past week but soybeans jumped an unexpected 20% in a very wet week for most of the Corn Belt and Plains. Weekly condition reports continue to hold the conditions in corn and beans far into harvest. This is very unusual and hints at better yields as we get more of the harvest into full season corn and beans. Spring wheat harvest is all but complete. Winter wheat planting moved up 12 to 68% complete which is 1% ahead of normal pace. Soft red wheat acres are lagging due to delays in harvest while hard wheat is racing ahead of normal.

Overnight, grains did back off with corn down 2 to 3, soybeans down 2 and wheat 1 to 4 lower in all three pits. Pressure coming from some profit taking after yesterday's rally and an increase in producer selling. As mentioned earlier, weather looks to straighten up for fall harvest to proceed also. Some poor

#### IMPORTANT—PLEASE NOTE

This does constitute a solicitation to buy or sell commodities futures and/or options. The information contained herein is provided for informational purposes only. The information is not guaranteed as to its accuracy or completeness, although the information was taken from sources we believe to be reliable. The market recommendations of Loewen and Associates, Inc. are based solely on the judgment of Loewen and Associates, Inc. personnel. We do not guarantee or warranty, either expressed or implied, of success to you in the use of this information. Loewen and Associates, Inc. disclaims responsibility for or loss associated with use of information from our commentary, analysis or recommendations. **There is risk of loss in trading commodity futures and options. The risk in trading can be substantial; therefore only genuine "risk" funds should be used.**

economic data released just minutes ago sent equities in the tank and the dollar lower so maybe grains kind find some traction.

FSA had another acreage data dump early this morning that could be providing some pressure as well with reported prevent plant corn acres unchanged from last month at 1.582 million acres and prevent plant soybean acres estimated at 835,000 acres which is less than last month's estimate of 841,000. Total for both corn and soybean acres enrolled increased as well.

NOPA crush data will be released later this morning with pre report estimates at 107.6 MBU crushed domestically in September compared to 110.6 MBU in August and 108.7 MBU last September.

Brazil's wheat crop continues to deteriorate with wet weather across the southern part of the country. Millers are still waiting for export licenses for Argentine wheat which continues to allow US wheat to be shipped instead.

Although South Korea passed on feed wheat, corn and soybean meal offers yesterday due to high prices, 2 SE Asian flour milling companies purchased a total of 49,100 MT of US milling quality wheat overnight.

Looking at the grain charts, December corn now has a lot of resistance at \$3.60 to \$3.70 range and support from \$3.50 to \$3.48. November soybeans got the buy stops over the \$9.50 highs from last week. First level of resistance if \$9.75 to \$9.80. Support will now show at \$9.50. A trade above \$5.12 in Chicago December wheat remains the key to a further gain which we haven't been able to break through going back now the past 8 sessions. Support remains in the \$4.95 to \$4.90 range. December KC wheat has had similar struggles breaking \$5.96, if it can it looks to target \$6.20. Support there is 5.70 and then the contract low at \$5.50.

### **Loewen and Associates, Inc.**

Pete Loewen / Matt Hines / Doug Biswell / LaVell Winsor

[www.loewenassociates.com](http://www.loewenassociates.com)

[peteloewen@cox.net](mailto:peteloewen@cox.net)

[matthines1@cox.net](mailto:matthines1@cox.net)

**866-341-6700**

#### **IMPORTANT—PLEASE NOTE**

This does constitute a solicitation to buy or sell commodities futures and/or options. The information contained herein is provided for informational purposes only. The information is not guaranteed as to its accuracy or completeness, although the information was taken from sources we believe to be reliable. The market recommendations of Loewen and Associates, Inc. are based solely on the judgment of Loewen and Associates, Inc. personnel. We do not guarantee or warranty, either expressed or implied, of success to you in the use of this information. Loewen and Associates, Inc. disclaims responsibility for or loss associated with use of information from our commentary, analysis or recommendations. **There is risk of loss in trading commodity futures and options. The risk in trading can be substantial; therefore only genuine "risk" funds should be used.**