



## **Loewen and Associates**

***Commodity Consulting/Brokerage***

**Pete Loewen, Matt Hines**

**Doug Biswell, LaVell Winsor**

**866 341 6700**

**www.loewenassociates.com**

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### **Morning Ag Markets**

#### **Matt Hines**

Wild rides this past week in the livestock and grain pits with the winner going to feeders. A \$6 move Thursday, yes they traded limit down at one point during the day and closed limit up followed by Friday rolling around and yep you guessed it feeders hit again with limit lower. So what's going on here? It is called "risk off" trading which leads to very volatile markets when long term longs sell out in the case of cattle and equities or long term shorts buy back in the case of grains recently.

Feeders and hogs were pressured the most last week with fats actually holding fairly steady. Calf and feeder trade was a mixed bag all week with some locations still reporting \$3-\$5 higher sales as others were steady to off a couple bucks. Cash feedlot trade was cleaned up by Thursday last week holding steady to down \$1 with \$164-\$165 live catching most in KS, NE and IA and dressed trade at \$256 to \$258.

For the week, October live cattle finished up \$.15, October feeders down \$2.05 and December lean hogs down \$3.82.

Cattle slaughter from Friday estimated at 103,000 head, up 3,000 from a week ago and down 6,000 from a year ago. For the week, 565,000 head also up 3,000 from last week but down 55,000 from a year ago. Our year to date difference out to 7.2% less.

Boxed beef cutout values steady on light to moderate demand and offerings.

Choice Cutout\_\_249.16 +.24

Select Cutout\_\_243.78 -.14

Feeder Index:\_\_243.32 -.49

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Hog slaughter from Friday estimated at 412,000 head, up 34,000 from a week ago but down 15,000 from a year ago. For the week, 2,187,000 head, up 51,000 from the week previous but down 103,000 from a year ago. Year to date difference remains at 5.4% less.

Lean Index.\_\_108.21 -.89

Pork carcass cutout\_\_111.01 -2.71

IA-S.MN direct avg\_\_98.27 -1.84

Opening calls this morning are of course mixed for both cattle and hogs futures and steady to lower for cash so far to start the week. Again we walk into a week with a lot of uncertainty mostly centered around a very erratic feeder market.

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As stated earlier grains were up and down all week, soybeans did the most jumping around. Heading into the weekend though, no one wanted to be caught long with fall harvest weather wide open again. Soybeans closed on their lows and corn within a penny of it while wheat was actually in the green most of the day but pulled lower by the fall crops into the close. Export sales delayed until Friday were very good but within expectations. Corn sales totaled 1.92 MMT for this crop year, over 1 MMT sold to Mexico, and another ½ MMT sold to Mexico for next year. 935,000 MT of new soybean sales for the week of which 75% was sold to China. Wheat sales totaled 454,000 MT and the largest piece was over 100,000 MT of HRW sold to Nigeria. Informa was out late morning Friday with their updated 2015 acres, raising both corn and soybean acres for next year from their previous estimates, but overall looking for a 3 million acre cut in corn planted and an increase of 4 million acres for soybeans.

For the week, December corn finished up \$.14, November soybeans up \$.29 ¼, December KC wheat up \$.24, and December Chicago wheat up \$.17 ½.

Overnight grains were under pressure with corn down 5 to 6, soybeans down 14 and wheat 3 to 6 lower in all three pits.

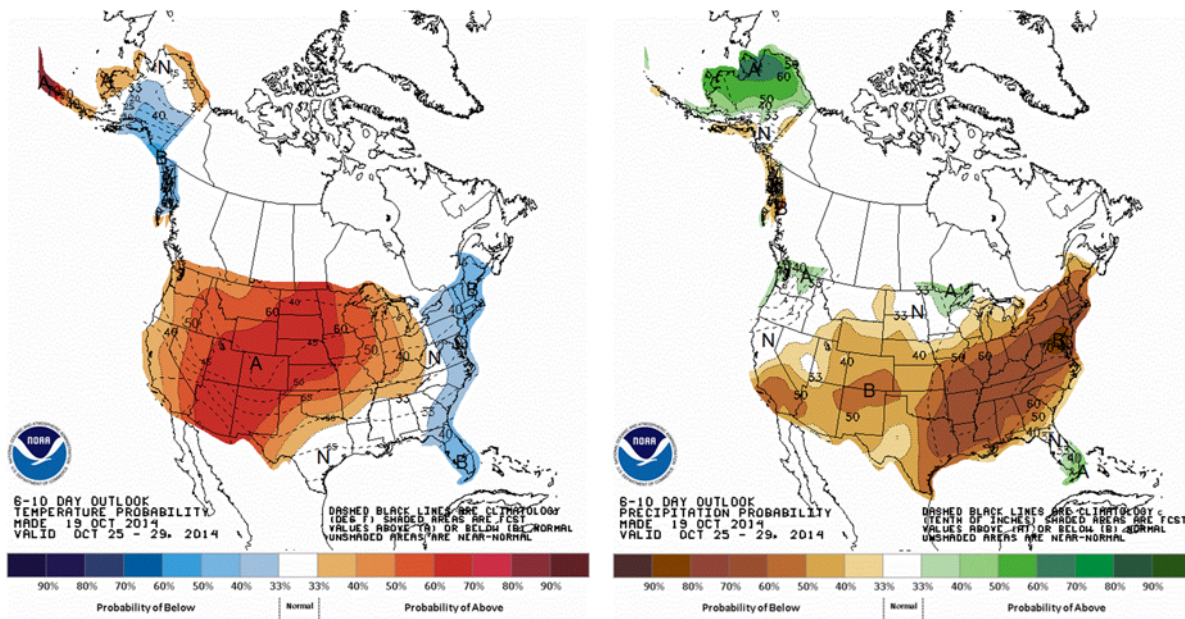
Crop progress will be reported later today with expectations for corn harvest at 30-35% complete compared to 24% last week, 38% last year and 51% for a five year average. Soybean harvest is expected to move past the half-way point picking up another 10-15 percentage points from last week. This time last year soybean harvest was 61% complete and the five year average is 70%.

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December corn broke through \$3.50 early last week which is now resistance and support is down at \$3.18 which is the contract low from the first of the month. November soybeans look similar with resistance at \$9.75 and support at the contract low of \$9.04. December Chicago wheat is still holding an uptrend but will need to stay above \$5.00 to keep momentum and December KC wheat needs to do the same with support at \$5.90.

Fall harvest should progress well this week and into next with only ½ to 1 inch forecasted for middle of US this week and the 6-10 day maps showing below normal precipitation and above normal temperatures.



## **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

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