



Loewen and Associates

Commodity Consulting/Brokerage

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Morning Ag Markets

Matt Hines

Let's start out with Let's Go Royals! Game 7 tonight of the World Series by itself is an amazing achievement. Let's hope the boys in blue can bring it home the crown now!

Now back to ag...Cattle futures spent Tuesday in the red while hogs picked up a nice triple digit gain even though pork values were under pressure. Boxed beef values were sharply higher again yesterday but a lack of follow through buying brewed early in the cattle pits and kept the futures under pressure.

Feeders traded a tight range for most of the day not looking to break into new ground either direction. Fats on the other hand traded a dollar to 2 dollar range and again tested highs but failed. USDA reported 1,700 head of fed cattle that traded in Iowa yesterday at \$166.50 live and \$2.64 dressed. This would be at the lower end of where cattle traded in the region last week but trade volumes were too light to fully establish a market. The rest of cattle feeding country was quiet with no packer bids available and most feedlots offering cattle at \$173 plus live.

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 sharply higher again yesterday on moderate demand and light offerings.

Choice Cutout__251.56 +2.36

Select Cutout__239.10 +3.11

Feeder Index:__238.51 +.31

Hog slaughter from Tuesday estimated at 432,000 head, up 3,000 from a week ago and unchanged compared to a year ago.

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Lean Index. __96.59 -1.81
Pork carcass cutout __97.72 -2.39
IA-S.MN direct avg __87.75 -.70
National cash avg __86.77 -1.51

It was a wild ride in the grains yesterday. Soybeans up \$.30 and meal up \$30/T overnight, wild swings throughout the day and at the close beans just barley holding on to positive ground as meal lost \$1 to \$3/T. Corn was just riding the coattails of the soy complex. Wheat seemed to be along for the ride early but broke out to upside during the day and held decent gains suggesting more short position covering and some concern over delays in soft red winter wheat planting.

Cash sales have picked up the pace as basis in many locations has widened for both corn and soybeans while futures rally to get more or keep grain moving. For example, highly tracked and publicized points such as Decatur, IL is at -15 Dec compared to +18 Dec last year and St. Louis, MO is -27 Dec compared to +3 Dec last year. Here's the scary part, if we are only 50% done with corn harvest right now, that's still 7+ billion bushels that still need to be picked and find a home!

Overnight, grains proceeded higher once again. Soybeans topped out around 5 to 6 AM at 12 to 13 higher with meal at \$10/T higher as well. Both finished higher but soybeans came back to 5 to 6 higher and meal up \$2-\$4/T. Corn and wheat finished 2 to 3 higher.

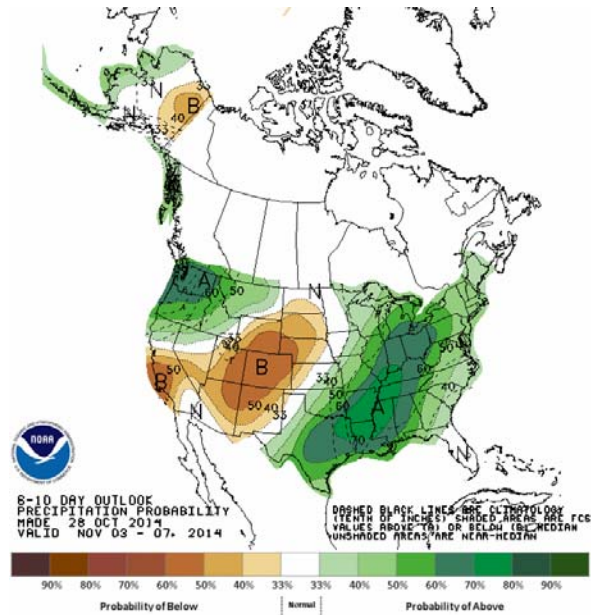
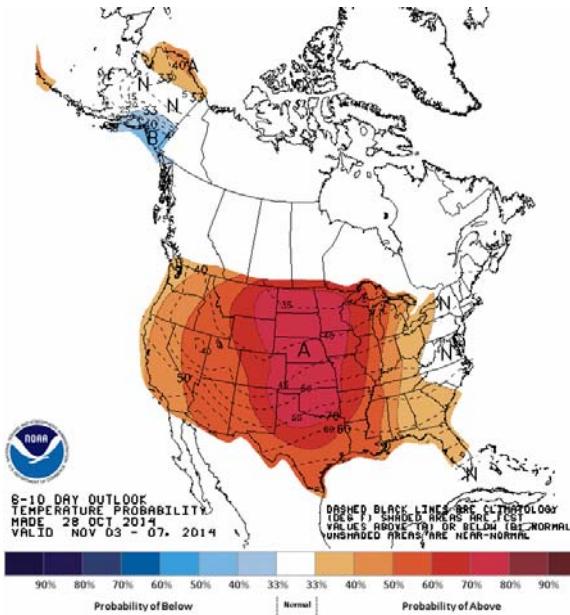
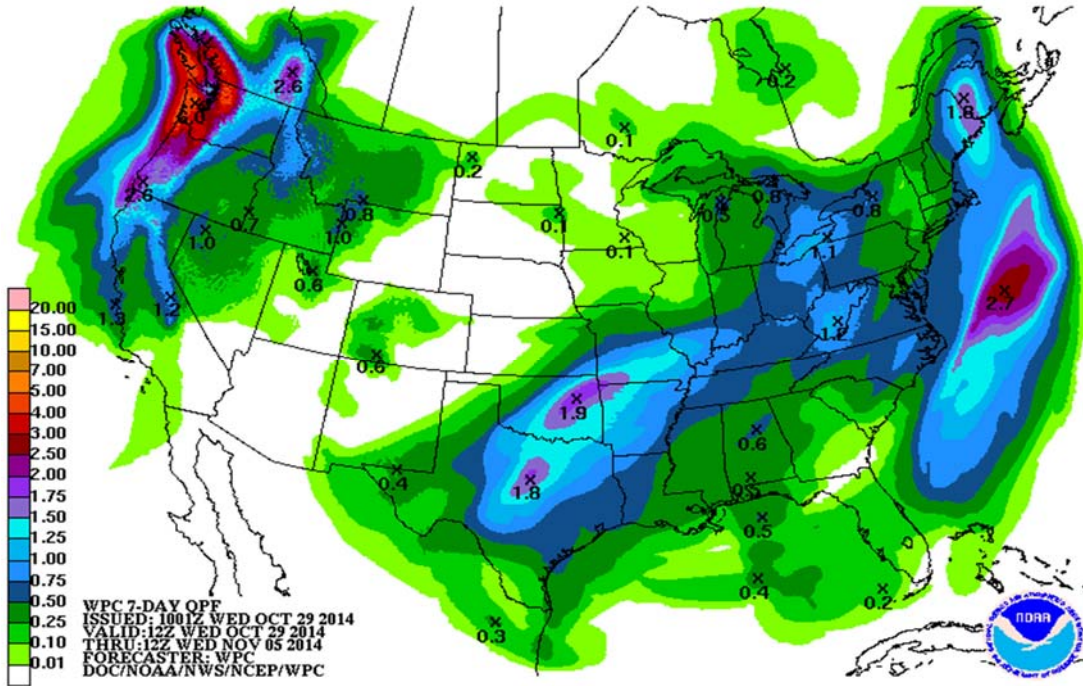
The soy complex continues to be the leader higher in grains and mostly due to soybean meal. Crush margins continue to move higher along with meal basis. The rumors spirally are quite the double edged sword, with processors double booking due to poor railroad performance which in turn is causing exporters to switch from sourcing from the US to Argentina.

December corn is sitting right at the 100 day moving average with support at \$3.60 and resistance at \$3.74 and \$3.81. First notice day for November soybeans is this Friday with support at \$10.00 and resistance at \$10.50. December KC wheat has spent the last 2 months between 5.50 and 6.20 currently still holding an uptrend. December Chicago wheat holding the trend even better and trying to push through \$5.40 the past few sessions.

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Looking at the weather, this next week's forecast now showing ½" to 2" possible from Texas through Wisconsin. The 6-10 day maps also get a little wetter but temps still forecasted well above normal.



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