



Loewen and Associates

Commodity Consulting/Brokerage

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Morning Ag Markets

Matt Hines

Livestock futures were mixed to the end the week but a very impressive strong rally in both live cattle and feeder futures overall for the week. By Friday, it appears traders were willing to call it enough and take some profits off the table before the weekend. Cash feedlot trade did not surface until late Friday with packers paying \$4 -\$6 higher at \$161-\$162 live and \$252 on a dressed basis.

Electronic trading hours were cut back considerably and the change will take effect Oct 27th. Open outcry hours our unchanged from 9:05 am to 1 pm Monday through Friday, but the electronic trade will now be from 9:05 am to 4 pm on Monday, 8 am to 4 pm Tuesday through Thursday and 8 am to 1:55 pm on Fridays.

For the week, October live cattle finished up \$3.95, October feeders up \$7.77 and October lean hogs down \$.92.

Cattle slaughter from Friday estimated at 108,000 head, up 4,000 from a week ago but down 11,000 from a year ago. For the week, 582,000 head up 10,000 from last week but down 57,000 from a year ago. Our year to date difference out to 7.1% less.

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

Choice Cutout__238.32 -.13

Select Cutout__226.36 -.97

Feeder Index:__236.42 +.95

Hog slaughter from Friday estimated at 409,000 head, up 41,000 from a week ago but down 15,000 from a year ago. For the week, 2,090,000 head, down

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5,000 from the week previous and down 129,000 from a year ago. Year to date difference remains at 5.3% less.

Lean Index. __109.68 -.05
Pork carcass cutout __123.75 +1.33
IA-S.MN direct avg __107.66 -1.05

Opening calls this morning are higher for both cattle and hogs, futures and cash. Futures are called 25-50 higher with cash seen as steady to as much as \$2 higher this week.

Moving over to the grains, futures were also mixed to finish out the week, soybeans taking the hit lower with corn steady and wheat finishing higher. It was somewhat of a quiet week in the grains with trade not moving either direction and harvest stalled out nationwide by the end of the week. Basis levels have been pulling back but we have yet to see an utter collapse in many areas due to these weather breaks.

Stats Canada latest production estimates were friendly with wheat, oats and canola estimates all coming in lower than the pre report ranges. Informa though was the latest to join in the US private estimates for fall crops and again corn yields seem destined to push above 175 bpa nationally and soybean yields possibly as high as 48 bpa.

For the week, December corn finished up ¼ of a penny, November soybeans up \$.02, December KC wheat up \$.04 ¼, and December Chicago wheat up \$.11 ½.

Overnight grains got a little bounce with corn up 4, soybeans up 14 and wheat 5 to 8 higher. It appears to be getting some support from the wet forecasts and harvest delays and also from some short covering before this week's USDA crop production and supply/demand report.

Corn and soybean harvest has stopped in many areas and could be spotty here this week. Look for corn harvest to be 20-25% complete in today's crop progress and conditions report. Soybean harvest should be 25-30% complete.

Brazil is on pace with corn and soybean planting now estimated at 28% complete for corn and 3% complete for soybeans.

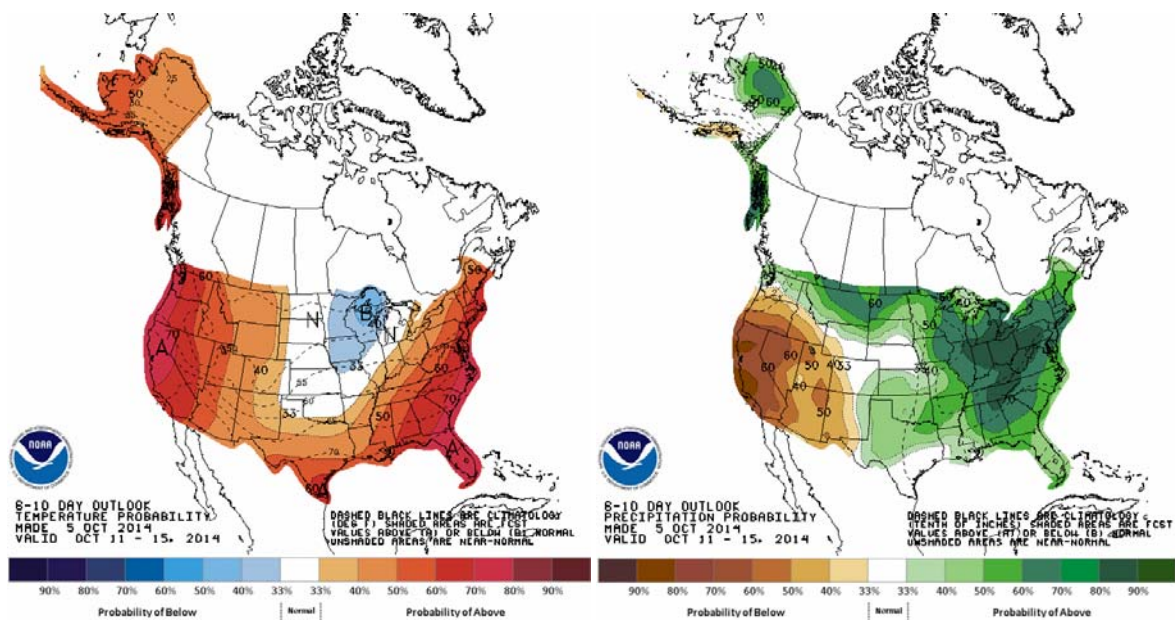
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We talk about low prices curing low prices by building demand but corn exports sales are still lagging behind. Year to date sales are only running at 33% of USDA's current estimate compared to historically running near 40% by now. Soybean sales on the other hand are exceeding the historical pace at 63% compared to 55%. This morning USDA announced 210,000 MT of corn sold for unknown destinations, most likely destined for Mexico.

December corn so far has carved out a low at \$3.18 with resistance at \$3.30. New contract lows from here could push us down to the 2009 lows from \$3.04 to \$2.96 and then the low in December 2008 at \$2.90. November soybeans still seen lower and eyeing the \$9 mark, \$9.04 was last week's low. In 2009 futures got down to \$8.43 and in 2008 down to \$776 ¼. Wheat futures broke through some nearby resistance. December KC could make a run up to \$5.82 then \$5.95 with support still holding at \$5.50. December Chicago has resistance at \$5.00 and support at \$4.65 and \$4.50.

The 6-10 day weather maps look decent for temps but above normal precipitation to continue for the Corn Belt.



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