



## **Loewen and Associates**

***Commodity Consulting/Brokerage***

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Date: 11.3.14

### **Morning Ag Markets**

#### **Matt Hines**

Last Friday was centered around end of the month trading and position squaring with livestock and grain futures trading both sides of unchanged. October live cattle futures reached up to a new record high at \$171.80 but finished triple digits lower. Feeders were mixed and hogs higher on Friday but lower still for the week.

Cash feedlot trade couldn't hold steady even with futures reaching above \$170 this past week. Live sales in Texas and Kansas were reported at \$167-\$168, down \$2 from last week with Nebraska and Iowa reported trade at \$264 to \$265 on a dressed basis which did hold mostly steady compared to a week ago.

For the week, October live cattle finished up \$1.25, December down \$.85, November feeders down \$.50, January down \$.43, December lean hogs down \$2.23 and February down \$.82.

Cattle slaughter from Friday estimated at 99,000 head, down 7,000 from a week ago and down 17,000 from a year ago. For the week, 553,000 head down 23,000 from last week and down 70,000 from a year ago. Our year to date difference remains at 7.2% less.

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

Choice Cutout\_\_251.20 -2.15

Select Cutout\_\_238.63 -.78

Feeder Index:\_\_239.82 +.52

Hog slaughter from Friday estimated at 409,000 head, up 19,000 from a week ago but down 19,000 from a year ago. For the week, 2,193,000 head, up 52,000

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from the week previous but down 77,000 from a year ago. Year to date difference actually came in to now 5.3% less.

Lean Index. \_\_91.38 -1.65  
Pork carcass cutout \_\_97.51 -.33  
IA-S.MN direct avg \_\_86.02 -.75

Opening calls this morning are mixed to higher for cattle futures and steady to \$1 lower for hogs. Showlists are expected to be somewhat larger this week and early asking prices should be back up to \$170. Packers definitely slowed down the chains this past week though and cash trade will be waiting to see what boxed beef values coming into November.

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Moving over to the grains, sharply higher equities and US dollar pressured grains from the opening bell on Friday but beans and meal started a slow climb higher throughout the day and pulled corn into positive territory as well. Wheat could not get out of the red and we really need to see some demand build here to keep prices from falling apart.

For the week, December corn finished up \$.23 <sup>3</sup>/<sub>4</sub>, November soybeans up \$.69, December KC wheat unchanged, and December Chicago wheat up \$.14 <sup>3</sup>/<sub>4</sub>.

Overnight grains were under pressure with corn finishing down 3 to 4, soybeans down 8 to 10 and wheat 3 to 5 lower in all three pits.

Over the weekend, Egypt purchased 1 cargo of French wheat for shipment in early December. Iraq has an open tender for 50,000 MT of wheat still open until Thursday but the low offer is currently from Canada at \$323/MT compared to the US offer of \$352/MT.

Weather in South America continues to improve for planting regions, while Australia is still fighting overly dry and hot weather in the wheat growing regions. Here in the U.S., mostly dry weather over the weekend should have allowed continued harvest progress, and we could very well find ourselves 65 to 70% complete in corn and 80 to 85% complete in soybeans in this afternoon's crop progress and conditions report.

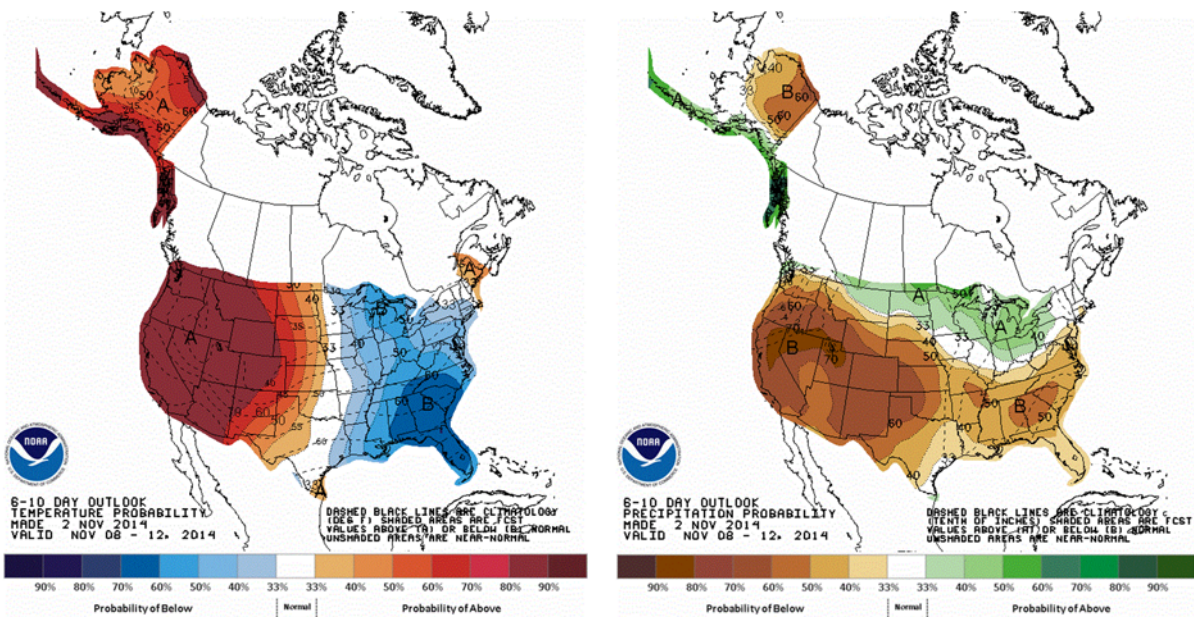
As we look at the charts, we will need to see some new highs this week to keep the rallies going. The bean market bounced off corrective targets as we take aim

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this past week's high at \$10.59 ¼. A close over that level would set up another bull swing with targets at the \$10.91 level. Support sits at the \$10.35 area now. December KC wheat is trying to hold the 40 day moving average at \$5.86 ¼ which should give us a bounce. Look for a rally back over \$6.00 but resistance to come in at \$6.05. December Chicago wheat corrected off its highs and tested support in the \$5.25 to \$5.20 area. At this point a close over \$5.45 should be enough to extend this rally to the \$5.72 area. The corn market continued its rally as we try for the \$3.81 highs again and then counts at \$3.88. Weekly charts look a bit stronger with a possibility of \$4.00 but that that should be a tough spot. For now that leaves the \$3.70 level as support as we try to extend to the topside for the 6<sup>th</sup> week in row.

The 6-10 day weather maps remain dry except in the northern plains and Great Lakes region. Temperatures are normal to above to normal for the western half the U.S. and below normal for the eastern half.



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