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Commodity Consulting/Brokerage

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Morning Ag Markets

Pete Loewen

There was solid green across the quotes in the meat complex at the finish yesterday and to go along with it, a few more positives than negatives in the cash quotes as well, even in hogs. Both the pork cutouts and cash trade posted mild gains, which is an oddity these days, yet the index was still lower.

Cash feeder and calf market trade was higher as well with the southern auctions of Joplin and OK City both called mild to instances actively higher across most classes compared to the previous week. The one exclusion to the friendlier mix was the increasing number of freshly weaned bawlers making their way to some sales and still bringing steep discounts relative to their pre-conditioned counterparts. Given the cost of calves these days, taking a chance on something that might hurt the pocketbook in medicine or death loss isn't a very smart move and one that some people obviously aren't willing to take in this go-round either. That is- unless the discount just becomes too tempting from a price standpoint.

On the heavier end, prices are geared up for a nice jump this week, as well as some good support coming over the next 60 days from farmer/feeders wanting to walk cheap corn off the farm. Of course, that may change some if corn continues higher like it did in the month of October, but I'm going to go out on a limb and guess that there is a decent chance the November and beyond trend is going to be headed in the opposite direction which is lower.

Cattle slg. ___ 113,000 unch wa -4k ya

Choice Cutout __ 250.73 -.47

Select Cutout __ 239+.77

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Feeder Index:___240.25 +.43

Lean Index.___90.06 -1.32

Pork cutout___97.94 +.43

IA-S.MN direct avg___86.41 +.39

Hog slg.___ 432,000 +9k wa -1k ya

Moving on to the grains, wheat managed to close higher yesterday in the face of corn and beans falling under solid pressure. The pressure in corn and beans came courtesy of a strong harvest pace and also a much more favorable weather outlook for the drier areas of Brazil. Soybeans felt the heaviest pressure trading as much as 20+ lower on some contracts at the lows of the day, yet no contract months closed in the 20 lower range, they were all just shy of that level.

Estimates for this month's crop production numbers are starting to hit the press with most numbers so far coming in above USDA's last numbers still, yet slightly smaller from some firms compared to their previous numbers. FC Stone came out yesterday with a 14.783 bln corn and 4.033 bean number. Informa comes out this morning I think. Both of those numbers by Stone were well above the USDA figures of 14.475 corn and 3.927 beans from the October Crop Production report.

Harvest progress numbers yesterday afternoon showed 65% of the corn done now, which is still shy of the 73% pace that is the average but well within the range of guesses. Soybeans were 83% done which was right at the average for that date. Big picture these numbers were a little bearish and with the freeze a past event as well as open weather for advancing harvest progress over the next week even more, the bias has switched again to down.

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