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Morning Ag Markets

Matt Hines

Livestock futures were mixed yesterday with hogs sharply lower and cattle futures just hanging around. So far this week, cash hogs are steady but cutouts are sharply lower. Most packers are sitting good heading into the holidays but there have been a few still caught short. Cattle futures seem to be waiting for cash feedlot trade to take place this week before reacting. There were a handful traded in Iowa yesterday at $265 dressed but most offers still much higher. Technicals are still supportive and boxed beef prices are moving higher providing support as well.

Cattle slaughter from Tuesday estimated at 112,000 head up 5,000 from a week ago but down 8,000 from a year ago.

Boxed beef cutout values steady on Choice and higher on Select on light to moderate demand and offerings.
Choice Cutout__254.29 +.02
Select Cutout__241.26 +1.23
Feeder Index:__240.09 +.90

Hog slaughter from Tuesday estimated at 426,000 head up 39,000 from a week ago but down 12,000 from a year ago.

Lean Index.__88.13 +.12
Pork carcass cutout__94.16 -1.43
IA-S.MN direct avg__87.34 -.20
National cash avg__85.61 -.50

Opening calls were matching yesterday's close with follow through selling expected for hogs and cattle futures steady to chopping around awaiting cash feedlot trade for direction.

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Over in the grains, the back and forth price swings continued for the soy complex while corn and wheat futures drifted lower. Monday was a double digit higher day for soybeans supported by record weekly export shipments and bullish domestic crush. Tuesday we turned the tides as meal and soybeans fell off getting some pressure from rumors that US meal exports are being switched to South American origins. South American weather remains favorable at this time and most are estimating that Brazil planted another 15-20% last week to reach near 60-65% complete.

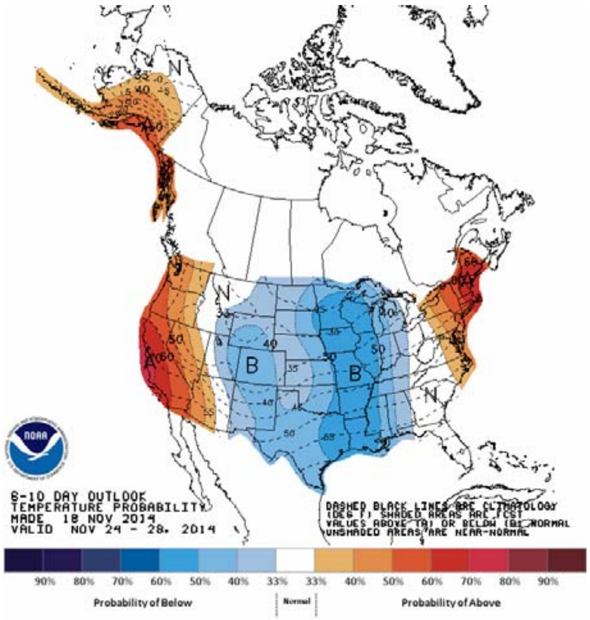
Corn has defiantly taken the follower role here to soybeans. This Friday, December options will expire which may be pulling futures lower with the main strike price volume at $3.60 in the calls and $3.40 in the puts. The German rapeseed meal coming to the US is replacing backlogged Canadian canola meal. The other surprising trade is a cargo of French feed wheat set to arrive on the Wilmington, NC which would be the first in nearly 12 years.

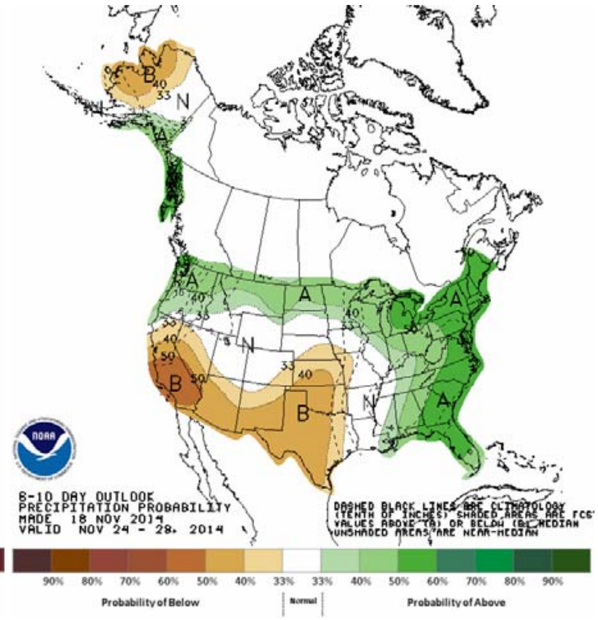
Overnight, grains under pressure again with soybeans 9 to 10 lower, corn 2 to 3 lower and wheat 2 to 4 lower in all three pits. The bull needs to be fed to continue higher and not much new supportive news is out there right now.

The US$ continues to strengthen as currencies in South American, Russia, Ukraine devalue hurting our export chances even more. Russian wheat is currently being quoted at some $30/MT cheaper than US values. The soybean meal here in the US should soon fill the pipeline but basis continues to strengthen and processor margins widen. If the cancellations are confirmed we could find ourselves awash in meal domestically. South Korea purchased 2 cargoes of option origin corn overnight at $212 and $224/MT delivered. These will most likely come from the Black Sea region as US values are about $10/MT higher.

As we look at the charts, December corn broke the uptrend line and would need to pop back up to $3.82 and $3.86 to keep the rally going. Support is sitting around $3.65 and then the $3.60 area. January soybeans have been choppy with support at $10.00 and resistance around $10.50. December KC wheat back under the $6 level now eyeing $5.80 and then the low this month at $5.65. December Chicago wheat needs to stay above $5.40 or $5.20 looks to be in the cards there.

Looking at the weather, below normal temps still hanging around and now forecasted until the end of November. Below normal precipitation for the Plains on the 6-10 day maps continue as well.





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