



Loewen and Associates, Inc.

Commodity Consulting/Brokerage

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Hog futures snapped back to bullish reality yesterday after falling victim to spillover steep losses in the cattle complex from the day before. At one point there was some limit up trade and the front two months did close \$2.00+ better, but not limit. Cattle struggled all day in the feeders and still closed mild to moderately lower, but thankfully not down \$4 like the day before. Live cattle futures were down on the front two months and up on all the deferred contracts.

The cattle complex is technically extremely oversold and due for a corrective bounce. However, product trade in choice cutouts has been down all but one day this month, meaning packers are having a horrible time gaining interest from buyers. Cash was on the extreme defensive this week at the feedlot level as well, trading \$135-\$136 in Nebraska and Kansas so far, along with \$210-\$214 dressed. On the hoof that's a \$4-\$5 drop from last week. The other problem plaguing the market is the glut of heavy weight Corn Belt cattle that are being marketed right now. Fundamentally this drop has been warranted. Technically, like I said, it is way overdue for a bounce.

This afternoon we get COF data released for the month of September. Estimates for the On Feed total are 103.4% of a year ago as of September 1. Placements in August are pegged at 100.2% of last year and marketings last month have an average guess of 94.6%. The estimates have a definite bearish undertone, but as always it is more important to watch the deviation from the estimates for market movement potential, not necessarily the big picture. That big picture aspect should already be baked into the market ahead of the numbers.

Cattle slg. ___113,000 -1k wa -2k ya

Choice Cutout __230.50 -2.91

Select Cutout __221.70 -3.33

Feeder Index: __201.02 -2.38

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Lean Index.___70.97 -.01

Pork cutout___82.35 -1.29

IA-S.MN direct avg___68.54 there was no quote the previous day for comparison

Hog slg.___431,000 -2k wa +17k ya

Grain futures finished under mild pressure across everything. Obviously the FSA data dump from the previous day had no bearing on the markets then and none yesterday either, despite the snafu in the wrong data being released. The hype that had every market buzzing was the big anticipation from the fed and whether rates were going to be raised yet or not. It was really kind of humorous watching so many ag analysts talking about the numbers and influence it could have when they really have no business analyzing that kind of data in the first place. The end result of course was no rise in rates, very little reaction in the end in the equities, aside from some brief volatility and no reaction out of the grain and livestock either.

Export sales numbers yesterday were mildly friendly beans and bearish corn and wheat. Wheat sales were 13.9 mln bushels, corn 21 mln and beans 33.5 mln. There have been almost daily rumors of China buying multiple cargoes of US beans. Egypt tendered for an unspecified quantity of wheat yesterday as well. There was also some talk of Brazil corn being bought by US importers for late summer / early fall 2016 delivery, but for the moment I would like to believe that is just chatter. It wouldn't be good if both US wheat AND corn were sitting at uncompetitive prices in the world export picture. More exports mean more potential for higher prices down the road. That's a big burden for wheat price right now and bearish. Corn does NOT need that same burden.

6-10's last night were hot everywhere with precip pegged at above normal in the Northern Plains and Northern Corn Belt and below normal in the Central and Southern Plains through the Eastern Corn Belt. That's a friendly forecast for new crop wheat.

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