



Loewen and Associates

Commodity Consulting/Brokerage

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Morning Ag Markets

Matt Hines

Tuesday was a mixed day with cattle futures, corn and wheat lower but soybeans higher and lean hogs sharply higher. Cash feedlot trade at a standstill and it appears there are still some heavy weight cattle in the North to clean up. A handful traded in Iowa at \$136 to \$137, with most weighing 1500 pounds. This is lower than last week's bottom but also not enough to establish a market. Calves and feeders sharply lower in the country this week with early reports at \$5 to \$20 lower. The momentum of the market is to the downside and that doesn't appear to be subsiding yet this week. Aggressive buying started the day for lean hogs but volume thinned out after the initial run.

Cattle slaughter from Tuesday estimated at 112,000 head, down 2,000 from a week ago and down 3,000 compared to a year ago.

Boxed beef cutout values weak to lower on moderate demand and moderate to heavy offerings.

Choice Cutout__233.49 -1.65

Select Cutout__225.01 -.68

Feeder Index:__203.75 -1.58

Hog slaughter from Tuesday estimated at 430,000 head, down 5,000 from a week ago but up 15,000 from a year ago.

Lean Index.__71.44 -.50

Pork carcass cutout__83.97 -.83

IA-S.MN direct avg__68.60 +2.16

National Average__66.74 +1.54

October live cattle have support at the \$140 area with the contract low at \$139.65. Long term the downtrend is still in place with the past month being

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choppy trade from \$144.50 to \$140. September feeders broke the \$200 support area and now eyeing the contract low at \$195.60. Long term the downtrend still holding for feeders as well. October lean hogs moved above the 10-day and 100-day moving averages yesterday to test the resistance up at \$70. A breakout above could lead us up the \$74 area seen this past May.

Over in the grains, corn and wheat are both 25-30 cents off their recent lows so yesterday looked more like a stop and take a breather day. Cash movement of corn is picking up with harvest activity moving north as well. Soybean conditions overall got a shade worse helping support prices along with a friendly NOPA crush report. Domestic crush for August was reported at 135.3 MBU just a shade above expectations. Last month's record was 145.2 MBU but this was still the highest in last 8 years and considerably higher than the 110 MBU from the last two Augusts.

Overnight, grains finished mixed with corn and wheat 1 to 2 lower and soybeans steady to 1 higher.

So the FSA data dump, as it is being called, came out today and shocked the market a bit. At 5:30 this morning FSA released their monthly acreage data and corn went from -1 to -4 while soybeans went from +1 to -5. Corn prevent plant acres now only at 1.62 million vs a reported 2.3 million a month ago and soybean prevent plant acres now at .85 million when they reported 2.17 a month ago. So a few scenarios here...

1. An error in this month's reported data, they messed up and used 2014 data for most states as some have pointed out
2. An error in last month's reported data
3. Or confirmation all along that the acreage is not coming down in USDA's monthly crop report is correct?
4. Oh and 1 more possibility, producers planted a lot of corn and soybean acres in August?

Overall the questions swirling about the decision making and data released by USDA, FSA and throw in the EPA continue to build to now what some feel is a boiling point. At 7 am, FSA pulled the data and posted "UPDATED FILE TO BE UPLOAD SOON". They have stated that they incorrectly filed their estimates.

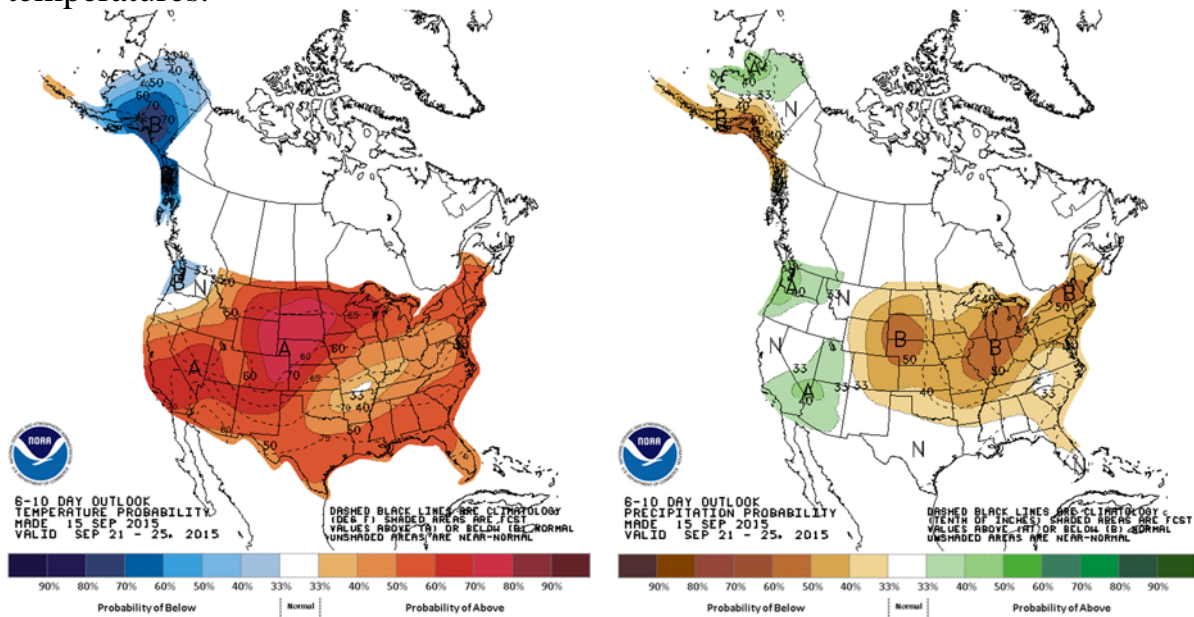
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Hearing more rumors of China purchasing more US soybeans this week and today adding some from Argentine as well. USDA did announce a private sale for 184,000 MT or 6.8 MBU of soybeans for China.

December corn has found some support at the 100-day moving average at \$3.87 ¾ with additional resistance at from \$3.95 to \$4.00. If we get to those levels I would expect farmer selling to pick up and basis levels to weaken a bit with it. November soybeans took a stab into new contract lows to \$8.53 last week showing us that our recent range is vulnerable despite our reversal back. Resistance remains in the \$8.90 area while \$8.65 down to \$8.53 will act as key support. On the wheat charts, all three varieties have moved above their respected 10-day moving averages with contract lows some \$.30 below. KC and Chicago though have failed to break the \$5 barrier.

There is another tropical disturbance that will bring in heavy rains for the delta and southeast starting today and lasting into the weekend. Rain is also forecasted for the northern plains here today and a band from NE OK up to WI and MI could drop 1-2 inches from Thursday through Saturday. The 6-10 day outlook switches back to below normal precipitation and above normal temperatures.



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