



Loewen and Associates

Commodity Consulting/Brokerage

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Date: 9.2.15

Morning Ag Markets

Matt Hines

It was a red day across all the markets except for Chicago wheat futures with spreads dominating there on some confusion with deliveries. Weakness originated when China released economic reports overnight that showed a continued weakening of industrial output but also showed a slowdown in domestic service sector. Cattle futures dove down for triple digit losses on Tuesday with equities down hard again. Pressure also coming from the less than stellar beef demand for the Labor Day holiday. Calves and feeders so far this week are holding steady to up a few dollars at sale barns. Rumors hit late Tuesday that packers had bought some fats in the North at \$140 to \$141 live. USDA reported 1,159 head of fat cattle that sold in Iowa for \$141 live and \$2.22-\$2.25 dressed, mostly at \$2.22 dressed which is \$2 to \$4 lower than a week ago. Add to that beef prices struggling this week and it is hard to get bullish cattle futures right now. Hogs held their ground for most of the day yesterday finishing mixed. Cash prices continue to creep lower while pork prices are higher.

Cattle slaughter from Tuesday estimated at 110,000 head, up 1,000 from a week ago but down 8,000 compared to a year ago.

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

Choice Cutout__241.21 -1.03

Select Cutout__230.44 -1.60

Feeder Index:__207.02 -.67

Hog slaughter from Tuesday estimated at 428,000 head, up 7,000 from a week ago and up 15,000 from a year ago.

Lean Index.__77.23 -.47

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Pork carcass cutout__86.17 +.33
IA-S.MN direct avg__70.70 -.86
National Average__70.17 -.71

September feeders scored a new contact low last Monday that at least for the time being has not be taken out so support remains in the \$196 area with resistance at \$206 creating a fairly wide trading range. October live cattle also did not retest the lows in the mid-\$140 range. Some choppy trade is expected from \$140 to \$145 with more resistance above at \$148. October lean hogs broke through the \$68 level and resting now right at the 100-day moving average looking for more direction. Higher pork prices continue to support the moves higher with continued hope exports increase especially to China.

Currently...

Over in the grains, soybeans led the way lower with hot and dry forecasts ignored. Conditions improving a point didn't help as expectations were for a 1-2% decline. All wheat contracts tried to build onto Monday's gains but Chicago was the only market able to hold gains. Corn futures were lower with pressure from the soybeans and outside markets as well. Brazil's trade ministry pegged August soybean exports at 5.1 MMT vs. 8.4 MMT in July and corn exports at 2.3 MMT up from July's 1.3 MMT. Brazil & US Corn are expected to remain in a dog fight for the foreseeable future to capture world export business. Brazil still has a \$15-20/MT advantage at this time or \$.38 to \$.51/BU. US Sales for the next marketing year are at 6.64 MMT vs. 10 MMT this time a year ago which continues to cause some fear.

Overnight, grains were mixed looking for additional outside influence for direction. China's stock market slightly lower but both corn and soybean were a little higher. Stock futures and USD were higher while energies and metals were lower. Corn finished steady to 1 lower, soybeans 2 to 3 higher and wheat steady to 1 lower.

FCStone came out with their September fall crop estimates as Informa's are expected Thursday ahead of next Friday's USDA estimates. They did adjust to USDA harvested acres and increased both their corn and soybean yields. Corn production is estimated at 13.457 BBU using a yield of 165.9 BPA vs. 165 last month. Soybean production is estimated at 3.791 BBU using a yield of 45.4

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BPA vs. 45.0 a month ago. These were both still below USDA's July estimates at 168.8 and 46.9.

Farm Futures conducted a survey of farmers for 2016 planting intentions. The survey showed farmers plan to plant 89.6 million acres of Corn up 1% from 2015 and 86.2 million acres up Soybeans up 2.4% from 2015.

Forecasts are still showing some light to 1" rain chances mostly in the Northern Corn Belt over the next week. The 6-10 and 8-14 day maps continue to show above normal temps and have adding in above normal precipitation.

December corn contract low is at \$3.57 ½ with the market trying to hold steady and 10-day moving average at \$3.75 ¼. November soybean contract low is at \$8.55 with the 10-day moving average up at \$8.81 ½. Both are creeping lower now with the past few sessions hanging around \$3.70 and \$8.75 respectively. On the wheat charts, both KC and MPLS continue to tail lower making or resting on new contract lows. The September Chicago wheat contract low at \$4.69 ¼ which has yet to be breeched. Again just a reminder that September grain contracts are in delivery now with no daily trading limits and volume is getting thinner.

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