



Loewen and Associates

Commodity Consulting/Brokerage

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Morning Ag Markets

Matt Hines

Cattle futures continued under pressure most of last week. The focus on continuing weak cash markets as well as sharp losses in beef values is adding to the growing concerns already set in. Calves and feeders took some hits this past week as well in the country down as much as \$20 in some locations. The packer has control over the market right now as these cattle are too heavy and they are backing them up in the country. We have seen some decent trade volumes in Iowa and Nebraska the last couple of weeks, which is important as these are the areas that need to get these overweight cattle cleaned up. And that is the biggest question on everyone's mind right now, "are these big cattle getting cleaned up?" The bulk of last week's cash feedlot trade was done midweek at \$134 to \$136 live and \$213 to \$214 on a dressed basis which is \$4 to \$5 lower than the average a week ago.

Cattle on feed reported after the close could provide some support this week as placements and marketings were both low. Placement activity last month totaled 1.632 million head, 5% below the previous year and the smallest weight summer placement seen since the data series began in 1996. August marketing totaled 1.59 million head, 6% below 2014. The total also represents a new record, the smallest out movement by feedlots since before 1996.

USDA	Actual	Avg guess
Cattle on Feed Sept 1	103%	103.5%
August Placements	95%	100.5%
August Marketings	94%	94%

Placements by weight class (expressed as % of previous year)

Under 600 lb 96%

600-699 lb 75%

700-799 lb 92%

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Over 800 lb 104%

For the week, Friday to Friday, October Live Cattle down \$4.60, December down \$4.00, September Feeders down \$7.90, January down \$9.10, October Lean Hogs up \$3.72, December up \$1.50.

Cattle slaughter from Friday estimated at 111,000 head, down 3,000 from a week ago and up 4,000 from a year ago. For the week, 576,000 head, up 75,000 from a week ago but down 2,000 from a year ago. Year to date came back a little now at 6.6% less than a year ago.

Boxed beef cutout values sharply lower on light demand and moderate offerings. Choice Cutout__226.30 -4.20, for the week down 9.79 and so far this month, down 14.91

Select Cutout__219.26 -2.44, down 7.47 for the week and down 11.18 for the month

Feeder Index:__200.02 -1.00

Hog slaughter from Friday estimated at 422,000 head, down 9,000 from a week ago but up 59,000 from a year ago. For the week, 2,278,000 head, up 238,000 from both a week ago and a year ago. The year to date difference still increasing now out to 8.1% more than a year ago.

Lean Index.__71.19 +.22

Pork carcass cutout__82.90 +.55

IA-S.MN direct avg__68.75 +.21

National Average__66.94 -.64

Opening calls are steady to 50 higher for both cattle and hog futures this morning. Short covering and the smaller than expected placements should support cattle futures while follow through buying and higher cash values support the hogs. October live cattle reached down for a new contract low which had not been touched since the contract started trading back in April 2014. Resistance will be in the \$140 area. September feeders also hit a new contract low at \$191.12 with resistance at \$196 and \$198. October lean hogs broke through the \$70 resistance level looking to test the \$74 area next.

Grains were back and forth all week and finished mixed Friday and steady to lower for the week. Soybeans took the biggest hit as harvest is underway and

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early yield reports are better than expected. Corn yields are still very variable but in general I continue to hear some disappointment. Egypt bought 230,000 MT, 8.45 MBU, wheat for late Oct from Ukraine, Russia and France on Friday. This is still about \$3 lower than the offers on Sep 3rd and US wheat was not offered yet again but soft would have been priced \$46 higher and hard about \$53 higher or \$1.25 to \$1.44/BU higher. Late Friday, China did announce a 10% drop in corn price while most were expecting up towards 20%.

For the week, Friday to Friday, December corn down \$.09 ³/₄, March down \$.09 ³/₄, November Soybeans down \$.07, January down \$.06, December KC Wheat unchanged, NC July up \$.00 ¹/₂, December Chicago Wheat up \$.01 ³/₄, July down \$.01.

Overnight grains finished mixed with corn 2 lower, soybeans 2 higher and wheat 2 to 4 lower.

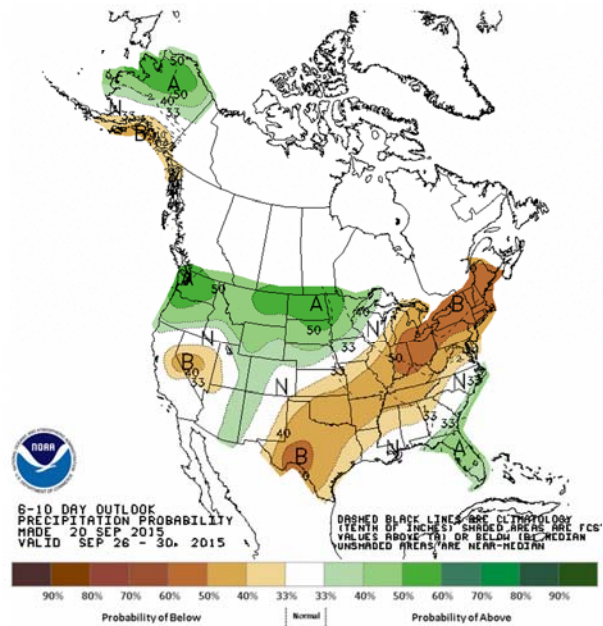
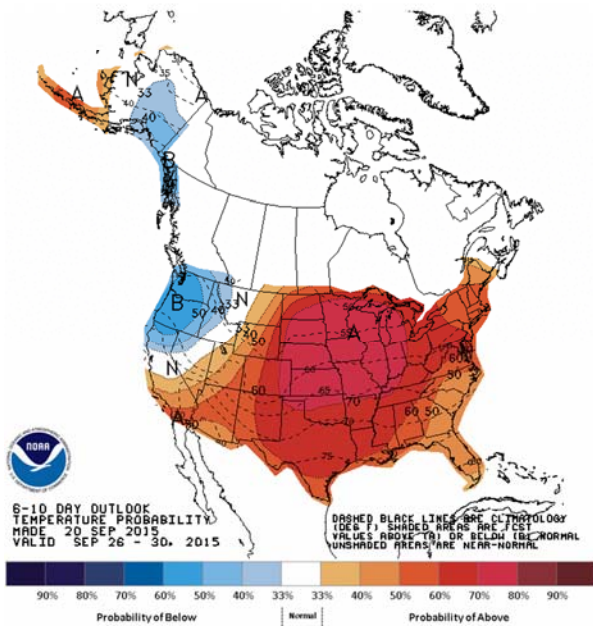
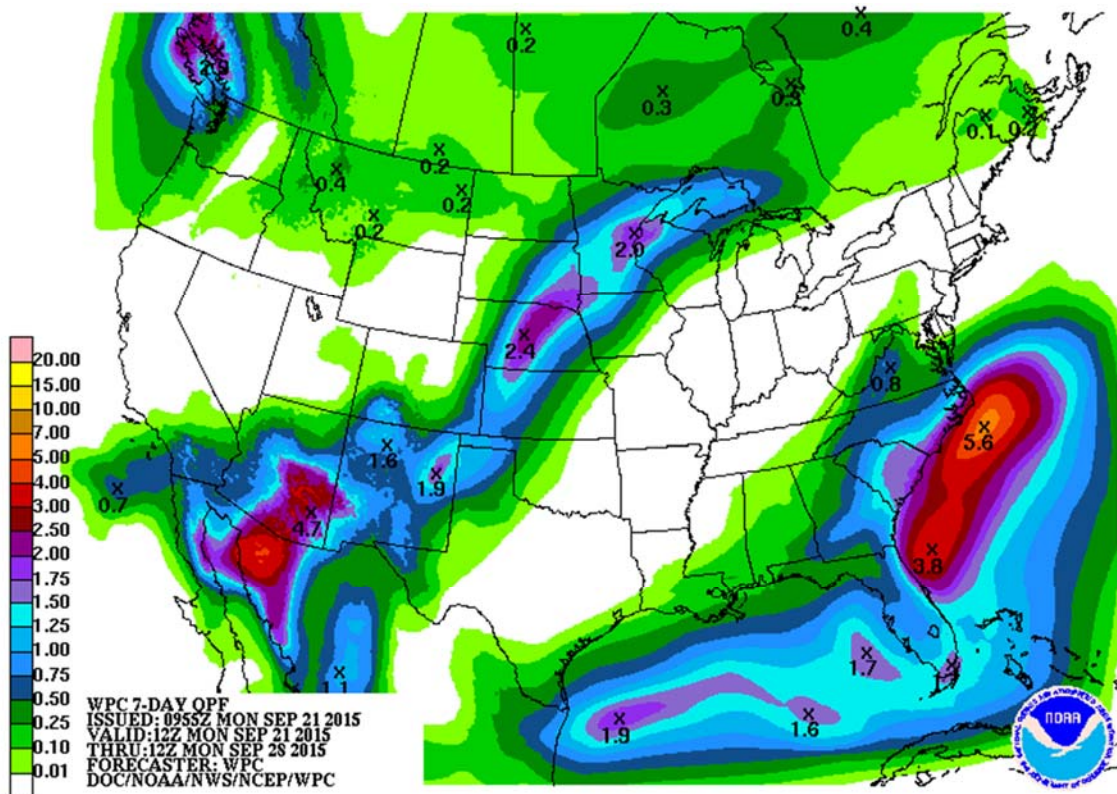
USDA announced a private sale of 240,000 MT or 8.8 MBU of soybeans for unknown destinations and 487,680 MT or 19.2 MBU of corn for Mexico.

For this afternoon's crop progress report we are expecting to see corn harvest 12% to 14% complete vs. 7% last year on this date and compared to an average of 15%. Soybean harvest is estimated at 4% to 8% vs. 3% last year and 10% average for this date

Widely spread rains over the western Corn Belt ending Saturday with most receiving around an inch. There continues to be concerns about weak corn stocks from stock rot throughout many areas so high winds and heavy rains could cause some damage. It turns much warmer than normal and drying out for all which means the harvest pressure will become much larger as the heat and dry conditions drive crops into maturity faster. Temps have warmed back to normal levels and stay warm for the next 10 days. The 7 day forecast shows a band of precipitation stretching from the SW up into MN with up to 2 inches possible and the 6-10 day maps show above normal precipitation for the Northern Corn Belt.

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