Loewen and Associates, Inc.
Commodity Consulting/Brokerage
Pete Loewen, Matt Hines,
Doug Biswell, Matt Burgener
866 341 6700
www.loewenassociates.com

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Tuesday's cattle complex trade closed limit up across enough contract months that the limits were expanded for yesterday's action. In previous attempts at cattle market rallies in recent weeks there would be one really strong day up followed by the market basically falling on its face in the next sessions. This time was different. Front month fats touched limit up at one point yesterday which was $4.50 with the expanded limits, but closed a little shy of that mark. Closes ranged from $1.80 to $4.22 higher in fats and $2.42 -$3.67 higher in feeders.

Being able to string together two really strong closes bodes well for thoughts the cattle market might have finally found a bottom, even though it might just be for the short or intermediate term in longevity. Trying to predict the size and scale of any rally though is a futile effort. The market grossly overextended beyond fundamental rationale at the contract highs. It probably overextended beyond the fundamentals at last week's lows as well. Whether the rally attempts will match fundamental rationale remains to be seen. The one "given" right now in the cattle complex is NOT to take unnecessary risks, whether it is on the speculative side or with hedging. I'd say there's more than a few market bulls that learned that lesson the hard way on the way down.

Cattle slg.___111,000 unch wa -1k ya
Choice Cutout__203.58 -.59
Select Cutout___197.70 -1.17
Feeder Index:___182.27 -.02
Lean Index.__74.29 +.54
Pork cutout___86.93 -.10
IA-S.MN direct avg__72.09 +.41
Hog slg.___433,000 +4k wa +7k ya

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Moving on to the grain and oilseed trade, markets finished under mild pressure in corn and wheat and a little higher in beans. For the fall crop markets, that finish was counter to the average harvest reports that have cited better than expected beans and at or below expectations on corn in a lot of Corn Belt areas.

Of course with a report coming up Friday, anything goes ahead of those numbers. Average guesses for the October Crop Production and S&D numbers that come out tomorrow morning at 11:00 am are mostly holding a friendly undertone on the production side. The average estimate for corn yield is 166.4 bu/ac compared to 167.5 in September and 171 a year ago. Harvested acres are anticipated to drop 200,000 resulting in a production total of 13.461 bln versus 13.585 last month. The ending stocks guess is 1.498 bln versus 1.592 a month ago. If the numbers shake out at that level it should be mildly supportive corn.

The soybean yield guesses are at 46.9 bu/ac versus 47.1 last month with harvested expected to drop 600,000 acres, making production 3.884 bln. I'm a little more optimistic on soybean yield, but acres are the big wildcard. Ending stocks projections are at 398 mln versus 450 last month and 191 a year ago. Big picture, 398 is a big number and makes it tough for soybeans to rally. Those beans need some bullish numbers to break out of the current slump.

Wheat ending stocks are pegged at 821 mln versus 875 last month and 753 from the last marketing year. That's a very comfortable US stocks number and with world wheat stocks expected 13.4 mmt's higher than a year ago, wheat has a tough road ahead if it wants to avoid the bears.

Weekly export sales data was bearish corn and wheat and friendly beans. Bean sales were 47.2 mln old crop and 36.6 mln new crop and that's bullish all the way around, especially in the face of where the dollar is trading versus other foreign currencies and the fact our corn and wheat isn't competitive in the world trade. Wheat sales were 10.6 mln old and 200,000 new. That's bearish once again, just like it has been for weeks. Corn sales were 20.5 mln old and negative 2.1 mln new crop. That should be viewed as bearish.

6-10 day weather showed above normal temps everywhere and normal to above precip across the Plains and most of the Corn Belt.

Pete Loewen

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peteloewen@cox.net

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