



Loewen and Associates

Commodity Consulting/Brokerage

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Morning Ag Markets

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Livestock markets calmed down to end the week but quite the turnaround with a much higher week and cash feedlot trade late Friday at \$8 to \$10 higher than a week ago. Live sales were reported from \$125 to \$127 and dressed at \$195 to \$198.

For the week, Friday to Friday, October Live Cattle up \$7.70, October Feeders up \$9.47, October Lean Hogs up \$.47.

Cattle slaughter from Friday estimated at 106,000 head, down 6,000 from a week ago but up 5,000 from a year ago. For the week, 557,000 head, down 14,000 from a week ago and down 7,000 from a year ago. The year to date difference came back a little again, now at 6.2% less than a year ago.

Boxed beef cutout values weak on Choice and firm on Select on light to moderate demand and offerings.

Choice Cutout__203.00 -.61

Select Cutout__197.89 +.43

Feeder Index:__184.29 +.86

Hog slaughter from Friday estimated at 430,000 head, up 10,000 from a week ago and up 50,000 from a year ago. For the week, 2,290,000 head, down 20,000 from a week ago but up 146,000 from a year ago. The year to date difference remained the same at 8.2% more than a year ago.

Lean Index.__74.84 +.09

Pork carcass cutout__88.58 -.24

IA-S.MN direct avg__71.37 -.40

National Average__70.44 -.30

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Opening calls this morning are steady to \$2 higher for cattle futures and steady for lean hogs futures. Sharply higher cash feedlot trade late last Friday should provide support for a decent rally today for cattle. Packers did slow down the chains considerable last week as boxed beef prices were still lower for the week but the collapse in prices as slowed down some. October live cattle and feeders pushed above resistance levels last week with support seen at \$127 and \$182.50 respectively. The contract lows from the first of the month for both live cattle and feeders were at \$120.02 for October fats and \$174.65 for October feeders. October lean hogs look to hold near the \$74 area until they expire here midweek. The December contract is also holding a decent uptrend but has been choppy the past few weeks. The \$70 area will be the target.

Over in the grains, it was report day and mostly a nonevent. US acres were lowered for corn, soybeans and wheat, yields mixed but production still lower and ending stocks lower than a month ago. These adjustments by USDA were still less than the pre report averages and world stocks for both wheat and soybeans were raised.

Corn – Planted acres down .5 million to 88.4 million, harvested down .4 to 80.7 million acres, expected 80.8. Yield up .6 BPA to 168.0 BPA, expected 166.6. Production down 30 MBU to 13.555 BBU, expected 13.48 BBU. Ending stocks down 31 MBU to 1.561 BBU, expected 1.510 BBU.

Soybeans – Planted acres down 1.1 million to 83.2, harvested down 1.1 to 82.4 million acres, expected 82.9 million acres. Yield up .1 BPA to 47.2 BPA right in line with expectations. Production down 47 MBU to 3.888 BBU, expected 3.89 BBU. Ending stocks down 25 MBU to 425 MBU, expected 406 MBU.

Wheat – Acres and production were adjusted in the Small Grains Summary just a few weeks ago but ending stocks were reduced only 14 MBU to 861 MBU with expectations for a cut down to 820 MBU.

World wheat ending stocks up 2 MMT to 228.5 MMT from production increases in Australia, Canada, EU, North African Region and Ukraine. World soybean carryout up only .1 MMT to 85.1 MMT with the decrease in US numbers offset by 3 MMT increase in Brazil's estimate to 100 MMT production or 3.67 BBU. World corn carryout dropped over 1 MMT to 187.8 MMT with the US decrease along with Argentina and Ukraine.

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For the week, Friday to Friday, December corn down \$.06 ½, March down \$.06, November Soybeans up \$.11 ¼, January up \$.12 ¼, December KC Wheat down \$.00 ¼, NC July down \$.00 ¼, December Chicago Wheat up \$.04, July up \$.00 ¾.

Overnight grains were mixed with corn finishing steady to 1 lower, soybeans 4 to 6 higher and wheat 1 to 3 lower.

There were three areas of spotty rain late last week—The PNW, Northern Wisconsin, and the SW. Only the southwest was heavy with 1 to 3 inch accumulations edging from New Mexico into western Texas. Coverage and accumulations for the next 5 days rains have been reduced and pushed north into Canada and to the East Coast. The 7 day precip map calls for ½ to 1 inch in the Ohio River Valley and Great Lakes. The 6-10 day forecasts continue the above normal temperatures for the western half of US with below normal hitting New England. Precipitation is above normal for the Southwest and normal to below for all other areas.

Corn harvest should be near 40% to 45% complete compared to 24% last year and soybean harvest 60% to 65% complete compared to 40% a year ago in this afternoon's crop condition and progress report.

December corn reached up to the \$4 area last week but quickly came back to the \$3.80 support line. Holding that area this week would be key to extend the uptrend while breaking that support could lead to a test of contract lows. November soybeans continue to chop along between the \$9 resistance and the \$853 ¼ contract low also holding an uptrend now. Wheat futures turned back lower with nearby contracts just under the 10-day moving averages.

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