



## **Loewen and Associates**

**Commodity Consulting/Brokerage**

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### **Morning Ag Markets**

#### **Matt Hines**

Brutal start for livestock this week with pressure coming from the cold storage report and hopes for steady cash feedlot trade this week seemed to be evaporating fast. But late in the day yesterday, light to moderate business was reported in Kansas and Texas at \$138 live, steady to as much \$2 higher than last week. Activity in the North seemed more scattered with dressed deals ranging from \$207-208, near steady with last week's weighted average basis Nebraska plus a large string in Western Nebraska at \$138.50 live. Some packers seem to remain short bought and should be looking to collect more inventory today and/or tomorrow.

CME Group plans to increase the weight ranges for its feeder cattle index, which is associated with the feeder cattle futures contract, the exchange said in a statement on Tuesday. The amendment will become effective when the November 2016 contract is listed for trading on November 20<sup>th</sup> of this year, after the expiration of the November 2015 trading month. Beginning with the November 2016 contract, the weight range for cattle included in the index will be increased to 700-899 pounds from 650-849 pounds. Now this represents a better situation eliminating the lighter weights for those hedging feeders but also eliminates any chance for risk management for the cow/calf producers.

Cattle slaughter from Tuesday estimated at 111,000 head, down 2,000 from a week ago and down 4,000 compared to a year ago.

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

Choice Cutout\_\_217.95 +.89

Select Cutout\_\_211.07 +1.38

Feeder Index:\_\_193.99 +.31

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Hog slaughter from Tuesday estimated at 433,000 head, up 35,000 from a week ago and up 3,000 compared to a year ago.

Lean Index. \_\_73.29 -.34  
Pork carcass cutout \_\_84.43 -.93  
IA-S.MN direct avg \_\_66.35 -.76  
National Average \_\_66.21 -.88

October live cattle were looking to fill the gap left from last Monday and almost completed that yesterday. I would expect markets to be higher today though and get back to that \$140 range by the end of the week. October feeders expire tomorrow so looking to the November contract with resistance up at \$195 and support at \$185. December lean hogs have lost almost \$6 over the past 5 sessions, breaking the 2 month uptrend and now below the September lows. The \$60 area should see some support with the contract low at \$57.05.

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Grains started the day higher yesterday but finished mixed with soybeans higher but corn and wheat lower, the exact opposite of Monday's trade. Not much news out there pushing the markets one way or another, mostly spread and technicals trading so far this week with world weather getting tossed out there a bit too.

Overnight, grains were all lower with corn finishing down 2, soybeans down 2 to 3 and wheat down 3 to 5.

Traders in China say many users of US DDGS have temporarily stopped buying due to concerns the government may launch another anti-dumping charge against the U.S. Chinese Ethanol companies are said to have submitted an anti-dumping request to China's Commerce Ministry. In 2010 the Commerce Ministry investigated US DDG dumping charges that slowed imports.

Corn demand remains poor with rumors that even Mexico is buying from Brazil now. Soybean demand remains good though with China continuing to buy from the US but that window is closing fast.

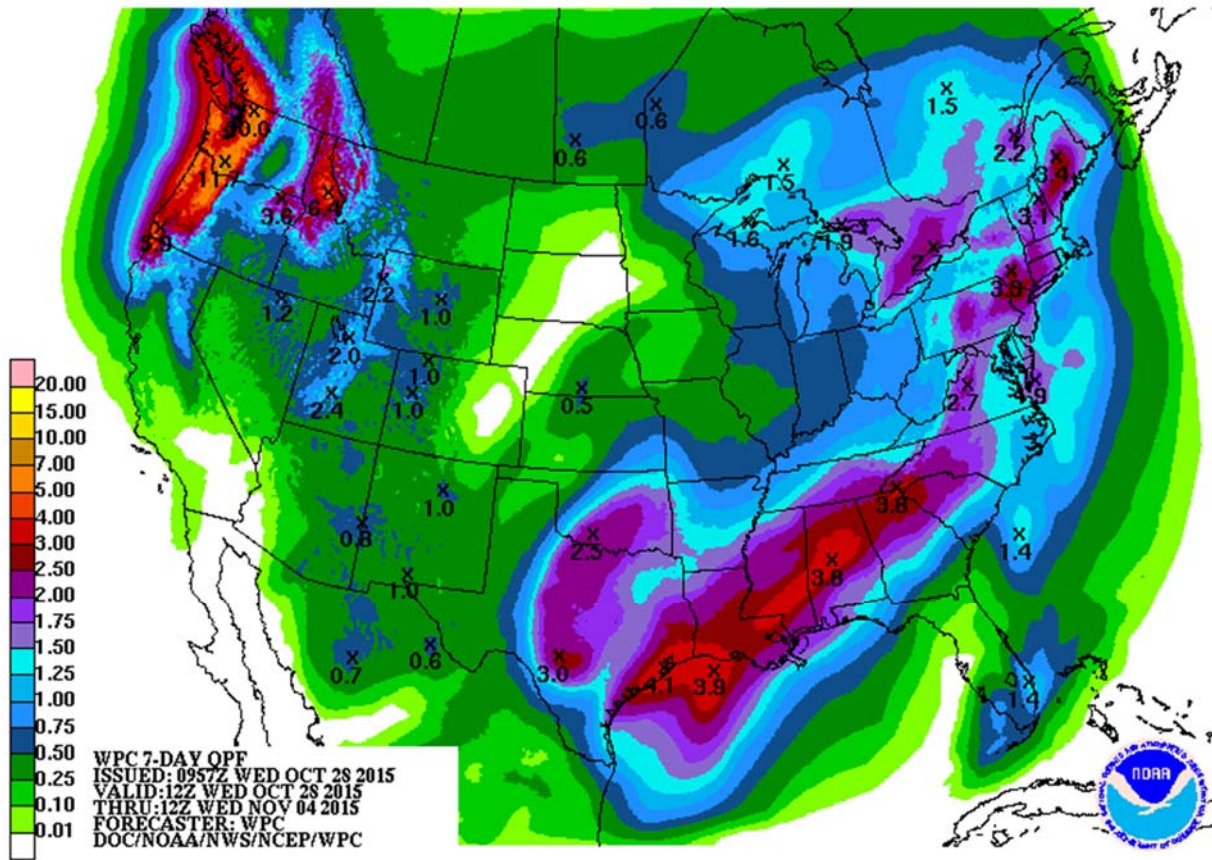
The charts for all the grains remain neutral to slightly bullish. December corn found support in the \$3.72 area with resistance above at \$3.90. Both Chicago and KC wheat pushed above their 10-day moving averages on Monday with the \$5.18 to \$5.20 area resistance for both. November soybeans are still barley

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holding the longer term uptrend but the recent downtrend as pushed prices below the 10-day moving average now with support in the \$8.75 area.

The south remains wet with 2 to 4” forecast for Texas and a majority of the Southeast. The 6-10 day forecast still holding normal to above temperatures for the Plains and entire eastern half of the US with normal to above normal precipitation for all.



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