



Loewen and Associates

Commodity Consulting/Brokerage

**Pete Loewen, Matt Hines,
Doug Biswell, Matt Burgener
866 341 6700**

www.loewenassociates.com

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Morning Ag Markets

Matt Hines

Livestock futures finished the week under pressure adding to an already lower week. Cash feedlot trade finished up with light to moderate trade in the North at \$210 on a dressed basis which was \$2 higher than the week's previous weighted average basis Nebraska. Cash hogs continue to crater along with pork prices sending lean hog futures down now over \$9 in the past 7 trading sessions.

For the week, Friday to Friday, October Live Cattle down \$1.77, December down \$1.68, November Feeder Cattle down \$2.35, January down \$2.30, December Lean Hogs down \$4.40 and February down \$3.40.

Cattle slaughter from Friday estimated at 100,000 head, down 4,000 from a week ago and steady with a year ago. For the week, 553,000 head, down 3,000 from a week ago and down 1,000 from a year ago. The year to date difference continues to come back now at 5.8% less than a year ago.

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

Choice Cutout__220.04 -.89

Select Cutout__212.07 +.52

Feeder Index:__193.27 +.33

Hog slaughter from Friday estimated at 391,000 head, down 40,000 from a week ago and down 18,000 from a year ago. For the week, 2,253,000 head, down 59,000 from a week ago but up 59,000 from a year ago. The year to date difference now at 8.0% more than a year ago.

Lean Index.__71.18 -.95

Pork carcass cutout__78.14 -2.64

IA-S.MN direct avg__60.97 -2.09

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National Average__60.90 -2.19

Opening calls this morning are steady to mixed for futures. Look for lean hog contracts to open this morning lower, pressured by residual selling pressure and negative fundamentals. The cattle complex seems likely to begin with a mixed tone thanks to a cautious combination of short-covering and early month long liquidation.

October live cattle and feeders have rallied over \$18 and \$21 respectively off their lows from a month ago, yet both have been choppy the past week and half. October live cattle have a range now from \$136.50 to \$140.50. November feeders a bit wider with support at \$185 and resistance up at \$195. December lean hogs again are in a free fall currently with the contract low at \$57.05.

Over in the grains, we ended the week on a positive note, but not enough so to pull soybeans higher for the week. Soy crush margins started the week under heavy pressure but have now moved back positive for processors, nowhere near last year's margins but still positive at this time. Wheat was the leader last week, specifically the Chicago contracts, mostly from short covering. Chicago has widened back out over KC as well. Rumors continued to circulate that our traditional customers are purchasing more wheat from the EU and Black Sea shippers.

For the week, Friday to Friday, December corn up \$.02 ½, November Soybeans down \$.11 ¾, December KC Wheat up \$.18 ¼, December Chicago Wheat up \$.31 ½.

Overnight grains were mixed with soybeans steady to 1 higher, corn 2 lower and wheat 3 to 4 lower.

China continues to purchase soybeans from the US but that window is closing soon. USDA announced this morning another 120,000 MT or 4.4 MBU sold to China and 8.6 MBU switched officially from unknown destinations to China. We have gone from over 40% behind last year's sale pace to now under 20% behind pace. Corn demand is lackluster at best though with cheaper prices still coming from the Black Sea and South America.

December corn is still range bound with support at \$3.75 and resistance near the \$3.90 area. November soybeans are now in delivery so looking now at the

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January contract. The trend continues lower with the first line of support at last week's low of \$8.75 ½ and the contact low at \$8.57. Wheat futures are still holding the uptrend but the December KC contract has yet to push through and stay above the \$5 barrier while the December Chicago contract should test the \$5.20 resistance area this week.

The weekend rains pummeled Texas again with 6 to 15 inch accumulations. Flooding is rampant with some areas seeing up to 30 inches of rain over Oct. This is equivalent to a year's worth of precipitation in some areas. The rains moved into the delta and SE to end the weekend and will persist in the SE for the next two days before passing out to sea. There is another storm aimed at the Southern Plains later this week. This system is expected to hit drier areas of NE Oklahoma and Eastern Kansas. The 6-10 day maps show normal to above normal temperatures for all except the Rockies and above normal precipitation in the South and East with below normal centered on the Northern Plains.

Loewen and Associates, Inc.

Pete Loewen / Matt Hines / Doug Biswell / Matt Burgener

www.loewenassociates.com

peteloewen@cox.net

matthines1@cox.net

866-341-6700

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