



Loewen and Associates

Commodity Consulting/Brokerage

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Morning Ag Markets

Matt Hines

Another lower day for the livestock futures with cattle leading the way and hogs steady to lower as well. Cash prices for calves and feeders have been reported higher so far this week with plentiful rains on the Southern Plains for grazing. Fundamentals remain bearish though with what is brewing as an oversupply of all of meats currently. Undertones of the cash feedlot market are fully steady to potentially \$1-\$2 higher with last week's \$138 southern trade and \$133-\$139 live/\$2.08-\$2.10 dressed market. Holding \$140 December could be the deciding factor though this week. Hogs are down over \$15 this past month and even though the December contract has not broken the contract low, it was within a nickel of it Monday, the weekly and monthly continuous charts reached new lows with prices not seen since 2009.

Cattle slaughter from Tuesday estimated at 111,000 head, even with a week ago but down 5,000 compared to a year ago.

Boxed beef cutout values lower to sharply lower on light demand and offerings.

Choice Cutout__218.40 -1.21

Select Cutout__210.32 -2.20

Feeder Index:__192.84 -.40

Hog slaughter from Tuesday estimated at 435,000 head, up 10,000 from a week ago and up 6,000 compared to a year ago.

Lean Index.__68.87 -1.11

Pork carcass cutout__77.57 -1.93

IA-S.MN direct avg__57.85 -1.50

National Average__57.72 -1.55

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December live cattle are \$13 off their lows from a month ago but have been unable to push through and stay above the \$144 resistance with support at \$140. November feeders are over \$22 higher than the low from the 1st of October and range bound now from \$185 to \$195. December lean hogs got within a nickel of the contract low Monday at \$57.05 bouncing up \$1 from that level at the close. Hogs are very oversold right now and maybe this was the wash out needed to get back in line. The weekly and monthly charts reached new lows with Monday's move but did not retest those levels yesterday. Support should be around the \$54 area with more in the \$50 area as well if the \$57.05 contract low is breached.

Grains rebounded Tuesday despite some pretty lofty private fall crop yields and production numbers ahead of next week's USDA supply and demand update. Western and northern Corn Belt yields continue to come in strong as locally some locations are finally topping off the last remaining bin or pile space. Informa came out with new estimates yesterday that so far the market seems to be ignoring. They are now at 170.1 BPA for a 13.718 BBU corn crop compared to USDA last month at 168.0 BPA & 13.555 BBU. Informa's soybean yield is at 47.9 compared to USDA's 47.4 BPA and production at 3.952 BBU compared to 3.888 BBU.

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

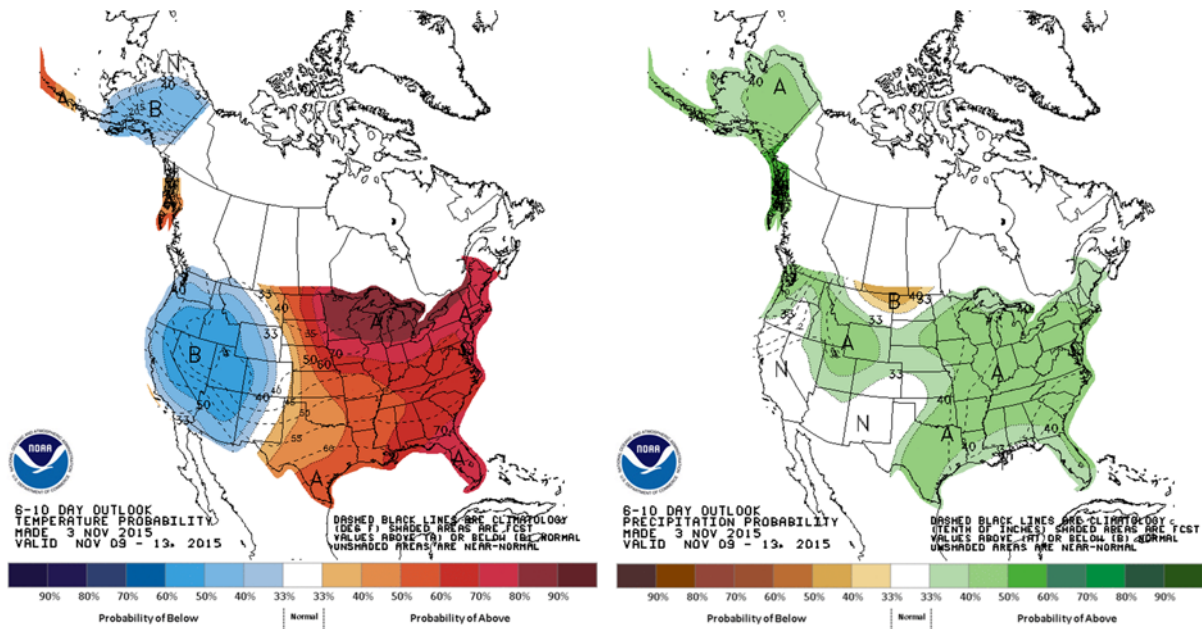
December corn is still range bound with support at \$3.75 and resistance near the \$3.90 area. November soybeans are now in delivery so looking at the January contract the trend continues lower with the first line of support at last week's low of \$8.75 ½ and the contract low at \$8.57. Wheat futures are still holding the uptrend but the December KC contract has yet to push through and stay above the \$5 barrier. December Chicago wheat extended its rally to the upper end of the recent range last week where we poised the markets for a challenge of the October high of \$5.31 which is a key on both the daily and weekly charts. Support lies at \$5.00 initially followed by the October lows around \$4.83.

Well above normal temps continue for the balance of the week before winter cold sets into the Western Plains over the weekend. Most of the US is dry for the next 2 days but the storm slated for Thursday through Friday still looks to give the Plains and most of the Midwest a .5 to 1.5 inch rain. The 6 to 10 day forecast has above normal temps centered on the Northern Plains, but covering

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the eastern two thirds of the country, with the west cooler than normal. Precipitation is above normal for most with the Southern Plains and Far West normal.



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