



**Loewen and Associates, Inc.**  
**Commodity Consulting/Brokerage**  
Pete Loewen, Matt Hines,  
Doug Biswell, Matt Burgener  
866 341 6700  
[www.loewenassociates.com](http://www.loewenassociates.com)

Date: September 29<sup>th</sup>, 2016

After a disastrous down day from Tuesday that included limit lower closes on 1 or more live and feeder cattle contracts, the cattle complex managed to get it together. It was another volatile session, but one that resulted in higher closes in everything but the front end October fats. Negotiated cash feedlot trade ranged from \$103 to mostly \$104 in the Southern Plains and \$103-\$103.50 in Nebraska, along with \$161-\$163 dressed. On the hoof, that's \$6 lower than the last round of legitimate numbers that were traded which was two weeks ago.

Another big downside to the sharp drop in cash this week at the feedlot level is basis. Up until this week basis for a long time had been significantly positive, adding to any gains on hedged cattle that were cash sold. Yesterday that basis landed right in the middle of the \$103-\$104 cash with a close in the October live cattle at \$103.47. I don't like this shift in basis at all!

Tomorrow after the close we get quarterly Hog and Pig report data released. Expectations are looking for a total inventory number of 101.2% of a year ago. Breeding herd numbers have an average guess of 100.9% and market hogs at 101.3%. Summer farrowings are pegged at 98.8% of a year ago, but yet the pig crop this summer is expected at 100.8% due to an estimated 2% increase in pigs/litter. Fall and winter farrowings have estimates at 99.9% and 100.9% respectively. The hog market has been bearish and will continue to be if numbers come in at or above these expectations. Give the current huge kills and total pork production, the odds of a bullish surprise in the numbers appear to be very slim.

Cattle slg. \_\_\_ 114,000 unch wa +2k ya  
Choice Cutout \_\_\_ 190.75 +2.53  
Select Cutout \_\_\_ 179.94 +.36  
Feeder Index: \_\_\_ 136.68  
Lean Index. \_\_\_ 57.63 -.58  
Pork cutout \_\_\_ 75.17 -2.40  
IA-S.MN direct avg \_\_\_ 49.69 -.65  
Hog slg. \_\_\_ 440,000 +2k wa +13k ya

\*\*\*\*\*

Copyright © Loewen and Associates, Inc.

**This does constitute a solicitation to buy or sell commodities futures and/or options.** The information contained herein is provided for informational purposes only. The information is not guaranteed as to its accuracy or completeness, although the information was taken from sources we believe to be reliable. The market recommendations of Loewen and Associates, Inc. are based solely on the judgment of Loewen and Associates, Inc. personnel. We do not guarantee or warranty, either expressed or implied, of success to you in the use of this information. Loewen and Associates, Inc. disclaims responsibility for or loss associated with use of information from our commentary, analysis or recommendations. **There is risk of loss in trading commodity futures and options. The risk in trading can be substantial; therefore only genuine "risk" funds should be used.**

Grain and oilseed trade found zero support from a HUGE corn export sale daily announcement yesterday along with two big bean sales as well. Over 1 mmt's of current marketing year US corn was committed to Mexico and ½ mln of new crop. Despite those big sales, corn and beans both still settled mildly lower, wheat was flat to higher.

While I can't vouch for the corn yields, soybean yields have been monsters, so the fight in the oilseeds is going to hinge on demand. At the moment, that demand seems to be really good given the consistent daily sales announcements along with strong weekly sales. The key is maintaining these levels of demand. That doesn't happen at higher price levels.

Weekly export sales data featured a huge soybean tally with 62.2 mln bushels of old crop sales. Wheat sales were excellent as well with 21 mln bushels old and zero new. I love seeing 20+ numbers in wheat. Corn sales were kind of dismal with 22.6 mln total, yet milo was very good at 8.9 mln. What's tough for the milo though is only 39 mln bushels in sales commitments so far this marketing year compared to 137 mln last year at the same time.

Tomorrow morning we get quarterly stocks and the small grains summary out from USDA. Expectations on quarterly stocks are for a corn number at 1.757 bln, which would be 26 mln larger than a year ago September. Soybean stocks are pegged at 202 mln, which would be 11 mln larger than last year. Milo stocks average guesses are at 45 mln, versus only 18 mln a year ago. Wheat stocks guesses are 2.398 bln, up 301 mln from last year.

All wheat production in the small grains summary has an average guess of 2.326 bln, up 5 mln from last month and 274 mln larger than a year ago. Spring wheat is the only cropped pegged with a lower production total than a year ago. All the other classes are expected to come in considerably larger.

Seeing two consecutive weeks of 20+ mln bushels export sales totals in wheat is a great uptick for the demand side of the balance sheet. We've got a long way to go to clear out the grossly excessive supplies that were raised this year though, yet those totals are a great start and reason to believe wheat may finally find some support in the futures price.

8 a.m. export reporting showed a 120k mt sale of US soybeans to China.

**Pete Loewen**

**Loewen and Associates, Inc.**

**Pete Loewen / Matt Hines / Doug Biswell / Matt Burgener**

[www.loewenassociates.com](http://www.loewenassociates.com)

Copyright © Loewen and Associates, Inc.

**This does constitute a solicitation to buy or sell commodities futures and/or options.** The information contained herein is provided for informational purposes only. The information is not guaranteed as to its accuracy or completeness, although the information was taken from sources we believe to be reliable. The market recommendations of Loewen and Associates, Inc. are based solely on the judgment of Loewen and Associates, Inc. personnel. We do not guarantee or warranty, either expressed or implied, of success to you in the use of this information. Loewen and Associates, Inc. disclaims responsibility for or loss associated with use of information from our commentary, analysis or recommendations. **There is risk of loss in trading commodity futures and options. The risk in trading can be substantial; therefore only genuine "risk" funds should be used.**