



Loewen and Associates

Commodity Consulting/Brokerage

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Morning Ag Markets

Matt Hines

The back and forth volatile moves in the cattle complex continued on Friday as we wrapped up last week. At the open, both fats and feeders were looking for direction and by midday shot to triple digits higher, testing limit higher moves. October fats held the limit higher close but all other contracts fading a bit from their highs. Limits today for live cattle raised from \$3 to \$4.50.

Cash feedlot trade was very disappointing last week at sharply lower prices. Live sales in the South were marked at \$105, \$4-\$5 lower than the week previous. Most of the dressed business in the North took place at \$166, \$4 lower than the light midweek trade and \$8-\$9 below the previous week's weighted average basis Nebraska.

For the week, Friday September 2nd to Friday September 9th, October Live Cattle +\$2.80, December +\$1.92, September Feeders -\$.65, October -\$.80, October Lean Hogs -\$1.52, December -\$1.45.

Cattle slaughter from Friday estimated at 114,000 head, up 3,000 from a week ago and up 1,000 compared to a year ago. For the week, 528,000 head with 1 day less compared to last week at 610,000 but 27,000 more than a year ago.

Hog slaughter from Friday estimated at 435,000 head, up 18,000 from a week ago and even compared to a year ago. For the week, 2,084,000, again down from last week with 1 less day by 168,000 but up 35,000 compared to year ago.

Boxed beef cutout values weak to lower on light to moderate demand and moderate offerings for a total of 140 loads sold.

Choice Cutout__187.90 -1.24

Select Cutout__182.27 -.36

Feeder Index:__136.67 -1.48

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Lean Index.__64.20 +.04
Pork carcass cutout__81.67 unchanged
IA-S.MN direct avg__58.84 -.46
National Average__58.21 +.32

Meat Production (million pounds)			Livestock Slaughter (head)		
Week Ending	Beef	Pork	Week Ending	Cattle	Hogs
10-Sep-16	436.6	431.2	10-Sep-16	528,000	2,084,000
03-Sep-16	502.9	466.3	03-Sep-16	610,000	2,252,000
Change:	-13.2%	-7.5%	Change:	-13.4%	-7.5%
12-Sep-15	423.4	430.2	12-Sep-15	501,000	2,049,000
Change:	3.1%	0.2%	Change:	5.4%	1.7%
2016 YTD	16869.6	16690.9	2016 YTD	20,537,000	79,003,000
2015 YTD	16103.2	16709.4	2015 YTD	19,666,000	78,602,000
Change:	4.8%	-0.1%	Change:	4.4%	0.5%

October live cattle were able to break through the \$104 resistance on Friday after scoring a new contract low midweek at \$99.37. A move into the \$106 area this week would break the sharp downtrend that started in early Aug. September feeders hit \$135.05 for a high Friday but could not hold that level into the close. Support is down at \$130, the lows from the past four sessions. October lean hogs are stuck in a range from \$58 to \$64 over the past 2 months now.

Over in the grains, Friday was fairly uneventful yet corn and soybeans scored another day higher. December corn and November soybeans now higher for 6 days in a row after 7 to 8 consecutive days lower. Export sales on Friday were good with both corn and soybeans sales right on the 5-year average pace vs. final estimate. Corn sales are at 29% of the final estimates and soybean sales at 42%. The big news today will come from USDA's Crop Report at 11 am with most expecting steady to lower corn yields but a higher soybean yield estimate.

For the week, Friday September 2nd to Friday September 9th, December Corn +\$.12 ½, March +\$.13, November Soybeans +\$.27 ¾, January +\$.28 ½, December KC Wheat +\$.05 ¼, March +\$.04 ½, December Chicago Wheat +\$.04 ¼, March +\$.03 ½.

Overnight, grains were steady to lower. Soybeans finished 4 to 5 lower, corn 1 lower and wheat 2 to 3 lower in KC and 1 lower in Chicago.

The average trade estimates for US production, ending stocks and world ending stocks is as follows...

2016/17 US wheat ending stocks at 1.113 BBU, 1.1 BBU in August
2015/16 World wheat ending stocks at 241.8 MMT, 241.9 MMT in August

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2016/17 World wheat ending stocks at 251.4 MMT, 252.8 MMT in August

2016/17 US corn production at 14.974 BBU, yield 172.9 BPA, August at 15.153 BBU, 175.1 BPA

2015/16 US corn ending stocks at 1.711 BBU, August 1.706 BBU

2016/17 US corn ending stocks at 2.322 BBU, August 2.409 BBU

2015/16 World corn ending stocks at 209.1 MMT, August 209.3 MMT

2016/17 World corn ending stocks at 219.6 MMT, August 220.8 MMT

2016/17 US soybean production at 4.100 BBU, yield 49.4 BPA, August at 4.06 BBU, 48.9 BPA

2015/16 US soybean ending stocks at 228 MBU, August 255 MBU

2016/17 US soybean ending stocks at 333 MBU, August 330 MBU

2015/16 World soybean ending stocks at 72.3 MMT, August 73.0 MMT

2016/17 World soybean ending stocks at 70.6 MMT, August 71.2 MMT

The 7 day precip map is showing a 3" to 4" stretching from the SW up to the Great Lakes and at least 1" for the rest of the Midwest. The 6-10 day runs from last night show above normal precip south and east with below normal north and west. Temps are normal to below normal for the SW Southern Plains but above normal everywhere else.

December corn has strong resistance in the \$3.44 to \$3.46 area with strong support down at \$3.15. We have traded this range since mid-July. November soybeans have slowed some as we pushed above \$9.80 and look for a challenge of the 62% retracement at \$9.88 - support moves up to the \$9.50 area for now with the recent lows down at \$9.37. Wheat contracts are 10 to 20 cents off contract lows currently just along for the ride from the fall crops.

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