



Loewen and Associates

Commodity Consulting/Brokerage

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Morning Ag Markets

Matt Hines

Sharply higher futures to end the week for cattle futures. Cash fed cattle trade at \$3 to \$5 higher than the week previous at \$110 live in South and \$170 on a dressed basis in the North. Packer margins are still positive even with the \$5 raise in inputs and \$3 to \$4 lower prices for beef this past week.

NATIONAL FEEDER & STOCKER CATTLE SUMMARY - WEEK ENDING 09/16/2016

RECEIPTS:	Auctions	Direct	Video/Internet	Total
This Week	153,300	36,000	88,500	277,800
Last Week	114,800	23,400	18,400	156,600
Last Year	196,200	44,400	34,000	274,600

Compared to last week, feeder steers and heifers sold mostly steady to 3.00 higher, with instances 5.00-7.00 higher. Most advances were posted late in the week for feeders as cattle futures saw triple digit gains. Steer and heifer calves traded steady to 3.00 lower. Receipts increased as your sale barns were back on schedule after the holiday break. There was optimism as the CME live and feeder cattle futures had a three day rally, with live cattle closing on Friday at 107.87, up 92 points and feeder cattle at 133.25, up 1.55 on the October contract. A number of producers were cautious and stayed on the sidelines to see how the market would react after last week's losses. Some of the highest cattle in the country sold on Wednesday at the St Joseph Stockyards with a string of steers weighing 746 lbs selling at 154.25 and a part load weighing 760 lbs selling at 153.25. In Ogallala, NE on Thursday a consignment of 811 lb yearling steers brought 150.50. In the slaughter cattle arena the mood among producers was subdued as they proceeded with caution, given tough state of the market the past few weeks. Trade broke early Friday morning

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with talks of 170.00 dressed bids. As the morning and afternoon went on the trade developed into something feeders could smile about. In the southern plains live sales sold 5.00 higher at 110.00. In the Northern Plains live sales sold 3.00-5.00 higher from 108.00-110.00. Dressed sales sold 4.00 higher 170.00. Packers have been very diligent in staying current to avoid backing into a corner. Some are hoping for higher money next week as some are holding onto a few pens just to test the market despite very good buyer inquiry. Cool temperatures moved in across the Plains and Midwest making it feel more like fall. However, temperatures are expected to warm up in the 80's. Such swings in temperature is always a concern, as it may make calves sick. Heavy rain also fell early on dumping anywhere from a few inches up to 11 inches, curtailing receipts in the affected regions. More moisture is expected throughout the weekend causing more havoc in saturated areas. Farmers in the southern Midwest have gotten an early start on the corn harvest, however, were delayed due to moisture. With the new crop season here, farmer feeders will begin to concentrate more on harvesting corn and soybeans. Auction volume this week included 44 percent weighing over 600 lbs and 41 percent heifers.

For the week, Friday September 9th to Friday September 16th, October Live Cattle +\$3.47, December +\$2.65, September Feeders +\$1.27, October +\$1.67, October Lean Hogs -\$3.75, December -\$3.97.

Cattle slaughter from Friday estimated at 109,000 head, down 5,000 from a week ago and down 3,000 compared to a year ago. For the week, 604,000 head, up 76,000 from a week ago and up 26,000 compared to a year ago.

Hog slaughter from Friday estimated at 399,000 head, down 36,000 from a week ago and down 21,000 compared to a year ago. For the week, 2,359,000, up 275,000 from a week ago and up 72,000 compared to year ago.

Boxed beef cutout values steady to weak on light to moderate demand and moderate offerings for a total of 127 loads sold.

Choice Cutout__186.20 -.07

Select Cutout__178.38 -.45

Feeder Index:__134.46 +.97

Lean Index.__63.05 -.54

Pork carcass cutout__80.34 +.11

IA-S.MN direct avg__54.28 -.68

National Average__53.63 -.97

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October live cattle broke the recent downtrend with the long term downtrend still in play. The \$10 downtrending channel goes back to this past spring and resistance is in the \$110 area with the contract low back from earlier this month at \$99.37. September feeders were finally able to close above \$135 on Friday with the next area of resistance up at \$140. October lean hogs now have a contract low \$54.55. On the weekly chart, \$51.80 was the nearby low from this past November.

Over in the grains, recent rains throughout the Midwest delaying harvest activity along with overall short covering heading into the weekend was enough to push all grains higher. Soybeans were the leader reaching up for 20 cents higher at one point. SDS in beans and diplodia in corn are being heard in some areas of the Corn Belt.

For the week, Friday September 9th to Friday September 16th, December Corn - \$.04, March -\$.04 ¼, November Soybeans -\$.14 ¼, January -\$.13, December KC Wheat -\$.01 ¼, March -\$.01, December Chicago Wheat -\$.00 ¼, March +\$.00 ¼.

Overnight, grains continued the rally as wet weather persists in the WCB. Soybeans finished 10 higher, corn 1 higher and wheat 1 to 3 higher.

Egypt is tendering today for an unspecified amount of wheat. Their last two tenders were cancelled due to a lack of offers received. Egypt is still operating at a zero tolerance limit for ergot and will likely not receive any offers this round.

USDA announced this morning a private sale of 191,000 MT or 7.5 MBU of corn sold to Mexico.

The 7 day precip map is showing a 1" to 2" for the Southern Plains and 2" to 6" from NE into MN and WI. Temperatures are forecasted 5-10 degrees above normal this week. The 6-10 day runs from last night show below normal temps in the SW and into the Rockies with normal to above normal elsewhere. Precip is normal to above normal for all except a Northern CA and OR.

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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 trading the range from \$9.90 to \$9.37 this past month and up to \$10.20 over the past couple months. Wheat contracts are 10 to 20 cents off contract lows currently mostly just along for the ride from the fall crops. They have though formed a decent short term uptrend since late August.

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