



Loewen and Associates

Commodity Consulting/Brokerage

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

www.loewenassociates.com

Date: October 10th, 2016

Morning Ag Markets

Matt Hines

A much better week than the last couple on the livestock side with most contracts finishing the week \$1 to \$3 higher than a week ago. Cash feedlot trade though was still lower with the bulk at \$102 live, \$1 to \$2 lower than the week previous. KS had some spots sales up to \$103.50 but in the North a few down as low as \$99. Dressed trade in the North ranged from \$158 to \$160, down \$3 from the week previous.

NATIONAL FEEDER & STOCKER CATTLE SUMMARY – W/E 10/07/2016

RECEIPTS:	Auctions	Direct	Video/Internet	Total
This Week	178,000	46,600	2,800	227,400
Last Week	163,500	38,100	23,600	225,200
Last Year	184,800	54,200	8,100	247,100

Compared to last week, steers and heifers sold mostly 4.00 to 7.00 lower, with some instances quoted up to 15.00 lower at some auctions nationwide; the largest decline was on unweaned and/or fleshy calves coming off their mothers. As October is upon us, more and more calves are heading to town with many of these not receiving their preconditioning shots or 30+ days worth of weaning. Buyers are wrought with the apprehension of taking on those unweaned, fleshy bawlers when the temperature swings of fall can wreak havoc on immune systems. To those that are willing to take these calves on; the question is.., how far will the auction back these calves down until someone finally bids? And how much antibiotics will one have to put in them to keep them healthy? With calves costing around \$400.00/head less than last year, cow/calf producers are going through sticker-shock if they haven't watched the market in the last 60 days. However, how "cheap" is "cheap"?

Large weekly cattle slaughter (around 600K head) for the past four months has been raging on as packer margins continue to run well into positive territory and

IMPORTANT—PLEASE NOTE

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.**

cattle feeders cannot seem to gain the upper hand even with the increased harvest. The CME seems to run out of steam on the upside sooner than when there is a downswing.

Hog slaughter is going to be getting larger in the future as USDA announced that as of September 1, there were 70.851 million head of swine on US farms; 2.4 percent higher than year ago levels. New hog slaughter facilities are on the horizon and with a forecasted ample supply looking forward, pork producers are hoping their market downtrend will be short-lived.

For the week, Friday September 30th to Friday October 7th, October Live Cattle +\$2.97, December +\$2.92, October Feeder Cattle +\$4.47, November +\$3.12, October Lean Hogs +\$1.65, December -\$1.37.

Cattle slaughter from Friday estimated at 106,000 head, down 4,000 from a week ago but up 1,000 compared to a year ago. For the week, 605,000 head, down 6,000 compared to the week previous but up 59,000 compared to a year ago. Beef production at 505.1 million pounds last week vs. 509.1 the week previous and 468.8 million last year. Year to date beef production running 4.8% greater than 2015.

Hog slaughter from Friday estimated at 435,000 head, even with the week previous and up 7,000 compared to a year ago. For the week, 2,427,000 head, down 9,000 compared to the week previous but up 134,000 compared to year ago. Pork production at 507.9 million pounds last week vs. 508.1 the week previous and 483.3 million last year. Year to date pork production running only ½ % greater than 2015.

Boxed beef cutout values weak on light to moderate demand and moderate to heavy offerings for a total of 161 loads sold.

Choice Cutout__183.07 -.41, for the week -4.28

Select Cutout__174.51 -.55, for the week -3.36

Feeder Index:__129.82 -.77

Lean Index.__53.72 -.64

Pork carcass cutout__73.40 +1.24, for the week -.52

IA-S.MN direct avg__46.78 unchanged

National Average__46.36 +.04

IMPORTANT—PLEASE NOTE

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.**

October live cattle showing a pretty good inverted head and shoulders pattern but we have seen this formation in the past not follow through. Resistance up at \$104 and then at \$109 with support down at the contract low of \$97.35. October feeders would need to break above the \$130 area to get out of this most recent downtrend going back to the highs in early August. The next area of resistance above that is around \$134-\$135 with support down at the contract lows of \$122.15. October lean hogs bottomed out last week at \$47.62 with the first line of resistance up at \$52.

Grains also finished higher for the week even though prices slipped lower towards the tail end of the week. Export demand for both corn and soybeans is very strong with over 80 MBU shipped for each last week. China was on holiday all week but USDA announced 16.6 MBU of soybeans sold for unknown destinations. US wheat now even moving with Morocco purchasing 11.8 MBU last week although Egypt continues to be supplied mostly from Russia.

For the week, Friday September 30th to Friday October 7th, December Corn +\$.03, March +\$.03, November Soybeans +\$.02 ³/₄, January +\$.03 ³/₄, December KC Wheat -\$.12 ¹/₂, March -\$.12 ¹/₂, December Chicago Wheat -\$.07 ¹/₄, March -\$.10.

Overnight, grains were mixed with soybeans finishing 2 to 4 lower, wheat 1 to 3 higher and corn ¹/₂ to 1 higher. Harvest progress should pick up this week with most looking at a wide open forecast. We shall see if China comes in early this week for more US soybeans after being on holiday all last week. I would not expect to see much market movement ahead of Wednesday's USDA crop report and updated supply and demand estimates.

USDA crop report estimates as compiled by Reuters:

Fall Crop Production: Billion Bushels, BPA, Million Acres

	CORN			SOYBEANS		
	Prod	Yield	Harv Ac	Prod	Yield	Harv Ac
Avg est	15.060	173.5	86.750	4.286	51.5	83.115
High est	15.215	175.2	87.300	4.366	52.6	83.400
Low est	14.713	169.5	86.300	4.147	50.1	82.500
USDA Sept	15.093	174.4	86.550	4.201	50.6	83.037

IMPORTANT—PLEASE NOTE

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.**

US Ending Stocks: Billion Bushels

2016-17	Wheat	Corn	Soybeans
Average trade estimate	1.153	2.359	0.413
Highest trade estimate	1.400	2.662	0.517
Lowest trade estimate	1.050	2.181	0.325
USDA September	1.100	2.384	0.365

World Ending Stocks: Million Metric Tons

2016-17	Wheat	Corn	Soybeans
Average trade estimate	249.72	218.32	73.28
Highest trade estimate	252.70	225.30	74.90
Lowest trade estimate	246.00	208.00	71.15
USDA September	249.07	219.46	72.17

Today is a federal holiday so Export Inspections will be delayed until Tuesday morning and Crop Progress/Conditions Tuesday afternoon. 40% of the corn harvest is expected to be complete vs. 24% last week and 42% last year. Soybean harvest expected to be 45%-50% complete vs. to 26% last week and 62% last year.

The flooding from Hurricane Matthew has begun to recede after dumping 12" to 17" inches from Florida to Virginia. 35 inland rivers remain at major flood stage. There are some scattered rains forecast for the Midwest early this week. The 7 day precipitation maps are showing heavy rains in the PNW and 1"-2" from North TX up to the Great Lakes. The 6-10 day runs from last night show above normal precipitation West and across the Northern US border with below normal for the South. Temperatures are forecasted above normal for all except the West Coast.

December corn was able to get up to \$3.49 last week but not past \$3.50 resistance. There should be strong support from \$3.39 to \$3.34. November soybeans trading the range from \$9.94 to \$9.34 this past month and half. The first area of resistance now in the \$9.75 area with support at \$9.50. MPLS wheat still showing an uptrend but this past week both KC and Chicago back to steady to lower.

Loewen and Associates, Inc.

Pete Loewen / Matt Hines / Doug Biswell / Matt Burgener

www.loewenassociates.com pete@loewenassociates.com matt@loewenassociates.com

866-341-6700

IMPORTANT—PLEASE NOTE

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.**