



Loewen and Associates

Commodity Consulting/Brokerage

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Morning Ag Markets

Matt Hines

It was a mixed day across the Ag sector yesterday, active buying early for cattle futures and soybeans but gains faded for both into the close. Hogs held solid gains while corn and wheat finished a penny higher. Volume was light as we moved into late morning trading with little new news to attract additional buyers.

A recap of last week's cash fed cattle trade from the 5 area weekly weighted average direct slaughter cattle report

- 57,696 head, \$96-\$102, wtd avg live steer \$99.24 and \$1.53-\$1.60, wtd avg dressed \$157.15.
- Previous Week, 86,655 head, wtd avg \$97.59 live and \$153.93 dressed
- Last year, 49,476 head wtd avg \$135.38 live and \$208.49 dressed

This week showlists are coming in around 6,000 head larger in Texas, 2,000 head larger in Kansas, 1,000 head larger in Colorado, and 8,000 head smaller in Nebraska. Expectations are for another steady/higher fed cattle trade this week as both the futures and boxed beef markets seem to have turned the corner and are moving higher.

There is over 11,000 head of fed cattle consigned for today's Fed Cattle Exchange online auction so it will be interesting to see how aggressive packers will be at buying cattle. Starting to see some of the major commercial cattle feeding companies on the southern plains consign cattle to this online auction platform, which is important if we can continue to see this venue gain further traction and get more captive supply cattle consigned.

Oklahoma National Stockyards - Oklahoma City, OK - 10/24/2016

Actual Receipts: 7,338 Week ago: 5,934 Year ago: 7,500

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Compared to last week: Feeder steers and heifers steady to 5.00 higher. Steer and heifer calves steady to 5.00 higher. Demand good and improved for all classes. Quality average to attractive. Bullish Cattle on Feed report and higher gains on both the Feeder and Live cattle contracts have made the market more favorable.

Tulsa Livestock Auction - Tulsa, Oklahoma - 10/24/2016

Receipts: 2384 Last Week: 3068 Year Ago: 3612

Compared to last week: Steers 5.00-7.00 higher. Heifers 2.00-4.00 higher. Quality good. Demand good. Supply includes 27 percent over 600 lbs. and 42 percent heifers. Slaughter cows 2.00-3.00 higher. Slaughter bulls mostly steady.

Joplin Regional Stockyards - Carthage, MO - 10/24/2016

Receipts: 4,785 Week ago: 3,818 Year ago: 4,482

Compared to last week, steer calves 2.00 to 6.00 higher, heifer calves and yearlings steers 4.00 to 8.00 higher, yearling heifers steady to 4.00 higher. Demand moderate to good, supply moderate.

Cattle slaughter from Tuesday estimated at 114,000 head, down 1,000 from a week ago but up 1,000 compared to a year ago.

Hog slaughter from Tuesday estimated at 442,000 head, up 2,000 from the week previous and up 16,000 compared to a year ago.

Boxed beef cutout values higher on moderate to fairly good demand and light to moderate offerings for a total of 164 loads sold.

Choice Cutout__182.07 +1.09

Select Cutout__168.92 +1.75

Feeder Index:__119.68 +.20

Lean Index.__51.67 -.18

Pork carcass cutout__73.46 +.50

IA-S.MN direct avg__45.72 -.09

National Average__45.32 +.08

October live cattle gapped higher Friday and Monday finding resistance just shy of \$104 with support at \$102. October feeders expire tomorrow. November has rallied \$10 off its low with resistance at \$125 and support at \$120. December lean

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hogs pushing resistance levels now near \$45 with the October high at \$45.87 and contract low down at \$40.70.

The strong demand for soybeans continued with China buying another 19 MBU from the US yesterday. It is rumored that China also purchased 4 cargoes from Brazil as it appears values are very close. Egypt purchased 8.8 MBU of wheat from Romania and 6.6 MBU of wheat from Russia. Corn exports have been quiet lately but should bump up here in the next few weeks with SE Asia looking to make purchases for Dec forward. South Korea and Taiwan both tendering for corn here today.

Overnight, Malaysian palm oil and Chinese grain futures were higher, but soy and palm oil futures in China were lower. In Chicago, soybeans lead the way finishing 7 higher, corn 1 higher and wheat 1 to 2 higher.

Weather in South America remains favorable for continued planting progress with most crop areas forecasted to get some rain either this week or next. Rains moved through the Plains here overnight with the Midwest wet over the next couple days. The 6-10 day runs from last night continue to show above normal temps with above normal precipitation for the Midwest and West Coast and below normal South and East.

December corn hanging near the \$3.50 mark with support at \$3.46 and resistance at \$3.59. November soybeans broke through the \$10 level overnight now on a \$.60+ rally over the past 2 weeks. First notice day for the November contract is this Friday. Looking now at January with resistance up at \$10.20. Spreads are also getting wider with carry to July at +.30 while basis levels continue to pull back. Wheat futures are back to a sideways pattern. MPLS wheat has seen the most activity this past month pulling both KC and Chicago wheat off contract lows.

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