



Loewen and Associates

Commodity Consulting/Brokerage

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Date: October 31st, 2016

Morning Ag Markets

Matt Hines

Fed cash cattle trade midweek at \$103 to \$105 live was another \$3 to \$5 higher than the week previous. Active cash trade finished up the week at \$105 live in South, up as much as \$7 in some areas. In the North, live sales at \$105 also, \$3 to \$7 higher with dressed sales at \$164, \$4 to \$10 higher. The big runs of spring born calves continue but the rally in the futures and cash fed cattle has an abundance of optimism back into the cash feeder trade as well. Futures pulled back Friday but continue to roll higher week over week as higher cash cattle, higher boxed beef, and renewed technical buying supported the trade last week.

NATIONAL FEEDER & STOCKER CATTLE SUMMARY – 10/28/2016

RECEIPTS:	Auctions	Direct	Video/Internet	Total
This Week	255,300	59,900	19,200	334,400
Last Week	274,900	49,700	600	325,200
Last Year	302,600	31,000	23,200	356,800

Compared to last week, steers and heifers traded mostly 4.00 to 8.00 higher, with many instances 10.00 higher, especially on lightweight preconditioned calves. Several positive signs this week gave the entire cattle complex the support it's been looking for over the last several week. There's been quite a bit of optimism around the circuit, something that has been nonexistent for several weeks. Demand was much improved for all weights, but still best for the true yearlings with a health history that will finish out before summer. Trade was noted as active to very active at most major auctions barns with buyers more willing to chase some cattle to fill their orders and in some cases, the buyer's desire to own them outweighed their desire for the cattle to be weaned and preconditioned. Unweaned and/or fleshy cattle are still falling victim to discounts compared to their weaned and worked counterparts but perhaps not as steeply discounted as the past several weeks. Last Friday's Cattle on Feed report was friendly, showing fewer cattle on feed than expected. Simply put, this smaller placement number means that there

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are still a lot of cattle in the country that haven't been marketed yet. Cow/calf producers have had little incentive to market their calves the past several weeks as cash values have steadily eroded since mid-August. With plentiful fall pastures and hay piles, it hasn't been a real difficult decision for most cattlemen.

For the week, Friday October 21st to Friday October 28th, October Live Cattle +\$3.05, December +\$2.47, November Feeder Cattle +\$1.85, January +\$2.67, December Lean Hogs +\$4.95, February +\$5.27.

Cattle slaughter from Friday estimated at 112,000 head, up 10,000 from a week ago and up 12,000 compared to a year ago. For the week, 613,000 head, up 11,000 compared to the week previous and up 58,000 compared to a year ago. Beef production at 515.6 million pounds last week vs. 504.5 the week previous and 468.8 million last year

Hog slaughter from Friday estimated at 403,000 head, down 21,000 from the week previous but up 10,000 compared to a year ago. For the week, 2,401,000 head, down 113,000 compared to the week previous but up 147,000 compared to year ago.

Boxed beef cutout values higher on moderate to fairly good demand and light to moderate offerings for a total of only 94 loads sold.

Choice Cutout__183.11 +1.57

Select Cutout__170.16 +1.35

Feeder Index:__121.84 +.94

Lean Index.__51.75 -.10

Pork carcass cutout__72.89 -.48

IA-S.MN direct avg__44.87 -.24

National Average__44.48 -.18

October live cattle expire today, December broke the \$105 resistance last week stopping just shy of \$106. The next level of resistance is up near \$108 to \$109 with support at last week's low of \$103.50 and a gap down to \$103 from 10/21. November feeders reached up to \$125.47 for a high last week with a major area of resistance from \$130 to \$131 and support down at \$120. December lean hogs in a sharp uptrend currently with resistance at \$49 and support at \$43.

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Soybeans reversed lower to end the week but overall had a strong rally pushing old crop and new crop futures north of the \$10 mark during the week. Corn and wheat both finished the week chopping sideways with corn unable to break above the previous weeks high. The International Grains Council increased the world corn crop estimate by 8 MMT to a record 1.035 BMT. Wheat crop also increased 1 to 748 MMT and soybean production was increased 3 to a record 332 MMT.

For the week, Friday October 21st to Friday October 28th, December Corn +\$.02 ½, March +\$.01, November Soybeans +\$.18 ¼, January +\$.19 ¾, December KC Wheat -\$.10 ¼, March -\$.10, December Chicago Wheat -\$.06, March -\$.06 ¾.

Overnight, grains were mixed with soybeans 4 to 5 lower, corn 2 lower and wheat 1 higher.

USDA announced the following private export sales this morning...

264,000 MT or 9.7 MBU soybeans to China

100,973 MT or 4 MBU corn to Barbados

111,000 MT or 4.4 MBU grain sorghum for unknown destinations

Crop progress later today should show corn harvest around 86% complete compared to 61% last week and soybean harvest near 80% complete compared to 76% last week.

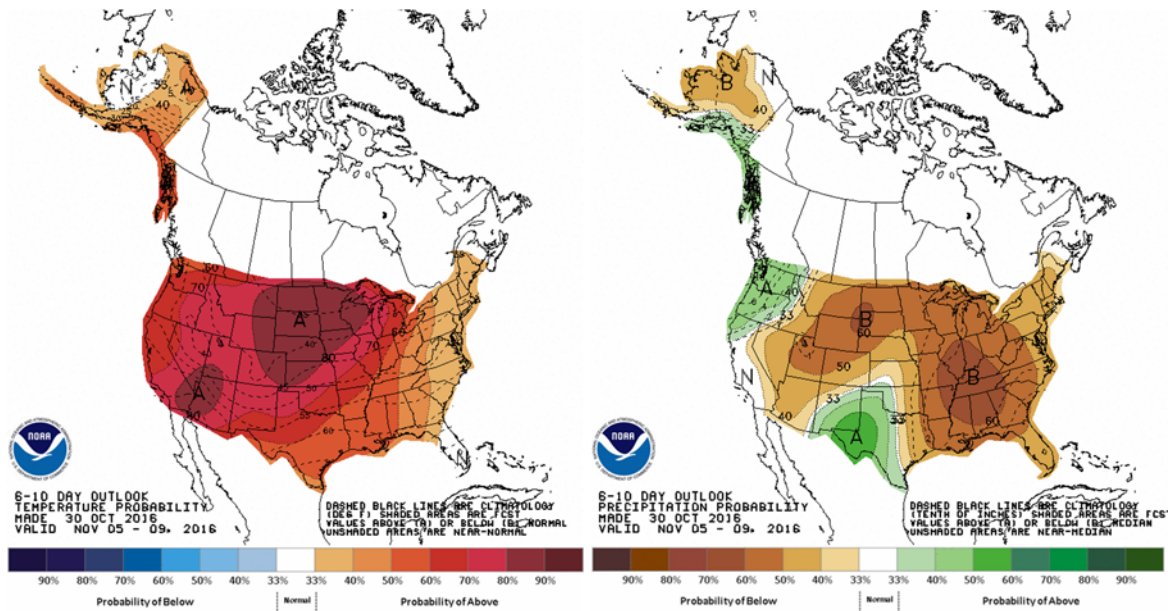
December corn still holding the \$3.50 support with \$3.59 ¼ the high from 2 weeks ago as the first line of resistance. January soybeans were holding the 100-day moving average for lows last week but broke through that overnight with support down at \$10. All three wheat markets are chopping sideways and rangebound. December KC has support at \$4.10 with resistance up at \$4.28.

Overall in South America, the early planting/growing season is off to a good start. The most recent estimates suggest very little progress was made in Argentine corn planting last week, pegging it at 36% complete, up just 1 point from the week previous. Argentine rains in the Northeast have been too heavy, but the major planting window is not until November. Brazil crop areas will experience some increase in rainfall that may delay fieldwork through the first full week in November. Brazil's wettest conditions are forecasted for November 1st – 8th.

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Warm weather will continue this week with temperatures 10 to 30 degrees above normal. Over the next 7 days, there is 1-2 inches of rain expected in the SW along with a band of 1+ inches from northern Missouri up into New England. The 6-10 day runs from last night continue to show normal to above normal temps for all with below normal precipitation for all except the SW and PNW.



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