



Loewen and Associates, Inc.

Commodity Consulting/Brokerage

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Morning Ag Markets

Pete Loewen

Last week was pretty flat in everything in the cattle complex, except for the cash market. Negotiated cash feedlot trade was down \$2 on the live side and \$4 lower dressed than the previous week. Feeder cattle and calf market trade on the other hand were up nicely. The national feeder cattle summary cited feeder steers and heifers mostly \$2-\$7 higher and calves steady to \$3 higher. Heavy weight calves were up as much as \$8, thumbing their nose at the futures and fed cattle market trade obviously.

Product trade flattened out some last week as well, with choice cutouts trading higher 3 out of the 5 days, albeit just mildly higher. It appears that beef product might be very close finally to finding a bottom, despite the fact total beef production is still very large and growing yet as well. Beef packers posted their largest weekly sales volume since early 2015 three weeks ago. In last week's export sales report, net beef sales as well as total exports set a new marketing year high.

I thought we were close to finding a bottom when choice got down around the \$200 mark and that wasn't the case. Now that quote is in the very low \$190's and demand appears to have kicked into a higher gear. With that being said though, it was a long and painful slide from \$250+ choice quotes in June to the low \$190's at last week's settlement. It was needed to stimulate demand though given the fact this year's slaughter totals are running 5.8% higher than last year in cattle and 2.7% larger in hogs.

Cattle slg. ___ 116,000 fri 41k sat wtd 622,000 -17k wa +9k ya

Choice Cutout ___ 191.35 -.56

Select Cutout ___ 190.65 -.69

Feeder Index: ___ 143.08 +.17

Lean Index. ___ 72.39 -.13

Pork cutout ___ 84.47 +.89

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IA-S.MN direct avg__62.67 +.89

Hog slg.___410,000 fri 109k sat wtd 2.315 mln -29k wa +51k ya

Weekly closes in the meats had October live cattle down 1.77, December down 45 cents, September feeders down 20 cents, October feeders up 60 cents and October lean hogs down 1.62.

For the month of August, October live cattle were down 6.55, September feeder cattle were down 4.07 and October lean hogs were down 4.62.

In the grain and oilseed trade, Friday's session had corn and Minneapolis wheat lower once again. Soybeans and the KC and Chicago wheat markets were all higher.

Weekly closes in the grains had September corn up 1 ¼ cents, December corn up 1 ¾ cents, September soybeans up 3, November up 5, September KC wheat up 8 cents, December up 6 ½, December Chicago wheat up 3 ½ and Minneapolis December wheat down 37 ½ cents.

For the month of August, December corn was down 27 cents, November soybeans down 62 cents, September KC Wheat was down 66 cents, December Chicago wheat down 65 ¼ and December Minneapolis wheat was down 1.03 ¾.

The next crop production report out from USDA comes at us in exactly one week on the 12th. Last week there were several sets of estimates released for corn and soybean yield and production. In August, USDA showed corn yield at 169.5 bu/ac. FC Stones estimate is 166.9, Allendale came in at 166.7, Informa 169.2 and Linn at 165.5. Soybean yield by USDA in August was 49.4 bu/ac. Estimates from those four firms on beans were 49.8 by FC Stone, 47.1 for Allendale, 49.4 from Informa and 48.7 by Linn.

Kind of ironic how everyone was touting USDA pulling a fast one on the market by coming in so much higher than the estimates in August and now those estimates for the most part are moving significantly closer to USDA's numbers. Our argument was that crop conditions specifically didn't match up with USDA's August yield forecasts as reasoning for why we thought USDA would come down on yield in coming reports. Those condition numbers that are released every Monday afternoon still don't match up to the August yield projections. That's still also reason to believe USDA started out high and will be moving somewhat lower in corn. Soybeans are still a wild card. They definitely enjoyed much more favorable growing conditions in August than July, so the bean number might not move much. The only factor that might pull beans somewhat lower is the common theme that pod counts are lower than normal in a lot of areas this year.

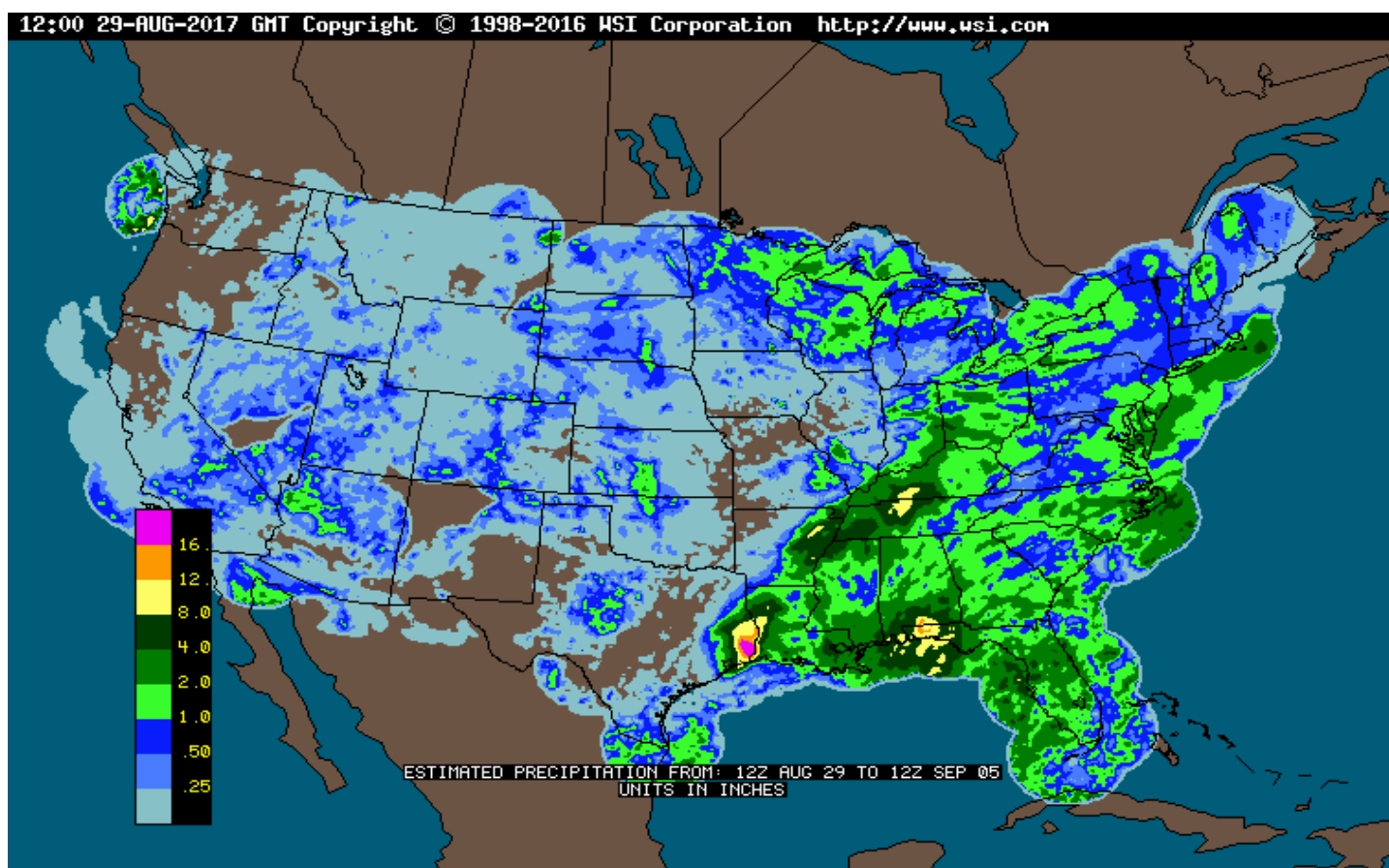
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Expectations for this afternoon's crop condition numbers are looking for corn conditions to come in unchanged to 1 point lower in g/ex at 61% this week. That compares to 74% g/ex last year at the same time. Soybean conditions are pegged at unchanged to 1 point lower around 61% g/ex this week as well. Last year they were 73% g/ex on the same date.

6-10's last night showed below to much below normal precip for the Plains. The below normal temps from last week that were centered on the Corn Belt, slid east to the far eastern Corn Belt to the East Coast.

In world news this morning, Ukraine's AgroConsult raised their estimate for grain production to 63.2 mmt's versus last month's 61.7 mmt figure. They also increased their grain export forecast by 3.4%. Brazil reported record soybean exports in August of 5.9 mmt's, up from 3.8 last year. Corn was also a record at 5.2 mmt's which was more than double last year's 2.5 number.



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