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Morning Ag Markets Pete Loewen

The meat complex trade on Monday closed mixed in the live cattle and lean hog action and moderate to actively higher in the feeder cattle trade. Corn being under pressure most of the day may have been helpful in the feeder cattle buying, but attractive premiums in the deferred live cattle contracts, along with \$1 higher cash feedlot trade last week have helped underpin the feeders as well.

The Joplin sale yesterday was a mixed bag. Steer and heifer calves were anywhere from steady to as much as \$7 lower. I didn't see any official commentary on it, but I'm guessing anything short weaned was discounted pretty good considering we're getting very close to national dead calf month in October when temps change frequently and health is a major concern if their straight off the cow. Yearlings traded steady to \$3 higher. The run was around 1200 head lighter than last week, but 3448 head bigger than last year at the same time.

Cattle on Feed and Cold Storage data both come out on Friday. The Placement rate in August is expected to be down around 4%-6% lower than last year, which would be friendly to some of the deferred months coming off of 5 straight months of higher placements. The problem with expecting bullish reaction though is December futures are already \$5.50 higher than October, Feb is around \$9 higher than October and April a whopping \$11.80 higher. Unless placements are down in the double digits, I'd say the friendliness is very much already dialed into those deferred futures premiums. February live cattle are \$10.50 above last week's cash as of yesterday's close.

Cattle slg. ___ 112,000 -4k wa unch ya

Choice Cutout __192.62 +1.20

Select Cutout ___187.70 +1.85

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Lean Index.___ 62.82 -1.23

Pork cutout___78.09 +.33

IA-S.MN direct avg___52.17 -1.38

Hog slg.___451,000 +1k wa +12k ya

Grain and oilseed trade was under pressure at the close, although the losses were only minimal. Fund activity yesterday was estimated as sellers of 6000 corn, 1000 beans and 4000 wheat. Export inspections data that came out midmorning was neutral to negative wheat, bearish corn and mildly friendly for soybeans. The soybean inspection total was 24.1 mln bushels, leaving the marketing year to date number at 6% behind last year's pace at the same time. Corn inspections were 26.6 mln bushels, putting the cumulative pace at 54% under last year's total on that date. Wheat inspections totaled 17.1 mln and this year's pace is 2% ahead of a year ago. That's mildly friendly wheat given the fact USDA has the export projection for this marketing year lower than last year's pace.

A little more friendly fodder for wheat was rail bids for HRW wheat at the Texas Gulf firming sharply yesterday. 11.5 pro bids were up 25 cents and 12 pro was up 20 cents. Russian 12.5 protein wheat offers have firmed considerably lately as well, although we still aren't competitive with their offers in a lot of the world trade destinations. Firming protein basis in the US is still a good thing, especially for anyone fortunate enough to have harvested and stored decent protein wheat this summer. At some point, the premiums are going to jump nicely again on demand for any protein in wheat. It's already good, but it's going to get even better is what I'm saying. Another great factor is that the market is paying a huge amount of money still to store wheat on the farm because of the big carries in futures.

Weekly crop condition ratings would typically start to move lower this time of year with crops drying down and harvest beginning. Corn conditions were unchanged at 51 pct G&E. The crop is rated 34 pct mature vs 47 normal. Harvest progress move up 2 to 7 pct complete. Milo condition ratings were off 1 point at 65 pct G&E. Harvest moved up 5 points from last week to 29 pct complete---right in line with normal. Soybean condition ratings were off 1 at 59 pct G&E and harvest was 4 pct complete vs 4 pct last year and 5 pct normally. Ill, Ind, and Iowa are just getting started at 1 to 2 pct done. The Delta is still slightly ahead of normal in spite of flooding from Hurricane Harvey. Winter wheat planting was up 8 points at 13 pct complete vs 15 normal. Most of this is in HRW wheat country where they do not have to wait on bean harvest.

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6-10's last night showed a lot colder air moving into the High Plains with below normal temps slated from north to south. The Central Plains and western Corn Belt were normal on temps and above normal temps all through the central and eastern Corn Belt. Precip was above normal from north to south through the Central US and normal to below for the far eastern Corn Belt.

Stats Canada released September Crop Production estimates this morning and the numbers were bearish versus the August estimates, yet a lot of the numbers are still well below last year's crops. All wheat production was pegged at 27.13 mmt's, up from 25.54 last month, but well below last year's 31.7 mmt number. Canola was 19.7 mmt's, up 1.5 from last month and also 100,000 tonnes bigger than last year. Corn production was up 700,000 mt's from last month at 14.3 mmt's. That's also 1.2 mln larger than last year. Soybean production was pegged at 8.3 mmt's, up from 7.7 last month and way above last year's 6.5 mmt total.

No new 8 a.m. export announcements today.

Pete Loewen

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