



## **Loewen and Associates**

**Commodity Consulting/Brokerage**

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**Date: September 25<sup>th</sup>, 2017**

### **Morning Ag Markets**

**Matt Hines**

Negotiated cash feedlot on Friday starting mid-morning on light volume at \$108 live with some holding out for higher money. Then some northern bids at \$109 and \$172, along with Iowa trade earlier at \$170 dressed. The last trade posted after the report was \$172 dressed in eastern Nebraska, along with \$109 to \$109.50 live, both \$2 to \$3 higher than a week ago.

#### **NATIONAL FEEDER & STOCKER CATTLE SUMMARY – WEEK ENDING 09/22/2017**

RECEIPTS:	Auctions	Direct	Video/Internet	Total
This Week	213,400	60,600	67,100	341,100
Last Week	193,100	58,100	20,800	272,000
Last Year	158,800	58,000	23,000	239,800

Compared to last week, feeder steers and heifers sold mostly steady to 6.00 higher. Calves unevenly steady throughout the week, with early-week auctions slightly lower and mid-to-late week auctions higher. Demand for the week was moderate to very good, with active trade especially for yearling cattle. Several auction barns across the Plains and Midwest are reporting higher receipts than a year ago. This is due to many bringing their calves to town after weaning, and earlier than usual.

For the week, Friday September 15<sup>th</sup> to Friday September 22<sup>nd</sup>, October Live Cattle +\$3.82, December +\$4.60, September Feeder Cattle +\$3.17, October +\$5.45, October Lean Hogs -\$5.27, December -\$1.85.

USDA September Cattle on Feed released after the close was bearish at 104% vs. a year ago compared to 102.5% for the average pre report estimate. August placements even worse at 103% compared to 97.5% average guess. August Marketings at 106% vs. a year ago and right in line with expectations. Six consecutive months of placements above year ago levels. February placements, the

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last time they were lower, were down 1%. Average increase in placements in the last six months = 9.33%!

Placement weights (expressed as % of previous year)

Under 600 lbs 100%

600-699 lbs 98%

700-799 lbs 97%

800-899 lbs 111%

900-999 lbs 110%

1000+ lbs 92%

Iowa, MN and SD placements averaged 133% of a year ago in August. Those cattle will be overfed... Texas placements down 3%, Kansas up 2%, Nebraska up 1% and Colorado up 3%. Charts turned bullish this past week and cash was up \$2+, but today's trade should be sharply lower.

#### August 2017 Cold Storage Highlights

- Total frozen poultry up 6% from year ago
- Total chicken stocks up 1% from year ago
- Total red meat supplies up 7% from last month, but 3% lower than last year
- Total beef up 10% from last month, but down fractionally from last year
- Total frozen pork up 4% from last month, but down 5% from last year
- Total pork bellies up 8% from last month, but down 40% from last year

Cattle slaughter from Friday is estimated at 115,000 head, matching a week ago and up 7,000 compared to a year ago. For the week, 637,000 head, down 5,000 from the week previous but up 41,000 compared to a year ago.

Hog slaughter from Friday is estimated at 455,000 head, up 8,000 from a week ago and up 22,000 compared to a year ago. For the week, 2,501,000, up 69,000 from the week previous and up 28,000 compared to a year ago.

Boxed beef cutout values steady to firm on light to moderate demand and moderate offerings for a total of 125 loads sold.

Choice Cutout\_\_191.60 +.09

Select Cutout\_\_188.73 +.32

CME Feeder Index:\_\_151.44 +.33

CME Lean Hog Index.\_\_59.08 -1.04

Pork Carcass Cutout\_\_72.70 -.34

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IA-S.MN Wtd Avg Carcass Base\_\_49.08 -.04  
National average Wtd Avg Carcass Base\_\_48.70 -.15

October live cattle first line of support at \$109.70 then \$108 and the lows from earlier this month just above \$104. September feeders broke out above its downtrending channel last week with strong support at \$147. October peaked at \$157.30 last week, \$2.50 from the contract high back in May and also has strong support near \$147. October lean hogs gapped lower Friday into new contract lows, the next area of support doesn't appear on the weekly charts until near the \$50 level with the lows back from last October down at \$40.70. The December contract has been choppy this past month with the contract low a month ago at \$55.77

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Soybeans led the grains higher on Friday breaking through the resistance levels and the 50% retracement levels. Export demand remains very strong with 9 out the last 10 days with new soybean sales announcements. Corn harvest continues and will continue to keep hedge pressure on futures but this week's weather could be disruptive and will be watched closely. Wheat was steady to lower as the large Russian crop keeps pressure on prices worldwide.

For the week, Friday September 15<sup>th</sup> to Friday September 22<sup>nd</sup>, December Corn - \$.01 ¼, March -.01 ¼, November Soybeans +\$.15 ½, January +\$.15 ½, December KC Wheat +\$.04 ¼, March +\$.04 ¼, December Chicago Wheat +\$.00 ½, March +\$.01 ½.

Grains overnight were under pressure with the biggest talk about dry areas of Brazil expected to receive rain as soybean planting gets underway. Soybeans finished 5 lower, corn 1 lower and wheat steady to 4 lower.

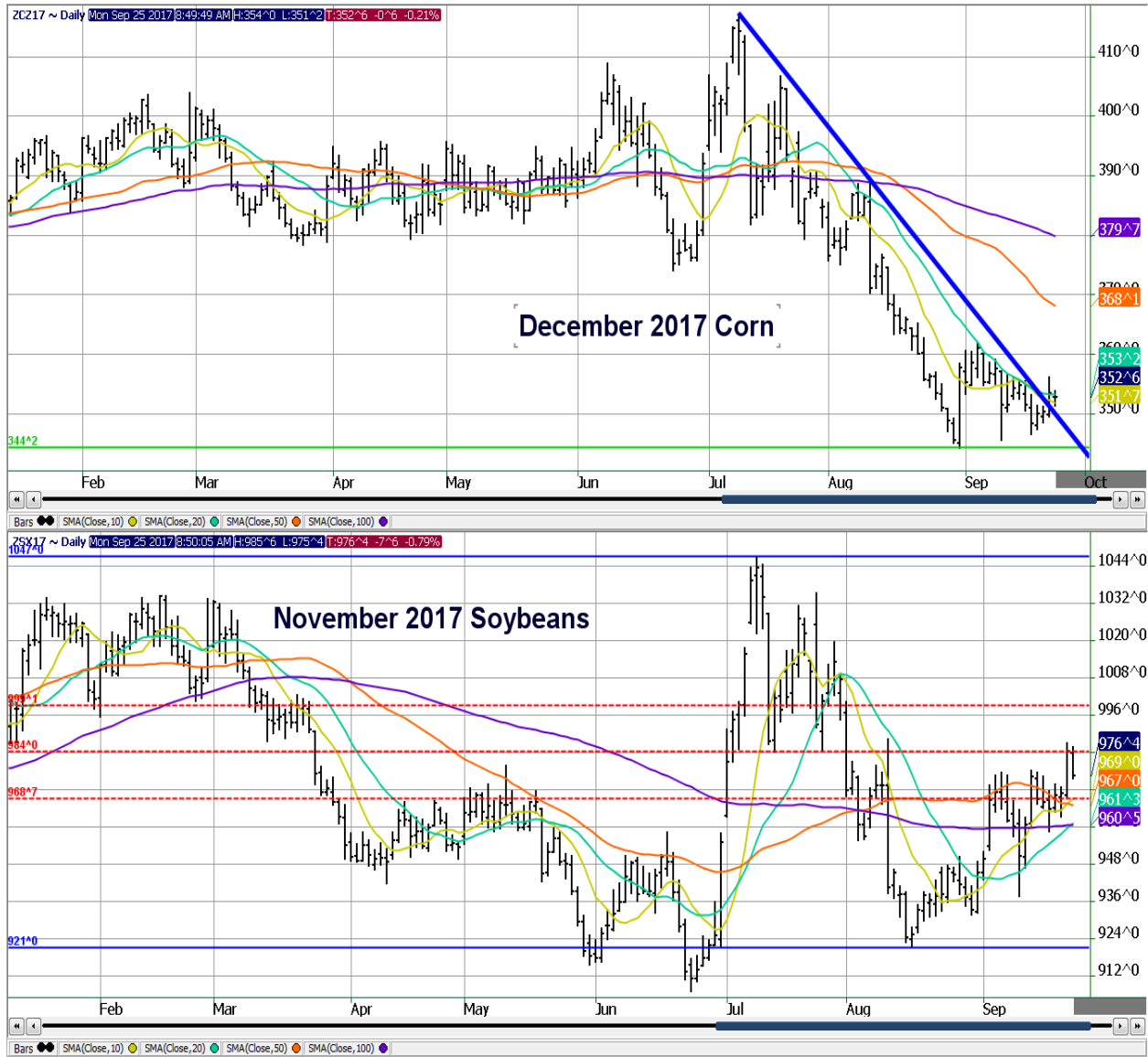
The 5-7 day accumulated precipitation forecast shows the heavy rains here today in the Southern Plains with 1+ inches expected in NE, IA, MN and WI. The 6-10 day outlook shows below normal precipitation for the entire Midwest. Temperatures are forecast above normal north and west with below normal for the Southwest and normal elsewhere.

December corn breaking the steep downtrend to end last week, we will see if the contract low at \$3.44 ¼ will hold here during harvest, resistance up at \$3.62.

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November soybeans again breaking nearby resistance with the next resistance level up near the \$10 mark. Both December KC and Chicago wheat breaking the upside of their month long range bound trading and into new recent highs last week. Support is down at \$4.35 with resistance up near \$4.65. December MPLS trying to carve out a bottom last week with a low at \$6.14 ½.



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