



Loewen and Associates

Commodity Consulting/Brokerage

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Morning Ag Markets

Matt Hines

Cattle futures stabilized yesterday after Monday's limit down moves stemming from the bearish Cattle on Feed report after the close last Friday. That's good news that we didn't need to use the expanded limits yesterday. Hogs were mixed with the nearby October contract into new lows ahead of the quarterly Hogs and Pigs report due out tomorrow. Supply continues to outpace demand with slaughter near record levels.

Oklahoma National Stockyards - Oklahoma City, OK

Feeder Cattle Auction Report for 9/25/2017

Receipts	Week Ago	Year Ago
6,788	6,840	5,207

Compared to last week: Feeder steers over 800 lbs 1.00-5.00 higher; under 800 lbs 4.00-7.00 lower. Feeder heifers 1.00-4.00 lower. Steer calves unevenly steady. Heifer calves 3.00-6.00 lower. Demand moderate to good for feeder cattle. Demand moderate for calves, light for anything weaned less than 60 days. Quality mostly average.

Tulsa Livestock Auction- Tulsa, Oklahoma

Feeder Cattle Weighted Average Report for 09/25/2017

Receipts: 3393 Last Week: 3052 Year Ago: 2173

Compared to last week: Steers 5.00-8.00 lower. Heifers 2.00-4.00 lower. Quality average. Demand good. Receipts include 22 percent over 600 lbs. and 43 percent heifers. Slaughter cows 5.00-7.00 higher. Slaughter bulls 4.00 higher.

Joplin Regional Stockyards - Carthage, MO

Feeder Cattle Auction Report for 9/25/2017

Receipts	Week Ago	Year Ago
5,757	7,155	3,345

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Compared to last week, steer and heifer calves 5.00 to 8.00 lower, yearlings unevenly steady to 3.00 lower. Demand moderate to light for un-weaned calves, moderate to good for long time weaned calves and yearling, supply moderate.

Cattle slaughter from Tuesday is estimated at 118,000 head, matching a week ago and up 3,000 compared to a year ago.

Hog slaughter from Tuesday is estimated at 460,000 head, up 5,000 from a week ago and up 17,000 compared to a year ago.

Boxed beef cutout values sharply higher on moderate to fairly good demand and light offerings for a total of 105 loads sold.

Choice Cutout__196.78 +2.82

Select Cutout__193.11 +2.22

CME Feeder Index:__152.32 -.28

CME Lean Hog Index.__56.98 -.68

Pork Carcass Cutout__72.49 -1.01

IA-S.MN Wtd Avg Carcass Base__47.78 -.04

National average Wtd Avg Carcass Base__47.59 -.15

Fed Cattle Exchange later this morning with 1,342 head consigned. Last week 636 head sold at a weighted average price of \$106.67 out of the 1,450 head consigned.

October live cattle with support at \$107.30 then the lows from earlier this month just above \$104 with resistance up at \$112. September feeders go off the board tomorrow with support sitting at \$150 and the index still \$2 higher. October peaked at \$157.30 last week, \$2.50 from the contract high back in May. We now have a gap on the charts from \$153.47 to \$154.82 and strong support near \$147. October lean hogs gapped lower Friday with new contract lows now daily. 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.

Grains were mixed yesterday finishing lower throughout though led by the soy complex. Early yields in the Corn Belt continue to come in above expectations keeping pressure on both futures and basis. The EPA released an announcement
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mid-day that they are looking at reducing the biodiesel mandates for 2018 and beyond sending soybean oil sharply lower and breaking through the 4 month long uptrend. On a good note, US beans offered out of the PNW are the cheapest origin by \$8 a ton and \$12 a ton cheaper than Brazil. We should see more of the China bean trade moving to the PNW as beans become available.

Grains overnight were weaker, corn finished 1 lower, soybeans 2 to 3 lower and wheat 1 to 2 lower except for a little life, 1 to higher in MPLS.

Wheat will be the focus of this Friday's USDA crop reports, the Annual Small Grains Summary and Quarterly Stocks.

USDA Quarterly Grain Stocks Estimates BBU (as compiled by Reuters):

	Wheat	Corn	Soybeans
Average trade estimate	2.205	2.353	0.338
Highest trade estimate	2.495	2.450	0.363
Lowest trade estimate	2.083	2.310	0.321
USDA June 1, 2017	1.184	5.225	0.963
USDA Sept. 1, 2016	2.545	1.737	0.197

USDA Small Grains Summary - Wheat Production estimates (MBU)

	Avg	Low	High	Aug 17	Sept 16
All Wheat	1,724	1,665	1,800	1,739	2,310
All Winter	1,280	1,205	1,296	1,287	1,672
Hard-Red Winter	758	749	765	758	1,082
Soft-Red Winter	305	290	316	306	345
White Winter	222	210	228	223	245
Other Spring	384	340	421	402	534
Durum	51	47	55	51	104

USDA reported a private sale this morning, the first for this week, of 132,000 MT or 4.85 MBU of soybeans sold to China.

Some heavy rain is still in the forecast for the Southwest and Southern Plains with an inch to inch and half showing in NE, IA and MN as well. The 6-10 day outlook is showing above normal precipitation for the Plains also along with above normal

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for the Northern Plains. Temperatures are above normal for the eastern half of the US and below normal west.

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. November soybeans met the upside price objectives last week, but now back near the \$9.60 support level. The next price count is up at \$10 matching the 62% retracement from the highs in July and lows in August. Both December KC and Chicago wheat trending higher and into new recent highs yesterday. Support at \$4.50 then down at \$4.35 with resistance up near \$4.64. December MPLS wheat trying to carve out a bottom with a low at \$6.14 ½ and now back to the early September resistance levels.



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