



**Loewen and Associates, Inc.**

**Commodity Consulting/Brokerage**

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## **Morning Ag Markets**

Pete Loewen

Live and feeder cattle future started out Wednesday's trade following through on the big surge up from the previous day. There were a lot of triple digit gains in feeders and in a couple of the live contracts early, but the gains faded quickly. At the finish, live cattle were mixed, feeders higher on all but the front month October. Hogs were up mildly on everything. Given the bearishness of the On Feed report from Friday, I have been extremely impressed with the action so far in the days following those numbers. After yesterday's close, we're now sitting at new life of contract highs in the January feeders and beyond. Oct and Nov feeders, along with the live contracts are still a long way from new contract high ground, but they are also closing in on recent highs.

Fed cattle exchange internet trade is getting less and less interest every week and there were only 897 head consigned for yesterday's sale. Zero head traded and the only price discovery it provided was 1 lot being passed at \$111 bids. The rest were no sales. The lighter offerings are likely coming from the fact there were two lots that traded last week at \$109, but then the negotiated action later in the week was up to \$111-\$112. That might have brought on the attitude, why sell on the exchange if there's going to be better opportunities later in the week?? On another note though, hopefully seeing the pass at \$111 also means we'll trade higher than \$111 in the negotiated action later in the week. Apparently there are bids out there at that same level and no takers for the time being. I wouldn't take \$111 either, especially with the spot October live futures finishing over the \$113 mark yesterday.

Feeder cattle and calf market trade is pretty strong on feeders and on calves it basically boils down to how long they've been off the cow. The OKC West auction report showed feeder steers and heifers anywhere from \$4-\$8 higher than last week. Calves were steady to firm if they were long weaned and weaker if they were bawling. Definitely a strong sign we're still in National Dead Calf Season given the swings in weather and health concerns that promotes.

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Weekly export sales data for the meats was a lot friendlier than a week ago. Net beef sales were 16,900 mt's, up 25% from last week and 7% bigger than the 4-week average. Definitely a friendly number, but not ultra-bullish by any means. Actual exports were 14,200 mt's, down 11% from a week ago and a little disappointing. In the pork, net sales of 18,100 mt's was up 58% from last week, but down 15% from the 4-week average. That's neutral to mildly friendly hogs. Actual exports were 23,000 mt's and that's solidly friendly.

Cattle slg. \_\_\_ 114,000 -4k wa unch ya

Choice Cutout \_\_ 200.21 +.08

Select Cutout \_\_ 192.39 -.30

Feeder Index: \_\_ 154.58 -.01

Lean Index. \_\_ 67.32 +1.22 Pork cutout \_\_ 76.35 -.11

IA-S.MN direct avg \_\_ 65.69 +.19

Hog slg. \_\_\_ 462,000 -2k wa +37k ya

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Grain and oilseed trade was up for a good part of the day, but faded to lower closes in corn, KC and Chicago wheat. Minneapolis wheat and soybeans were mildly higher. There just wasn't anything fresh news-wise to fuel trade after the higher start early. Our corn and soybean export programs are both running behind year ago totals as well as under the pace needed to reach USDA S&D export numbers. With that being said though, US soybeans out of the PNW are priced comfortably under Brazil offers. Out of the Gulf, Brazil and US beans are priced very competitively.

Fund activity yesterday was reported at sellers of 8000 corn, 5000 beans and 3000 wheat.

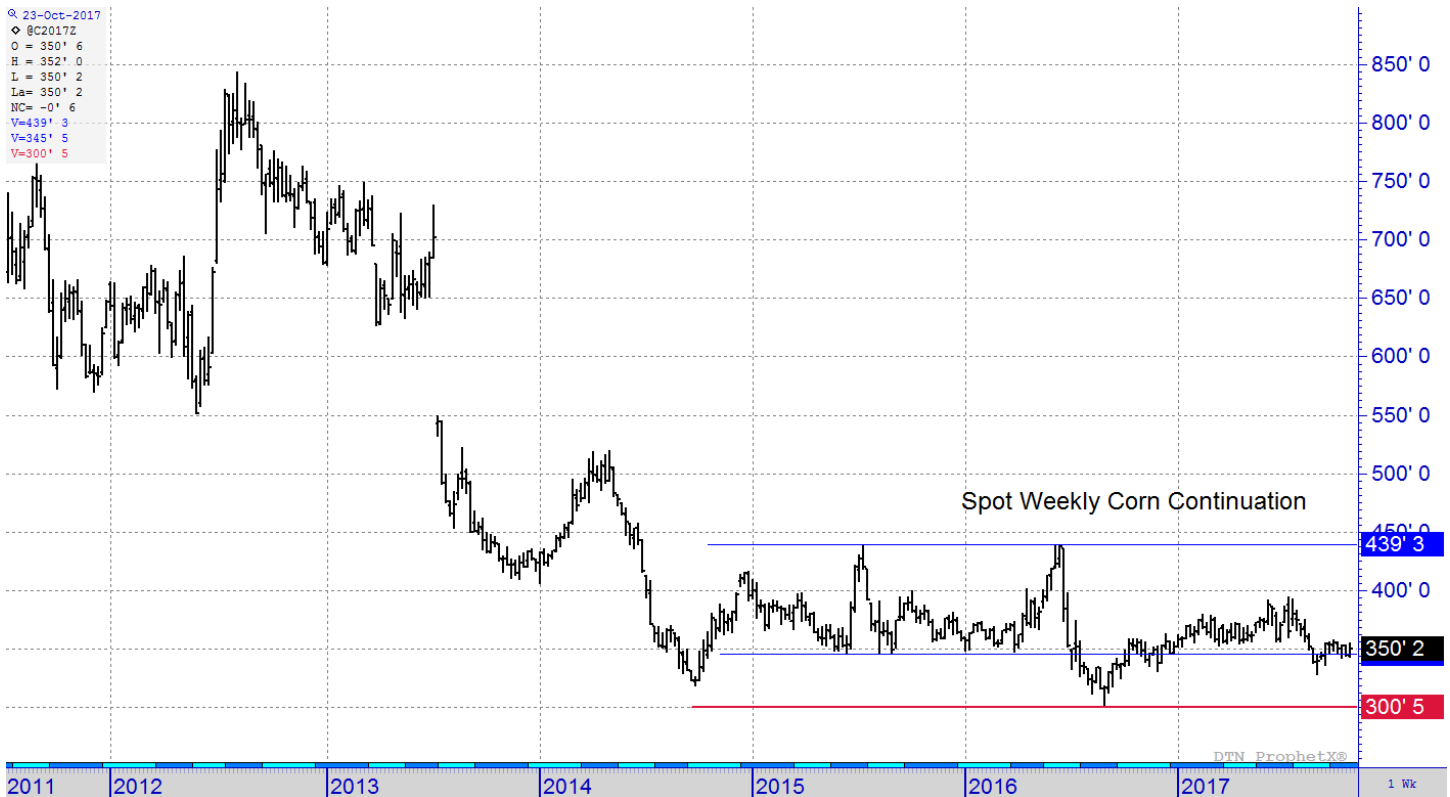
Weekly export sales numbers in the grains looked decent in some and not so good in others. Milo sales were only 100,000 bushels, which is terrible, yet cumulative sales so far this marketing year running 13% bigger than last year at the same time. Corn sales were 50.7 mln bushels and I'm viewing that as bearish. Cumulative sales in corn are sitting at 69% of last year's total and the shipment pace is even worse. Corn sales on a weekly basis need to be closer to 70 mln bushels in my opinion. Soybean sales were 78.2 mln bushels, bringing the marketing ytd total commitments up to 1.044 bln bushels. Not unlike corn though, that's only 85% of what was committed at the same time last year. Bean sales need to be bigger as well. In wheat, the export sales total was 13.2 mln bushels, which is a long shot away from the 20

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mln I like to see. Cumulative sales in wheat are 6% under last year, which isn't far off USDA's guess for the marketing year. I don't want "neutral" wheat numbers though, I want a reason to get bullish wheat. Bullish is going to take a lot of weeks at 20 mln...

6-10's last night showed below normal temperatures over the Plains and Corn Belt. Precip was below normal in HRW wheat country and into the Central Corn Belt. The far Northern Plains and Eastern Corn Belt were above normal on precip.



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