



Loewen and Associates

Commodity Consulting/Brokerage

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Morning Ag Markets

Matt Hines

Live cattle futures were mixed most of the day, feeders lower and lean hogs showed strong early morning gains but selling pressuring hit all 3 by midday. Trade volume was light again yesterday. Lean hogs hit a new high yesterday but with no follow through buying the pressure built and actually the chart now shows a key reversal lower.

So far this week, only 496 head of cash feedlot trade at \$110 in North. Fed Cattle Exchange later today with only 919 head consigned compared to last week's 1,444 head of which none were sold.

Early week salebarn reports are mostly showing heavier volume than a week ago with steady to higher prices paid for calves and feeders except in OK City which reported \$1 to \$4 lower for feeder heifers.

Cattle slaughter from Tuesday is estimated at 117,000 head, down 1,000 from a week ago but up 2,000 compared to a year ago. Hog slaughter from Tuesday is estimated at 455,000 head, down 8,000 from a week ago but up 11,000 compared to a year ago.

Boxed beef cutout values weak to lower on light to moderate demand and offerings for a total of 119 loads sold.

Choice Cutout__197.66 -1.15

Select Cutout__189.85 -.72

CME Feeder Index:__155.06 -.60

CME Lean Hog Index.__61.00 +.76

Pork Carcass Cutout__74.81 -.44

IA-S.MN Wtd Avg Carcass Base__61.41 +1.75

National average Wtd Avg Carcass Base__60.44 +2.07

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Cattle On Feed Industry Estimates for Friday, Oct 20, 2017

	Avg Estimates	Previous Report
On Feed October 1	105%	104%
Placements during Sept	108%	103%
Marketings in Sept	103%	106%

December live cattle reached just above \$119 last week, now the next area of resistance with support at \$114.50. November feeders down to a 2-week low yesterday with support from \$151.60 to \$151.37 and the next not until the \$148 area. Resistance up at \$157 then the contact high at \$158.02. December lean hogs again with a key reversal lower yesterday, a higher high and lower low along with a close below the previous session's low. Staying below the \$62 level today would confirm that lower technical signal with support at \$61.30 (last Thursday's low and 100-day moving average) followed by \$60.60 (last week's low and the 20-day moving average). The lines of resistance now at \$64.50, \$65.50 and the contract high at \$65.67.

Grains continued a steady to lower path yesterday, corn only trading a 3 cent range and finishing fractionally lower. Not much new news out there with fall harvest able to pick back up in most areas this week. Soybeans still sliding lower giving back now about 1/3 of last week's rally. U.S. yields still be reported as better than expected, some as good as a year ago. Brazil still showing mixed forecasts with hopes for better rain in the northern growing areas heading into next week. Wheat finished mixed yesterday with 5 to 10 cent trading ranges. A bit of a surprise with Russia estimating only 3.6 to 3.8 MMT of wheat exports in October compared to 4.1 MMT in September. Russian Ag Ministry did increase the production estimate again though, up to 83 MMT vs. 81.4 a month ago and USDA's estimate of 82 MMT last week.

Grains overnight were again weaker, harvest pressure the main cause. Corn managed to finish near unchanged, beans 1 lower and wheat steady in MPLS but 2 lower for both KC and Chicago contracts.

No export sales announced this morning which is concerning for both corn and soybeans. Marketing year to date export inspections on corn are running half that

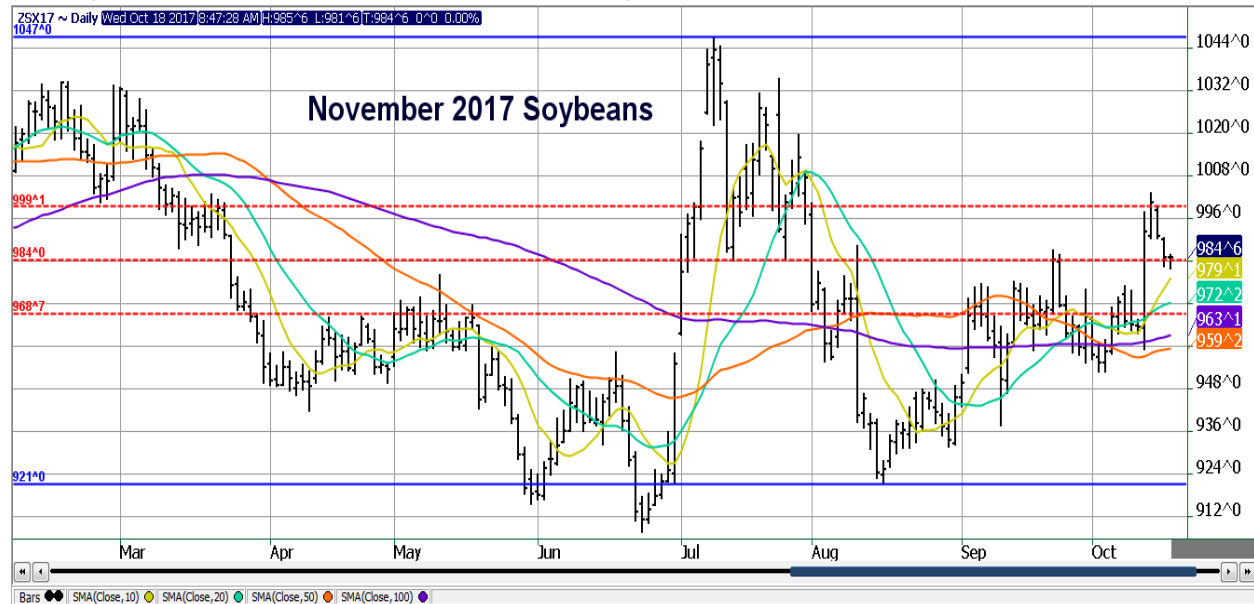
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of a year ago. Soybean shipments just fell below last year's pace this past week with YTD at 265.8 MBU vs. 287.7 MBU.

The weather runs haven't changed much for northern Brazil, rains in the forecast starting this weekend, as harvest weather here looks good the rest of the week. Rains over this next week heavy in the PNW, 1-2 inches expected in the Southeast with ½ to inch in the Midwest. The 6-10 day outlook has shifted to below normal precipitation for the Plains and west with above normal east. Temperatures are forecasted below normal in the Southeast and above normal centered on the Southwest.

December corn hit a new low last week at \$3.42 ½ but has since recovered to the \$3.50 area with resistance at \$3.58 then \$3.62. November soybeans with its breakout higher last week touching the 62% retracement level from the highs in July down to lows in August. Current prices now at the 50% retracement level. The next resistance area up at \$10.20, with support down near \$9.70. December KC wheat stayed off the contract low last week at \$4.20 with resistance at \$4.44 then \$4.59. December Chicago wheat looks the similar with resistance at \$4.45 then \$4.62 and the contract low down at \$4.22 ½.



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