



Loewen and Associates

Commodity Consulting/Brokerage

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Morning Ag Markets

Matt Hines

Cash feedlot trade - \$109 to \$110 live midweek to get started on light volume, firm \$111 live and \$175 dressed on Friday on heavier volume, unchanged from a week ago. Strength in beef towards the end of the week and a lack of movement at lower prices forced the market higher.

USDA Cattle On Feed October 1: 105%; estimate 105%; prior month 104%

Number of heifers on feed vs Oct 1, 2016 = 113%, Steers = 102%

USDA Cattle Marketings during September: 103%; estimate 103%; prior month 106%

USDA Cattle Placements during September: 113%; estimate 108%; prior month 103%

State Placements - IA 134%, NE 121%, SD 112%, MN 118%, CO 111%, TX 114%, KS 104%

Placement Weights - Under 600 lb 117%, 600-699 lb 113%, 700-799 lb 109%, 800-899 lb 117%, 900-999 lb 114%, Over 1000 lb 105%

September Milk Production up 1.2 Percent Milk production in the 23 major States during September totaled 16.2 billion pounds, up 1.2 percent from September 2016. Amazing to see with CA, which has 20% of the US dairy herd and accounts for 20% of milk production was down 3.4% vs. year ago.

NATIONAL FEEDER & STOCKER CATTLE SUMMARY – W/E 10/20/2017

RECEIPTS:	Auctions	Direct	Video/Internet	Total
This Week	305,200	36,300	18,500	360,000
Last Week	254,500	32,300	900	287,700
Last Year	274,900	49,700	600	325,200

Compared to last week, steers and heifers sold very uneven from 4.00 lower to 4.00 higher as sales were all over the board and in between with some uneasiness over the amount of cattle on feed.

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For the week, Friday October 13th to Friday October 20th, October Live Cattle - \$1.15, December -\$0.52, October Feeder Cattle -\$0.42, November -\$1.92, January - \$1.72, December Lean Hogs +\$2.65, February +\$1.65. Choice boxed-beef +\$1.64 @ \$199.86, Select boxed-beef \$1.09 at \$191.14.

Cattle slaughter from Friday is estimated at 112,000 head, up 7,000 from a week ago and up 10,000 compared to a year ago. For the week, 632,000 head, up 10,000 from the week previous and up 30,000 compared to a year ago.

Hog slaughter from Friday is estimated at 460,000 head, up 2,000 from a week ago and up 25,000 compared to a year ago. For the week, 2,485,000, down 31,000 from the week previous and down 39,000 compared to a year ago.

Boxed beef cutout values firm on moderate demand and light offerings for a total of 101 loads sold.

Choice Cutout__199.86 +.29

Select Cutout__191.14 +.38

CME Feeder Index:__154.79 -.29

CME Lean Hog Index.__64.21 +.87

Pork Carcass Cutout__75.50 +1.18

IA-S.MN Wtd Avg Carcass Base__65.21 +1.00

National average Wtd Avg Carcass Base__64.37 +.88

December live cattle found support last week at the 100-day moving average, now at \$114.50 with resistance at \$117 then \$119. November feeders still trending higher but unable to make new highs like the deferred contracts. Resistance up at \$157 then the contract high at \$158.02 and support at \$150.80. December lean hogs sharply higher again, the contract high could be tested this week at \$65.67 with support at \$62.75 then \$61.40.

The corn market made new lows for the week on the closing bell. An upswing in export movement was a silver lining in a lower price week for the corn market. Exporters are starting to make some headway in catching up with the strong early 16/17 pace; sales + ship for 17/18 to date stands nearly 15 MMT compared to 22.5 MMT on the books this time last year. Brazil still holds a \$3-5/MT price

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advantage over US supply into Asia, which will ensure plenty of competition (not to mention Ukraine and Argentina in the mix, too).

The soybean market was unable to follow the leadership of the soybean oil rally and reversed lower for an outside day down that could suggest we have a recovery high in place for beans and meal both. Overall the fall harvest pressure along with improved rain chances for Brazil kept the grains lower.

For the week, Friday October 13^h to Friday October 20th, December Corn $-\$.08 \frac{1}{4}$, March $-\$.08$, November Soybeans $-\$.21 \frac{1}{2}$, January $-\$.21$, December KC Wheat $-\$.13 \frac{1}{2}$, March $-\$.13 \frac{3}{4}$, December Chicago Wheat $-\$.13 \frac{1}{2}$, March $-\$.13 \frac{1}{2}$, December MPLS Wheat $-\$.03 \frac{1}{4}$, March $-\$.04 \frac{3}{4}$, December Soybean Meal - \$11.5/T

Grains overnight were mixed, with corn and wheat steady while soybeans were down $\frac{1}{2}$ to 1.

Trade will be looking for the USDA to report Corn harvest 43% to 47% complete vs. 28% last week and 60% average for the date. Soybean harvest expected to be 60% to 65% complete vs. 49% last week, 76% average.

Private estimates have Brazil soybean planting at 20% complete vs. 29% last year. Mato Grosso, the largest producing state and suffering from hot and dry conditions is estimated at 27% planted vs. 47% last year. First season corn at 42% planted vs. 39% last year.

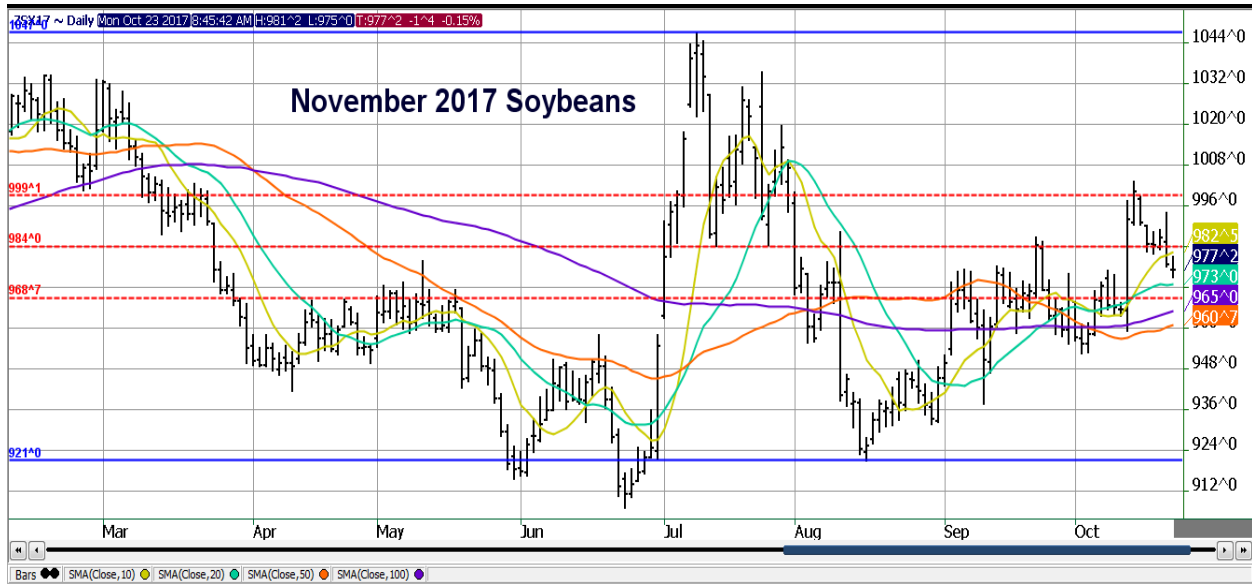
Dry forecasts for this week throughout the Plains this week but 3+ inches expected in the Great Lakes and 1 to 2 inches for the rest of the East. The 6-10 day outlook shows below normal precipitation for the Plains and west with above normal East. Temperatures are forecasted below normal for most, above normal on the West Coast and New England.

Beneficial rains fell in Mato Grosso over the weekend. International forecasts call for heavy rains over central and southern Brazil spreading to the northeast over the next ten days, rains over northeastern Argentina and the far south over the next ten days.

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December corn only 2 cents away from the contract low at \$3.42 ½, still holding a sideways to lower trend. Resistance levels at \$3.54, \$3.58 and \$3.62. November soybeans breaking down last week after the previous week's sharply higher move. Support at \$9.73, \$9.60 and \$9.52 ½. December KC wheat only a couple cents from the contract low at \$4.20 with resistance at \$4.40. December Chicago wheat looks the similar with the contract low at \$4.22 ½ and resistance at \$4.40.



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