



Loewen and Associates

Commodity Consulting/Brokerage

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Date: October 25th, 2017

Morning Ag Markets

Matt Hines

Just when it looked like the higher trend for cattle was over, both live cattle and feeders raced higher yesterday. Strong buying hit the feeders after holding firm the first hour of trading yesterday. A few deferred feeder contracts tested contract highs from earlier this month with both January and August scoring new contract highs heading into the close.

COF was bearish from last Friday with the USDA September Cold Storage report friendly from Monday. Only friendly in the sense that year over year red meat stocks were lower, but last year was a record high and stocks were higher from a month ago across the product sectors.

The biggest support right now could come back to surging equities. The DOW was sharply higher yesterday, peaking at a new all-time record at 23,485, after trading near 22K the past two months. CAT up 5%, 3M 7+% and GM 2+% were the latest blue-chippers to see large gains from better than expected earnings.

Only a hand full of cash fat cattle have trading so far this week, NE at \$175 dressed, steady with last week. Fed Cattle Exchange later this morning, only 897 head consigned compared to last week's 919 head of which 230 head sold at \$109.

Cattle slaughter from Tuesday is estimated at 115,000 head, up 5,000 from a week ago and up 3,000 compared to a year ago. Hog slaughter from Tuesday is estimated at 462,000 head, up 7,000 from a week ago and up 18,000 compared to a year ago.

Boxed beef cutout values higher on moderate to fairly good demand and light to moderate offerings for a total of 133 loads sold.

Choice Cutout__200.13 +.88

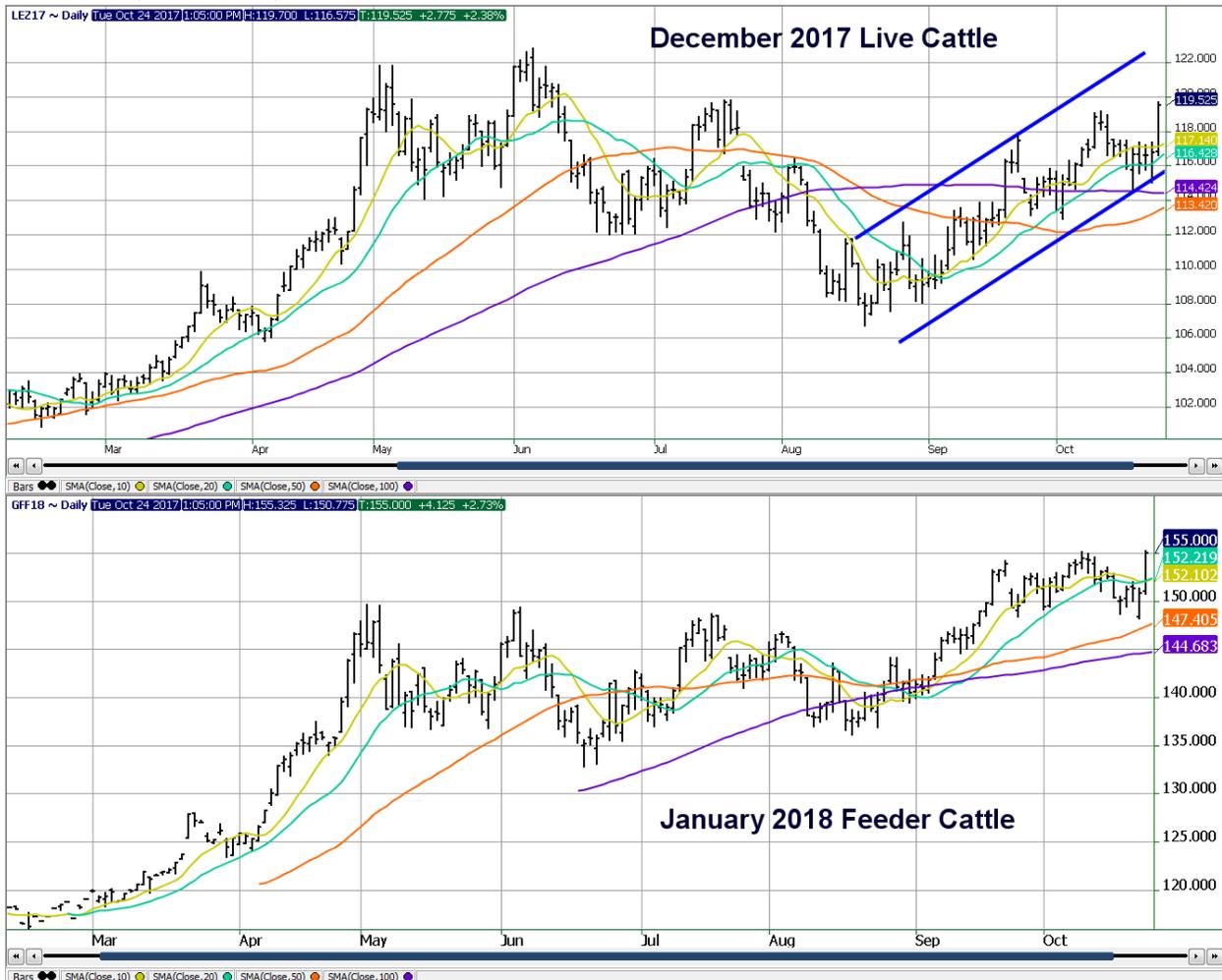
Select Cutout__192.69 +1.64

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CME Feeder Index: __154.59 -.10
 CME Lean Hog Index. __66.10 +.87
 Pork Carcass Cutout __76.46 +.66
 IA-S.MN Wtd Avg Carcass Base __65.50 +.15
 National average Wtd Avg Carcass Base __65.25 +.20

December live cattle found support last week at the 100-day moving average, now at \$114.40. Nearby resistance levels were taken out yesterday with the next up at \$119.85 from mid-July then the contract high at \$122.85 from early June. November feeders touched support at \$150 on Monday, now testing resistance at \$157 with the contract high up at \$158.02 from September 22nd. December lean hogs still holding a higher trend but struggling to hold breaks above \$65, support down at \$62 then \$61.40.



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The reversal higher for corn and wheat held yesterday as futures stayed +/- 2 cents from unchanged throughout the trading session. The soy complex was lower though pressured by improved weather in South America. Brazil's central and northern producing areas, specifically Mato Grosso, has seen some welcome rains recently and forecasts for more over the next couple weeks. Soybean planting is currently behind pace but should be able to catch up now with the improved conditions. Another item of concern could be the lack of additional soybean sales announcements. China had a record breaking month of September for soybean imports but additional sales have been missing the past couple weeks. Shipments are now 30 MBU behind last year's pace as USDA has current exports pegged to exceed last year by 76 MBU.

Grains were steady to higher overnight, soybeans bouncing back as corn and wheat extend their upward movement. Corn finished 1 higher, soybeans 6 to 7 higher and wheat 1 higher.

South Korea purchased a cargo of South American soybean meal today in snap tender. China looks to be in the market for meal as well. Soybeans loaded from the PNW now land in China at a \$15-\$16/MT, \$.40+/-BU discount to Brazil while beans from the Gulf are near equal value.

Ukraine exports just shy of year ago with the Ag Ministry reporting total grain exports since July 1st at 12.9 MMT vs. 13 MMT last year. This includes 7.9 MMT of wheat, 3.4 MMT barley and 1.5 MMT corn.

Rains over the next few days staying in the Great Lakes, the Southeast and the Northeast with accumulations of 1-2 inches for most but up to 6 inches for the Northeast. The 6-10 day outlook shows below normal precipitation for the Plains, PNW and the Southeast with above normal north from Montana to Maine. Temperatures are below normal for all except the Southwest and Northeast.

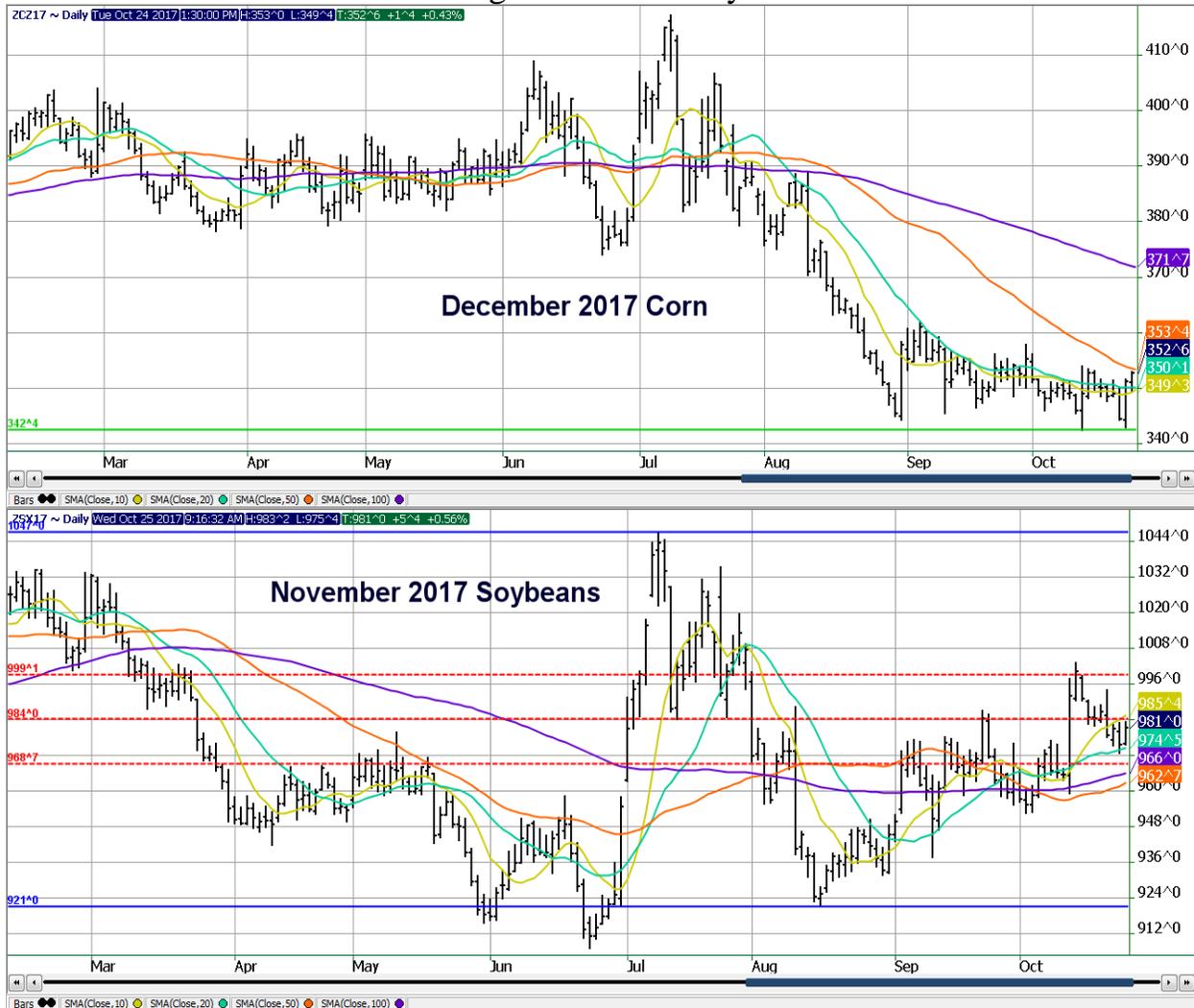
International forecasts still calling for heavy rains over central and southern Brazil spreading to the northeast over the next ten days.

Taking out the \$3.54 resistance area this week for December corn would be nice to see and confirm the double bottom from earlier this month down at the contract

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low at \$3.42 ½. The next areas to take out and really break out of this 2 month range is \$3.58 then \$3.62. November soybeans finding support at the 20-day moving average now at \$9.74 ½ but so far this week unable to break above \$9.83. Wheat charts similar to corn, trying to break free of the lower/sideways trading pattern over these past couple months. December KC wheat with a contract low at \$4.20 and resistance at \$4.40. December Chicago wheat looks the similar with the contract low at \$4.22 ½ and testing resistance today at \$4.40.



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