



Loewen and Associates

Commodity Consulting/Brokerage

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Morning Ag Markets

Matt Hines

Strong triple digit gains held for livestock futures yesterday, October lean hogs even touching limit higher at one point. Majority of the volume for both live cattle and lean hogs is out to the December contract now, feeders out to November, the overall strength is a positive note. Cash hogs have been higher the past few days even with a new daily hog slaughter record estimated yesterday. Beef prices were also higher yesterday with cash trade inactive so far this week. Bids and offers are starting to come out, opening bids at \$106, slightly higher than expected with a larger show list this week.

Oklahoma National Stockyards - Oklahoma City, OK

Feeder Cattle Auction Report for 10/2/2017

Receipts	Week Ago	Year Ago
4,866	6,788	6,104

Compared to last week: Feeder steers under 800 lbs traded steady to 3.00 lower, over 800 lbs. mostly steady on a lighter test. Feeder heifers mostly steady on limited comparable sales. Heavier steer calves steady to 1.00 lower and heifer calves are steady to 2.00 lower. Demand moderate to good. Quality average to attractive.

Joplin Regional Stockyards - Carthage, MO

Feeder Cattle Auction Report for 10/2/2017

Receipts	Week Ago	Year Ago
3,654	5,757	3,511

Compared to last week, steers and heifers of all weights sold steady to 5.00 higher. Some short gains in the morning gave way to big losses for both live and feeder cattle by the close, with most contracts suffering triple digit losses. Last week's slaughter was the highest of 2017 at an estimated 648k head and another large kill is expected this week as packer margins are still quite impressive. Supply light. Demand good for yearlings, moderate for calves.

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Tulsa Livestock Auction- Tulsa, Oklahoma

Feeder Cattle Weighted Average Report for 10/02/2017

Receipts: 3440 Last Week: 3393 Year Ago: 2943

Compared to last week: Steers 5.00-7.00 higher. Heifers 4.00-6.00 higher.

Demand good. Quality mostly plain, few attractive. Receipts include 22 percent over 600 lbs. and 40 percent heifers. Slaughter cows mostly steady. Slaughter bulls 2.00 lower. A total of 328 cows and bulls sold with 55 percent going to packers.

Cattle slaughter from Tuesday is estimated at 119,000 head, up 1,000 from a week ago and up 6,000 compared to a year ago.

Hog slaughter from Tuesday, again a new daily slaughter record at 462,000 head, up 2,000 from a week ago and up 20,000 compared to a year ago.

Boxed beef cutout values firm on light to moderate demand and light offerings for a total of 114 loads sold.

Choice Cutout__197.87 +.65

Select Cutout__189.02 +.74

CME Feeder Index:__155.76 +1.46

CME Lean Hog Index.__54.39 +.10

Pork Carcass Cutout__72.46 -.32

IA-S.MN Wtd Avg Carcass Base__50.67 +1.03

National average Wtd Avg Carcass Base__49.58 +.97

Fed cattle exchange online auction later this morning with 1,732 head consigned. Last week there were 1,342 head consigned all of which were a no sale, most passed out from \$106.25 to \$107.50 live.

December live cattle still holding an uptrend since mid-August with support at \$112 and resistance at last week's high at \$115.85 then \$117.72, the high from two week ago. November feeders also trending higher with support at \$151.37 then strong support in the \$147 area. A gap remains from \$155.55 up to \$156.07 and resistance at \$158. December lean hogs with a strong breakout higher the past few sessions after choppy trade over the past month and half. Support is at \$60 with resistance just above \$65 and the contract high up at \$65.67.

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Over in the grains, a quiet day with corn and soybeans under mild pressure while wheat was slightly higher after three days in a row lower. Fall crops will have pressure from harvest rolling in but the bulls are looking at the wet forecasts and trying to talk up early frosts with harvest already behind pace. Strong demand will be the only cure long term as storage space is already tight from last year's record crops and harvest reports this year mostly better than expected so far.

Egypt booked 180,000 MT or 6.6 MBU of wheat, all from Russia yesterday. Offers were \$2-\$4/MT higher than a week ago, but still heavily discount compared to US values. Russia has exported 9 MMT so far since July 1, 16% ahead of last year's pace. They have reported 123.4 MMT of grain harvested of which 83.5 MMT is wheat compared to 110.4 MMT of grain and 74.2 MMT wheat at this time a year ago. Ukraine's grain exports totaled 11.2 MMT so far this season, on track with last year's exports on this date of 11.3 MMT. Total exports this season could reach 44-45 MMT, above last year's record of 43.9 MMT. Ukraine has only exported 6.5 MMT of wheat though since July 1st compared to 7.2 MMT at this time a year ago, Brazil exported 4.27 MMT of soybeans in September compared to 1.44 MMT last September, and cleared 1.16 MMT of meal against 920,000 MT loaded in September of 2016.

Grains overnight finished steady to lower trading mixed throughout the night with little sense of direction moving forward. Corn finished 1 lower, soybeans steady, KC wheat 1 lower, Chicago wheat 2 lower and MPLS wheat steady.

Reports overnight indicating China's US soybean imports face delays from the recent hurricanes. US exporters are asking buyers to lower the specs with quality issues in the Delta. Loading times for cargoes has extended to about 10-12 days, up from the typical 5 days. There were also reports of Chinese buyers already sourcing cargoes off the PNW.

The next 72 hours look very wet from Central KS to NE IA, 4+ inches the heaviest in NW MO/SW IA. After that, this next week looks it bit more open for the Midwest with 1-2 inches for the Great Lakes and 2-4 in the Southeast. The 6-10 day outlook shows temperatures are above normal east, below normal west with precipitation above normal east, below normal west.

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December corn still chopping sideways since breaking the steep downtrend, support down at the contract low at \$3.44 ¼ with resistance up at \$3.62. November soybeans also sideways here the past few weeks, starting to show a slight downtrend though since mid-September. \$9.60 support has been taken out, the next down at \$9.47. Soybeans have slipped to a new 3-week low but remain around the middle of our 2-month range. December KC and Chicago wheat now breaking their month long uptrend with support down at \$4.30 and \$4.35 then the contract lows of \$4.20 and \$4.22 ½ respectively.



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