



## **Loewen and Associates**

***Commodity Consulting/Brokerage***

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### **Morning Ag Markets**

**Matt Hines**

Cattle futures traded mixed throughout the day on Friday but were able to rally into the close as lean hogs were under some massive pressure. Light volume with a lack of support spurred the dive lower.

On Wednesday, the Fed Cattle Exchange sold 784 of the 1,732 consigned with a weighted average price of \$108.01. Cash feedlot trade started on Thursday at \$108, steady with a week ago. Friday we cleared \$109-\$110 in the South and up to \$111 live in the North.

Weekly export sales showed net beef sales of 20,800 MT, which was up 30% from last week and 70% above the prior 4-week average. Net pork export sales were 21,200 MT, down 42% from last week and 13% below the 4-week average. Last week was a marketing year high with over 30k in sales. Total exports so far this year are running 12% ahead of a year ago in beef and 7.7% ahead in pork.

#### **NATIONAL FEEDER & STOCKER CATTLE SUMMARY – W/E 10/06/2017**

RECEIPTS:	Auctions	Direct	Video/Internet	Total
This Week	211,800	41,400	23,300	276,500
Last Week	166,500	42,700	1,800	211,000
Last Year	178,000	46,600	2,800	227,400

Compared to last week, feeder steers and heifers were mostly steady to 7.00 higher; however, calves were mixed, with sales quoted from 4.00 lower to 5.00 higher.

For the week, Friday September 29<sup>th</sup> to Friday October 6<sup>th</sup>, October Live Cattle +\$1.92, December +\$1.67, October Feeder Cattle +\$1.72, November +\$1.75, January +\$2.17, October Lean Hogs +\$3.77 December +\$.97. Choice boxed-beef +\$.60 @ \$197.22, Select boxed-beef \$1.27 at \$187.23.

#### **IMPORTANT—PLEASE NOTE**

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Cattle slaughter from Friday is estimated at 111,000 head, down 3,000 from a week ago but up 4,000 compared to a year ago. For the week, 632,000 head, down 16,000 from last week's record but up 22,000 compared to a year ago. Hog slaughter from Friday is estimated at 459,000 head, up 6,000 from a week ago and up 24,000 compared to a year ago. For the week, 2,524,000, down 3,000 also from last week's record but up 98,000 compared to a year ago.

Boxed beef cutout values steady on Choice and lower on Select on light to moderate demand and moderate offerings for a total of 129 loads sold.

Choice Cutout\_\_197.22 -.03

Select Cutout\_\_187.23 -1.55

CME Feeder Index:\_\_155.57 -.64

CME Lean Hog Index.\_\_55.77 +.44

Pork Carcass Cutout\_\_72.61 -.27

IA-S.MN Wtd Avg Carcass Base\_\_53.74 +.70

National average Wtd Avg Carcass Base\_\_52.03 -.11

December live cattle still holding an uptrend since mid-August with support at \$114 and resistance at last month's high at \$117.72. November feeders also trending higher with support at \$153 then strong support in the \$147 area. The next resistance up at the contract high from last month at \$158.02. December lean hogs fell sharply on Friday, but the higher trend still in place. Support is at \$60 with resistance now at last week's high of \$63.45 and then the contract high up at \$65.67.

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Grains were higher on Friday but with little enthusiasm in doing so. Strong exports will need to be seen this year but the dollar is currently rallying which is a negative impact increasing the value of our exports even with prices lower.

For the week, Friday September 29<sup>th</sup> to Friday October 6<sup>th</sup>, December Corn -\$.05 ¼, March -\$.04 ½, November Soybeans +\$.04, January +\$.04 ½, December KC Wheat -\$.06, March -\$.05 ½, December Chicago Wheat -\$.04 ¾, March -\$.03 ¾.

Grains overnight were under pressure with continued harvest pressure and good yields being reported. Soybeans finished 2 lower, corn steady to ½ lower and wheat 1 to 3 lower.

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Things to keep an eye on this week...

Brazilian weather, still dry in major producing areas

China's appetite for US soybeans as they come off last week's holiday

U.S. harvest results that so far have been better than expectations

Tomorrow CONAB, Brazil's Ag agency, will release their first estimate of '17/18 crops. Most expecting corn area to be cut year over year at the expense of soybeans.

Columbus Day today, crop progress delayed until Tuesday afternoon, look for the USDA to report Corn harvest to be 25% to 30% complete vs. 17% last week and 38% average for the date. Soybean harvest 42% to 47% vs. 22% last week, 47% average.

USDA crop production report coming out Thursday morning. Average estimates for corn yield 170.1 vs. 169.9 in September, Corn production at 14.204 vs. 14.184 BBU. Soybean yield average estimate at 50.0 vs. 49.9 in September with production at 4.447 vs. 4.431 BBU.

The 7 day accumulated precipitation forecast shows 1 to 3 inches for the Midwest, mostly in the Northern Corn Belt. The 6-10 day outlook shows above normal precipitation for the Corn Belt, below normal West and Southeast. Temperatures are forecasted below normal west and above normal east.

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, support down at \$9.52 ½ with resistance up at \$9.87. December KC wheat with support at \$4.30 then the contract low at \$4.20. December Chicago wheat with support at \$4.35 then the contract low and \$4.22 ½.

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