



Loewen and Associates

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Morning Ag Markets

Matt Hines

Cattle futures mixed again this past Friday and for the week. NO Sales on the midweek Fed Cattle Exchange, most passed out from \$110 to \$110.75. Cash feedlot trade got going Thursday with some heavier than expected volume mostly at \$111 live and \$175 dressed, \$1 to \$3 higher than the week previous.

From Thursday, WAOB, US supply and demand, 746 mln lb increase in U.S. beef production expected in 2018, 1.029 bln more lbs of pork and 974 mln more lbs of poultry. Exports are estimated higher for each as well but all are very price sensitive with a rallying US dollar. Beef exports are estimated to be 76 mln lbs more than 2017, pork 257 mln lbs more and poultry 261 mln lbs more.

NATIONAL FEEDER & STOCKER CATTLE SUMMARY – W/E 10/13/2017

RECEIPTS:	Auctions	Direct	Video/Internet	Total
This Week	254,500	32,300	900	287,700
Last Week	211,800	41,400	23,300	276,500
Last Year	236,100	62,500	18,900	317,500

Compared to last week, steers and heifers sold mostly steady to 5.00 higher, with a few outlying sales nationwide calling sales from 8.00 to 10.00 higher on the topside. Demand for weaned calves and yearlings this time of year is always good to very good and this year is no exception. Market activity called active to very active in many locations. Feedyards are looking to take the least health risks on cattle this time of year as temperature swings in one week can range 50 degrees plus and wreak havoc on compromised immune systems. The steep unweaned calf discounts haven't reared their ugly head yet, however when November gets here the disparity in price will be noticeable.

For the week, Friday October 6th to Friday October 13th, October Live Cattle +\$1.80, December +\$.20, October Feeder Cattle +\$.10, November -\$.75, January

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-\$0.65, October Lean Hogs +\$1.22 December +\$1.27. Choice boxed-beef +\$1.00 @ \$198.22, Select boxed-beef \$2.82 at \$190.05.

Cattle slaughter from Friday is estimated at 105,000 head, down 6,000 from a week ago and down 3,000 compared to a year ago. For the week, 622,000 head, down 10,000 from the week previous but up 21,000 compared to a year ago.

Hog slaughter from Friday is estimated at 458,000 head, down 1,000 from a week ago but up 51,000 compared to a year ago. For the week, 2,516,000, down 8,000 from the week previous but up 211,000 compared to a year ago.

Boxed beef cutout values firm to higher on light to moderate demand and moderate offerings for a total of 129 loads sold.

Choice Cutout__198.22 +.78

Select Cutout__190.05 +.60

CME Feeder Index:__155.23 +.09

CME Lean Hog Index.__59.51 +.39

Pork Carcass Cutout__74.44 +.62

IA-S.MN Wtd Avg Carcass Base__58.13 +.72

National average Wtd Avg Carcass Base__57.48 +.97

December live cattle reached just above \$119 last week, now the next area of resistance with support at \$114.50. November feeders still unable to test the highs like the deferred contracts. Resistance up at \$157 then the contact high at \$158.02. December lean hogs choppy so far this month from \$60.60 to \$63.45 with the next resistance up \$65.50 and good support at \$60.

Grains continued higher on Friday, this time led by wheat actually after Thursday's leader were the soybeans. Both KC wheat and Chicago wheat finished strong on Friday even with bearish news from the supply and demand reports Thursday and disappointing export sales for the week. It appears the gains in both wheat and corn to end the week can be attributed to just a short covering/technical bounce as we were able to stay off the contract lows.

November soybeans pushed above the \$10 mark for the first time since August 1st as additional buying came in Friday. Hot and dry forecasts for major producing areas in Brazil are helping support futures with most typically wanting to have soybean planting complete by the end of October.

For the week, Friday October 6th to Friday October 13th, December Corn +\$.02 ¾, March +\$.03 ¼, November Soybeans +\$.28, January +\$.27 ¼, December KC Wheat -\$.00 ½, March -\$.00 ¼, December Chicago Wheat -\$.04, March -\$.04 ¾.

Grains overnight were mixed, wheat steady to 1 higher, corn steady to 1 lower and soybeans 3 to 5 lower from profit taking and mixed forecasts now for Brazil.

USDA reported a private sale of 227,300 MT or 8.35 MBU of soybeans sold for unknown destinations.

Trade will be looking for the USDA to report Corn harvest to be 27% to 32% complete vs. 22% last week and 49% average for the date. Soybean harvest 46% to 51% vs. 36% last week, 63% average.

NOPA September crush report out later this morning. Average estimate for domestic crush at 138.0 MBU vs. 142.2 in August and compares to 130.2 MBU last September.

Over this next week only expected to see 1 inch for the Plains and ½ inch for the Midwest. The 6-10 day outlook shows above normal precipitation for most of the Plains and Midwest though, below normal East. Temps are forecasted below normal in the Rockies, above normal for the central and eastern U.S.

Rains in Brazil over the weekend look to be enough to counter evaporation or provide some partial relief but confidence in seeing more this week is light. Temps are peaking above 100 in many areas with rain in South, not in the North.

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 touching the 62% retracement level from the lows in August and highs in July. The next resistance up at \$10.20. 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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