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## **Morning Ag Markets**

Pete Loewen

Friday's close in the meat complex had the hogs higher, live cattle mildly weaker and feeder cattle trade actively lower with some losses pushing more than \$2.00 lower at the finish. A strong rally in grains likely helped push the more active losses in feeders relative to fats, since higher corn drives the feed portion of the cattle crush to dictate feeders lose value compared to the live cattle.

The biggest news for the day in meat trade was Cattle on Feed numbers that came out after the close. Expectations going into that report were for bearish numbers and that's exactly what we got in the form of a larger than expected On Feed total, as well as much larger placements than the pre-report estimates.

The Cattle on Feed total on November 1 came in at 106% of a year ago, which was ½ point above the average trade guess of 105.5%. Placements in October were 110% of last year and the expectations going into the report were for 107.5%. That much larger total is what pushed the On Feed total above the trade guesses. It would have been even more had it not been for marketings coming in slightly higher than the estimates as well. Marketings in October were 6% larger than last year, but with one more business day last month compared to October 2016, the actual daily marketing pace would equate to around 1-2% larger instead of the 106% total from the report. That trims the friendliness out of that marketings data.

Friday's report citing larger year-over-year placements, makes it the 8<sup>th</sup> consecutive month with bigger feedlot in-movement compared to 2016. February was the last time placements were below the year prior and that month they were only 1% below. The average increase in placements over those last 8 months has been 9.9% and 6 out of 8 of those months have seen double digit increases in placements. Fundamentally, the report was very decisively bearish!

Cattle slg. \_\_\_118,000 fri 48k sat wtd 639,000 +16k wa +10k ya ytd +5.5%

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Choice Cutout\_\_207.24 -3.00 wtd -6.61  
Select Cutout\_\_187.85 +.02  
Lean Index.\_\_65.42 -.55  
Pork cutout\_\_80.96 +.41 wtd -.94  
IA-S.MN direct avg\_\_57.14 -.43 wtd -2.80  
Hog slg.\_\_461,000 fri 154k sat wtd 2.473 mln -22k wa -54k ya ytd +2.5%

Weekly closes in the meats had the December live cattle down 1.72, February down 2.07, January feeders down 5.45, March down 4.95 and December lean hogs down 1.82

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Friday's grain and oilseed markets were all nicely up in the green and soybeans actually pushed gains close to 20 higher, while corn and wheat were within a penny of a nickel better on everything. Fundamental reasoning for the rally was non-existent and it can easily be explained via the fund activity for the day. Funds were estimated buyers of 19,000 corn 13,000 soybeans and 6000 wheat. Commitment of Traders data as of November 17<sup>th</sup> showed managed money adding to corn shorts last week, trimming down a soybean long position and trimming wheat shorts mildly. The highlight was managed money corn short positions being record large in futures and options combined.

Weekly closes in the grain complex had December corn down ½ penny, March down 1 ¾, Jan beans up 3 ½ and March up 3 ½ as well. Wheat complex weekly closes had December Minneapolis wheat down 12 ½ cents, December KC down 11 ¼, new crop July down 8, December Chicago wheat down 4 ¼ and July Chicago down 6 ¼ cents.

6-10's last night showed above normal temps for the Plains and the majority of the Corn Belt. Precip was above normal in North Dakota and northern Minnesota, normal in a small strip south of that line and below normal for the Central and Southern Plains as well as most of the Corn Belt. Pretty good forecast for getting harvest fully wrapped up.

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