



Loewen and Associates

Commodity Consulting/Brokerage

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Date: November 13th, 2017

Morning Ag Markets

Livestock futures gave back week over week gains as profit taking started things lower early last week followed by lower cash trade. Before the Fed Cattle Exchange last Wednesday, cash feedlot trade got going in TX and KS at \$124 live which was a \$1 lower than the week previous. During the online auction, 465 head sold of the 1,191 head consigned, also at \$124 live. Thursday and Friday's trade pulled prices even lower with some scattered clean up in TX at \$122 live and \$122 to \$124 live and \$190 to \$192 dressed, \$1 to \$3 lower than the week previous.

All indications point to packers pulling back volume over these next couple weeks, not good for keeping marketings current. The good news is weights are still below a year ago, steers down 16 lbs vs. a year ago now.

For the week, Friday November 3rd to Friday November 10th, December Live Cattle -\$6.72, February -\$5.00, November Feeder Cattle -\$2.40, January -\$4.35, December Lean Hogs -\$2.62, February -\$1.72. Choice boxed beef +\$5.11 @ \$213.85, Select boxed beef +\$1.43 at \$194.51.

Cattle slaughter from Friday is estimated at 112,000 head, matching the previous Friday and up 8,000 compared to a year ago. For the week, 623,000 head, down 19,000 from the week previous but up 8,000 compared to a year ago.

Hog slaughter from Friday is estimated at 458,000 head, up 4,000 from a week ago and up 53,000 compared to a year ago. For the week, 2,495,000, up 48,000 from the week previous and up 37,000 compared to a year ago.

Boxed beef cutout values higher on Choice and sharply lower on Select on light to moderate demand and offerings for a total of 91 loads sold.

Choice Cutout__213.85 +1.11, +5.11 for the week

Select Cutout__194.51 -3.79, +1.43 for the week

CME Feeder Index: __159.37 +.39

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CME Lean Hog Index. __67.47 -.47
Pork Carcass Cutout __81.92 +.60

December live cattle still have a ways to go to test the uptrend line supporting down at \$118 then the 50-day moving average at \$117. The gap left from late October was filled last week though and the weekly charts are showing a bearish turn. November feeders are set to expire this Thursday with the index still \$1 premium. January feeders still holding the higher trend and found support from the 20-day moving average now at \$156 with the next at \$152.15. December lean hogs have retraced back 50% from the low in September to the high just 2 weeks ago. The next area of support is from \$61.70 to \$61.50 from both the 50-day and 100-day moving averages.

The major news for the week in the grains was on Thursday with the USDA crop report. Corn yields jumped up 3.6 BPA to 175.4 for a new national record. Little changed for the beans or wheat but slightly bearish for beans with the US production estimate only reduced 5 MBU and Brazil increased 1 MMT. US wheat exports were increased by 25 MBU dropping ending stocks by the same which was the friendliest news of the report.

The USDA reported weekly Soybean sales at 42.6 MBU which was below the trade estimates. Crop year to date sales equal 51% of the total USDA estimates vs. the five year average for this date of 64%. Corn sales were well above expectations at 93.1 MBU. YTD sales at 41% of the total USDA estimate vs. the five year average of 46%. The US\$ ended the week slightly lower after reaching up for a new 4-month high earlier in the week and up over 4 points since early September.

For the week, Friday November 3rd to Friday November 10th, December Corn $-\$.04 \frac{3}{4}$, March $-\$.05 \frac{1}{4}$, January Soybeans $+\$.00 \frac{1}{4}$, March $+\$.00 \frac{3}{4}$, December KC Wheat $+\$.06 \frac{1}{2}$, March $+\$.05 \frac{1}{2}$, December Chicago Wheat $+\$.05 \frac{3}{4}$, March $+\$.04 \frac{1}{2}$, December MPLS Wheat $+\$.22 \frac{3}{4}$, March $+\$.20 \frac{3}{4}$, December Soybean Meal $+\$.60/T$

Grains overnight were back under pressure with the US\$ higher. Corn finished 1 to 2 lower, soybeans 2 to 3 lower and wheat 5 to 7 lower.

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USDA reported a private sale of 135,000 MT of soybean meal sold to the Philippines. South Korea passed on a corn tender of 65,000 MT with the lowest offer coming out the US Gulf.

Today is the final day of the Goldman roll, expect the markets to be controlled somewhat by the spreading out of the December contracts.

Trade will be looking for the USDA to report Corn harvest near 80% complete vs. 70% last week. Soybean harvest expected to be 95% complete vs. 90% last week. Winter wheat rating will also be watched, we should continue to see improvement with cool and wet conditions. Last week, 91% of the winter wheat was planted, 75% emerged and 55% in good to excellent condition.

Still mostly dry forecasts for this week throughout the Plains, 1+ inches forecasted for the Corn Belt into the Northeast and heavy rain of 10+ inches for the PNW. The 6-10 day outlook shows the same with above normal precipitation for the Northeast and PNW with normal to below normal for the rest of the country. Temperatures are above normal in the Southwest, below normal in the Northeast.

Forecast looking good that needed rainfall will continue to impact Central Brazil, and that needed dryness will be established elsewhere. No threatening heat is indicated, and vegetation health will be improving in South America. Beyond the next week, rainfall in Brazil expands to include areas farther south and so some 80-85% of Brazilian soybeans will be adequately watered by late November.

December corn with a new contract last week at \$3.40 ³/₄, resistance up from \$3.46 to \$3.50 now as the slow downtrend has help since early September. January soybeans below the uptrend from mid-August now holding support near \$9.80 to \$9.83 with the next down at \$9.70. December KC wheat still trending higher this month after making a new contract low at \$4.13 ¹/₂, resistance up at \$4.35. December Chicago wheat looks similar with the contract low at \$4.16 ¹/₄ and resistance at \$4.38.

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