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Morning Ag Markets

Livestock futures finished mixed yesterday, cattle lower and hogs higher, but cattle futures were able to trade steady for some time after the open. Overall the bearish pressure from Friday's Cattle on Feed Report and sluggish trade volume pushed cattle futures sharply lower.

Oklahoma National Stockyards - Oklahoma City, OK
Feeder Cattle Auction Report for 11/20/2017

Receipts	Week Ago	Year Ago
7,800	10,818	6,020

Compared to last week: Feeder steers trading 2.00-7.00 lower. Feeder heifers are sold with a lower undertone. Steer calves under 450 lbs 8.00-12.00 higher, over 450 lbs steady to 7.00 lower. Heifer calves under 450 lbs 1.00-2.00 lower, over 450 lbs 9.00-13.00 lower. Demand moderate to good, quality average to attractive.

Joplin Regional Stockyards - Carthage, MO
Feeder Cattle Auction Report for 11/20/2017

Receipts	Week Ago	Year Ago
9,875	6,175	11,484

Compared to last week, steer and heifer calves steady to 3.00 lower, yearlings 3.00 to 6.00 lower. Demand moderate, supply heavy. A good offering of yearling cattle along with the calves. Live Cattle and Feeder Cattle futures continued their downward trend, closing sharply lower.

Cattle slaughter from Monday is estimated at 120,000 head, up 3,000 from a week ago and up 4,000 compared to a year ago.

Hog slaughter from Monday is estimated at 465,000 head, up 1,000 from a week ago and up 21,000 compared to a year ago.

Boxed beef cutout values lower on Choice and steady on Select on light to moderate demand and moderate offerings for a total of 110 loads sold.
Choice Cutout__206.18 -1.06
Select Cutout__188.05 +.20
CME Feeder Index:__156.91 -.64
CME Lean Hog Index.__64.83 -.57
Pork Carcass Cutout__82.27 +1.31
IA-S.MN Wtd Avg Carcass Base__56.31 -.83
National average Wtd Avg Carcass Base__56.46 -.50

Yesterday's sharply lower trade finally pushed both fats and feeders below the uptrend that goes back to mid-August. Now, trend lines are just that, showing a "trend" in the market and if they both come back higher this week, a higher trend could still be in place going forward. Overall though the charts look bearish with December live cattle $10 off their highs from earlier this month, dipping below the 50% Fibonacci retracement level with the next area of support down at $114. January feeders are down almost $13 from the contract high earlier this month, sitting right at the 50% retracement level and support at $148.17, the low from October. December lean hogs have reversed higher the past few sessions after testing the sub $60 level last week. We should find support at $60 with the next resistance level up near $63.60, the 20-day moving average and also a 50% retracement using the contract high from the October 31st and last week's low.
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The soybean market failed to sustain the rally momentum from Friday's sharply higher move. It wasn't a complete wipeout however as meal rallied late in the session - as the beneficiary of an active oil share spread trade - and this helped beans close near the top of the day's range. Pressure also came from forecasts showing rains bringing some partial relief to Argentina this week while conditions in Brazil continue to improve with a more regular rainfall patter that has developed in the Center to North in that country.

The break in soybean oil came from news over the weekend that India has significantly raised its import tax on edible soy oils. This led to a cratering in the palm oil market, which in turn negatively impacts competing oils.

The weekly grain inspections for soybeans totaled 2.13 MMT or 78.3 MBU, down from 80.3 MBU a week ago and 98.3 MBU a year ago. Year to date shipments stand at 704.95 MBU vs. 806.1 MBU last year.

U.S. soybean exports will play a significant role in determining soybean prices this marketing year. The prospect of ending stocks for soybeans once again diminishing throughout the marketing year hinge on increased soybean exports. The development of a lowered ending stock scenario during 2017-18 may require a shortfall in South American production or U.S. exports capturing a greater market share of the world soybean trade. Currently, Brazil's old crop soybeans are still being offered at competitive prices to the US for shipment through December.

Corn extended the short-covering for a second day, finishing 1 to 2 cents higher although trading mixed throughout the day. Corn export inspections did improve week over week, though we set an awful low bar last Monday. Shipments for the week ending November 16th totaled 632,793 MT or 24.9 MBU, more than twice that of a week ago, but still trailed last year's 34.5 MBU. This takes total YTD shipments to 259.2 MBU vs. 462.1 MBU last year.

Crop Progress data after the close confirmed U.S. corn harvest progress at 90% complete, which was close to expected. This would imply there are still 7.8 million acres left to collect, including just over 1 million in Iowa.

US wheat prices are not very competitive, which is one factor behind the markets inability to sustain any upward momentum. Higher protein wheat is still hard to come by. Export market trying to keep up with the strength in domestic mills with Rail bids for 11 pro up slightly to 111 over while bids for 12 pro up 12 to 225 over.

Export loadings for the week ending November 16th came in below expectations at only 259,264 MT, 9.5 MBU, vs. 11.3 MBU last week and 15.9 MBU this time last year. Total shipped to date is 440.8 MBU vs. 472.9 MBU last year.

Crop progress Monday afternoon showed winter wheat emergence at 88% vs. 84% last week and 88% last year and the 5-year average. Winter wheat conditions were down two points overall to 52% G&E. Expectations were for conditions to be unchanged. For the second week in a row, the HRW wheat states led the declines as they were off 2% from a week ago to 43% G&E. Nebraska was off 7%, Texas down 5% and Oklahoma was off 2%, while Kansas was unchanged, Colorado up 3% and South Dakota actually improved 5%. SRW wheat states were up 1% from last week and is 70% G&E. Arkansas, Illinois and North Carolina were each up 7 to 8% and Indiana was up 2%, while Michigan was down 7% and Missouri and Ohio were each down 2%.

Grains overnight were under mild pressure led by soybeans which finished 2 lower, corn 1 lower, KC and Chicago wheat steady to 1 lower while MPLS wheat was steady to 1 higher.

There was not a whole lot in the way of fresh news around this morning. There probably will not be a lot of export business announce this week either. It is a shortened week with the Thanksgiving Holiday on Thursday and no overnight trade on either Wednesday or Thursday. Grain markets are open Friday from 8:30 am until 12:00 to 12:30 depending on the product.

USDA did announce a private sale of 130,000 MT or 4.8 MBU of soybeans sold to China.

Still mostly dry forecasts expect for the PNW with another 5-10 inches expected over this next week. The 6-10 day outlook shows the continued above normal precip for the PNW with normal to below normal from the central to SE. Temperatures are forecasted above normal for Plains west and below normal on the East Coast.

December corn with a new contract low last week at 3.36 ¼, resistance at $3.45 then $3.48 which we need to break to turn the charts friendly again. January soybeans breaking the uptrend from mid-August with the next area of support at $9.67, last week's low. $9.92 has been the top the past 3 sessions, $10.08 the next resistance level which is the high this month. December KC wheat stuck near the contract low at $4.13 ½, resistance at $4.22 then $4.35. December Chicago wheat looks similar with the contract low at $4.16 ¼ and resistance at $4.28.

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