



Loewen and Associates

Commodity Consulting/Brokerage

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Morning Ag Markets

New highs for cattle on Friday, not only daily but on the weekly charts as well, with live cattle at or near limit higher and feeders \$2.70 to \$3.30 higher. While the cash cattle continue to soar higher, cash hogs were soft this past week.

Fed Cattle Exchange last week with 1,515 head consigned, more than we have seen in over a month. 274 head sold, which was only 1 lot, but that lot was in Texas and it brought \$120 live, even with cash trade the week prior.

Late in the afternoon on Thursday, packers started to advance bids, starting at \$119 to \$121 live and \$190 to \$192 dressed. Top end on good volume in Kansas all the way up to \$125 live which is \$6-\$7 above the bulk of what traded there last week. Shortly after the sharply higher open Friday, cash feedlot trade was active at \$125 to \$126 live from north to south with dressed trade from \$192 up to \$198.

NATIONAL FEEDER & STOCKER CATTLE SUMMARY – W/E 11/03/2017

| RECEIPTS: | Auctions | Direct | Video/Internet | Total |
|-----------|----------|--------|----------------|---------|
| This Week | 331,900 | 51,200 | 18,200 | 401,300 |
| This Week | 309,800 | 37,900 | 9,900 | 357,600 |
| Last Year | 279,900 | 38,300 | 8,400 | 326,600 |

Compared to last week, steers and heifers sold 2.00 to 6.00 higher with some markets being up to 9.00 higher on some individual weight ranges. Cattle feeders are anxious to refill pens after selling cattle at 125.00 this week; 14.00 higher than just two short weeks ago. Old timers will recall fed cattle moving by leaps and bounds back in the fall of 2003 and they all remember that what goes up usually comes down. Some feedyards are reporting that pens are filling up with those freshly weaned calves from auctions, however there have been some yearlings still out there in the marketplace.

For the week, Friday October 27th to Friday November 3rd, December Live Cattle +\$6.47, February +\$6.00, November Feeder Cattle +\$4.40, January +\$5.57,

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December Lean Hogs +\$.65, February +\$1.72. Choice boxed beef +\$5.44 @ \$208.74, Select boxed beef +\$.60 at \$193.08.

Cattle slaughter from Friday is estimated at 112,000 head, up 9,000 from a week ago and up 2,000 compared to a year ago. For the week, 642,000 head, up 25,000 from the week previous and up 31,000 compared to a year ago.

Hog slaughter from Friday is estimated at 454,000 head, down 3,000 from a week ago but up 18,000 compared to a year ago. For the week, 2,453,000, down 73,000 from the week previous and down 79,000 compared to a year ago.

Boxed beef cutout values firm on Choice and steady on Select on moderate demand and offerings for a total of 117 loads sold.

Choice Cutout__208.74 +.49, +5.44 for the week

Select Cutout__193.08 -.08, +.60 for the week

CME Feeder Index:__159.23 +.52

CME Lean Hog Index.__69.28 -.14

Pork Carcass Cutout__80.08 +.68

IA-S.MN Wtd Avg Carcass Base__61.86 +1.45

National average Wtd Avg Carcass Base__62.33 +.91

December live cattle with a huge key reversal lower on Thursday, Friday was an inner day, not taking out either the previous day's high or low. Looking at the weekly charts, we have support at \$118.52 with a gap remaining down to \$115.50, resistance up at \$131 then \$134. November feeders also had a key reversal lower on Thursday but took off for new contract high on Friday. This is also a new weekly high with resistance up near \$165 from March of 2016. December lean hogs ran up for new highs early last week and have been sharply lower since, support at \$64 with resistance up near \$68.

While corn, wheat and even grain sorghum had some positive demand headlines this past week, soybean business was noticeably absent once again in the USDA daily reporting. Another factor to the weakness on Friday was currency related - the US dollar rallied with an outside day up but perhaps more importantly the Brazilian real collapsed to new lows which adds to the value of soybeans. The USDA is estimating a year over year increase of 75 MBU in soybean exports. So

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far, our exports are trailing last year's pace by -34 MBU and our commitments on the books are trailing last year's pace by -173 MBU.

December corn futures continue to grind around the \$3.50 level. Funds have amassed a huge short position in corn, but have little fundamental reason to cover shorts. That continues to limit both the downside and upside. Winter wheat futures posted new contract lows early last week, but limited selling below the old lows resulted in a modest rebound and little net change for the week. Trade, weather and Thursday's crop report will be the focus this week.

For the week, Friday October 27th to Friday November 3rd, December Corn $-\$.00 \frac{1}{2}$, March $-\$.00 \frac{1}{2}$, January Soybeans $+\$.00 \frac{1}{4}$, March $+\$.00 \frac{1}{2}$, December KC Wheat $+\$.01 \frac{1}{2}$, March $+\$.01 \frac{1}{2}$, December Chicago Wheat $-\$.01 \frac{1}{2}$, March $-\$.00 \frac{3}{4}$, December MPLS Wheat $+\$.07 \frac{3}{4}$, March $+\$.10$, December Soybean Meal $+\$1.8/T$

Grains overnight were firm, corn finished 1 higher, soybeans 1 to 2 higher and wheat 2 to 3 higher.

Overnight, Iraq confirmed they had purchased 500 KMT, or 18.4 MBU of US wheat outside the tender process, originally reported as up to 16.5 MBU last Thursday.

USDA reported a private sale of 130,000 MT or 5.1 MBU of corn sold to unknown destinations for the 2017/18 crop year.

Trade will be looking for the USDA to report Corn harvest 65% to 70% complete vs. 54% last week. Soybean harvest expected to be 90% complete vs. 83% last week.

Private estimates pegged Brazil first crop corn 49% planted, advancing just 3% from a week ago and compares to 63% planted this time last year. Argentina corn planting advanced just 1% last week to now 34% complete.

Brazil soybean planting progress was 43% complete up from the 30% last week, that compares to the 44% long term average for the week.

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Dry forecasts for this week throughout the Plains, 1 to 3 inches forecasted for the Southeast. The 6-10 day outlook shows below normal precipitation for most of the country, above normal in the PNW, Great Lakes and New England. Temperatures are above normal in the Southwest, below normal along the northern border.

Conditions in Brazil have improved thanks to the return of rains in the center and north of the country, forecasts suggest this improving trend should continue and it appears the pattern has changed for the better after a rough first few weeks in October. Temps are forecasted above normal though for the Northern areas in the 6-10 day outlook.

December corn still chopping sideways in approximately a dime range recently centered around \$3.50, support down at the contract low at \$3.42 ½ with resistance up at \$3.58. January soybeans still holding the higher trend since mid-August, bouncing higher off that trendline last week with support at \$9.81 and resistance up at \$10. December KC wheat with the new contract low at \$4.13 ½ early last week, tested a few days now moving above the 10 and 20-day moving averages with resistance up at \$4.36. December Chicago wheat looks similar with the contract low at \$4.16 ¼ and resistance at \$4.38.



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