



## **Loewen and Associates**

**Commodity Consulting/Brokerage**

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### **Morning Ag Markets – Matt Hines**

Livestock markets opened mixed yesterday and at first appeared they would remain on that same path. By mid-morning though, feeders led the charge higher and never looked back finishing triple digits higher. The heaviest traded contract, January, rallied from a technical pivot point yesterday that now appears to be a major key reversal higher, a bullish technical signal.

Cash feedlot trade very light so far this week with 1,319 head confirmed in KS and the Western Corn Belt, but considerably weaker at \$111 to \$112 live and \$175 to \$178 dressed compared to mostly \$114 live and \$180 dressed last week. Gains will be hard to get this week for feedlots as packers needs in the near-term will be light and most closing at least one day next week for the Thanksgiving holiday on Thursday. Fed Cattle Exchange online auction later this morning with 620 head consigned, no sales though since August 22<sup>nd</sup>.

Lean hog futures remained mostly firm as worries about an expanding outbreak of African swine fever in China still support the market. The Chinese feed manufacturer that reportedly had found traces of the disease in their feed is now stating that tests had failed to confirm to the presence of the deadly disease in any of the raw material or finished product samples collected last week. Also supportive to futures is the steep discount to the cash index, so long as cash prices can at least hold steady the last half of November.

OKC West - El Reno, OK

Livestock Weighted Average Report for 11/13/2018

Receipts	Week Ago	Year Ago
3,500	11,219	14,548

\*\*\* Final report including feeder cattle will be released 11-14-18 \*\*\*

Compared to last Tuesday: Bulk of the steer and heifer calves sold mostly 3.00-5.00 lower, with exception of truly long weaned calves trading steady to weak.

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Demand moderate. Long weaned calves that were in thinner condition sold with very good demand. Quality average to attractive.

Winter Livestock Inc - La Junta, CO

Feeder Cattle Weighted Average Report for 11/13/2018

Receipts: 1917 Last Week: 1660 Year Ago: 1569

Total receipts for Mon and Tues sale: 10864

Compared with last Tuesday: All weights of feeder steers and heifers in a light test mostly steady. Slaughter cows and bulls steady to 1.00 higher.

Trade and Demand moderate.

Cattle slaughter from Tuesday is estimated at 119,000 head, matching both last week and last year. Hog slaughter from Tuesday is estimated at 478,000 head, up 1,000 from last week and up 10,000 from last year.

Boxed beef cutout values lower on light to moderate demand and moderate offerings for a total of 118 loads sold.

Choice Cutout\_\_214.08 -1.47

Select Cutout\_\_198.98 -1.41

CME Feeder Index:\_\_149.89 -.70

CME Lean Hog Index.\_\_61.20 -.67

Pork Carcass Cutout\_\_70.69 -.14

IA-S.MN Wtd Avg Live\_\_41.04 +.29, Wtd Avg Carcass Base\_\_50.13 -1.15

National Wtd Avg Live\_\_41.05 -.91, Wtd Avg Carcass Base\_\_51.61 -1.33

Key reversals higher for most cattle contracts yesterday. December live cattle tested the nearby price support yesterday with the next down around \$111 and resistance up near \$117. November feeders expire tomorrow. Again the January contract bounced off the pivot point, 62% retracement from the contract low in April to the contract high in October. The next price support level is at \$141 with resistance up at \$148. December lean hogs holding a higher trend with support at \$54 and resistance up near \$60.

\*\*\*\*\*

Grains collapsed yesterday, wheat into new lows while corn and soybeans tested nearby support levels and which held. Export inspections for the week ending November 8<sup>th</sup> very strong again for corn at 44.75 MBU and soybeans at 47.8 MBU. The major destinations for corn were Japan at 10.8 MBU, Mexico 10.2

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MBU, Saudi Arabia 5.7 MBU, Colombia 3.5 MBU and even China at 3.1 MBU. Another 2 cargoes of soybeans were inspected for China, 3.4 MBU while 8.4 MBU set for Argentina and 6.6 MBU for the Netherlands. Wheat shipments continue at only half the rate needed to meet the USDA estimate. 12.6 MBU inspected for export last week with 40% destined for SE Asia through the PNW, 2.2 MBU to Venezuela and 1.9 MBU to Iraq. Grain sorghum shipments totaled only 458,758 BU bringing year to date to 6.7 MBU compared to 25.3 MBU last year at this time.

Crop progress and conditions released yesterday afternoon with wheat improving and fall harvest still behind. Good to excellent conditions for winter wheat increased 3% to now 54% while poor to very poor remained the same at 12%. 89% of the crop is planted compared to 94% pace and 77% emerged compared to 83% average for this time of year. The Southern Plains still remain behind on planting and below average for conditions. Corn and soybean harvest both advanced last week but not as much as expected. Corn harvest is now 84% complete, up 8% from last week and behind the average pace by 3%. Soybean harvest is now 88% complete, up 5% from last week and behind the average pace by 5%. Grain sorghum harvest is 73% complete compared to 84% average pace and cotton is only 54% complete compared to 61% average.

Grains were steady to higher overnight with soybeans 5 higher, corn steady, and wheat 1 to 3 higher.

Tomorrow will be the monthly NOPA domestic soybean crush report with expectations for October's crush at 170.03 MBU, which if realized would be record volume crushed. The previous October record was back in 2016. The highest monthly crush in a month was back in March 2018 at 171.86 MBU.

Taiwan picked up a cargo of optional origin corn overnight, 62,000 MT or 2.4 MBU, most likely to come from the U.S. or Brazil. Japan should close its tender today seeking 4.4 MBU or milling quality wheat split between Australia, Canada and U.S. USDA reported a private sale of 148,000 or 5.4 MBU of soybeans sold for unknown destinations and 212,000 MT or 8.3 MBU of corn sold to Mexico.

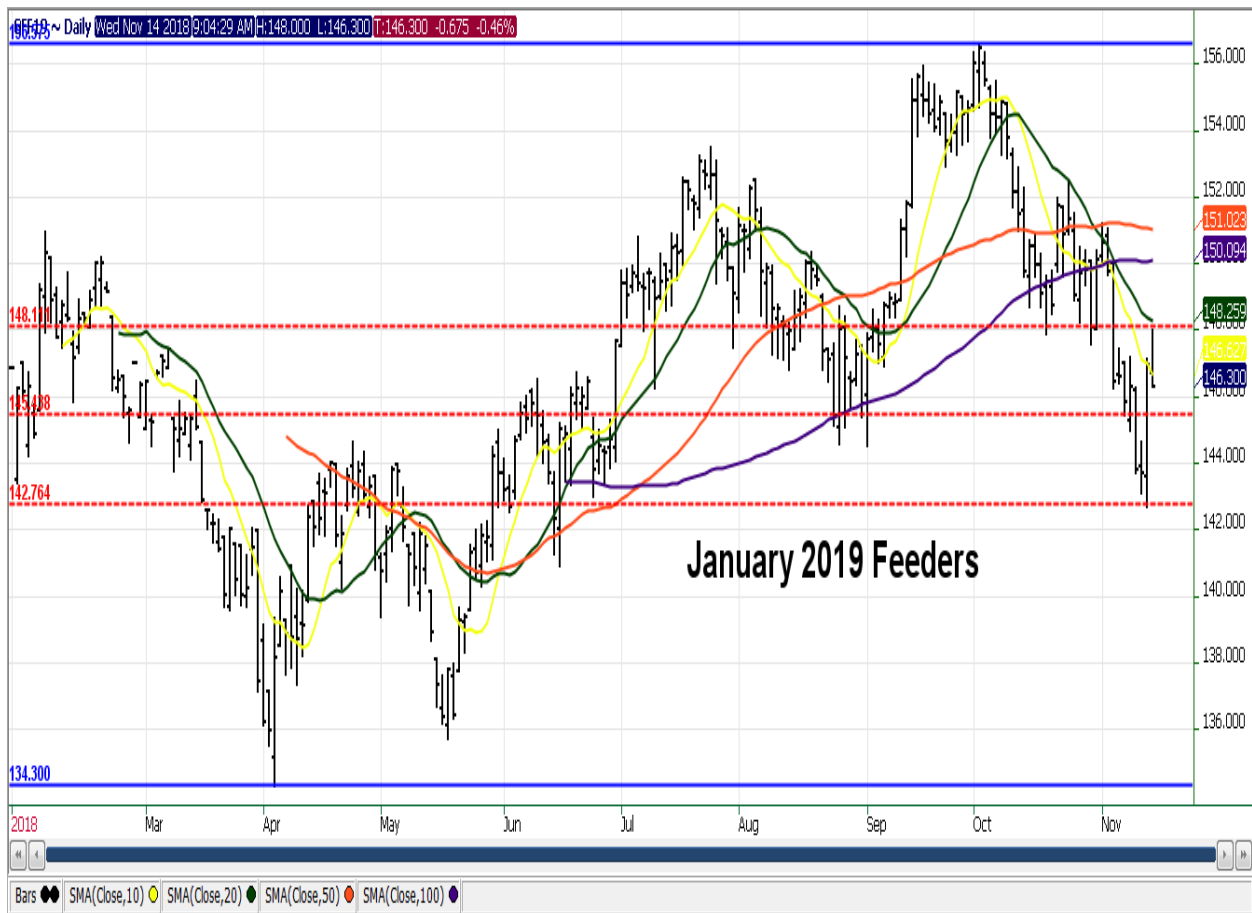
Moisture over the next 7 days in the eastern 1/3 of the U.S. and southern TX. The latest 6-10 day outlook showing below normal moisture for the northern half of the

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U.S., above normal in south with below normal temps still in the eastern half of the U.S. and above normal in the Southwest.

December corn still holding a higher trend with support at \$3.65 then \$3.60 and resistance up at \$3.78 ½. January soybeans building some strong support around \$8.75 with resistance up at \$9.06. December KC wheat with a new low yesterday at \$4.83 ¼, resistance up at \$5.10. December Chicago wheat holding a higher trend over these past few weeks with support at \$5.01 and resistance at \$5.21. December soybean meal testing support from \$304 to \$303 with resistance up at \$316.



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