



**Loewen and Associates**  
*Commodity Brokerage/Consulting*  
**Pete Loewen, Tim Strunk, Matt Hines**  
**866 341 6700**  
**www.loewenassociates.com**

Date: 10.15.08

## **Morning Ag Markets**

### **Pete Loewen**

With the stock market seeing it's largest one day jump in history on Monday, it seemed that the tide had turned in a big way heading into Tuesday's open, but a change in tide was far from reality at the closing bell. Livestock markets started the day mild to moderately higher and finished with only modest gains in cattle and a few losses showing in hogs.

Product-wise, both the beef and the pork cutout values continue to erode in a fashion that confirms that demand for product is slowly slipping away with the economy. Domestically it's easy to understand a slump in middle meat demand that can be correlated with Wall Street losses, but it shouldn't have as much of an impact on other cuts of meat. However, in looking at the pork product breakdown, certain cuts have suffered kind of sizeable losses since the first of the month, while pork loins actually settled slightly higher yesterday than where they began on the first of October. Extending that view **past** the beginning of the month though, compared to the beginning of September, loins are down \$7.82, hams down \$19.40 and bellies are off only \$1.06, while the composite cutout is down \$11.59. Like I said, there are hits being taken across the board, but some obviously larger than others.

In the beef product trade since the beginning of September, Choice cutouts are off just over \$10, while the Selects are down \$12.71. Cash cattle prices have fallen \$7.00 in Western Kansas. Futures have come down \$12.22 in the spot October. I think that emphasizes well enough that premium fall futures prices are more often than not an omen to the market. Futures as of last Friday had fallen more than twice as much as the cash market in that 6 week timeframe.

Cattle slg. \_\_ 126,000 -1k wa -5k ya

Choice Cutout \_\_149.47 +.39

Select Cutout \_\_139.46 -1.77

Feeder Index: \_\_97.79 +.49

Lean Index. \_\_ 67.59 -1.39

Pork cutout \_\_67.07 -1.46

IA-S.MN direct avg \_\_63.06 +1.09

Hog slg. \_\_435,000 unch wa +14k ya

Calls this morning in the livestock markets are highly variable with some looking for higher money, citing the oversold conditions of the market and others looking at Tuesday's lack of follow through higher in the financial markets as a price negative factor. I'll give it an unevenly mixed call and stick with a negative bias for the time being.

Grains spent much of the day near unchanged to a little higher, but there was a strong surge of late day selling that took beans down more than 30 cents at the close, wheat was down in the double digits and corn was closer to unchanged than its 10 cent higher mark midday. All-in-all it was a major disappointment considering the bullish sentiment at the stock market close on Monday. At the grain close, the Dow was down more than 300 points, but still had several hours yet to trade and settled the day down about 150.

Overnight E-CBT trade was\_\_ mixed to lower, with KC Wheat +4 ¼ to -3 ¼, Chicago +3 ¼ to -3 ½, corn -2 ½ to -3 ¾ and soybeans -3/4 to -1 ¾.

Crop progress and condition numbers on Tuesday afternoon showed 12% of the Illinois and Indiana crops, 16% of the Iowa crop and 17% of the Minnesota crop still not mature and this time of year the number is typically 100%. 21% of the nations corn crop was harvested, compared to 41% on average. Soybeans were 10% behind normal at 51% complete.

Kansas was sitting at 79% complete in wheat plantings, Oklahoma at 75% and both of those numbers are slightly ahead of normal. After the last couple of days rains, most of what is in the ground is going to have an outstanding start heading into dormancy this winter. Even some of the driest areas got quite a bit or reprieve.

Early trading in DOW futures and electronic S&P's is lower this morning by quite a bit. Coupled with the late day sell off in grains and the slightly lower close in the overnights, I'm going to give the markets a slightly lower opening call today. Wheat should start out unchanged to 3 lower, corn 2-3 weaker and beans anywhere from 1-5 lower.

**Pete Loewen, Tim Strunk, Matt Hines**

**Loewen and Associates, Inc.**

[www.loewenassociates.com](http://www.loewenassociates.com)

[peteloewen@cox.net](mailto:peteloewen@cox.net)

[timstrunk@cox.net](mailto:timstrunk@cox.net)

**866 341 6700**

**IMPORTANT—PLEASE NOTE**

This does not constitute a solicitation to buy or sell commodities futures and/or options. The information contained herein is provided for informational purposes only. The information is not guaranteed as to its accuracy or completeness, although the information was taken from sources we believe to be reliable. The market recommendations of Loewen and Associates, Inc. are based solely on the judgment of Loewen and Associates, Inc. personnel. We do not guarantee or warranty, either expressed or implied, of success to you in the use of this information. Loewen and Associates, Inc. disclaims responsibility for or loss associated with use of information from our commentary, analysis or recommendations. **There is risk of loss in trading commodity futures and options. The risk in trading can be substantial; therefore only genuine "risk" funds should be used.**