



**Loewen and Associates**  
**Commodity Brokerage/Consulting**  
**Pete Loewen, Tim Strunk, Matt Hines**  
**866 341 6700**  
**[www.loewenassociates.com](http://www.loewenassociates.com)**

Date: 11.18.08

## **Morning Ag Markets**

The cattle complex started off the week on the wrong foot Monday, with losses mounting throughout the session and both fats and feeders finishing down triple digits for the most part. Over the past few weeks, you could usually correlate a move like that in cattle with big losses in the stock market or some other outside market news, but that wasn't the case Monday, making the closes that much more disturbing. Cutout values continue to hang in there with more small gains Monday, but as we proved last week, it doesn't matter what cutouts are doing if the board is in a freefall. The spot December live contract is now close to \$5 below the bulk of last week's cash and if we don't get futures turned around the rest of this week, we are unfortunately probably looking at lower cash yet again. This is really going to be a telling week for the cattle trade, as it almost feels like now or never when it comes to any more gains on the cash side this fall. Once we get through November numbers of ready cattle will begin to pick up and we won't have the tight supply argument anymore, although it hasn't helped much up to this point anyway thanks to the much larger big picture problems with the economy.

The lower trend on the board and with cash fed cattle last week was enough to drive the cash feeder trade lower to start this week, with Joplin called anywhere from \$2 to \$8 lower on the calves and the \$2 to \$4 lower on the yearlings. Oklahoma City was \$2 to \$4 lower on the feeders and \$3 to \$8 lower on the calves, with the heifer calves talking the biggest hit in both Joplin and Oklahoma City.

Cattle slaughter Monday 116,000 +6k wa -15k ya

Choice Cutouts: 157.39 +.37  
Select Cutouts: 146.73 +.55

CME Feeder Index: 97.66 +.06

Lean Hog Index 52.24 -.25

Pork carcass cutout value 55.71 -.70

Hog slaughter Monday 436,000 unch wa +3k ya

Calls this morning in the cattle complex would probably be a little higher if we could put the outside market influences behind us, but if the stock market starts to sell off again this morning it will likely put some pressure on the cattle. There are some thoughts out there that yesterday's decline in both live and feeder cattle was overdone and we are probably due for a little short covering, so that may help us a bit at the open. The outside markets will still provide a lot of direction and the influence there isn't overly positive at this point, but that can all change in a hurry. For the open I will call both fats and feeders mixed to maybe 15 or 20 cents higher.

Moving over to the grain markets, news was light to start the week and the outside markets didn't provide much direction as corn and beans benefitted from a little short covering and finished the day in higher territory. The wheat markets were the biggest movers on the day, giving up pretty much all that was gained last week as the selling pressure returned.

Overnight electronic trade last night was lower with Corn 4  $\frac{3}{4}$  to 5 lower, beans 7 to 9  $\frac{1}{2}$  lower, and Kansas City wheat 2 to 3  $\frac{1}{2}$  lower.

The corn and soybean market action yesterday was a little encouraging, as the outside market influence was pretty mixed and we still managed to hold gains into the close, even with a continued lack of fresh news. The weather picture has gotten a little better this week for much of the Midwest and we should finally start to see harvest winding down in a few more areas.

The wheat markets were the most active of the grains Monday, facing some pretty serious selling pressure as last week's gains were erased in one day. As if current wheat market fundamentals weren't bearish enough already, it was confirmed by UK shippers that a cargo of feed wheat is headed to a U.S. South Atlantic port. This was rumored last week as well but it has apparently now been confirmed. That trade just goes to show how uncompetitive our domestic wheat supplies are from a price standpoint. How can we be a player in the export arena when our wheat is apparently too expensive to sell to domestic users? Just more bearish news for a market that definitely did not need any help on that front.

Yesterday afternoon's Crop Progress report had corn harvest at 78% complete overall, compared to 97% last year and 94% on average. Illinois was 10% behind normal at 88% harvested, Iowa 25% behind normal at 70%, Minnesota 16 behind at 80%, and Nebraska 26% behind at just 67% harvested. North Dakota is still just 33% harvested, a whopping 55% behind normal after some serious weather delays this fall. Soybean harvest is all but complete, with 95% of the crop out Nationwide, compared to 96% on average. The better weather in many areas this week should allow corn harvest to make a nice jump as farmers are anxious to put this challenge of a crop away and move on.

Crop Progress also showed a little decline in wheat conditions, with 66% of the crop now rated good to excellent compared to 68% last week. We are still in much better shape than last year, when just 45% of the crop was rated good to excellent at this time. Kansas was rated 71% good to excellent, actually down 7 points from last week. Oklahoma was down 3 points to 63% good to excellent and Texas stayed the same at 50% good to excellent. As a whole, this crop is still off to a very good start and still has every shot to be a good one assuming Mother Nature cooperates. Half the battle is already won in many areas of the High Plains where often times getting a stand and heading into dormancy with moisture is a very big struggle.

Not much else to talk about this morning with the outside markets still playing a big role, as usual. The trade is also starting to keep an eye on South American weather as they begin their growing season, with Argentine dryness the biggest concern right now. Not a major item at this point, but is probably worth keeping an eye on. The outside market influence for now is mixed with crude a shade higher, the dollar a little stronger and weaker stock markets.

Calls this morning are going to be a shade lower, mostly just following the overnight action. Big swings in the outsides can obviously influence the calls between now and the open as well, but I'll stick with lower to start. For the open, I'll call corn futures 2 to 4 lower, beans 4 to 7 lower, and Kansas City wheat 2 to 4 lower.

**Tim Strunk**

**Loewen and Associates, Inc.**

**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.**