



Schwieterman Update

Update for the morning of October 21, 2019

Garden City 1-800-272-9131 or 620-275-4100 fax 620-275-1841 e-mail upthelimitupdate@wbsnet.org
Grain: Bret Crotts bret@swbell.net Cattle: Mark Green mgreen@swbell.net Energy: Rob Charles robertcharles@swbell.net

Corn

Trends – December Contract

Short Term: Up

Long Term: Up

Overnight Trade: Z +1 @7:30 AM

Estimated Fund Position

Net Long Futures and Options: -63000

Change: -11000

Corn traded both sides of unchanged overnight and finished the session at the top of the range. The market wasn't strong enough to take out Friday's high, but the fact that the overnight low was basically at the bottom end of the recent upward trading channel is very encouraging. Most likely, the next move in the December corn is back to the top end of the trading channel at the \$4.08 area in a few days.

Wheat

Trends – December Contract

Short Term: Up

Long Term: Up

Overnight Trade: Chicago: Z +1 KC: Z +2 @7:30 AM

Estimated Fund Position

Net Long Futures and Options: -13000

Change: +4000

December KW made a new high for the move overnight and is now testing resistance at the 38% retracement of the move down from the June high. We still have a lot of wheat, but the charts suggest we are capable of making a move up to the \$4.70 area. If the corn market can gain a little bit of traction again, it would do wonders for the wheat market.

Soybeans

Trends – November Contract

Short Term: Up

Long Term: Up

Overnight Trade: X +5 @7:30 AM

Estimated Fund Position

Net Long Futures and Options: +60000

Change: +9000

Beans were firm overnight on hopes of more Chinese demand and lower yield estimates in the future. Key resistance in the November contract will come in at last Thursday's high of \$9.40 ³/₄. The November contract is running out of time, but a move to \$9.70 is still possible. The \$9.80 area is the target for the January contract. Yield reports are still quite variable, which is a concern.

The information contained herein is based on data obtained from recognized statistical services and other sources believed to be reliable. However, such information has not been verified by us, and we do not make any representations as to the accuracy or completeness. Past results are not necessarily indicative of future results. All statements contained herein are current opinions which are subject to change. The risk of loss in trading commodity future contracts is substantial. You should therefore carefully consider whether such trading is suitable for you in light of your financial condition. Neither the information, nor any opinion expressed shall be construed as an offer to buy or sell any futures or options on futures contracts.

Live Cattle

Trend

Short Term: Up

Long Term: Up

Opening Calls: 10-30 Lower

Live cattle futures closed moderately lower on Friday, on disappointing cash trade news. Southern cash traded no better than \$108 on Friday, with northern trade as high as \$112 but mostly \$110. Equities are firm overnight, with the Dollar continuing its' downward momentum. The two day closure of the Cargill plant in Dodge City slowed the slaughter for the week. The plant is expected to be back on line on Monday.

Feeder Cattle

Trends

Short Term: Up

Long Term: Up

Opening Call: 20-40 Lower

Feeder cattle futures posted triple digit losses on Friday, closing lower for a fourth consecutive session. Cash index levels posted their highest level for the move and are now carrying a 2.00 premium to the spot futures contract. Corn prices are modestly higher overnight. Momentum has slowed significantly in the past week and certainly needs some fuel from the fats.

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Daily Energy Market Analysis
By: Rob Charles robertcharles@swbell.net

Weekly Stocks Report for Week Ending

10/04/19

| | Change | DOE | | | API | |
|-------------|---------|----------|----------|-------------------------------|------------------|---------------------|
| | | 10/04/19 | 09/27/19 | 10/05/18 | 10/11/196 | |
| Crude | +2.90 | 425.60 | 422.60 | 410.00 | + 10.50 | |
| Gasoline | - 1.2 | 228.80 | 230.00 | 236.20 | - 934K | |
| Distillates | -3.90 | 127.30 | 131.30 | 133.50 | -2.90 | |
| Rates | -0.07 % | 85.70 | 86.40 | | | |
| Imports | -.07K | 6.22 | 6.29 | | | |
| Nat Gas | + 112 | 3.317 | 3.205 | % Above/Below Lst Yr 2.852 | 5 Yr Avg 16.3 | % A/B 3.335 -0.5 |

Analysts Estimates for Week Ending 10/11/19

| | | 5 Yr Avg |
|-------------|--------|----------|
| Crude | + 2.90 | + 4.40 |
| Gasoline | -1.20 | -1.90 |
| Distillates | -2.40 | -1.40 |

Rates

Analysts Estimates for Week Ending 10/11/19

| | Avg | 5 Yr Avg |
|---------|------|----------|
| Nat Gas | + 90 | |

| | Crude Oil | Unleaded | Heating Oil | Natural Gas |
|---------------------|-----------|----------|-------------|-------------|
| Short Term Trend | UP | UP | UP | DOWN |
| Long Term Trend | DOWN | DOWN | DOWN | DOWN |
| O/N Trade @ 6:45 am | -0.39 | -0.0237 | -0.0189 | + .029 |

Commentary:

The regular energy complex is trading lower in early trade today however is not as weak as what several fresh headlines would suggest. Private industry released its weekly US supply and demand data yesterday afternoon which showed a shockingly large increase in crude inventories. The API showed an increase of 10.5 mb in crude supplies when a build of only 2.8 mb was expected. This data put pressure on the market but was unable to challenge the previous days low as of early trade this morning. The trade could be waiting on the official Dept of Energy data this morning to see if that data is similar. In other news US retail sales data showed sales dropped for the first time in 7 months which demonstrates the drag the US/ China trade war has had on the global economy which in turn stokes ideas of lower global crude oil demand. While industry news is still important the main market driver for some time has been the trade war and its effects on the global economy. After the crude market rallied to a 9-session high late last week after the US announced a partial trade deal, markets have been under pressure thanks to doubts that China was as eager to ink a deal as the US had indicated. China has finally stated this morning that they hoped to reach an agreement as soon as possible which should provide supportive.

| | NOV Crude Oil | NOV Unleaded | NOV Heating Oil |
|------------|------------------|-----------------|--------------------|
| Resistance | 54.85/55.80 | 1.6475/1.6820 | 1.9590/2.0000 |
| Support | 51.35/50.50 | 1.5770/1.5555 | 1.8910/1.8745 |



Schwieterman Update

Financial Market Analysis for the morning of October 21, 2019

Eric Relph Garden City, KS 800-972-9131 620-275-4100 ericrelph@sbcglobal.net

Following a 255 point loss on Friday, the Dow ended up finishing with a weekly loss for the 4th time in 5 weeks. The S&P has posted 2 straight weekly gains and the Nasdaq has been for three straight weeks. Overnight trade has equities looking positive across the board to start the session today. There are no economic reports scheduled for release today, but Halliburton (HAL) headlines a handful of earnings reports being released before the bell. TD Ameritrade (AMTD) and Zions Bancorp (ZION) are out with their numbers after the session today.

Stock to Watch: Boeing (BA) shares traded nearly 7% lower on Friday, and are down another 5% in pre-market after news surfaced that the company was made aware of issues with the 737 Max jet's flight control system, as early as 2016.

AS OF MON, OCT 21, 2019 • 06:54 ET

Dow Jones Fut
26,770.20

| | |
|-------------|-----------|
| Current: | 26,780.00 |
| Change: | 26.00 |
| Impl. Open: | 52.80 |

S&P 500 Fut
2,986.20

| | |
|-------------|----------|
| Current: | 2,995.00 |
| Change: | 6.75 |
| Impl. Open: | 9.50 |

NASDAQ 100 Fut
7,868.49

| | |
|-------------|----------|
| Current: | 7,906.00 |
| Change: | 25.25 |
| Impl. Open: | 27.51 |

Russell 2000 Mini
1,535.48

| | |
|-------------|----------|
| Current: | 1,545.40 |
| Change: | 7.80 |
| Impl. Open: | 10.32 |

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LM XB403

DAILY ESTIMATED CUTOUT VALUES

| | Choice <u>600-900#</u> | Select <u>600-900#</u> | Choice/Select Spread |
|---------------------------|----------------------------------|----------------------------------|-----------------------------|
| Current Cutout Values: | 218.04 | 193.04 | 25.00 |
| Change from prior day: | (0.07) | 0.44 | |
| Primal Rib | 399.97 | 285.52 | |
| Primal Chuck | 171.25 | 168.87 | |
| Primal Round | 175.50 | 175.70 | |
| Primal Loin | 279.73 | 228.92 | |
| Primal Brisket | 195.17 | 187.12 | |
| Primal Short Plate | 139.94 | 139.94 | |
| Primal Flank | 104.01 | 101.10 | |

| Load Count: | |
|--------------------|----|
| Total | 97 |
| Choice | 46 |
| Select | 22 |
| Trimming | 13 |
| Grinds | 16 |

Fresh 50% Trimmings 13 Loads @ 53.04

NW LS441

USDA BY-PRODUCT DROP VALUE (STEER) - DAILY

8.83 Change: unchanged

LM CT100

5 AREA WEEKLY ACCUMULATED WEIGHTED AVG CATTLE PRICE

| <i>As of 10:00 am</i> | Head Count | Avg Weight | Avg Price |
|-----------------------|-------------------|-------------------|------------------|
| Live Steer | 3,420 | 1,532 | 110.96 |
| Live Heifer | 936 | 1,331 | 111.00 |
| Dressed Steer | 3,578 | 937 | 177.26 |
| Dressed Heifer | 351 | 848 | 176.71 |

SJ LS710

ESTIMATED DAILY CATTLE SLAUGHTER

| | | Saturday |
|-------------------------------|--------------------------------|-----------------|
| Today (est) | 110,000 | 70,000 |
| Week Ago (est) | 117,000 | 61,000 |
| Year Ago (act) | 116,000 | 45,000 |
| Week to Date | 572,000 | 642,000 |
| Same Period Last Week | 584,000 | 645,000 |
| Same Period Last Year | 587,000 | 632,000 |
| Previous Day Estimated | Steer and Heifer 88,000 | |
| | Cow and Bull 23,000 | |

SJ LS712

| BEEF PRODUCTION | 10/19/2019 (Estimate) | Last Week (Estimate) | Last Year (Actual) |
|--------------------------------------|---------------------------------|--------------------------------|------------------------------|
| Slaughter | 642,000 | 645,000 | 632,000 |
| Live Weights | 1358 | 1356 | 1362 |
| Dressed Weights | 824 | 823 | 820 |
| Beef Production (millions of pounds) | 527.9 | 527.9 | 517.3 |

NW LS410

USDA BEEF CARCASS PRICE EQUIVALENT INDEX VALUE

| | Choice <u>600-900#</u> | Select <u>600-900#</u> | Dressing percent: | |
|---------------|----------------------------------|----------------------------------|--------------------------|---------------|
| | | | <u>Steer</u> | <u>Heifer</u> |
| | \$186.88 | \$161.85 | 63.28 | 63.26 |
| Change | 0.07 | 0.33 | | |

LM XB405

USDA NATIONAL CUTTER COW CARCASS CUTOUT

169.85 (2.49) 90% lean: 216.37

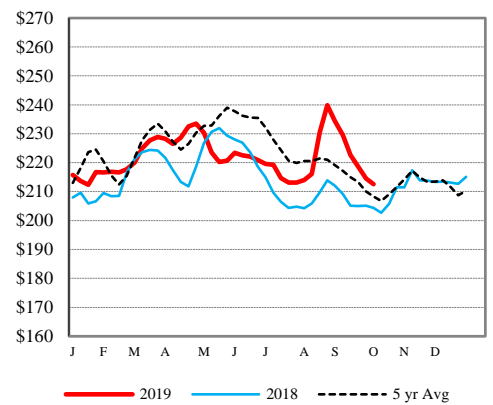
CME LIVE CATTLE

| | High | Low | Close | Change |
|-----|-------------|------------|--------------|---------------|
| OCT | 112.50 | 109.55 | 110.48 | (1.93) |
| DEC | 114.25 | 112.25 | 113.63 | (0.75) |
| FEB | 119.50 | 117.75 | 119.08 | (0.48) |

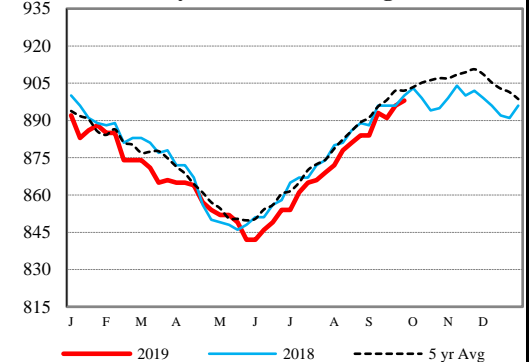
CME FEEDER CATTLE

| | High | Low | Close | Change |
|-----|-------------|------------|--------------|---------------|
| OCT | 144.53 | 142.55 | 143.50 | (0.70) |
| NOV | 144.48 | 141.70 | 142.85 | (1.48) |
| JAN | 141.05 | 138.53 | 139.45 | (1.40) |

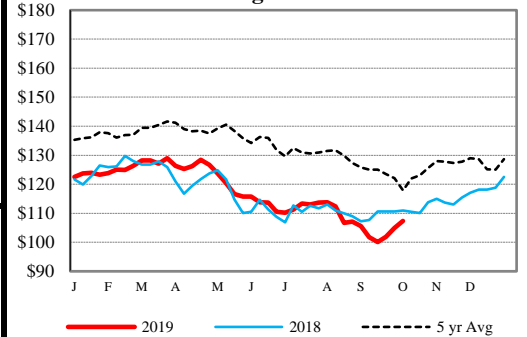
Weekly Choice Cutout



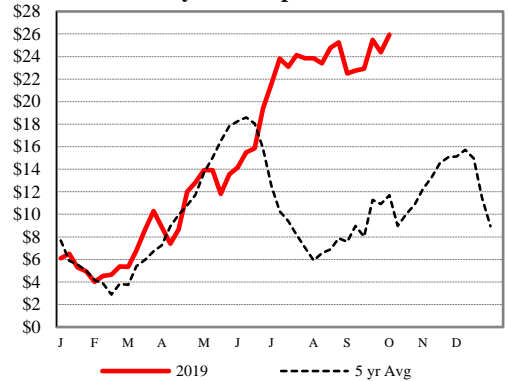
Weekly Steer Dressed Weights



5 Area Weekly Wtd Avg Steer Price



Weekly Ch/Se Spread



USDA Livestock Poultry Grain Market News

Des Moines, Iowa
Phone: 515-284-4460
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[USDA AMS Livestock, Poultry & Grain Market News Portal](#)

DAILY DIRECT HOGS PLANT DELIVERED as of 1:30 PM

| Negotiated Barrow and Gilt: | Carcass Base Price | Live Price |
|-----------------------------|--------------------|-------------------|
| <u>NATIONAL - LM_HG203:</u> | | |
| Range: | \$51.00 - \$60.99 | \$37.00 - \$47.50 |
| Weighted Average: | \$56.86 | \$42.88 |
| Change from Prior Day: | 0.94 lower | 2.02 lower |
| Receipts: | 5,938 | 784 |

| | | |
|-----------------------------------|---------------|---|
| <u>IOWA/MINNESOTA - LM_HG206:</u> | | |
| Weighted Average: | \$55.27 | *Price not reported due to confidentiality* |
| Change from Prior Day: | no comparison | |

| | | |
|-------------------------------------|------------|---|
| <u>WESTERN CORNBELT - LM_HG212:</u> | | |
| Weighted Average: | \$55.57 | *Price not reported due to confidentiality* |
| Change from Prior Day: | 3.81 lower | |

| | | |
|-------------------------------------|---|---|
| <u>EASTERN CORNBELT - LM_HG210:</u> | | |
| Weighted Average: | *Price not reported due to confidentiality* | *Price not reported due to confidentiality* |
| Change from Prior Day: | | |

NATIONAL DAILY PORK REPORT FOB PLANT- LM_PK602:

| Carcass Cutout Values | | Change: |
|-----------------------|------------|---------|
| Primal Loin | 77.03 | 0.75 |
| Primal Butt | 71.86 | 0.93 |
| Primal Picnic | 85.77 | 1.47 |
| Primal Rib | 57.57 | (-0.44) |
| Primal Ham | 120.68 | 3.09 |
| Primal Belly | 62.59 | 0.61 |
| Total Loads | 125.55 | 0.73 |
| Pork Cuts | 244.31 | |
| Trim/Process Pork | 209.89 Lds | |
| | 34.41 Lds | |

Weekly USDA By-Product Drop Value (Hog): 3.53 unchanged

DAILY EST. HOG SLAUGHTER UNDER FIS - SJ_LS710

| | | | |
|-----------------------------|-----------|------------------|-----------|
| Today (est) | 483,000 | Saturday: | 281,000 |
| Week Ago (est) | 488,000 | | 255,000 |
| Year Ago (act) | 466,000 | | 237,000 |
| Week to Date (est) | 2,445,000 | | 2,726,000 |
| Same Period Last Week (est) | 2,440,000 | | 2,695,000 |
| Same Period Last Year (act) | 2,362,000 | | 2,599,000 |

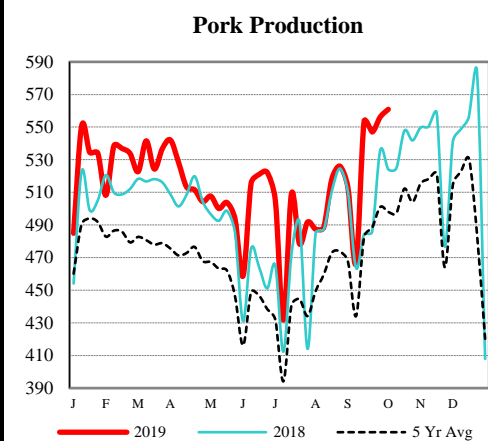
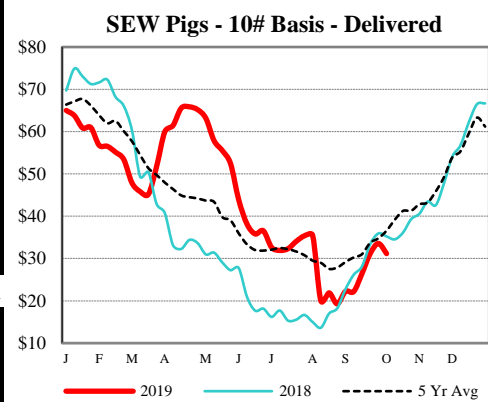
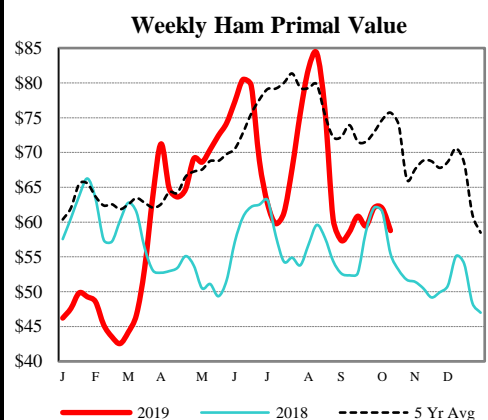
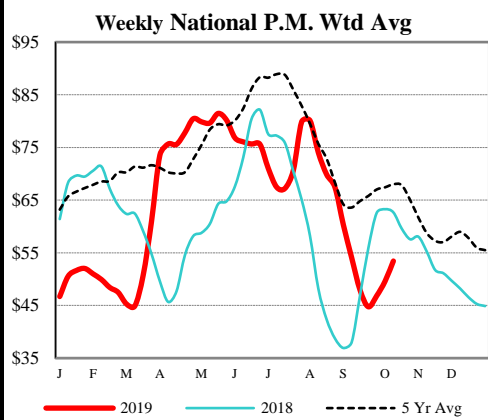
| CME Lean Hog Close | High | Low | Settle | Change |
|--------------------|-------|-------|--------|---------|
| DEC | 70.00 | 66.13 | 67.95 | (-0.20) |
| FEB | 79.33 | 76.18 | 77.48 | (-0.18) |
| APR | 85.03 | 82.20 | 83.45 | (-0.35) |
| MAY | 90.00 | 87.88 | 88.00 | (-0.15) |

CME Lean Hog Delayed Futures

US Direct Delivered Feeder Pig Summary for Weekending 18-Oct-19

Formula, Cash, & Composite Wtd Avg Prices

| | | Formula | Cash | Composite |
|-------------|----------------|---------|-------|-----------|
| SEW | 10-12 lb Basis | 44.26 | 28.59 | 34.11 |
| Feeder Pigs | 40 lb Basis | - | 44.47 | 44.47 |



USDA Livestock, Poultry & Grain Market News

Des Moines, Iowa

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[USDA AMS Livestock, Poultry & Grain Market News Portal](#)

[National Feeder & Stocker Cattle Summary Current Report](#)

NATIONAL FEEDER & STOCKER CATTLE SUMMARY - Week Ending 10/18/19

Receipts: This Week: 320,100 Last Week: 299,800 Last Year: 323,400

Compared to last week, yearling steers and heifers sold steady to 4.00 higher. Steer and heifer calves sold uneven; 3.00 lower to 4.00 higher. The supply of feeders overall was moderate leaning towards heavy with some individual local livestock auctions having heavy supplies as the fall runs are starting to pick up. Some producers who had held off on marketing are now starting to bring cattle to town after prices have risen over the last few weeks. Very good demand for yearlings as the supply of yearlings off grass tightens and the cash fed cattle market moves higher and the futures contracts followed. Today at Fort Pierre (SD) Livestock Auction, over 10,000 head are on offer with several sets of green yearlings coming off grass and a load of 842 lb steers sold for a lofty price of 157.25. This could become a wild ride moving into fall as more sets of reputation calves come to market. Producers in the Southern Plains are wary of buying calves weaned under 60 days. Cool fall weather is expected to move into the trade area over the weekend and into next week. Temperatures will be in the 60s and 70s with lows at night in the 30s and 40s. Light to moderate demand for calves in the South Dakota as most farmer feeders aren't ready to receive a calf yet as they haven't begun their corn harvest yet and are just starting soybean harvest. A large snow storm last week in the Dakotas caused many consignment cancellations and rescheduling of auctions. This wet weather made feedyard pens even worse than before. Bawling calves seem to be finding the most variable demand and very dependent upon how much or little health risk buyers view each lot as having. Fall temperature swings are in full effect and desirable calves are required to have adequate health programs. Discounts for those calves without shots or legitimate weaning programs are severe and would unquestionably pay for the simple and cheap procedure. Slaughter cow prices are moving into their typical fall slump as a plethora of open cows are moving to the marketplace. As we move from October to November, monthly cow prices are pressured and will squander away an average of 3.50 in 8 out of the last 9 years according to NASS. Lack of slaughter space for cows is a big component of that loss as several mature cattle slaughter plants closed in the last five years. For the week, the Choice cutout closed 2.38 higher at 218.04, while Select was 4.36 higher at 193.04; putting the Choice-Select spread at 25.00. Packers continue to chase the quality as longer fed cattle in Northern Plains commanded a higher price than the Southern Plains last week. Another blip on the fed cattle slaughter watch this week with a plant in Dodge City, KS reporting an explosion on Wednesday in a building not attached to the main structure. Many operations are continuing at the plant in the short term, however all slaughter processes stopped immediately. According to the company affected, the cattle receiving side of the facility will be up and running by early next week. Cattle Slaughter under federal inspection estimated at 642K for the week, 3K less than last week and 10K more than a year ago.

[Live Cattle Settlements](#)

[Feeder Cattle Settlements](#)

Friday

CHICAGO MERCANTILE EXCHANGE LIVESTOCK FUTURES SETTLEMENT

| Live Cattle | Change | Feeder Cattle | Change |
|-------------|---------------|---------------|---------------|
| Oct | 110.47 (1.92) | Oct | 143.50 (0.70) |
| Dec | 113.62 (0.75) | Nov | 142.85 (1.47) |
| Feb | 119.07 (0.47) | Jan | 139.45 (1.40) |

[Corn Settlements](#)

[Soybean Settlements](#)

Friday

CHICAGO BOARD OF TRADE GRAIN FUTURES SETTLEMENT

| Corn | Change | Soybeans | Change |
|------|-----------------|----------|---------------|
| Dec | 3.9100 (0.0375) | Nov | 9.3400 0.0250 |
| Mar | 4.0275 (0.0375) | Jan | 9.4750 0.0225 |
| May | 4.0950 (0.0325) | Mar | 9.5925 0.0225 |

[KC Wheat](#)

[Wheat](#)

| KANSAS CITY BOARD OF TRADE | Change |
|----------------------------|---------------|
| Dec | 4.3375 0.0250 |
| Mar | 4.4600 0.0200 |
| May | 4.5450 0.0200 |

[LM CT100](#)

Friday

5 AREA WKLY ACCUMULATED WTD AVG SLAUGHTER CATTLE PRICE

| | Head Count | Avg Weight | Avg Price |
|----------------|------------|------------|-----------|
| Live Steer | 3,420 | 1,532 | 110.96 |
| Live Heifer | 936 | 1,331 | 111.00 |
| Dressed Steer | 3,578 | 937 | 177.26 |
| Dressed Heifer | 351 | 848 | 176.71 |

[LM XB403](#)

Friday

DAILY ESTIMATED BOXED BEEF CUTOUT VALUES

| Choice | Select | Choice Cuts | 46 | loads |
|-----------------|-----------------|--------------------|----|-------|
| 600-900# | 600-900# | Select Cuts | 22 | loads |
| 218.04 | 193.04 | Trimming | 13 | loads |
| (0.07) | 0.44 | Grinds | 16 | loads |

[SJ LS710](#)

[LSD MARS 1909](#)

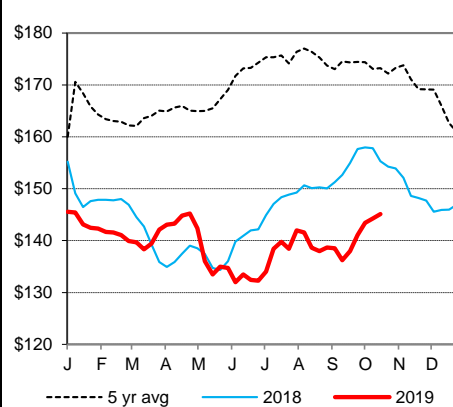
ESTD DAILY CATTLE SLAUGHTER

| | | |
|------------------|---------|---------|
| Fri/Sat | 110,000 | 70,000 |
| Week Ago (est) | 117,000 | 61,000 |
| Year Ago (act) | 116,000 | 45,000 |
| Wk to date (est) | 572,000 | 642,000 |
| Last Week (est) | 584,000 | 645,000 |
| Last Year (act) | 587,000 | 632,000 |

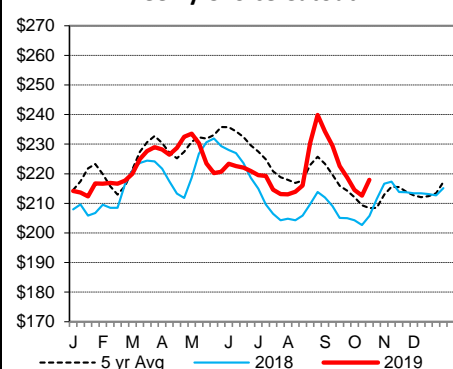
SLAUGHTER COW MARKET

| New Holland Livestock Auction | | |
|-------------------------------|----------|-------------|
| Thursday | Pct Lean | Price |
| Breaking | 75-80 | 52.00-57.00 |
| Boning | 80-85 | 50.00-56.00 |
| Lean | 85-90 | 42.00-49.00 |
| Thursday | | |
| Steer and Heifer | | 88,000 |
| Cow and Bull | | 23,000 |

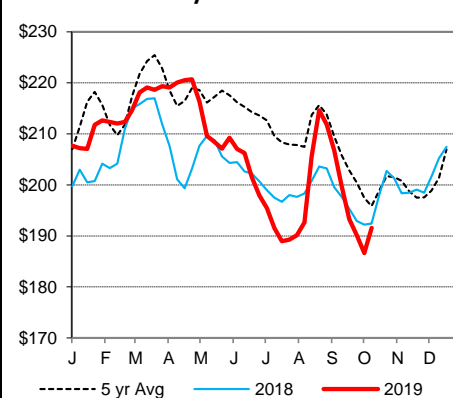
CME Feeder Cattle Index



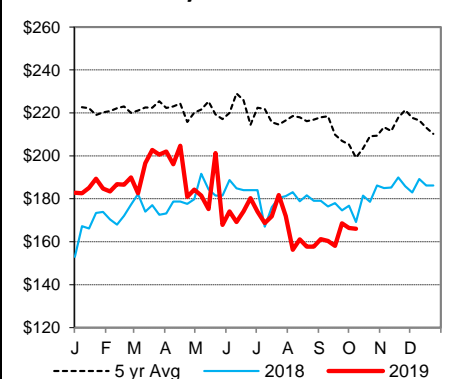
Weekly Choice Cutout



Weekly Select Cutout



Oklahoma City 400-500 lb Steer Price





Schwieterman Update

Schwieterman, Inc.
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