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Morning Ag Markets

Pete Loewen

Sharply lower trade in the dollar index caused almost the entire ag complex to rally on Tuesday and yesterday we saw somewhat of a reversal back to the downside. Grains were lower in most contracts and livestock trade was lower everywhere except for the deep deferred hog contracts. It was a big reversal session for the beef complex in particular because the overnight and early trade was higher and it all moved lower as time progressed.

Cash feedlot trade was still at a standstill as of yesterday afternoon for the negotiated business. I can't remember any weeks recently where it was tougher to predict where the trade will land than this one. We have seen futures push into new highs on feeders. The live market is well off the near \$140 high from last week. Choice product has been quoted lower 4 out of 5 business days this month. However, packers have done some pretty strange things over the last 3-4 months and I have a tough time second guessing what kind of move they'll make next. Futures haven't been a good predictor since the Jan/Feb timeframe because basis has been really whacky the whole time and it still is...

Cattle slg. ___ 120,000 unch wa -3k ya

Choice Cutout ___ 227.15 -.73 Select Cutout ___ 213.26 -.30

Feeder Index: ___ 181.10 unch Lean Index. ___ 114.04 +.06

Pork cutout ___ 111.97 -.32 IA-S.MN direct avg ___ 113.15 -.57

Hog slg. ___ 413,000 +2k wa unch ya

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Moving on to the grains, like the livestock yesterday, nearly everything was down in red ink territory. The wheat market in some of the deeper deferred contracts in Chicago and all of the Minneapolis contracts were higher, but the rest between kc wheat, corn, beans were lower.

Regarding the corn and soybeans the consensus opinion is that this week Corn Belt farmers have and will continue to score significant progress in planting before the next rain events hit. The western portion of those rains over HRW wheat country may have provided some of the bearishness for wheat, but the bulk of the larger wheat growing areas look to be missed based both on the forecast and on what transpired last night and this morning, so I'm not a big believer in major downside potential in KC Wheat. The only benefit coming for the bulk of the HRW wheat areas over the next several days is cooler temperatures. Sure, there's some areas that caught some rains and will continue to today, but by and large the only thing rains do now is salvage bushels, not add them. Plus, there has been a tremendous amount taken away over the last several weeks that just won't be recovered.

Looking at the spring wheat and soft winter wheat areas, there are some dilemmas brewing in some of those areas as well. The soft wheat crop overall is in really good shape, but spring wheat is in the early to mid stages of being planted right now. North Dakota temperatures topped out in some areas here recently not breaking the 40 degree mark. Soil temps are just now approaching 40's in a few of the northern areas as well. We also hear reports of pretty heavy winter kill on winter wheat acres in North Dakota that didn't have adequate snow cover during some of the colder temps this winter.

I'll breathe a little easier if the weather clears and most of this spring wheat gets planted by the middle part of this month, but Mother Nature isn't cooperating very well up there and not very well down here and to the south and southwest either.

Weekly export sales data was friendly to the beans, unlike last week, but bearish for corn and wheat. Total old crop corn sales were 6.4 mln bushels, along with 4.8 mln new crop. Soybean sales were 1.5 mln bushels compared to -600,000 last week. Only 1/2 mln bushels of new crop sales were reported. Wheat sales totaled 11.8 mln old crop and 4.6 new. On top of the weekly sales number for beans, USDA in the 8 am reporting showed 140,000 mts of new crop bean sales to unknown destination.

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