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Morning Ag Markets

Pete Loewen

Feeder cattle futures took a big hit on Wednesday, falling over \$2.00 in a couple of the front month contracts and triple digits in most of the rest. Live futures were lower as well, but not under the steep pressure like those feeders. Hogs were the counterbalance for the meats with moderate to active gains across all contracts except the July that was mildly lower. Some of the deeper deferred hogs were up over \$1.00.

Cash feeder cattle and calf market trade has been going nuts to the upside still in the country and from what I heard out of several players that were sitting outside the rings yesterday, there wasn't any hiccup from the lower board prices. When some 800 pounders are ringing the bell on the north end of \$200, you know it's good!

I guess quite possibly the best analogy for the feeder and live market right now could be likened to climbing an unfamiliar mountain in heavy fog. A) We have no idea where the top might be, and B) when we hit the top will there be a cliff the market falls off on the descent down the other side?? The big market bulls and also a lot of the wet behind the ears newbies want to make us think this is the stairway to Heaven and a never ending climb to bigger and better things every week. Those of us who have been in the game for a while should know better. The last person you want to be is the person that paid the most for replacements on the day the market topped with absolutely no price protection in place. This volatile market is not a game to be played without sound marketing and price risk management as your backstop.

Cattle slg. ___ 115,000 -2k wa -4k ya

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Choice Cutout__231.82 -.69

Select Cutout__222.95 +.60

Feeder Index:___196.40 +.31

Lean Index.__112.46 +.92

Pork cutout__120.91 1.40

IA-S.MN direct avg__115.59 +.87

Hog slg.__409,000 unch wa +5k ya

Moving on to the grains, June monthly S&D and crop production numbers were released yesterday and overall it was a very bland report without much fodder for the bulls or the bears. By looking at just the futures market action it would have appeared to be really bearish for old crop beans and wheat in particular, but the numbers didn't point that direction.

On the domestic side, there were no changes in the corn stocks numbers, only a minor change in beans and a 34 mln bump in wheat, despite the fact production was dropped to 1.942 bln. World stocks were a little more on the negative side though with increases in 14/15 carryout in all three crops. The bullish side of wheat was the crop prospects in the HRW wheat market with the Kansas crop dropping to 243 mln bushels. Oklahoma was pegged at 59 mln and Texas and 47 mln. Granted, there have been years when Oklahoma and Texas combined have been less than 100 mln bushels, but a year ago Oklahoma was 105 by itself. The Kansas yield by the way dropped 31 bu/ac down to 29 and Oklahoma went from 19 down to 18. That's dismal!

Export sales numbers this week were neutral to bearish corn and wheat, but bullish beans. The old crop corn total was 16.1 mln with 4.2 new crop. Wheat sales were 20.9 mln in the first full report for the new marketing year that started June 1. Soybean sales were 3.2 mln old crop and 14.9 new crop. Total commitments for the year in old crop beans are 1.656 bln with 1.583 of that already shipped. USDA pegged the total export number in yesterday's report at

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1.600 bln. If the cancellations in old crop don't show up soon, they'll have to eat crow and be a little more generous with that number.

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