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Morning Ag Markets

Pete Loewen

Remarkable day in the meat complex yesterday as not only did live and feeder cattle futures bounce back from a beating earlier in the week to the downside, but they did it with some limit gains as a kicker!

Cash feeder cattle and calf market trade has been on fire this week, not hiccupping when futures tanked midweek and the negotiated cash feedlot trade caught fire yesterday as well. \$147 packer bids got the ball rolling at a trickle and when bids jumped to \$148 in the Southern Plains the flood gates opened. Nebraska topped that southern trade with a whopping \$150 peak, along with \$238 dressed business. From peak to peak comparing last week to yesterday, southern prices were \$3.00 higher and \$4.00 better in the north, along with a \$5 jump on the dressed trade.

With spot June live futures closing at \$146, that trimmed the positive basis down to \$2 in the south, but it's still \$4 in Nebraska.

Cattle slg. ___ 116,000 unch wa -8k ya
Choice Cutout ___ 230.89 -.93
Select Cutout ___ 223.60 +.65
Feeder Index: ___ 198.18 +1.78
Lean Index. ___ 113.69 +1.23
Pork cutout ___ 123.45 +2.54
IA-S.MN direct avg ___ 116.66 +1.07
Hog slg. ___ 411,000 unch wa +14k ya

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Moving on to the grains, the soybean market was a complete fiasco yesterday. The 7:30 release of weekly export sales showed a very friendly 3.2 mln bushels of old crop sales from last week. That brought the marketing year to date total up to 1.655 bln bushels, well over USDA's projection for the year. It is also 309 mln more sales than we had on the same date a year ago. In response the front month old crop beans dropped 30+ cents, moving within striking distance of putting a "13" handle on the July futures price.

Corn and wheat futures prices just sat back and acted like it was another boring day as corn finished mildly higher, KC wheat mildly higher and Chicago mildly lower.

As we get closer to the midpoint of the month, we're going to hear a lot more banter about final acreage numbers which come out, along with quarterly stocks numbers on the last business day of June. Informa comes out sometime today with their guesses, so that should create some talking points amongst the trade.

Weather-wise, the good growing conditions across most of the Corn Belt have been a catalyst in the corn market demise, but too much rain in some places has begun to create a little chatter, along with more than a few pictures of yellow corn in standing water posted from the bulls that hope it will change the bearish undertone of the futures market. For everyone who has given up on corn market price potential on this new crop, don't forget we still have the vast majority of the growing season ahead of us, along with potential fireworks from planted acreage numbers at the end of the month. No guarantee for a bull market, but it is definitely too early to stick a fork in corn and say "it is done".

Now, regarding wheat and the fact the Kansas City market has fallen right at around \$1.50 since the beginning of May... I'm at a loss. Granted, the world has an adequate supply and domestically we'll have plenty of SRW wheat, but I still hold on to the potential that KC wheat fundamentals have the ability find some support. There's a chance that support may have to come in the form of basis and not futures, but I still think it is coming.

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