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## **Morning Ag Markets**

### Pete Loewen

The meat complex enjoyed a day of solid green ink, but it wasn't by much as the gains across the complex were all just in the double digit levels. That's actually kind of an oddity these days when prices most often are in the triples on quite a few contracts at the close because of all the volatility and money flow. The negotiated cash trade broke loose at \$168 in the north. There was also some earlier western Corn Belt trade at \$167. For the heart of cattle feeding country, those prices are steady with the previous week and still \$2.00 than two weeks prior. Better to be steady than lower I guess. We'll see where the rest of the trade shakes loose today. Hopefully the higher futures trend from yesterday helps matters some and keeps some leverage in the feedlot's court.

Cattle slg. \_\_\_ 114,000 +4k wa -7k ya

Choice Cutout \_\_ 251.24 +1.10

Select Cutout \_\_ 238.12 -.37

Feeder Index: \_\_ 240.36 +.37

Lean Index. \_\_ 88.25 -.47

Pork cutout \_\_ 95.30 -.59

IA-S.MN direct avg \_\_ 86.85 +1.14

Hog slg. \_\_\_ 429,000 -3k wa -6k ya

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Moving on to the grains, it was another one of those days where all the markets traded on both sides of unchanged and then headed in opposite directions into the close. Wheat was mildly lower, corn mildly higher and beans moderately higher, especially on the front end November that posted another double digit gain. This strong move to the upside over the last 40 days is heading incredibly counter to the fundamentals. Granted, there is some short term legitimacy to the push in meal and there WAS some legitimacy in the Brazil dryness earlier. The bulk of any friendliness from those factors has passed now though and in my opinion, passed us about 50 cents ago in bean price... Granted, yes, there could be some more short term squeeze in meal, but I'll still contend that when the smoke clears and longer term fundamentals are allowed to reclaim market movement, it isn't going to be up.

Export sales numbers yesterday morning were bearish corn and wheat and bullish beans. Corn and wheat were actually really terrible. Beans continue to keep up the pace of surpassing last year's sales at the same time.

Not much to talk about this morning other than report expectations and of course those have been hashed and rehashed already, but it's really the most important thing coming up for the markets to digest. Average estimates for corn and bean production are 14.551 bln and 3.967 bln. Both of those numbers are larger than USDA's October report. Yields for both crops are 175.2 and 47.6, which are both higher as well. Ending stocks are projected higher in corn, slightly lower than October in beans and higher in wheat. Average guesses there are 660 wheat, 2.135 corn and 442 mln beans. In the big picture, there is NOTHING friendly about those corn and soybean numbers and the wheat estimate is very neutral. It actually wouldn't surprise me if the numbers come in slightly below the trade guesses, but past the initial reaction, those wouldn't be bullish either unless corn or bean production were lower than last month.

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