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Meat complex trade was strongly lower in hogs and actively higher in live and feeder cattle trade, reversing their short term trends. Despite the higher futures activity in cattle though, the cash expectations continue to lose steam. Packers are finally digging their heels in looking at the big discount of the June futures to cash, as well as the continued discount of the soon to expire spot April and backing off acting like they need cattle badly. Last week was an extremely light kill, which allowed them to push product quotes aggressively higher, but rumors are they are having a tough time finding wholesale interest in those cuts at the higher money even though production was cut sharply. In a general sense, if futures continue higher, cash could certainly have the potential to out-trade my expectations. If it fails today, we're not going to be happy with the action.

Adding insult to injury in the bigger picture, egg sets and chick placements in the poultry sector continue to indicate very aggressive expansion. We already know hog production is throttled up considerably as well. Competing meats are doing everything they can to flood the market with cheaper product compared to beef and I'll still argue it is working in keeping a lid on the bullish potential in cattle.

Cattle slg.___110,000 +6k wa -6k ya	
Choice Cutout__260.80 +2.35	Select Cutout___251.22 +1.80
Feeder Index:___219.78 +.50	Lean Index.__62.16 +.80
Pork cutout___62.97 +.81	IA-S.MN direct avg__62.92 +.35
Hog slg.___431,000 -1k wa +17K ya	

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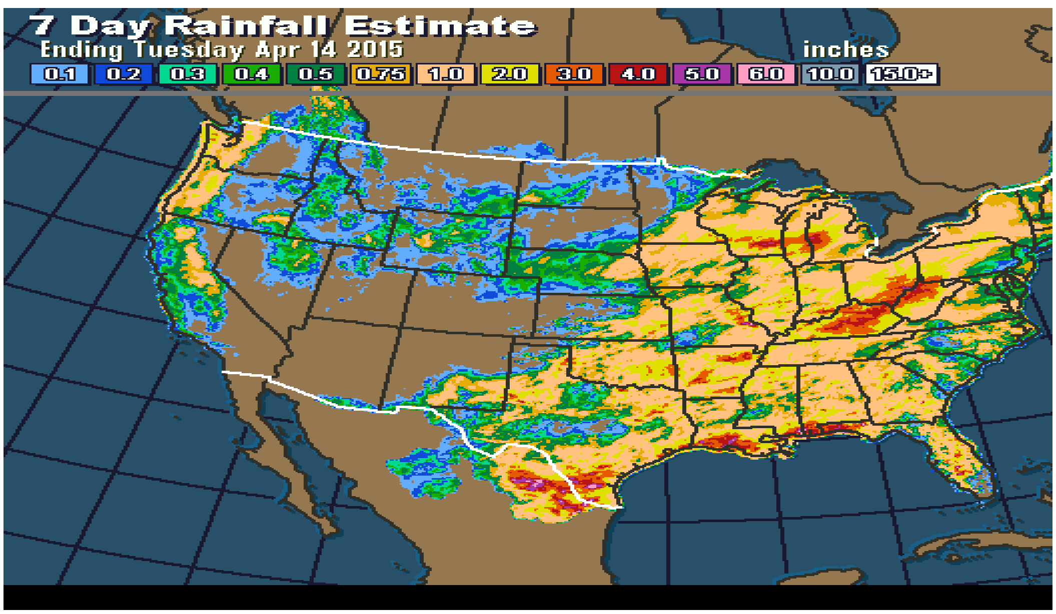
Moving on to the grain markets, unfortunately the wheat market put up the white flag and surrendered to the bears on Wednesday. New crop July Chicago decisively dropped below the $5 mark again. Kansas City wheat dropped all the way into new life of contract lows, capping off a 7 day, 76+ cent drop since adding all the weather premium from mid march into early April. Crop conditions declining in all three major HRW wheat states on Monday were no match for the broad and heavy rainfall forecast over the next 7 days and the result of that was new lows.

Corn and soybeans meanwhile, looked pretty good with Dec corn closing back up over the $4 mark and beans scratching their way back above 9.50 on the new crop. It's almost painful saying the $9.50 level is a good thing, but when new crop beans were flirting with new recent lows just four short sessions ago, it was almost panic time. Stepping into new recent lows would mean breaking below $9.33 support from the late March low and open the door to testing contract lows at $9.27 ½. With most of the soybean seed still in the bag in the US, it was a little too early to be flushing prices into new low ground.

Weekly export sales that came out this morning were a pleasant surprise on the friendly side in beans, neutral to a little negative in corn and downright ugly bearish in wheat. Corn sales were 23.2 mln bushels old crop and 1.1 new. Milo sales were slightly disappointing at 2.6 mln old and a little disappointing compared to recent new crop sales as well with 2.3 mln new sales. Soybeans, which had a negative number last week from cancellations and switching from old to new crop had an 11.5 mln old crop total and 8.3 mln bushels new. Wheat sales were 1.8 mln bushels old crop and 4.1 mln new crop. SRW wheat was negative 1.1 mln, white wheat was negative 100,000, durum was zero and HRW wheat and spring were 2.5 mln and 500k respectively. No help for wheat from those numbers today, plus there is rain in the forecast. If wheat manages higher quotes today it will be from short covering and dead cat bounce, NOT from these immediate fundamentals.



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