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Wednesday was a very flat day of trade in the live cattle futures, but both the feeders and the hogs settled solidly higher on all contracts, although they had a sluggish start as well. Most of the cattle contracts started mildly higher, then traded lower and then moved back to higher ground later in the session. The spot April live cattle futures expire today and with the quote solidly parked above last week's cash, resulting in a negative basis now, the odds of any real fireworks have slimmed down some. June taking over as spot on Friday doesn't look very appetizing for cash though because there is still a solid \$7 discount in the futures relative to the last cash trade. That discount has narrowed up considerably since about 2-3 weeks ago though when it was more than \$12 apart at one point.

The huge price spread and discrepancy between beef and pork cash and futures markets has been narrowing considerably over the last week or so. Hogs have been making up the lion's share of that ground though with Iowa- S. Minnesota carcass cash climbing almost \$15 since the first of the month compared to cash feedlot trade dropping in the vicinity of \$10. Choice cutouts in beef have gained slightly more than \$3.00 through April though, moving counter to the cash trade. Pork cutouts at the same time are up just over \$7.00, outpacing beef just mildly. The futures spread has narrowed around \$10 on the spot contracts. However, just to give you an idea of how extreme that price discrepancy is still, spot month futures were less than \$20 apart last July and peaked at \$103.40 apart in March and still sit at \$85 apart. That price discrepancy moving to historical wide levels is what has kept pork in the driver's seat from a demand standpoint, while beef has quickly moved itself into the luxury item aisle on the grocery store shelves. Case in point, when the front page of a grocery ad this week lists \$4.59/lb 90% ground beef as being on sale compared to \$1.89/lb boneless/skinless chicken breasts and last week whole pork loins selling for \$1.88/lb, it makes it a challenge to feature beef as being a competitive meat.

Cattle slg. ___115,000 +5k wa -4k ya
Choice Cutout__258.55 +.83
Select Cutout___246.06 -1.92
Feeder Index:___215.79 +.89

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Lean Index.__67.25 +.76
Pork cutout__71.34 +.32
IA-S.MN direct avg__71.23 +2.72
Hog slg.__426,000 -2k wa +18k ya

In the grains, everything was up across the board with soybeans the leader with a few low double digit higher closing quotes. There was more than a little irony behind the continued stories making headlines on the newswires regarding the new bird flu findings in Corn Belt chicken and turkey farms and the grain and oilseed market hype surrounding those stories with the bearish thoughts of reduced corn and soymeal demand as a result. In the midst of that being front and center in the news, beans mount double digit gains and corn was up 2-3 cents yesterday and meal was up over \$5. Is it going to have an impact?? Yes, it will probably have some impact, but likely not as extreme as some are making it out to be. Beans very well could have gained some support yesterday by corn planters actively rolling across the country in what has quickly become a wide open window to get crops in the ground, particularly in the central, western and northern parts of the Corn Belt.

Weekly export sales numbers that came out this morning were bullish to corn and beans and really bearish for the wheat market. Corn sales were 32.8 mln old crop and 4.5 mln new. Milo sales were 200,000 old crop, which is bearish, but 10.7 mln new, taming that bearishness. Soybean sales were 15.9 mln old crop and -4.4 mln new crop, which was an interesting twist, yet still bullish overall. Wheat sales were a whopping -16.5 mln old crop with every single class of wheat posting negative numbers. New crop wheat sales were 31.34 mln though, with much of that coming from switching of old crop to new.

6-10 day forecasts last night showed above normal precip for the entire Midwest and Plains states, along with above normal temps everywhere except the central and southern High Plains where temperatures were forecast at normal. That forecast to me looks like it has a little bit of a negative market bias.

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