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Meat complex futures settle mixed in live cattle and lean hogs, but solidly higher in the feeder cattle market. The grain and oilseed complex spent most of the day under a decent amount of pressure which helped the feeders out immensely.

Cash feedlot trade was down \$2.00 last week, as well as the overall product quotes. However, the choice and select beef cutout and the pork cutout had a mild bounce yesterday. For choice beef that was only the second time this month the cutout quote has been higher. The total net changes for choice have been 57 cents total to the upside and \$19.43 to the downside.

Yesterday's bounce was nice to see, but as you can tell by the consistent downward movement, it has been a tough month for beef demand in the face of packers cutting back on kills and total beef production being down because of that AND product still being discounted heavily to boot. Add to all that a technical chart picture that has taken out some major uptrending support over the last couple of weeks and it is pretty clear the beef complex in particular is continuing to struggle despite tight numbers versus a year ago.

Cattle slg. \_\_\_110,000 +4k wa -4k ya

Choice Cutout \_\_\_233.83 +.53                      Select Cutout \_\_\_230.22 +.83

Feeder Index: \_\_\_218.86 -4.17

Lean Index. \_\_\_79.90 -.31                      Pork cutout \_\_\_82.97 +.55

IA-S.MN direct avg \_\_\_75.07 -.41                      Hog slg. \_\_\_384,000 -31k wa +12k ya

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Grain and oilseed trade was solidly lower in wheat and corn trade yesterday, but only mildly lower in beans. The new crop bean contract hovered around the \$10 even mark most of the day, which was less than a dime lower. Corn spent most of the session solidly in the double digits lower and wheat settled more than 20 lower in both KC and Chicago. Wheat fundamentals are

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bearish, but funds were also active sellers in everything yesterday. Plus, in the fall crop markets we have seen some improvement in southern and eastern Corn Belt weather over the last week in spots and which has taken some of the weather premium back out of the market.

6-10 day weather forecasts last night were calling for normal to above precip in central and northern crop areas, but below in the deep south. Temperatures were above normal for the entire Plains and Corn Belt areas, as well as the south.

Export activity in the 8am reporting showed 110k mt's of new crop soybeans sold to unknown destination. Egypt tendered for an unspecified quantity of wheat for early September shipment yesterday, but the results of that tender haven't been reported yet.

Crop progress and condition data that was released yesterday afternoon showed corn rated 69% g/ex, which was unchanged from last week, down from 76% g/ex last year, but higher than the 62% average for this date. Excellent gained 2 points and good lost two, so that flip flop should probably be viewed as an improvement even though the g/ex total didn't change. Soybeans were rated 62% g/ex which is unchanged from last week as well and 2 points over the average for this date. Unfortunately it was also 11% lower than a year ago at the same time. Spring wheat ratings were 70% g/ex, down 1 point from last week, but the same as last year. Corn and bean ratings were right at the estimates, so there was very little reaction to the numbers.

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