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Meat complex trade was slow compared to the grains yesterday. Live cattle finished mildly in the red, feeders mildly higher and hogs mixed with decent gains on the front and lower trade in next spring and summer contracts. Both the live and feeder cattle contracts made new recent lows between Friday and Monday, then bounced very aggressively Tuesday, but yesterday the follow through looked a little anemic from what a lot of folks hoped was bottoming action the previous days.

Cutout values in the choice and select gained a minor amount of traction yesterday and now have 2 out of 3 business days at higher money under their belt from Monday through yesterday. Choice has been down 16 out of 20 days this month though, losing right around \$20 since July 1. Select has been up 5 days out of 20, which is a little better than the choice, but by the same token the select has also dropped **over** \$20 this month, meaning the spread has widened.

I have tried to emphasize many times over the last two months that the dog days of summer would be a struggle for beef demand and we have a solid 30+ days left until the next major holiday which is Labor Day in early September. Pre-booking for those orders will provide more bumps to the upside in August than we have had in July thus far, but I still don't see things with any kind of strong upside potential until we get closer to early fall. Even then it will be tough unless the spread between much cheaper pork and poultry narrows up more with the higher priced beef.

Cattle slg. \_\_\_105,000 +1k wa -10k ya

Choice Cutout \_\_232.62 +.47

Select Cutout \_\_\_229.07 +.20

Feeder Index: \_\_\_214.89 +.06

Lean Index. \_\_78.33 -.03

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Pork cutout\_\_\_85.97 -.24

IA-S.MN direct avg\_\_76.81 +.41

Hog slg.\_\_\_422,000 +1k wa +16k ya

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In the grains, a continued selloff in corn and wheat futures Wednesday was ignored most of the day by the soybean trade. That trend changed into the close though as new crop bean contracts moved into the red and the old crop august and September stayed mildly in the green. Funds were once again on the sell side, along with bearish technical traders looking at sickly charts and selling into the weakness as well. Those traders were able to pressure everything into new recent low territory, except the beans and all the meal contracts. Kansas City and Minneapolis wheat were both into new contract lows. Chicago SRW wheat has resisted new lows thus far, but it's getting close.

There are a lot of little tidbits of news to cover this morning, along with weekly export sales numbers that came out at 7:30. Looking at those sales first, soybeans and wheat were very bullish and for wheat that's the first time in a long time I have been able to say "wheat" and "bullish" in the same sentence regarding exports. 25.7 mln bushels of wheat sales were reported. A whopping 15.3 mln old crop beans and 33 mln new crop beans. Corn sales were terrible at 14.4 mln bushels old crop and 17.5 new. Milo sales were friendly though at 4.2 mln old and 4.3 new crop. Daily 8a.m. reporting showed 140,000 tonnes of US new crop beans sold to unknown destination as well.

6-10 day forecasts last night showed above normal precip for the entire Corn Belt, northern and central Plains states. Central Oklahoma into the southern Panhandle of Texas and east through the Ozarks were below normal. Temperatures were pegged at above normal through most of Kansas on south and angling through the Ozarks to the east. Central and Northern Corn Belt temps were below normal.

The Spring Wheat tour put out a yield guess of 47.3 bu/ac for NW and central Nodak areas yesterday. That's the 2<sup>nd</sup> highest yield they have predicted since 1994 for those areas. Their final number comes out later today I think.

There were rumors floating around yesterday that two more cargos of Brazil corn were sold into the US this week. Some might view that as the US having a shortage of corn that's less than USDA stocks predictions. However, the flipside of that argument is that it has more to do with logistics of railing or trucking corn into the southeast US versus corn coming in cheaper on a

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boat. There might be a good chance that continues into new crop as well given the thoughts the eastern Corn Belt and SE US corn crops will be average or well below in some areas this fall.

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