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Cattle were up yesterday and the hogs were down, reversing what the bulk of the recent days have offered for the trend over the last couple of weeks. A very short term look at the technical picture in cattle has some analysts calling for a bottom in both the live and feeder markets. The intermediate and long term trends are very decisively lower though, so I would caution anyone from getting all bulled up to the extent of thinking it might be anything other than a short term bottom. Contracts like the October feeders dropped close to $40/cwt from December to February, then rallied around $28 into June before dropping $30 again into last week's new contract lows. Considering the cycle in cattle is back into active expansion mode in beef cow numbers, I'm afraid this big picture trend of lower highs and lower lows is going to continue. Keep in mind though, the trend so far has entailed these giant swings of drops and gains that might last for several months before reversing. Get caught on the wrong side of one of those swings and it could be painful.

Hogs I do believe have finally found some solid footing and a bottom. The market spent a lot of time floundering around in a $4-$5 range from June through August and then very decisively broke out the topside of that range the last week of August and extended the gains this week. Technically the hogs look really strong. Fundamentally, with pork product still remaining significantly below beef product prices, the competitive price advantage for retail and HRI trade favors pork or poultry. Beef isn't even in the same ballpark, which has been big thorn in the side of the beef trade for quite a while, helping initiate the beginning of the demise last winter.

Cattle slg.___111,000 +2k wa -8k ya

Choice Cutout__240.81 -.16

Select Cutout___228.44 -.59

Feeder Index:___207.71 +.59

Lean Index.__76.39 -.46

Pork cutout___85.25 -.69

IA-S.MN direct avg__68.42 -.96

Hog slg.___427,000 -1k wa   +24k ya

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Grain and oilseed trade fell into a heavy slump yesterday with wheat taking the brunt of the punishment. Chicago wheat specifically. It took until last week for Chicago wheat to finally join the ranks of Kansas City and Minneapolis wheat in new contract lows. Plus the Chicago has been trading premium to KC and way too close to the Minneapolis from a price standpoint to justify the price levels fundamentally. Chicago is SRW wheat, which to a large extent is export and feed wheat compared to the stronger milling demand for HRW and HRS varieties. Chicago was more than twice as weak as KC contracts yesterday, falling 16 ½ on the front end, while KC was down 6 ½ on the front. Not too difficult to explain that action.

Export sales action yesterday morning was borderline neutral for corn, but bearish in soybeans and wheat. Corn sales were 4.4 mln bushels of old crop, bean sales were -2.2 mln, milo sales were -100,000 and wheat 10.2 mln. For wheat we really need to be seeing 20+ mln bushels on a weekly basis, which just emphasizes what we have been talking about for months, which is US wheat values still being too high relative to other competing world exporters and we just aren't getting enough of the business as a result.

Another factor influencing corn and beans yesterday was the release of Informa's crop estimates that put corn yield at 168.8 bu/ac and beans at 47 bu/ac. Normally we wouldn't see markets react to private estimates like this, but corn and beans both lost ground after those numbers came out.

6-10 day forecasts flipflopped last night and turned to below normal temps through a big part of the Corn Belt and stayed above normal in the far southern plains, delta and eastern US states. Precip was normal in the northern Plains through Minnesota and above normal through the rest of the Plains and Midwest.

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