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Huge day for the beef complex on the first day back from Labor Day weekend. Feeder cattle trade pushed \$4.00+ higher at one point, but settled off the highs. Live cattle trade had two contract months locked up the \$3.00 limit at the close, the front two Oct and Dec cattle. That means expanded limits for the fats today, although I'm not sure it has the ability to be tested in today's action.

I say that because finding any real good fundamental backing for the sharp rally yesterday was a bit of a fruitless effort. Product trade ended lower in choice and mildly higher in select and of course last week's cash feedlot trade was lower again as well. Technically, cattle futures had some room to bounce higher after probing close to contract lows last week and failing to push through into new lows. I just didn't imagine a technical bounce being limit up. The long term trend on the charts are still decisively lower, but yet downtrending resistance is quite a few dollars above the market. That leaves plenty of room for more trade higher before finding any strong resistance. Fundamentally though it will be flowing against the trend if it happens.

Cattle slg. ___114,000 +4k wa -2k ya

Choice Cutout __239.16 -.91

Select Cutout __228.65 +.26

Feeder Index: __206.32 -1.50

Lean Index. __74.75 -.78

Pork cutout __85.86 +.55

IA-S.MN direct avg __67.31 -.42

Hog slg. ___435,000 +12k wa +31k ya

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Moving on to the grains, the soybeans found good action to the upside with double digit gains across the board. Wheat and corn were a nickel higher or better. Export inspections were poor in wheat, but decent in corn, beans and milo. The wheat total was 13.6 mln, 35.2 mln bushels in corn, a big 9.3 mln in milo and 3.4 mln beans. Regarding the higher trade and reasoning, there is a lot of increased market swing potential this week with harvest reports gaining steam in the Corn Belt, the September Crop Production and S&D reports coming up on Friday, plus the general excitement that was found yesterday when the trade returned from a long holiday weekend.

Early guesses for Friday's crop production numbers show the average estimate in corn yield at 167.6 versus 168.8 in August. Production is pegged at 13.599 bln versus 13.686 last month. Bean yields are estimated at 46.4 bu/ac, versus 46.9 in August. The production estimate is at 3.869 bln versus 3.916 last month.

6-10 day forecasts last night had above normal temps over the vast majority of the Plains and Corn Belt. Precip was above normal in the far Northern Plains and below normal in the Southern and Central Plains out east through the Corn Belt. Good harvest weather, but not very good finishing weather on tap for soybeans in the areas that are still dry.

Crop progress and condition data yesterday had a bearish undertone in corn and neutral in beans. The expectations going into the numbers were for corn and bean conditions both to drop 1-2 points. G/ex corn ratings were unchanged at 68%, but still below last year's 74% at the same time. Soybean conditions were unchanged overall at 63% g/ex, but excellent lost a point, dropping it to good, so conditions did decline slightly, just not as much as expected. Last year the bean rating was 72% g/ex. There was still no national number listed for corn or soybean harvest, but state reports coming out of southern areas has corn harvest well ahead of normal everywhere except Tennessee. Corn Belt specific states had Illinois 2% done and Missouri 7%. Milo crop conditions were unchanged at 68% g/ex. Spring wheat harvest 94% done versus 76% normally on that date. Winter wheat planting was 3% complete which is right at the average for this time of year.

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