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Yet another disastrous day for the cattle complex yesterday. The closing prices didn't really show it on any contracts except for the spot October live cattle that closed down over \$3.00. In fact, some of the deferred fats and feeders were actually higher in the settlements. It's what happened after the 1:00 hour that determines the closing quote that was alarming. Futures through the 4:00 close of the electronic trade were under heavy pressure, responding to another several notches lower being reported in the cash feedlot trade again. Two days ago Kansas was reporting some \$124 negotiated cash and Nebraska was at \$122 live. Yesterday the reported action was \$118-\$120 in Kansas and \$115-\$119 in Nebraska. In addition to the horrendous drop in cash, choice cutouts settled lower in the afternoon report, marking 24 out of the last 25 business days at lower money.

They say it's always darkest just before dawn, meaning the news looks the worst just before things turn for the better. It sure seems awfully dark and gloomy right now for the cattle market fundamentals. I don't see that changing much until we get past this huge carcass weight debacle from cattle coming out of the Corn Belt either.

Cattle slg. ___112,000 -1k wa unch ya

Choice Cutout ___207.55 -1.07

Select Cutout ___203.21 -.99

Feeder Index: ___188.93 -.94

Lean Index. ___72.65 +.42

Pork cutout ___86.41 +1.55

IA-S.MN direct avg ___71.11 -1.42

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Hog slg. ___433,000 +8k wa +10k ya

In the grain and oilseed trade yesterday, soybeans closed under active pressure while the wheat and corn markets managed to squeak out a higher finish. In these fall crop markets I have talked a lot lately about beans being friendly in the export trade and a little bearish on the production side with a lot of yield reports coming in better than expected. Corn is the reverse with really poor exports which is bearish and production that has been disappointing in the central and southern Corn Belt yield reports. The export sales data confirmed the demand side of those comments with another disappointing 29.5 mln in corn sales, but a whopping 92.1 mln in beans sales in the weekly data yesterday morning. As a side note, wheat sales were pitiful at 2.8 mln. Based on the closing market price net changes, that export data was obviously ignored with the higher wheat and corn finish and lower beans.

6-10 day weather forecasts looked really good for winter wheat development and plantings last night again. Temps were pegged at above normal over most of the country with above normal precip also forecasted for the Central and Southern Plains though HRW areas. Above normal precip was also pegged for the Corn Belt, which might delay harvest progress a little bit. However, the warmer temps and moisture will be good for late soybean finish.

Stats Canada production estimates were released this morning with some shocking numbers. Wheat and canola production estimates were well above even the top end of the trade estimates. All wheat production was about 1.4 mmt's higher than their last report. Canola was a little over 900,000 mt's larger.

In other news, FC Stone updated crop production estimates and came up 1.1 bu/ac in their corn guess and 1.5 bpa in beans. Informa comes out later this morning.

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