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Another limit lower session in the live and feeder cattle markets to start off the week means expanded limits today and potential for a lot more volatility. Negotiated cash feedlot trade last week was down hard again into the \$134 level, but it landed \$1.00 under the Friday futures close on the spot December. I don't think anyone anticipated by the close of business yesterday that cash would be \$2.00 premium. If futures remain lower this week, there won't be many people anticipating that cash to remain at \$134 either. Leverage will be solidly in the packer's court.

One interesting factor yesterday was the fact both the beef and pork product trade was quoted higher in the afternoon cutout reports. Cash hogs on the other hand were under moderate to active pressure. Pork packer margins in particular are super-solid with terminal carcass cash quotes yesterday all in the \$52 range on average and pork cutouts at \$76 plus. Despite those margins, packers have pushed the cash lower 13 consecutive business days.

Technically, the hog market looks terrible, falling deep into new contract low territory. Live and feeder cattle futures are closing ground fast on testing contract lows that were posted back in early October. The path of least resistance now in everything is lower.

Cattle slg. \_\_\_ 111,000 unch wa +3k ya

Choice Cutout \_\_\_ 216.45 +.79

Select Cutout \_\_\_ 206.69 -.56

Feeder Index: \_\_\_ 188.47 -1.55

Lean Index. \_\_\_ 62.55 -2.06

Pork cutout \_\_\_ 76.42 +1.14

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IA-S.MN direct avg\_\_52.22 -1.26

Hog slg.\_\_\_440,000 +8k wa +15k ya

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Grain and oilseed trade followed the same theme as the meat complex yesterday with red ink flowing across all the closes. Wheat futures took a big hit, dropping double digits in everything, included Chicago contracts down 20+ cents. Corn futures poked into new recent lows last Friday, which added a lot of technical weakness that extended yesterday's losses. Dec futures are less than a nickel from contract lows. Beans are weak as well, trading within 20 cents of contract lows. KC Wheat is knocking on the door of making new lows as well, but the Chicago remains very well supported compared to KC and Minneapolis.

All eyes are focused on November crop production and supply and demand numbers scheduled for release at 11:00 this morning. Average guesses that I was quoting last week from the Bloomberg survey had a little more bearish undertone than the DTN surveyed guesses. Both sets of estimates are looking for increases in ending stocks and production. DTN numbers are showing slightly smaller increases. Average guesses for corn yield in that DTN survey are 168 bu/ac, which would be unchanged from October. Production is 1 mln larger and ending stocks guesses 26 mln bushels larger. Soybean yield is estimated at 47.5 compared to 47.2 last month. The production estimates were 24 mln larger and ending stocks at 429 mln bushels would be 4 mln larger than last month. Milo ending stocks are pegged at 43 mln versus just 18 mln last year. Wheat stocks are pegged at 866 mln, which would be 5 mln larger than last month. World ending stocks totals are expected to increase in corn, remain unchanged in beans and drop very mildly in wheat.

Crop progress numbers yesterday showed corn harvest 93% complete, soybean harvest at 95% complete and winter wheat seeding at 92% complete and the winter wheat crop condition rating was 51% g/ex, up 2 points from a week ago.

Brazil's government released crop production estimates this morning for next spring's corn and soybeans. They pegged soybean production at 101.2-102.8 mmt's up from this year's 96.2 mmt's. Their corn estimate is 81.1-82.7 mmt's, down from 85 mmt's this year.

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