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Not to be outdone in this broken cattle market atmosphere, fats and feeders spent some time at higher money in some contract months and then cratered into the close yesterday. The previous day had sharply lower trade with some feeder cattle prices looking like they wanted to test contract low support from back in November, but the day ended with a huge rally and another giant turnaround to the upside on the charts. When futures prices over a period of 2-3 days trade in wider ranges than some contracts did over the life of the contract 10-15 years ago, you know there's a problem... It's a problem that the exchanges don't care about and a problem that is haunting anyone operating in the cash cattle arena, no different than the speculative arena. That problem is twofold; 1) There is no true price discovery ability when futures fluctuate \$3.00-\$4.00+ in one session, and, 2) There's no correlation whatsoever between fundamentals and futures. There is zero room for error risk managing cattle right now and then to throw a little fuel on the fire, performance and health are a disaster in a lot of places from the Thanksgiving storms.

Cattle slg. \_\_\_ 105,000 -7k wa -2k ya

Choice Cutout \_\_\_ 204.08 +.27

Select Cutout \_\_\_ 192.25 -.44

Feeder Index: \_\_\_ 172.36 -1.71

Lean Index. \_\_\_ 55.81 +.27

Pork cutout \_\_\_ 72.10 -.91

IA-S.MN direct avg \_\_\_ 53.21 +.51

Hog slg. \_\_\_ 437,000 -3k wa +7k ya

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Short narrative of the opening 20 seconds of trade in March feeders this morning at 8:00. There was a \$2.40/cwt range in that 20 second window. The low of that range also included new contract lows. Folks, now is not a good time to be flying by the seat of your pants in cattle. There is enormous potential both down AND up in this market and if anyone tries to tell you which one of those directions it's headed, please pay zero attention and run the other way quickly.

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Let's move onto the grains- yesterday's trade in corn and wheat was mildly lower while the beans managed higher closes.

Export sales numbers this morning were kind of a mixed bag, but sided more on the bearish side than bullish. Soybean sales were 32.3 mln bushels which is down 25% from last week and 29% below the 4 week average. 32.3 isn't a bad number, it just isn't good enough to be called bullish. Corn and wheat on the other hand, carried on their common theme from recent weeks as being bearish. Corn sales were 19.7 mln total old corp and zero new. Milo sales were neutral to friendly at 4.3 mln. Wheat sales were 14.4 mln bushels old and 1.5 new. The cumulative sales for the marketing year to date in wheat are lagging last year by 90 mln bushels, which is a wide and bearish swath unfortunately.

6-10 day forecasts last night showed above normal temps for the entire lower 48. Precip was pegged at above normal northwest and normal everywhere else.

Daily export reporting showed a 132k mt sale of beans top China.

Outside market action today has the dollar index significantly lower, which has a chance at supporting grains a little bit I would think. It obviously wasn't providing much for support when the overnight closed though...

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