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With outside equity and energy markets once again under heavy pressure on Wednesday morning it was tough for the meats to open anywhere but lower. Both the live and feeder markets pushed triple digit losses at one point, but they also found buyers willing to play as the day wore on. The front two contract months in the fats closed lower, but the rest were up. Feeder cattle futures were higher across all contract months.

I know I hashed this over a lot this week already, but I really think all this lower outside market action is keeping a lid on cattle market futures gain potential. Granted, we still manage gains, but they are hard fought. I sit here every afternoon logging product market prices and the gains this week and last have been absolutely tremendous. Choice is up \$16+ this week and \$36.75 since the 21st of December. While those gains might have long term bearish implications for beef from a demand standpoint, pricing beef well out of competitive range again, the short term implications should be bullish futures. Obviously we're not seeing that reaction.

Cattle slg. ___ 107,000 -4k wa +2k ya

Choice Cutout ___ 228.03 +5.72

Select Cutout ___ 220.68 +4.70

Feeder Index: ___ 166.91 +.68

Lean Index. ___ 53.29 +.34

Pork cutout ___ 70.34 +.45

IA-S.MN direct avg ___ 51.10 +.48

Hog slg. ___ 436,000 -5k wa +20k ya

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Moving on to the grains and oilseeds, futures were lower early, then higher, just like the cattle. New contract lows were touched again in the corn at the low. Plus, fundamentals across all the grains are still weak, so it has been a tough battle for the corn and wheat this winter. Both those markets have dipped into new low ground this week. Soybeans are still holding above their contract lows, but they continue to struggle as well.

Daily 8am export reporting showed a 246k tonne sale of US beans to China. That's the good news. The bad news that more than offsets it was the really poor weekly sales total. Soybean sales for the week ending Dec 31 were 23.5 mln old crop and zero new. That put total commitments for the year at 11% behind a year ago at the same time, while USDA has the total projection at only 7% lower. Corn sales this week were 10 mln bushels old crop and zero new. That's down 64% from last week and 68% below the 4-week average. Keep in mind also the 4-week average has been bad, so today's number is really bad. Wheat sales were a new marketing year low at 2.8 mln bushels old and zero new. The only bright spot this morning was milo sales that were 6.9 mln old crop. Keep in mind, those sales numbers were also based on a major holiday week, so take the bearishness with somewhat of a grain of salt.

Next week's USDA report for final soybean and corn production has some guesses hitting the newswire. The first round of numbers I found showed average estimates for corn production at 13.646 bln versus 13.654 in November. Soybeans were 3.981 bln, which would be unchanged from November. Ending stocks guesses with those numbers were 1.785 bln corn, unchanged from last month. Soybean ending stocks were pegged at 468 mln versus 465 last month. Wheat stocks were 919 mln versus 911. Those are BIG soybean and wheat stocks guesses. That corn stocks number I don't view as nearly as bearish as the beans or wheat.

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