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Very confusing day in the meat complex yesterday and specifically in the cattle. There was a limited amount of dressed trade in the negotiated feedlot business in Nebraska at \$212, which is steady with last week. Product trade was coming off of another wild rise to the upside from Wednesday and yesterday's quotes were really strong again as well. The confusion came in what happened in the futures trade. Both the live and feeder cattle futures locked and settled limit lower, which is \$3.00 down in live cattle and \$4.50 lower in feeders. That also means expanded limits today of \$4.50 and \$6.75.

Granted, the outside markets were really weak at times with stocks actively lower and crude down heavily at times. However, as it had been all week, the reaction from cattle up until yesterday had been a moderately weak reaction that was generally met with late day buying that would pull prices up closer to unchanged or even higher at the settlements. Someone obviously missed that memo yesterday.

I'm still under the belief that the long term picture from cattle is somewhat bearish, but not a washout. Short term there is a lot more questions than answers after yesterday's futures action. I thought the cattle had some more upside to them before turning back south to resume the down trend. Today's finish should give us some more clarity on which direction the futures market is going to dictate this stuff heads. Yesterday the futures were definitely trying to be a dictator, although hopefully a dictator that doesn't get any following.

Grain and oilseed trade settled flat and uneventful yesterday. Export sales data was horrible, but then again it was data for the week of New Year's, so the expectations were bad in the first place. Corn sales were only 10 mln bushels, beans at 23.5 mln and wheat 2.8 mln.

6-10 day weather last night showed normal temps in the Plains and below normal in the central and northern Corn Belt. Precip was below normal in the Plains and Corn Belt and above in the far north and deep south.

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8am export reporting showed no new sales to talk about today.

International news had China's NGOIC raising their bean import estimate to 80 mmt's, from 78 previously. A year ago the total was 78.3 mmt's. Also, the US Ag Attache' in Brazil lowered the Brazilian bean production estimate to 98 mmt's from their previous number of 100mmt's. Brazil exports were left unchanged at 55mmt's.

Overnight trade in the grains finished_____ mildly higher. Outside market action has been better this morning in equity and energy trade, which is giving the ag markets some relief.

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