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Date: February 1, 2016

Who would have thought with forecasts for a major winter storm moving into cattle feeding country this week that futures would end under pressure on Friday. Granted, there was a lot more pressure in the feeder market than in live cattle trade, but either way it was disappointing. The selling in futures probably caused negotiated cash sellers to waver a little bit. The negotiated cash trade that took place happened late in the day Friday. Kansas posted prices from \$135 which was steady with the previous week, up to \$3.00 higher at \$138. Nebraska dressed trade was from \$208-\$212. That top end was \$2.00 better than last week from the best I could tell, although I don't think there was any real significant volume to the dressed trade the previous week.

Semi-annual Cattle Inventory report numbers came out just after the close. Expectations going into those numbers were bearish with active expansion going on in the beef cow business. There were some broad ranges to the guesses, which left a lot of room for volatile reaction this morning, but for the most part, most of the numbers were pretty close to the guesses. The January 1 total inventory number was up 3% from a year ago compared to average trade estimates of 102%. Beef cow numbers were 1% larger than the guesses at 104%. Beef replacements heifers were pegged at 103%, which was even with the estimates. Total calves under 500 lbs were expected at 101.5% and the number came in at 104%. The 2015 calf crop was expected at 102% and came in dead even with that number at 102.

Quite a few of the actual figures came in a little bit higher than the expectations, which makes the report a little more negative than expected, but probably not enough to warrant significant reaction this morning. Taming the report bearishness was the higher cash feedlot trade that happened after the report was released. That makes it a tough opening call this morning.

Cattle slg. \_\_\_ 105,000 fri 18k sat wtd 567,000 -2k wa -2k ya

Choice Cutout \_\_218.76 -1.36

Select Cutout \_\_217.13 +1.70

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Feeder Index:\_\_\_161.24 +.28

Lean Index.\_\_\_ 61.07 +.84

Pork cutout\_\_\_77.01 +.08

Hog slg.\_\_\_425,000 fri 156k sat wtd 2.328 mln +13k wa +88k ya

Weekly closes in the meats had the February Live Cattle up 3.72, April fats up 92 cents, March Feeders down 65 cents, August feeders down 1.80 and February Lean hogs up 2.80.

Opening calls in the meats have hogs moderately higher and I'm really at a loss on cattle calls. I see some calls as much as \$1-\$2 higher in futures based on the cash strength from Friday. I think feeders and deeper deferred fats will be a lot more reluctant to rally based on the bearish implications of the Inventory numbers.

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In the grain and oilseed trade, everything was solidly in the green at the finish on Friday. The soybeans were double digits lower Thursday, then double digits higher Friday. This short term uptrend on the charts looked violated in that Thursday trade, not only in beans, but in the corn and wheat as well. Friday's move higher in everything really threw the chart evaluation out the window.

We did see some bearishness Thursday with a 395k mt Chinese bean cancellation. Export sales were neutral to poor on Friday in the weekly report for corn and beans. The bean total was 23.8 mln and corn was 32.2 mln. Wheat was bearish at only 10.8 mln. The market very obviously ignored the export data.

Weekly closes in the grains had March corn up 1 3/4, Dec corn +1 1/4, March beans up 5 3/4, November beans up 9 1/4, March KC Wheat up 1 1/4, new crop July up 1 1/2 and the March Chicago wheat up 3 3/4.

6-10 day weather forecasts last night were calling for normal to below normal temps over the Plains and Corn Belt. Precip was above normal in the north, normal in the central states and below normal south.

Overnight trade in the grains finished\_\_\_ mildly weaker across the board. Pressure was coming from a generally favorable S.A. weather forecast, as well as COT data that showed managed money sharply reducing net shorts in corn and wheat last week.

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