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Compared to other recent times lately the live cattle futures traded in a super tight range of less than \$1.00 from high to low yesterday. The feeders had a little broader trade of over \$2.00 in most. Net changes between the two cattle complex futures were mildly higher at the finish. Hogs were triple digits lower.

From the Central and Northern High Plains through Nebraska and Iowa they had a serious blizzard over the last two days, while areas farther south got some nice rains. None of those conditions were conducive to good gains or good health in the cattle or the hogs, plus it cut the packer kills tremendously. The cattle kill was well under 100,000 head and hogs were close to 300,000 even. That's about 125,000 less than a normal schedule in hogs and 30,000+ light in the cattle. If the weather starts to clear, those packers can make some of that reduction up with a larger Saturday effort. Good chance we'll still see the kill fall short of projections this week.

I don't see much of an effect coming in the cash hog market given the fact the only thing hampered was transportation and the slaughter rate since the hogs are raised in confinement. For the cattle its pen conditions, transportation, reduced packer harvest, health and performance that are all impacted. Hopefully we'll find that as a supporting factor for the negotiated cash fed trade this week. That doesn't necessarily have to translate into higher futures trade though, since this storm had a chance to be factored into the market when it was first forecast more than a week ago.

Cattle slg. ___ 80,000 -32k wa -33k ya

Choice Cutout ___ 222.47 +1.95

Select Cutout ___ 217.63 +1.97

Feeder Index: ___ 160.28 -.30

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Lean Index.___ 62.51 +.64

Pork cutout___78.37 +1.92

IA-S.MN direct avg___61.00 -.75

Hog slg.___315,000 -125k wa -122k ya

In the grain and oilseed trade yesterday, corn and soybeans found new recent highs in most contract months and mild gains in the net changes at the close. Wheat wasn't so fortunate. Wheat futures looked pretty good at one point during the session, trading above the previous day highs, but just couldn't hold the gains into the close.

Fund short covering provided most of the rally in the fall crop markets. For wheat, it's just a hard struggle to hold any positive momentum. The world export trade in wheat has been thrown for a loop with Egypt getting really strict on quality tolerance after rejecting three cargos recently due to ergot. Recently they tendered for an unspecified quantity, but had to cancel the tender from lack of offers. World exporters are obviously scared they'll have to eat a big loss if Egypt gets picky again on the quality standards and rejects imports. From a price standpoint the US hasn't even been remotely in the ballpark, but who knows..., maybe we could make up for it in quality??

6-10 day weather last night showed above normal temps from the High Plains west, normal in a thin band north to south till you hit eastern Kansas and below normal east of that line. Precip was pegged at below normal everywhere except the far north and northeast US.

Over the last several months I have talked quite a few times about one of two things being needed to make the grains go up; either a major production problem in some country around the world, or funds being willing to cover shorts. Yesterday's rally was sponsored by fund short covering. However, each time the funds buy the farmer sells some, which makes legit nice gains hard fought.

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