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Nasty day for the cattle complex yesterday with futures opening sharply lower, trading at or near limit down and closing sharply lower, but still well off the lows. I spent some time yesterday talking about how we get a day or two now and then where the futures market movement and cash market movement actually begin to make fundamental sense, but then they act totally irrational for several days. Take a huge snow event over a big part of cattle feeding country early last week, reduce total beef production by that storm cutting kills significantly, then add some friendliness from performance getting thumped from the poor weather and futures and cash still go lower. That combination doesn't make a lot of sense.

The newswire was filled with stories of why cattle complex futures were down in sympathy with the sharply lower equity market trade, which I tend to agree with. Thankfully that equity market trade is showing some rebound today.

Lower futures yesterday played a roll in breaking cash resolve in the country. Wednesday there was a minor amount of trade in the \$134 range from north to south. Yesterday they took \$1.00 more off that trade in Texas and Kansas and \$2.00 in Nebraska in the negotiated feedlot trade. \$206 was the bulk of the reported northern dressed business and that's \$4 lower than last week. The bulk of the live trade was \$2-\$3 lower than a week ago.

Cattle slg. ___ 108,000 -3k wa -1k ya

Choice Cutout __ 217.02 -1.17

Select Cutout __ 214.27 +.65

Feeder Index: __ 158.79 --.70

Lean Index. __ 65.60 +.31

Pork cutout __ 75.52 -1.53

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IA-S.MN direct avg__63.64 +.49

Hog slg.___435,000 +34k wa +1k ya

One final note in the meats, beginning February 29th this month the trading hours will be reduced to the market being open from 8:30am CST to 1:05pm CST. Monday thru Thursday the meats are open till 4:00pm in the electronic trade, so this move will condense the trade quite a bit.

Moving on to the grains, it was a stellar day of trade with nicely higher quotes in everything at one point, but corn and wheat couldn't hold the gains into the close. Beans finished in the double digits higher, while the grains were mildly lower at the finish. None of the gains came from reaction to the weekly export sales report, because those numbers were bearish in everything but milo. Corn sales were 15.9 mln old crop, beans 24.5 mln old and wheat 9.7 mln bushels. Granted, those bean sales beat the estimates, but they were still low by recent standards. New crop sales in corn and soybeans were a net negative. Once again, milo was the highlight at 7.4 mln bushels, which is friendly.

There's a lot of talk about the world economic situation leading US markets lower, with China at the forefront of the world poor economy troubles. Also thoughts that if the meltdown continues, grain and oilseed markets could feel some pressure as well. I have a tough time processing and rationalizing that talk relative to what's going on with ag futures on days when stocks are under heavy pressure. Cattle futures seem to get direct negative spillover. Hogs appear to be immune to it all. Grain and oilseed futures were up most of the day, not lower, despite stocks being down. Short covering of the fund short position could have been some of the grain support, but if that were the case, why wouldn't cattle go up from short covering as well?? That's why I struggle with fully buying into the rationale behind some of this market movement reasoning we read and listen to from news sources...

6-10's last night showed normal temps in the central Plains and north, above normal in the far south and curling up into the Eastern Corn Belt. Precip was normal to below everywhere except the far north that showed above normal chances.

World news today has Egypt in for another wheat tender on an unspecified quantity last night. Rumor this morning is that some of that tender was covered by Romanian wheat, but there may be more to come. South Korea rejected their latest optional origin corn tender citing prices being too high. Argentine farmer bean sales were aggressive yesterday with their Peso trading into the 14.60+ range relative to the dollar. Additionally, there hasn't been any recent news

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regarding South American crop production issues from weather. Basically in that hodgepodge of news there is nothing overly friendly and nothing too bearish either.

Translation- more slow and directionless trade.

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