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Grain and livestock market action moved back into the realm of wild volatility yesterday. On the livestock side, feeder cattle futures in particular were near limit down at times on Wednesday with no clear fundamental driver to push it in that direction. Feeders also came roaring back higher yesterday to settle limit up across all contract months which is $4.50. Cattle specific news once again not an issue, but the corn market dropping in the mid-teens following the acreage report likely had a lot of bearing on how and why active buying surfaced in those feeders. In the longer term picture, the old adage goes “cheap corn makes cheap cattle”. However, fats were mildly higher on the front end and actively on the deferred months, which is what allowed the feeders to scream higher.

Negotiated cash feedlot trade was disappointing with moderate volume in the Southern Plains at $133, down $3 from last week and $7.00 lower than the $140 top from two weeks ago. Nebraska’s trade started Wednesday with $214-$216 numbers, then moved down to $214-$215 yesterday on light volume. The top end of their trade this week was $3 lower than last week. Deliveries against April futures in Live Cattle can start on Monday, but with cash still at a very mild premium to the spot April futures we aren’t going to see any unless April takes off significantly higher.

Cattle slg.___ 110,000 unch wa +7k ya

Choice Cutout__220.99 -.88

Select Cutout___210.48 -2.20

Feeder Index:___158.26 -.03

Lean Index.__ 65.54 +.29

Pork cutout___76.05 -1.54

IA-S.MN direct avg__62.94 -.32

Hog slg.___437,000 +8k wa   +2k ya

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Big day for the grain and oilseed trade yesterday with the release of the Quarterly Stocks and Prospective Plantings report numbers. Quarterly stocks by and large were mildly friendly to corn and beans with the actual numbers coming in slightly below the average trade guesses. Wheat was the opposite with larger than expected supplies and a little bearish. The planting intentions countered that bearishness though with total US acreage projected at 49.56 mln. That's over 5 mln less than a year ago and 1.14 mln less than the pre-report expectations. Winter wheat was below expectations. Spring wheat was below as well. Durum is the only wheat crop with larger intentions than last year and the estimates and it topped the guesses by 100,000 acres with a 2 mln total. The sharp drop in wheat plantings led to nice net gains at the close that had KC wheat a dime higher and Chicago not far behind.

Soybean acreage expectations were for a slight increase from a year ago and instead we got a slight decrease to 82.24 mln acres. That was a neutral to slightly friendly number. Corn acres were ugly and downright bearish. Last year US producers planted 88 mln acres. Expectations going into the report were for 90 mln. What we got was 93.6 mln and an immediate bearish reaction in futures. Running some mock S&D numbers off those acres, increasing usage from this year and even trimming yield some and it's very difficult to get a carryout under 2 bln with those kind of acres.

One very important factor you need to keep in mind regarding the corn and soybean acre numbers in particular from those reports…, ignore them. They aren't accurate. The surveys were collected for that data in early March. The 60+ cent rally in beans began on March 2nd. Corn lost another 15 cents yesterday while beans were up even more. The price ratio of corn to beans was 2.54:1 at this morning's overnight close. If this continues, don't think for a second that won't buy some bean acres away from corn. What we got yesterday was a starting point, or as they call it "intentions". Final numbers come out at the end of June and there will be quite a few minds changed between now and then based on weather and net and gross revenue potential.

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