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Date: May 12th, 2016

Cattle complex futures took a little breather yesterday, closing mildly lower in the live market and moderate to actively lower in feeders with a few triple digit losses. Product trade has been on fire to the upside this week though and coming off of a sharply higher cash feedlot trade from last week, there's probably more short term potential for up then down.

Days like yesterday when futures are lower, but the cash indicator momentum is solidly up brings a lot of question marks about why it's happening. My answer to that would be, we've seen a really nice rally in cattle since late April when new contract lowers were forged. Most days since have been up and a lot of those days sharply higher, so a lower day sprinkled in now and then isn't a market changer. I will add though, the overall longer term trend of this cattle complex is neutral to bearish from these levels. In my opinion, this upward momentum is not in it for the long haul. It is solid short term momentum though with choice cutouts up \$3+ every day this week so far, cash up \$4 last week and some regional negotiated trade in Nebraska at sharply higher dressed bids than last week.

Cattle slg. \_\_\_ 112,000 +3k wa +2k ya

Choice Cutout \_\_ 213.71 +3.01

Select Cutout \_\_\_ 202.99 +3.50

Feeder Index: \_\_\_ 144.37 +.14

Lean Index. \_\_ 75.61 ++.49

Pork cutout \_\_\_ 83.07 +.32

IA-S.MN direct avg \_\_ 74.24 +.85

Hog slg. \_\_\_ 431,000 -2k wa +11k ya

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The HUGE soybean market rally following Tuesday's monthly S&D report came to a screeching halt on Wednesday with both the overnight trade and day session finishing lower. Actually all three major markets between soybeans, corn and wheat were lower yesterday, perhaps stepping back and taking a more realistic analysis of that report data with the realization it really wasn't as fundamentally bullish as what the post report reaction was with the limit up bean trade at times the previous day. March acreage intentions plugged into the S&D's for the first time maybe shouldn't have provided that much shock and awe to the bean trade. However, it won't be changing until the July report after the June final planting numbers come out at the end of that month. Who knows though, bean acres could be lower, or they could be higher. I find it hard to believe after seeing new crop bean prices closer to \$11 than to \$10 flat that we won't see at least "some" increase in plantings. Unfortunately, we don't get to find that out until well over a month from now...

8:00am daily export reporting showed 210k tonnes of US corn sold to Saudi Arabia.

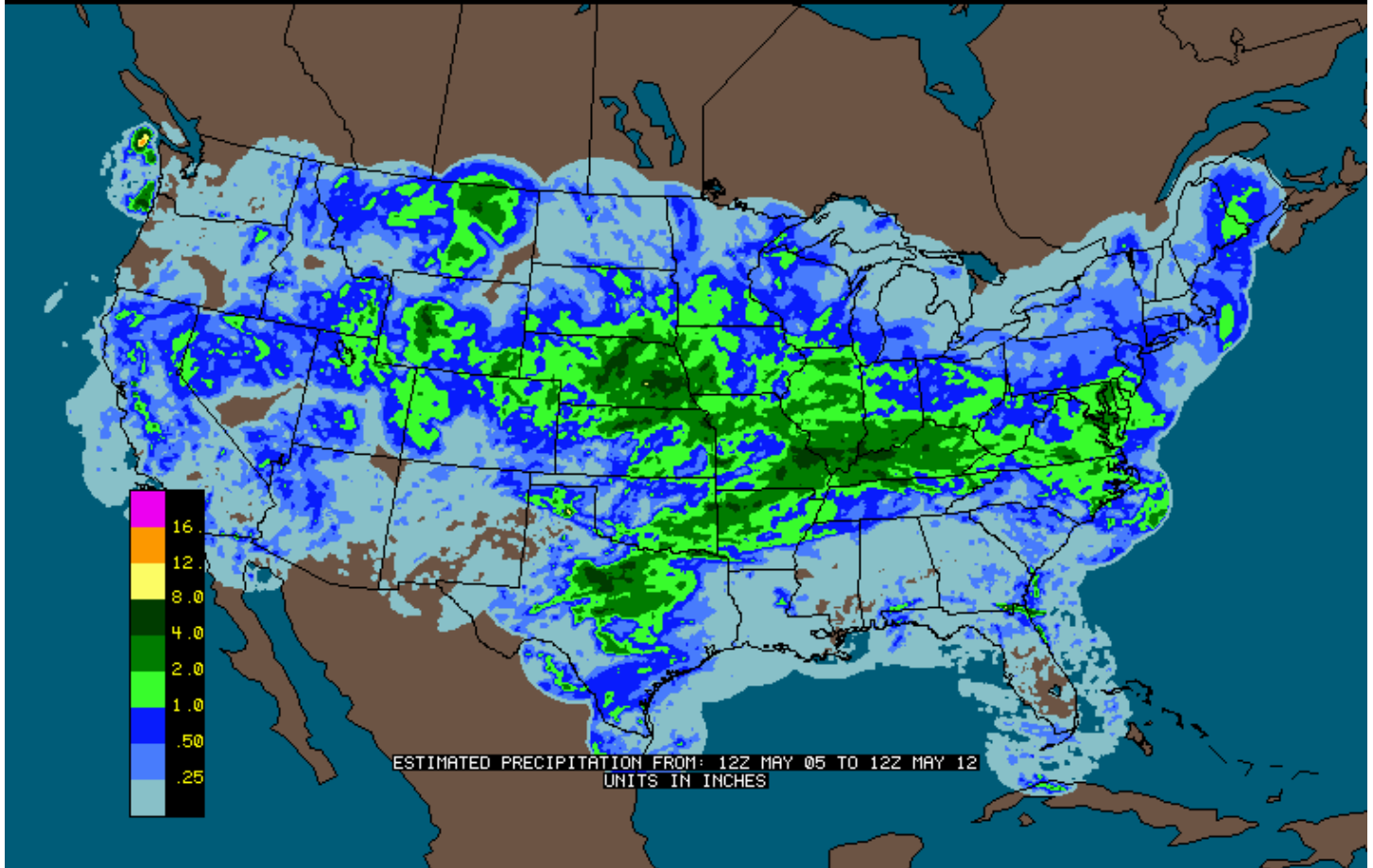
Weekly corn sales were pretty good as well with 43.5 mln bushels of old crop corn sales, along with 5.9 mln new crop. We'll call that friendly despite the fact total sales are still more than 100 mln bushels lower than a year ago at the same time. Milo sales were decent at 5.2 mln. Soybean sales were neutral at 7.8 mln old and 300,000 new crop. Wheat was ugly once again with only 10.8 mln old crop and 14.3 new.

I hate to say it, but wheat has absolutely nothing positive going for it right now. If it is going to rally in the near term, that strength is likely going to have to come from spillover if corn decides to go up. Without that it's not looking good.

6-10's last night were showing normal to below normal temps for most of the Corn Belt. Normal in the central and northern Plains states and above normal from Central Texas through the Delta states. Precip was pegged at above normal pretty much everywhere.

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