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Cattle on Feed reports often get snubbed by some analysts who believe the data isn't a very accurate depiction of actual numbers. There are also some that place a high level of importance on the data. Sometimes the market ignores the report, sometimes not and yesterday not only did it react to the numbers, but it over-reacted in a huge way. Granted, the numbers definitely had a bearish skew with total On Feed supplies 1% larger than the average trade guess and placements 8.5% higher. Based on that info, there should have certainly been a negative reaction from the shock factor of such a large deviation. That still doesn't take away from the fact markets like the spot June Live Cattle were carrying an enormous discount to the recent cash trade, along with deferred contracts carrying an even larger discount. Feedlot cash in the low \$130's and futures well below \$120 is a big disconnect for the market. No doubt that has bearish implications for cash this week as a result.

Yesterday's futures action had a lot of live cattle contracts down their \$3 limit. Feeders down \$4.50 on quite a few and hogs moderate to actively lower as well in sympathy.

Cattle slg. ___ 111,000 -2k wa 2000 ya (Memorial day)

Choice Cutout ___ 224.32 -1.64

Select Cutout ___ 207.15 -1.27

Feeder Index: ___ 150.42 +1.89

Lean Index. ___ 78.96 +.15

Pork cutout ___ 84.15 +.75

IA-S.MN direct avg ___ 75.39 -.23

Hog slg. ___ 431,000 -3k wa 4000 ya (Mem D)

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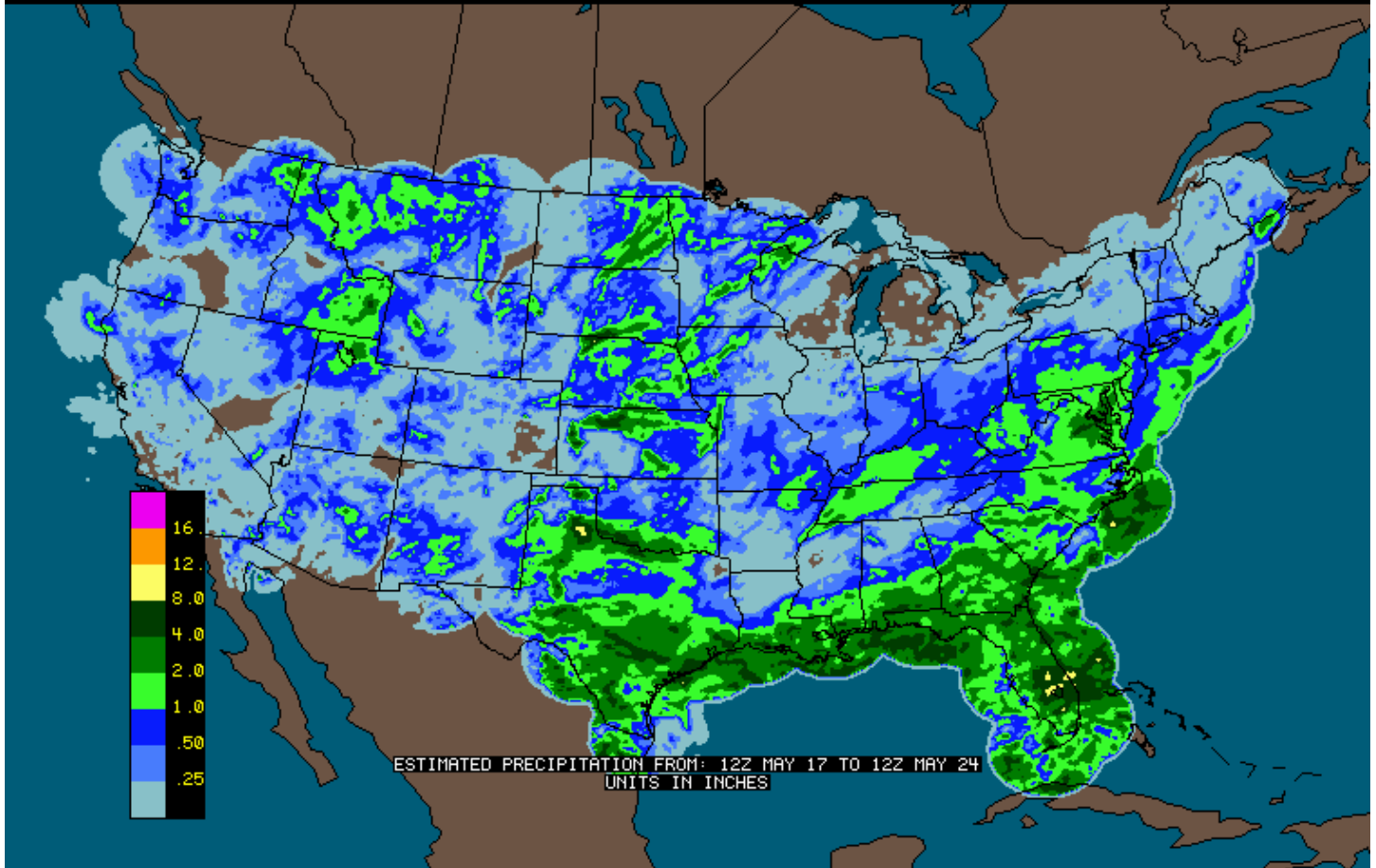
In the grain and oilseed trade, soybeans faded hard again on Monday, while corn managed to close over the \$4 mark on new crop and higher net changes in price. Wheat futures were lower with Chicago showing slightly larger losses than the KC. Neither were off very hard.

I found the market action yesterday very intriguing. The soybean market definitely acts tired from the bull run, but when the bull run had a lot more upward price movement than what could be fundamentally justified, it kind of eliminates the potential to predict if the highs are in or not. I'm still of the belief that the majority of the run up was fund and managed money induced and not fundamentally induced. Yes, there have been some friendly news tidbits added since early March when the recent lows were set, but not \$2.00+ friendly news. In my opinion since then, beans have become less bearish than they were this winter, not outright bullish. For this move, beans will be done going up when the funds stop buying and start actively selling out of their longs and want to stay out. Good luck predicting that one, because it has no fundamental backing...

Crop progress and condition data in the fall crop markets yesterday spoke very clearly that the Eastern Corn Belt is way behind in some places on corn AND soybean seedings. There was a lot better progress made last week than in other recent weeks, but states like Michigan, Ohio and Indiana are all way behind the 8-ball still in getting their crops in the apparently muddy ground. National corn planting progress was 86% complete, while the trade was looking for a number closer to 90% done. 86 is still 1 ahead of the average pace, but 4 below last year. Soybean planting moved up to 56% done, 4 points ahead of average and 20 better than a week ago. My guess is, if there is going to be any wholesale switching of corn to beans anywhere in the Corn Belt, it might come in the east, IF it even happens. That's a tough one to get a good handle on for accuracy.

Winter wheat conditions remained at 62% g/ex and 8% p/vp, all unchanged from a week ago. Compared to last year p/vp is 11% less and g/ex is 17% better. Yes, we have a better winter wheat crop coming. Spring wheat seeding was 95% complete versus 77 on average for this time of year. Emergence on that spring wheat is 27% ahead of normal. Winter wheat heading is 9% ahead of normal. Kansas specifically is 96% headed compared to 83% on average. Back to the spring wheat, condition ratings were 76% g/ex and 2% poor. Zero very poor.

6-10's last night were below normal temps in the SW winter wheat areas and normal to above everywhere else, including the Corn Belt. Precip was pegged at above normal everywhere, except the far West Coast.



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