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The majority of the ag sector commodities were in the red on Wednesday, aside from the hogs that showed support on the fall and winter contracts, but they were still lower on the front. Live and feeder cattle futures melted lower again, with little to no fundamental backing for the selling. Technicals are very weak at the moment and unfortunately that's trumping any fundamental logic.

Negotiated cash feedlot trade this week looks like it could be on the strong defensive. The Fed Cattle Exchange traded at a weighted average of just over $123 and there was a very mild amount of USDA market news reported trade at $123 in Kansas and $198 dressed in Nebraska. Between the exchange trade and the reported trade that's $5 lower than the top end of last week. Basis is wildly out of line in the live cattle business, but it's also out of line and wildly favorable to the "hedged" basis trader selling cattle. Could cash be higher? Sure, but who doesn't smile selling hedged fats at lower money than the previous week, during the delivery period, less than two weeks from expiration and still getting close to a $6 positive basis on the trade??? It's the unhedged cattle feeders crying foul.

On the flipside though, there is absolutely nothing logical about the discrepancy between futures trade and cash market indicators. Choice cuts are about $4 higher than where they came into the month trading and select is about $3 higher. Along with cash still trading at a big and very unseasonable premium to futures, price discovery is still not functioning properly.

Cattle slg.___ 112,000 unch wa +18k ya

Choice Cutout__226.42 -1.92

Select Cutout___204.26 +.19

Feeder Index:___147.44 -.36

Lean Index.__81.62 +.52

Pork cutout___87.40 -.43

IA-S.MN direct avg__80.24 +.55

Hog slg.___427,000 -3k ya   +1k ya

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Grain and oilseed trade was solid red yesterday with KC wheat ironically showing the mildest losses across the complex. Big wheat yields and test weight talk has been tamed quite a bit by someone finally putting a pencil to the financial benefit of wheat feeding versus corn in the far Southern Plains. I'm not sure if that's enough to support wheat longer term, but as bearish as the wheat supply is, anything that potentially cuts into that ending stocks number is good news.

Very interesting trade in the Dec corn over the last three days. On Monday it matched a previous spike high from back in July of last year at $4.46 ¾ and failed. Tuesday it barely tiptoed above that mark, then two nights ago it took that old high out by 1 ¾. I would have expected a much stronger push up into new high territory with stops and new spec buying responding to the positive charts, but instead corn failed yesterday.

Weekly export sales numbers were bullish across the board this morning, even in WHEAT! Wheat sales were 28 mln bushels and that's the first time we've seen a "2" in front of the sales number in a long, long time. Keep the fingers crossed that it becomes a trend… Corn sales were a hefty 35.8 mln along with beans at a whopping 30 mln old crop. The only disappointment today was milo sales at 2 mln bushels.

6-10 day forecasts pulled the intense heat out of the Corn Belt. Central and High Plains temps and farther west were still above normal. All the Corn Belt temps were normal to below. Moisture was below normal in Texas and Oklahoma and through the far southern tip of the Corn Belt and normal to above everywhere else. There's some conflicting forecasts out there for the Corn Belt, with some calling for the heat to stay and others seeing it backing off. Looking at the upper air forecast maps, the only consistent is intense heat remaining parked solidly over Kansas and areas south and west. That, I do not like.

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