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The steep discount of the now spot August live cattle contract compared to last week's cash continued on Wednesday and actually grew a little larger even. Live cattle futures settled moderately weaker, feeders mixed and hogs under heavy pressure on the deferred months. There was a fairly broad range of trade in both cattle markets and also still a lot of confusion coming off of the previous day's trade when they both were hit with a huge selloff and then big rally into the close.

Early week packer bids are lower than last week, yet considerably higher than the current futures price, but that shouldn't be of too much concern considering the calendar date and the fact we're a long way from getting into deliveries when futures and cash do need to converge for the spot August contract. One sure-fire remedy for that problem that we've had for several years in the disparity between futures and cash would be to add a futures contract for every calendar month, making 12 live and feeder contract months in a year. Having delivery potential basically 3 weeks out of every month would make great strides in fixing that basis dilemma. Right now the abnormally large premium of cash to futures is just encouraging aggressive marketings at the feedlot level. In a sense that's supportive to the market though because it should help keep live and carcass weights in check by promoting timely marketing instead of overfeeding like we had late last winter and early this spring.

Cattle slg.___ 111,000 -2k wa +1k ya

Choice Cutout__209.08 +.25

Select Cutout___196.93 2.14

Feeder Index:___143.85 +.36

Lean Index.__ 83.24 -.59

Pork cutout___90.07 +.81

IA-S.MN direct avg__78.47 -.99

Hog slg.___434,000 +8k wa   +17k ya

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Grain and oilseed futures are right back in the mode of switching directions with every change of the forecast. Unfortunately most of the changes lately have just been from rain to more rain though. That has made recent direction sharply lower more times than not, but heading into the close yesterday soybeans caught a strong surge of buying that brought the new crop contract up to positive at one point, but it still didn't close there. Corn on the other hand posted new contract lows and stayed there and wheat was solid red across all three markets as well, hovering just above the lows.

Looking at the spot continuation chart in corn, since October of 2014 the market has been in a very defined range with several highs in the upper $4.30's and lows in the upper $3.40's. The trade over the last three days has put price lows below $3.40 every day. That breakout below the bottom end of a well-defined 20 month range is a bad sign technically for the corn market.

In the case of wheat, both the KC and Chicago spot month markets are now sitting at the lowest price levels since 2006. Minneapolis wheat is still sitting above 2016 and 2015 lows, anchored there with a lot of fundamental support because it appears spring wheat might be the only decent protein source in the wheat market this year.

Soybeans look vastly different on the longer term charts with prices still well off the winter lows, higher than all of 2015 and the last half of 2014 as well.

6-10 day weather forecasts last night showed above normal temperatures for the entire Corn Belt, but above normal precip chances throughout it as well. Central and Southern Plains areas showed above normal temps and below normal precip.

Two other tidbits of news to talk about this morning. First off, Brazil's CONAB estimated this year's corn crop at 69.1 mmt's down from 76.2 mmt's previously. They left their soybean estimate unchanged at 95.6 mmt's. Next up were a couple of 8:00am USDA daily export announcements. There were 120k mt's of US new crop bean sales to China, along with 137k tonnes of corn sold to Mexico. The majority of that corn was new crop, but there was some old in the mix as well.

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