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Date: September 28th, 2016

The entire meat complex was mired in red ink yesterday with feeder cattle having one contract that settled limit lower, which is down \$4.50. Fats had the front two months down their \$3 limit. Hogs didn't push limits, yet had once contract down more than \$2. Expanded limits mean even more volatility potential exists today and that only adds more insult to injury in what is already kind of a dysfunctional market.

On Friday after the close we get quarterly Hog and Pig report data released. Expectations are looking for a total inventory number of 101.2% of a year ago. Breeding herd numbers have an average guess of 100.9% and market hogs at 101.3%. Summer farrowings are pegged at 98.8% of a year ago, but yet the pig crop this summer is expected at 100.8% due to an estimated 2% increase in pigs/litter. Fall and winter farrowings have estimates at 99.9% and 100.9% respectively. The hog market has been bearish and will continue to be if numbers come in at or above these expectations. In the macro-picture that doesn't bode well for cattle either.

Cattle slg. ___ 113,000 -1k wa +1k ya

Choice Cutout __188.22 +1.18

Select Cutout ___179.58 -.07

Feeder Index: ___136.81 -.33

Lean Index. __58.21 -.72

Pork cutout ___77.57 -1.04

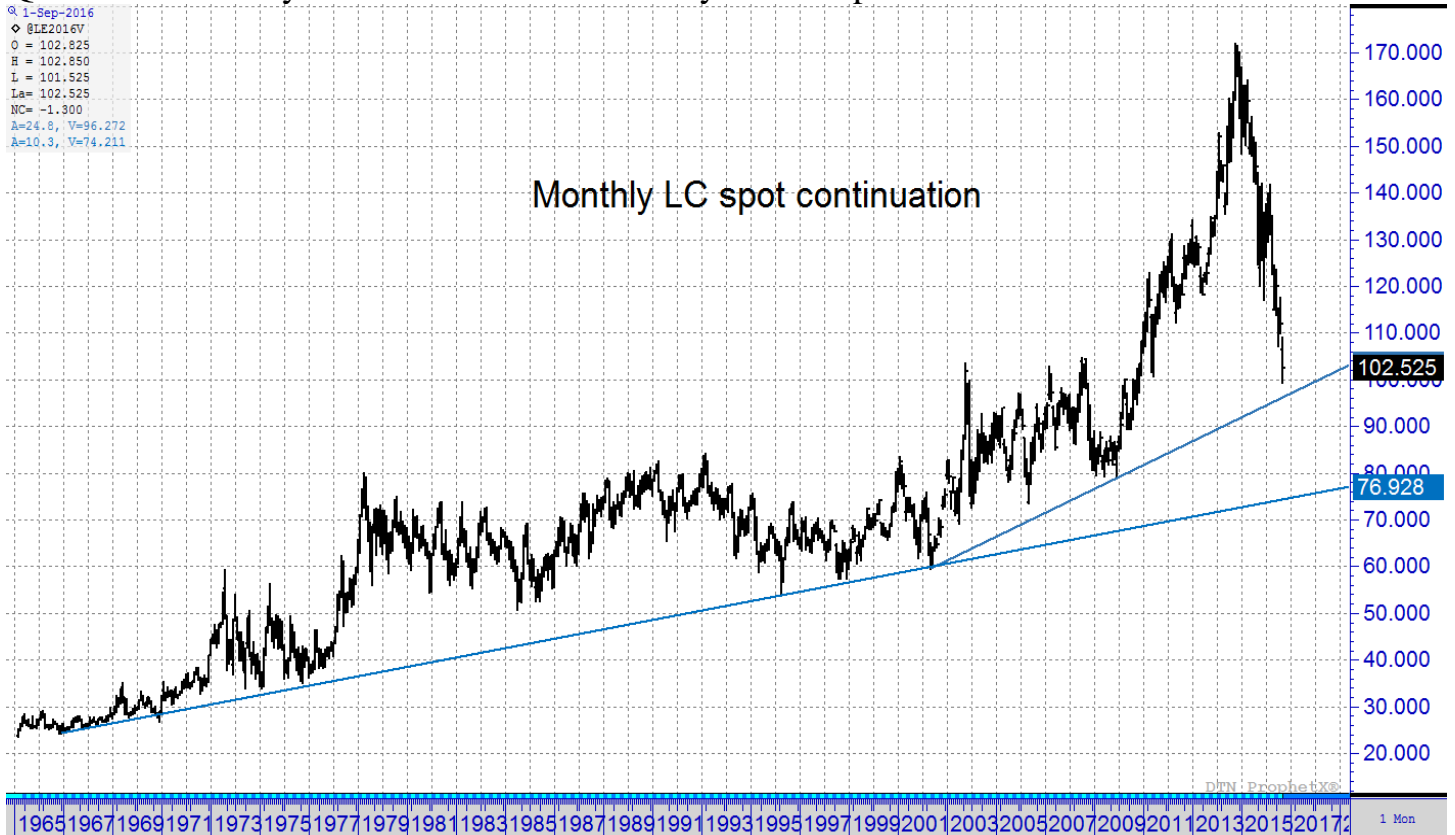
IA-S.MN direct avg __50.34 -.59

Hog slg. ___440,000 +1k wa +12k ya

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Question of the day: Is the cattle market really too cheap?



Moving on to the grain and oilseed trade, markets were up across the board yesterday. I'm not so sure there was enough friendly news to warrant the higher closes, but I wasn't upset about it either, especially given the fact we're solidly into harvest now.

8 a.m. export reporting had a barrage of new business in corn and beans. 311k mt's of US beans were sold to unknown destination. 133k mt's were sold to China. 1.577 mln mt's of US corn was sold to Mexico with 1.036 mln in this marketing year and 541k in next year's new crop.

6-10's were showing above normal temps for the Plains and Corn Belt and below normal precip east, above normal central and north. The Dakota's are where the heaviest moisture is forecast.

Given the tremendous soybean yields being reported all over the country, the demand side of this equation needs to keep up the current pace, or even speed it up a little. Daily sales are great, but this week's export loadings weren't that hot from Monday morning's report. Corn is more of a question mark. Demand is good and the supply is the question. By the January final numbers we don't believe we'll have a 175 yield. Odds are it will be lower. Beans on the other

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hand, seem to be a gimme they'll be higher than current estimates. It's just a matter of how much higher.

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