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Commodity Consulting/Brokerage

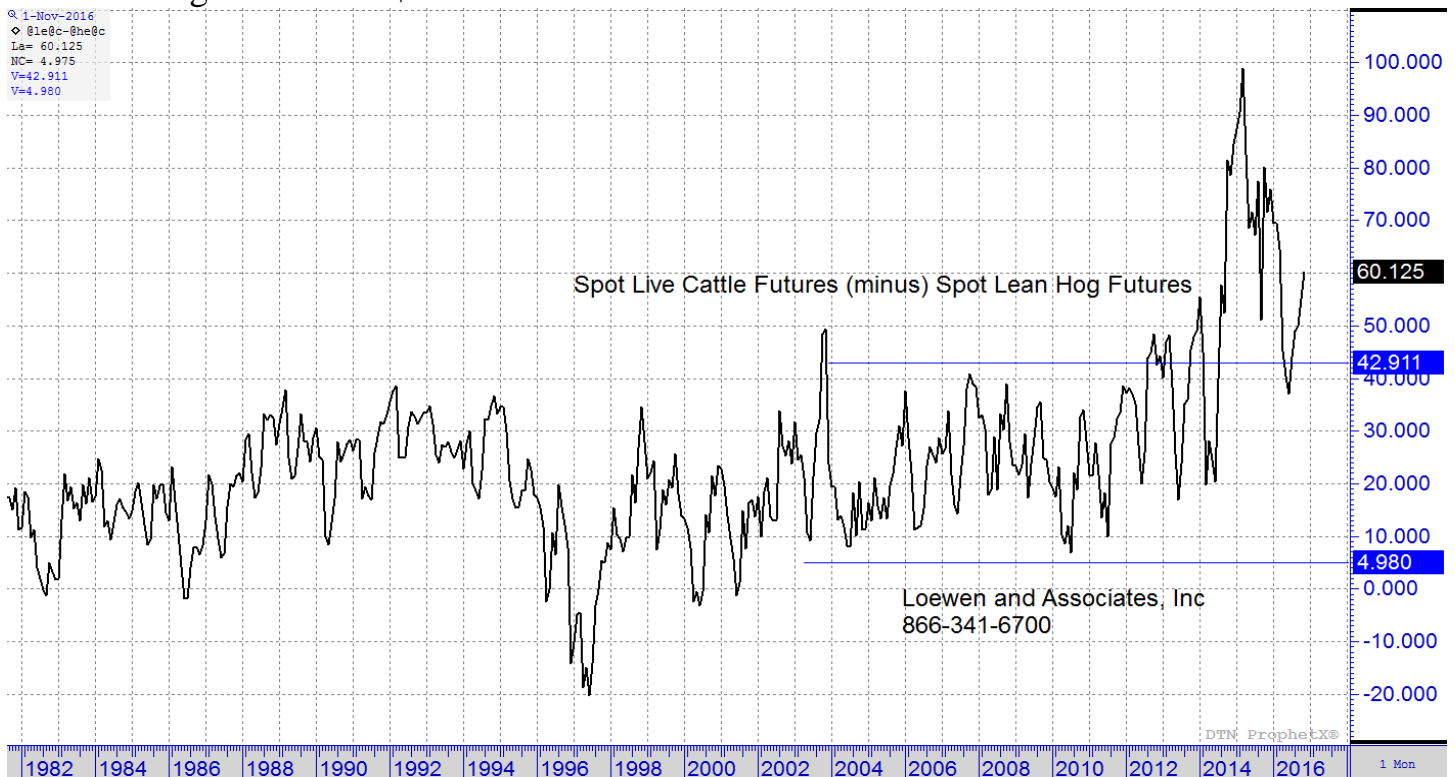
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Pretty good close on Wednesday in the meats with hogs flat to mostly higher, live cattle mildly higher and feeders with a few contract months up in the triple digits. Negotiated cash feedlot trade was on fire again with good gains compared to the previous week in all regions. Texas and Kansas traded cattle from \$110-\$112 live, which is up \$3 on the top end from last week. Additionally, last week's trade was up \$5 from the week prior, so this is a really nice run in cash. Nebraska live trade ranged from \$110 up to \$113.50, \$3.50 higher on the top end. Their dressed trade was \$175, which is up \$5.

I still see a big dilemma with the futures price spread between cattle and hogs. At the height of the cattle market rally in 2014, spot live cattle futures minus spot lean hog futures was at \$100. When cattle turned the corner and started to fall over the next two years, that spread reached a low point of around \$38-\$39. Wednesday it was back out to \$60. Historically, very seldom are front end hogs more than \$40 below cattle.



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Export sales were friendly this morning in the meats. Net sales of beef were up 26% from a week ago and 14% above the 4-week average. Pork sales were up 35% from a week ago and 3% above the 4-week average.

Cold Storage data released after the close on Tuesday was friendly to hogs and actually a little bearish to cattle. Total beef in freezers was up 5% from a year ago and 3% higher than the previous month, but pork was down 7% month to month and 1% lower than a year ago. With massive hog kills and pork production hitting the market that was good to see for the hogs.

Cattle slg.____ 115,000 unch wa +3k ya

Choice Cutout__186.64 +1.42

Select Cutout___170.12 +.95

Feeder Index:___128.00 +.45

Lean Index.__47.52 +.03

Pork cutout___73.35 -.38

IA-S.MN direct avg__41.64 +.43

Hog slg.____443,000 +1k wa +5k ya

Grain and oilseed futures settled pretty flat on Wednesday. Soybeans were up mildly, corn fractionally mixed and wheat mildly lower.

There was no overnight trade in grains last night and today's closes are 12:05 CST in grains and 12:15 in the meats.

Weekly export sales data was pretty good across the board. Corn sales were 66.5 mln bushels, along with milo sales at 11.5 mln. Those are good numbers. It takes cumulative corn sales for the marketing year up to 1.154 bln, compared to 653 mln at the same time last year. Soybean sales were 69.8 mln bushels, bringing their ytd total up to 1.483 bln compared to 1.175 bln last year at the same time. There's a stark contrast in both corn and soybeans between cumulative sales commitments and actual shipments of the grain to the buyers. Less than half of the total marketing year commitments for corn have actually been shipped. Soybeans are just over half. Total unshipped is 724 mln bushels of corn and 682 mln in beans. Wheat sales this morning were 26.2 mln bushels, which was well over that 20 mln mark I like to see. That's a bullish

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number for wheat and takes ytd commitments up to 676 mln bushels, compared to 516 mln last year.

Two other tidbits in the world news. Brazil's AgroConsult pegged Brazil beans at 102.6 mmt's up from 96.3 this year. Corn at 92 mmt's, up from 72 mmt's this year. The International Grains Council pegged global 16/17 grain stocks at a record 500 mmt's, up from 475 mmt's last year.

Bullish export sales, bearish world grain news and a lot fewer market participants around because of the holiday means anything goes in today's action, regardless of the news.

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