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Both the live and feeder cattle futures looked good at one point yesterday and then looked bad at the end. Fats finished the day down in the triple digits on the front three months, but were higher on the deeper deferreds. Feeders were mildly lower on the front three and mildly higher from May and beyond futures. Front month January feeders narrowly missed an outside day lower close on the charts, which would have been a bearish key reversal. Even though live cattle were a lot lower at the close, they actually looked better on the charts. Front month Dec live cattle filled the gap left on Friday and that opens the door for more technical upside potential since Friday's close also included breaking out above long term downtrending resistance.

OK City and Joplin sales were both higher yesterday. The mid-session Oklahoma City prices were $1-$4 higher on feeders and steady on calf market trade. The run was 2180 head bigger than the previous week. Joplins run was 4800 head lighter than the previous week. Calf prices were steady to $3 higher, yearlings up to $2 higher.

Charts are looking good in cattle, cash is looking good and hogs have been in a steady uptrend as well, helping things out from the competing meats aspect. All that sounds bullish, but I'm very cautious about getting too bulled up to meats in the winter time, and definitely wary about continued massive pork production tallies, along with big cattle kills every week.

Cattle slg.___ 114,000 -2k wa +6k ya

Choice Cutout__188.00 +.36

Select Cutout___172.75 +1.45

Feeder Index:___129.35 +1.53

Lean Index.__48.06 +.17

Pork cutout___74.81 +.78

IA-S.MN direct avg__42.80 +.30

Hog slg.___443,000 unch wa   +3k ya

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Grain and oilseed trade found the soybean futures marking their 7th straight day of higher closes, a lot of which have been double digits higher. Corn and wheat have both somehow managed to completely ignore the soybeans through the whole debacle as well.

A couple of factors have helped out the bean market; 1) funds have been very active buyers of soybeans and they largely have ignored supply fundamentals in that trade, 2) soybean oil has been on a tear higher, led by palm oil, as well as bean oil bullishness from EPA mandate increases in biodiesel, and, 3) export commitments, as well as inspections have been really big since the marketing year began.

In the last 6 weeks there have been two different occasions where weekly soybean export inspections were over 100 mln bushels. Yesterday's weekly inspections were 76.8 mln, bringing marketing year to date totals up to 882 mln, 19% higher than last year at the same time. Corn inspections yesterday were 31.5 mln bushels, which was neutral.   Wheat inspections were 8.2 mln, which is pitiful.

The flipside of the soybean bullishness is the likely supply shocker that traders will be getting in the January final production totals in the crop report. I think we're looking at a solid 53.5 bu/ac US yield in beans when that data hits, which will still put ending stocks up over 400 mln, even with demand increases from seed and exports. Weak basis and wide carry are telling the market there is an abundant supply of soybeans despite the big rally lately. Don't ignore those factors…

Finally this morning, the final crop condition number of the season was released yesterday for wheat. It showed winter wheat g/ex conditions at 58%, unchanged from the previous week and 3% better than last year.

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