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The turn of the calendar to a new year sometimes brings odd, unexplainable price moves and yesterday was no different. The hog market trade posted a giant bearish key reversal lower on the charts. Key reversal lower meaning- hogs made new recent highs early on in the session and then fell off a cliff, trading below Friday's low and also closing lower. Hog and pig numbers were very bearish a week and a half ago, yet hogs had been slowly trekking higher ever since. As a recap from those report numbers, the total inventory and market hog numbers were up 4% from a year ago compared to expectations of a 2% increase. The fall pig crop was 3 ½% higher than the expectations at 105%, along with pigs per litter up 1%. Farrowing intentions for winter and spring were all higher than expectations as well. Obviously very bearish numbers, yet the futures close yesterday was still above the close from the report day **and** was down over $2!

In the cattle complex, feeder cattle trade was flat, but the live cattle were down over $1.00 on the front month February contract. After seeing cash feedlot trade gain $2 last week, moving up to $118, it was a little disheartening watching front end futures react with trade down below the $115 mark.

Granted, I'm not very bullish from current price levels from a fundamental perspective, but with cash moving solidly higher and choice cutouts over the $200 mark again, momentum is certainly higher. No different than the hogs though, I'm not convinced these kind of price levels are sustainable. The US dollar index made new recent highs yesterday, meaning the export potential becomes tougher. Additionally, the market is still facing aggressive expansion in hogs and mild to moderate expansion in 2017 in placements of cattle on feed. Gotta have somewhere to go with that product and if exports experience a downtick it will have to be consumed domestically. That doesn't happen at higher price levels.

Cattle slg.___ 117,000 +2k wa +6k ya
Choice Cutout__203.33 unch
Select Cutout___193.57 +.73
Feeder Index:___133.15 +.72
Lean Index.__ 57.47 -.29

Pork cutout___80.54 -1.23
IA-S.MN direct avg__53.34 +.90
Hog slg.___444,000 +2k wa

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In the grain and oilseed trade, corn settled mildly higher while wheat and soybeans were both lower. Soybeans were right on the edge of double digits lower, but thankfully missed that mark. Odd seeing corn up in the face of the other two down and I don't really have a logical explanation for it either.

Export inspections that were released mid-morning yesterday showed corn at 25.1 mln bushels, 58 mln bushels of soybeans and 14.5 mln wheat. Milo export inspections were less than half of what they were last week and also last year at 2.6 mln bushels. Overall, I think the report was friendly to corn and soybeans, neutral to bearish wheat and bearish milo. Some were calling the wheat number bullish, but I just don't see anything under 15 mln bushels being friendly at all. Certainly not with an ending stocks forecast of 1.143 bln bushels and stocks to use of 50.4%. Those are tremendously bearish numbers and the wheat market has been conveying that very loudly with futures still stuck around $4, big market carry in KC and Chicago, along with terrible basis.

Kansas ag statistics service put out winter wheat ratings and soil condition reports yesterday. HRW wheat was rated 19% p/vp, 37% fair, 42% good and 2% excellent. Topsoil moisture was 23% very short, 34% short and 43% adequate to surplus. Subsoil was 16% very short, 28% short and 56% adequate. While it's never good to be dry, I'll still argue the best time to be dry is in the winter.

6-10's last night showed above normal temperatures in an east/west line from Colorado, Kansas and Missouri to the south. Normal to below normal temps were predicted north of that line. Precip chances were below normal in the central and southern High Plains and normal to above in the Central, Northern Plains and Corn Belt.

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