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Lean hogs scored triple digit gains on the front two contract months yesterday, but failed to gain back even half of Tuesday's losses on the front end February contract. That left the bearish key reversal from Tuesday intact. Live cattle finished moderately higher on the front two months and flat on the rest. Grain and oilseed trade moving actively higher caused feeders to fall under pressure, resulting in the front three contracts closing more than $1.00 lower. Literally every grain, oilseed product and livestock market was higher except the feeder cattle. More than likely that's tied to index fund buying in New Year rebalancing, not any kind of fundamental catalyst as the driver.

I spent some time yesterday talking about the fact lean hog futures have yet to take out the low that was posted during the next two trading days following the quarterly Hog and Pig report that came out before Christmas. Those report numbers were very bearish, yet the futures trade as well as cash have been up more days than not, while product has lost a couple of dollars. I'm not in any way fundamentally bullish hogs, but the technical aspects of the trade continue to impress.

Negotiated feedlot action had USDA market news picking up some $118 live trade from north to south yesterday, along with $188 dressed in Nebraska. Compared to the top last week, that's steady on the hoof and $2 lower dressed. Given the fact choice cuts are above $203 and select over $194, compared to that $188 dressed trade, packer margins are very deep in the black right now. I think it will be tough to maintain those current product quotes though considering the US dollar index has rallied so hard and both beef and pork, along with poultry production is on the increase relative to previous year levels. Record proportions in the case of pork.

One bright spot for meats is the continued increase in bird flu cases being reported in different areas around the globe. Latest reports for poultry and fowl culling and quarantine were in France and Chile.

Cattle slg.___ 116,000 +1k wa +10k ya
Choice Cutout__203.65 +.32
Select Cutout___194..30 +.73

Feeder Index:___133.67 +.52
Lean Index.__ 57.58 +.11
Pork cutout___79.31 -1.23
IA-S.MN direct avg__54.62 +1.28
Hog slg.___441,000 unch wa   +6k ya

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In the grain and oilseed trade, beans were up 20+ on some contracts, wheat in the double digits in both KC and Chicago and corn was mildly higher for the 2nd day in a row. Soybeans going from down 9 on Tuesday to up 20 yesterday made zero sense, so I don't think it deserves much explanation for what's fundamentally driving things this week. As I mentioned earlier, the funds probably had a lot to do with the bulk of the ag markets being higher.

Overnight trade in the grains finished fractionally lower corn, 3-5 lower in beans and mildly lower in the wheat. When you don't get good follow through from good gains like we had yesterday, it just goes to show how choppy and back and forth these markets have become. It's good to see corn getting back closer to the top end of the range we've traded over the last couple months. Soybeans at last night's close still had all contracts except the new crop November up over $10 again. Plus, wheat is at the highest levels we've seen in a month, aided by deteriorating HRW wheat crop conditions in this week's state-level releases.

6-10's last night remained largely unchanged from the previous day with temps at above normal from Colorado and Missouri and to the south. Normal to below was indicated from Nebraska north. Precip was still below in the Central and Northern High Plains and normal to above everywhere else.

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