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Live cattle futures closed out the week really well last Friday and opened up this week in good shape yesterday also. Front end Feb live cattle actually posted a new recent high, remaining perched right in the middle of the last feedlot cash levels that were traded. .

Available feedlot supplies should be fairly tight through the rest of winter, but packer margins have tightened up significantly as well. It was easier for beef processors to pay up when product was over $200 in the choice cutouts. With cash continuing to rise weekly and choice cuts now just barely over the $190 mark I'm guessing packers are going to get a lot fussier about giving in to higher offers. The futures trend is up and the cash trend is up, but don't lose sight of the fact 2017 beef production is forecast to increase 2.8% over 2016 and 9.5% over 2015. Pork production is expected to increase 5.1% this year versus last. Maintaining a higher trend over the long haul isn't very likely. It's going to take bigger domestic demand as well as increased exports. The export side of that is a tall order if the dollar index remains elevated versus year ago levels.

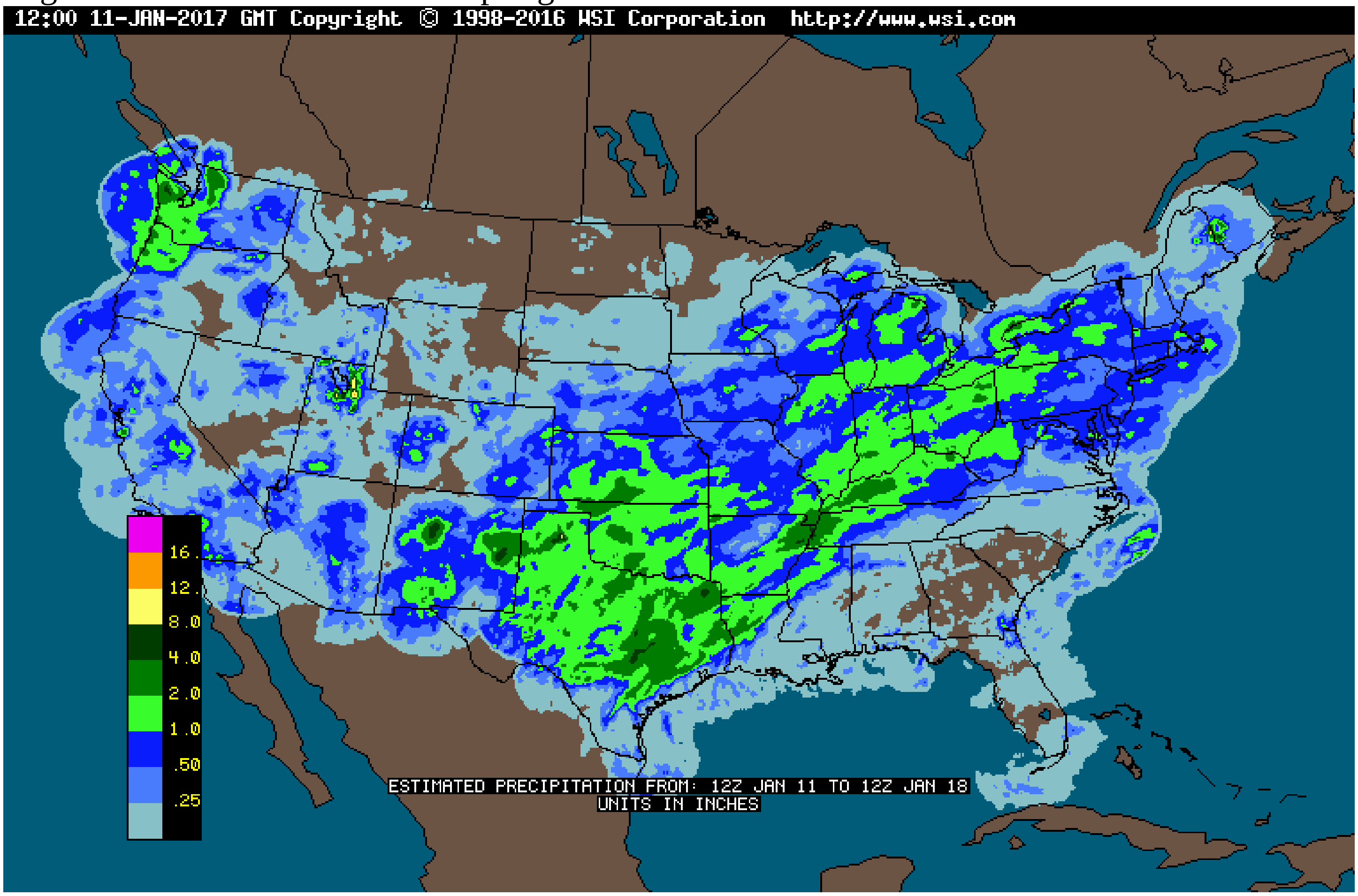
Cattle slg.___ 111,000 -5k wa -2k ya
Choice Cutout__191.62 +.23
Select Cutout___187.23 -.23
Feeder Index:___132.56 +.57
Lean Index.__ 64.84 +.74
Pork cutout___80.53 +.59
IA-S.MN direct avg__63.00 +.13
Hog slg.___428,000 +3k wa -9k ya

In the grain and oilseed trade, soybeans found very active gains on the front end contracts. Corn was moderately higher and wheat mildly higher.
A combination of too much rain in some of the Argentine crop areas, along with a mild amount of support from good export inspections gave soybeans the big boost. Ironically, USDA didn't change Argentina's soybean production estimate from a month ago in last week's report, despite a lot of weather bulls already touting conditions being less than ideal. Over the

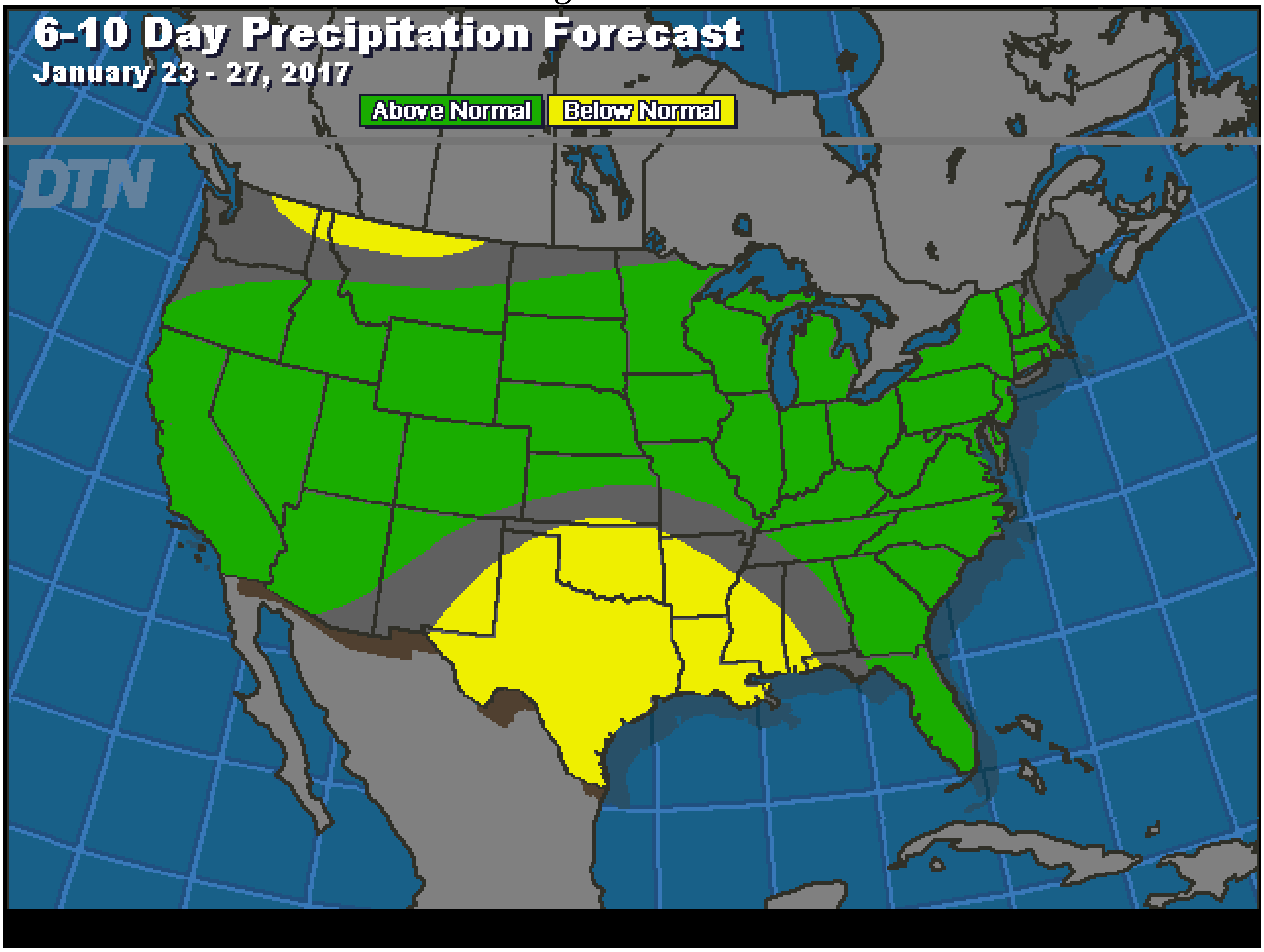
weekend the heavy rain and flooding banter picked up considerably, along with a few private forecasters already cutting production estimates. Whether it is warranted or not, weather premium is being added and it was a big boost for old crop soybeans.

Export inspections were mildly friendly corn, bullish beans and bearish wheat. Corn shipments totaled 35 mln bushels. Soybean shipments were 51.8 mln bushels, which came in very close to last week's 51.3 mln total. Wheat loadings were only 12.7 mln bushels, compared to 12.5 the previous week. Both numbers are poor and well below the upper teens to low 20's number it would take for me to consider it bullish.

Adding a little more pressure to HRW wheat price potential, there were some tremendous moisture totals in last weekend's rain and ice event over parts of Kansas, Colorado, Oklahoma and Texas. Enough in a lot of areas to cure the topsoil moisture deficit. That will be a big boost for the well established wheat when it breaks dormancy. There's also places where it was so far gone the only benefit the moisture provides is good starting potential for some other crop to go in on those same acres this spring.



6-10's last night showed normal temps in the High Plains, and above normal everywhere east of that line. Precip was called below normal from Oklahoma south and above normal from Central Kansas to the north and through the Corn Belt.



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