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Date: January 23, 2017

Futures and cash trade in the cattle complex had a banner week, but the hogs finished under mild to moderate pressure. Friday's closes had live cattle moderately lower, feeders actively higher and hogs mildly lower.

Cash feedlot trade last week showed strong gains, pushing up to the \$123 mark in the live trade in Texas, \$122 for a high in Kansas and \$122.50 in Nebraska, along with \$195 dressed. Comparing that \$195 dressed trade to \$190.42 choice and \$186.64 select cutouts shows how much packer margins have deteriorated in recent weeks. They are paying more for cattle than what they are able to sell beef for out the back door. I think that shows just how much leverage has shifted into the cattle feeder's hands. Last week's ice storm helped that leverage a lot, but the tradeoff was weights and performance suffering on the cattle being sold. A lot of the weigh-ups were quite a bit lower than projected because of the adverse weather conditions.

Feeder cattle and calf market trade showed Plains calf market trade steady to \$5 higher, but calves out of the southeast were steady to \$3 lower. Actual feeders were steady to \$3 higher, which was very close to matching the futures market gains for the week. Once again, the weather forced some cancellations on sales, so I'm guessing volume this week might be quite a bit higher. Auction receipts last week were down about 120,000 head from the previous week, but still about 25,000 higher than last year at the same time.

Cattle slg.\_\_\_\_ 112,000 fri wtd 569,000 -40k wa -6k ya (remember that Monday was a holiday)

Choice Cutout\_\_190.42 -1.18

Select Cutout\_\_186.64 -.85

Feeder Index:\_\_\_\_133.28 +1.03

Lean Index.\_\_67.01 +.32

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Pork cutout\_\_\_79.71 +.81

IA-S.MN direct avg\_\_63.70 +.27

Hog slg.\_\_\_417,000 fri, wtd 2.324 mln -71k wa +19k ya

Weekly closes had February Live Cattle +\$1.72, April +\$1.05, January Feeders +\$2.65, March +\$1.97, February Lean Hogs -\$0.30, April -\$1.15.

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Grain and oilseed trade showed higher weekly closes in corn, soybeans and Chicago wheat, but lower in KC. Friday was higher in all the grains, but lower in beans with the action fairly quiet. The highlight of the day was spot March corn closing at its highest level since July, finally trading above the sideways range it had been in since the beginning of October.

Weekly closes had March Corn +\$.11 ¼, December +\$.09 ½, March Soybeans +\$.21 ¼, November +\$.10 ¼, March KC Wheat -\$0.06, July -\$0.06 ¼, March Chicago Wheat +\$.02 ¼, July +\$.03 ¾.

New crop December corn also got its highest trade since July and the highest close since June. The trading range for that Dec corn had been in the vicinity of 20 cents for the last 3 ½ months, so this was big news for corn, bringing a chance to maybe touch the \$4 level now. I'm guessing that "4" handle will have a huge amount of psychological resistance, as well as a huge number of new crop sales targets to chew through. By comparison, new crop beans were trading higher than Friday's levels in both November and December. July KC wheat traded at its highest level since August last week. Chicago wheat was at its highest since November. Minneapolis September wheat was at its highest mark since all the way back to June.

Weekly export sales from Friday were bullish corn and beans, but bearish wheat. Soybean sales were 36 mln bushels, but the US bean sales program is about to get a gut check from being priced out of the market. US soybeans for February land in China at \$444.15, while Brazil beans are priced at \$442.16 for Feb and \$438.93 March. Argentina beans are priced at \$434.40 for April and \$431.09 May. Keep in mind, US soybean futures prices are trading higher in May and July than the March, so our offer prices are even higher in those months than versus the March futures on these Feb delivery prices. Not only is this going to cause a slow and steady, yet very seasonal reduction in US sales, but it also increases chances for cancellations and switching to other countries as well.

6-10's last night showed below normal temps in the deep south, normal in the central US and above normal in the far Northern Plains. Precip was below normal central and south and above normal in the far Northern Plains.

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World news this morning has a little bearish bias. Russia's Ag Minister to reporters that Russian grain exports should come in around 35-37 mmt's this year compared to 35 mln last season.

Argentina's Buenos Aires Exchange said wheat harvest was complete and estimated the crop size at 15 mmt's versus 10.8 mmt's last year.

Finally, China's Customs reported 2016 corn imports totaling 3.17 mmt's, which was down 33% from 2015. DDG imports were off 55% from the previous year. Add to that the fact our US milo exports have been terrible so far this marketing year and it continues to limit much bullish potential in corn.

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