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Yesterday's meat complex trade started with everything higher and finished higher across the board in hogs, moderate to actively lower in feeders and higher in all but the front month in Live Cattle.

The fed cattle exchange internet auction had a weighted average of $124.99, which was up $2.89 from last week. It didn't take long after that sale concluded for packers to actively post bids from north to south at $125 live. Initially the offers were well above that level, but Southern Plains trade turned very active at $125, which is steady with last week. Nebraska posted trade from $124 to $126, which would be up $1 on the top end. Colorado peaked at $126 as well. I'm guessing there is more business to be conducted yet to the north and hopefully at even better money.

Couple of things to cover this morning. For starters, I was a little disappointed with the front month April Live Cattle futures, not being able to hold gains yesterday, particularly with the deep discount it had compared to the February when it expired two days ago. Feedlot cash being steady to better compared to last week should give futures trade the ability to remain supported or even advance a little more, but like I said, yesterday's action heading into the close was disappointing. Feeders closing solidly in the red was very disappointing.

The second thing I want to touch on is a combination of available supplies and the recent product market action. Choice cutouts have now rallied $18.24 in ten business days. Given the fact it's March 2nd, the start of Lent and typically not even close to prime time for beef demand, I'm scared this product market rally can't last. Regarding numbers coming out of feedlots in coming weeks- those will be steadily increasing through March and into spring relative to year ago supplies and remain larger through much of the balance of 2017.

Moral to this story→ while the bullishness of cash and product might be able to hold on for another week or two, I don't think it's lasting. Cash should do more work moving lower to the April, June and August discounts than futures moving up to cash. I don't like to say that, yet that's how the numbers of cattle and demand for beef should be steering this market.

Cattle slg.___ 115,000 +1k wa +9k ya

Choice Cutout__206.58 +1.85

Select Cutout___202.87 +1.52

Feeder Index:___127.03 +.07

Lean Index.__74.77 -1.12

Pork cutout___81.62 -.32

IA-S.MN direct avg__68.52 +.45

Hog slg.___443,000 unch wa +6k ya

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Grain and oilseed trade caught another burst of buying heading into Wednesday's close. It pushed the soybean and wheat markets up into the double digits on most contracts. Corn wasn't far behind with front month March just a penny shy of 10 higher. Tuesday's sharply higher action faded fast when the biofuel related news flashes turned out to be just unfounded rumors. It was good to see buying return, but by the same token I don't really see the fundamental drive behind this action. The best news of the day from the farmer perspective was Dec Corn closing above the $4 mark again. We also had the front end March up over $375 again as well. Both of those numbers should have produced a little more farmer selling.

Weekly export sales data came out this morning and was a mixed bag of news. Corn and soybean sales were considered bullish. Wheat and milo sales were bearish. The wheat total was 13 mln bushels of old crop and 3.6 mln new. That's a long shot from the 20 mln needed to be considered friendly. Soybeans posted a 15.7 mln bushel tally for old crop and zero new. This time of year with South American harvest activity in full swing, anytime we get into the double digits for beans it should be considered good. Corn sales were 27.3 mln old crop and 800,000 new. That's a solid number for corn. Milo on the other hand was only 600,000 bushels old and zero new. Cumulative sales to date in milo are trailing last year by 114.2 mln bushels and sitting just barely over half what last year's marketing year total was at this date in time.

USDA reported January DDG production at 2.072 mmt's versus 1.905 last year. The corn grind was 476.3 mln bushels in Jan., up from 444 mln last year. The January soybean crush was 171 mln bushels, which was 1.1 mln larger than the average trade guess, 2 mln bushels larger than December and 11 mln larger than last year. Both of those stories should be friendly.

6-10's released yesterday showed above normal temperatures for everywhere in the US except the PNW that was normal to below. Central and Southern Plains temps were much above normal. Precip was below normal for central and northern HRW wheat areas, stretching east to about the Missouri River on the Nebraska / Iowa border. North Dakota, the central and eastern Corn Belt, stretching around and down to south Texas were all above normal on precip. I'd view that as a friendly forecast for KC Wheat in particular because it's promoting way too much growth on wheat too early, which makes the well established wheat vulnerable to freeze damage later. It also shows no relief for the areas in the High Plains that are still too dry.

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