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Ugly day for the entire meat complex on Tuesday with quite a few live cattle contracts down over $1.00. Feeders were down $2.00+ on the front month and $1.00+ on the next three months. Hogs were down over $1.00 on the front two and just mildly lower on the deferreds.

While I can understand the hog market catching some bearish selling based on last week's big Quarterly Hog and Pig report numbers, the bearishness of cattle futures is a little perplexing. It's not that I'm bullish the cattle, in fact from a fundamental standpoint I think we should continue a slow and steady grind lower in cash and product for a while. The reason I'm not so bearish towards futures is this big premium cash is still carrying versus front month April Live Cattle futures. Additionally, the June is discount to April by around $9 and then summer and fall months another $4.00 lower than the June. That puts August Live Cattle futures almost $28 under the top end of last week's Nebraska cash feedlot trade! The close yesterday had April futures $14.78 under that Nebraska cash top from last week. Heading into first notice day for deliveries on Monday, that reasoning is why I don't think futures should be under so much pressure like what we saw yesterday…

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Grain and oilseed trade was very slow and uneventful in the soybean and wheat markets yesterday, but the corn market caught some surprise pressure. Last week's quarterly stocks and planting intentions reports harbored bearish stocks numbers for corn and bullish acreage intentions. Yesterday I talked about how it almost appeared like the strength we saw in corn following those reports was quite possible keeping somewhat of a shelf of support under beans and preventing them from falling too much. Then yesterday happened and corn was down close to a nickel, while beans held up at just mildly lower net changes. I'm going to chalk that up to money flow more than anything else, because it made no fundamental sense.

6-10 day forecasts last night showed above normal precip for the entire Plains and Corn Belt. Temperatures were above normal from the eastern 1/3 of Kansas through the East Coast, normal through the Plains and below normal in a small strip from the western edge of the Panhandle up through the PNW.

In world production news, there were a pair of crop estimates put out overnight. Ukraine's AgroConsult forecast the Ukraine grain crop at 60.9 mmt's, up from 60.2 previously. They also pegged corn exports at 19 mmt's, up from 18.5 last year. A Brazil consulting firm estimated the Brazil soybean crop at a whopping 113.8 mmt's, up from their 109.7 mmt estimate in March. They put corn at 97.7 mmt's which would be unchanged from March. In the last WASD report, USDA put Brazil beans at 108 mmt's and corn at 91.5 mmt's.

Big picture here in the near term- the market continues to digest the ramifications of rapidly increasing South American crop size forecasts, as well as expanded US soybean acreage intentions. Excellent demand is the only thing keeping beans treading water. Corn has great demand and reduced acreage intentions and with some more push could break above the $4 mark on new crop again. For wheat, domestic and world supplies are monstrous and demand for US wheat isn't anything to write home about. Recent rains with very broad coverage over all of winter wheat country is increasing production potential, which is a bearish influence on price. The wild card for wheat is spring wheat acres and I think USDA overstated those in the intentions report. Based on current price relationships between spring wheat, corn and soybeans, plus last year's great corn and bean yields in spring wheat country, I think we'll see more acres shifted away from spring wheat than the current 11.3 mln acre estimate. That number is down 300,000 from a year ago. I think it will be even smaller.

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