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Yesterday's trade in the cattle had almost everything under heavy pressure, while the hogs were actively higher. Coming off of a COF report from Friday that had a general bias of bullish to the front months and bearish to the back, the futures trade actually responded very appropriately to the numbers. Deferred futures contracts were under the heaviest pressure, while the spot April fats were only mild to moderately lower. Based on that factor, the bears won the battle for market direction, but the 10% year over year increase in marketing during March helped soften the blow for the front end. For reasoning on why the bears won out, I don't think you need to look any farther than what the biggest surprise in the numbers was, which was 11% higher placements in March versus expectations for only a 7.5% increase.

Today there's a good chance we'll get some rebound across the entire meat complex, as long as traders took the time to pay some attention to the Cold Storage report numbers released yesterday afternoon. Normally the Cold Storage data is overlooked as kind of a non-event, but yesterday's numbers were very intriguing…, and friendly. Total frozen poultry supplies were down 7% from a year ago with chicken specifically down 3%. Total red meat was off 7% from a year ago as well with beef supplies 4% below and pork 10% lower. Combined with pork bellies down 68% from a year ago, this report stands a chance at pegging a low in hogs for a while and should be viewed as friendly for the cattle market as well. Whether we'll see the trade play out this way as the day progresses, who knows. Regardless, when you couple this cold storage data with weekly export sales that have been very good in pork and beef, the demand aspects of the market appear to be very healthy at the moment.

Cattle slg.___115,000 +7k wa +4k ya

Choice Cutout__218.67 +1.51

Select Cutout___204.29 +.40

Feeder Index:___139.41 +1.36

Lean Index.__ 60.49 -.61

Pork cutout___74.49 -.98

IA-S.MN direct avg__   53.96 +.54

Hog slg.___ 442,000 +142k wa   +20k ya

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Grain and oilseed trade finished mildly higher in corn, actively higher in front end beans and a little lower in the wheat trade. Weekly export inspections were bullish across the board, except for milo. Milo inspections were 1.4 mln bushels and that was just over 20% of the same week a year ago and right at 25% of last week's number. Corn export loadings were 57.2 mln bushels. Wheat inspections were 22.5 mln. Soybeans were 23.3 mln bushels. Very good numbers across the board in the big 3, terrible in milo.

With the dollar index dropping, one would think that should have brought some supportive buying into the whole complex yesterday. Wheat somehow resisted all that influence and still closed lower.

Crop progress and condition data released yesterday afternoon showed 17% of the nation's corn planted, up 11 points from last week, 1 point behind normal and 11 points under last year at the same time. The big 4 showed Illinois 6 points ahead of normal, Iowa 5 points behind normal, Nebraska 6 points ahead and Minnesota 11 points behind. Emergence nationwide is 4%, which is right at normal.

The first soybean planting number was put out for the year yesterday. Nationwide, 6% of the crop is in the ground compared to 3% last year and 3% on average. The Delta and Southeast US is way ahead of normal pace with a couple of states right at 60% complete compared to 25%-30% normally and that is what has pushed the total number up.

Winter wheat was 32% headed nationwide versus 23% normally. Kansas is 8% ahead of normal, Oklahoma is 18% ahead of normal and Texas 17% ahead. 6-10 day forecasts last night were showing temps for the central and northern HRW wheat areas being much below normal, so once again we'll be on the lookout for damaging low overnight temps with each new forecast model run. Precip was below normal over the vast majority of Texas and Oklahoma wheat country, but normal to above in Kansas, Colorado and Nebraska.

Total winter wheat rated g/ex remained unchanged from the previous week at 54%. That's only 5% behind a year ago. Excellent and good swapped a point with excellent gaining 1 and good losing 1. Big picture, that means wheat conditions improved. Kansas was rated 52% g/ex, up 1 point from last week. Oklahoma was also up 1 point at 44% g/ex. Texas came in at 42% g/ex, which was unchanged from last week.

Another quick note about HRW wheat, the CME Group announced yesterday that beginning March 18, 2018 they will implement variable storage rate on Kansas City Wheat futures. That's their apparent "fix" for the convergence debacle being experienced in futures versus cash. Don't be mistaken, variable storage isn't going to be a fix at all, unless it also includes a complete revamp of the delivery process against futures. If the farmer doesn't have the ability to deliver because the warehouse facility won't issue warehouse receipts, nothing is going to be fixed. KC Wheat needs to operate like Chicago Wheat where there are delivery/shipping certificates, not warehouse receipts. That's the only way to take total control out of the commercials hands and equalize the playing field with something that can benefit the farmer, the flour miller and even the commercial. Everyone needs to be able to participate, even the seller if they have wheat that meets the specs.

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