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Morning Ag Markets Pete Loewen

Technical analysis through the early part of this week was very negative in the live and feeder cattle futures markets with a lot of long term uptrending support levels violated from the lower trade Monday and Tuesday. Wednesday the market decided to fool everyone by gapping higher and pushing triple digit gains in the face of the bearish charts. I'd like to chalk that up to some fundamental reasoning, but the entire meat complex was up, as well as most of the grains, so I'm guessing money flow was more of a mover than actual fundamentals. Once again, that goes for both the meats AND the grains.

Fed Cattle Exchange internet trade had 955 head of cattle consigned this week and zero head sold. Two lots PO'd at \$119 and the rest were no sales. Tuesday had some negotiated action going on with prices at \$118 in Texas and Kansas and \$120-\$120.50 in Nebraska. While that Nebraska trade was basically steady with last week, the Southern Plains action was \$1 lower.

There were two meat-related reports out on Wednesday and that was Monthly Livestock Slaughter and Monthly Cold Storage data. The livestock slaughter report cited an all-time record total red meat and pork production tally for the month of October. Beef production specifically was up 4% from a year ago and pork up 5%.

Cold storage numbers were friendly for beef, neutral in hogs and nasty bearish on the poultry end. Frozen beef stocks were down 5% from last year's all-time record high in the same month. Frozen pork was just fractionally lower than last year. Poultry stocks were up 12% in chicken and 14% for turkeys.

Cattle slg. ___119,000 +1k wqa +3k ya

Choice Cutout__209.01 +.29

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Select Cutout___188.64 -.01

Feeder Index:___156.58 -.10

Lean Index.___63.98 -.43

Pork cutout___81.98 +1.11

IA-S.MN direct avg___56.81 -.04

Hog slg.___ 459,000 -6k wa +16k ya

Aside from the Russia radioactive story relating to wheat, which was old news in the first place, it has been a very slow week for grain market news stories. Crop progress reports are done, so the daily ramblings are going to be focused on any new export hopes and the occasional blurb about South American weather and crop prospects. For crops like wheat and corn that are sitting on historically very comfortable domestic, as well as world supplies, along with low prices, that's not a very good scenario.

World news tidbits this morning are plentiful:

- China reported 70k mt's of corn imported last month, which brings ytd corn imports up to 21.5% higher than last year, yet that still only tallies 2.4mmt's.
- Brazil's AgroConsult pegged their soybean production forecast for this growing season at 111 mmt's, which is down 3.7 mmt's from this past year's crop. Granted, they are forecast to have planted 3% more acres and it's also very early in the growing season, so don't rule out production being above last year's 114.7 number either.
- Argentina's Ag Minister pegged wheat production at 18 mmt's and USDA is currently carrying them at 17.5. They also estimated a slight reduction in corn planted acres compared to their previous guess. Total acres were estimated at 8.8 mln hectares of corn and 16.8 mln soybeans.
- The International Grains Council raised the global corn forecast by 6 mmt's up to 1.04 bln metric tonnes. They also forecast reduced stocks still as consumption was raised to a record 1.069 bln metric tonnes.

Weekly export sales data that came out this morning showed old crop sales totals of 42.6 mln bushels of corn, 12.7 mln milo, 31.9 mln bushels of soybeans and 7.3 mln wheat. That milo total was outstanding and brings ytd commitments up to 99.7 mln bushels which is 3.7 mln larger than last year at the same time. Unfortunately, corn, soybean and wheat sales totals were terrible and much moreso in wheat than the others. Then again wheat still isn't lagging the predicted pace by much, unlike corn and soybeans, so it's hard to get too critical towards wheat. Corn sales commitments this year are lagging last year's pace by a whopping 27%. Soybeans

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are lagging last year's pace by 17%. That may sound more bearish for corn than beans, but we are supposed to be exporting more beans this year than last. Corn exports are projected smaller than last year's total by a little bit. In an overall sense though, today's data might have been bullish milo, but it's decisively bearish everything else.

There was no overnight trade in the grains, so it was a hard open this morning, along with likely a light participation day today with so many traders gone for the holiday still.

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