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Morning Ag Markets Pete Loewen

Coming off of a really positive jump in the cash trade from Friday afternoon, it was somewhat of a gimme that the live cattle trade would be higher. \$123 caught most of the live trade with some scattered \$123.50 southern trade in the mix, along with \$195 dressed in Eastern Nebraska. The majority of that was up \$3 from last week and also \$1+ above where the front end Feb fats closed on Friday. Yesterday's settlement pushed those Feb fats above the top end of last week's cash range, so it was very strong trade.

Joplin and Oklahoma City auction results yesterday showed good sized runs, but mixed results on prices. Oklahoma City had 9750 head of receipts, which was about 2500 lighter than last year at the same time, but 1458 head bigger than last week. The last report I got wasn't the final numbers, but feeder prices ranged from steady to \$3 higher as of late afternoon. Calf prices were steady. Joplin's run was 1670 head bigger than last year and 6600 head above last week. Prices there on mid to lighter weights were \$3 to \$7 higher. Heavier weight cattle were steady to \$5 higher.

Cattle slg. ___88,000 -30k wa -25k ya

Choice Cutout ___205.07 +.21

Select Cutout ___199.52 -.64

Feeder Index: ___n/a yesterday. Previous day was 148.01 +1.54

Lean Index. ___73.40 -.27

Pork cutout ___82.17 +.14

IA-S.MN direct avg ___69.66 +.14

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Hog slg.____ 405,000 +12k wa +5k ya

Export inspections data was reported as neutral for wheat and bearish for corn and soybeans. Corn inspections were 26.3 mln bushels, which was down from last week's 38.8 number. Currently the cumulative export loadings for the marketing year are 36% under last year at the same time and USDA is projecting a 16% decrease at the end of the marketing year.

Soybeans are a similar scenario with inspections yesterday at 52.2 mln bushels. While that's up from the previous week's 47.6 mln, we're still 13% behind last year's pace. The projection is for a 1% decline in total exports versus last year.

Wheat export inspections were 12.4 mln bushels and that was up slightly from last week's 10.6. The inspections pace is 6% under last year at the moment, with the USDA projection to end the marketing year at 8% lower. That means wheat is ahead of the pace needed to meet that projection and that's good news.

Bigger picture though, I'm of the strong opinion that US exports need to see some serious increases if we want to add any amount of friendliness to the domestic balance sheets. In the January crop report S&D's wheat ending stocks were projected to increase 29 mln bushels from the previous month, up to 989 mln. To build any longer term confidence in wheat price, that ending stocks figure needs to be south of 900 mln and it's headed in the wrong direction. Corn and soybeans are suffering the same fate. Soybean ending stocks were raised 25 mln bushels in this month's report up to 470 mln. Corn carryout was increased 40 mln, up to 2.477 bln. I think we'll need to see bean stocks south of 400 mln to get friendly and corn south of 2.0 bln.

So, what's pushing the soybean market right now? South American weather premium. If we want to start some momentum in corn, or keep any momentum in soybeans, we gotta have legitimate problems with supply in the Southern Hemisphere, or we have to see them here. Unfortunately, problems "here" don't have the potential of materializing with all the seed for the 18 crop still in the bag.

Fund activity yesterday was reported as buyers of 7000 beans, 2000 wheat and sellers of 5000 corn.

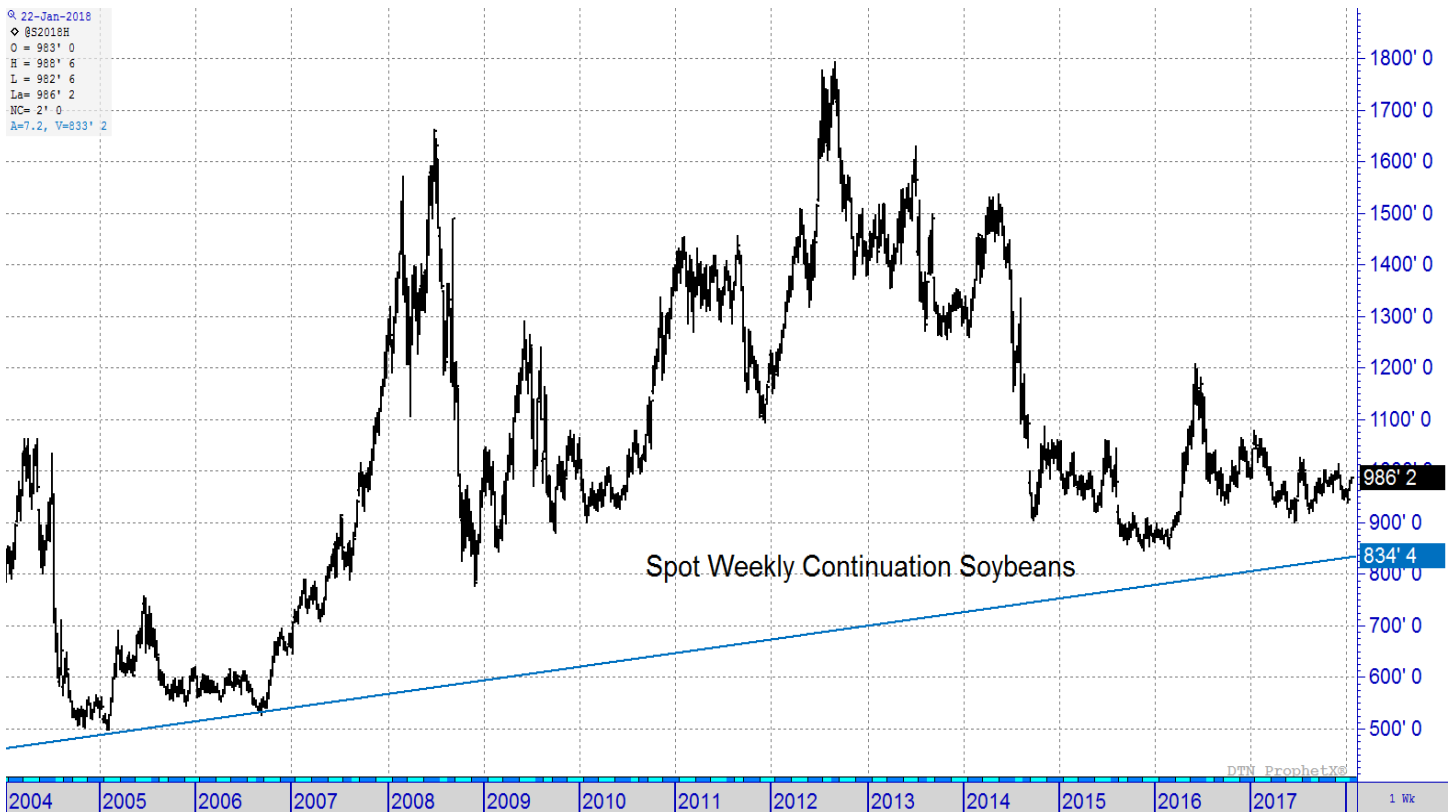
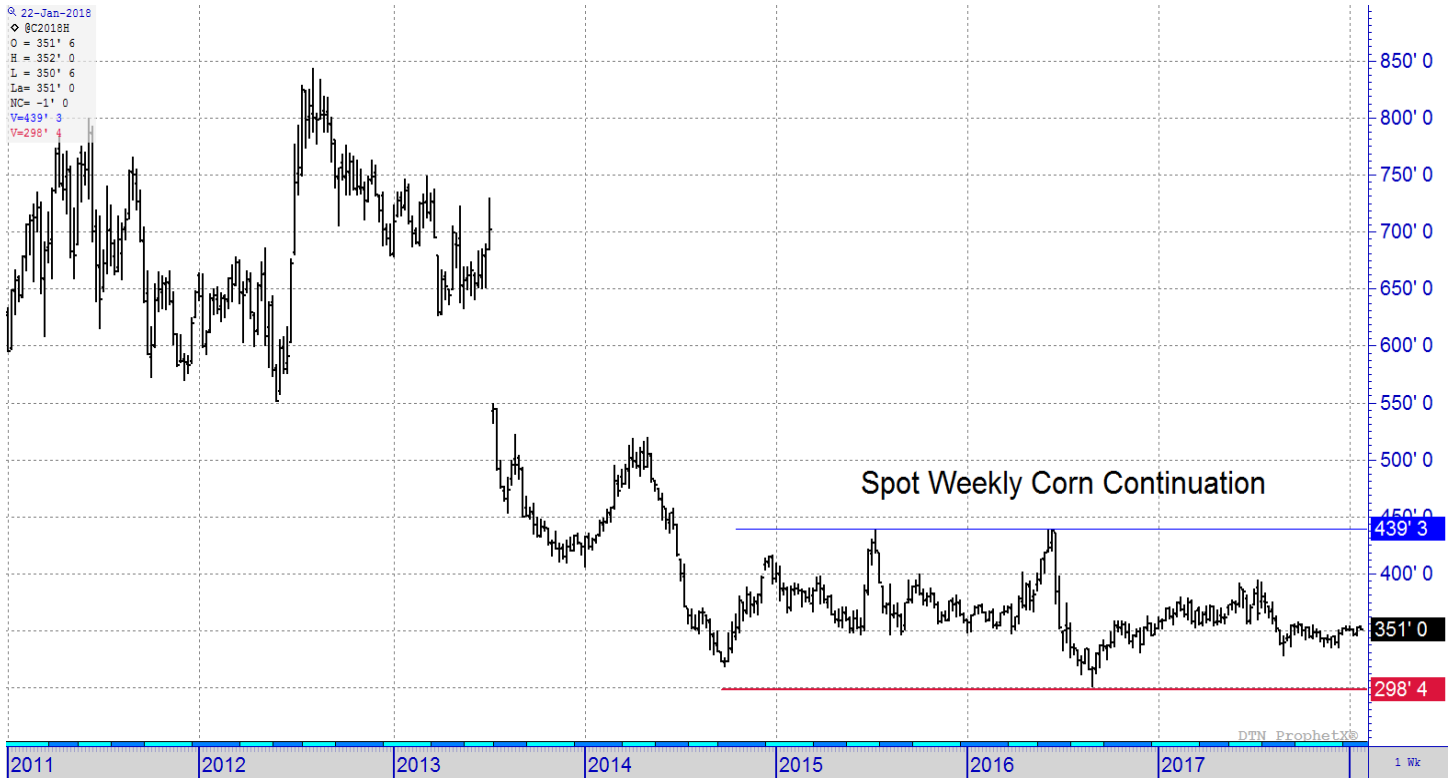
8a.m. export reporting showed 256,096 mt's of US corn sold to unknown destination.

6-10's last night showed above normal temps across the central US from east to west and normal in the north and south. Precip was above normal from Indiana east and in the NW US.

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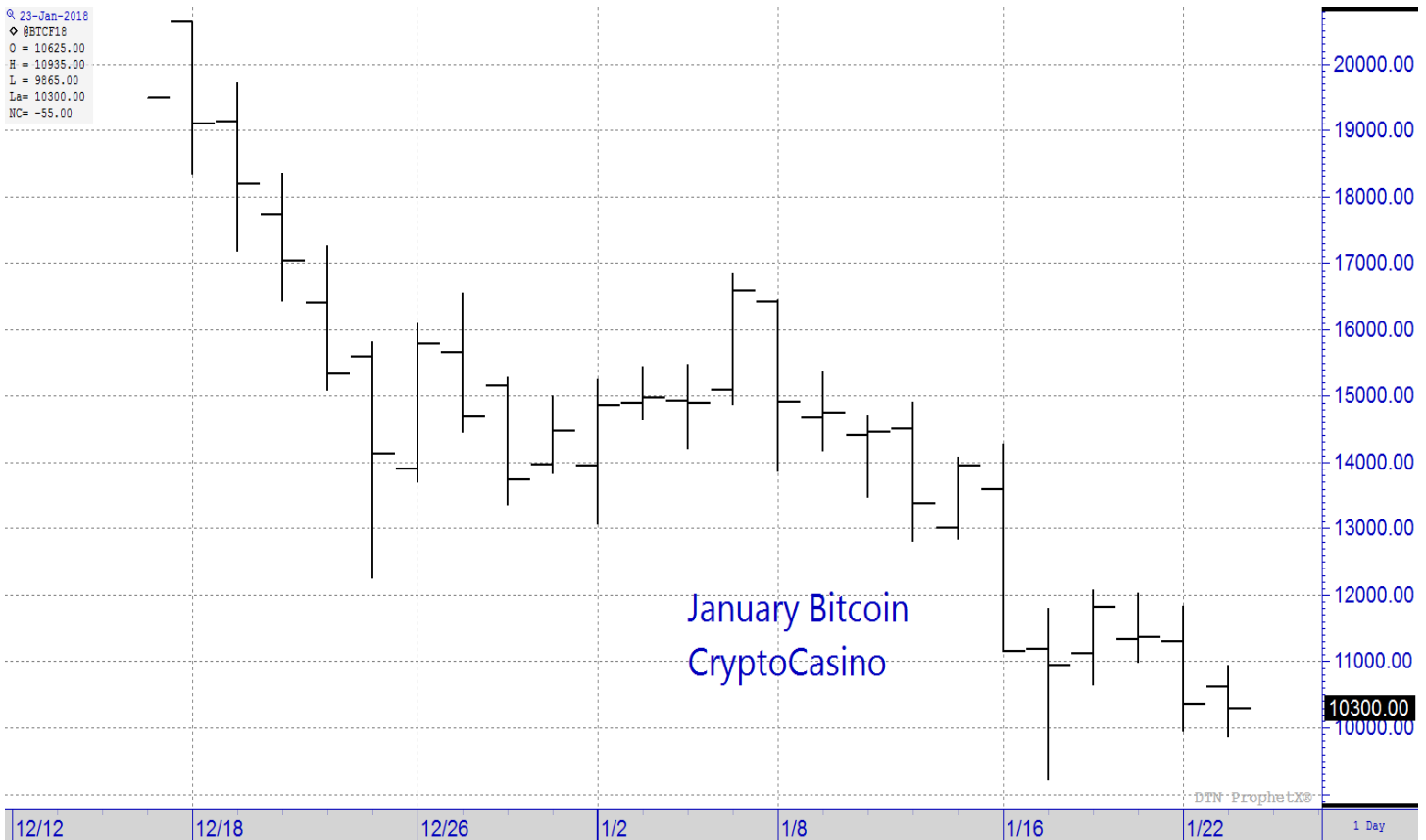
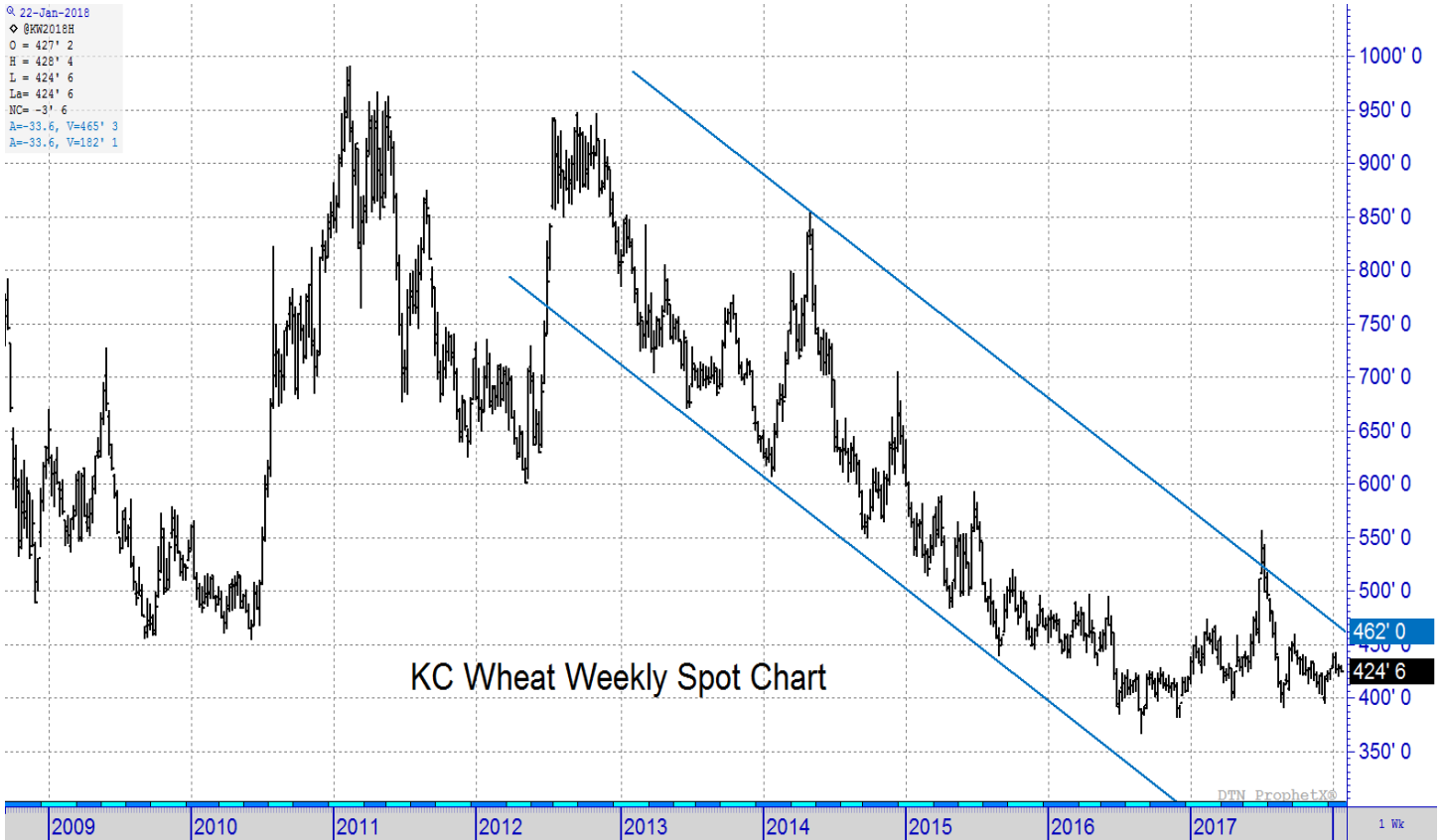
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The central and western Corn Belt and all through the Central and Southern Plains were below normal on moisture chances.



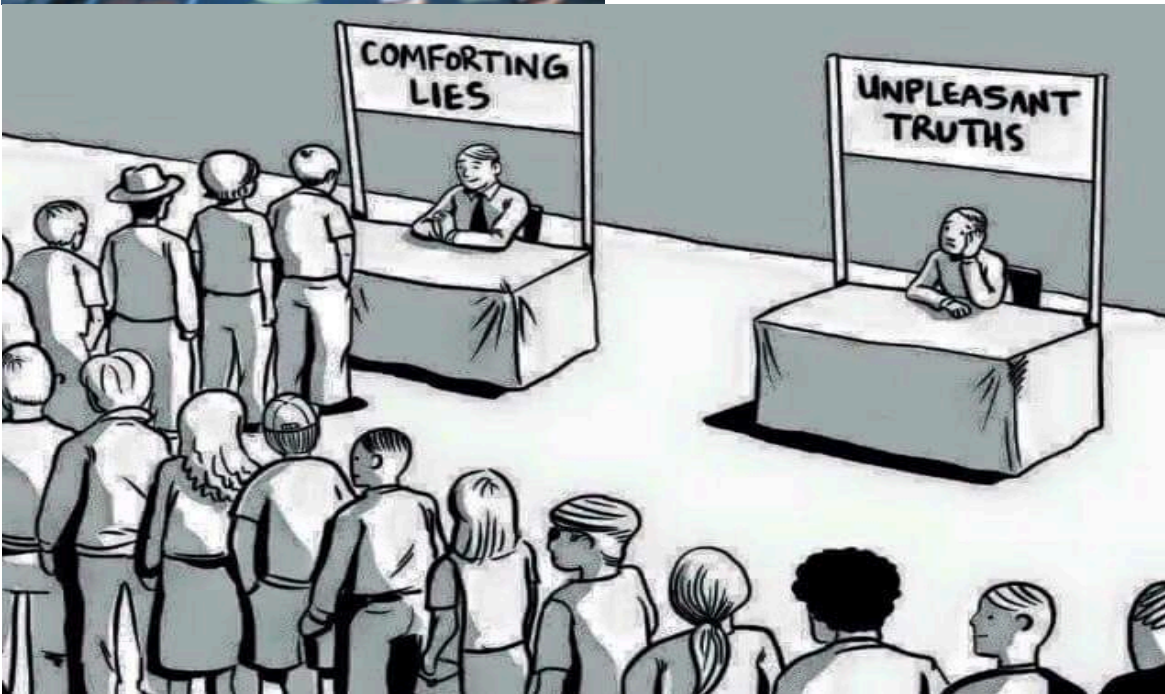
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