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Morning Ag Markets Pete Loewen

Yesterday's trade in the meats had hog futures dropping even deeper into red ink territory marking the 2nd really big down day. That pushed prices down to levels not seen since September in contracts like the April Lean Hogs. The cattle complex was mixed with front months a little lower and back months up mildly.

Cattle are in a holding pattern until either someone blinks in the cash trade this week or the HFT and Also trade become more active. Fed Cattle Exchange trade did have 1 lot that traded yesterday at \$126 and that's steady with the negotiated action from last week. I'm not going to bore you this week with the total run and numbers traded because it has become insignificant. All that matters is the price.

Weekly export sales data in the meats showed net beef sales of 18,500 mt's and actual exports of 16,000 mt's. Primary destinations were Japan and South Korea. I'd view those numbers as friendly for cattle. If we hit 20k, it's bullish, so this still just hits the friendly category.

Net pork sales were really bearish at 12,700 mt's, but the actual exports at 24,100 saved the day since it was friendly. Primary destinations in pork were Mexico and South Korea. The big buyers were Mexico and Japan.

Cattle slg. ___ 116,000 -1k wa +3k ya

Choice Cutout ___ 209.37 +.94

Select Cutout ___ 203.14 +.41

Feeder Index: ___ 148.10 +.15

Lean Index. ___ 75.38 +.54

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Pork cutout___77.34 -.89

IA-S.MN direct avg__71.72 -.95

Hog slg.___ 466,000 +3k wa +29k ya

Banner day for the grain markets on Wednesday, but not so good for some of the oilseed trade. After posting double digit gains on Tuesday, beans were under mild pressure late in the session. Nothing real significant news-wise to drive that action. Wheat had a tremendous day with double digit gains in almost all of the KC and Chicago contracts. Pushing into new recent highs and also through some key technical points, speculative buying was a big feature based on chart technicals for wheat. The DOW was up for most of the ag trading session and the US dollar index was sharply higher as well, so outside market action was conflicting to some extent.

Fund activity estimated as buyers of 17k corn, 10k wheat and sellers of 5000 beans.

Coming up at 11a.m. this morning we get the monthly Supply and Demand data out from USDA. While there aren't any domestic productions changes happening, there's demand changes that could influence ending stocks forecasts here in the US. We'll also get world production data on items like Brazil and Argentina corn and soybean estimates, as well as EU and FSU wheat numbers.

Average ending stocks estimates for US corn are 2.467 bln bushels, which would be down 10 mln from the January report, yet still 174 mln larger than a year ago. Soybean ending stocks are forecast to hit 492 mln bushels, up 22 mln from last month and a hefty 190 mln bigger than last year. Wheat ending stocks are pegged at 993 mln, which is up 4 mln from last month, but 188 mln smaller than last year.

World ending stocks estimates are forecast to decline 2.3 mmt's in corn versus last month. Soybeans are expected at unchanged. Wheat estimates show a 200k mt decrease in carryout. Versus year ago figures, they are looking for 24.5 mmt's less corn carryout in the world, 2.1 mmt's more carryout in beans and 15.1 mmt's more world wheat stocks.

Production-wise, Brazil corn estimates are looking for a 1.5 mmt decline from January and Argentina corn off 1.5 mmt's as well. Brazil beans are expected to increase 1.4 mmt's, with a 2.2 mmt anticipated decline in Argentina's bean crop. If realized, Argy beans would be down 4 mmt's from last year and Brazil beans off 3.3 mmt's. Their corn estimates are down 5 mmt's for Brazil and .5 in Argentina compared to last year's crops.

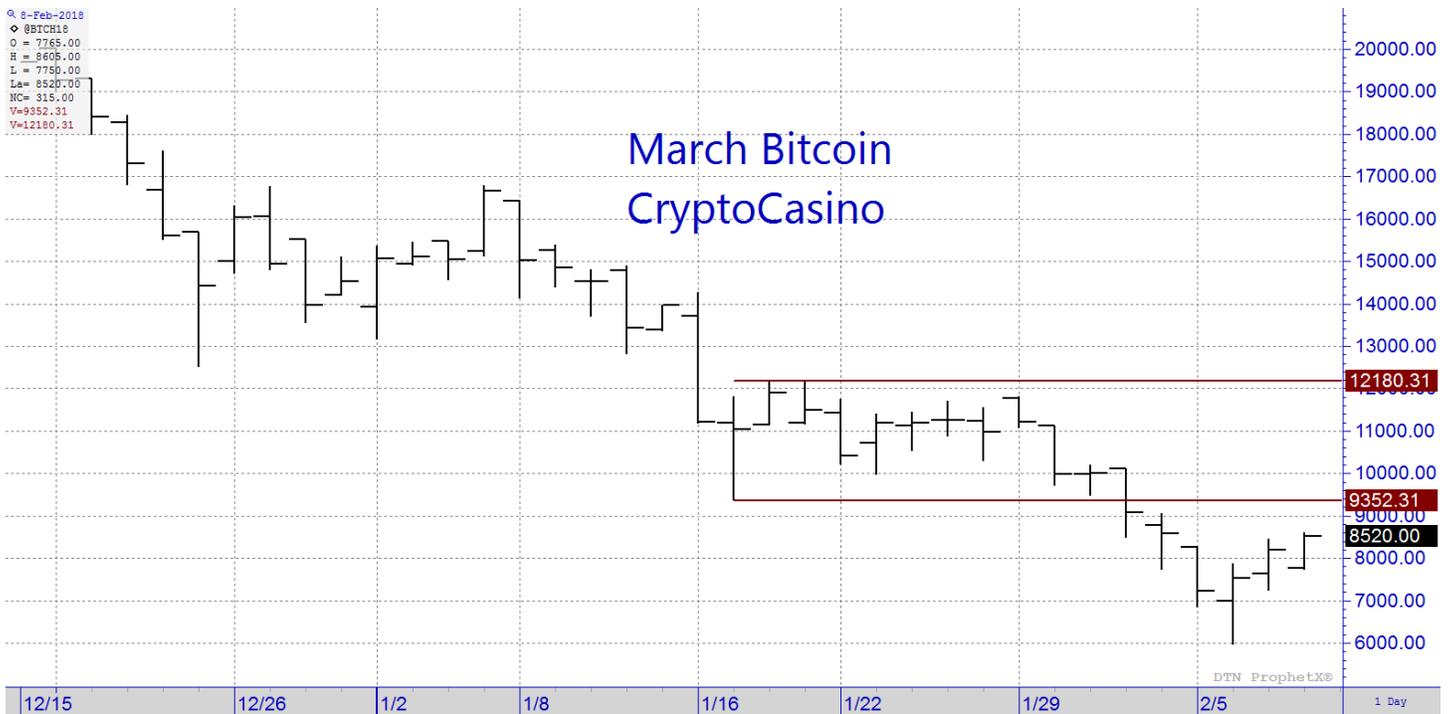
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Weekly export sales numbers showed 69.7 mln bushels of old crop corn sales and 2.9 mln milo. That put the corn sales for the marketing year to date at 17% under last year at the same time, while shipments are down 29% from a year ago. Milo on the other hand have sales that exceed last year's by 62%! Actual shipments are 17% higher than a year ago. Remember though, if China slaps duties on US milo imports, these milo shipments are going to get slashed hard. China bought 7 times more milo than any other importer last week. Plus, we shipped 50 times more milo to China than any other country. That should place a BIG emphasis on how important China is to this current milo basis here in the US. If they go away, it goes away.

Soybean sales this week were 27.3 mln bushels, bringing the ytd total sales up to 1.626 bln bushels. Last year we had 1.868 bln sold at the same time. Soybean sales to date are 13% under last year with shipments down 14%.

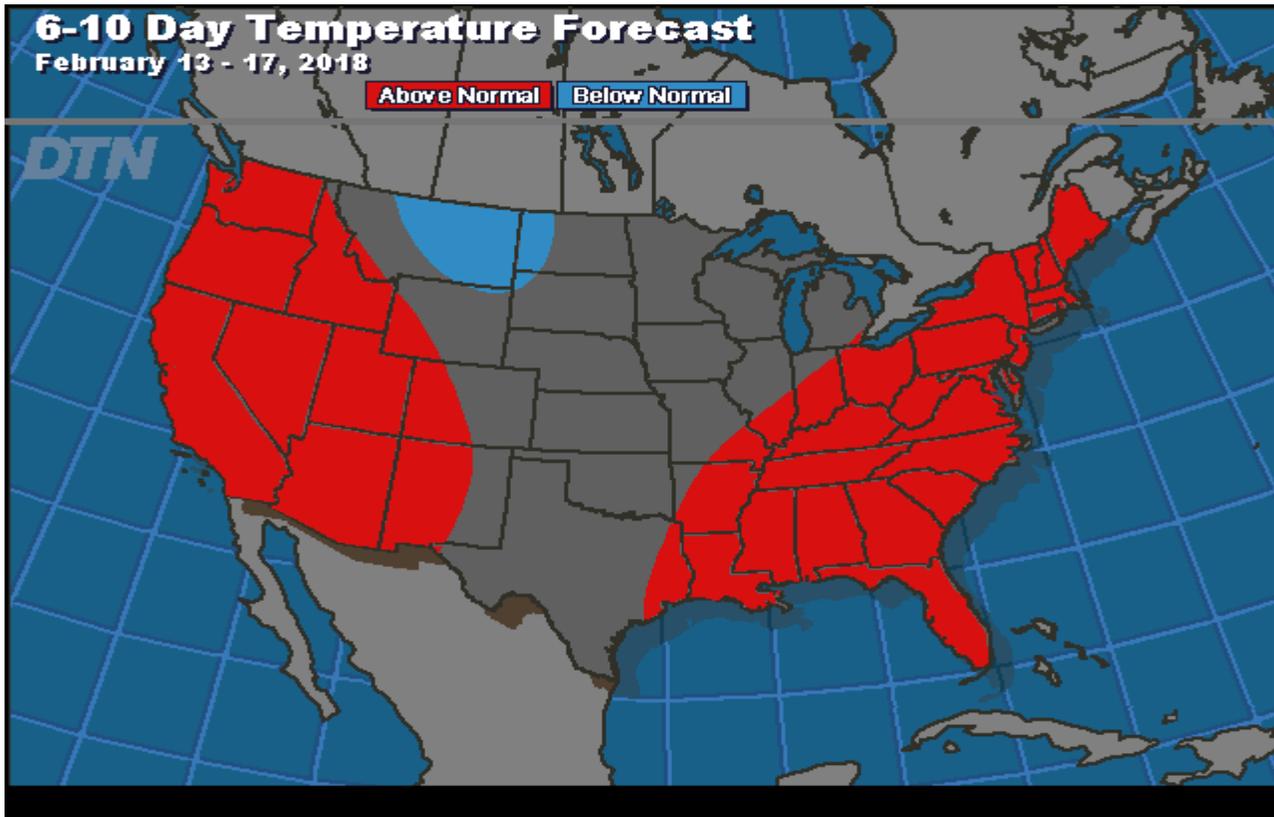
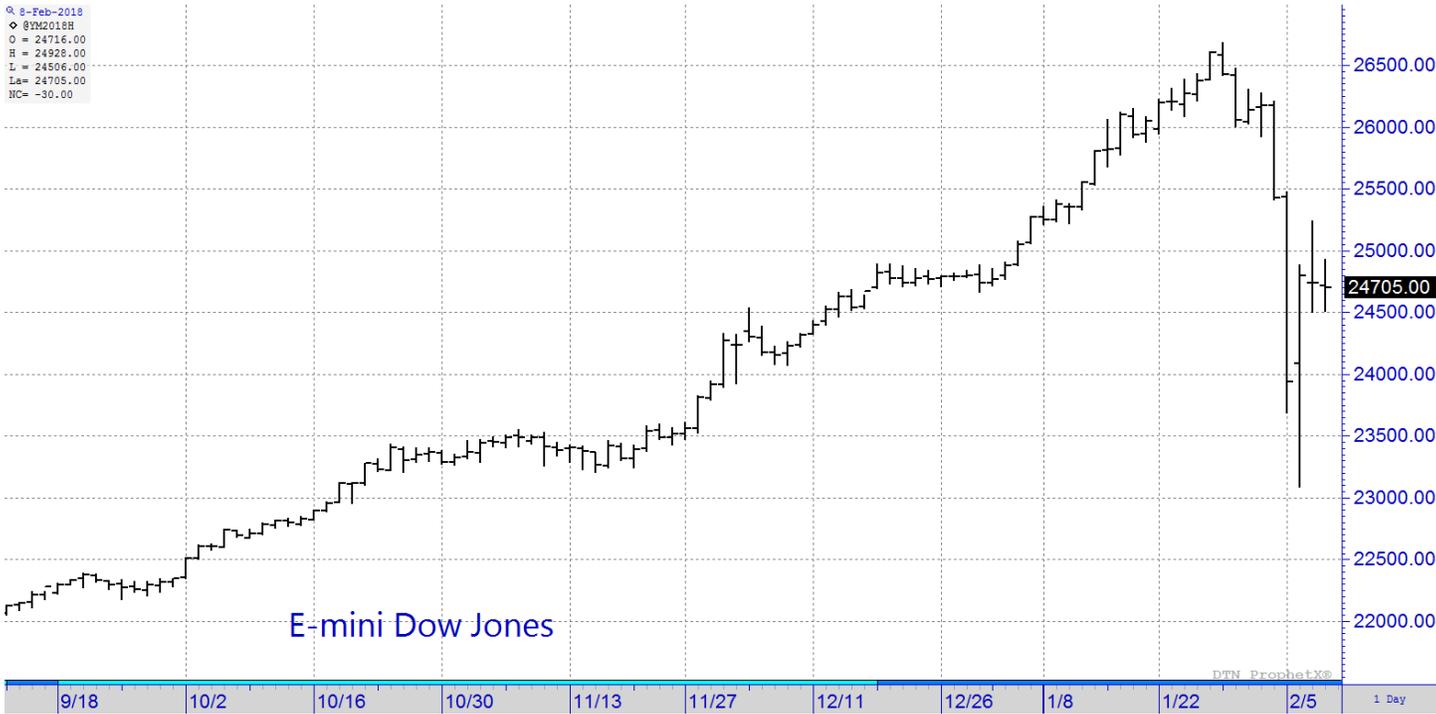
Wheat sales were 14.5 mln old crop and 800,000 bushels new. Wheat sales for the marketing year to date are sitting at 11% less than last year at the same time with shipments down 5%. Amongst the big 3, meaning corn, beans and wheat..., wheat is the only commodity that's even close to the pace needed to hit the USDA export forecast. Of course we'll potentially see some changes in those export forecasts this morning in the report.



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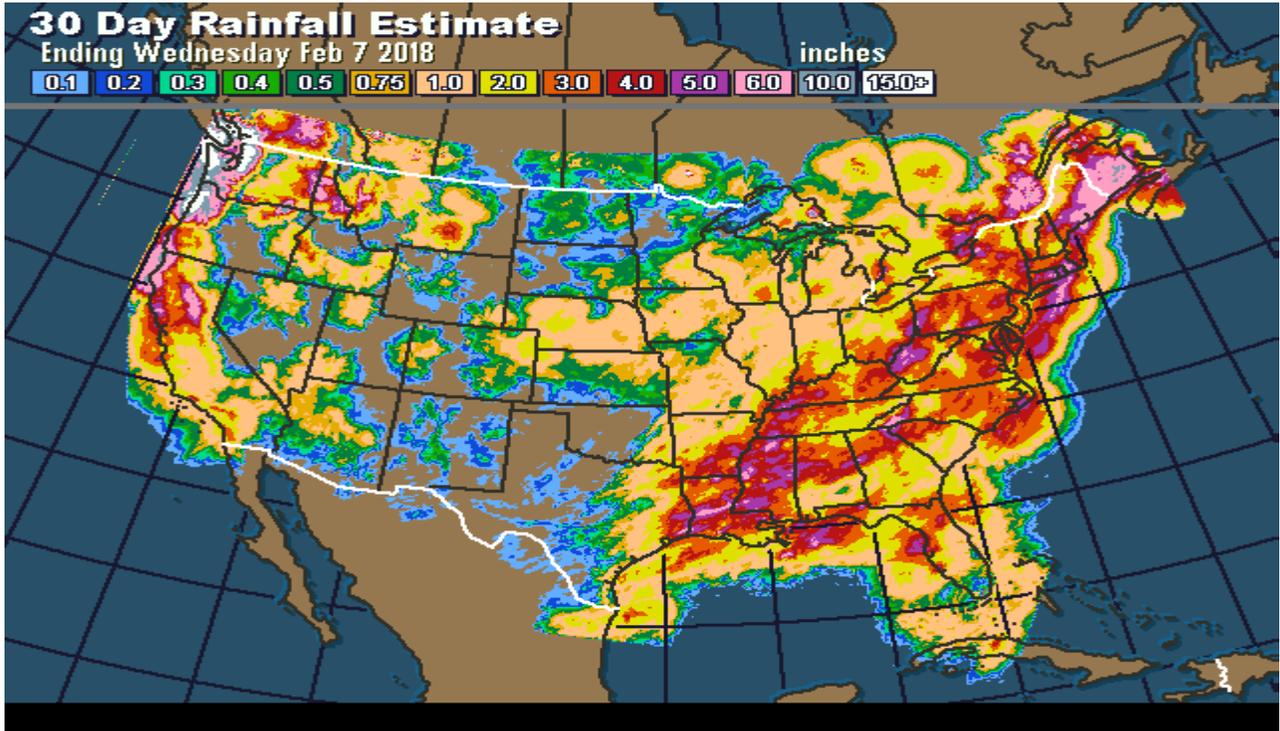
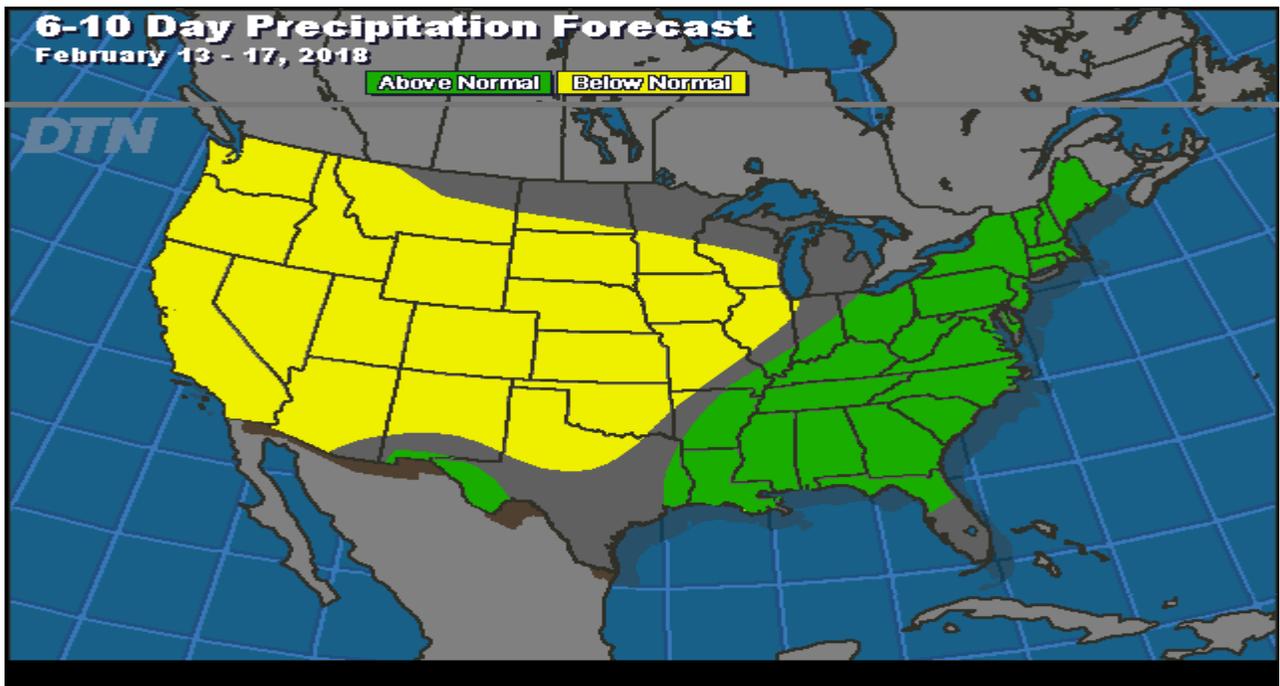
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9-Feb-2018
 @YM2018H
 O = 24716.00
 H = 24928.00
 L = 24506.00
 La= 24705.00
 NC= -30.00



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