



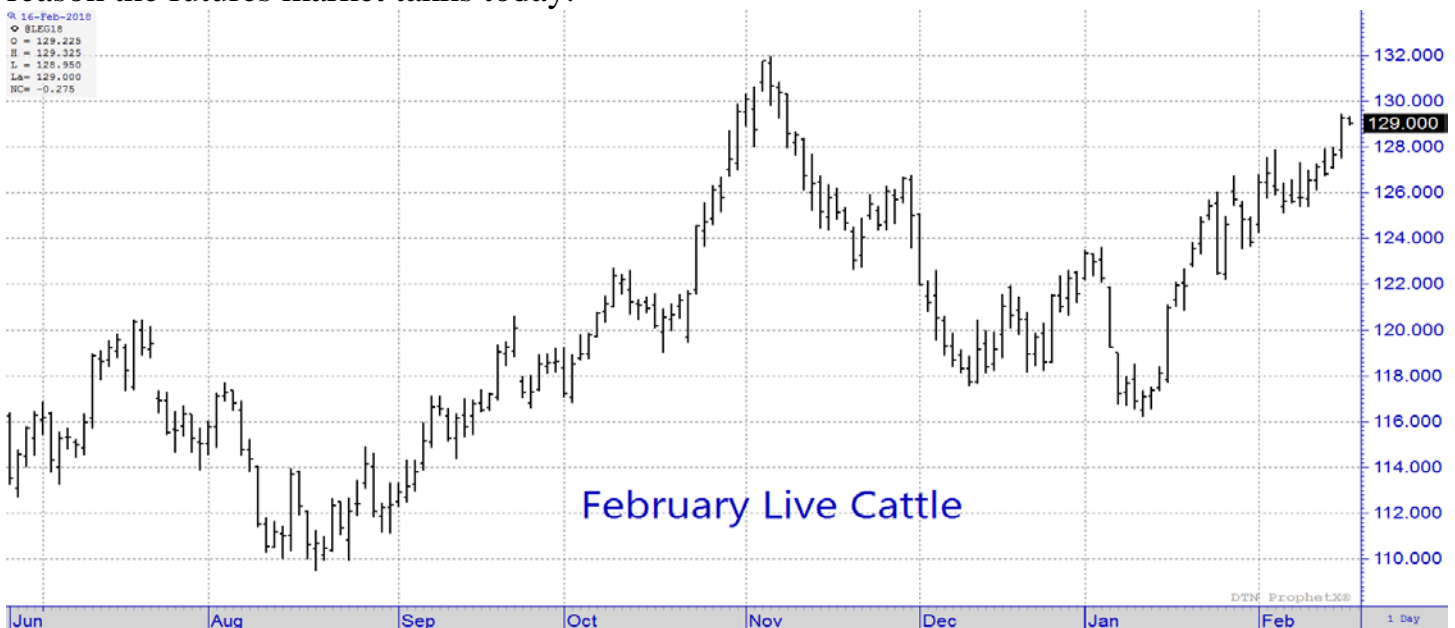
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Morning Ag Markets Pete Loewen

Big day for the cattle complex yesterday with a lot of new recent highs scored in live cattle contracts and feeders pushed up close to recent highs on the front months. Back months looked stronger in the feeders with August poking up into new recent high territory just like the live cattle. The front four months in fats settled triple digits higher and April was more than \$2 up at the close. Feeders were up \$1+ in everything, but nothing finished above that \$2 barrier.

I spent some time yesterday talking about the inability of the Feb live market to push solidly through the \$128 level after approaching it three different times lately and failing all three times. The solid drive up above that \$128 mark yesterday brought with it some aggressive new buying and hopefully that solidifies the potential to see some active negotiated cash trade today and also see it at a lot higher money. The last time there was any kind of legitimate volume in Kansas feedlot cash was two weeks ago at \$126. With futures topping \$129 and closing in on \$130 yesterday, we should get a minimum \$2 jump and maybe \$3 unless for some unforeseen reason the futures market tanks today.



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Weekly export sales data yesterday was bearish for beef and bullish hogs. We finished sharply higher in cattle and moderately lower in hogs, so there was obviously zero bearing in that futures trade that was dictated by those sales numbers.

Cattle slg. ___118,000 unch wa +19k ya

Choice Cutout __209.04 +1.23

Select Cutout ___205.14 +1.63

Feeder Index: ___147.70 +.08

Lean Index. __ 73.49 -.52

Pork cutout ___76.99 -.53

IA-S.MN direct avg ___65.54 -1.58

Hog slg. ___ 462,000 -3k wa +72k ya

Grain and oilseed trade put on a good show to the upside yesterday. New crop December corn matched the new recent high at \$3.97 ³/₄ from Tuesday, but couldn't quite push through that level. November soybeans posted a new recent high and matched the high from December 5th, which obviously offered pretty stout resistance. If it manages to push through yesterday's \$10.24 top it will put those new crop beans at the highest level since July. After seeing some pressure at times this week, wheat had a nice run higher that was led by the KC contracts on continued dryness and poor wheat condition in the Central and Southern Plains. The problem facing the wheat market is some really solid resistance building in both the front month and the new crop July contract in HRW wheat futures. July hit \$5.15 on the 8th, \$5.15 on the 13th again and then traded up to \$5.14 ¹/₂ in the overnight last night. The longer that market trades without busting above that \$5.15 mark, the stouter the resistance that area provides. By the same token though, it also gives the market time to accumulate more stops above that level. If we do break it, chances are the push would be strongly above it. All I can say is, "cross your fingers", if you are wanting to see this rally continue.

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Fund activity yesterday was estimated as buyers of 6000 corn, 9000 beans and 5000 wheat.

The weekly export sales activity was bullish milo at 5 mln bushels, pretty decent in corn at 77.7 mln, bearish beans at 23.5 mln and bearish wheat as well with only 11.4 mln in sales.

8 a.m. export reporting showed 116,000 mt's of US corn sold to Japan.

In South American news, Argentina's Grain Exchange left their soybean production estimate unchanged at 50 mmt's. That's down from a 58 mmt crop last year and USDA still has Argy beans pegged at 54 mmt's, so there's a decent gap between the numbers. Their corn estimate is 39 mmt's down from 41 a year ago. That matches the last USDA number of 39 as well.

Brazil's Ag Ministry expects big crops this year with production exceeding year ago levels. Oddly, there were no specific numbers attached to that story. They did cite planting delays in their second crop corn, yet maintained that everything is still looking "normal". USDA's last forecast for Brazil corn was 95 mmt's, down from 98.5 last year. Their bean number is 112 mmt's down from 114.1 last year.

6-10's last night showed below normal temps from NW Kansas to the west and north. From the northern Panhandle in a small strip extending to the NE through Wisconsin, the temps were normal and above normal everywhere east of that line, meaning from SE Kansas east and south. Precip was above normal from SE Kansas east and south, right along that above normal temperature line. West of that was normal to below in most areas. I'd view these 6-10's as continued friendly wheat.

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