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## **Morning Ag Markets** Pete Loewen

Cattle complex futures have been on a see-saw the last two days. On Wednesday they rallied hard and then faded big into the close. Yesterday they dropped hard and in the case of the live cattle, they rallied back quite a bit into the close. Feeders came off their lows some, but still had several contracts that closed more than \$2 lower. Live Cattle were down more than \$1 at the finish in all but two contract months.

Negotiated feedlot cash showed a little bit of trade in western Nebraska up to \$128.50 and that's \$1.50 better than the bulk of what's traded so far in the Southern Plains. Cash should be viewed as a victory this week, because not only did it gain week-to-week, but it did that in the face of futures being considerably lower for the week thus far.

Export sales activity in the meats yesterday was friendly beef and bullish for pork. Net beef sales were 20,200 mt's and actual exports 15,200 mt's. Anything over 20k in sales or shipments is a good thing. Net pork sales were a whopping 31,600 mt's which was very bullish. Actual exports were 24,700 mt's and that ranks in the friendly category. Oddly enough, front end April hogs were triple digits lower in the face of that news, but all the back months were higher.

At yesterday's settlements, April live cattle were down \$1.27 from last Friday's close, March Feeders were down \$1.90 for the week and April Lean Hogs were down \$2.12. Not a good week for meat complex futures so far.

Cattle slg. \_\_\_ 118,000 -1k wa +2k ya

Choice Cutout \_\_\_ 224.99 +.88

Select Cutout \_\_\_ 216.31 -.70

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Feeder Index:\_\_\_142.81 -.44

Lean Index.\_\_\_ 65.93 -.44

Pork cutout\_\_\_72.80 +.51

IA-S.MN direct avg\_\_\_59.58 +.14

Hog slg.\_\_\_ 456,000 -13k wa +8k ya

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Grain and oilseed trade has been see-sawing back and forth a lot this week as well. Two day ago beans were down and wheat was up. Yesterday beans were up and wheat was down. The problem was, wheat was down a LOT and to me that was surprising.

This new crop wheat picture in the US continues to get more and more bullish traction with the drought and dryness over such a big chunk of HRW wheat country. The forecast over the next several days brings some moisture to the outside edges of that area, but I still don't see anything in the short or intermediate term runs that should be construed as bearish by any means, but yet down we went in futures yesterday and overnight as well.

Export sales in wheat yesterday may have been part of the fuel for the double digit selloff as well. They came in at a very disappointing 6 mln bushels, making it blatantly obvious we aren't very competitive after this price run higher. Big difference between old crop and new crop wheat though with 1 bln+ bearish ending stocks on old and a drought stricken crop on the way on new. Just remember, if old crop stocks keep getting bigger, it takes some of the bullishness away from the shortness potential of the new crop.

Corn export sales were really bullish yesterday at 98.6 mln bushels of old crop. Shipments were heavy this week as well. The current shipment pace is still lagging last year by 27% though, which is still bearish. We need to ship 57 mln per week to meet the USDA forecast. This week's shipments were 55.4. A year ago we shipped 48 mln a week between now and the end of the marketing year.

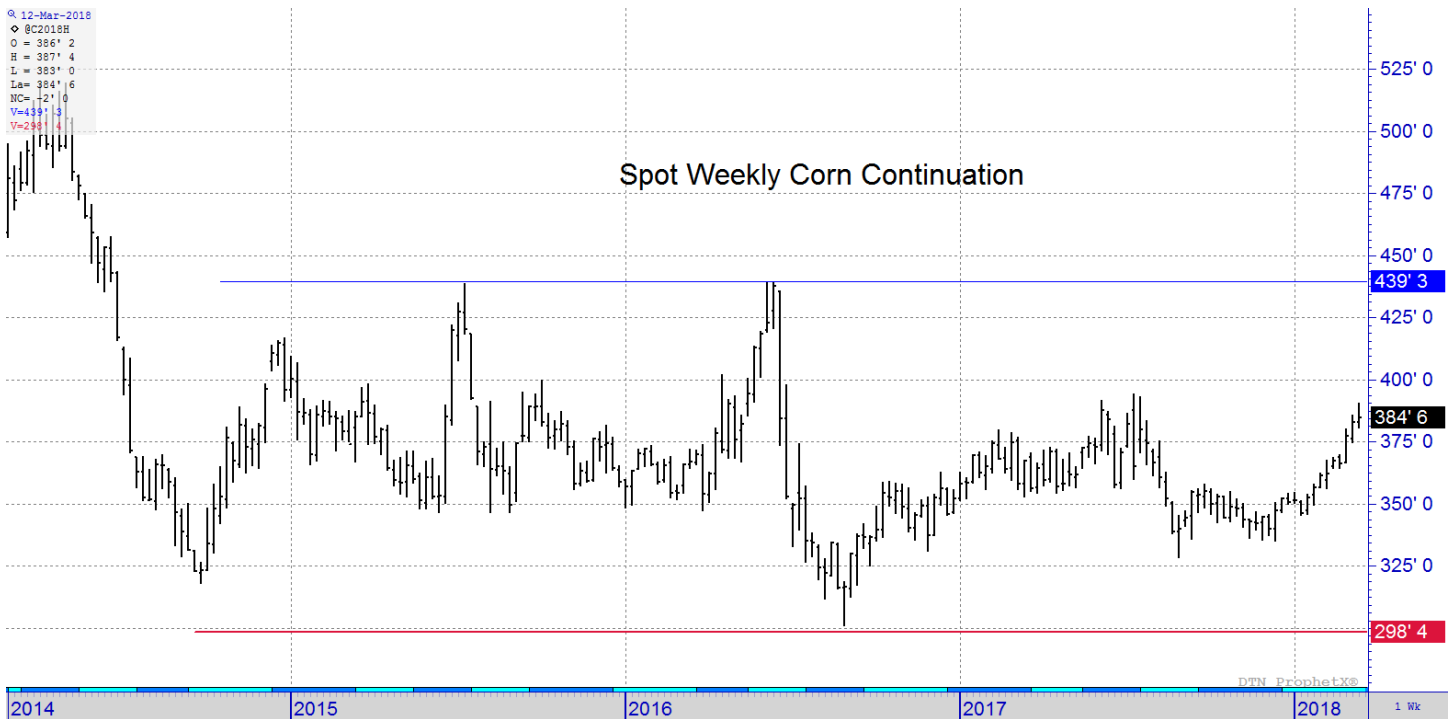
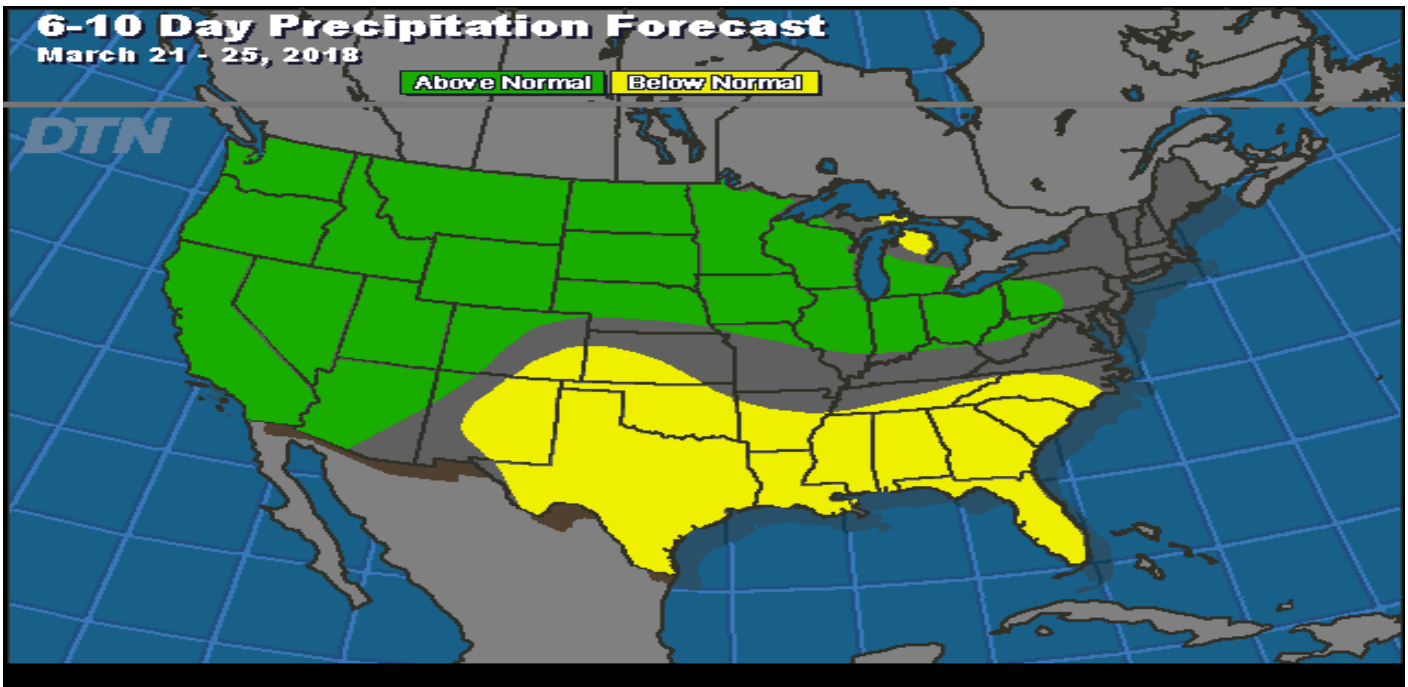
Soybean sales were pretty good at 46.6 mln yesterday. Sales are lagging last year by 8% and shipments by 12%. We need to ship 24 mln/week to hit the USDA target. This week we shipped 33.1.

Funds yesterday reportedly sold 8000 corn and 7000 wheat and were buyers of 9000 beans.

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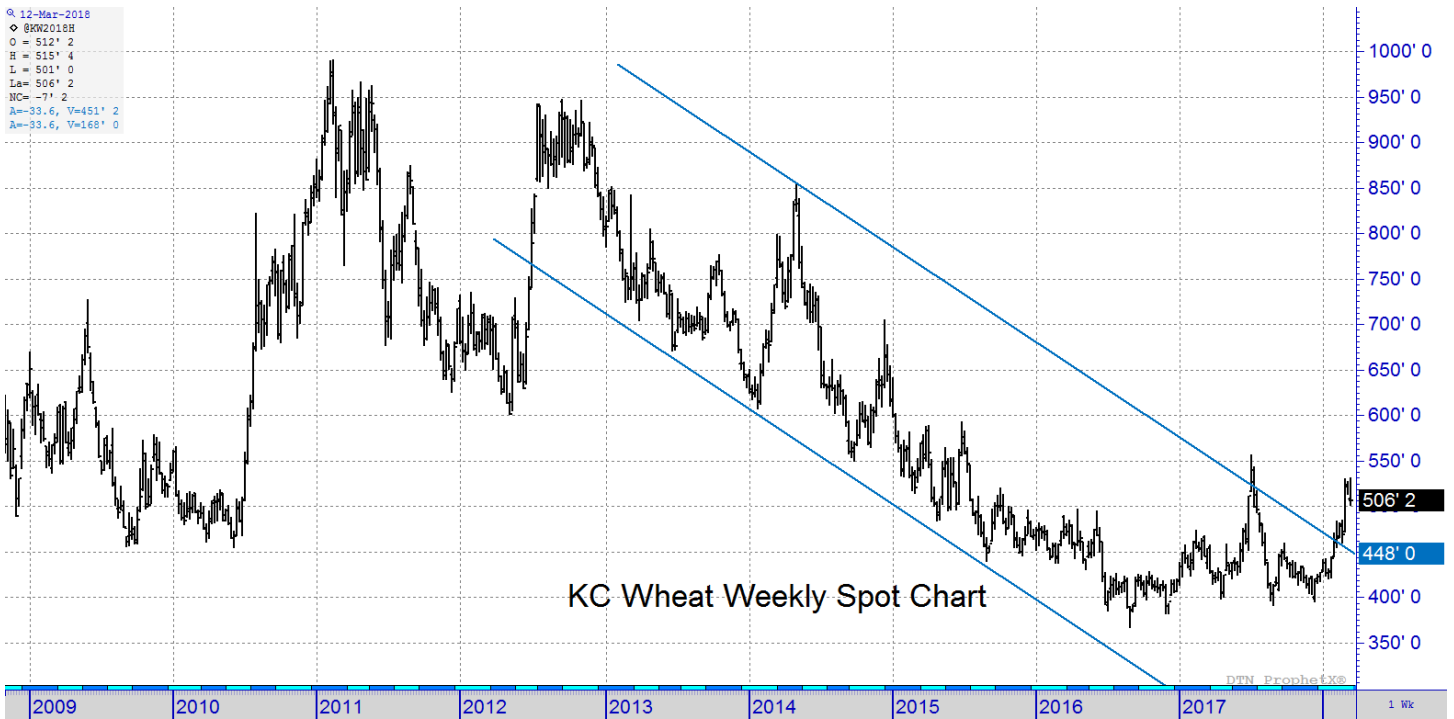
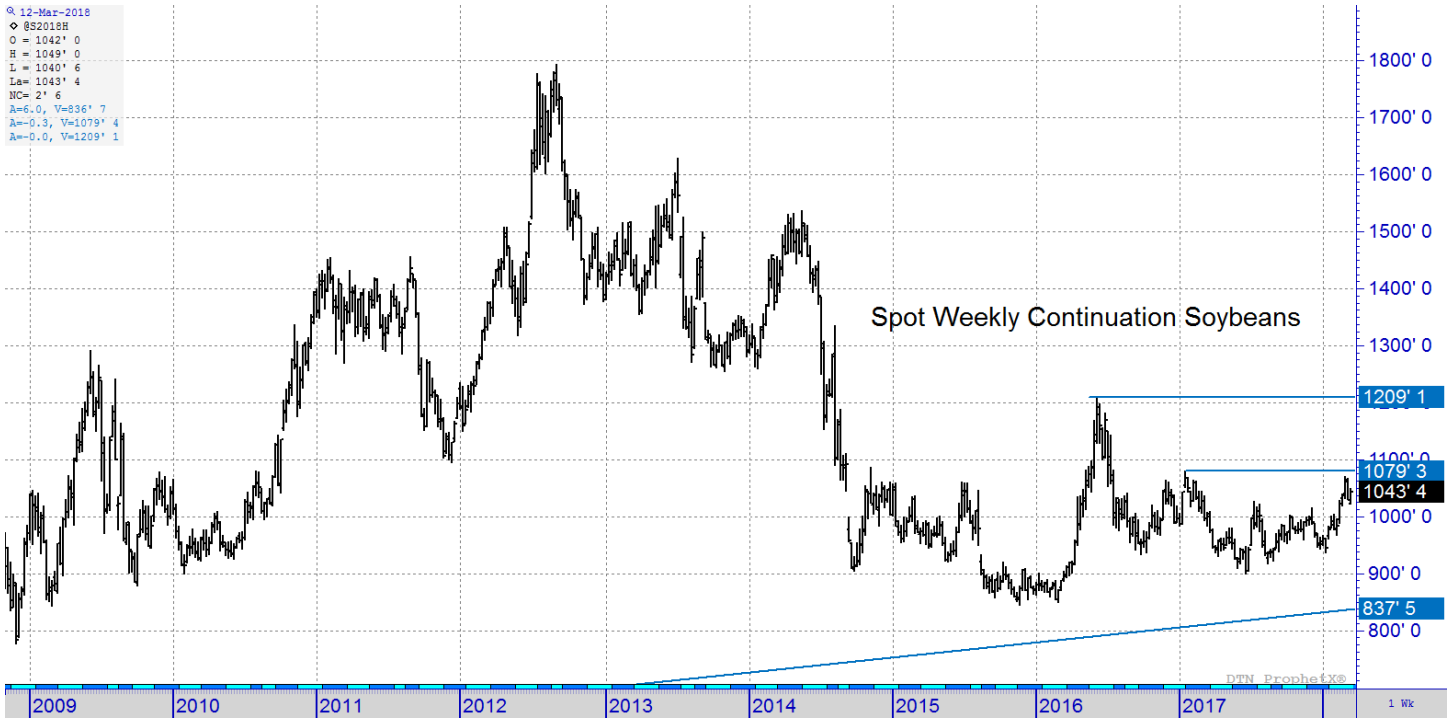
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6-10's last night showed above normal temps for a big chunk of HRW wheat country and continued below normal for the Northern Plains and most of the Corn Belt. Precip was below normal for Kansas, Oklahoma and Texas and above for the Northern Plains and Corn Belt.



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