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## **Morning Ag Markets** Pete Loewen

Kind of a sad finish to the week for the meat complex futures. All the cattle and the majority of the hog contracts finished mildly lower and the weekly closes were in the red as well. Choice cutouts were up for the week and negotiated feedlot cash was steady to higher as well, so that should be viewed as supportive, but there was definitely divergence between those higher fundamental indicators and lower futures. That'll be the sticking point this week, whether futures remain lower and pull on cash or we could see the opposite.

In the feeder cattle and calf market trade, drought in the Central and Southern Plains continues to spur pockets of liquidation and there's a lot of nervousness about getting enough spring rains to green up pastures for May turnout. All 105 counties in Kansas were declared in a state of drought by the governor last week, but there's widespread moisture falling central and east this morning that's going to help that some. There's a lot of time between now and that date, but viewing how much hay prices have risen in recent months, some nervousness is warranted.

Last week's national feeder summary cited feeder steers and heifers steady to \$4 lower. Calf prices on anything suitable for grazing continue to head sharply in the other direction though. YTD auction receipts are sitting at about 125,000 head lighter than a year ago, but before you read to deeply into bullishness from that statement, they are also 205,000 larger than the 5-year average.

Coming up on Friday we get the next set of monthly COF numbers. The range of guesses from one source of estimates on Friday showed the March 1 On Feed total from 107.1% up to 108.7% of a year ago. Placements in February are projected somewhere between 100.3% and 107.3% of last year. If that happens, it will be the 13<sup>th</sup> consecutive month of larger year-over-year movement into feedlots. Marketings last month are pegged at 99.8% to 101.7% of last year.

Cattle slg. \_\_\_107,000 fri 22k sat wtd 595,000 -2k wa +6k ya

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Choice Cutout\_\_225.59 +.60 wtd +1.45

Select Cutout\_\_216.86 +.55 wtd -.40

Feeder Index:\_\_\_142.71 -.10

Lean Index.\_\_65.52 -.41

Pork cutout\_\_72.57 -.23 wtd -.86

IA-S.MN direct avg\_\_57.01 -2.57

Hog slg.\_\_\_ 450,000 fri 118k sat wtd 2.413 mln +10k wa +80k ya

Weekly closes in the meats had April live cattle down 1.87, March Feeders down 2.55 and April Lean Hogs down 2.40.

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Last week's grain and oilseed trade found corn and soybeans jockeying around on both sides of unchanged, trading higher one day and lower the next. The latter part of the week had wheat under pressure from the forecasts of this rain event. That pressure spread into last night's session as well.

Fund activity on Friday was estimated as sellers of 10k corn, 9k wheat and buyers of 7k beans. Index funds trimmed corn and bean longs mildly last week. Managed money added aggressively to corn and soybean longs and increased wheat shorts mildly.

Weekly closes in the grains had December corn down 3 ½ cents, Nov beans up 11, July KC Wheat down 20 ¾, July Chicago down 20 ½ and September Minneapolis wheat down 7.

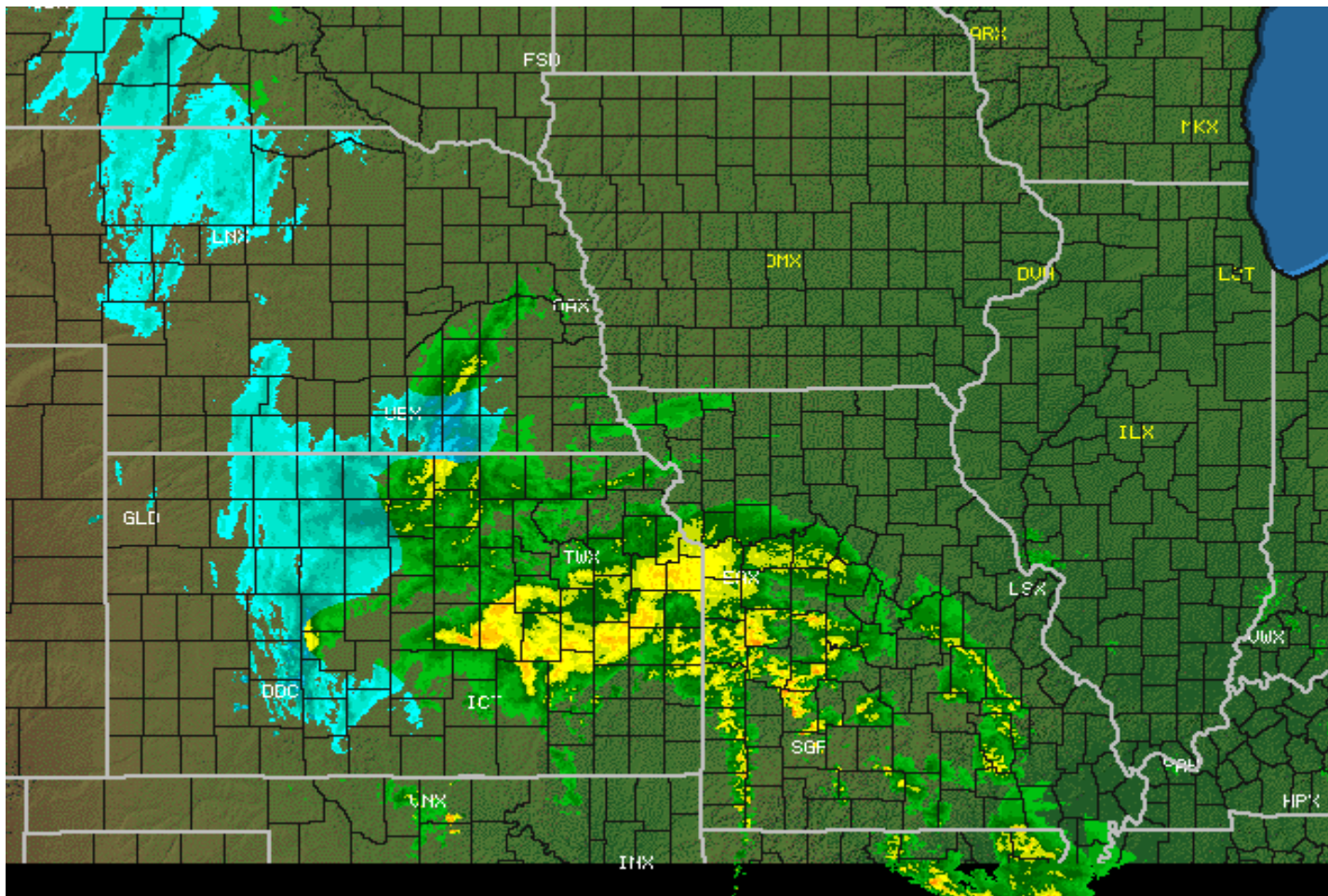
Overnight and this morning's open were sharply lower in KC wheat and you didn't need to look any farther than the radar for reasoning. Good rains falling central and east in Kansas.

6-10's took a dramatic shift last night as well. Precip is pegged at above normal across the entire Plains and Corn Belt including every ounce of HRW wheat country. Last week those forecasts were for below normal moisture in the Central and Southern Plains. Temps are pegged at normal to above in the Central and Southern Plains and below normal in the far Northern Plains and through the northern and eastern parts of the Corn Belt.

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8a.m. export reporting showed 206k mt's of new crop US corn sold to Japan. There was also a 115k mt sale of old crop US corn to unknown destination.



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