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Morning Ag Markets

Pete Loewen

The significant gains that the cattle market found in recent weeks turned the corner and came to a grinding halt in many aspects of the fundamental trade. Product quotes broke out above the \$150 market early in the week, but settled under \$150 on Friday afternoon, breaking the streak of 10 consecutive higher closes. Cash feedlot activity was no better than steady in most areas with instances of \$1.00 lower. Futures closed lower for the week.

In the cash feeder cattle and calf trade, feeders on the lighter end were steady, but heavier weight feeders found some pressure in some areas. Stocker cattle and calves were higher again, but nothing like they had been over the previous two weeks. Firm to \$3.00 higher were the quotes on light calves with instances of some \$7.00 higher money being traded. Those quotes had been consistently running \$3.00-\$10 higher on the National Feeder Summary, so those numbers are beginning to moderate as well.

Obviously, not all quotes in the cattle trade were weaker, but the stout gains that we had been seeing certainly slowed down and that brings on the question of whether cattle can come into this week with some support still, or whether last week was the precursor to a corrective move lower?? A lot will depend on whether enough demand will surface to support the stout gains in the product trade. Winter weather will also play a vital role as well. Temperatures will moderate significantly this week, but the forecast is still wet over much of the Midwest and Plains later in the week. If that moisture holds off, we'll see some great strides made in mending the sloppy pen conditions that have been plaguing so many areas and robbing weight from cattle since all the way back around the first of the year in some places.

Cattle slg. ___ wtd 632,000 +12k wa +13k ya

Choice Cutout_149.96 -.43

Select Cutout_149.56 -.19

Feeder Index:___101.36 -.12

Lean Index. ___ 68.54 +.40

Pork cutout___73.39 +1.20

IA-S.MN direct avg___69.97 +1.76

Hog slg. ___ wtd 2.163 mln unch wa -16k ya

Weekly closes in the livestock markets had the April Lean Hogs up 3.15, April Live Cattle down 1.37, March Feeders down 1.55 and August Feeder Cattle down 60 cents .

Opening calls this morning are mixed in the cattle and 15-25 higher in the hog trade. Pork product and cash were back on the rise on Friday, but futures were just mixed, so I think we'll be firmer across the board this morning.

In the grains, Friday marked the end of the month and also the close of the calculations for the revenue insurance numbers with corn coming in at 3.98 ½ versus 4.04 ½ last year and beans at 9.23 versus 8.80 last year. There was nothing friendly about the fundamentals, but commodity fund business for the week featured a lot of short covering and actually brought their corn position to a net long.

Weekly closes in the grains had the December Corn up 14 ¾, Nov beans up 15 cents and July KC Wheat up 11 ¾.

Overnight E-CBT trade was__ mixed. Corn finished higher, but not by much. Beans and wheat finished mostly lower, but there were a few contracts in light volume that had closing quotes on the plus side. KC Wheat finished the session from +4 to -2, Chicago +2 ¾ to -3 ½, corn +1/2 to +1 ¼ and soybeans +1 ¾ to -6.

The one lonely higher bean quote and the KC and Chicago wheat higher quotes were from trades that occurred just after the night session opened at 6 pm and there weren't any trades following that, so the trend for the overnight in the beans and wheat should be considered lower.

There is not a lot of fresh news to chew on this week for the markets. On March 10th we get the next USDA S&D data which will include the resurvey of production for corn and beans from last Fall's harvest. This will be the "new January Final Report" so-to-speak. We will also get the first intentions for spring planting out at the end of the month along with quarterly stocks figures.

Corn quality issues are hovering around the forefront of the news still and with roads likely beginning to dry out in March the truck line into town will be growing. The problem is, there is a lot of quality issues with what is to come in off the farm and whether that means discounts for wet or poor quality, or premiums for good corn- there will be a lot of difference in prices being paid to the farmer and a lot more testing with each load that crosses the scales. Several importing countries have already begun to specify a lot tighter restrictions on what is being shipped out of the US to them. South Korea specified #2 corn in one tender last week and Japan is tightening restrictions on quality as well in their tenders.

Brazil's bean harvest is estimated at 27% complete, up from 18% last week and only 15% on average. Big crops get bigger has been the common thing down there, so expect that to continue to weigh on soybean upside potential.

Outside markets are showing a strong dollar this morning, which should pressure things on the open a little bit. I'm calling things mildly weaker.

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