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Morning Ag Markets

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Friday was a "sell it all" day in the ag markets with cattle down moderately, hogs down hard and grains found some moderately active selling as well. Pork cutouts have been up every single day this month except Friday. They were up just shy of $5.00 through the week last week. Beef cutouts were up 2.06 on choice for the week. Cash feedlot trade was steady to $1.00 lower and cash hog trade finished the week 11 cents higher in the Iowa-S. Minn direct quotes.

Following the close, the monthly Cattle On Feed numbers were released and there were definitely a few surprises in the numbers. The On Feed total for April 1 came in 1 point below the average trade guess at 96%. Marketings were also 1 point shy of the average estimates at 104%. However, what still led to the On Feed total being smaller despite the lighter marketing total was a placement number that was 3 ½ points smaller than what the estimates cited.

The lack of placements in the heaviest weight 800 lb+ category which was down 15% compared to last year was the big surprise. That takes a summer picture that everyone thought would be under heavy pressure at some point and makes those numbers a lot more manageable. The bearish side to the placement data was housed in the lightest weight under 600 lb numbers which were up 29% from last year.

State-by-state breakdowns had Texas placing 20,000 fewer cattle than last year in March, but the flipside of that was that they placed 34% more cattle than they did in February. Kansas numbers were up 45,000 head, Nebraska was up 20,000 and Colorado placements were up 20,000 as well.

Cattle slg.___wtd 641,000 +5k wa -9k ya

Choice Cutout_168.96 +1.61

Select Cutout_165.72 +.24

Feeder Index:___112.39 -.14

Lean Index.__ 81.74 +.80 Pork cutout__90.30 -.38

IA-S.MN direct avg__80.35 -.93

Hog slg.___ wtd 2.073 mln +41k wa -.64

Weekly closes in the livestock markets had april live cattle up .47, june up 17 cents, april feeders up 25 cents and august up 30. May hogs were up .97 and june hogs were down 97 cents.

Opening calls this morning are unevenly mixed in the hog trade and 25-50 higher in the cattle complex. The overall undertone of the On Feed report was positive, which is what helped the calls in both the live and feeder markets. Not taking into account the outside market influences, both the cattle and hog markets will be heavily influenced this week by the abilities of beef and pork cutouts to maintain a higher trend. Both are hitting such lofty levels that it will be increasingly more difficult to score gains. At some point, both are going to meet stiff consumer resistance, but it sure hasn't happened yet!

In the grains, Friday's closes were all solidly in the red and what was interesting about the action was the outside market influence should have been there for the other direction and didn't really have any impact. The dollar was weaker and crude was up over $1.00 when the bell rang at 1:15, but several corn contracts were still down in the double digits. Granted, fundamentals are bearish in the grains, but outside markets and outside money and technical aspects of the market have provided more drive recently than the fundamentals, so it was a surprise to see things under so much pressure.

The strongest technical players in the market are beans and meal, but they are followed not too distantly by the wheat trade. The corn market is currently carrying too much of a burden in the form of an active planting pace to let the technicals and outside forces rule too heavily. What's interesting about the wheat trade is that there is this massive weight of very bearish fundamentals that have been ignored through the whole month of April. That doesn't sound too much different than the corn picture, but for some reason, wheat has ignored the fundamental pull for several weeks now. It's wet in the Plains states and wheat production prospects in HRW wheat country are looking outstanding in most areas. We all know what the US and world stocks levels have been, which is ugly. Wheat keeps trekking slowly higher though.

On a little side note regarding wheat, the index funds currently own roughly 49% of the total open interest in Chicago wheat futures! Keep in mind this is long open interest, not short open interest. Something to think about is- just where would wheat be without index funds and their buying?? It wouldn't be pretty.

Weekly closes in the grain markets had the july KC Wheat down 1, july Chicago up 1, dec corn down 16 cents and nov beans up 13 ½.

Overnight E-CBT trade was__ higher with KC Wheat +7 to +8, Chicago +7 to +7 ½, corn +1 to +3 ¾ and soybeans +5 ¼ to +9 ½.

Opening calls this morning are higher and right in line with the overnights. Once again, there is nothing fundamental about the rallies in either market because it's outside money that is driving the gains.

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