CORN: LOWER

Market ended the week on a weaker note, posting about a nickel loss for the short week as fund long liquidation on Friday pushed the market lower falling from that 5.00 level. As far as the funds go, this is a bit of a turning point with Friday's report showing funds increasing their net long position by about 21k contracts as of last Tuesday. This morning we're seeing the weakness continue to start the last week of February, and we start to stare down the barrel of the March first deadline for tariffs on Mexico and Canada. In addition, the updates we're receiving out of South America are stating strong planting progress with Brazil's second crop, making up for the delay we initially saw. As well as, hearing of improvements in Argentina's crop conditions receiving needed rains and more in the forecast.

At the break, CH25 was 4 ½ lower.

SOYBEANS: LOWER

Bean and meal chart action probing recent lows with charts oversold in buy signals per slow stochastics. Bean oil remain above short- and long-term averages looking for market input whether it be importer sentiment or gov't policy. How will Trump bring back better with regards to renewable fuels still not clear but if it requires massive subsidy, it could be mashed into congressional spending bills. From a fundamental standpoint, king corn is taking a break leaving row crops to defend. Questions will loom as to how Ag Forum numbers look this week then how US farmers quote acreage to USDA for planting intentions March 31st. From the current look, corn acres will be higher vs last year just a question as to how much. One outcome is a larger than expected 96-97 mil/acres corn estimate leaving bean acres too small when coupled to a sub trend yield could we risk US bean ending stocks sub 300 mil/bu at some point in the marketing year. This is normal market cycle stuff for the producer to capture when timing is right. Demand to crush remains a question with current board crush margins $136-146 range across the calendar clip seemingly ok but cash crush is sub $1 a much different view. In last month's NOPA report, crush was record but lower than estimates. Regarding US export pace, we are far enough ahead the USDA will not need to adjust old crop target as non-China business is ahead of normal 6.3mmt while China down, 1.2mmt vs last year. See how looming tariff tactics influence spec fund trade on this topic but for the time being, shipments are steady.

At the break, SH25 was 1 ½ lower.

WHEAT: LOWER

KC wheat could not hold gains from the overnight session on Friday, securing penny gains with pressure on corn. KC March pushed down to the 200-day MA at 6.11 overnight, as the threat of cold temperatures is behind for the near future, but now a warm and dry pattern is setting in and could see stress from the quick warm up. CFTC reports showed funds reduced net shorts on all three contracts but also reduced total positions. Net fund shorts have deteriorated over the last couple weeks, with the CBOT short nearly cut in half on the rally. Cash markets have not found any sustained strength, but remain supported at current levels, as we need to see a shift in demand somewhere to lift basis and reduce supplies. KC spreads continue to weaken into first notice for the March contract, with poor demand and healthy supplies pressuring K/N also. Look for weakness to start the week, as prices retrace gains, with funds rebuilding shorts until headlines dictate otherwise. **At the break, KWH25 was 8 ¾ lower.**

CATTLE: STEADY-HIGHER

Friday afternoon's monthly COF data showed a Feb 1 on feed inventory of 99.3%, Jan placements 101.7%, and Jan marketings at 101.4%. That on feed total was spot on the pre-report estimates, though with both placements and marketings falling a touch short of estimates. For placements specifically, they about 2% smaller than the average trade guess and about 6% smaller than the five-year average for the month. TX placements were the real standout there, down 14% y/y, which one would suspect is still related to Mexico border interruptions. Our weekly slaughter total of 563K head was up just fractionally from the 561K of the prior week, perhaps a touch better than expected. Now the industry will be eyeing the wholesale cutout market for any signs of support here this week. CFTC commitment of traders data showed a rare divergence in fund activity between live cattle and feeder cattle in the reporting week. In live cattle, they were net sellers of 7K contracts in the week, still net long a hefty 128K contracts. In feeders though, they were net buyers of 2K contracts which takes their position to a new record net long of 30K contracts.

Fund Position	Accumulative	Yesterday
Corn	343,733	-8,000
Soybeans	32,704	-4,000
Soybean Meal	-50,271	0
Soybean Oil	60,497	3,000
Chicago Wheat	-50,344	1,500
KC Wheat	-25,340	0

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