

CORN: LOWER

It was a fund buying spree that drove the market higher yesterday with funds adding an estimated 27k contracts yesterday putting in fresh 6-month highs. However, we did see the market pull back in to the close ending closer to the upper end of opens and closes we've seen this week continuing the see saw motion and makes one question if the market is starting to feel a bit topky. One could also argue that dry South American weather also aided the push yesterday as both corn and beans saw another decline in the latest Argentine crop conditions report. Export sales this morning saw another strong week with 65.4 mil bu sold, coming in near the upper end of the estimate range, and we even saw 0.4 mil bu of new crop sales, which is the first time in a long time. Top 5 weekly sales go to South Korea, Taiwan, Japan, Mexico, and Spain all with fairly healthy volumes, it's nice to see more than just Mexico this week. Overnight, the market jumped lower and has traded mostly lower but pulled back off the lows into the break. A leading story here is that Argentina is reducing their export tax for farmers, which would likely bring more bushels into the market.

At the break, CH25 was 3 lower.

SOYBEANS: LOWER

Bean price action finding the 200-day moving average a tough one to break although the trend remains higher for the minute. Meal also rejected at the same 200-day level in a gap lower trade which is more telling of the crop mechanics. Crop ratings are pricing in a reduction of 1-2mmt for Argentina but need more direction on weather to assemble any kind of s&d perspective. Still have 60 more days to know how the S. American crops develop so keep an open mind on price discovery. A more important factor in overnight trade, Arg gov't reduced export taxes giving farmers a green light to for selling. The daily charts and our own DDM index gave full selling opportunities for the corn, beans, meal and bean oil producers. taking now looking for the next input as slow stochastic and our DDM machine index holds sell signal status for nearby and new crop producer selling. Brazil weather has support for holding the 170mmt estimates while Argentina at 52mmt seems high. Models for Argentina weather hold a dry bias there coupled to the S. Brazil issues perhaps we have traded the largest estimates in total as we could argue USDA and Arg gov't agencies could reduce by 2-4mmt. Weekly export bean sales @ 54.8 mil/bu for the past week puts the pace +93.6 mil/bu ahead of target. China was the large taker of 33 mil/bu vs 20.6 mil/bu last year so nice bump vs normal. Bean meal @ 208 tmt middle of range will have to watch meal trend as it normally rises JFM until Argentina supply comes on-line. Bean oil sales almost zero at 2.6tmt vs the 10-week run rate of 42.3 tmt. Palm oil continues to fall while bean oil has likely priced itself out after the recent rally +19% since Dec lows.

At the break, SH25 was 11 ¼ lower.

WHEAT: LOWER

Another weaker close for KC wheat on Thursday, showing the lack of fundamental support at these levels but spillover support from funds from the buying in row crops has held a floor under prices. Overnight trade turned lower, with corn and beans pressured by the reduction of Argentina export taxes. Export sales fell short of estimates at 165k MT, led by Mexico and Japan. We saw 25/26 sales of HRS to Jamaica and HRW to Japan. Dryness in E. MT and W. ND has expanded and could begin to be a larger concern for the wheat crop in the area. KC and Chicago found chart support overnight at the 10-day MA, as row crops pressure wheat prices with funds covering longs in corn and beans. Look for selling to continue into the end of the week, sustaining the move off the highs as the tide turns for corn and beans into the weekend.

At the break, KWH25 was 6 ½ lower.

CATTLE: STEADY-HIGHER

Cattle futures inked fresh highs for a second day yesterday, albeit in less enthusiastic fashion than the day prior. After recent strength, nearby Feb LC futures are back within a reasonable \$1.00 of this week's Southern cash cattle trade, and nearby Jan feeders within a \$1.00 of their index too. We're still waiting on some northern cash cattle trade, however, producers no doubt will be thinking higher. This afternoon's monthly Cattle on Feed report is expected to show the Jan 1 on feed count at 99.8% of a year ago, Dec placements 101.8%, and Dec marketings 101.3%. On feed counts are near year-ago, but trending tighter, and may remain below year-ago levels for some time to come. This report also will give us a quarterly look at the breakdown of steers and heifers on feed for (maybe?) some evidence of heifer retention this past fall. The USDA's annual Cattle inventory report showing cow inventories, the calf crop, replacement animals, etc will be out NEXT Friday.

Fund Position	Accumulative	Yesterday
Corn	343,163	27,000
Soybeans	85,327	9,000
Soybean Meal	-47,154	-3,000
Soybean Oil	-6,809	4,000
Chicago Wheat	-84,469	2,000
KC Wheat	-32,995	0



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