

The Prospective Plantings report on March 31 was not a big market mover. Corn acreage was up about 1 percent, less than expected. Soybean and wheat acreages were both down about 2 percent, and both were down less than had been expected. Wheat has felt the most price pressure. Export movement is weak and the price plunge from March 15 highs of \$3.70 and \$3.76 on the Kansas City and Chicago July contracts has carried down to the low \$3.20's. I see no signs of buying support in wheat and would hold short positions as we work through the yield determining weather in the winter wheat crop.

Soybeans rallied on March 31 after the early morning release of the report, but the market could not hold the gains. I show the November contract this week and think we have seen the end of the current correction to the downside and would proceed to draw in the trend line we have been watching for. The line is steeper than I like, but I believe the market will try to rally and will give us a chance to sell up under the \$6.50 resistance across the March 15 high. Be aggressive in selling a rally back toward that resistance plane which will house a horde of sell orders. One way to be aggressive is to be willing to back off the \$6.50 level by a significant margin to increase your chances of seeing your sell orders be filled. If you are holding long hedges on soybean meal as a protein supplement, note the highs in meal are on March 16, you should take profits on the long hedges on a rally back toward the highs.

The smaller than expected increase in corn acreage is not helping prices very much. The USDA supply-demand reports out later this week will show a huge crop and ending stock potential and will confirm the longer term bearish outlook for corn. I would hold short hedges until we see more definitive signs of a short term bottom, and I would want to wait to replace long hedges if you took profits on long hedge programs on the recent rally. I think the new crop December futures, for example, will visit the lows around \$2.25 again unless we get unusual weather as we move into the planting period.

Fed cattle were topping at \$92.50 on a live basis and \$153.00 in the beef at the close of trade last week. Limited sales this week are near those same levels. Choice boxed beef values had dipped significantly across the past few weeks but are climbing slowly back up into the mid-\$150's. Futures are at a discount to cash and that was one reason we did not see follow through from Monday's hard declines in the Tuesday session. The worry now is that something will come along and take the cash market down, opening room for the futures to decline further. I would hold short positions in June live cattle. If the Wednesday session shows any gains, we might be able to use the low left on Tuesday and sketch a trend line across that low and the mid-February lows. Sell this market aggressively on any rally back up toward the \$87.70 high from March 9. I do not think we will see that high taken out. The feeder cattle market has been more stable, but I would be a seller on rallies back toward the \$108.20 high from April 1 on the August futures. It takes a market well above \$90 in fed cattle out toward the end of the year to justify \$108 on August feeder cattle, and I think \$90 plus is a bit too optimistic.

June lean hog futures are down hard in Tuesday's session but are still some \$10 above the cash market. We will see seasonal increases in the hog market as we move toward June, but the premium in the June may be too much to maintain. The market seems to be

saying that this week. Hold short hedges in the June and look to place or replace short hedges if we get any rally back up toward the \$81 level or better. There is lots of resistance in the \$81 to \$82.20 range with the \$82.20 the life of contract high from March 7. I would expect very aggressive selling on any approach of the \$82.00 level.

