

THE MIDWEST

Things are looking better this week. With the October and December cattle futures up nearly \$3, spirits are high in sale barns across the Midwest. This is the first encouraging step we've seen in weeks. One source described this week as a breath of fresh air. Another carefully commented, "I'm not sure, but I think we've seen bottom." With the stronger, steadier markets, we expect the big calf sales in the next two weeks. After that, we'll roll into bred cow sales. Quality young bred cows should sell well, but one source expressed concern over the anticipated low price of older cows.

NUMBERS: Across the board, fat cattle are up. The increase in fat cattle helped bring calves up nearly \$5, heifers increased \$3, and steers found themselves \$3-5 higher. Fat cattle are trading between \$1.60 and \$1.65 per pound. Last week, bids for fat cattle were averaging \$0.98 in Kansas and \$0.99 in Texas. Boxed beef is priced at \$1.80. On Wednesday, the Fed Cattle Exchange saw a high of \$1.05 and an average of \$1.03 to \$1.05 per pound. Hedging cattle is looking better for December, with fats trading at \$1.08-\$1.10.

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As harvest winds down and folks are getting crops out of the field to make room for cattle, we are seeing an increase in outside demand. The futures board was higher this week, which is helpful in maintaining morale. One source mentioned that it would be wise to keep track of how the 1,000 head of fat cattle fare at Wednesday's Superior Sale. The sale will be a good indicator as to where the market truly is. One feeder in Nebraska had eight different packers view cattle this week - the first time this has happened in nearly three years. This is noteworthy because it creates competition, thereby giving the producer another point with which to leverage their cattle. Packers generally don't like competition (as seen by an increasingly consolidated meatpacking industry) and it will be interesting to watch their next move, as we're sure they'll be quick to eliminate this competition.

NUMBERS: We saw the market \$5-10 higher for calves. Our guess is that the trend will continue into next week, with the market seeing \$1-2 increases across the board.