

THE MIDWEST

We heard chants of *"Make Cattle Prices Great Again!"* this week as our sources expressed relief over the conclusion of the 2016 presidential election. The Dow Jones dropped nearly 750 points as Trump swept key battleground states on Tuesday night, but hit a record high early Thursday morning as markets adjusted to the news. Cattle markets generally follow the Dow, so we are optimistic that this week's trading will continue on an upbeat trend. In the next few weeks, we do expect farmers to increase demand due to the end of harvest.

NUMBERS: Boxed beef is performing well this week, with a \$16 spread between select and choice meats. We're seeing fat cattle trade around \$1-2 lower than last week, at \$103-104; which is surprising, as the futures board is calling for prices to be around \$106-107. On the Fed Cattle Exchange in Nebraska, 10,000-12,000 fat cattle were sold; however, the average price dipped lower, hovering near \$103. Five-hundred weight steers stayed at \$1.40-1.45 per pound, while six-hundred weights went for an average of \$1.30 per pound. Three-year old cows brought \$1,400-\$1,500; bred heifers were steady at \$1,200. Lighter calves sold for \$2-4 higher than last week. Feeder calves can't seem to catch a rally - take your own gamble this week.

FEED FOR THOUGHT: Right now, feed costs are the deciding factor for producers' winter plans. If cheap feed is available, keep leftover calves through the new year and wait to see what the January markets bring. This option works best if you can feed for \$0.60-0.70 per day. If feed is expensive and/or unavailable, selling calves to cut input costs may be the better option.

For cows, holding onto them for 50+ days will be more profitable than selling now or only holding onto them for the next month. Again, if feed is readily available, hold onto cows until less cattle are moving in the marketplace. Weather has been favorable; which allows producers to put some condition on cows for cheap. However, don't short your own operation by putting too much money into fattening cull cows as packers are essentially paying for these cows by the pound.

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In the west, sources were less enthused by the presidential election. Instead, they were hopeful for the loosening of arbitrary regulations that have negatively affected their bottom lines. Last week, more hogs were killed which leads to competition in the protein sector. Correspondingly, we saw a dip in prices. However, producers are feeling more confident in selling this week as we saw an increase in packer buying activity. The fall run is nearing its close, which means that cattle supplies are starting to dry up and prices should increase in the winter months. The cow market is very seasonal and should see its best month around February 2017. One source disclosed: "If you have short-term cows in the Northern states - get them gone! If you have some broken-mouthed 8 or 9 year-old cows, keep them and take the gamble."

NUMBERS: Calves were steady this week, though about \$2 lower. Weigh cows were selling for around \$0.50 per pound, while open cows stayed near \$0.62 to \$0.68 per pound. There was a lot of demand this week, so the prices for open cows will be short-lived.

TIS THE SEASON: With the upcoming bull sale season, one source warned, "Don't steal from Peter to pay Paul." Don't shortchange your operation with bad genetics; make the investment to buy a better bull, which can affect your herd for up to 15 years.

DEAL OR NO DEAL: With leftover calves, there are a lot of factors to take into consideration in making a decision to hold or sell - tax liability, feed resources, labor and cost of vaccines. For cull cows, if you have the ability, feed your 'going-to-town' cows either until the week before Christmas or the first week of January. Typically, packers try to stock up the week before Christmas despite the lack of cattle in the marketplace, causing prices to rise. If you want to hold for January, make sure to sell within the first week to avoid the flood of cows that infiltrate the market after the first of the year. An even better option would be to feed cows until February, as February futures are currently standing strong.