

THE MIDWEST

Outstanding crowds and buyer interest rippled through Midwestern markets this week, with strong numbers of cattle sold for higher dollar amounts. Trade started this week at \$105 and ended at \$110, with the bulk of trade moving on Wednesday. The cow-calf producers gained leverage, allowing for a mid-week switch in trading power with the packers.

Two weeks ago, analysts were saying the market would dip to around \$0.90 in late November or early December. We're luckily nearly 15 cents above that prediction. A higher fat market allows feeders and finishers to turn a greater profit; that profit then allows for additional calf purchases. Pre-conditioned calves were selling better than those without proper vaccinations, booster shots or castration. Surprisingly, there was quite a bit of interest in old cows, compared to the weigh-up and slaughter cows. However, we could have had a better middle-aged cow market. Similar to last week, feed availability reigns as the most important factor when folks consider their winter options.

NUMBERS: Prices were up \$4-10 across the board. Fall cow-calf pairs (3-6 years old) went for \$1,525-1,800. Cows went to buyers in CO, NE, KS, MO, OK, TX, IO. Live cattle exchange was at \$108-109; coming in \$2-\$4 higher across country. Fats showed a strong rally this week, settling in at \$102-105. The fat market seemed to follow the Fed Cattle Exchange auctions closely. Steers and cull cows were up \$1-3. Boxed beef remains stagnant. December and February futures hit \$109 for fats; critics are now asking if we've reached the point of "too-high". We anticipate this strength to continue, except for a slight decrease in December.

TAKE-HOME MESSAGE: Over 60,000 head were sold in the negotiated cash marketplace this week. It's no secret that the influx of negotiated sales helped to increase true price discovery, causing prices to reflect the true value of the product. For feeders, make sure to keep cattle moving. Prices are good, so sell while you can and manage your risk. One source cautioned, "Even though the cattle market isn't exactly where we'd like it to be; the hog industry is faring much worse. They can't even get bids for their animals when they go to town." Another advised, "Be diversified in your operation. A lot of people have gone broke these last couple of years - don't put all of your eggs into one basket right now."

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Fat cattle ruled the conversation this week in the West. Markets saw sharply higher fat cattle prices, with an increase of \$3-4. Buyers are making their way to the auction yards, which helps both the market and the overall moral of producers. Packer profit is at an all-time high, causing packers to kill cattle whenever they can to take advantage of these high retail prices. As a result, there are less fat cattle available in the short-term market.