

THE MIDWEST

Winter is f@#\$% here, one source mentioned; echoing the thoughts of blizzard-weary folks across the countryside. It's cold and more storms are expected, slowing the availability of cattle and creating a bullish market. Everything was more or less at a standstill this week as the cold crept in. Crowds speculated on the effect a Trump Administration may have on the market, with jokes of "Make Cattle Markets Great Again" rippling through the auction yards. Packers were not aggressive in their buying, as inventories are stocked and the next big kill on the calendar for January 7th. The question most are asking is, will they step up and pay a little more than they'd like until then or are they going to hold out and try to keep driving the market down?

PRICES: On the Fed Cattle Exchange, most trade this week stayed near the \$110 mark. However, the Exchange didn't offer much movement this week, only around 3,000 head. In the countryside, the fat cattle trade stayed between \$108 and \$111. Lighter calf prices are up; 6-weight calves were around \$1.44, which is steady to a little higher than last week. Green 7-weight yearlings brought \$1.41. Boxed beef is higher, which is surprising for the holiday season. Futures are holding remarkably well, despite the low flow of negotiated cash trade. Consider the futures board cautiously in planning your year; many ranchers are instead basing their business decisions on how much feed they have readily available, feed expenses, labor input costs, and the general market trend.

LOOKING AHEAD: Another market upswing is expected after the first of the year. Bred cows are inching up and up, but this is typical for the season as we move closer to spring calving. All eyes are on the yearling sale next fall and ranchers are wondering how far they should stretch out between now and then. One source suggested being hesitant in your approach, as exports are currently down and imports are rising.

THE WEST

Take a moment this week to go back through USDA reports and compare prices from calves sold in October of 2015 and 2016. This allows you to compare price and profitability, track ideal weights to buy into and gain a better sense of what the “perfect” final weight is. Feed prices play a major role in factoring in this data. As one source reminded us, “the market can always go down, it can’t always come back up.” Make sure you’re saving when you can, maintaining diversity in your operations, and being lateral within the industry when possible. Everything is slowing down as we head into the holidays, and we won’t see much movement again until after the first of the year. Stay optimistic.

PRICES: The year is finishing off much stronger than what we expected six weeks ago. Steer and heifer calves under 500lbs sold mostly steady. Steer and heifer calves over 500lbs were \$1.00 to \$3.00 higher than last week. Cull cows were \$1.00 to \$2.00 lower, while feeder cows were steady to \$2.00 lower. We’re seeing a lot of bred cows selling for higher-than-expected prices, signaling that folks still have faith in the current state of the market. We are heading into a two-week period where holiday primal cuts will be in demand; slaughter numbers remain steady.

TRENDS: The game is changing from the rancher to the feedlot operator – everyone is looking into the probability of backgrounding calves. The ultimate question however, is will these calves be profitable in 2017? Crowds continue to debate what a Trump Administration means for agriculture and trade; stakes are high, as all commodities are selling for half the price they should be.

THE SOUTH

If you have the resources, now is the time to buy. Folks in the bleachers are echoing last week’s concerns, but our sources are optimistic that if you play your cards right, you’ll be able to weather the downturned market. Stocker cow producers are singin’ the blues; they are experiencing an extreme drought, which is affecting the rye grass quality and quantity. Due to a lack of income from calf sales and limited feed availability, producers are increasingly choosing to cull lower quality stock. The increased supply of cull cows has dragged prices down this week. However, one source chipped in, “Never let one man price your product. If he wants it bad enough he will buy it in the sale barn just as he will on your place.”