

THE MIDWEST

In response to “How did this week leave you feeling?”, one source replied, “Confused – that’s the only word.” Futures dipped on Tuesday and Wednesday, but came back up on Thursday. These quick shifts came as a surprise to most producers, but could be explained by a loss in boxed beef prices followed by the encouragement from a higher Fed Cattle Exchange sale. This week, there has been a lot of talk of new contracts entering the market. One estimate is that nearly 50,000 to 60,000 contracts have been added for an overall total of 320,000 contracts currently operating in the futures market. This marks the highest number of contracts since last summer.

NUMBERS: Nearly 3,700 cattle went through the Fed Cattle Exchange this week with prices averaging \$118 to \$120. Texas and parts of western Kansas saw the higher ends of that spectrum. Packers continue to bid at \$116-117, which is an unlikely price as the board moves towards stronger trends. All in all, markets came up better with a \$15 jump in some classes. Six-weight calves sold for around \$1.40. Five-weight calves saw an average of \$1.55 to \$1.60. Weigh-up cows and bulls stayed steady. Sale barns are gearing up for an influx of bred cows and heifers in the weeks ahead.

TRENDS: The hard winter has encouraged more people to sell excess cattle. This will make less cattle available in March and April. As a result, supplies will be shortened around that time and prices should increase.

THE SOUTH

The blast of cold weather took the steam out of last week's strong market movement, with parts of the deep South seeing unusually cold temperatures. The frigid weather hurt the blooming stages of winter grass, which will have a severe impact on feeding costs as Southern producers are already facing feed shortages. One source worried about the possibility of a hay shortage next summer.

NUMBERS: Yearlings and calves are in hot demand. Prices jumped about \$5 higher this week, with higher quality cattle seeing increases of up to \$10. Bred heifers sold for around \$1,200, while open heifers brought in an average of \$800. Kill cows saw a \$1 to \$2 price increase.

TRENDS: In the next 30 to 45 days, kill cow prices should increase as there will be less of them going to town.

THE WEST

One source commented on the current plight of the futures board: "The futures market continues to remain disconnected to actual market prices and fails to represent true market fundamentals. In years with declining farm incomes, banks will ask producers to hedge their product in an effort to protect their equity. In an average year, the market will see 40-50% of transactions take place on the futures board. When banks encourage producers to hedge, we see that number jump to almost 60% of all transactions. This has the same effect on the industry as formula contracts - price transparency dissolves."

NUMBERS: Compared to last week, steer and heifer calves traded \$5 to \$10 higher. Yearling steers and heifers traded \$3 to \$6 higher. Steers weighing 550-pounds sold for an average of \$1.54 to \$1.69, while 550-pound heifers brought in an average of \$1.44 to \$1.57.