

THE SOUTH

"Our market dodged a bullet this week," one source commented. "With the report of the cattle on feed, we were pretty scared." The Cattle on Feed Report worried a few sale barns as they believed the bullish report would scare the market.

NUMBERS: Average quality cows brought around \$1,300, while short termers sold for an average of \$900 to \$1,000. Three-weight steers were around \$1.60 to \$1.75 while three-weight heifers sold for an average of \$1.50. Five-weight steers saw prices of around \$1.32.

THE WEST

Futures are down, with lower prices creeping in all around. The cattle on feed inventory sheet reported bullish and came as a big surprise to most. Nearly all the cattle being fed now will be ready to go in June and July, which will spell disaster for calf sales this summer. Most ranchers can't take another bad calf check. Still, there are quite a bit of cattle on feed, especially in that 500- to 800-pound mark. One source added, "Give those cattle 175 days and our markets are going to be looking pretty tough."

TIP: The key to playing this market will be the critical decision of when to go to town. Play your cards right and you'll be able to avoid the supply influx.

THE MIDWEST

Futures broke back this week, which led to many folks across the countryside to speculate on why that may have happened. Was it the cattle on feed inventory? Trump's announcement of new trade policies? Or just a general disconnect from true market fundamentals? Packers have been buying up quite a bit of inventory this week, which is also not good for the futures prices. One source heard of a packer buying this week with delivery on February 22nd. However, futures did bounce back a bit on Thursday, with the highest prices being seen in Texas. Notably, the cash trade only dropped \$3.50 compared to the futures board's five-dollar hit.

Demand is still relatively strong considering it is February. Ranchers are selling cattle to make room for hay. Pens are looking a bit better despite the weather, but cattle are still carrying a fair bit of mud. Meat prices have held, generating the question - shouldn't our prices reflect theirs?

NUMBERS: Fat cattle sold disappointingly lower than the week before. In the plains, the average was \$3 lower than last week, at around \$118 live and \$190 dressed. The Fed Cattle Exchange averaged \$118 to \$119.50. Bred heifers sold for an average of \$1,450 to \$1,600, while young cows saw prices of \$1,500 to \$1,700. Solid mouth cows sold for around \$1,100 and \$1,400. Short termers averaged \$900 to \$1,000.

TRENDS: The Cattle on Feed Report had everyone buzzing. The report showed 10% higher placement than normal, which is almost unheard of. Normally, placement numbers vary from 2-3%.