

## THE MIDWEST

"A damn good sale this week!", exclaimed one source. "This market sure is exciting." Futures responded to the market this week, which may have helped bump prices along. Earlier, we saw an \$18 spread on the Board. That spread has been reduced to the \$10 to \$12 range. One source explained, "Ideally, we want negotiated prices and future prices to be the exact same. Who will move next? In which direction? Or will they both meet in the middle?" Seasonally, the market is usually down at this point, yet the rally continues to make progress. Spring is starting to come on strong with warmer weather and increased moisture. Yearlings are being sought out by guys needing to put them on grass. Be ready for the Cattle on Feed Report next week.

**NUMBERS:** Negotiated trade had another impressive run this week. We saw fats go for \$128 in the Plains, with up to \$130 specifically in Nebraska. Live trade topped out this week at \$130 to \$131. Dressed trade averaged \$205 to \$210, up \$5 from last week. Reports showed \$3 to \$5 higher across the board, with a steady weigh-up market for cows and bulls. Cows were at \$0.63 to \$0.70 per pound, while bulls were at \$0.90 to \$1 per pound. Higher quality, baldy replacement heifers went for \$1,000 to \$1,140. Fall bred cows with calves by their sides went for around \$1,875. Three- to five-year old fall breds averaged \$1.40 to \$1.45. Five-weight heifers sold for \$1.40 to \$1.50, while five-weight steers were at \$1.60 to \$1.70. Six-weight heifers averaged \$1.35 to \$1.40, while six-weight steers topped out at \$1.54. Seven-weight heifers went for \$1.40 to \$1.45, while seven-weight steers stayed near \$1.36.

**TRENDS:** Packers are warning the end is near, noting that the market is due for a correction soon. We're seeing a lot of cattle selling with a 3- to 4-week delivery period. The packers most likely are trying to get cattle bought up in an effort to be able to step out of the negotiated trade for a week or so. We're hearing some discussion on an upcoming supply boom, yet supplies remain tight at the moment.

## THE WEST

Boxed beef is the thing to watch this week. Consider this: A couple years ago, when the cattle market was strong, boxed beef soared to \$260 and fat cattle were worth \$170. Right now, we're seeing boxed beef prices inching up to \$220 – only a \$40 difference from the high! The correlation is there for our fat cattle market to get better, yet folks are still convinced we'll be seeing prices of \$0.94 per pound by the Fourth of July. Another impressive number? The choice and select spread is currently within \$6 to \$7. We like seeing that spread in the single digits; the \$18 to \$24 spreads are trouble.

NUMBERS: Compared to last week, steer and heifer calves traded \$2 to \$6 higher, with instances of \$10 higher on fancy green grass steers. Yearling heifers traded \$2 higher over last week, while yearling steers jumped \$2 to \$10 higher.

TRENDS: Grass cattle was once again in hot demand this week. Packers are eating through more cattle than what people think right now. Carcass weights continue to come down – which is a major saving grace.

## THE SOUTH

Sale barn chatter continues to center around one main question: "When will the market drop?" As one source commented, "The problem with the market is simply that there aren't any fundamentals backing it up." We need to focus less on that drop and more on how to increase transparency and true price discovery in the marketplace.

NUMBERS: It was a better all-around market this week, with the addition of an unusually large run of cows compared to this time last year. Stocker cows sold for about \$50 to \$100 more per head than last week. Heifers in all classes didn't see as big of a jump this week, unless they were higher quality. Five-weight steers were at \$1.50 to \$1.60. Seven-weight steers sold for \$1.27. Eight-weight steers averaged \$1.19.

TRENDS: One source predicted: "Yearling cattle will stay in hot demand – folks are turning them out to grass left and right." Another source chimed in, "I have heard that our dollar might weaken, which would continue to help the export market."

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