

THE MIDWEST

Packers are having to 'pay the piper' this week to get what they need. Supplies of fat cattle have diminished as a lot of cattle have already been contracted, which led to the jump in this week's negotiated cash trade. However, one source cautioned, "It worked for us this week, but remember, the packers can also drive the market down just as easily as they can drive it up." This next week of trade could be a bit different, as there has historically been a surge of fat cattle ready around the first of May. Packers will be able to pull forward their May contracts here soon, in addition to the pile of cattle they just bought to fill out their kill schedule. As one source put it, "It has the potential to be real ugly next week."

NUMBERS: One source commented, "Cash trade was HOT, HOT, HOT this week." We couldn't agree more. Cash trade was \$6 to \$8 higher, with most of the trade happening near the \$138 mark. Western Nebraska saw the highest prices in areas where fat cattle supplies were slim, near \$140. Weigh-up cows were steady. Old, short-term pairs saw an average of \$1,185. Three-year old pairs sold near \$1,835. Five-weight heifers were at \$1.73, while six-weight steers were slightly higher at \$1.76.

TRENDS: Futures are up and carcass weights are down. Weights are so down, in fact, that they are nearly 30-pounds down from this same time last year. The market is extremely current and folks are in a flurry of buying and selling excitement. There is a strong demand for stockers. The Cattle on Feed and Cold Storage reports came out last week; we saw heavier replacement numbers, but a generally optimistic outlook. There are a handful of good factors influencing the market - currentness, carcass weights, and exports. However, there are also some things that are concerning - high number of replacements and the seasonal downturn of the summer months. As one source joked, "If one hadn't participated in the market before, they might think that there's no end to our good luck!"

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At the beginning of the week, it looked like prices were going to be lower due to the Cattle on Feed Report. Many thought that the report might be bearish, but it didn't quite turn out that way. Right now, the market is extremely current. However, expect a move towards bearish in the summer and fall months.

NUMBERS: Compared to two weeks ago, feeder steers and heifers sold for \$4 to \$10 higher, with instances of up to \$12 higher on calves. Slaughter bulls were steady to \$2 lower. Slaughter cows were steady to \$2 lower. Feeder cows were \$1 to \$2 lower.

A TALE OF TRANSPARENCY: One source told us about a conversation he had this week. "At the beginning of the week, there was a guy who needed a large delivery. He needed 3,000 cars - roughly equal to 95,000 head of fat cattle. I asked him, 'When this large of a delivery happens, the packers step out of the negotiated trade for a couple of weeks to drive prices down, right?' He replied, 'You're crazy to think that they ever do participate in the negotiated trade - look at what they've done to the Fed Cattle Exchange.'

"For a long time now, the Fed Cattle Exchange hasn't done anything - nearly 5,000 cattle will be consigned each week and hardly 1,000 head will sell on a good day. There is simply too much transparency in that sale. The packers will not participate. He later went on to say, 'Remember, this market has nothing to do with cattle - follow the money, it's all about the money.'"

THE SOUTH

Consigners are so thankful for the up-tick in prices this week. We saw big sales, but most places were still weaker on slaughter cattle.

NUMBERS: Cows averaged 69-cents, while bulls fared better at 86-cents. Stocker cows traded fair to a notch better. Young pairs brought \$950 to \$1,050. Bred cows with a larger frame averaged \$900 to \$1,300. Older cow-calf pairs saw closer to \$1,400. We saw a lot of calves moving through this week. Six-weight steers were at \$1.30 to \$1.44, while six-weight heifers stayed near \$1.25 to \$1.36. Seven-weight steers sold for \$1.17 to \$1.36, while seven-weight heifers averaged \$1.25. Eight-weight steers closed in at \$1.10, while eight-weight heifers averaged \$1.04 to \$1.21.

653 Constitution Avenue NE | Washington, DC 20002 | (202)546-4064 | info@wssdc.com

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