

THE MIDWEST

Weather is playing its tune on the market, with one source commenting, "If we don't get some more rain soon, you can bet there will be cattle going to town." The Midwest is in desperate need of rain. The region has been having hot days with strong wind, pulling the moisture right out of the ground. The market is starting to slow down for the summer months. Sale abrnns are expecting more pairs and feeders for next week.

NUMBERS: The cash market was down, overall, by about \$7-8. Most fats traded near \$138, a drastic drop from last week's high of \$148. Dressed cattle went for \$220. Weigh-up cows were at 74-85-cents per pound, while bulls were at 95-cents to \$1.05. Five-weight steers were at \$2, while heifers stayed 20-30-cents back. Six-weight steers were at \$1.70 to \$1.80, while heifers were at \$1.60. Steers at 770-pounds sold for \$1.55, while steers at 875-pounds were at \$1.53. Heifer pairs weighing 925-pounds brought \$2,200. Older 8-9-year old cows weighing 1,380-pounds brought \$1,600. We were \$1 higher on grass and light weight cattle. Carcass weights are down. Exports are up.

TRENDS: It appears that the true spring market high is finally in, but now the question is - how fast and how far will prices fall? And the bigger question - what price is sustainable in these conditions? "I have never been so happy to see the futures go down because we are so hedged up right now... and a lot of other guys are too," one source stated. Feeders are selling aggressively because the cash market is above the futures board, so they get to add the extra on to their hedged prices. However, it's bad news if the market goes below the board. "Folks are certainly frustrated," another source added, "Sure, they are getting decent prices right now but since there is no logic in the market, what are they supposed to do with their calves for next fall? Why is there a \$16 spread right now between the cash market and the futures board? With the fear of a big wall of fats being ready here in no time and the extreme volatility in the market - how does someone make a plan for the future?"

THE WEST

One source led this week's report: "One of the biggest problems with our market is that it is overran with electronic trading. Last week and early this week, the market was up \$10 but then it dropped back down \$7-8 without any given rhyme or reason. It's not like it was 5 or 10 years ago. We will never see a market like that again unless the CFTC slows down or Trump breaks up the banks. We need to see limits with the hedge funds on Wall Street."

The source went on to caution that the volatility in the market makes it difficult to foresee where the market is headed: "Be wise and discerning in times like these. Listen to everything, but don't take it all to heart. You know what an 'expert' is? Anyone out of town..."

NUMBERS: Boxed beef is up again this week, following strong exports. The choice/select spread is nearing \$21. These prices will catch up with the packers soon. Right now, they are killing cattle 60 days shorts and at only 130-140-days old which is much too young to be grading decently.

THE SOUTH

One source expressed concern about the futures board, stating, "Everything is just running too fast right now and there is no logic. Just about the time you have things figured out, the market goes and does the complete opposite. The futures risk management isn't working - something needs me to be done with hedging. And tell me this, how can the futures market change \$9 in only one day?"

NUMBERS: Another big run this week, with slaughter cows a bit better. High quality slaughter cows brought \$0.94, while the average stayed near \$0.72. Five-weight steers went for \$1.63. Five-weight heifers sold for \$1.50. There is still a lot of cattle moving. Feedyards in the South are full and needing ten-day notices.