

## THE MIDWEST

There truly isn't any rhyme or reason for why the market is doing what it is doing. Packers had to play competitively this week because they needed cattle. However, they hold the ability to play the game because they have all the money needed to play. It was another good week to sell cattle, but we will see a week soon where packers won't have to compete as much. The negotiated kill has been high the last couple of weeks; cattle are moving with 30-40 days less on feed.

NUMBERS: Fed Cattle Exchange averaged \$140 for fat cattle, yet trade in the countryside was all over the place with prices of \$142, \$145, \$146, and even highs of \$147 in parts of Nebraska and Colorado where fats are especially short. However, the market and futures took a big drop late Thursday and Friday. The choice-select spread is up to \$19.

TRENDS: "I sound like a broken record and don't know what to say," sighed one source. "If you look back at prior years and prior cattle runs, you'll see that we when we have this big of a run, we typically end up giving a big chunk of it back. I bet that in the next 30 days, we will see no less than a \$10 drop. And yet, I wouldn't bet on anything right now with the market swinging as much as it is right now. I do believe the higher number of replacements will put pressure on the market at some given point in time."

Another source explained, "It's a rollercoaster - both financially and emotionally. It leaves people feeling helpless because they don't understand why the market is doing what it is doing and it happens before they even have time to react. Folks are so hedged-up right now that watching the market climb as it is doing is honestly sickening."

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As one source commented, "Well to shoot you straight, I can't tell you why it has been plum crazy. To be truthful, nobody knows where this is headed. Fat cattle prices are on fire due to a short supply this week and the packers are making so much money that they simply want more."

NUMBERS: Compared to two weeks ago, steer and heifer calves traded steady to \$2 higher. Yearling steers and heifers traded \$8 to \$10 higher. Fancy reputation steers weighing 830-pounds went for \$1.67. Replacement heifers averaging 723-pounds sold for \$1.67.

## THE SOUTH

"Folks are joking left and right that there's never going to be another bad day," commented one source. "The board has gone batsh\*t crazy," chimed in another source. Unanimously, sources agreed that they aren't too worried about the Cattle on Feed Report due to the high beef demand and the aggressive buying positions that packers are taking. Expect this rally to last through the middle of May before seasonal trends kick in.

NUMBERS: Fats are trading \$7 to \$8 higher this week, around \$146 to \$147. Slaughter bulls are up \$0.93, cows are up to \$0.70. Stocker cows moved in a positive direction, too. Steers at 350-400 pounds averaged \$1.60 to \$1.82, while heifers at the same weight brought \$1.43 to \$1.60. Steers at 500-550 pounds averaged \$1.43 to \$1.53, while heifers at that class saw prices of \$1.38 to \$1.45.