

## THE MIDWEST

Another week comes to an end and experts across the country are all left with the same feeling as weeks before – what was that? And what does that mean for the weeks to come? Cattlemen everywhere are praying for rain as hot weather settles into much of the country, and grass is on the edge of turning. With this week's light trade of negotiated cattle sales, a lot of questions are still left on the table.

**PRICES:** As compared to normal, things ran a bit off-schedule this week. The Fed Cattle Exchange was postponed on Wednesday because of technical difficulties, but resumed on Thursday to offer a small showing of fat cattle. Of the 1,396-head consigned, 334 of them sold for an average of \$136.75 – compared to last week's FCE, that's about \$4.50 better. Not much has traded yet in the countryside, but of the few pens that have sold, \$137-138 has been the norm – which is steady to \$1 better from last week.

**TRENDS:** Not much trade has developed in the countryside, as one source said, "Come Friday at the last whistle, we will see if something develops, but as of now it looks like feeders are holding out for \$140. Packers margins are up and it would be nice for them to share the money; however, we all know that's not how they play. If they need more cattle they will end up paying the piper, and if not, feeders are stuck settling or sitting on their lots." Carcass weights went up four pounds this week.. It's nothing to fret about today, but it may hold ramifications for the weeks and months to come – increased weight equals increased supply. Margins were a big topic this week as the live cattle margin was raised \$200, and the feeder cattle margin was raised a substantial \$500. "The only reason why they would do this is to get open interest down, and it restricts people's capital requirement," explained one source. Another source heard, "If on Friday the margins close at \$124, the bulls (a.k.a. speculators) will be happy. If it closes anything below \$124, we can expect some serious selling to happen." This week futures were all over the board... higher, then lower, and now have lost momentum and are steady. Boxed beef is in strong demand – by both foreign and U.S. demand.

## THE WEST

Cries for rain are being heard all over the western region of the US. Sale barns in the West are being flooded with cattle from folks that simply don't have the grass. Some barns are turning cattle away until the next sale because they are so full. Right now, everyone is just hoping they can get to the Fall. When you count your different variables - feed, weather, moisture, the market, and cattle - it is weighing heavy on folks that some of the factors already aren't in their favor.

PRICES: Weigh-up cows brought .70-.75/head, and bulls brought anywhere from .90-\$1.00/head. Pairs this week were a little softer. Young pairs with healthy, big calves brought \$1,975. Short-term pairs sold for \$1,500-1,700, depending on the size of the calf in most cases. Steer calves at 570-pounds sold for \$1.8850. Steers at 690-weight sold for \$1.7175.

## THE SOUTH

This week, the Southern states finally got a break from the rain. Runs were big again this week, and the market was good.

PRICES: Steer calves were \$1-10 better, and heifer calves were \$1-6 better depending on quality and size. Slaughter cows were anywhere from .68-74/head. Steer calves at 660-weight steer calves of average quality sold for \$1.60.