

THE MIDWEST

It's never good when our experts start out by saying, "Well, it's just confusing." Again, this week the trend is lower - a solid \$3-4 lower. If there's one thing that most cattlemen can agree on, it's that they hope a bottom has been established.

PRICES: This week cash traded \$3-4 lower on live cattle, staying primarily between \$104-105. On Wednesday at the Fed Cattle Exchange, 1,777 head were offered and of that, 1,140 head sold for \$105-105.10. Currently, the October's board is showing fat cattle at \$105 and the cash market at \$105. Experts say that they expect the two to move simultaneously into future weeks. The choice/select spread has narrowed to roughly 61 cents - remember, only three months ago it was a \$30 difference. Exports came out 55% higher this week than a year ago. Boxed beef is still in good demand.

TRENDS: Right now, there is a surplus of fat cattle in the country. Packers aren't having to be picky because of how narrow the choice/select spread is. Packers are currently buying cattle with lots of time, with one source saying, "It really makes you wonder what they know that you don't know. Why don't they want cattle until the week of September 4th?" One source believes that after Q3 ends, we will begin to see the market rally again. In regards to the feeder market, feeders are now able to step into some calves at reasonable prices, compared to a couple weeks ago when feeder cattle were outrageously high.

Listen to what Cassie Fish had to say about the cattle market, the expected "wall" of cattle, and Q3: "It is not new news to this market that fed cattle supplies are their largest of the year or that packer has the upper hand, which is why Aug LC traded \$7 under last week's cash average. But the gate rush fueled by fear inspiring cattle feeders to avoid a fall wreck by aggressively selling cattle, will go a long way in shortening the 'wall' of cattle. August weakness may turn out to be a worthy sacrifice and go a long way to cementing a Q3 low this year."

THE WEST

PRICES: Prices were good again in the Western parts of the US. Good yearling heifers weighing 800 pounds sold for \$1.40, and heifers weighing 900 pounds sold for \$1.30. Weigh-up cattle were a little softer; weigh up cows went for .64-.72/head, and bulls brought .80-.85/head.

TRENDS: It may seem repetitive, but the question experts are being hounded with is, "What are calves going to do this fall?" One source said, "To be quite truthful, a lot of what the calves are going to do is so contingent right now on the futures board and the fat cattle market. However, we have been blessed and have been having good runs the last couple of weeks and it really helped the moral of folks. Right now, we are in a waiting game and that's all I can really say."

THE SOUTH

PRICES: Slaughter cows were lower this week in the South, bringing an average of .60-.70/head. Stocker cows with bigger calves on their sides sold for \$1,250-1,400. Good quality bred young cows brought anything from \$900-1,400. Calves and yearlings were up \$1-13. Steer calves weighing 400-450 pounds sold for \$1.40-1.60, and heifers of the same weight sold for \$1.25-1.40. Steer calves weighing 700 pounds went for \$1.28-1.40, and heifers of the same group went for \$1.09-1.21.