

THE MIDWEST

PRICES: This week at the Fed Cattle Exchange, 1,240 head of cattle were offered and of that, no cattle sold. Unlike most weeks, trade in the country side didn't develop either. Currently, there is a significant standoff between the feeders and packers. Packers want to buy cattle, but feeders are demanding more money. Of the cattle that have traded this week - which is very few - they sold \$103-104, steady to \$1 lower than last week. Carcass weights are up one pound this week, but still nine pounds lower than they were a year ago. Packer margins are currently around \$150/head.

TRENDS: As a whole, feeders have chosen to stand firm and ask for more money this week. Feeders are wanting \$106-107, and bids of \$103-104 are circulating around the country side. Experts believe that the packers anticipated this rally last week for how many cattle they bought. Experts are also getting hopeful that they believe a bottom has been established. This week, the October board went for \$104 to \$107, giving feeders the light in the tunnel that they needed.

One expert said, "Though fat cattle have gotten a little low, we are sitting good as a whole in this market. I believe this because, first of all, the choice/select spread is so narrow. The choice/select spread tells me two things. 1) How current we are - right now we are extremely current. We are sending cattle to kill earlier than we should be - and more of them are grading choice. Even though we have a lot of fat cattle around, we are sending them to kill quick enough that we aren't getting our hands tied with cattle that are two big. 2) Consumer Demand - even though we are near the end of grilling season, consumer demand is still going strong."

The tough thing that feeders are having a hard time doing is the "swap." The swap is seeing what you can sell fat cattle for, and then what can you get back into new cattle for. Right now, it is hard because feeders are selling cattle cheap, and having to spend pretty good money to get back into more calves. Feeder cattle are expensive right now because earlier this spring and summer folks sent them to town early because of the shortage of grass and the drought. This is normal around this time of year.

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PRICES: Weigh-up cows went for .65-.70/head, and weigh-up bulls sold for .85-.95/head. As a whole, the slaughter market was steady to \$1 lower. Steer calves weighing 645-655 pounds sold for \$1.49-1.55, heifers weighing 615-690 sold for \$1.33-1.40. Steer calves weighing 800-885 pounds sold for \$1.45-1.56, heifers weighing 810-845 pounds sold for \$1.35-1.43. A young group of bred cows weighing 1390 pounds sold for \$1,375. Middle aged cows sold for \$1,225.

TRENDS: Folks in the West are appreciative of the base found in the board. Cattlemen are gearing up for the big October run that's quickly approaching. Last year at this time things were feeling a lot worse, the bit of optimism that we have found this Fall are keeping positive attitudes intact, despite the natural disasters hitting the Western and Southern states.