

Livestock Marketing Information Newsletter

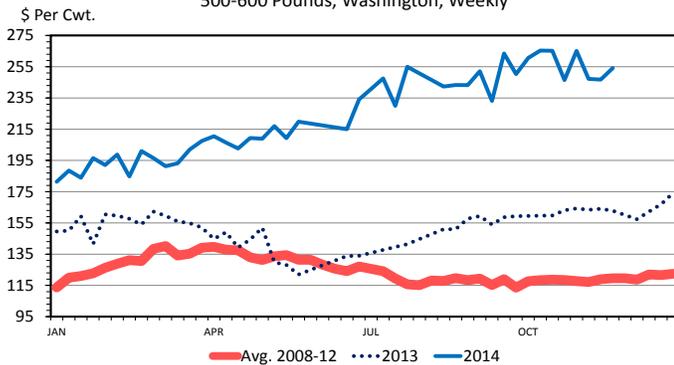


WSU Extension
<http://ext.wsu.edu>

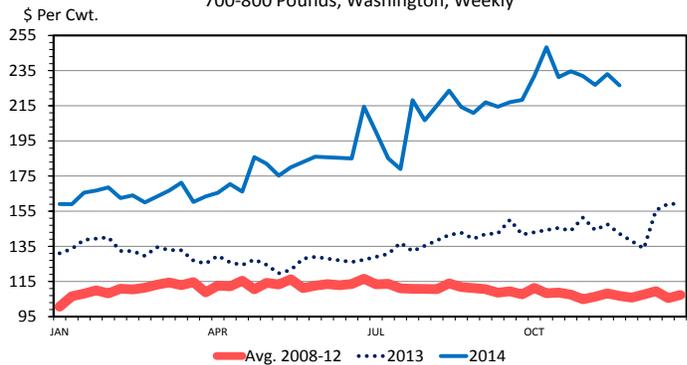
Livestock Marketing Information Center
<http://www.lmic.info>

E-NEWSLETTER FOR WASHINGTON'S LIVESTOCK INDUSTRY

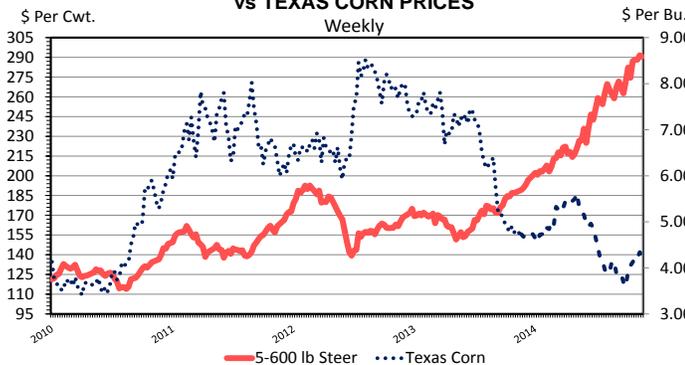
MED. & LRG. #1 & 2 STEER CALF PRICES
 500-600 Pounds, Washington, Weekly



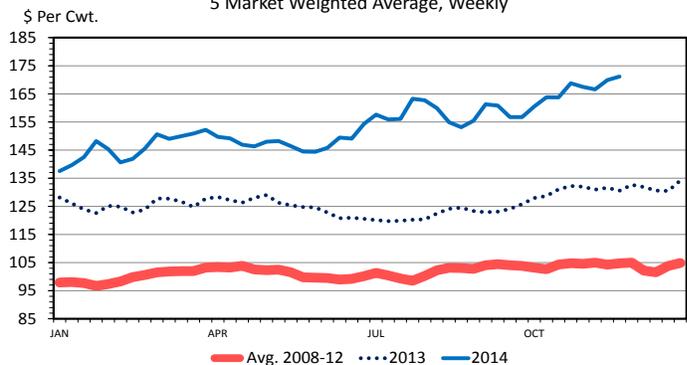
MED. & LRG. #1 & 2 FEEDER STEER PRICES
 700-800 Pounds, Washington, Weekly



SOUTHERN PLAINS CALF PRICES vs TEXAS CORN PRICES
 Weekly



SLAUGHTER STEER PRICES
 5 Market Weighted Average, Weekly



(All graphs courtesy of the Livestock Marketing Information Center – lmic.info)

in the cattle markets – Tim Petry (November 17)

More Records Set in Cattle Market

Fed cattle prices surged to new record highs last week as tight supplies of cattle continue to support the market. USDA-Agricultural Marketing Service (AMS) reported the average 5-area weekly weighted average direct fed steer price at \$169.90 which was up \$1.11 from previous record of \$168.79 for the week ending October 24. By the end of the week live cattle futures also reached life of contract and all-time record highs. On Friday the December live cattle contract settled at \$170.20.

Calf prices are record high for this week of the year, but in some cases may be off a few dollars from a month ago before

the large fall runs hit. There are individual lots selling for record high prices. Since USDA-AMS does not report an average calf price, determining a record high is more difficult and depends on individual markets.

There is also a wide range in prices for the same weight and grade of calves at the same market. In the USDA-AMS North Dakota weekly auction summary for last week, the reported range in 550-600 pound, medium and large #1 steer calves was \$261-\$294. That wide range results from the many factors that affect the value of calves. 550-600 pound heifers were quoted from \$237-\$294. Notice that top heifer calves in

LIVESTOCK MARKETING INFORMATION WEEKLY – 11/17/2014

North Dakota sold for the same price as top steers due to the demand for replacement heifers.

Feeder cattle futures increased last week and by Friday were just slightly lower than the previous life of contract and record highs that occurred on October 8. For example, the January contract settled at \$236.12 on Friday compared to \$236.32 on October 8.

The CME Feeder Cattle Index (Index) is often used as a barometer for feeder steer prices in the U.S. Since CME Group feeder cattle futures are cash settled rather than requiring actual delivery of cattle, all open contracts after termination of trading on the last Thursday of the contract month are settled with the Index price.

The Index is based on a sample of USDA-AMS reported transactions for 650-849 pound, Medium and Large #1 and the combined #1 and #2 market classes of feeder steers. The sample consists of all feeder cattle auction, direct trade, video sale, and internet sale transactions within the 12-state region of Colorado, Iowa, Kansas, Missouri, Montana, Nebraska, New Mexico, North Dakota, Oklahoma, South Dakota, Texas and Wyoming for which the number of head, weighted average price and weighted average weight are reported by AMS.

The actual Index is a 7-day weighted average price which is computed and released every weekday on the CME Group website: www.cmegroup.com. The Index is a good proxy for the current U.S. feeder cattle cash market, while feeder cattle futures prices are what traders are willing to buy and sell at for future contract months.

Although feeder cattle futures prices almost reached record highs last week the Index did not. The record high Index price

occurred on October 14 at \$244.04. The latest recorded Index for November 14 was \$239.19.

During the life of a feeder cattle futures contract, prices may be above or below the current Index depending on trader's expectations for the future. But, the Index and the expiring futures contract price are always very close at maturity. For example, the last day of trading for the October 2014 feeder cattle contract was Thursday, October 30. The futures contract settlement price that day was \$239.75 compared to the Index price of \$239.95.

The November feeder cattle futures contract matures on November 20. Both the futures price and Index price are close to \$240 as expected. Since the Index is an average, some geographic areas will have higher cash prices with others experiencing lower prices. Producers should be aware of their basis, which is the difference between the local cash price and the Index or futures price.

The Markets

Fed cattle prices increased to record high levels last week. Across the 5-area market, liveweight steer prices averaged \$169.90 per hundredweight up \$3.29 for the week. Dressed weight prices increased \$2.94 to average \$264.80 for the week. The boxed beef market also strengthened with choice at \$250.81, up 46 cents for the week. Calf and feeder cattle markets were mixed with many recording higher prices, especially late in the week. Large fall runs of calves were reported in the Plains with a few Northern markets experiencing inclement early winter weather. Corn prices in Omaha on Thursday increased 21 cents per bushel at \$3.55. <http://lmic.info/memberspublic/pubframes.html>

LMIC Livestock Monitor (November 21, 2014)

Production			Prices			
Week Ending 11/22/2014	Last	Year Ago	Weekly Average (\$/Cwt)	Last	Week Ago	Year Ago
FI Cattle Slaughter (Thou Hd)	567	621	Live Steer	169.00	169.90	130.55
FI Hog Slaughter (Thou Hd)	2232	2344	Dressed Steer	265.00	264.80	206.94
FI Sheep Slaughter (Thou Hd)	40	42	Choice Beef Cutout	254.79	250.81	199.28
Live Y. Chicken Sl. (Mil Hd)	157.4	153.5	USDA Hide/Offal	16.38	16.38	14.85
			GA Auction Fdr. Str. (6-7 Cwt.)	238.30	233.45	147.00
Slaughter Cattle Live Weight	1364	1346	Iowa/S. Minn. Base Hog	86.66	86.54	78.21
Slaughter Hog Live Weight	287	283	Natl. Net Hog Carcass	88.76	88.13	82.52
Slaughter Lamb/Sheep Live Wt.	134	131	Feeder Pigs (40 Lbs) (\$/Head)	83.24	82.93	80.43
Beef Production (Mil Pounds)	468.5	500.1	Pork Cutout	93.88	95.37	90.65
Pork Production (Mil Pounds)	478.8	497.1	Lamb Cutout	351.08	345.85	301.14
Lamb, Mutton Prod. (Mil Lbs.)	2.7	2.8	Corn, Omaha (\$/Bu)	3.53	3.55	4.10
Previous 6 Wk. Moving Avg.			Wheat, Portland (\$/Bu)	6.79	7.12	7.11
Total Beef (Mil Lbs)	466.6	494.1	Wheat, Kansas City (\$/Bu)	5.96	5.98	7.02
Total Pork (Mil Lbs)	471.6	484.2	Soybeans, Cntrl IL (\$/Bu)	10.21	10.51	13.04
Total Lamb, Mutton (Mil Lbs)	2.7	2.7				

Source: Various USDA-AMS reports. Some data are preliminary.

RED MEAT DEMAND UP

Record high beef and cattle prices have generated a lot of thinking and concern about beef demand. Discussion of this topic often centers on per capita consumption, but consumption is not demand. Per capita consumption can decrease while beef demand is increasing. In fact, this combination has been happening annually since 2011 in the U.S.

Using the estimates incorporating per capita consumption, inflation adjusted retail beef price, along with a few economic assumptions, a long-term measure of beef demand change can be calculated. One way to summarize these changes is to develop an index. If U.S. consumer demand appears to be shifting positively the index value increases. The concept of the beef demand index refers to mapping out changes, or shifts, in demand over time relative to a base year (i.e. 1990=100). One way to understand the index is to note that creating it involves calculating the inflation adjusted beef price which we would expect to observe if beef demand was consistent with that experienced in the base year. This “expected” relative real beef price is compared to the price actually transpiring in the market place to indicate changes. For example, the third quarter demand index value of 87 in 2014, for the base year of 1990, suggests beef retail prices were 13% lower in 2014 than they would have been if the demand profile had remained at the 1990 level. This example estimate of 13% quantifies the magnitude of demand reduction experienced since 1990. Importantly, the demand index also allows for year-to-year comparisons of recent changes.

The Choice Retail Beef and All Fresh Beef Demand (AFBD) Indices for the third quarter of 2014 each rose by 9% year-over-year. This demand increase was a big change, and incorporates per capita beef consumption declining by 4% and real beef prices increasing by 14% compared to the third quarter of 2013. The above description provides one of multiple historic examples of how beef demand can improve when per capita consumption declines, highlighting critical concepts. While consumers are being offered less beef currently, largely reflecting production reductions, there is nothing forcing consumers to pay 14% more for beef and the fact they voluntarily do so is a very positive thing for all industry stakeholders.

Beef is not the only red meat experiencing positive demand shifts. In the third quarter of 2014, the pork demand index rose by 7% compared to 2013’s. That increase included a 10% price increase compared to year ago levels, and a per capita pork consumption decrease of 1% compared to 2013. In the recent third quarter, the beef demand index was the highest it has been since 2005 and pork was the best since 2004. The question is: are the factors that have positively influenced red meat demand transitory or will they continue?

LEATHER PRICES SOAR

After tanning, a single steer hide can produce enough leather for 11 cowboy boots, 20 footballs or one sports car bucket seat. Hides are becoming more and more valuable as cattle supplies are tight, both domestically and worldwide, and demand for leather goods is increasing. Hides are an important contributor to animal value and also constitute just over half of the non-meat or byproduct value.

The USDA-AMS reports weekly beef byproduct prices, including hide values. Several wholesale hide prices are reported for steers, heifers, and cows including; heavy native, native steer, Colorado branded, heavy Texas, and butt branded. The heavy native steer, Colorado branded steer, heavy Texas, and butt branded steer provide the most consistent price records. Since AMS began reporting those prices in 1995, heavy native steer hides have mostly stayed in the \$60-\$80 per hide range through 2008, with fairly consistent prices during a given year. In 2009, the hide market took a significant downturn, along with the economy, with values dropping to a low of around \$30 per hide. Mid 2010 saw a rebound in prices to normal levels, and since 2011 hide values have taken off. January of 2011 was the first time hide values eclipsed \$80, since 2001.

Heavy steer hide prices set a record the end of September this year, at \$116.25 per piece. The most recent report recorded prices at \$112.95 per piece for the second week of November; year-over-year that is an 8% price increase. Compared to a \$70 per hide average prior to 2009, wholesale leather costs for luxury goods manufacturers have surged 60%. As would be expected, industry sources are reporting high priced hides are causing some leather users to switch to less expensive lower grades of leather, canvas, and synthetic leather-like products. Some have even suggested changes in luxury women’s boots toward shorter (ankle high) styles in part due to higher wholesale leather costs.

CATTLE ON FEED UP SLIGHTLY FROM 2013’S, PLACEMENTS STILL DOWN

USDA-NASS released the latest monthly Cattle on Feed report with data as of November 1st. The monthly survey showed that the surveyed feedlots (those with a capacity of 1,000 head or more) had slightly more animals on-feed than a year ago (up 0.5% or 48,000 head). That was the first increase compared to a year earlier for any month since August 2012. The increase has been caused by five consecutive months of rather low marketing rates. Placements of cattle into feedlots, after being slightly above a year ago in September, had October numbers that slipped back below 2013’s.

During October, placements were 0.9% (21,000 head) below last year’s. USDA reported the number of cattle marketed by surveyed feedlots during October was 7.8% below a year earlier. Besides being marketed to packers, cattle exit feedlots for many reasons (e.g. death losses, shipment to other feedlots, incorrectly accounted for animals that were

not actually destined for slaughter). USDA reports those animals as “other disappearance”-- that statistic was rather large in the latest report. To understand the whole situation, a “net feedlot placement” number is often used by market analysts (placements minus other disappearance), which in October was down 1.5% from a year ago. Using net feedlot placements provides a more realistic picture of what happened in October.

Does this report mean that available cattle supplies are suddenly large? The short answer is no. By historical measures the on-feed count remains small. However, the number of cattle marketed by feedlots in 2015 will not post large year-on-year declines.

<http://lmic.info/tac/Monitor/monitorframe.html>

Ron Plain hog outlook

Iowa State University calculations estimated the typical market hog slaughtered in October was sold at a profit of \$53.03 per head. October was the 11th consecutive profitable month for producers. The breakeven price, as calculated by Lee Schulz, was \$51.80/cwt live or \$69.07/cwt of carcass. Because of falling corn prices, the breakeven hog price is the lowest since September 2010.

The average retail price of pork during October was \$4.149 per pound. That is down 6.6 cents from the record set the month before. October pork prices were up 34 cents compared to October 2013. Boneless ham prices in grocery stores were record high in October for the second consecutive month.

The average price for 51-52% lean hogs was \$75.24 in October. That is up 88 cents from the month before and up \$10.29 from a year ago.

Packer margins were squeezed a bit this week with a lower pork cutout value and steady hog prices. Friday morning's pork cutout value was \$92.88/cwt FOB the plants, down \$3.70 from the week before, but up \$3.30 from a year ago. Loins, hams and bellies were all lower.

The national average negotiated carcass price for direct delivered hogs on the morning report today was \$84.20/cwt, up 10 cents from last Friday and up \$7.04 from a year ago. There were no negotiated prices reported this morning for the western Corn Belt or Iowa-Minnesota. The eastern corn belt averaged \$84.09/cwt on today's morning report.

Peoria had a top live price today of \$62/cwt. The top price Friday for interior Missouri live hogs was \$60.75/cwt which was the same as the previous Friday.

This morning's hog carcass price averaged 90.7% of the cutout value. Hog slaughter this week totaled 2.232 million head, up 0.6% from the week before, but down 4.9% compared to the same week last year. This was the 38th

consecutive week with hog slaughter below the year-earlier level.

The average live slaughter weight of barrows and gilts in Iowa-Minnesota last week, 284.7 pounds, was down 1 pound from a week earlier, but up 3.5 pounds from a year ago. This is the closest the Iowa-Minnesota weight series has been to the year-earlier level since the week of October 5, 2013.

The December lean hog futures contract closed at \$90.65/cwt, down \$2.02 for the week. February hog futures ended the week at \$90.45/cwt, down \$2.30 from the week before. April hogs lost 90 cents this week to close at \$92.95/cwt. The May contract ended the week at \$94.80/cwt. June closed at \$98.70/cwt.

Corn futures were lower this week. The December contract lost 9 cents this week to end at \$3.7275 per bushel. March corn settled at \$3.8525/bu, also 9 cents lower than the previous Friday. May corn futures settled at \$3.9425/bu.

<http://agebb.missouri.edu/mkt/bull1c.htm>

Ron Plain cattle outlook

The number of cattle on feed at the start of November is above the year-ago level for the first time since August 2012.

Fed cattle prices continue to set new records buoyed by record retail beef prices. The 5 area price for slaughter steers averaged \$164.60/cwt in October. That is up \$3.10 from the record set in September and up \$35.60 from October 2013.

The average retail price for all fresh beef set a new record in October at \$5.957 per pound. That is up 4.9 cents from the month before and up 98.5 cents compared to October 2013.

After eight consecutive months with new record highs, the average price of choice beef at retail dropped 1.5 cents in October to \$6.241 per pound. Grocery store prices for choice beef were 88.6 cents higher than in October 2013.

Fed cattle prices set new records this week in light sales volume. Through Thursday, the 5-area average price for slaughter steers sold on a live weight basis was \$169.00/cwt, up \$1.47 from last week's average and up \$38.57 from a year ago. The 5 area average dressed price for steers was \$265.00/cwt, up \$3 for the week and up \$58.55 from the same week last year.

Boxed beef prices are the highest since August. This morning the boxed beef cutout value for choice carcasses was \$255.65/cwt, up \$2.78 from the previous Friday and up \$57.26 from a year ago. The select carcass cutout is \$243.33/cwt, up \$4.98 from last week and up \$56.50 from a year ago.

This week's cattle slaughter totaled 567,000 head, up 1.2% from the previous week, but down 8.7% from the corresponding week last year. This was the 38th consecutive week with cattle slaughter below the year-ago level.

Slaughter weights continue to rise. The average steer dressed weight for the week ending on November 8 was a record 903 pounds, up 1 pound from the week before and up 26 pounds compared to the same week last year.

Feeder cattle prices at this week's Oklahoma City auction were mostly \$1 to \$4 higher on heavier weights and \$5 to \$10 higher on calves. The demand for calves to go on wheat pasture remains strong. This week's prices for medium and large frame #1 steers by weight were: 400-450# \$342.50-\$374, 450-500# \$313-\$326, 500-550# \$289-\$317, 550-600# \$289-\$304.50, 600-650# \$250-\$286, 650-700# \$240-\$254.50,

700-750# \$232-\$248, 750-800# \$233.50-\$240.50, 800-900# \$213.50-\$238, and 900-1000# \$218.50-\$219.75/cwt.

The December live cattle futures contract settled at \$170.90, up 70 cents for the week. February settled at \$171.15/cwt, up 88 cents from the previous Friday. The April contract closed at \$170.42/cwt with a gain of \$1.17 for the week. The January feeder cattle contract ended the week at \$236.35/cwt, up 23 cents for the week. March feeders closed at \$234.45/cwt, down 15 cents compared to last Friday. April feeder ended the week at \$234.60/cwt.

<http://agebb.missouri.edu/mkt/bull2c.htm>

USDA MARKET NEWS – MOSES LAKE

Washington feeder cattle report

(Davenport & Toppenish) Compared to last week, stocker steers less than 600 lbs. 3.00-10 higher. Stocker and feeder heifers and steers steady to 13.00 lower. Slaughter cows 5.00-6.00 higher, due in part to next week's holiday shortened week. Slaughter bulls steady to weak. Slaughter cows 21 percent, Slaughter bulls 5 percent, 30 percent replacement cows, and feeders 42 percent of the supply. The feeder supply included 59 percent steers and 41 percent heifers. Near 35 percent of the run weighed over 600 lbs.

http://www.ams.usda.gov/mnreports/ml_ls795.txt

Columbia Basin hay report

Compared to last week, Alfalfa for domestic use steady in a light test, as dairies use other feed stuffs for rations. Export hay not tested this week as exporters face continued work slowdown at the ports. Also some exporters turning back Alfalfa that has tested positive for GMO. Trade slow this week with light demand for export and dairy hay. Export Timothy not tested this week. Retail/Feedstore hay steady. All prices are dollars per ton and FOB the farm or ranch unless otherwise stated. Delivered prices include freight, commissions and other expenses.

http://www.ams.usda.gov/mnreports/ml_gr310.txt

national feeder & stocker cattle summary

Compared to last week, steer and heifer calves sold steady to 5.00 higher with instances 8.00-10.00 higher on calves throughout the Southern Plains and Northern Plains. A light test of yearling feeder cattle continued to sell fully steady to 3.00 higher. Demand remains very good on all weights of calves and true yearlings. Harvest is winding down across the Corn Belt and the cheapest corn prices in four years is causing many Midwestern and Northern Plains farmer feeders to consider "walking off" a portion of their crop to town. This has farmer feeders anxious to get their cattle bought and placed in their yards with the record corn crop near

harvested. Last week's cold front also boosted calf interest with widespread hard-freezes which will eliminate many airborne viruses plaguing new calf purchases this fall. Optimism remains high at this time as buyers continue to be eager bidders to replace the fed cattle they have sold at historically high prices. The calf market has come through the heavy auction offerings and the deliveries in October and November of prior video and direct sales relatively unscathed as country deliveries are mostly complete. Lighter auction runs are upon the market with the onset of holiday schedules and there seems to be plenty of demand to push feeder and stocker cattle prices even higher. At the St. Joseph, MO Stockyards on Wednesday a part load of fancy yearling steers weighing 715 lbs sold at 267.00. Also on Wednesday in Torrington, WY 105 head of fancy steer calves averaging 503 lbs sold with a average price of 322.54. Very high feeder cattle prices have left producers questioning the high risk that is being encountered, however the high fed cattle market has followed suit. Last Friday's impressive gains in the fed cattle market by short bought packers reinforced bullish psychology as the market carved out territory north of 170.00 at 172.00. Historically small fed cattle numbers will remain quite bullish with strong support hopefully sparking additional follow through buying. Last week packers were not allowed to set one week out and had to procure inventory to do business and it appeared to be a chase between packers to fill their needs. Boxed beef prices have found some support, posting gains as business has seemed to pick up looking past Thanksgiving, and right after, Christmas is just around the corner with ham as its main entrée. The beef market will have to battle these two holidays, as beef is still the preferred meat and also at its highest price level ever. Friday's afternoon Cattle on Feed Report was mostly neutral as November 1 inventory was at 100 percent of a year ago; placements at 99 percent of a year ago; marketings at 92 percent of a year ago. October marketings are lowest since series began in 1996. This week's auction volume included 44

percent over 600 lbs and 39 percent heifers. This week's prices are on the web at:

http://www.ams.usda.gov/mnreports/sj_ls850.txt

nw direct feeder cattle summary

Compared to last week, feeder cattle firm in a light test as Slaughter cattle again hit all-time highs at the end of last week selling 172.00 cwt. Trade slow as feedlots continue to focus on local sale barns for their needs. Demand remains good. The feeder supply included 66 percent steers and 34 percent heifers. Near 89 percent of the supply weighed over 600 lbs. Prices are FOB weighing point with a 1-4 percent shrink or equivalent and with a 5-10 cent slide on calves and a 3-7 cent slide on yearlings. Delivered prices include freight, commissions and other expenses.

http://www.ams.usda.gov/mnreports/ml_ls135.txt

national sheep summary

Compared to last week slaughter lambs were mostly firm to 10.00 higher, instances 20.00 higher at New Holland, PA. Slaughter ewes were steady to 10.00 higher. Feeder lambs were not well tested. At San Angelo, TX 3198 head sold in a one day sale. No sales in Equity Electronic Auction. In direct trading slaughter ewes were not tested; feeder lambs weak. 8600 head of negotiated sales of slaughter lambs were steady and 10,400 head of formula sales of carcasses under 65 lbs were not well tested; 65-75 lbs were 1.00 lower; 75-85 lbs were 1.00 higher and over 85 lbs were not well tested. 5,884 lamb carcasses sold with 45 lbs and down 33.16 higher; 45-55 lbs 8.62 higher; 55-85 lbs .27- 1.01 higher and 85 lbs and up .27 lower. All sheep sold per hundred weight (CWT) unless otherwise specified. ***** Due to the Thanksgiving holiday next week this report will not be published next week. http://www.ams.usda.gov/mnreports/sa_ls855.txt

superior video

http://www.ams.usda.gov/mnreports/am_ls753.txt

NEWS

High Food Prices Are Driving Up The Cost Of Thanksgiving, Right?

The Daily Livestock Report is published by Steve Meyer & Len Steiner, Inc., Adel, IA and Merrimack, NH. To subscribe, support or unsubscribe visit www.dailylivestockreport.com. Copyright © 2014 Steve Meyer and Len Steiner, Inc. All rights reserved.

Well, yes, but the answer depends . . . First, the American Farm Bureau's 29th annual informal survey of the **cost of a traditional Thanksgiving Day dinner for 10 people says that the average cost grew by \$0.37 from last year to \$49.41**. The meal includes roast turkey, bread stuffing, sweet potatoes, rolls with butter, peas, cranberries, a relish tray of carrots and celery, pumpkin pie with whipped cream and beverages of coffee and milk.

The \$21.65 cost of a whole 16-pound turkey was 11 cents lower than last year. Whole-bird prices have fallen slightly even though wholesale turkey part prices have been much higher this year on lower production. The prices of sweet potatoes, dairy products and pumpkin pie mix have risen the most this year. Prices for the relish tray ingredients and green peas rose as did the cost of a group of miscellaneous items (coffee and other ingredients such as butter, evaporated milk, onions, eggs, sugar and flour needed to prepare the meal). The costs of bread stuffing, cranberries, pie shells and rolls all fell slightly this year. AFBF's Thanksgiving Day Dinner value rose slowly but steadily from 1990 through 2006 when it stood at \$38.10. It jumped over \$4 in 2007 and then stayed between \$42 and \$45 until 2011 when it increased to \$49, near which it has remained since then.

But what about a longer time frame? An article at BusinessInsider.com cited a study conducted by the Morris County Library in New Jersey that looked back at advertised prices of common Thanksgiving items in its local newspaper from the week of November 22, 1911. Turkeys were \$0.28/lb. in those ads while bread stuffing and rolls were \$0.05/pound and sweet potatoes sold for \$0.29 for a 6-quart basket. Peas brought \$0.05/can and the ingredients for a pumpkin pie cost \$0.84. Add everything up and the cost was \$6.61. But those are 1911 dollars. **Adjust them for inflation and the cost of that 1911 meal is \$167.77 in 2013 dollars**. The turkey alone cost \$110 in 2013 dollars instead of today's \$21.65. It appears that American farmers, ranchers and food processors should be near the top of our thanksgiving lists this week!

Cattle On Feed Numbers Show Feedlot Response To Current Market

Derrell S. Peel, Oklahoma State University Extension Livestock Marketing Specialist

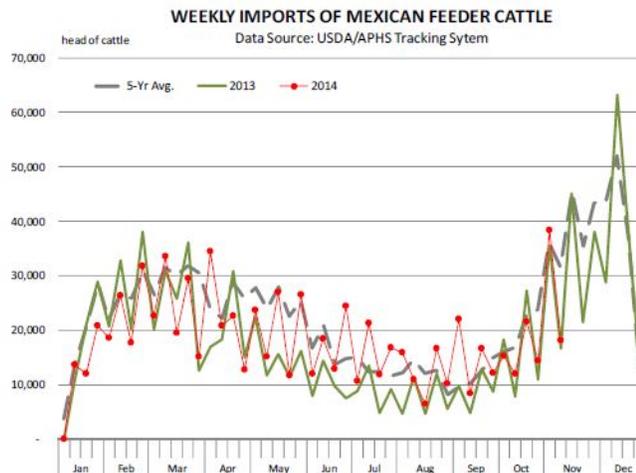
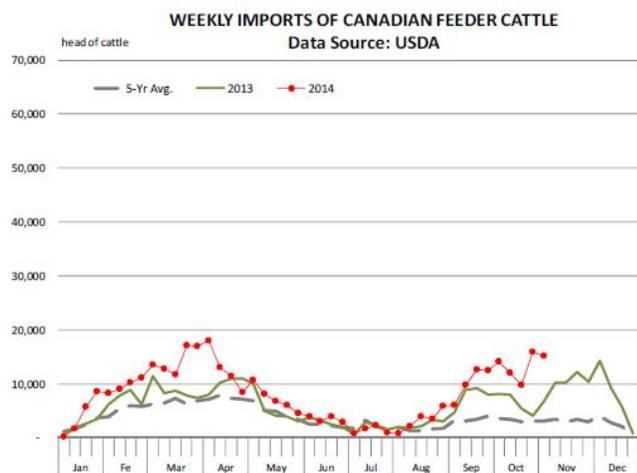
The latest Cattle on Feed report puts November 1 feedlot inventories at 10.63 million head, just fractionally above the year ago total of 10.59 million head. This slight increase in feedlot inventories over last year ends a string of 26 consecutive months of monthly year over year decreases in feedlot inventories. Feedlot inventories are slightly above year ago levels despite indications that total

feeder cattle supplies continue to tighten. Turning fewer cattle into larger feedlot inventories is the result of feedlot decisions about both placements and marketings.

October feedlot placements were slightly less than one percent below year ago levels. Placements were slightly larger than pre-report expectations and reflect, in part, a sharp increase in Canadian feeder cattle imports in October. Placements were up for 800+ pound animals and lower for all other weight categories. The largest year over year decrease in placements was for the traditional 700-799 pound weight category. For the last five months, which captures most of the current feedlot inventory, placements of 700-799 pounds feeders has been a smaller percentage of placements compared to last year, while all other weight categories have been a larger percentage. In other words, feedlots have placed heavy feeders (>800 pounds) to the extent available and otherwise have been placing lighter weight cattle that will stay on feed longer thereby maintaining feedlot inventories.

Feedlots have also boosted feedlot inventories by reducing the marketing rate the past few months. October marketings were 92 percent of last year, close to pre-report expectations. Feedlot marketings as a percent of cattle on feed has been at or below year ago levels all year and lower than the five year average marketing rate since February, with the exception of October. Net placements as a percent of marketings have been higher than year ago levels since July and more sharply higher in October. The slow feedlot marketing rate is reflected in increased steer and heifer carcass weights in recent weeks, currently at record levels of 903 pounds for steers and 830 pounds for heifers, both up 26 pounds from last year. Kansas feedlot data confirms that the combination of lightweight placements and heavier marketing weights is slowing down feedlot turnover rates. Days on feed for steers and heifers were up roughly 15 days in August and 21 days in September. Feedlots have had the tacit support of packers to reduce marketing rates as packers have reduced slaughter rates in response to wholesale beef values that have not kept pace with fed cattle prices this fall. Both feedlots and packers have a short term incentive to increase carcass weights in the face of limited animal numbers. Decreasing feed costs have also supported feedlot decisions to feed lighter cattle and to feed cattle to heavier weights. It is unlikely that carcass weights can continue to increase on a year over year basis. The slower marketing rates that supported the transition to heavy carcass weights will increase to more typical marketing rates in coming months.

FEEDER CATTLE IMPORTS, DAILY LIVESTOCK REPORTS



As you can see from the charts [above], there is significant seasonality in terms of cattle flows, reflecting production patterns and the end of pasture feeding. We scaled the charts in exactly the same way so you can see the relative importance of these two countries in terms of weekly feeder cattle flows. Mexico is by far a much more significant contributor to US feeder cattle supplies, especially during the fourth quarter. Availability of Mexican feeder cattle is particularly important for feedlots in five states (TX, OK, NM, AZ and CA). Mexican feeder cattle generally make up about 15% of placements in these five states although, during certain months in the last five years, placements of Mexican cattle have accounted for as much as 35% of all placements. So far imports of Mexican feeder cattle are in line with year ago levels and thus should have limited impact in skewing the year/year change in overall placement numbers. For the period September 29—November 1, imports of feeder cattle from Mexico were 101,652 head, 1769 head (+1.8%) compared to a year ago levels. For the year, however, imports of Mexican feeder cattle are up, thanks in large part to record prices for feeder cattle in the US and a very strong US dollar. It is important to recognize what higher imports of Mexican feeder cattle imply at a time when overall cattle numbers in Mexico continue to plummet—the domestic feeding industry in Mexico likely will continue to shrink as more cattle go north rather than into local feedlots. This will continue to make for an increasingly challenging environment for Mexican packing plants, especially some of the smaller operations in the Northern part of the country. So far this year (though November 8), the US has imported 824,633 head of feeder cattle from Mexico. Imports of feeder heifers at

181,313 head are up 40,907 head (+29%) while imports of feeder steers at 643,320 head are up 59,203 head (+10%). While larger than a year ago, however, these volumes still are quite a bit smaller than what we saw in 2012, when drought forced a significant liquidation of the Mexican cattle herd and Mexico shipped almost 1.5 million head of feeder cattle to US feedlots. The expectation is for more Mexican feeder cattle to become available in November and early December. Last year, imports of Mexican feeder cattle to the US in November were almost 124,000 head, or about 7% of the total number of cattle placed on feed in November 2013. It remains to be seen whether that volume is sustained again this year and how that impacts overall feedlot placements at the end of the year. Imports of Canadian feeder cattle are tracking significantly higher than a year ago and the increase is significant enough to impact the overall placement estimates. For the period Sep 29 - Nov 1, imports of Canadian feeder cattle were 66,978 head, some 34,345 head (+105%). This increase in Canadian feeder imports likely contributed about 1.2% points to the overall placement number in October.

OTHER RESOURCES

USDA Market News: www.ams.usda.gov

Northwest Commodity Corner: <http://www.ams.usda.gov/mnreports/lswnwcomm.pdf>

National Feed & Seed Weekly: <http://www.ams.usda.gov/mnreports/lswfeedseed.pdf>

USDA market news reports for individual PNW auctions

Stockland Livestock Auction (Davenport, WA)
http://www.ams.usda.gov/mnreports/ML_LS756.txt
Toppenish Livestock Auction (Toppenish, WA)
http://www.ams.usda.gov/mnreports/ML_LS754.txt

Selected PNW livestock auction home pages

Central Oregon Livestock Auction (Madras, OR)
<http://www.centraloregonlivestockauction.com/marketreports.htm>
Producers Livestock Marketing Association
(Vale, OR & Jerome, ID)
<http://www.producerslivestock.com/>
Stockland Livestock Exchange (Davenport, WA)
<http://www.stocklandlivestock.com/>
Lewiston Livestock Market (Lewiston, ID)
<http://www.lewistonlivestockmarket.com>

The most recent editions of this newsletter are posted on the WSU Extension Central Washington Animal Agriculture Team website (<http://animalag.wsu.edu>). In this newsletter, clicking on a link will open the website containing the report or will load the PDF from the web in your browser window. If you have any problems please email me at hudsont@wsu.edu. Several of the articles are in Adobe Acrobat (PDF) format, and you may need the current version of Adobe Reader for the hotlinks to work. Go to <http://www.adobe.com/products/acrobat/readstep2.html> to download Adobe Acrobat Reader for free. To subscribe automatically, send a blank email to SUBSCRIBE-livestockmarkets@lyris.cahnrs.wsu.edu.

Tip Hudson

hudsont@wsu.edu

Video auction home pages

Superior Livestock Auction
<http://www.superiorlivestock.com/>
Western Video Market
<http://www.wvmcattle.com/>
Northern Livestock Video Auction
<http://www.northernlivestockvideo.com/>

Hot topics

WSU Avian flu
<http://anr.wsu.edu/AvianFlu.htm>
WSU - West Nile Virus
<http://wnv.wsu.edu/>
Northwest Pilot Project (AID)
<http://www.northwestpilot.org/>
USDA National Animal Identification System
<http://animalid.aphis.usda.gov/nais/index.shtml>
NCBA BSE page
<http://www.bseinfo.org/>
USDA Country-of-origin labeling
<http://www.ams.usda.gov/cool/>

Cooperating agencies: Washington State University, U.S. Department of Agriculture, and Washington counties. WSU Extension programs and employment are available to all without discrimination. Evidence of non-compliance may be reported through your local WSU Extension office.