

CattleFax UPDATE

THE
DECIDING
FACTOR

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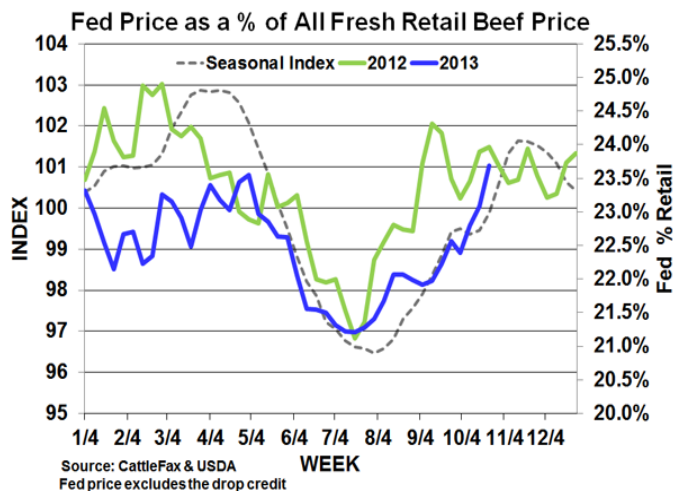
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This Issue of CattleFax Proudly Sponsored by

Revalor-XS
(trenbolone acetate and estradiol)

Even Higher Retail in the Cards?

The CattleFax weekly fed steer price has increased 11 percent from the summer low to the fourth quarter high, (from \$119.53 to \$132.44) so far. As a result, several of the margin indicators are becoming stretched. Specifically, the fed price (excluding drop credit) as a percentage of the All-Fresh retail beef price has increased from near 21 percent to just shy of 24 percent as the cash fed price has rallied. Typically there is a strong seasonality to this ratio – the average increase from the summer low to fourth quarter high is 3 percent, which is in line with the move so far this year. Keep in mind these are based on averages and there are years in which the ratio can stretch even higher, in fact just over the past three years the average increase in this ratio has been closer to 3.5 percentage points. When



Currentness

Very current

Current

Caution

Uncurrent

Steer carcass weights were up 5 pounds at 875 pounds and are 4 pounds lighter than last year.

quarter low at \$4.97/lb, this would suggest the retail price should increase 17 cents to \$5.14 for a spring high next year. Based on the seasonality of the fed-retail ratio, if the fed price captures 24 percent of the retail price next spring this would suggest the cash fed market highs would be near \$137/cwt (\$5.14 retail * 24% = \$123 + \$14 drop credit = \$137).

Bottom Line: The bigger question, which it has been a lot lately, may be what will demand look like? Beef supplies will be smaller into the winter/spring, which will be supportive to prices. However, if retail prices are unable to push higher into next spring as the seasonal would suggest, then the fed cattle market may not push significantly higher than the low \$130's. If demand from the consumer, both domestically and globally, is weaker this winter and into next year then retail prices may struggle to push higher. At this time there are not major concerns of seeing demand weaken significantly into the first half of 2014. However, as the government attempts to resolve its issues in January, this will be a factor to monitor closely. *Tod Kalous*

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Market Highlights

The fed cattle market was mostly steady this week as cattle in the South sold for \$132, while in the North trade was only lightly collected at \$132 live and \$207 to \$209 dressed as we go to press. Boxed beef continued its upward trend this week with Ribs and Tenderloins leading the way as buyers stock up for the holidays. Feeder cattle prices ranged from \$4 higher to \$4 lower on the week while calves were primarily steady to \$3 firmer. Slaughter cows were even to \$2 lower. Slaughter levels for this time of the year remain well below levels noted over the past few years. Corn prices softened throughout the week as harvest is in full swing and looks to be well on the way to a record crop.

2014 OUTLOOK & STRATEGIES

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Strong Market to Continue

Fed-Cattle Outlook



The fed cattle market, fundamentally, will be the friendliest over the next 45 days. This timeframe offers the best combination of seasonally tight fed cattle supplies, strong beef values and a wide Choice-Select spread fueled by holiday middle meat buying. Longer term, the largest year over year declines in fed cattle supplies are projected from December through February of 2014, corresponding with the historically small placements from July-September. The feeding industry continues to stay current, and with the return of profitability and near normal December live cattle basis cattle feeders are expected to be willing sellers near term. Through 2014 fed cattle prices are expected to average higher year over year due mainly to tighter per capita supplies.

Next Week: Fed supplies will remain seasonally tight, while the beef complex is expected to be stronger. Fed cattle prices are expected to trade near \$133.

Mid November-December: F.I. slaughter levels will decline seasonally into late year and carcass weights will run well

below year ago levels. This will result in a 5 percent reduction in year over year net beef supply during November and December. Look for a historically strong fed market with an average in the low to mid \$130's projected.

January-February: Fed cattle supplies will remain well below year ago levels due to the historically small placements from July-September. Softer beef demand and usage is the norm after the year-end holidays. Look for fed values to average lower compared to December (in the upper \$120's). As always winter weather can affect price trends and levels. *Kevin Good*

Projected Fed-Cattle Marketings (000 Head) 01-Nov-2013

	Placed Against	Pre Mo Carryover	Begin Inv	Mo Shipments	Carry-Over %	Net Weeks	Adj. Wkly Avg Shipments	% of Yr Ago
OCT	737	443	1180	830	34	4.6	130	107
NOV	730	428	1158	717	41	4.0	129	102
DEC	657	499	1155	770	37	4.2	132	90
JAN	620	443	1063	809	28	4.4	132	89
FEB	709	307	1016	709	34	4.0	128	96
MAR	668	357	1026	716	34	4.2	123	91

CattleFax Shipments

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct		Nov	Dec
Monthly Totals (000 hd)													
2012	564	563	558	539	653	639	636	658	533	558	2011	548	639
2013	652	538	568	541	614	598	705	641	592	597	2012	533	586
Weekly Averages (000 hd)													
2012	134	134	133	128	148	152	151	143	140	121	2011	131	145
2013	148	128	135	123	139	150	160	146	148	130	2012	127	146
13%12	110	96	102	96	94	99	106	102	106	107	12%11	97	101
13%5Yr	111	93	105	95	97	103	107	97	105	102	12%5Yr	102	105

CattleFax Placements

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct		Nov	Dec
Monthly Totals (000 hd)													
2012	540	559	585	443	732	522	609	702	527	605	2011	591	540
2013	575	504	614	532	688	523	599	576	576	702	2012	535	580
Weekly Averages (000 hd)													
2012	128	133	133	106	166	124	145	153	151	131	2011	141	123
2013	131	120	146	121	156	131	136	131	144	153	2012	127	145
13%12	102	90	110	114	94	106	94	86	95	117	12%11	90	118
13%5Yr	102	89	106	109	106	111	115	86	89	99	12%5Yr	91	125

Contract and Formula Cattle 01-Nov-2013

	Scheduled in October	Shipped in October	Scheduled in November	Scheduled in December
Kansas	230,000	225,000	200,000	200,000
Texas	320,000	317,500	300,000	260,000
Colorado	85,000	75,000	80,000	80,000
Nebraska	220,000	218,000	180,000	180,000
Totals	855,000	835,500	760,000	720,000
Basis Bids				
Steers	December \$1 to \$2 under		January \$2 under	February \$2 under
Heifers	\$1 to \$2 under		\$2 under	\$2 under

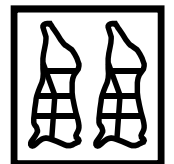
Closing in on the Highs

Prices for the Choice boxed beef cutout closed the week \$4.10 higher; Selects over the same period were quoted \$4.40 firmer. Demand is beginning to wane after the recent rapid advances.

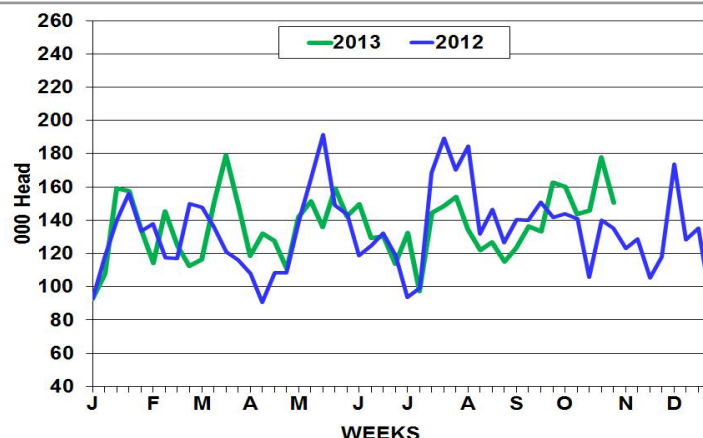
We may be nearing the top in the cutout as buyers increasingly look towards other proteins to feature and use on menus. That said, purchasing for upcoming holiday needs as well as limited cattle and beef supplies are likely to limit the downside price risk over the next 45 to 60 days and could result in a modest price increase over the next week or two as we find the highs.

Next Week: Buyers are in a more comfortable bought position, and as a result this may make further advances more difficult to achieve. Nonetheless, boxes should still have at least some upside in the near-term. Choice boxes are anticipated to trade between \$204 and \$208, Selects from \$189 to \$192. *Duane Lenz*

Beef Complex



CattleFax Placements



Fed Cattle Prices 01-Nov-2013

	Live Steers	Hot-Wgt Prices	Live Heifers	Hot-Wgt Prices	Trade Volume	Contract Formula
PANH	132-133	N.T.	132-133	N.T.	70,000	97%
KS	132	212	132	212	55,000	82%
NE	132	207-208	132	207-208	85,000	60%
CO*	N.T.	N.T.	N.T.	N.T.	14,500	100%
CB	131-133	208-209	131-132	208-209	20,000	0%
PNW*	N.T.	N.T.	N.T.	N.T.	0	0%
SW	131-132	N.T.	N.T.	N.T.	500	0%

Price ranges reflect the last best test for average choice to high quality cattle.

*Includes all reported Canadian Imports

204 Day Revalor[®]-XS vs. Revalor-IS Re-implanted with Revalor-200 or Revalor-S

Trial protocol consisted of:

- Nebraska trial location
- Weaned steer calves, 1,339 head of cattle, 6 pens of about 75 head per pen
- Revalor[®]-IS (trenbolone acetate and estradiol) and Revalor-XS given on day 1 of trial
- Revalor-200 or Revalor-S re-implanted on day 90
- No vaccine boosters were given

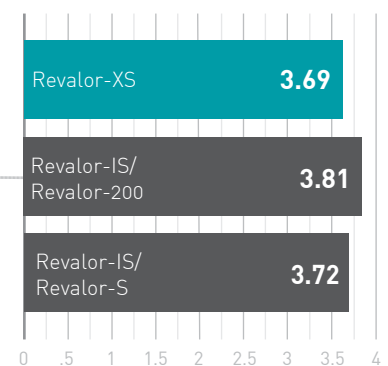
Summary

Dry matter intake was not altered by treatment. There were no differences between Revalor-IS/Revalor-S compared to Revalor-XS for any performance or carcass traits. Feed efficiency, average daily gain and final weight on either a live or carcass basis was improved ($P < 0.03$) when steers were implanted with Revalor-IS followed by Revalor-200 compared to Revalor-IS/Revalor-S or Revalor-XS. Weaned steer calves, implanted with Revalor-IS/Revalor-200 had greater HCW and ribeye area, lower marbling score, fewer Choice and more Select and Standard carcasses when compared to calves implanted with either Revalor-XS or Revalor-S implant programs.

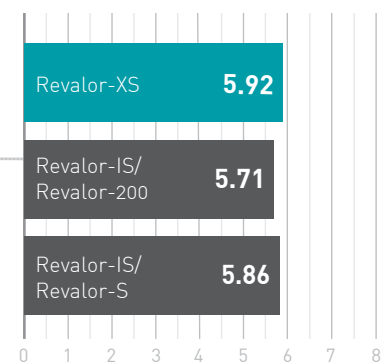
Table 1. Performance of steers implanted with Revalor-IS on day 1 followed by Revalor-200 or Revalor-S on day 90 compared to steers implanted with Revalor-XS.

Item	Revalor-XS	Revalor-IS/ Revalor-200	Revalor-IS/ Revalor-S	P-value
Pens	6	6	6	-
Steers	447	446	446	-
Days on feed	204	204	204	-
Initial BW, lb	626	631	624	.25
Live basis				
Final BW, lb ^a	1380 lb. ^b	1406 lb. ^c	1386 lb. ^b	.03
DMI, lb/d	21.8	21.8	21.8	.94
ADG, lb/d	3.70 ^b	3.80 ^b	3.73 ^{bc}	.03
F:G	5.90 ^b	5.73 ^c	5.85 ^{bc}	.03
Carcass basis				
Final BW, lb ^d	1378 ^b	1410 ^c	1385 lb. ^b	.02
ADG, lb/d	3.69 ^b	3.81 ^c	3.72 ^b	.02
F:G	5.92 ^b	5.71 ^c	5.86 ^b	.01

ADG



F:G



^a 4% pencil shrink was applied to full weight.

^{b,c} Treatments means are significantly different ($P < .05$).

^d Final adjusted shrunk weight adjusted to an average overall dressing percent of trial.

Data displayed on carcass adjusted basis.

204 Day Revalor-XS vs. Revalor-IS Re-implanted with Revalor-200 or Revalor-S

Table 2. Carcass characteristics of steers implanted with either Revalor-IS on day 1 followed by Revalor 200 or Revalor-S on day 90 compared to steers implanted with Revalor-XS.

Item	Revalor-XS	Revalor-IS/ Revalor-200	Revalor-IS/ Revalor-S	P-value
Pens	6	6	6	-
Steers	447	446	446	-
Hot carcass weight	917 ^a	938 ^b	922 ^c	.02
Dressing percent	66.4	66.7	66.5	.61
REA, in ²	15.4 ^a	16.0 ^b	15.5 ^a	.01
Marbling score ^c	423 ^a	400 ^b	412 ^{ab}	.01
Rib fat, in	.57	.54	.58	.10
Average YG	2.8	2.7	2.9	.10

USDA Quality Grade, as a percentage of total

Prime	.90	0	.90	.20
CAB	7.7	4.1	6.7	.10
Total Choice	61.9 ^a	48.8 ^b	61.3 ^a	.01
Select	35.6 ^a	47.8 ^b	36.4 ^a	.01
Standard	1.6 ^a	3.4 ^b	1.4 ^a	.04

USDA Yield Grade, as a percentage of total

YG 1	16.6	25.3	19.4	.09
YG 2	41.2	41.2	36.4	.57
YG 3	36.8	26.1	35.6	.07
YG 4	4.7	6.9	8.3	.39
YG 5	.70	.50	.20	.24

^{a,b} Treatments means are significantly different (P < 0.05).

^c Slight = 300 to 390, Small = 400 to 490, etc.

Conclusion

Implanting weaned steer calves with Revalor-XS results in similar growth performance and carcass characteristics as steers implanted with the combination of Revalor-IS and Revalor-S over 204 days on feed. Aggressively implanting weaned steer calves with the combination of Revalor -IS and Revelor-200 resulted in greater weight gains, improved feed efficiencies, lower marbling scores and fewer USDA Choice or greater carcasses.

A withdrawal period has not been established for Revalor products in pre-ruminating calves. Do not use in calves to be processed for veal. For complete information, refer to product label.

It's a Grind

The feeder cattle market clearly was very explosive during the last several months coming off of the lows last spring. It was a setup for a perfect storm as fed cattle values and live cattle futures went up and corn values and corn basis went down. The net result was the feeder cattle market went higher. The explosion in the market had a lot of energy and a lot of momentum behind it. With any market, there is always an end point that comes and the feeder market is no different.

Feeder Cattle Outlook

It appears that the feeder cattle market is just going to grind out a range during the next couple of months, with the low \$160's as support. Due to the grinding action expected, buyers of feeder cattle don't have

to be quite as aggressive owning inventory. While sellers of feeder cattle can take note that the market is going to still be very solid during this period between now and the end of the year.

Looking forward into the first quarter, there is an assumption that the feeder cattle market can push back into new highs, into the upper \$160's. There will be fewer cattle to choose from during this timeframe, corn is expected to still be under \$5/bushel resulting in cheap cost of gains, and the fed cattle market should be trading on top of \$130/cwt. All of these factors will be compounded by a cattle feeder that will be closing cattle out in the black. Thus, winter stocker/backgrounder operators should look to the options market as the best tool to manage margin at this point.

The calf price trend is higher, and the fall run will be winding up during the next couple of weeks. Looking forward, the calf/stocker cattle market is expected to continue to move higher into the winter and spring. It has been well documented that the supply will be tighter next spring. Summer stocker operations will need to assess their winter costs in relation to the price increase expected. As was stated last week, calf values basis a 550 pound steer in the Central Plains could push toward \$225/cwt for highs.

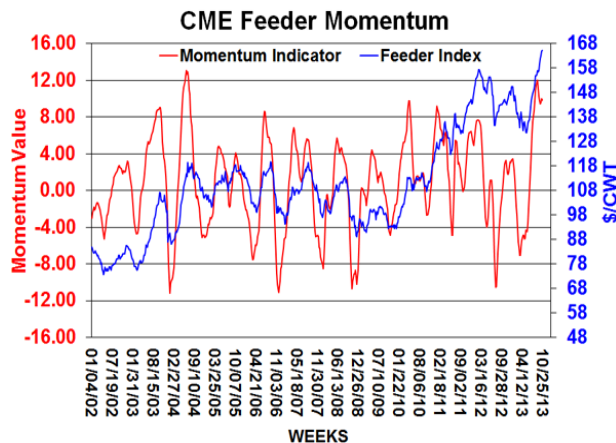
Bottom Line: Stocker cattle values are increasing, buyers have cheaper winter costs versus a year ago and should take on some inventory.

Michael Murphy

Feeder Cattle and Calves: Representative Direct Sales					
Area	No.	Wt.	Breed Type	Price	Del.
CENTRAL					
STEERS					
KS	250	775	Choice Eng X	161.80	JAN
OK	400	750	Choice Eng X	164.50	DEC
OK	800	750	Choice Eng X	163.00	MAR
TX	1,100	800	Choice Eng X	163.50	MAR
TX	1,250	750	Choice Eng X	164.00	APR
CENTRAL					
HEFIERS					
KS	250	700	Choice Eng X	158.85	DEC
KS	350	700	Choice Eng X	158.10	JAN
KS	200	700	Choice Eng X	157.50	FEB
OK	450	700	Choice Eng X	160.25	JAN
TX	2,000	700	Choice Eng X	160.50	JAN
TX	1,000	700	Choice Eng X	159.00	FEB
SOUTH					
STEERS					
GA	100	525	Choice Eng X	171.50	IMM
GA	150	575	Choice Eng X	162.50	IMM
GA	400	675	Choice Eng X	164.50	IMM
GA	700	725	Choice Eng X	162.50	IMM
GA	400	775	Choice Eng X	157.75	IMM
GA	200	825	Choice Eng X	152.00	IMM
GA	200	875	Choice Eng X	150.75	IMM
SOUTH					
HEFIERS					
GA	150	525	Choice Eng X	152.50	IMM
GA	450	625	Choice Eng X	159.50	IMM
GA	300	675	Choice Eng X	153.50	IMM
GA	150	725	Choice Eng X	151.50	IMM
Live Cattle Imports, Year-to-Date Totals					
Canada		19-Oct-13	13-YTD	12-YTD	
Feeders		5,446	231,481	117,774	
Slaughter		14,794	577,190	495,468	
Mexico		26-Oct-13	13-YTD	12-YTD	
		10,916	673,576	1,146,439	

Feeder Cattle Price 01-Nov-2013

West & Northwest							Central							Southeast						
	CO	MT/WY	CA	NV/UT	AZ/NM	WA/OR ID		TX	KS/MO	ND/SD	NE	OK	IA		AL	AR	FL	GA	LA/MS	KY/TN
9-10	150-154	146-159	139-143	139-143	138-149	138-144	9-10	147-151	150-154	156-160	156-160	150-154	156-160	9-10	141-145	141-145	137-141	140-145	141-145	150-154
8-9	158-162	158-168	149-153	149-153	148-157	148-154	8-9	157-161	157-164	163-167	169-173	157-161	162-166	8-9	151-155	152-156	147-151	151-155	151-155	154-158
7-8	164-169	161-171	153-158	153-159	152-163	153-160	7-8	164-169	164-172	170-175	173-178	167-172	166-171	7-8	153-158	155-160	149-153	153-158	153-158	155-161
6-7	166-173	168-178	162-169	160-169	160-168	159-168	6-7	166-173	165-177	175-182	173-180	167-174	169-176	6-7	158-165	158-165	156-163	158-165	158-165	155-162
5-6	184-194	180-194	172-182	171-182	170-185	170-182	5-6	176-186	174-190	187-197	192-202	182-192	180-190	5-6	165-175	170-180	162-172	162-172	172-182	155-165
4-5	207-217	205-216	196-206	194-206	194-215	193-205	4-5	202-212	196-215	210-220	214-224	205-215	200-210	4-5	188-198	194-204	190-200	185-195	190-200	165-175
HEIFER							HEIFER							HEIFER						
8-9	144-148	151-160	140-144	140-147	139-144	142-148	8-9	140-144	144-151	156-160	160-164	144-148	150-154	8-9	140-144	140-144	136-140	140-144	140-144	134-138
7-8	156-161	152-164	144-149	144-151	143-153	145-152	7-8	149-154	151-161	156-161	159-164	151-156	158-163	7-8	145-150	144-149	141-146	144-149	145-150	140-145
6-7	159-166	155-168	151-158	151-158	149-156	150-159	6-7	152-159	155-167	163-170	163-170	155-162	158-165	6-7	148-155	146-153	145-152	147-154	148-155	139-146
5-6	162-172	162-177	157-167	155-167	155-168	154-166	5-6	155-165	154-174	167-177	173-183	162-172	165-175	5-6	147-157	152-162	145-155	145-155	149-159	140-150
4-5	176-186	175-194	169-179	167-179	167-190	166-178	4-5	173-183	164-186	188-198	188-198	177-187	180-190	4-5	160-170	170-180	154-164	155-165	165-175	143-153
COWS							COWS							COWS						
util	79-85	72-90	74-80	72-79	70-80	71-81	util	76-81	76-84	72-80	74-84	82-88	73-83	util	68-78	70-78	73-83	73-79	70-79	76-82
cn/cut	75-80	66-81	62-70	60-70	63-76	62-71	cn/cut	74-78	68-81	65-75	68-79	75-80	67-75	cn/cut	67-72	68-78	70-78	71-77	60-70	73-78
bulls	92-97	84-95	80-92	78-90	79-97	78-90	bulls	94-100	87-100	90-96	91-96	95-100	90-96	bulls	90-94	85-94	90-100	95-100	88-98	88-95
West — Feeder cattle ranged from \$1 higher to \$1 lower for the week. Calves were steady to \$2 higher. Market cows were steady to \$1 lower. — Troy Applehans							Central — Feeder cattle traded in a wide range of \$4 higher to \$4 lower for the week. Calves were mainly steady to \$3 higher, 6 weights traded \$5 lower. Market cows were steady to \$2 lower. — Troy Applehans							Southeast — Feeder cattle prices were steady to \$2 higher this week. Calves were steady to \$2 higher. Market cows were steady to \$2 lower. — Troy Applehans						



Feeder Cattle Prices Sponsored by:

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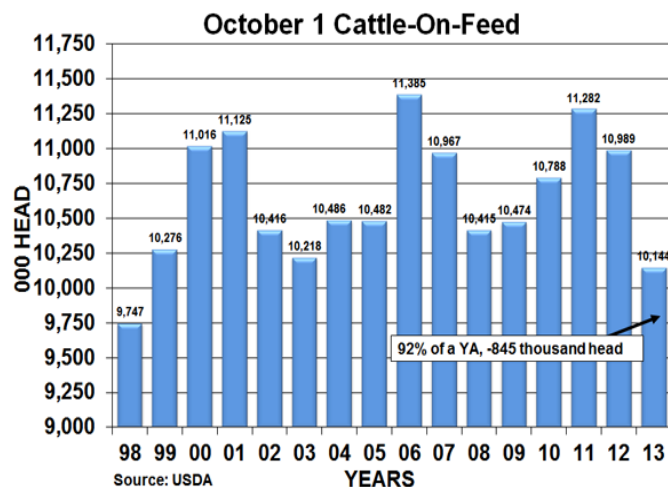
COF Data Released

Cattle-on-feed is 92 percent versus a year ago. Marketings are up 6 percent from a year ago. Placements are up 1 percent from last year.

U.S. Cattle-on-Feed October 1, 2013 1,000+ capacities

	Average 2008-2012	2012	2013	% year ago
COF September 1	10281	10647	9876	92.8
Placed	2321	2004	2025	101
Marketed	1754	1598	1695	106
Other Dis.	58	64	62	100
COF September 1	10790	10989	10144	92.3

The data was late coming out, but there were no real surprises in the data and hence the market did not do much trading wise. There were 4.0 marketing weeks this year versus 3.9 a year ago. Federally inspected steer and heifer slaughter was up 4 percent from a year ago. October placements are up in the CattleFax data. *Michael Murphy*



F.I. Slaughter Mix (000 head)

	----- Week Ending -----				----- Year To Date -----		
	19-Oct-2013	20-Oct-2012	2013	2012	Pct Chg		
Total Sitr	620	639	25881	26182	DN 1.1		
	Pct	No	Pct	No			
Steers	49.8	309	48.7	311	12987	13156	DN 1.3
Heifers	29.2	181	28.3	181	7407	7507	DN 1.3
Cows	19.2	119	21.1	135	5039	5077	DN 0.7
Bulls	1.9	12	1.7	11	449	442	UP 1.

Summary of Activity Sponsored by:



Summary of Activity	This Week 1-Nov-13	Last Week 25-Oct-13	Year Ago 2-Nov-12
CattleFax Data			
Placements	150,387	177,685	132,587
Shipments	122,830	145,324	115,651
Avg In-Weights	697	717	720
USDA Sitr Wgts	1,327	1,323	1,320
USDA Str Carc Wgt*	875	870	879
Days on Feed	N/A	155	141
Carryover Pct	34	33	32
Weekly Supply	402,300	418,500	395,200
Percent Grade Choice & Higher	65.88	65.82	62.47
Prime Grade Pct	3.74	3.64	3.71
Choice Grade Pct	62.14	62.18	58.76
Select Grade Pct	28.92	28.58	30.68
Live Prices (\$/cwt)			
Slaughter Steers	N/A	132.44	126.50
Steer Calf (450#)	204.61	201.97	177.52
Steer Calf (550#)	181.79	180.67	158.56
Yearling Steer (650#)	168.78	169.92	146.84
Yearling Steer (750#)	164.45	165.24	140.86
Yearling Steer (850#)	159.03	158.96	136.77
Utility and Commercial Cows	78.68	79.43	74.54
Canner and Cutter Cows	73.10	73.89	69.30
Lean Hogs	85.63	88.63	80.42
Omaha Corn (\$/bu)	4.21	4.33	7.74
12-City Broiler	88.98	90.17	88.83
Dollar Index	80.74	79.24	80.04
Meat Prices (\$/cwt)			
Certified Angus Beef Cutout (UB)	212.53	208.86	208.34
Choice Cutout	205.17	201.07	193.50
Select Cutout	190.09	185.68	176.30
Choice/Select Price Spread	15.08	15.39	17.20
Cow Cutout	156.58	156.61	160.10
Hide and Offal	14.30	13.98	13.02
Pork Cutout	94.05	94.30	85.66
Slaughter (000 hd) and Meat Production (Mil lbs)			
Cattle	624.0	618.0	645.0
Hogs	2,272.0	2,262.0	2,358.0
Total Red Meat Production	975.4	964.6	1,000.4
Beef Production	499.4	494.1	515.8
Pork Production	471.3	466.1	480.0
Poultry Production	N/A	786.2	764.4
	CME AVG FDR PRICE	6 STATE FED STR PRICE**	KS-TX-OK FED STR**
Thu 10/31	N/A	133.20	133.87
Wed 10/30	165.39	132.88	133.44
Tue 10/29	165.24	132.39	132.09
Mon 10/28	165.35	132.39	132.09
Fri 10/25	165.33	132.39	132.09

* USDA steer carcass weights are actual from two weeks ago.

** 5-Day weighted average fed steer price (CO,IA,KS,NE,TX,OK), (KS,TX,OK)