

CattleFax UPDATE

THE
DECIDING
FACTOR

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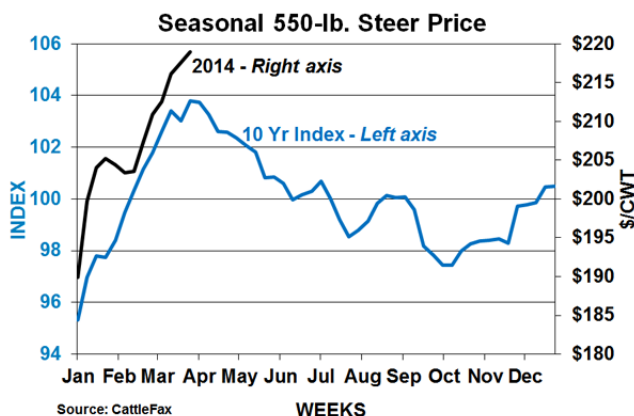
Calf Price Outlook for Fall

As the spring 2014 calving season nears completion, producer attention turns to what calves will be worth at weaning. Cattle markets have trended in a seasonal pattern thus far in 2014 – including the 550-pound calf market. The typical spring high is upon us, and it is an excellent indicator of calf values going forward. The long-term seasonality of the calf market has a spring high and typically reaches a fall low in October, when most spring born calves are sold.

Within a 10-year index there are exceptions – like 2004 and 2013 where the calf market was higher in the fall compared to the preceding spring. It is not uncommon for these exceptions, as the seasonality of markets is consistent about 80 percent of the time, but they are difficult to predict. At this point there is no reason to fade the seasonal pattern in 2014. Based on the long-term data, this year's calf market is expected to be seasonal. Over the long haul, a producer who anticipates the typical seasonality of the market will be

accurate in predicting price 8 out of every 10 years.

The average decline in price from a spring high to a fall low is 17 percent, based on the previous 10 years. Historical data for the 550-pound U.S. average steer market suggests October market lows near \$182-\$183/cwt, if the spring highs are set near \$220. Steer and heifer price spread fluctuates, but looking at it on a percentage basis the 10-year average is



Currentness

Very current

Current

Caution

Uncurrent

Steer carcass weights are steady at 856 and are 2 pounds below last year.

roughly 9.5 percent that heifers sell back of steers. This indicates U.S. average price for 550-pound heifers near \$165.

As mentioned earlier, 2013 was one of two years out of the past 10 where prices were higher in the fall compared to the spring. It was a contra-seasonal year. Producers who sold in the spot market likely benefited more than those who forward contracted calves during the summer. That is not expected to be the case this year. Calves that are forward contracted or sold on summer videos are expected to bring more than calves sold in the spot market this fall.

Bottom Line: There are a lot of moving parts that shape the dynamics of the market, and there is never a 100 percent guarantee. However, over the long-term, the law of averages and seasonality of the markets will work to your benefit. Years when markets do not follow typical seasonal patterns inherently will have other market dynamics that are shaping them, (e.g., weather, corn, supply, demand, equities markets, trade, etc.). At this time CattleFax expects a seasonal year. We will keep you informed if it looks as though market dynamics are changing. *Troy Applehans*

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Market Highlights

The fed cattle market has not been established as we go to press, but holds a lower undertone. Boxed beef lost ground this week as demand slowed with cold wet weather through much of the country, as well as larger slaughter levels over the past couple of weeks that resulted in more offerings. Lower prices were noted across most of the carcass. Feeder cattle values were steady to \$5 higher for the week while calves ranged from \$2 higher to as much as \$5 lower with the full decline on lighter weight calves. Slaughter cows were steady to \$5 lower. Corn prices moved higher on the week due to a bullish prospective plantings and ending stocks report issued last Monday by the USDA.

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September 10 and 11

CORPORATE COLLEGE

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Fed-Cattle
Outlook

Seasonally Lower Prices Expected

Market fundamentals although strong, will deteriorate seasonally moving forward. Fed cattle supplies will increase into the summer, as well as corresponding with year over year increases in placements in the fourth quarter of 2013 and the first quarter of 2014. In addition, beef values will trend lower from spring into summer. Lower beef production levels, due in part to large reductions in cow slaughter, as well as lower pork production due to the PED virus will continue to be price supportive moving through 2014.

Next Week: Fed supplies, although manageable, will be larger while the beef complex is expected to trade softer early before stabilizing. Fed cattle prices are expected to trade in the upper \$140's basis Kansas.

Mid April-Early May: Increasing fed cattle supplies will be noted moving forward.

In addition, packers will have a record amount of basis contracts to draw on, which could restrict the cash activity. The cattle feeder will remain a willing seller due to profitability and continued strong basis. Fed cattle prices are expected to stay historically strong, but drift lower into the mid \$140's.

Mid-May-July: Seasonally large fed cattle supplies will be noted, although non-fed slaughter is expected to continue to run near 10 percent below year ago levels. Beef demand and usage will soften moving into the heat of the summer. Ample supplies of more competitively priced poultry will be a concern, although tighter and higher priced pork supplies due to the PED virus will be price supportive. A normal break from the early year highs to summer lows would suggest the fed market has risk back into the low \$130's for the summer low. *Kevin Good*

Contract and Formula Cattle 04-Apr-2014

	Scheduled in April	Shipped in April	Scheduled in May	Scheduled in June
Kansas	215,000	40,500	220,000	220,000
Texas	330,000	67,500	310,000	300,000
Colorado	75,000	13,000	80,000	80,000
Nebraska	190,000	36,000	190,000	190,000
Totals	810,000	157,000	800,000	790,000
Basis Bids	May	June	July	
Steers	\$3 to \$5 over	\$1 to \$3 over	\$1 under to even	
Heifers	\$3 to \$5 over	\$1 to \$3 over	\$1 under to even	

Fed Cattle Prices 04-Apr-2014

	Live Steers	Hot-Wgt Prices	Live Heifers	Hot-Wgt Prices	Trade Volume	Contract Formula
PANH	N.T.	N.T.	N.T.	N.T.	0	0%
KS	N.T.	N.T.	N.T.	N.T.	0	0%
NE	N.T.	N.T.	N.T.	N.T.	0	0%
CO*	N.T.	N.T.	N.T.	N.T.	0	0%
CB	N.T.	N.T.	N.T.	N.T.	0	0%
PNW*	N.T.	N.T.	N.T.	N.T.	0	0%
SW	N.T.	N.T.	N.T.	N.T.	0	0%

Price ranges reflect the last best test for average choice to high quality cattle.
*Includes all reported Canadian Imports

Live Cattle Imports, Year-to-Date Totals

	22-Mar-14	14-YTD	13-YTD
Canada			
Feeders	17,107	109,859	74,119
Slaughter	19,594	186,623	185,340
	29-Mar-14	14-YTD	13-YTD
Mexico	15,197	261,595	299,431

Projected Fed-Cattle Marketings (000 Head) 04-Apr-2014

	Placed Against	Adj. Wkly Pre Mo Carryover	Begin Inv	Mo Shipments	Carry- Over %	Net Weeks	Avg Shipments	% of Yr Ago
APR	730	266	996	732	30	4.2	119	97
MAY	785	314	1099	796	31	4.4	135	97
JUN	824	358	1185	844	32	4.2	143	95
JUL	785	397	1185	894	28	4.2	145	91
AUG	815	348	1163	842	31	4.4	143	98
SEP	775	378	1153	835	31	4.2	142	96

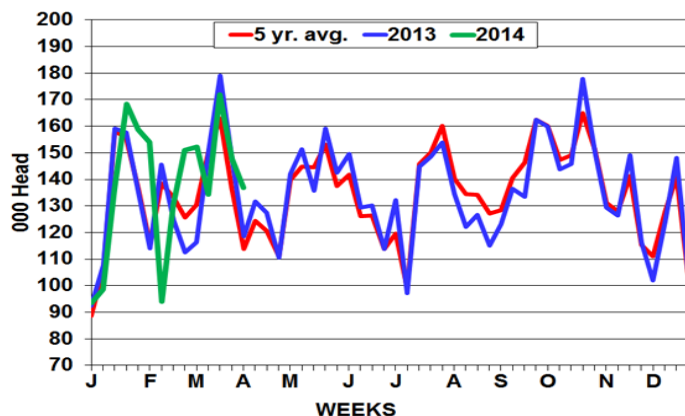
CattleFax Shipments

	Jan	Feb	Mar	Apr	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Monthly Totals (000 hd)													
2013	652	538	568	541	2012	539	653	639	636	658	533	558	533
2014	605	534	553	130	2013	541	614	598	705	641	592	597	516
Weekly Averages (000 hd)													
2013	148	128	135	123	2012	128	148	152	151	143	140	121	127
2014	137	133	132	163	2013	123	139	150	160	146	148	130	129
14%13	93	104	98	127	13%12	96	94	99	106	102	106	107	102
14%5Yr	101	96	103	99	13%5Yr	95	97	103	107	97	105	102	100

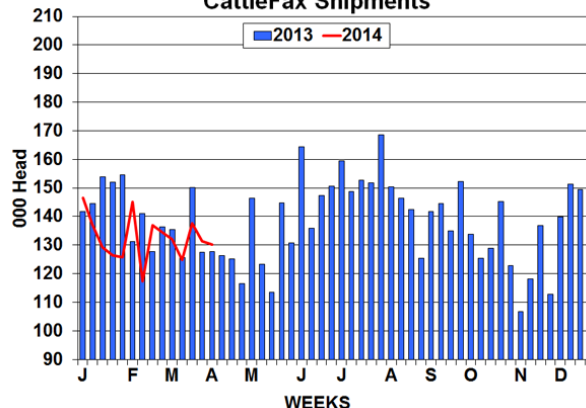
CattleFax Placements

	Jan	Feb	Mar	Apr	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Monthly Totals (000 hd)													
2013	575	504	614	532	2012	443	732	522	609	702	527	605	535
2014	605	529	635	137	2013	532	688	523	599	576	576	702	576
Weekly Averages (000 hd)													
2013	131	120	146	121	2012	106	166	124	145	153	151	131	127
2014	138	132	151	171	2013	121	156	131	136	131	144	153	144
14%13	105	110	103	141	13%12	114	94	106	94	86	95	117	113
14%5Yr	107	99	108	123	13%5Yr	109	106	111	115	86	89	99	105

CattleFax Placements



CattleFax Shipments





CattleFax Supply & Beef Production Outlook

Shipments

- Shipments by CattleFax member feedyards in March averaged 132,000 head per week, which was down 2 percent versus last year, but 3 percent above the 5-year average and above beginning of the month expectations. Strong shipments continue to keep the carryover very manageable.

Placements

- Total CattleFax placements in March were up 3 percent versus a year ago and up 2 percent versus the 5-year average. First quarter placements were up 5 percent versus last year and up 4 percent versus the 5-year average, and the biggest since 2006. In 2006 the feeder and calf supply outside of feedlot was about 3 million head larger than in 2014 which suggests today's utilization rate of the feeder and calf supply is much higher so far.

Carryover

- Carryover from March was 26 percent, which is the smallest percentage since 2006 and suggests the industry is current in their marketings. Carryover will likely increase from the very small levels in March through the summer, but is expected to remain below a year ago. This will be important to keeping supplies manageable as we approach the bigger summer placed against supplies.

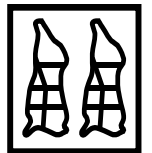
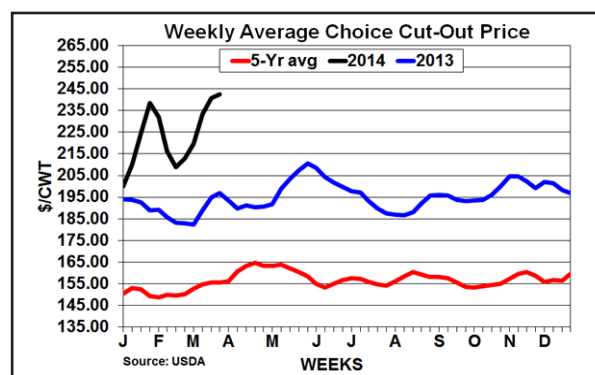
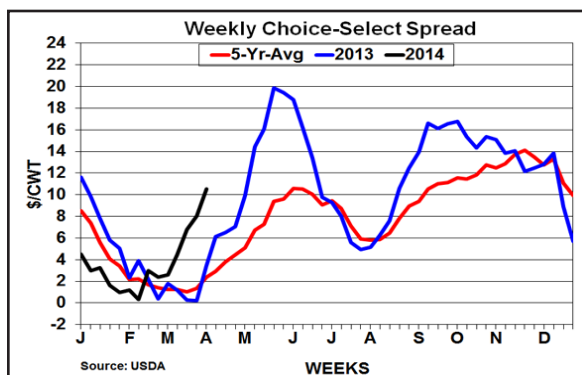
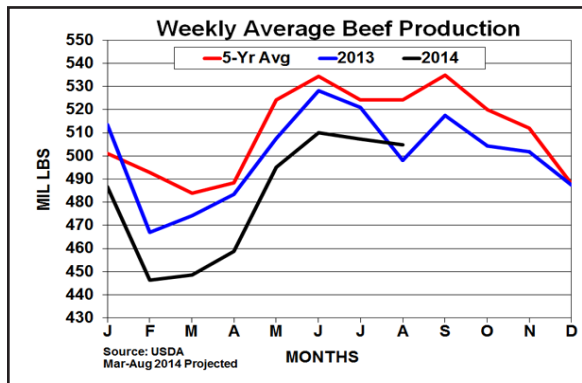
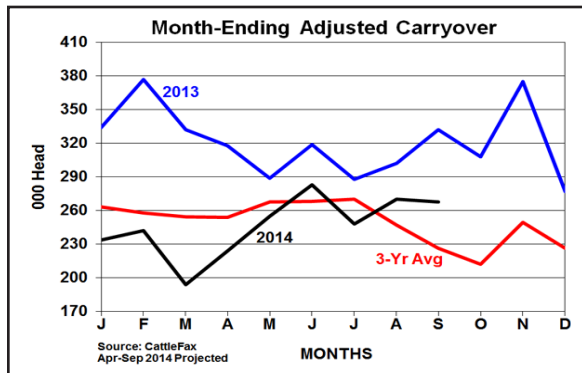
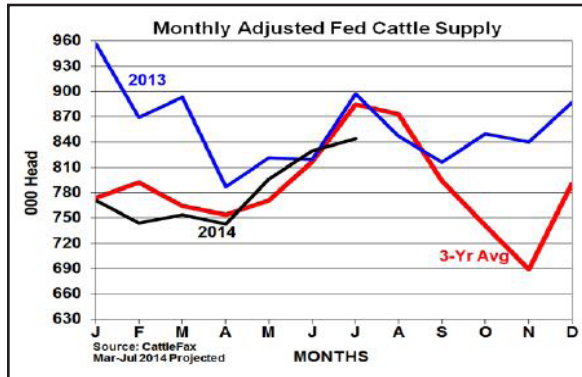
CattleFax Fed Supply

- The April fed supply is 10 percent below a year ago and will be the smallest supply in the first half of the year. Fed supplies will increase going forward into the summer, as is seasonal, due to more cattle placed against this timeframe. Carryover will remain a key variable to working through the larger supplies without losing much currentness.

Slaughter and Production

- Weekly average fed slaughter in March was down 5 percent versus a year ago. Cow and bull slaughter was down 9 percent versus 2013 on a weekly average basis and the smallest March since 2007. First quarter 2014 beef production was down 5 percent and second quarter beef production is forecast to be down 3 to 4 percent versus last year. First quarter per capita net beef supply is estimated to have been down 6 percent, second quarter is forecast to be down 3 percent and third quarter down 1 percent.

Tod Kalous



Supplies Increasing

The Choice boxed beef cutout was quoted \$7.30 lower for the week, while Selects declined by \$9.80. Prices were pressured by ample inventories due to dull demand resulting from continued cold weather through the east and the larger slaughter noted over the past couple of weeks.

Cattle supplies are beginning to increase seasonally, which is resulting in larger slaughter numbers. This has allowed buyers to stay out of the market longer, before

purchasing, knowing there will be product around later in the week. The leverage moves away from sellers at that point as they have to sell boxes by late in the week at lower prices to keep inventories manageable.

Next Week: After the recent sell-off, demand may begin to pick up again by late in the week as buyers look to add inventory at what is much lower prices than in March. Choice boxes are anticipated to trade from \$226 to \$231, Selects between \$216 and \$221. *Duane Lenz*

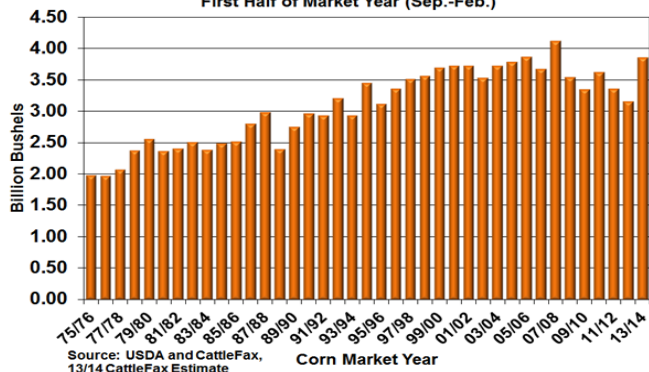
Corn Stocks Tighter Than Expected

This week's quarterly Grain Stocks report indicated that U.S. corn stocks were tighter than expected as of March 1, 2014, which means projected U.S. corn stocks to use levels will likely tighten in the April WASDE report.

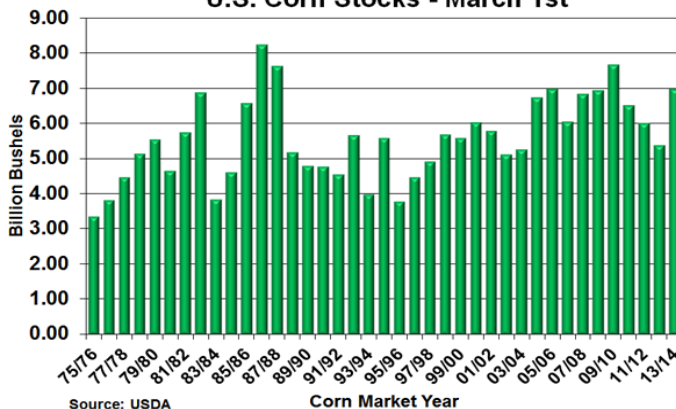
U.S. corn stocks in all positions totaled 7.006 billion bushels as of March 1, 2014, up sharply from last year's 5.400 billion bushels, but more than 100 million bushels lower than average pre-report trade estimates. As a percentage of the total reported stocks, 55 percent were on-farm and 45 percent off-farm.

The quarterly Grains Stocks total provides a periodic "balancing" of the U.S. corn supply and demand situation. Total corn supply as well as food, alcohol, industrial use and exports are already known or readily estimated based on monthly/weekly data reports. The stocks report provides the corn balance as of March 1st and thus determines the amount of unknown disappearance, a.k.a feed and residual usage. Based on the stocks report, total U.S. corn disappearance for the first half of the 2013/14 corn market year is estimated at 7.762 billion bushels, up from 6.452 billion the year prior. Based on this disappearance, feed and residual usage for the first half of the year was approximately 3.859 billion bushels, up from 3.164 billion the year prior and the largest level since the 2007/08 market year. As a result, the USDA is expected to leave projected feed and residual usage at 5.300 billion bushels in the WASDE report on April 9th. If feed and residual usage is truly overstated as anticipated, we will not know until the June or September reports. However, with no new-found corn bushels as anticipated, the USDA is likely to revise projected corn exports even higher than the current 1.625 billion bushels.

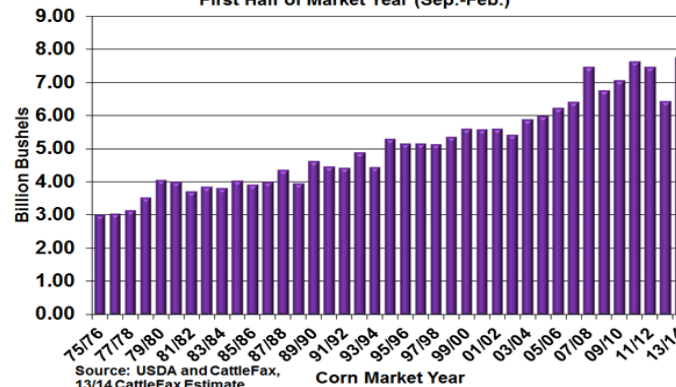
U.S. Corn Feed and Residual Use
First Half of Market Year (Sep.-Feb.)



U.S. Corn Stocks - March 1st



U.S. Corn Disappearance
First Half of Market Year (Sep.-Feb.)



Bottom Line: The USDA's current feed and residual projection has been justified by the Grain Stocks report. Feed and residual levels are still expected to be revised lower from current levels – but it may be months from now. Therefore 2013/14 corn stocks to use level s may be revised lower, toward 10.5 percent in April, due to increased exports. Focus is expected to shift to new crop planting conditions and production potential. Spot corn futures are expected to remain between \$4.65 and \$5.20/bushel into late spring. The opportunity to build carryover into the 2014/15 market year, and thus downside price risk sub-\$4.50/bu will hinge on planting pace/production potential.

Chad Spearman

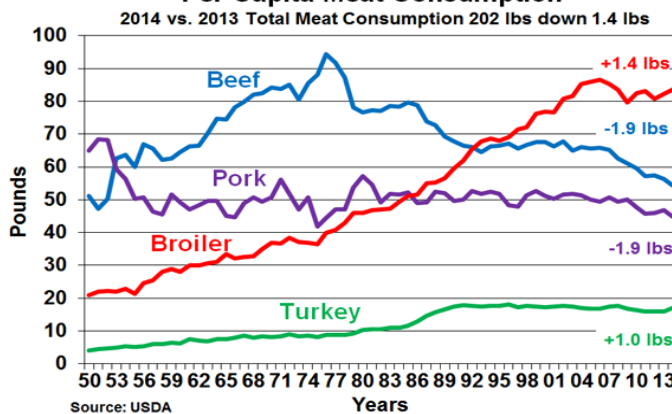
Market Share vs. Demand

Industry participants recognize the brunt of record-high cattle and wholesale beef prices will trickle down to consumers – leading to record-high retail prices during grilling season. Mainstream media has quickly latched onto that storyline, and meat case prices will test consumers. Industry concerns about eroding beef market share have also increased as the market effects of a U.S. beef cowherd expansion are realized.

The U.S. beef industry is going to lose market share to competing proteins throughout the expansion. However, this is familiar territory for the industry. Per capita beef consumption peaked in 1976 at 94.4 pounds per person, and beef has given up market share to the other proteins ever since. Per capita beef consumption remained relatively stable from 1990 to 2007 – averaging about 66 pounds. Then, prolonged drought in key cow-calf producing regions started taking its toll on production. Estimated 2014 per capita beef consumption could drop another 1.9 pounds. Expansion will further reduce per capita supplies as culling activity falls and heifer retention rises.

The untold story by media is market share is a supply-and-demand metric. Unlike the 1970's and 1980's, current per capita beef consumption declines are related to supply challenges not demand

Per Capita Meat Consumption



erosion. Retail beef demand dropped through the recession, but it has improved 8.5 percent since 2010. Another 1 percentage point increase is forecast for 2014. Consumers desire beef, and unlike earlier market share declines, demand increases show beef consumers are willing to pay more for beef. Market share may decline through the expansion, but continued demand increases can keep cattle and beef markets historically high. *Lance Zimmerman*

A photograph of a large group of cattle in a pen, with a prominent red number 963 on a post in the upper right corner. The cattle are mostly black, with one brown cow in the foreground. The scene is set outdoors with a fence and trees in the background.

963

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and your business—they mean as much
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Extended Weather Outlook

Extended Range Outlook April through June 2014

Prepared by Dr. Art Douglas, Creighton University, Omaha, Nebraska

A moderate to strong El Niño event should be in place by early summer. Very warm waters are already in place from the Pacific Northwest to southern Mexico and this El Niño signature pattern has developed well in advance of typical El Niño warming. Early

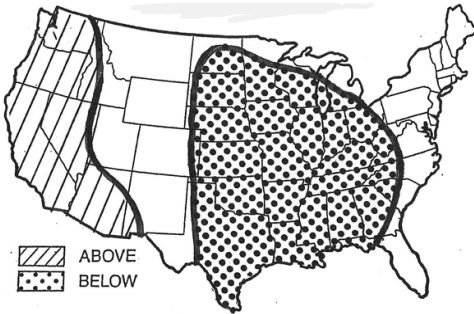
in the summer this warm water will help initiate an early monsoon in northern Mexico and by the fall the warm waters will favor enhanced tropical storm activity off Baja and wet conditions in the Southwest. By mid and late fall the El Niño will strengthen the subtropical jet entering Mexico and this will favor above normal precipitation from the southern Plains into the Southeast. Much of the drought straddled Southwest will see improved precipitation for the next 12 months. In contrast, the Pacific Northwest and northern Rockies will tend to be drier than normal by the fall and next winter.

For the next two months a persistent trough in the Great Lakes will continue to favor below normal temperatures east of the Rockies. The jet stream will be fairly active as it enters the southern portion of the trough and this will lead to above normal precipitation across the southern Plains, mid Mississippi Valley and Ohio Valley. Out west expect a slow retreat of the winter rainy season in the Northwest while Southern California will continue to be missed by most storms as they track north. This will end up one of the driest rainfall seasons on record for the southern half of California and warm temperatures through the summer will aggravate early fire conditions.

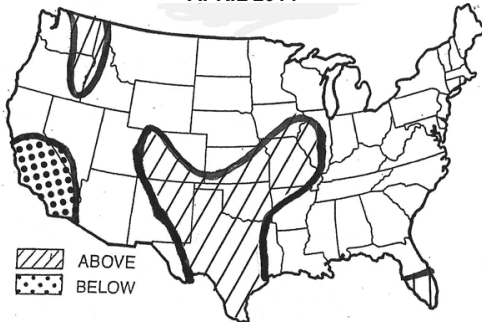
El Niño conditions favor slightly cooler than normal summers across the corn belt with adequate growing season rainfall

through the region. The cool start to the planting season will delay planting due to cold and in some cases wet soils. The crop is likely to show slow development into the summer due to cool temperatures but this will favor corn pollination.

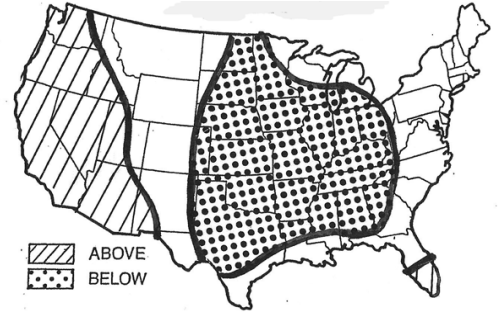
TEMPERATURE OUTLOOK
APRIL 2014



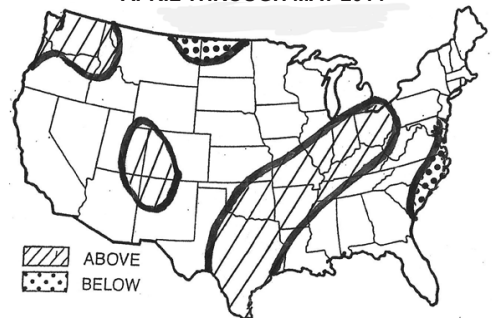
PRECIPITATION OUTLOOK
APRIL 2014



TEMPERATURE OUTLOOK
APRIL THROUGH MAY 2014



PRECIPITATION OUTLOOK
APRIL THROUGH MAY 2014

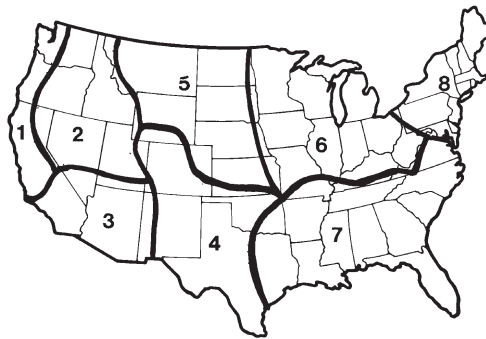


Region 1. Warm waters offshore will keep temperatures warmer than normal while an active mid Pacific storm track will focus storms into the northern third of the region. Probable departures: temperatures to +1.5F and precipitation 120% far north to 80% extreme south.

Region 2. A fairly active storm track from the Southwest will keep northern sections wet with above normal temperatures. Probable departures: temperatures to +1.5F western third; precipitation 120% far northwest quarter to less than 90% normal southwest quarter.

Region 3. The main storm track continues to be too far north for much moisture to get into this region. By late spring and June cut off lows may provide some limited moisture to eastern sections before the monsoon develops in late June. Probable departures: temperatures to +1.5F western half; precipitation less than 75% west to near normal eastern third.

Region 4. The storm track is starting to take on a southwest to northeast track across this region and this will help move Gulf



moisture northward as Pacific disturbances move into the region. Temperatures will remain cool under the southerly displaced jet. Probable departures: temperatures to -2F far northeast to +1F extreme west; precipitation to 120% east central.

Region 5. A trough in the Great Lakes will create a cool northwest flow across eastern portions of this region with normal to slightly below normal precipitation. Precipitation should fall to below normal levels by the summer with above normal temperatures far north. Probable departures: temperatures to

-1.5F far east late spring; precipitation falling to 80% northcentral.

Region 6. A persistent upper level trough will keep this region very cool through early summer with precipitation at above normal levels in the south. Probable departures: temperatures to -2F far southwest; precipitation to 120% southwest into the Ohio Valley.

Region 7. A Great Lakes trough and a cool Gulf will lead to a slow start to spring across the region. Precipitation will be above normal along the main jet stream track from east Texas into the Tennessee Valley. Probable departures: temperatures to -2F far north; precipitation 120% normal northwest third falling to 80% mid Atlantic coast early summer.

Region 8. A cool start to the month will be followed by gradual warming to near normal levels late April and May. Precipitation will be fairly close to normal north to less than 90% far south. Probable departures: temperatures -2F early then normal; precipitation normal most areas to less than 90% far south by June.

Seasonal Highs Likely Near

Slaughter
Cow
Update

Year-to-date total cow slaughter levels are running 8.3 percent below a year ago. Beef cow slaughter is 8.0 percent (56,100 head), and dairy cow slaughter is 8.6 percent (66,600 head) below last year, through March 22nd. This has enabled U.S. Utility beef cow price levels to reach above \$102.50/cwt and will remain supportive to this market going into the peak demand time period for ground beef.

Still, the market is near its typical seasonal highs. In addition, more end cuts from fed cattle are going into the grinding mix, as well as the outlook for increasing imports of cow beef, particularly from Australia. The abrupt increase in cull cow values domestically has made importing cow beef more attractive for buyers.

Producers who have cull cows to market are encouraged to do so over the next few weeks. The price increase, if any, is likely not going to offset the input costs unless the cows can stand to add more weight at an economical value.

Troy Applehans

Female Markets Near Steady

Bred Cow
Update

The pairs market has remained fairly constant over the past month. Pairs will increase in value as the calves get more age and size. The bulk of the pairs are bringing from \$2,300 to \$3,000 in the Central Plains region.

The replacement heifer market remains solid, with the bulk of these females bringing from \$1,350 to \$1,650 depending on what they are and where they are. Demand is high for replacement heifers, and in many cases they have been difficult for buyers to find in bigger numbers.

The biggest hindrance holding back the female market from attaining higher price levels is the fact that the majority of areas where significant expansion is possible remains in extreme to severe drought. The weather outlook continues to call for more moisture in these areas, but the cold winter and lack of moisture up to this point has held back many producers who are looking to add heifers and cows.

Getting heifers bred will be the focus going into breeding season. If Mother Nature cooperates, the bred heifer market should be well supported in the \$2,000 to \$2,500 area in the Central Plains going into the fall. *Troy Applehans*

Marketings Short of Last Year

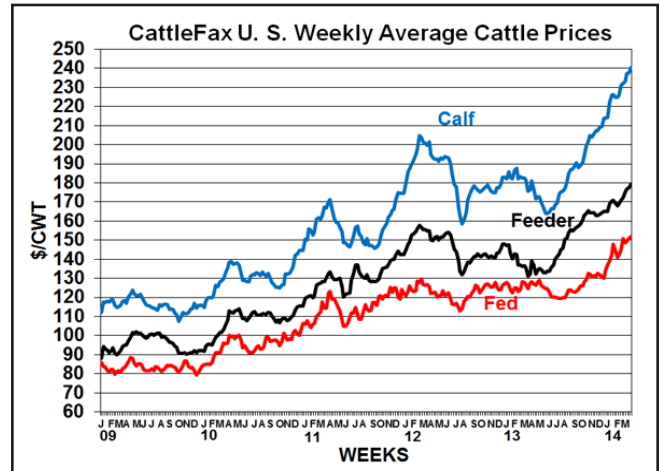
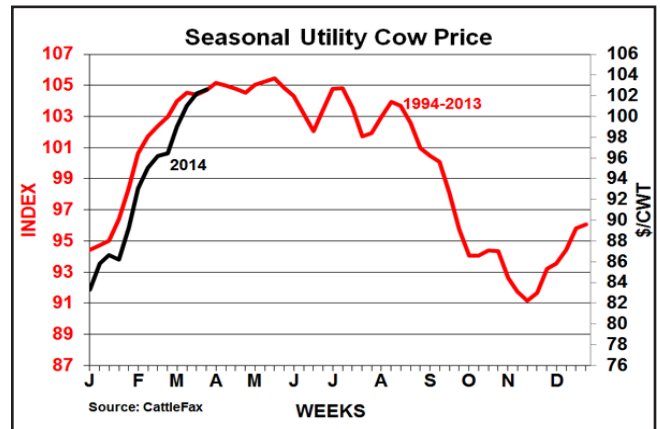
Cattle-
on-Feed
Estimate

Cattle-on-feed is projected to be 100.3 percent versus a year ago. Marketings are expected to be down 4 percent from last year. Placements are forecasted to be up 1 percent from last year.

U.S. Cattle-on-Feed April 1, 2014 (000) head 1,000+ capacities

	Average			%
	2009-2013	2013	2014	year ago
COF March 1	11199	10845	10790	99.5
Placed	1851	1884	1900	101
Marketed	1872	1724	1650	96
Other Dis.	63	81	81	100
COF April 1	11113	10924	10959	100.3

There were 4.3 marketing weeks this year versus 4.3 a year ago. Federally inspected steer and heifer slaughter is projected to be down 5 percent compared to a year ago. The pattern of more cattle-on-feed will need to be monitored closely. However, looking forward the next few months it appears that placements will start to decline and even with smaller fed cattle marketings the on-feed population is not expected to increase much more than 1 percent compared to the year prior. *Michael Murphy*



Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec

Fed steers

2013 125.23 124.94 126.74 127.51 125.97 120.89 119.75 123.15 124.09 129.58 131.50 131.72
2014 142.36 144.79 150.08

750-lb steers

2013 144.17 138.10 133.88 135.60 133.96 136.63 145.14 153.91 157.09 163.45 163.58 164.43
2014 168.98 169.97 177.09

650-lb steers

2013 153.01 149.72 147.24 147.61 143.99 145.11 150.97 160.39 162.73 167.73 170.13 172.17
2014 180.23 185.57 195.03

550-lb steers

2013 166.52 165.86 163.28 160.23 154.52 154.54 159.93 169.61 171.96 178.30 183.25 187.24
2014 200.65 206.29 216.31

450-lb steers

2013 183.89 183.92 179.02 175.61 167.45 166.52 174.31 184.98 189.14 198.07 206.46 211.55
2014 222.80 228.51 237.15

Utility Cows

2013 76.48 79.55 80.71 78.14 77.73 77.83 80.11 83.37 81.80 78.86 79.83 82.32
2014 86.25 95.19 101.24

Average Prices Mar, 201

	Western	Midwest	Northwest	Southeast
Bred Cows	1475-2000	1650-2300	1350-1900	1550-1950
Bred Heifers	1500-2050	1700-2300	1400-1925	1550-1950
Pairs	1850-2375	2350-3000	1750-2050	1650-2525

Holstein Market 04-Apr-2014

	CA/AZ	TX/KS	ID/UT	CO/NE	Midwest
Live	NT	NT	NT	NT	NT
Dressed	NT	NT	NT	NT	NT
Calves/feeders (\$/cwt)					
325 lbs.	180-190	NT	NT	NT	NT
400-500 lbs. del.	NT	NT	NT	NT	NT
800 lbs. del.	NT	NT	NT	NT	NT
Day-old f.o.b. (\$/hd)	160-180	NT	NT	NT	NT

Feeder Cattle Well Supported

The feeder cattle market jumped to a new level the last couple of weeks, which is not a huge surprise considering the cattle being purchased are likely destined to be placed against September and that is based off the October live cattle contract. And even the cattle that are placed against August, fed another couple of weeks would go against the October live cattle. Most of the breakevens being bought are at \$140/cwt+/- . The October live cattle have been hovering in the upper \$130's the last couple of weeks. The price levels for October live cattle and the cattle feeding sector's positive margins are both reflective of how strong the cash feeder cattle market has been of late. The Feeder Cattle Index has been in a \$177 to \$179/cwt

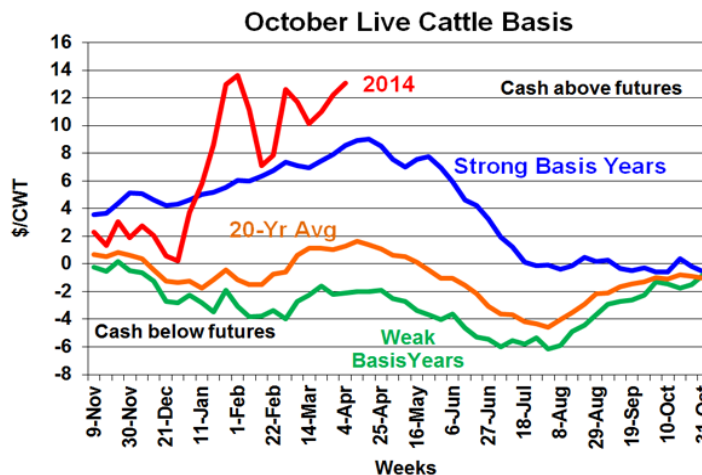
range the last couple of weeks. This price level is expected to hold, until the October live cattle market corrects.

The seasonal of October live cattle suggests that the market will trend sideways to lower during the second quarter, however due to the strong basis, cash trading in the low \$150's and the October live cattle over \$12/cwt discount to the cash, until cash breaks down it will be difficult to break the October live cattle. Thus, in the short-term look for the feeder cattle market to sustain near current levels. Looking forward into the spring, the basis between October live cattle and cash will start to weaken, so even though the cash market is going to decline in value, it will be difficult to break the October live cattle much more than \$3-\$5/cwt. Thus, look for the market on feeder cattle to find solid support in the mid \$170's, basis the CME Feeder Index.

Bottom Line: Feeder cattle are on solid footing, until cash turns lower. Then the correction to feeder cattle will be limited relative to the correction to the fed cattle cash market, because October live cattle basis will start to weaken seasonally. Meaning futures will not break at the same rate cash does. T This will keep the feeder market well supported in the mid \$170's.

Michael Murphy

Feeder Cattle and Calves: Representative Direct Sales					
Area	#Hd	Wt.	Breed Type	Price	Del.
CENTRAL					
STEERS					
CO	850	825	Choice English X	174.00	OCT
CO	150	800	CH Eng X-Del	180.00	MAY
CO	150	800	CH Eng X-Del	175.00	JUL
CO	150	575	CH Eng X-Del	198.00	OCT
OK	150	800	Choice English X	173.80	JUL
OK	400	750	Choice English X	178.60	AUG
SD	150	575	Choice English X	193.00	OCT
TX	300	800	CH Eng X-Del	176.30	JUN
TX	350	800	CH Eng X-Del	175.80	JUL
CENTRAL					
HEIFERS					
CO	300	550	CH Eng X-Del-Fancy	201.25	NOV
CO	350	860	CH Eng X-Del	170.00	JUN
KS	350	700	Choice English X	170.50	JUN
KS	200	750	Choice English X	170.00	JUN
OK	1,600	700	Choice English X	170.90	JUN
OK	1,350	700	Choice English X	172.00	JUL
OK	900	700	Choice English X	171.55	AUG
SD	300	550	CH Eng X-Fancy	196.25	NOV
TX	2,000	700	CH Eng X-Del	173.00	JUN
TX	1,100	710	CH Eng X-Del	173.20	JUL
SOUTH					
STEERS					
GA	100	675	Choice English X	182.00	IMM
GA	150	825	Choice English X	163.50	
GA	100	925	Choice English X	156.00	IMM
SOUTH					
HEIFERS					
GA	250	725	Choice English X	162.75	IMM



Feeder Cattle Prices Sponsored by:

Ranch Tested. Rancher Trusted.

Red Angus

Feeder Cattle Prices 04-Apr-2014

West & Northwest

	WA/OR CO MT/WY CA NV/UT AZ/NM /ID					
wts	STEER					
9-10	154-158	154-160	148-152	148-152	147-157	147-153
8-9	168-172	166-170	159-163	158-163	158-174	157-163
7-8	177-182	178-191	169-174	169-174	168-184	168-175
6-7	205-212	208-216	190-199	190-199	188-205	189-200
5-6	232-242	220-235	212-223	212-224	210-221	212-225
4-5	247-257	238-260	232-244	231-244	230-244	228-244
	HEIFER					
8-9	156-160	151-159	149-153	149-154	148-156	148-155
7-8	170-175	168-174	159-164	159-164	158-172	157-165
6-7	182-189	179-194	172-181	172-181	170-184	170-182
5-6	210-220	195-210	186-197	186-198	184-197	185-199
4-5	226-236	208-228	204-216	203-216	202-220	201-216
	COWS					
util	102-106	94-108	96-104	93-102	94-106	95-104
cn/cut	100-104	88-98	87-95	84-92	85-104	85-95
bulls	112-122	108-121	103-116	101-116	101-124	101-116

West — Feeder cattle ranged from \$1 higher to \$1 lower for the week. Calves were steady to \$2 lower. Market cows were steady to \$1 lower. — Troy Applehans

Central

	TX KS/MO ND/SD NE OK IA					
wts	STEER					
9-10	153-157	159-163	165-169	158-162	158-162	160-164
8-9	167-171	170-174	174-178	171-175	166-170	170-174
7-8	179-184	180-185	185-190	186-191	178-183	189-194
6-7	188-195	199-205	202-209	213-220	196-202	202-209
5-6	215-225	215-225	223-233	228-238	213-223	222-232
4-5	235-245	240-250	243-253	250-260	232-242	241-251
	HEIFER					
8-9	150-154	152-156	158-162	159-163	152-156	151-155
7-8	165-170	166-171	170-175	173-177	165-170	167-172
6-7	171-178	175-182	185-192	188-195	178-185	183-190
5-6	186-196	190-200	197-207	197-207	190-200	193-203
4-5	206-216	210-220	215-225	225-235	205-215	213-223
	COWS					
util	99-109	99-109	96-105	97-107	106-114	96-106
cn/cut	94-103	91-99	93-100	94-99	92-102	90-100
bulls	116-124	114-124	108-118	115-125	120-127	110-120

Central — Feeder cattle prices were \$2 to \$5 higher for the week. Calves were mixed ranging from \$2 higher to \$5 lower. Market cows were steady to \$2 lower.

— Troy Applehans

Southeast

	AL AR FL GA LA/MS KY/TN					
wts	STEER					
9-10	150-154	152-156	146-150	151-155	151-155	153-157
8-9	161-165	164-168	156-160	159-163	161-165	164-168
7-8	167-172	175-180	164-169	167-172	167-172	171-176
6-7	178-185	191-198	175-182	178-185	178-185	183-190
5-6	195-205	210-220	192-202	194-204	197-207	194-204
4-5	212-222	230-240	212-222	212-222	210-220	210-220
	HEIFER					
8-9	147-151	150-154	144-148	147-151	147-151	146-150
7-8	158-163	162-167	155-160	158-163	158-163	155-160
6-7	163-170	173-180	160-167	163-170	163-170	168-175
5-6	178-188	188-198	174-184	176-186	180-190	176-186
4-5	192-202	210-220	191-201	191-201	190-200	184-194
	COWS					
util	96-103	93-103	94-104	95-105	95-105	89-96
cn/cut	86-91	87-97	91-97	92-98	82-92	81-86
bulls	113-119	105-115	116-125	117-124	115-125	103-111

Southeast — Feeder cattle prices were mixed mostly from \$1 higher to \$1 lower for the week. Calves ranged from steady to \$7 lower, with biggest decline on light weights. Market cows were steady to \$5 lower.

— Troy Applehans



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Leverage Shift

The cattle feeder has held the leverage over the packer for the first quarter, which is a very strong seasonal. The measurement of leverage is fed cattle prices, minus drop credit, as a percent of the composite cutout. This ratio has been very volatile since the first of the year, at the same time being

very seasonal. The leverage seasonally starts to shift back in favor of the packer in early April and will favor the packer into the latter part of summer. Since, 1994 the shift in leverage has developed every year and not once has the fed minus the drop credit as a percent of wholesale not declined from late March into mid to late May. As the chart shows there is roughly a 3 percent shift in leverage that will take place during the next 6-7 weeks.

The shift in leverage, a lot of time in the last twenty years, limits the rally to the fed cattle market. This year is not expected to be any different. This does not mean that the cash will trade significantly lower, but it will be difficult to move higher. Currently, last weeks fed price minus this week's drop credit divided by this week's beef has the ratio at 59 percent ($151.75 - 16.09 / 230.83 = 58.77\%$). Looking forward if the beef market was to rally to the old highs of \$241 set a couple of weeks ago during the next 45 days ($152 - 16 / 241 = 56.5\%$), that would be very much in line with the historical shift in leverage. The point to be made here is that assuming a seasonal shift in leverage, the beef can rally \$10/cwt and yet the cash fed cattle market be at the exact same price. At this point, the beef is expected to improve as spring demand kicks in, but don't expect the market to be higher than where it has already traded at. *Michael Murphy*

F.I. Slaughter Mix (000 head)

	----- Week Ending -----				----- Year To Date -----			
	22-Mar-2014	23-Mar-2013	2014	2013	Pct Chg			
Total Slt	579	604	6780	7130	DN 4.9			
	Pct	No	Pct	No				
Steers	51.5	298	48.0	290	3363	3447	DN 2.4	
Heifers	27.1	157	29.5	178	1947	2094	DN 7.0	
Cows	19.5	113	20.9	126	1356	1478	DN 8.3	
Bulls	2.1	12	1.8	11	114	112	UP 1.8	

Summary of Activity Sponsored by:



FULL VALUE BEEF™

Summary of Activity	This Week 4-Apr-14	Last Week 28-Mar-14	Year Ago 5-Apr-13
CattleFax Data			
Placements	136,943	147,617	118,734
Shipments	130,203	131,409	127,703
Avg In-Weights	769	736	741
USDA Slt Wgts	1,324	1,327	1,305
USDA Str Carc Wgt*	856	856	858
Days on Feed	N/A	143	155
Carryover Pct	29	30	36
Weekly Supply	312,300	284,100	434,600
Percent Grade Choice & Higher	71.39	71.15	68.46
Prime Grade Pct	4.19	4.16	4.49
Choice Grade Pct	67.20	66.99	63.97
Select Grade Pct	23.45	23.18	24.96
Live Prices (\$/cwt)			
Slaughter Steers	N/A	151.75	128.25
Steer Calf (450#)	239.44	240.67	181.17
Steer Calf (550#)	219.88	218.96	164.77
Yearling Steer (650#)	199.35	198.76	150.97
Yearling Steer (750#)	179.78	179.15	139.02
Yearling Steer (850#)	167.87	165.53	130.26
Utility and Commercial Cows	101.82	102.63	80.58
Canner and Cutter Cows	94.57	95.89	76.85
Lean Hogs	127.73	128.32	78.22
Omaha Corn (\$/bu)	4.81	4.71	6.59
12-City Broiler	108.51	108.45	106.51
Dollar Index	80.44	80.15	82.91
Meat Prices (\$/cwt)			
Certified Angus Beef Cutout (UB)	241.53	244.26	199.97
Choice Cutout	231.95	239.25	191.72
Select Cutout	221.41	231.21	188.25
Choice/Select Price Spread	10.54	8.04	3.47
Cow Cutout	198.33	202.28	170.88
Hide and Offal	16.12	16.03	14.21
Pork Cutout	133.74	130.75	77.28
Slaughter (000 hd) and Meat Production (Mil lbs)			
Cattle	583.0	585.0	596.0
Hogs	2,030.0	2,033.0	2,096.0
Total Red Meat Production	849.7	904.7	908.6
Beef Production	410.7	465.4	469.5
Pork Production	434.1	434.2	434.3
Poultry Production	N/A	719.0	756.0
	CME AVG	6 STATE FED	KS-TX-OK
	FDR PRICE	STR PRICE**	FED STR**
Thu 04/03	N/A	151.96	151.81
Wed 04/02	177.83	151.46	151.13
Tue 04/01	177.56	152.37	151.06
Mon 03/31	177.71	151.66	150.48
Fri 03/28	177.60	151.66	150.48

* 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)