

CattleFax UPDATE

THE
DECIDING
FACTOR

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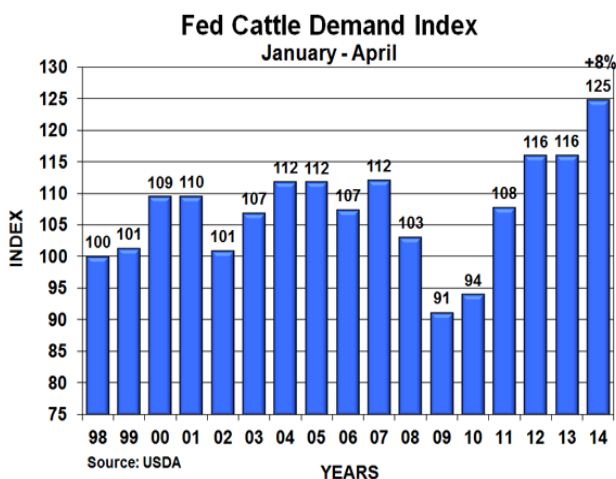
Revalor-XS
(trenbolone acetate and estradiol)

Protein Demand Update

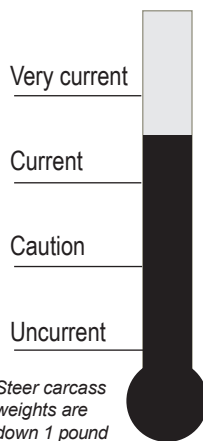
Demand for beef, pork and poultry was not expected to increase significantly in 2014, due mostly to a sluggish economic recovery and a consumer still wary of increasing spending. However, so far in 2014 overall demand has remained surprisingly strong. In fact, even though both beef and pork per-capita supplies are significantly smaller so far in 2014 versus 2013, which has resulted in record high prices, consumers have continued to pay up leading to further growth in demand for beef, pork and poultry.

So far in 2014, per-capita net beef supplies are estimated to be down 6 percent compared to last year, which is the largest year over year decline for the first four months of the year since 1989. With this big of a decline in supply fed prices needed to increase

about 8 percent (\$10/cwt) versus last year just to keep beef demand even with 2013. However, fed cattle prices were actually up 16 percent (\$20/cwt) compared to last year and averaged \$146 compared to \$126 in 2013 through the first four months of the year. Which suggests fed cattle demand is up 8 percent so far this year. As discussed in last week's CattleFax Update, retail beef prices have followed suit and increased significantly so far in 2014. How high retail beef prices reach and



Currentness



can be sustained will be critical to understanding how much of the current fed cattle demand growth will continue through the rest of the year.

January through April per-capita net pork supplies are estimated to be down 4 percent compared to last year. This was the biggest decline since 2010, January through April – and similar to beef, suggested prices would need to increase to ration smaller supplies in order to keep demand steady. And in fact, lean hog prices have increased significantly as the CME lean hog index averaged \$102/cwt January through April this year compared to \$82/cwt last year. As a result lean hog demand is up 16 percent for the first four months of the year versus last year.

January through April per-capita net broiler supplies are estimated to be even to up 1 percent compared to last year. This small of a supply change suggests prices don't have to be much different than year ago levels to maintain steady demand. And in fact, that is mostly the case at the retail level, as broiler prices are up

continued on back page

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Market Highlights

The fed cattle market was \$1 to \$2 lower this week. In the North, the bulk of the trade was at \$144 to \$146 live and \$232 to \$234 on a dressed basis. For the South, sales occurred at \$143 to mostly \$144. Boxed beef moved higher this week, buoyed by lighter production as well as last minute buying before the Memorial Day weekend, which is traditionally a strong beef sales Holiday. Sales volumes were moderate as a result. Feeder cattle prices were \$2 to \$5 higher this week while calves ranged from \$2 to as much as \$10 higher. Moisture late in the week that covered much of the South Plains helped calf prices going into the weekend. Slaughter cow values were steady to \$2 lower this week with limited receipts. On behalf of the CattleFax staff, thanks to all that have or are serving our country, and have a safe Memorial Day weekend.

CattleFax
2014 SEMINARS

TRENDS+ WEBINAR
June 11 - 5:30 pm MT

CORPORATE COLLEGE
July 16 and 17

Registration Now Open

RISK MANAGEMENT
September 10 and 11

www.cattlefax.com/meetings.aspx
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Increasing Fed Cattle Supplies Noted

Fed-Cattle Outlook



Fed cattle supplies are in the process of seasonally increasing. Yet the cattle feeding industry has, until now kept very current, keeping the front-end supplies manageable. Moving forward, positive packer margins will be needed as incentive to increase slaughter levels in order to keep the front-end current. Seasonally, beef demand and usage will slow once we get into the heat of the summer. Cattle feeders are expected to continue to be willing sellers due to profitability and strong June live cattle basis near-term, but later in the summer the potential for weak live cattle basis may result in a slowdown of fed cattle marketings moving into the fall. Continued year over year declines in beef production, due in large part to the 10 percent reduction in non-fed slaughter will remain price supportive throughout 2014.

Next Week: Fed supplies will be larger, while the beef complex is expected to be firm. Fed cattle prices are expected to continue to soften and trade near \$143 basis the Plains.

June: Increasing fed cattle supplies will be noted. Packer profitability is the key to keeping the slaughter rates elevated

Projected Fed-Cattle Marketings (000 Head) 23-May-2014

	Placed Against	Pre Mo Carryover	Begin Inv	Mo Shipments	Carry-Over %	Net Weeks	Adj. Wkly Avg Shipments	% of Yr Ago
MAY	722	298	1020	784	32	4.2	133	96
JUN	811	369	1180	836	33	4.2	142	95
JUL	765	403	1168	883	28	4.4	143	89
AUG	762	343	1105	824	29	4.2	140	96
SEP	803	337	1140	826	31	4.2	140	95
OCT	744	371	1115	802	32	4.6	124	95

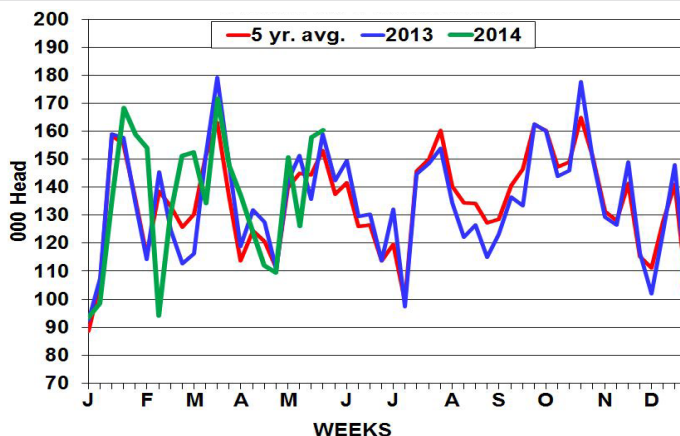
CattleFax Shipments

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Monthly Totals (000 hd)												
2013	652	538	568	541	614	2012	639	636	658	533	558	533
2014	605	534	553	589	464	2013	598	705	641	592	597	516
Weekly Averages (000 hd)												
2013	148	128	135	123	139	2012	152	151	143	140	121	127
2014	137	133	132	134	136	2013	150	160	146	148	130	129
14%13	93	104	98	109	98	13%12	99	106	102	106	107	102
14%5Yr	101	96	103	105	96	13%5Yr	103	107	97	105	102	100

CattleFax Placements

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Monthly Totals (000 hd)												
2013	575	504	614	532	688	2012	522	609	702	527	605	535
2014	605	529	635	542	506	2013	523	599	576	576	702	576
Weekly Averages (000 hd)												
2013	131	120	146	121	156	2012	124	145	153	151	131	127
2014	138	132	151	123	149	2013	131	136	131	144	153	144
14%13	105	110	103	102	96	13%12	106	94	86	95	117	113
14%5Yr	107	99	108	107	99	13%5Yr	111	115	86	89	99	105

CattleFax Placements



in order to keep the front-end supply manageable. Fed cattle prices are expected to stay historically strong, but drift lower ending near \$140.

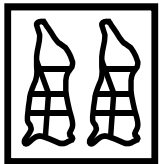
July-August: Fed cattle supplies will be at their peak early, although non-fed slaughter is expected to continue to run well below year ago levels, leaving beef production levels nearly 3 percent lower through the summer. Beef demand and usage will soften seasonally. With the PED virus affecting pork production, tighter total meat supplies will be price supportive to all protein values. Supply and demand fundamentals suggest the fed market has risk back into the mid \$130's for a summer low. *Kevin Good*

Contract and Formula Cattle 23-May-2014

	Scheduled in May	Shipped in May	Scheduled in June	Scheduled in July
Kansas	225,000	181,000	225,000	210,000
Texas	350,000	273,000	330,000	320,000
Colorado	80,000	60,000	80,000	80,000
Nebraska	195,000	160,000	195,000	190,000
Totals	850,000	674,000	830,000	800,000
Basis Bids				
Steers	July	August	September	
Heifers	\$1 under	\$1 under	\$1 under	\$1 under
	\$1 under	\$1 under	\$1 under	\$1 under
	\$1 under	\$1 under	\$1 under	\$1 under

Father's Day Buying to Begin

Beef Complex



Choice boxed beef cutout values closed the week \$6.58 higher, while Selects ended the week \$5.69 firmer. Trade volumes were light as offerings were limited and most of the short-term buying had already been completed going into the long holiday weekend.

Even though Memorial Day purchasing is past, Father's Day is rapidly approaching, which is one of the best beef days of the year. Even though some of the bookings have been completed, there is still work to be done. With production currently limited after two short slaughter weeks, asking prices will be higher as buyers re-enter the marketplace.

Next Week: The holiday week will result in fewer offerings from sellers and fill-in buying coming out of the holiday should provide support to cutout values. Choice boxes are anticipated to trade between \$231 and \$234, Selects from \$220 to \$224. *Duane Lenz*

Fed Cattle Prices 23-May-2014

	Live Steers	Hot-Wgt Prices	Live Heifers	Hot-Wgt Prices	Trade Volume	Contract Formula
PANH	143-144	N.T.	144	N.T.	77,500	97%
KS	143-144	N.T.	143-144	N.T.	72,000	79%
NE	144-146	230-234	144-146	230-234	105,000	60%
CO*	144-145	232	144-145	231	22,000	89%
CB	144-146	230-235	144-146	230-234	23,000	0%
PNW*	N.T.	N.T.	N.T.	N.T.	0	0%
SW	142.50	N.T.	N.T.	N.T.	2,000	0%

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

Calf Market

Cow-calf operators are quickly realizing that there is going to be a significant increase in what they receive for calves that will ship later this summer/fall than any other time in history. But, even with the good news of higher prices comes challenges of trying to figure out when is the optimal time to market calves, with the intent of maximizing price. This decision of when to market calves has so many variables that can factor into the decision. With so much riding on that one day in time to market calves, it is a decision to not be taken lightly.

Feeder Cattle and Calves: Representative Direct Sales					
Area	# Hd.	Wt.	Breed Type	Price	Del.
CENTRAL					
CO	700	800	CH Eng X - DEL	192.50	JUN
CO	250	585	CH Eng X - DEL	210.00	OCT
KS	200	800	Choice English X	182.50	SEP
MT	250	585	CH Eng X - DEL	210.00	OCT
OK	400	775	Choice English X	188.35	JUL
TX	1,500	600	Choice English X	203.00	JUN
TX	600	750	Choice English X	192.00	AUG
CENTRAL					
KS	150	700	Choice English X	183.65	SEP
OK	200	700	Choice English X	184.00	AUG
TX	600	730	Choice English X	173.30	JUL
TX	600	700	Choice English X	184.75	AUG
SOUTH					
GA	350	675	Choice English X	203.25	IMM
GA	300	725	Choice English X	191.25	IMM
GA	150	825	Choice English X	179.50	IMM
GA	100	925	Choice English X	166.25	IMM
SOUTH					
GA	100	725	Choice English X	164.90	IMM
GA	250	775	Choice English X	172.00	IMM
GA	150	825	Choice English X	169.00	IMM
Live Cattle Imports, Year-to-Date Totals					
	10-May-14		14-YTD	13-YTD	
Canada					
Feeders	8,186		196,382	136,905	
Slaughter	14,315		303,024	309,028	
	17-May-14		14-YTD	13-YTD	
Mexico	27,012		418,065	430,623	

Feeder Cattle Outlook

It has been stated numerous times in the *Feeder Cattle Outlook* that the value of deferred live cattle futures and estimated costs of gain ultimately drives the value of calves. Another point to be made is the ranges in which the market trades today, meaning a 1 to 2 percent swing in deferred live cattle, from say a \$140 to \$145/cwt level can be upward of a \$3/cwt changes in value. That is roughly \$40/head for a fed animal, which is the equivalent of \$7/cwt for a 550 pound calf. The point here is that these types of swings have become more common week to week in terms of the market.

As you read this article, many of you have beaten the market and been beaten by the market in terms of hitting the right time to sell calves. However, most of you have developed a reputation for your calves, that regardless of when you sell you have a buyer base that will try and buy your calves. Thus, the focus should be to offer the same type of calf, (e.g. vaccinated, weaned, natural) – whatever it is you have offered historically. Put more emphasis in terms of these factors that are more easily managed than picking the exact right time to sell your calves in the current volatile marketplace the industry operates in today. All of this being said, the majority of calf feds being closed out during May have total costs of gain in a range of \$.85 to \$.95 cents. June live cattle futures are trading near \$140/cwt. Assuming a positive basis of \$2-\$4/cwt for May of 2015, it would suggest cattle should be worth \$142-\$144. Due to the solid profits this spring, most cattle feeders are going to be willing to “bet on the come”, on average of +\$3/cwt. The accompanying table would suggest 550-pound steer calves to be worth \$220/cwt, delivered price. Obviously there will be a wide range around this due to quality, and cattle feeders may end up “betting on the come” in terms of buying breakevens even higher than where fed cattle are selling currently.

Bottom Line: 550-pound steer calves should be worth \$220/cwt delivered to the Central Plains for most of the summer. *Michael Murphy*

Ranch Tested. Rancher Trusted.

Red Angus

Feeder Cattle Prices Sponsored by:

Feeder Cattle Price 23-May-2014

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
wts	STEER						wts	STEER						wts	STEER					
9-10	165-169	160-176	161-165	160-165	160-166	159-165	9-10	166-170	169-174	177-181	178-182	167-171	175-179	9-10	162-166	162-166	157-161	161-165	162-166	168-172
8-9	178-182	176-186	172-176	171-176	171-180	170-176	8-9	180-184	181-185	189-193	187-191	182-186	185-189	8-9	175-179	175-179	171-175	175-179	175-179	175-179
7-8	195-200	186-202	183-188	183-189	182-196	183-190	7-8	193-198	193-200	197-202	205-210	195-200	194-199	7-8	185-190	185-190	182-187	185-190	185-190	183-188
6-7	215-222	209-224	206-215	205-215	204-213	204-215	6-7	205-212	211-220	217-224	228-235	213-220	223-230	6-7	197-204	200-207	196-200	196-203	193-200	195-202
5-6	228-238	225-240	225-236	224-236	223-235	223-236	5-6	223-233	222-240	227-237	244-254	224-234	240-250	5-6	213-223	210-220	202-212	204-214	205-215	210-220
4-5	247-257	240-260	238-250	238-251	236-250	236-252	4-5	242-252	232-258	250-260	258-268	240-250	250-260	4-5	231-241	230-240	221-231	222-232	225-235	225-235
	HEIFER							HEIFER							HEIFER					
8-9	164-168	163-172	161-165	161-166	160-165	160-167	8-9	159-163	164-179	176-180	167-171	163-167	167-171	8-9	165-169	165-169	161-165	165-169	165-169	161-165
7-8	175-180	175-181	174-179	174-179	173-179	172-180	7-8	172-177	171-185	183-188	183-188	178-183	183-188	7-8	170-175	170-175	167-172	170-175	170-175	170-175
6-7	195-202	192-205	189-198	189-198	187-196	187-199	6-7	186-193	186-210	202-209	203-210	189-196	196-203	6-7	176-183	179-186	173-180	176-183	176-183	178-185
5-6	204-214	202-216	202-213	202-214	200-211	201-215	5-6	197-207	205-220	215-225	217-227	203-213	206-216	5-6	188-198	195-205	183-193	185-195	190-200	187-197
4-5	217-227	217-230	215-227	214-227	213-227	212-227	4-5	220-230	214-230	230-240	230-240	220-230	226-236	4-5	208-218	210-220	202-212	203-213	205-215	201-211
	COWS							COWS							COWS					
util	95-105	95-105	97-105	96-108	91-103	97-106	util	96-105	98-105	94-100	95-105	104-111	93-103	util	97-103	91-101	95-104	96-105	90-100	96-104
cn/cut	90-100	90-100	89-97	88-98	87-100	86-99	cn/cut	95-103	89-100	92-98	91-97	93-100	87-97	cn/cut	91-96	87-97	90-97	91-98	80-90	90-96
bulls	115-122	112-122	105-118	104-120	103-125	105-124	bulls	110-120	114-122	112-116	122-130	122-129	107-117	bulls	115-120	110-120	112-119	113-120	110-120	109-116
West — Feeder cattle prices were mostly \$2 higher. Calf prices were mostly \$2 to \$3 higher. Slaughter cow values were \$1 to \$3 higher. — Chad Spearman							Central — Feeder cattle prices were \$2 to \$5 higher for the week. Calves ranged from \$2 to \$10 higher. Market cows were steady to \$2 lower. — Troy Applehans							Southeast — Feeder cattle prices were \$4 to \$5 higher for the week. Calf values were \$3 to \$5 higher. Market cows were mostly \$2 lower. — Troy Applehans						



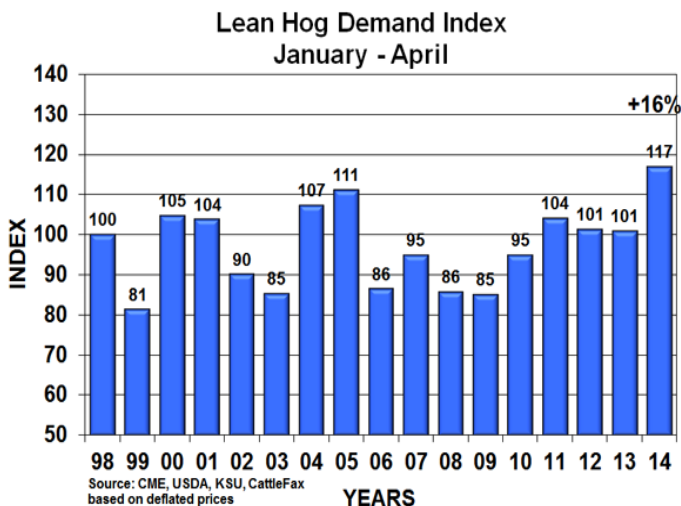
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Protein Demand Update continued from page 1

Summary of Activity Sponsored by:



1 percent January through April compared to last year, and as a result retail broiler demand is up 1 percent.

Bottom Line: Demand for beef, pork and poultry has been strong so far in 2014. And while the economy has not shown major growth there are bright spots including declining unemployment, and the March restaurant performance index was at its highest level since May of last year. Additionally, export demand has remained strong in spite of the high prices as beef exports are up 5 percent, pork exports up 10 percent and broiler exports up 4 percent in the first quarter of 2014 compared to last year.

Tod Kalous

Webinar Registration Reminder

CattleFax *Trends+* Webinar is scheduled for 5:30 p.m. MT, Wednesday, June 11, 2014, and registration is still open. Learn about the market trends that will have the biggest influence on calf and feeder cattle profitability over the next 6 to 12 months. Register and access program details online at <http://www.cattlefax.com/meetings.aspx>.

F.I. Slaughter Mix (000 head)

	----- Week Ending -----				----- Year To Date -----		
	10-May-2014		11-May-2013		2014	2013	Pct Chg
Total Slt	600		629		10894	11424	DN 4.6
	Pct	No	Pct	No			
Steers	55.2	331	51.7	325	5507	5563	DN 1.0
Heifers	26.0	156	26.9	169	3103	3324	DN 6.6
Cows	17.2	103	19.7	124	2091	2350	DN 11.0
Bulls	1.7	10	1.7	11	193	187	UP 3.2

Summary of Activity	This Week 23-May-14	Last Week 16-May-14	Year Ago 24-May-13
CattleFax Data			
Placements	160,394	157,815	159,080
Shipments	144,954	136,847	144,739
Avg In-Weights	736	739	753
USDA Slt Wgts	1,302	1,304	1,295
USDA Str Carc Wgt*	839	840	842
Days on Feed	149	140	149
Carryover Pct	31	30	33
Weekly Supply	378,500	371,800	412,100
Percent Grade Choice & Higher	68.22	67.48	65.92
Prime Grade Pct	3.62	3.57	3.56
Choice Grade Pct	64.60	63.91	62.36
Select Grade Pct	27.05	26.98	28.65
Live Prices (\$/cwt)			
Slaughter Steers	144.13	145.91	124.53
Steer Calf (450#)	245.37	243.04	163.92
Steer Calf (550#)	228.82	224.57	152.19
Yearling Steer (650#)	213.20	207.92	142.80
Yearling Steer (750#)	194.03	189.00	133.04
Yearling Steer (850#)	181.13	177.09	126.44
Utility and Commercial Cows	100.15	101.59	78.00
Canner and Cutter Cows	94.30	95.12	72.28
Lean Hogs	109.66	110.26	91.31
Omaha Corn (\$/bu)	4.72	4.71	7.30
12-City Broiler	116.72	116.72	113.53
Dollar Index	80.25	80.01	83.76
Meat Prices (\$/cwt)			
Certified Angus Beef Cutout (UB)	234.78	231.84	212.43
Choice Cutout	231.79	225.21	211.37
Select Cutout	221.16	215.47	191.52
Choice/Select Price Spread	10.63	9.74	19.85
Cow Cutout	195.36	194.68	160.06
Hide and Offal	15.68	15.74	14.00
Pork Cutout	113.78	113.23	94.28
Slaughter (000 hd) and Meat Production (Mil lbs)			
Cattle	599.0	591.0	653.0
Hogs	1,973.0	1,999.0	2,072.0
Total Red Meat Production	903.7	903.5	934.2
Beef Production	472.0	465.7	504.0
Pork Production	427.0	433.0	425.4
Poultry Production	N/A	753.8	773.1
	CME AVG FDR PRICE	6 STATE FED STR PRICE**	KS-TX-OK FED STR**
Thu 05/22	N/A	144.56	144.15
Wed 05/21	188.49	145.64	145.01
Tue 05/20	187.93	145.77	145.01
Mon 05/19	187.88	145.76	145.01
Fri 05/16	187.13	145.76	145.01

* 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)