

CattleFax UPDATE

THE
DECIDING
FACTOR

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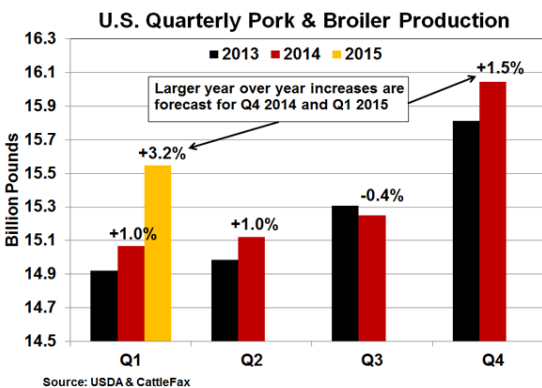
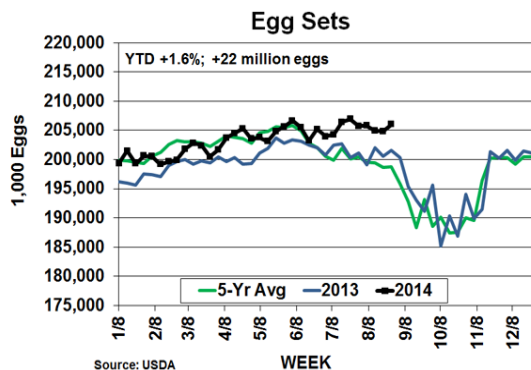
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Bigger Broiler Production on the Horizon

Over the past few weeks it appears that the broiler industry may be turning a corner towards bigger year over year increases in production. Specifically, from January through June weekly egg sets averaged 1.4 percent larger than last year and in the past six weeks, egg sets have averaged 2.5 percent larger than last year. Seasonality suggests egg sets begin to decline in July and August and then drop even more significantly in September and October. This year weekly egg sets have not declined in line with the seasonal as the chart illustrates. At the same time, weekly chicks placed have averaged about even with a year ago up until the first week of August. In the past two weeks of available data, chicks placed averaged 2.1 percent above last year. Hatchability rates may not be improving, but with more egg sets it can still lead to larger broiler production by the fourth quarter of 2014. Currently fourth



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Market Highlights

The fed cattle market in the North was not established at press time but the market tone is steady to \$2 higher this week near \$155. On a dressed basis, cattle traded in a range of \$243 to \$245, weak to \$3 higher for the week. In the South, live cattle traded at primarily at \$155, \$3 higher compared to the previous week. Boxed beef prices continued their decline as demand seasonally weakens during this time period. Feeder cattle were mixed but mostly steady to \$3 higher, calves were also mostly mixed with lightweight calves bringing from \$5 to \$20 higher this week, fueled by low costs of gain and tight supply. Slaughter cows were steady to \$3 lower as lean imports continue to increase. Corn remained in its five week trading range as the expectations for a larger crop continued to apply pressure to corn prices.

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Current

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Uncurrent

Steer carcass weights are up 4 pounds at 879 and are 15 pounds above last year.

quarter broiler production is forecast to be up 2.4 percent compared to 2013 with larger year over increases forecast to occur into the first half of 2015. For perspective, up until these most recent two weeks of data, there had not been a two week timespan this year in which chicks placed averaged more than a 1.5 percent year over year increase.

Bottom Line: There are some early signs that broiler production may finally see more significant increases by the fourth quarter of this year as egg sets and chicks placed widen the gap between this year and last. As has been discussed in the CattleFax Update numerous times in recent weeks, significantly smaller competing meat supplies for both chicken and pork has been a major contributing factor to the perfect storm for record high cattle and beef prices. Looking ahead, with larger broiler production increases becoming more of a reality coupled with larger expected pork production it does appear the competing meat landscape may be changing, which will if it hasn't already have a significant influence on cattle and beef price levels in the coming weeks and months ahead. *Tod Kalous*

Currentness Concerns

After dropping \$12/cwt off the highs, the fed cattle market has stabilized. Presently, packers have very large margins and the futures complex has firmed, narrowing the basis. Both of these factors would support some price stability near term. The feeding industry has become less current moving through the summer as evidenced by the year over year increase in carcass weights. This trend will need to be monitored moving through the fall, and very well could be a price limiting factor. Seasonally increasing supplies of lower priced pork and poultry will be noted, which will restrict retail featuring and usage of beef due to the wide price spread between the proteins. Longer-term supply fundamentals remain very positive through 2015, as the cattle industry increases the rate of expansion due to record high calf values combined with vastly improved moisture and range conditions.

Next Week: Fed supplies will remain near even. The beef complex will be lower. Market volatility will continue. Fed cattle prices are expected to be softer and trade in the mid-\$150's.

September-Mid October: Fed cattle supplies will be slightly larger due to the slowdown in marketings in July and August, which has pushed some cattle back and resulted in increasing carcass weights. If this trend continues the feeding industry will lose currentness and therefore leverage/bargaining position.

Projected Fed-Cattle Marketings (000 Head) 29-Aug-2014

	Placed Against	Pre Mo Carryover	Begin Inv	Mo Shipments	Carry-Over %	Net Weeks	Adj. Wkly Avg Shipments	% of Yr Ago
AUG	832	403	1235	842	39	4.2	140	96
SEP	749	461	1211	801	39	4.2	133	90
OCT	697	470	1167	7900	37	4.6	120	92
NOV	566	435	1001	657	39	3.8	120	93
DEC	748	394	1142	810	34	4.4	128	90
JAN	690	390	1079	776	33	4.2	129	94

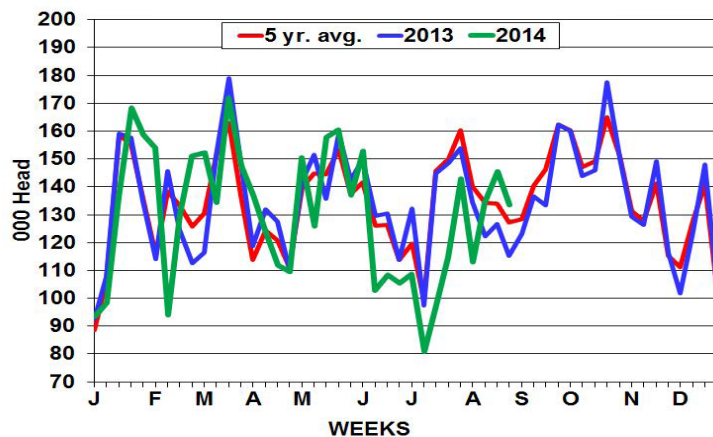
CattleFax Shipments

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Monthly Totals (000 hd)												
2013	652	538	568	541	614	598	705	641	2012	533	558	533
2014	605	534	553	589	586	626	597	596	2013	592	597	516
Weekly Averages (000 hd)												
2013	148	128	135	123	139	150	160	146	2012	140	121	127
2014	137	133	132	134	139	149	136	142	2013	148	130	129
14%13	93	104	98	109	100	99	85	97	13%12	106	107	102
14%5Yr	101	96	103	105	99	101	89	96	13%5Yr	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	523	599	576	2012	527	605	535
2014	605	529	635	542	643	494	495	551	2013	576	702	576
Weekly Averages (000 hd)												
2013	131	120	146	121	156	131	136	131	2012	151	131	127
2014	138	132	151	123	153	118	113	131	2013	144	153	144
14%13	105	110	103	102	98	90	83	100	13%12	95	117	113
14%5Yr	107	99	108	107	102	97	81	89	13%5Yr	89	99	105

CattleFax Placements



Fed-Cattle Outlook

Look for the beef complex to continue to pull back as increasing supplies of competitively priced pork and poultry will be noted. Prices are expected to be softer, trading mainly in the mid-\$140's to mid-\$150's.

Mid October-December: Placed against fed cattle supplies will be very manageable moving into the fourth quarter, but industry currentness will need to be watched closely. Cow slaughter levels will increase seasonally which will pressure the 90's trim market, although harvest levels will remain below year ago levels. This coupled with the larger competitive meat supplies will limit the upside of the beef complex moving through year-end, even though the rib is expected to have a strong seasonally rally. Supply and demand fundamentals suggest the fed market will trade in the upper-\$140's to the mid-\$150's. *Kevin Good*

Contract and Formula Cattle 29-Aug-2014

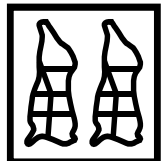
	Scheduled in August	Shipped in August	Scheduled in September	Scheduled in October
Kansas	212,000	212,000	205,000	200,000
Texas	300,000	288,000	290,000	270,000
Colorado	83,500	83,500	75,000	75,000
Nebraska	200,000	200,000	195,000	195,000
Totals	795,500	783,500	765,000	740,000
Basis Bids				
Steers	\$2 over to \$1 under	even to \$2 over	even to \$2 over	even to \$2 over
Heifers	\$2 over to \$1 under	ever to \$2 over	even to \$2 over	even to \$2 over

Production Increasing

Prices for the Choice boxed beef cutout value declined \$3.57 for the week, while Selects finished the week \$5.55 softer. Buyer interest slowed past mid-week as many buyers closed up shop for a long weekend.

Notwithstanding next week when slaughters will be curtailed due to the holiday, production is slated to increase slightly in September. A modestly larger cow slaughter and a flat to slightly bigger fed cattle supply will be the reason for the increase. This may limit price increases on the beef into mid or late month, as we will still be in a seasonally slow demand period through that point.

Next Week: Asking prices should stabilize as sellers look at a smaller production schedule. Buyer demand will remain limited. The result could be a cutout that trades softer. Look for Choice boxes to trade between \$242 and \$246, Selects from \$231 to \$235. *Duane Lenz*



Fed Cattle Prices 29-Aug-2014

	Live Steers	Hot-Wgt Prices	Live Heifers	Hot-Wgt Prices	Trade Volume	Contract Formula
PANH	155	N.T.	155	N.T.	74,500	99%
KS	155	N.T.	155	N.T.	57,000	88%
NE	155	245	155	245	70,000	40%
CO*	155	N.T.	155	N.T.	25,000	94%
CB	153-155.50	243-245	153-155.50	243-245	22,000	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

Futures Price in Respectable Decline

Over the past thirty days the feeder cattle futures and cash feeder market, basis the CME Feeder Cattle Index, have rolled over and sustained the longest decline in several months. Although the cash feeder index has only realized a moderate decline from the highs, the fall feeder cattle futures priced in more than an average decline.

Feeder Cattle and Calves: Representative Direct Sales					
Area	# Hd.	Wt.	Breed Type	Price	Del.
CENTRAL					
STEERS					
TX	150	775	Choice English X	204.60	NOV
TX	200	850	Choice English X	196.50	DEC
TX	100	825	Choice English X	196.50	FEB
TX	1,650	765	Choice English X	208.10	NOV
TX	2,200	750	CH Eng X - DEL	212.15	OCT
TX	1,000	750	CH Eng X - DEL	209.35	NOV
WY	150	410	Choice English X	367.00	OCT
MT	200	630	Choice English X	271.00	OCT
NE	350	900	Choice English X	219.50	SEP
ND	100	600	Choice English X	262.00	OCT
CO	500	825	Choice English X	217.00	SEP
NM	350	925	Choice English X	195.00	IMM
MT	300	825	Choice English X	220.21	SEP
CENTRAL					
HEIFERS					
TX	100	650	Choice English X	206.00	NOV
OK	350	700	Choice English X	201.55	NOV
TX	1,300	715	Choice English X	202.10	OCT
TX	1,000	710	Choice English X	203.40	NOV
TX	4,500	700	CH Eng X - DEL	204.10	OCT
WY	150	470	Choice English X	318.50	OCT
WY	200	650	Choice English X	239.00	JAN
NE	150	860	Choice English X	217.00	IMM
ND	100	550	Choice English X	252.00	NOV
ND	300	900	Choice English X	201.00	IMM
CO	150	880	Choice English X	203.00	IMM
NM	150	700	Choice English X	204.42	IMM
SOUTH					
STEERS					
GA	150	675	Choice English X	225.65	IMM
GA	250	825	Choice English X	205.50	IMM
AL	150	750	Choice English X	213.75	OCT
SOUTH					
HEIFERS					
AL	150	635	Choice English X	203.50	IMM

Live Cattle Imports, Year-to-Date Totals

	16-Aug-14	14-YTD	13-YTD
Canada			
Feeders	3,915	240,227	172,630
Slaughter	14,208	450,066	462,004
Mexico			
	23-Aug-14	14-YTD	13-YTD
	16,627	635,070	567,338

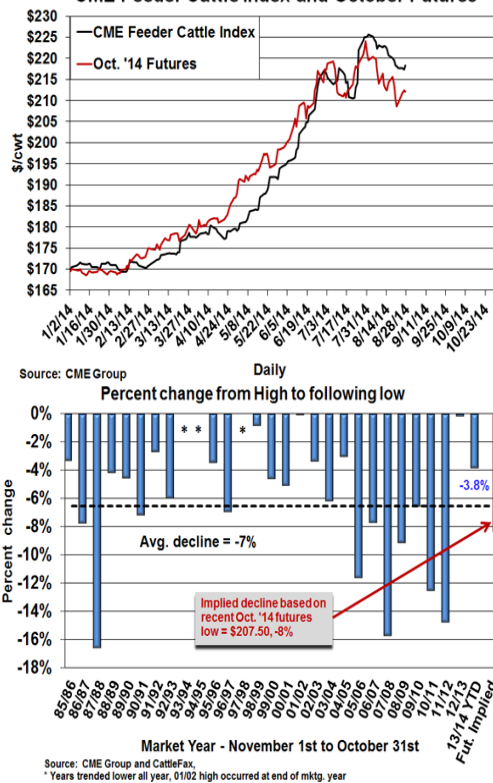
Feeder Cattle Price 29-Aug-2014

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		
STEER							STEER							STEER						
9-10	208-212	206-211	199-204	198-203	198-206	197-204	9-10	192-196	190-207	209-214	203-207	203-207	208-212	9-10	192-196	190-194	188-192	192-196	191-195	192-196
8-9	214-218	212-217	205-210	204-209	204-210	203-210	8-9	205-209	204-215	213-217	208-212	211-215	219-223	8-9	205-209	205-209	201-205	205-209	204-208	206-210
7-8	226-231	224-230	219-225	218-224	213-224	217-225	7-8	220-225	219-227	230-235	226-231	221-226	231-236	7-8	214-219	214-219	211-216	214-219	213-218	216-221
6-7	236-243	233-240	235-244	234-243	222-242	233-244	6-7	231-238	234-250	244-250	242-249	236-243	239-246	6-7	222-229	221-228	221-228	222-229	221-228	228-235
5-6	248-258	245-265	252-263	249-262	243-261	248-261	5-6	256-266	250-271	254-263	253-261	263-273	261-271	5-6	232-242	241-251	228-238	228-238	225-235	242-252
4-5	316-328	314-327	280-292	277-291	278-310	274-290	4-5	288-300	273-305	316-328	330-340	296-308	320-332	4-5	265-277	273-285	264-276	264-276	266-278	258-270
HEIFER							HEIFER							HEIFER						
8-9	205-209	205-211	195-200	194-199	194-203	192-200	8-9	190-194	191-196	205-208	202-206	192-196	202-206	8-9	190-194	191-195	186-190	190-194	190-194	192-196
7-8	209-213	208-215	209-215	208-214	200-214	206-215	7-8	203-208	203-208	212-216	213-218	207-212	212-217	7-8	204-209	207-212	201-206	204-209	203-208	209-214
6-7	224-231	220-229	226-235	225-236	207-233	225-237	6-7	218-225	217-228	225-231	233-240	223-230	223-230	6-7	211-218	210-217	212-219	213-220	209-216	213-220
5-6	235-245	233-247	241-252	238-251	222-250	236-250	5-6	228-238	234-250	239-249	235-245	233-243	236-246	5-6	213-223	221-231	212-222	212-222	210-220	218-228
4-5	268-280	265-283	267-279	265-278	243-277	263-278	4-5	256-268	258-275	273-285	318-320	256-268	278-290	4-5	232-244	248-260	234-246	234-246	233-245	226-238
COWS							COWS							COWS						
util	113-123	112-124	114-122	111-120	105-120	113-122	util	113-123	113-126	107-117	107-117	120-127	108-118	util	109-116	108-118	110-117	111-118	104-114	107-114
cn/cut	104-114	103-116	106-114	101-112	100-112	103-115	cn/cut	109-112	102-121	104-112	102-112	112-120	104-114	cn/cut	103-108	103-113	103-110	104-111	98-108	103-109
bulls	136-146	132-141	126-139	125-140	124-148	126-146	bulls	135-145	132-145	128-138	128-138	138-149	127-137	bulls	125-132	128-138	125-132	130-137	125-135	126-134

West — Feeder cattle prices were steady to \$2 lower. Calf prices were uneven with light calves higher and heavy calves steady to \$3 lower. Slaughter cow values were mostly steady to \$2 lower. — Chad Spearman

Central — Feeder cattle prices were near steady to \$2 higher for the week. Calves were mixed, ending mostly steady with the exception of lightweights that were from \$5 to \$20 higher. Market cows were mixed with a lower undertone. — Troy Applehans

CME Feeder Cattle Index and October Futures



Feeder Cattle Prices Sponsored by:

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Land Values Stable in 2014

While there are a lot of factors that can effect what a parcel of land is worth, agricultural land values are predominantly a function of how productive the land is. Not surprisingly, cropland values are highly correlated with corn prices, and pasture values are highly correlated with cattle prices. Cropland values saw an average annual growth of 13 percent between 2011 and 2013, a time where drought severely cut corn production. Pasture only increased an average of around 4 percent in that time frame. According to data released in August, cropland value is up only 2 percent year-to-date and pasture values are up 8 percent.

This fall is expected to see a record volume of corn produced, driving the price into the mid-to-upper \$3 range. Lower prices would unlikely be fully offset by greater yield, lowering the value of cropland per acre. For 2015, farmland values are expected to remain steady, with the potential for lower charges for cash rents.

Marcus Brix

F.I. Slaughter Mix (000 head)

	----- Week Ending -----				----- Year To Date -----		
	09-Aug-2014	10-Aug-2013	2014	2013	Pct Chg		
Total Slt	573	628	18460	19674	DN 6.2		
	Pct	No	Pct	No			
Steers	53.1	304	52.5	330	9620	9881	DN 2.6
Heifers	28.4	163	27.9	175	5165	5589	DN 7.6
Cows	16.6	95	17.8	112	3343	3874	DN 13.7
Bulls	1.9	11	1.8	11	332	330	UP 0.6

Summary of Activity Sponsored by:



Summary of Activity	This Week 29-Aug-14	Last Week 22-Aug-14	Year Ago 30-Aug-13
CattleFax Data			
Placements	133,386	145,573	115,098
Shipments	151,483	165,749	125,326
Avg In-Weights	746	755	734
USDA Slt Wgts	1,130	1,326	1,312
USDA Str Carc Wgt*	879	875	864
Days on Feed	N/A	139	141
Carryover Pct	35	37	30
Weekly Supply	439,300	455,300	401,500
Percent Grade Choice & Higher	69.82	69.26	65.00
Prime Grade Pct	4.16	3.98	3.19
Choice Grade Pct	65.66	65.28	61.81
Select Grade Pct	25.78	25.81	29.96
Live Prices (\$/cwt)			
Slaughter Steers	N/A	152.65	123.27
Steer Calf (450#)	299.05	287.41	187.36
Steer Calf (550#)	254.16	259.97	171.83
Yearling Steer (650#)	236.92	238.02	161.41
Yearling Steer (750#)	223.51	224.29	154.75
Yearling Steer (850#)	210.52	209.53	148.65
Utility and Commercial Cows	116.05	117.31	83.68
Canner and Cutter Cows	109.21	110.23	78.14
Lean Hogs	94.12	102.42	89.78
Omaha Corn (\$/bu)	3.66	3.59	6.45
12-City Broiler	100.60	100.44	90.18
Dollar Index	82.49	82.36	82.12
Meat Prices (\$/cwt)			
Certified Angus Beef Cutout (UB)	252.03	254.78	201.18
Choice Cutout	246.89	250.46	195.71
Select Cutout	235.27	240.82	183.20
Choice/Select Price Spread	11.62	9.64	12.51
Cow Cutout	233.18	233.18	165.73
Hide and Offal	16.60	16.69	14.04
Pork Cutout	100.62	106.18	97.03
Slaughter (000 hd) and Meat Production (Mil lbs)			
Cattle	584.0	590.0	633.0
Hogs	1,979.0	1,991.0	2,208.0
Total Red Meat Production	898.8	905.2	953.6
Beef Production	473.5	477.0	500.0
Pork Production	421.3	424.0	448.7
Poultry Production	N/A	802.2	806.8
	CME AVG FDR PRICE	6 STATE FED STR PRICE**	KS-TX-OK FED STR**
Thu 08/28	N/A	154.14	153.00
Wed 08/27	218.23	152.86	152.27
Tue 08/26	217.35	152.76	152.19
Mon 08/25	217.68	152.78	152.19
Fri 08/22	217.64	152.78	152.19

* 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)