

CattleFax UPDATE

THE
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FACTOR

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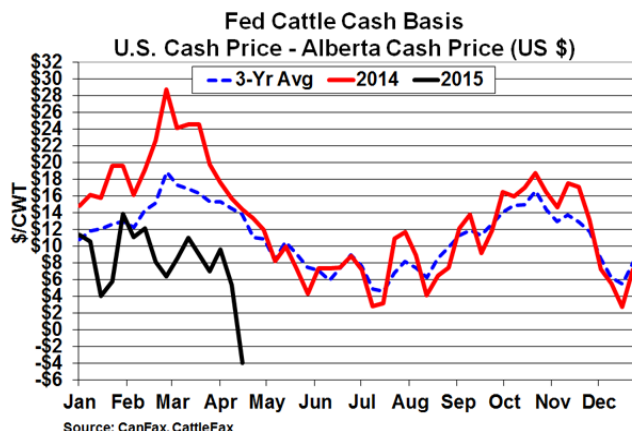
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Declining Fed and Feeder Cattle Imports

Canadian fed cattle imports into the U.S. are 41 percent (50,000 head) below year-ago levels. These reductions can be partially attributed to the large number of feeder cattle that were imported into the U.S. in 2014, as an additional 128,000 head of feeder cattle were imported into the U.S. vs. 2013, contributing to a 6 percent reduction in Canadian fed cattle slaughter, year-to-date. Another major contributing factor has been the cash to cash price spread between U.S. and Canadian fed cattle. Year-to-date the cash basis (U.S. fed cattle price minus Canadian fed cattle price), in US\$, has averaged +\$8.10/cwt compared to +\$19.58/cwt last year and the 3-year average of +\$14.39/cwt. Canadian packers are bidding more aggressively to keep fed cattle in Canada due to the tight supplies,



resulting in a narrower than normal price spread. Seasonally, as U.S. fed slaughter increases into the summer, the cash basis will continue to decline resulting in fewer fed cattle imported into the U.S.

Feeder cattle imports from Mexico and Canada are tracking similar patterns with 2014 levels. Currently, total feeder cattle imports into the U.S. are 27,000 head above year-ago levels

(Canada +13,000 head and Mexico + 14,000 head). However, feeder cattle imports are not expected to be larger than 2014 levels by year-end. A narrowing cash to cash price spread and cost of gain relationship joined with herd expansion should help to keep feeder cattle imports near or below 2014 levels. As discussed earlier with fed cattle, the narrow cash to cash basis pattern also exists in the feeder cattle markets. Canadian producers are able to receive similar cash prices domestically as compared to shipping them to the U.S., increasing the incentive to keep feeder cattle in Canada. In 2014, the U.S. cost of gain was cheaper compared to the Canadian cost of gain, creating incentive to ship feeder cattle south. Looking ahead, the cost of gain relationship is anticipated to be narrower. Both Mexico and Canada are going through their own expansion phases which will limit heifer import supply and help to keep prices elevated within their respective countries.

Bottom Line: Expect fed cattle imports from Canada to remain well below year ago levels heading into the summer, contributing to the smaller U.S. fed cattle slaughter levels through the second quarter. Feeder cattle imports will decline heading into summer as well, as the cash to cash basis remains narrow, reducing incentive to import feeder cattle into the U.S. *Ethan Oberst*

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Market Highlights

Fed cattle trade in the South occurred at \$157 to \$158, \$2 to \$5 lower compared to last week. Fed cattle trade in the North was \$158 to \$160.50, weak to \$3 lower this week. Cattle in the North on a dressed basis sold at \$250 to \$253 this week, \$6 to \$8 lower. The beef complex was mostly steady this week as an increase in demand was able to absorb an increase in supplies. Feeder cattle ranged from steady to \$8 lower. Calves were steady to \$10 lower compared to last week. Market cows were mostly steady. New crop corn was approximately 13 cents lower this week as adequate rain reached most of the Corn Belt this past weekend. This week's crop progress report showed corn planting as 9 percent complete compared to last week's 2 percent and last year's 6 percent.

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871 and are 21 pounds
above last year.

Increased Production Ahead

The fed cattle market has declined \$9/cwt over the past three weeks. Through this timeframe the packing segment has moved from the red to solidly in the black. With that in mind, look for increased slaughter levels moving forward due to profitability at the packing level and seasonally increasing fed cattle supplies. The leverage shift is well underway, as the cattle feeder will get a smaller percentage of both wholesale and retail prices moving through the larger summer supplies. Yes the beef complex will remain seasonally strong moving into May, but beef demand will be challenged moving through the summer in light of larger supplies of substantially lower priced competitive proteins. Cattle feeding margins are expected to remain negative for the foreseeable future, which at some point combined with low costs of gain in relationship to fed cattle values will cause the cattle feeder to fight the market and lose currentness – as this occurs the cash market will have additional risk.

Next Week: Fed supplies will increase slightly. The beef complex will trade softer. Fed cattle prices



Projected Fed Market Table is sponsored by

Projected Fed-Cattle Marketings (000 Head) 24-Apr-2015

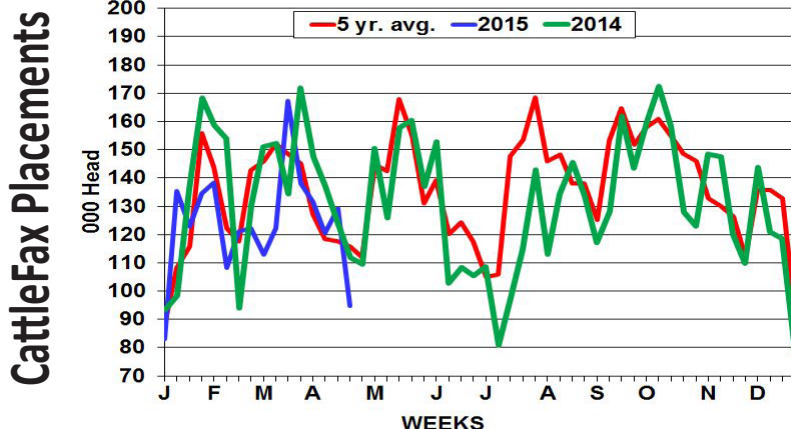
	Placed Against	Pre Mo Carryover	Begin Inv	Mo Shipments	Carry-Over %	Net Weeks	Adj. Wkly Avg Shipments	% of Yr Ago
APR	731	447	1178	757	37	4.4	121	90
MAY	799	445	1244	738	44	4.0	130	94
JUN	767	568	1335	841	40	4.4	134	90
JUL	733	561	1294	869	36	4.4	139	102
AUG	787	489	1276	809	40	4.2	135	95
SEP	733	531	1263	789	41	4.2	132	103

CattleFax Shipments

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Monthly Totals (000 hd)												
2014	605	534	553	589	2013	614	598	705	641	592	597	516
2015	539	488	523	435	2014	586	626	597	596	539	560	455
Weekly Averages (000 hd)												
2014	137	133	132	134	2013	139	150	160	146	148	130	129
2015	128	122	119	121	2014	139	149	136	142	128	122	120
15%14	93	92	90	90	14%13	100	99	85	97	86	94	88
15%5Yr	93	94	91	94	14%5Yr	99	101	89	96	89	95	86

CattleFax Placements

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Monthly Totals (000 hd)												
2014	605	529	635	542	2013	688	523	599	576	576	702	541
2015	487	490	578	438	2014	643	494	495	551	613	679	526
Weekly Averages (000 hd)												
2014	138	132	151	123	2013	156	131	136	131	144	153	144
2015	116	122	131	122	2014	153	118	113	131	146	148	138
15%14	84	92	87	99	14%13	98	90	83	100	101	97	96
15%5Yr	88	93	91	103	14%5Yr	102	97	81	89	91	95	92



Fed-Cattle Outlook

are expected to trade in the upper \$150's in the South, near \$160 north.

May: Fed cattle supplies, although historically manageable, will increase seasonally. Beef demand and usage will be seasonally strong. Prices are expected to soften as the leverage shift continues from the feeder to the packer moving into the larger supplies. Prices are expected to range from the mid-\$150's to near \$160 with a softer trend throughout the month.

June-August: Fed cattle supplies will increase and be at their seasonal peak moving through this timeframe. With high breakevens, look for cattle feeding losses and a deterioration of bargaining position. This coupled with large supplies of lower priced proteins will result in a softer cash market. Fundamentals suggest prices ranging from the mid-\$140's to the mid-\$150's. *Kevin Good*

Contract and Formula Cattle 24-Apr-2015

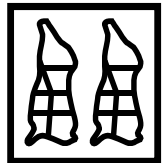
	Scheduled in April	Shipped in April	Scheduled in May	Scheduled in June
Kansas	245,000	205,000	225,000	225,000
Texas	310,000	253,500	290,000	260,000
Colorado	75,000	58,000	75,000	75,000
Nebraska	220,000	180,000	210,000	215,000
Totals	850,000	696,500	800,000	775,000
Basis Bids				
	June	July	August	
Steers	\$2 to \$3 over	\$1 to \$2 over	\$.50 to \$1.50 over	
Heifers	\$2 to \$3 over	\$1 to \$2 over	\$.50 to \$1.50 over	

Supplies Increase

The Choice boxed beef cutout was quoted \$.37 lower for the week; Selects over the same period improved by \$.07. Buyer interest for middles increased as warmer weather finally hit much of the Northeast, releasing some of the pent up demand after a long winter.

With packers finally back in the black and the start of grilling season, slaughter rates are increasing. This will put more product on the market which may limit advances moving forward, but as consumers demand steak and burger items to put on the grill, much of the increased production will be absorbed, providing some price support over the next 45 days, especially for the Choice cutout.

Next Week: Supplies will increase while demand should be flat. Sellers will want to keep product moving while they are profitable. The result may be a steady to modestly lower cutout. Look for Choice boxes to sell from \$258 to \$261, Selects between \$248 and \$251. *Duane Lenz*



Fed Cattle Prices 24-Apr-2015

	Live Steers	Hot-Wgt Prices	Live Heifers	Hot-Wgt Prices	Trade Volume	Contract Formula
PANH	158	N.T.	158	N.T.	74,000	97%
KS	157.50-158	N.T.	157.50-158	248	67,000	85%
NE	160-160.50	252-260	160-160.50	252-260	75,000	70%
CO*	160	N.T.	160	N.T.	17,000	85%
CB	158-160	250-253	158-160	250-253	7,000	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



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A Second Quarter 2013 Repeat

Spring and summer 2013 was a memorable market for stocker and backgrounding operators for all the wrong reasons. Short-term supply pressure weighed on market prices immediately. The 2012 drought led to an abundant supply of corn silage and plenty of Corn Belt backgrounders with feeder cattle to market the following spring. The January 1, 2013, feeder cattle and calf supply outside of feedlots was 202,000 head larger than the previous year at 25.5 million. New sources of demand were also fleeing with the feedyard segment halfway through an 80-week stretch of fed cattle cash losses. The second quarter 2013 feeder cattle market was stagnant.

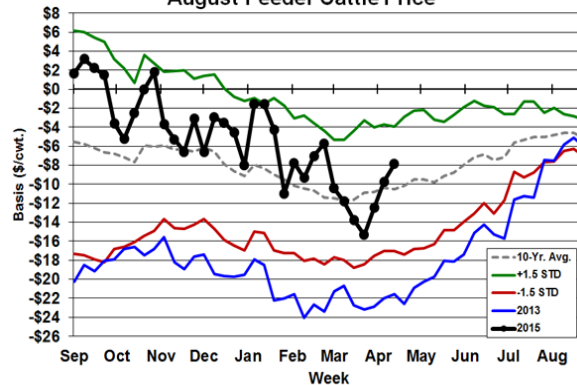
Feeder Cattle and Calves: Representative Direct Sales					
Area	# Hd.	Wt.	Breed Type	Price	Del.
CENTRAL					
STEERS					
OK	250	750	Choice English X	218.00	JUL
OK	150	825	Choice English X	199.00	MAY
TX	250	775	Choice English X	212.50	JUN
TX	1,150	755	Choice English X	214.00	JUL
TX	250	750	CH Eng X - DEL	220.00	JUL
CENTRAL					
HEIFERS					
OK	1,000	700	Choice English X	207.30	JUL
OK	250	715	Choice English X	198.15	MAY
TX	1,400	700	Choice English X	205.35	JUN
TX	500	700	Choice English X	206.00	JUL
TX	600	725	CH Eng X - DEL	203.25	MAY
TX	150	725	Choice English X	202.25	SEP
TX	400	750	CH Eng X - DEL	213.40	MAY
TX	1000	700	CH Eng X - DEL	209.50	JUL
SOUTH					
STEERS					
NM	400	804	Choice English X	207.18	IMM
NM	800	800	Choice English X	208.90	SEP
WY	500	770	Choice English X	228.00	IMM
SOUTH					
HEIFERS					
NM	1,500	702	Choice English X	203.65	IMM
Live Cattle Imports, Year-to-Date Totals					
		11-Apr-15	15-YTD	14-YTD	
Canada					
Feeders		10,938	168,387	157,838	
Slaughter		9,322	153,513	243,199	
		18-Apr-15	15-YTD	14-YTD	
Mexico		14,994	346,155	339,452	

Feeder Cattle Price 24-Apr-2015

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	188-193	185-192	187-192	185-191	178-191	183-191	9-10	186-190	186-194	188-193	190-195	187-191	190-195	9-10	181-185	184-188	177-181	181-185	181-185	182-186
8-9	204-209	198-205	195-200	194-199	194-202	192-200	8-9	203-207	199-205	201-206	207-212	199-203	209-214	8-9	195-199	195-199	190-194	194-198	195-199	201-205
7-8	214-220	218-226	214-220	211-219	209-219	209-218	7-8	218-223	212-227	221-227	228-234	220-225	226-232	7-8	204-209	212-217	201-206	204-209	210-215	205-210
6-7	245-254	244-255	242-251	238-250	240-249	236-248	6-7	243-250	243-251	245-254	245-254	246-253	246-255	6-7	225-232	239-246	225-232	228-235	225-232	230-237
5-6	279-290	278-289	271-282	269-281	269-285	267-281	5-6	275-285	273-285	279-290	279-290	275-285	279-290	5-6	255-265	267-277	254-264	256-266	255-265	257-267
4-5	313-325	310-324	302-314	299-313	300-320	296-312	4-5	303-315	308-320	313-325	313-325	305-317	313-325	4-5	290-302	308-320	292-304	293-305	283-295	270-282
HEIFER							HEIFER							HEIFER						
8-9	180-185	179-186	183-188	181-187	169-187	179-187	8-9	183-187	184-190	182-187	187-192	183-187	188-193	8-9	181-185	183-187	177-181	181-185	181-185	185-189
7-8	198-204	197-205	198-204	197-203	187-203	195-204	7-8	199-204	199-208	200-206	207-213	197-202	205-211	7-8	187-192	195-200	186-191	189-194	190-195	195-200
6-7	221-230	218-229	225-234	223-233	210-232	221-233	6-7	214-221	218-225	221-230	226-235	217-224	225-234	6-7	210-217	212-219	205-212	208-215	210-217	208-215
5-6	247-258	245-259	247-258	242-257	236-256	240-254	5-6	246-256	235-255	249-260	254-265	252-262	253-264	5-6	230-240	229-239	223-233	225-235	230-240	230-240
4-5	286-298	283-299	276-288	271-287	268-286	269-284	4-5	280-292	252-282	288-300	288-300	276-288	288-300	4-5	260-272	252-264	255-267	256-268	260-272	254-266
COWS							COWS							COWS						
util	109-119	100-115	107-115	102-114	105-115	102-111	util	108-118	110-120	106-116	106-116	115-124	106-116	util	U111-118	105-115	109-119	110-120	104-114	104-110
cn/cut	102-112	95-107	98-106	97-106	93-104	93-104	cn/cut	104-114	101-117	101-111	101-111	107-115	99-109	cn/cut	105-110	104-113	107-112	108-113	102-112	103-108
bulls	126-136	125-138	125-138	119-135	123-136	121-137	bulls	132-142	133-149	124-134	129-139	140-147	126-136	bulls	130-138	134-142	136-143	137-144	135-145	127-137
West — Feeder cattle prices were steady to \$2 lower. Calf prices were mostly \$2 to \$4 lower. Cow prices were mostly steady.							Central — Feeder cattle prices were steady to \$5 lower for the week. Calf prices ranged from steady to \$10 lower. Market cows were mostly steady.							Southeast — Feeder cattle prices were mainly \$4 to \$8 lower for the week. Calf values were mostly \$3 to \$10 lower. Market cows were mixed and ended mostly steady.						
— Chad Spearman							— Troy Applehans							— Troy Applehans						

Feeder Cattle Outlook

CattleFax 850-lb. U.S. Steer vs. August Feeder Cattle Price



The U.S. average 850-pound steer price peaked at \$144/cwt in early February 2013 and broke to \$125 by April. Price stayed below \$130/cwt until mid-July. Feeder cattle sellers simply carried spring cattle longer, waiting for a price recovery, but demand was too weak and supplies too plentiful. Spring eight-weight marketings became summer nine-weight feedyard placements. The market rally developed after the supply glut flushed from the market.

Beef cowherd expansion is taking heifers out of beef production, but the similarities between 2013 and now is striking. The January 1 feeder cattle and calf supply was 132,000 head larger than 2014. The portion of supply coming off spring wheat pasture is also 220,000 head larger than last year. Feedyard profitability is on a 15-week run of losses, and as a result, first quarter 2015 feedyard placements are running around 6.5 percent below year-ago levels. All of this points to a larger front-end supply of feeder cattle.

Bottom Line: There is the potential for a 5 to 10 percent year-over-year increase in feeder cattle marketings in second quarter 2015. The bulk of those will be wheat cattle, and they will be larger than normal. Basis levels for 850-pound feeder cattle have remained above average relative to the August feeder cattle contract, which is noticeably different than 2013 through this point in time. However, fundamental data paints a picture similar to two years ago. Feeder cattle sellers should recognize there is more cash risk to the heavier weight classes as front-end supplies build and fed cattle market prices move seasonally lower into summer. *Lance Zimmerman*

Feeder Cattle Prices Sponsored by:

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April COF Holds Trend

Cattle-on-feed on April 1st were found to be even with 2014. March marketings came in down 2 percent from last year, with cattle placed on feed equal to a year ago. There were 4.4 marketing weeks this March – 1 day more than last year. Federally inspected steer and heifer slaughter was 2.5 percent smaller than March of last year.

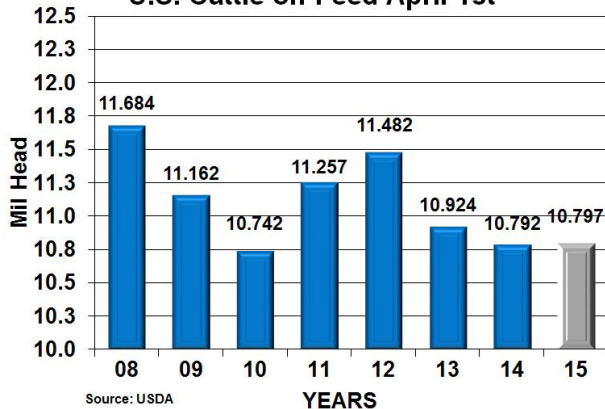
Cattle-on-Feed April 1, 2015 1,000+ capacities

	Average 2010-2014	2014	2015	% year ago
COF Mar. 1	11095	10716	10688	100
Placed	1849	1801	1809	100
Marketed	1839	1660	1631	98
Other Dis.	66	65	69	106
COF Apr. 1	11113	10792	10797	100

Cattle-on-feed numbers continue to meet industry expectations and should maintain the seasonal pattern of trending lower into the fall. Estimates for early summer marketings are even with year ago levels corresponding with the annual up-tick in slaughter.

Marcus Brix

U.S. Cattle on Feed April 1st



F.I. Slaughter Mix (000 head)

	----- Week Ending -----				----- Year To Date -----			
	11-Apr-2015	12-Apr-2014	2015	2014	Pct Chg			
Total Slt	504	575	7984	8530	DN 6.4			
	Pct	No	Pct	No				
Steers	0.0	0	52.0	299	3758	4247	DN 11.5	
Heifers	0.0	0	27.7	159	2133	2450	DN 12.9	
Cows	19.8	100	18.4	106	1574	1684	DN 6.5	
Bulls	0.0	0	2.1	12	115	150	DN 23.3	

Summary of Activity Sponsored by:



Summary of Activity	This Week 24-Apr-15	Last Week 17-Apr-15	Year Ago 25-Apr-14
CattleFax Data			
Placements	94,647	129,252	109,380
Shipments	109,238	133,688	129,173
Avg In-Weights	757	774	726
USDA SltR Wgts	1,346	1,347	1,307
USDA Str Carc Wgt*	871	869	850
Days on Feed	150	154	147
Carryover Pct	38	38	28
Weekly Supply	383,800	392,500	285,300
Percent Grade Choice & Higher	74.59	74.74	69.18
Prime Grade Pct	5.33	5.34	3.97
Choice Grade Pct	69.26	69.40	65.21
Select Grade Pct	19.23	18.93	25.42
Live Prices (\$/cwt)			
Slaughter Steers	158.86	161.43	145.95
Steer Calf (450#)	310.02	311.73	241.12
Steer Calf (550#)	276.94	281.61	220.45
Yearling Steer (650#)	244.46	249.37	201.93
Yearling Steer (750#)	218.47	221.25	182.10
Yearling Steer (850#)	201.88	204.85	170.37
Utility and Commercial Cows	112.04	111.30	99.09
Canner and Cutter Cows	106.28	105.27	92.96
Lean Hogs	63.81	62.55	115.67
Omaha Corn (\$/bu)	3.71	3.73	4.91
12-City Broiler	107.10	105.73	110.99
Dollar Index	97.28	97.42	79.69
Meat Prices (\$/cwt)			
Certified Angus Beef Cutout (UB)	265.65	267.17	235.74
Choice Cutout	260.01	260.38	233.80
Select Cutout	251.04	250.97	222.07
Choice/Select Price Spread	8.97	9.41	11.73
Cow Cutout	233.64	234.30	194.55
Hide and Offal	13.78	13.73	15.88
Pork Cutout	69.67	66.14	116.70
Slaughter (000 hd) and Meat Production (Mil lbs)			
Cattle	544.0	533.0	589.0
Hogs	2,184.0	2,243.0	1,990.0
Total Red Meat Production	913.8	916.9	897.4
Beef Production	442.0	433.2	462.8
Pork Production	467.4	479.4	429.9
Poultry Production	N/A	805.8	760.5
	CME AVG FDR PRICE	6 STATE FED STR PRICE**	KS-TX-OK FED STR**
Thu 04/23	N/A	160.12	159.97
Wed 04/22	215.57	160.30	160.32
Tue 04/21	216.53	161.23	161.21
Mon 04/20	217.48	161.41	161.52
Fri 04/17	217.66	161.41	161.52

* 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)