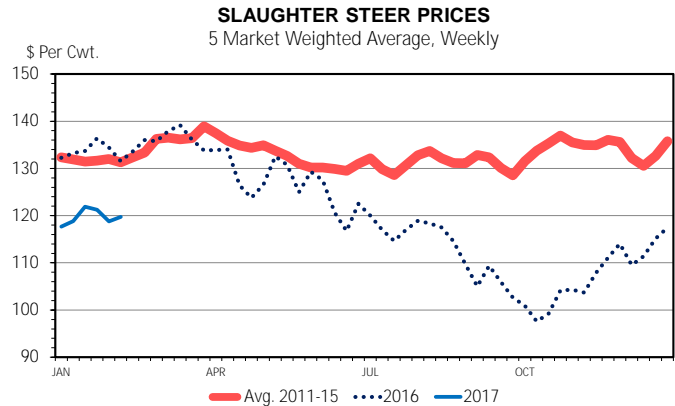


Market ready cattle prices, basis the USDA-AMS 5 Market average, have sustained an impressive rally from Christmas week of 2016 to early February. Price derived from formula or forward contracts topped out in the last week of January close to \$123 per hundredweight. This pattern trailed the pattern in cash cattle trade by a week, which is typical. The peak in cash cattle trade was about a dollar per hundredweight under the formula and forward contract high.

The first week of February saw values for forward contracted cattle slide \$6 while cattle priced off of formula maintained prior week values. Volumes of forward contracted cattle moved up to account for 12%-13% of all fat cattle market receipts in the last week of January, compared to the 9%-11% range during the first three weeks of the year.

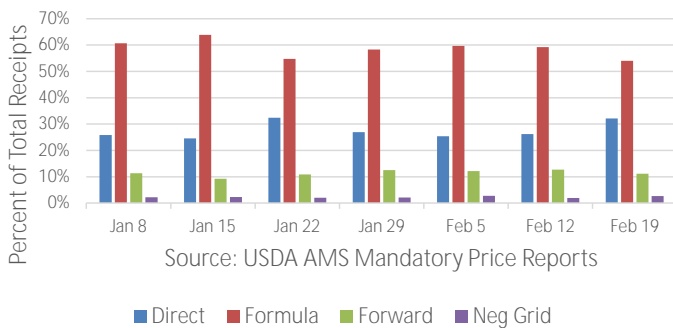
Direct cattle sales receipts, which ran at 25%-26% of all fat cattle market receipts during the first two weeks of the year, popped up to 32% of total receipts in the third week of January,



Data Source: USDA-AMS
Livestock Marketing Information Center

02/13/17

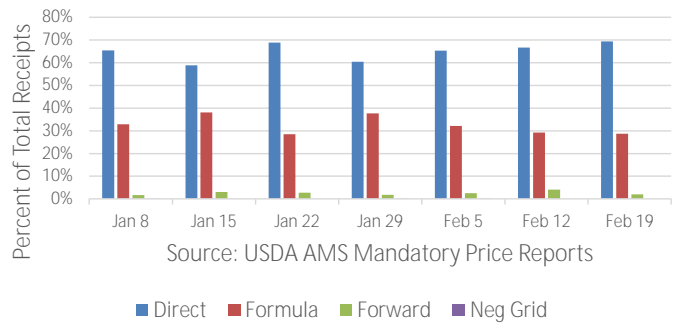
Fat Cattle Weekly Market Receipts
5 Markets - Live and Carcass



Source: USDA AMS Mandatory Price Reports

■ Direct ■ Formula ■ Forward ■ Neg Grid

Fat Cattle Weekly Market Receipts
5 Markets - Live



Source: USDA AMS Mandatory Price Reports

■ Direct ■ Formula ■ Forward ■ Neg Grid

when prices for cattle in the direct sales market hit their highs. During the last few weeks, when forward contracted cattle volumes have been elevated, receipts of cattle in direct sales slipped back to a 25%-26% share of total receipts. It was interesting that last week saw the forward contract share of cattle market receipts fall back to 11% while direct cattle sales moved up to the 32% peak, similar to the third week in January. Total receipts (direct sales, formula, forward contract and negotiated grid) during the last week were the highest of the year to-date, surpassing the prior high of the third week in January.

Cattle values were stoic in the midst of large trade volumes

last week. In the wake of the price peak in the third week of January, cattle prices in the forward contract market have run at a \$4-\$5 discount to direct cash trade and cash trade has moved very little in the last three weeks. Yet packers set a record for the year-to-date in cattle bought in the direct market. Concerns about beef or cattle supply and demand changes in upcoming weeks are not in evidence as the Lenten season approaches. February weather has been spring-like in major cattle feeding regions, which should abet excellent weight gains for cattle in feedlots. It is a blissful situation in cattle market, for the time being.

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