

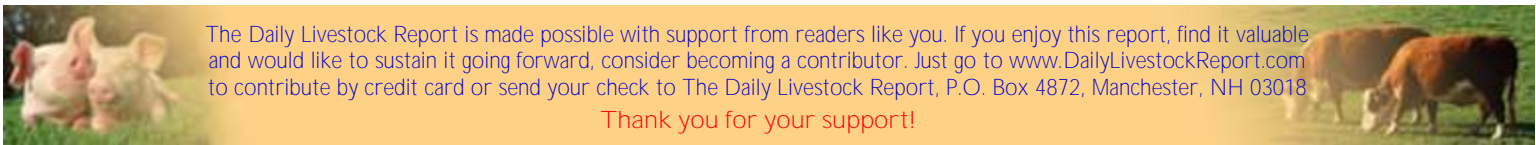
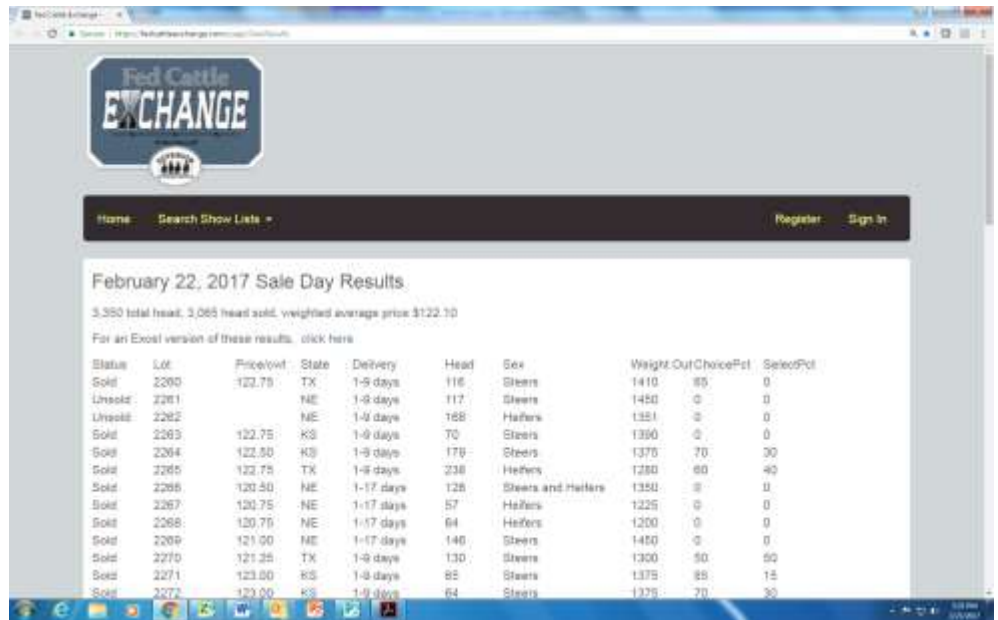
In this Daily Livestock Report (DLR), we provide some discussion of an important fed cattle market innovation which began in 2016 — the Fed Cattle Exchange. Those readers looking for comments on the USDA’s National Agricultural Statistics Service monthly Cold Storage report (released Thursday February 23rd and available [here](#)) will find that highlighted in our next DLR along with monthly Cattle on Feed report comments.

In the fed cattle market, an increasing concern and issue in recent years has been the decline in cash or negotiated market participation. As a result, an online trading platform called the Fed Cattle Exchange was established by Superior Livestock Auction, a company with a very successful track record including video auctions for feeder cattle and breeding livestock. The main webpage for the platform can be found [here](#). Importantly, regarding cash markets, the USDA’s Agricultural Marketing Service (AMS) determined in late September of 2016 that beef packers were to report purchases on the platform for inclusion in Livestock Mandatory Reporting cattle reports as negotiated transactions (the AMS link is [here](#)). That requirement began with the October 5, 2016 transactions. Cattle listed on the Exchange are located in five different regions, which are compatible with those used by AMS in price reporting (Iowa/Minnesota; Nebraska; Kansas; Texas/Oklahoma/New Mexico; Colorado; and other states).

On Wednesday mornings, pens of pre-specified cattle at feedlots are made available to buyers who have already registered and been approved. For details on how it works for both sellers and buyers see [here](#). The first sale date was May 25, 2016. The Exchange has operated weekly since September 14, 2016. Sales occur in lots determined by the cattle owner. In terms of actual head, since October 5, 2016 the weekly listing has ranged between 2,800 and 13,428 animals. Of the head listed, on average 67% were sold, with a range between 35% and 95%.

This week (sale on Wednesday February 22nd), 3350 head were listed and 3065 head were sold. The Exchange kicked-off a robust day of additional cash market transactions. The weighted average sale price was \$122.10 per cwt (live weight) and the highest priced pen received \$124.50 per cwt. We provide a screen shot of the sales data page and the direct link is [here](#). Those transactions are included in the AMS reports, including yesterday’s daily 5-market average (LM_CT100) report, from which we extracted the live sales included in the table below. In the prior weeks sale (February 15th), the first notation occurred of a pen of cattle that were certified as “natural”, the average sale price was \$118.77 per cwt. and the “natural” pen brought \$123.00.

USDA AMS (Market News) Reported Live Negotiated Sales 5 Market Average, Wednesday February 22, 2016									
	Over 80% Choice			65-80% Choice			35-65% Choice		
	Head Count	Wtd Average Weight	Wtd Average Price	Head Count	Wtd Average Weight	Wtd Average Price	Head Count	Wtd Average Weight	Wtd Average Price
Steers	19021	1464	124.24	18855	1397	124.34	8273	1290	124.43
Heifers	11049	1342	124.15	8836	1268	124.43	2622	1208	124.28



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