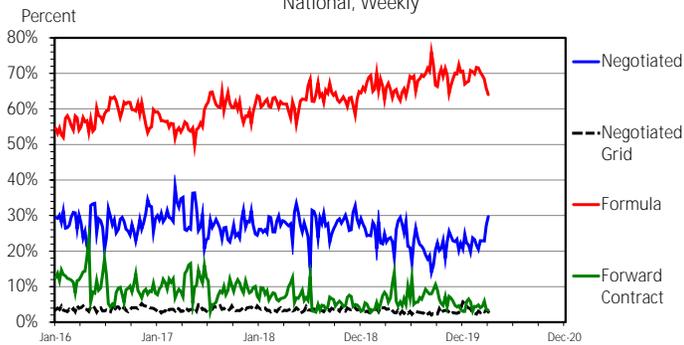


Fed cattle marketing arrangements are responding to market signals with the last several weeks seeing a strong increase in negotiated sales. Nationally, cattle sold on a live and dressed basis was nearly 30% of total trade in the last week of March, showing declines in negotiated grid, formula and forward contract arrangements. Last year the first quarter averaged weekly about 25% in negotiated cash trade, about 3.5% were negotiated grid, 67% were sold formula, and 4.8% were sold through forward contracts. First quarter of 2020, negotiated sales on a weekly basis averaged 23%, negotiated grid was 3.2%, formula arrangements 69%, and formula contracts were 4.6% per week.

STEERS/HEIFERS SOLD BY TRANSACTION
National, Weekly



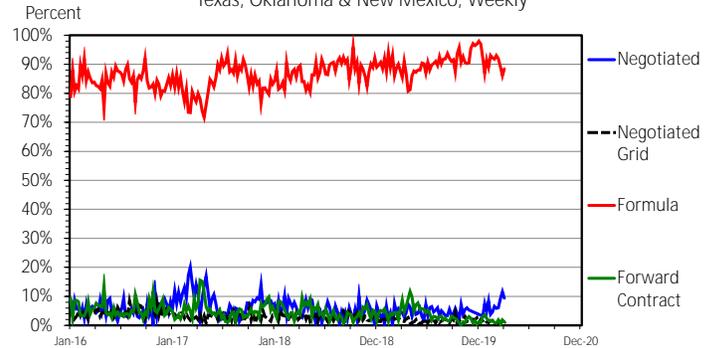
Data Source: USDA-AMS
Livestock Marketing Information Center

The last two weeks nationally negotiated trade has jumped above 25% of transactions. The last time we had two weeks in a row over 25% was June 2019. Regionally, some of the fed markets have seen higher increases in cash trade. For TX-OK-NM negotiated transactions over the last three weeks have averaged over 9%, prior weeks of 2020 had shown negotiated transactions made up between 3-6%. The week of March 23rd was over 11% and was the highest single negotiated transaction volume since November of 2017.

In Kansas negotiated cash transactions dominate the fed cattle marketing arrangements. The first quarter of 2020 averaged 74% in negotiated transactions on a weekly basis compared to 59% the year before. Formula trades, the second highest volume, averaged 24% in the first quarter 2020, compared to 39% in 2019's first quarter.

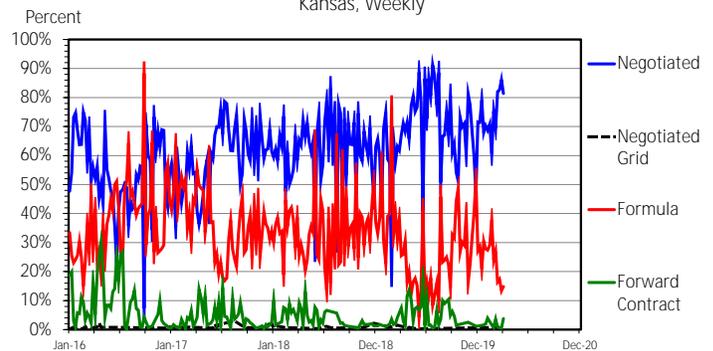
In Nebraska negotiated transactions have had a wide range in early 2020, ranging from 20-75% depending on the week. The weekly average for the quarter is 44% compared to 66% last year. The variability last year also appears to be much less, ranging from 45-56%.

STEERS/HEIFERS SOLD BY TRANSACTION
Texas, Oklahoma & New Mexico, Weekly



Data Source: USDA-AMS
Livestock Marketing Information Center

STEERS/HEIFERS SOLD BY TRANSACTION
Kansas, Weekly



Data Source: USDA-AMS
Livestock Marketing Information Center

Formula transactions have decreased significantly, dwindling to 30% or less in the last four weeks while previous weeks in 2020 were all above 45%. Forward contracts in this region have moved to single digits in 11 of the last 16 weeks.

Marketing arrangements vary by region but one theme has remained consistent across the regions in the last few weeks: increases in negotiated cash trade. This trend is consistent with the uptick in boxed beef and that packers may need more cattle than they forecast to meet wholesale demand. Cattle feeders, too, are likely hesitant to enter into forward looking marketing arrangements when there is so much uncertainty in the marketplace.



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