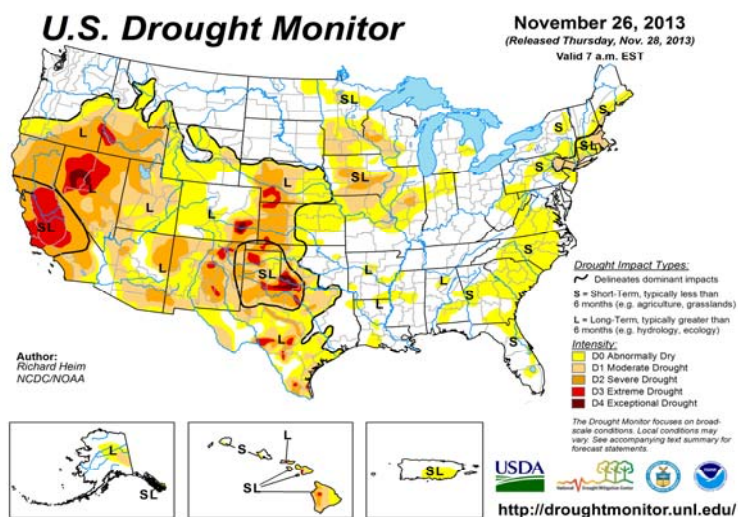
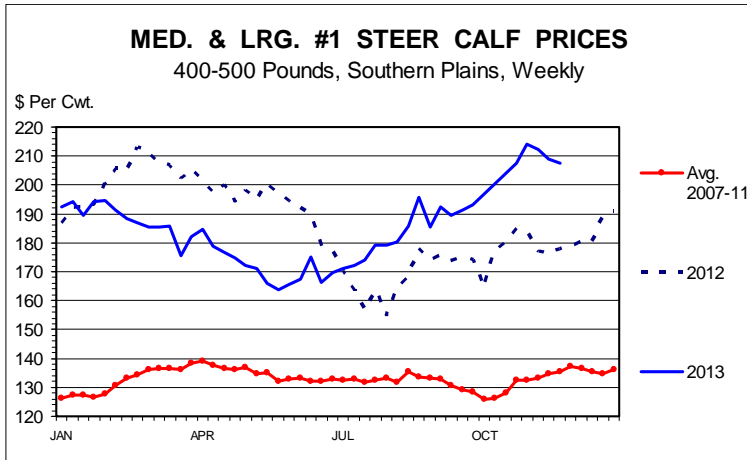


It is time to renew “subscriptions” to The Daily Livestock Report. Since we operate on a voluntary contribution/subscription basis, we really don't keep track of “annual” subscriptions or time periods for contribution. Most of our contributors jumped in quickly last January and generously supported The Daily Livestock Report. Note that that line did not say “most of our readers” as the people and organizations contributing to the effort are still in the minority. But contributions along with the much appreciated continuing title sponsorship of CME Group have kept the effort easily afloat though not completely whole from the days when CME Group was the sole provider of the letter. Bottom Line: We still need more readers to pay their fair share of the cost of delivering 250-plus editions of The Daily Livestock Report each year. If you have supported our work in 2013, we thank you heartily and ask you to continue that support. While our costs have not skyrocketed, they have, like yours probably, indeed increased this year so would you consider a slightly larger contribution for 2014? \$59 instead of the \$49 last year? \$169 for the letter and seasonal trader chart books in stead of 2013's \$149? We appreciate your support so much and will try to again deliver analysis that increases both you information and knowledge levels in the year to come. That was our promise from the beginning and still is.

Regards and many thanks,
Steve and Len

It appears that the pieces are all in place to finally turn around the U.S. beef cow herd. There are a number of important pieces but two are critical:

- **Strong calf prices.** As can be seen at top right, calf prices are bumping into record levels once again as stocker operations look to place cattle on wheat pasture and feedlots try to secure their share of the tight calf supply. How many calves are there? We don't really know since there was no July Cattle Inventory report. The absence of that report means that USDA has yet to publish an estimate for the 2013 calf crop and has not provided any information on inventories by weight class since January 1. The supply of cattle outside of feedlots was estimated to be slightly larger last January 1 but much of that 0.6% increase was likely due to delayed placements due to high feed costs. A beef cow herd that was 2.9% smaller, yr/yr, on January 1 has almost certainly produced about that many fewer calves this year and ongoing heifer retention has tightened things even more. No wonder calf — and feeder — prices are this high.
- **Plentiful grass.** NOAA's U.S. Drought Monitor map for November 26 shows only 13.8% of the U.S. having drought conditions rated as severe or worse. That compares to 34.7% one year ago and 35.2% on January 1, 2013. Just three months ago (late August), nearly 30% of the U.S. was in droughts rated as severe and worse. It is clear that some cow-calf areas (western Kansas, Nebraska, California) are still quite dry but much of the critical cow-calf country from Texas northward through Missouri and eastward all the way to Florida are in pretty good shape. The Livestock Marketing



Information Center reports that as of October 27, the date of USDA's last crop and pasture conditions ratings for 2013, states with only 15.1% of the nation's beef cow herd had 40% of their acres rated in either poor or very poor condition. One year ago that number was an astonishing 70.8%. States with nearly 48% of the nation's beef cows had at least 40% of their acres rated in good or excellent conditions this year. That number was only 21% one year ago. Improved pasture conditions go hand in hand with lower grain and protein supplement costs to leave production costs significantly lower than last year.

What cow-calf operators want to do from an economic standpoint and what Mother Nature allows them to do are frequently two different things — but not this year. A strong profit incentive and sufficient resources are driving beef herd expansion!



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