In The Cattle Markets

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Cow Prices Remain Strong

All market classes of beef cattle are at record high levels for this time of the year, but are lower than the all-time record highs established in the last half of 2014. Slaughter cow prices basis the Southern Plains, 85-90% lean peaked in August 2014 at an all-time record high of over $131/cwt. Cow prices then declined seasonally to average about $115 in the fourth quarter 2014. First quarter 2015 cow prices have generally ranged above last year from $103-115.

Support for cow prices has come from lower slaughter. Total cow slaughter in the first quarter was down about 5% from last year. Beef cow slaughter was down about 15% as herd rebuilding that began in 2014 continued. Dairy cow slaughter was over 4% higher as milk prices have waned from last year's record highs.

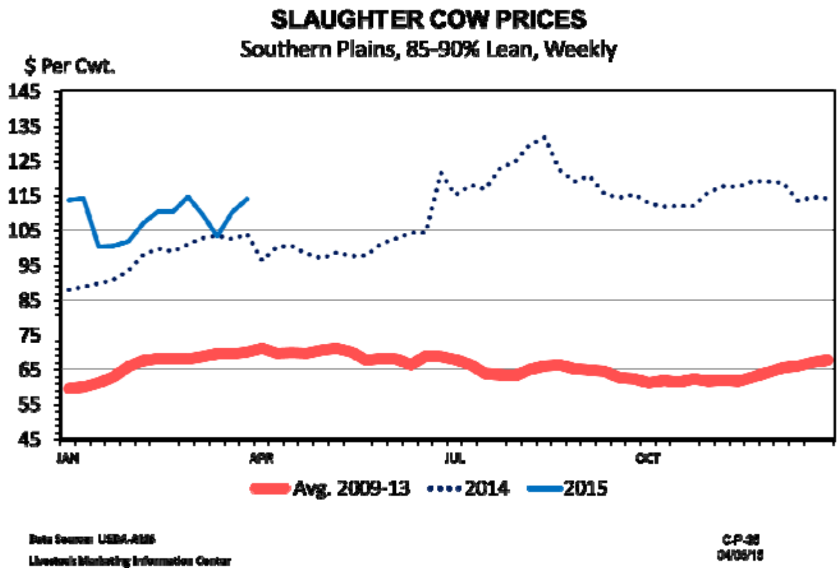
Even though slaughter numbers were lower, a number of fundamental factors combined are keeping cow prices in check. Increased production of competing meats, more lean beef imports, and lower byproduct values are all impacting cow prices. While total beef production was down about 3.5% in the first quarter 2015, pork production was up over 6%, broiler production was up 5%, and total red meat and poultry production was up over 3%. For the entire year, USDA is projecting an increase in pork production of 6.1%, broiler production up 3.8%, and a 3.4% increase in total meat production.

High U.S. beef prices, the strong $US value, and a drought in Australia with forced cow liquidation are all contributing to a sharp increase in beef imports this year. Data are only available through February, but for the first two months of 2015 beef imports were up 56% over last year. Imports from Australia, our number one supplier, were up 120% over last year.

Current cow byproduct values are over $2/cwt. lower than last year's record high values. Export demand, especially to Southeast Asia, is very important to byproduct values. So the high $US value and the West Coast port congestion problems the last several months have contributed to the lower byproduct values. USDA-AMS publishes a weekly "USDA By-Product Drop Value (cow)" report. It is available at www.ams.usda.gov/mnreports/nw_ls444.txt. The report lists the quantity, price, and value for important byproducts from a typical 1100 pound cow. The April 10, 2015, report estimated the cow byproduct value at $14.42/cwt. or $158.62/cow. For the same week last year the value was $16.65 or $183.15 per cow.

Cow prices in the second half of 2015 will likely come under seasonal pressure and could average below last year's record levels. Cow slaughter the second half will be closer to last year and, of course, depends on weather related pasture and range conditions. Extreme drought is still prevalent in the Southwest, parts of the Southern Plains also remain dry, and dry conditions have developed in parts of the Northern Plains.

And the previously mentioned increases in competing meat production and beef imports will be factors to watch as well.



The Markets

After several weeks of increasing prices, fed cattle prices came under pressure last week while boxed beef continued to show seasonal strength. Across the 5-area market, liveweight fed steer prices averaged $164.23 per hundredweight down $3.34 for the week. Dressed weight prices decreased $4.08 to average $261.56. Choice boxed beef moved up $2.95 to average $257.50. Calf prices were steady to higher as good demand for grass cattle continues. Feeder cattle were mixed with weakness noted on some of the less attractive, smaller lots. Fleshy cattle were especially discounted. Corn prices in Omaha on Thursday were down 10 cents a bushel from the previous week at $3.73.

Data Source: USDA-AMS Market News		**Week of 4/10/15**	**Week of 4/3/15**	**Week of 4/11/14**
5-Area Fed Steer	all grades, live weight, $/cwt	$164.34	$167.57	$149.16
	all grades, dressed weight, $/cwt	$261.56	$265.64	$239.71
Boxed Beef	Choice Price, 600-900 lb., $/cwt	$257.50	$254.55	$225.50
	Choice-Select Spread, $/cwt	$6.26	$5.31	$10.51
700-800 lb. Feeder Steer	Montana 3-market average, $/cwt	$223.13	$227.24	--
	Nebraska 7-market average, $/cwt	$225.62	$238.19	$185.35
	Oklahoma 8-market average, $/cwt	$219.87	$220.21	$178.15
500-600 lb. Feeder Steer	Montana 3-market average, $/cwt	$276.12	$289.76	--
	Nebraska 7-market average, $/cwt	$287.66	$286.09	$238.51
	Oklahoma 8-market average, $/cwt	$283.05	$282.57	$214.36
Feed Grains	Corn, Omaha, NE, $/bu (Thursday)	$3.73	$3.83	$4.87
	DDGS Price, Nebraska, $/ton	$177.25	$175.00	$239.50