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MARKET NEWS

Beef demand continues to be a problem at these price levels. Even though the best buy in the meat market is ribeye steaks at Sams, they are still selling at prices below production costs.

Fat cattle are still selling in the mid \$1.20s at a time everyone thought they would be selling in the mid \$1.30 to \$1.40s because of the short supply of feeder cattle. A lot of cattle were bought at prices that will not make money at current feeder and fat markets. The big reason is the high cost of gain.

Beef demand puts pressure on the fat market. Extended losses of \$100 to \$200 per head has caused feedlots to downsize and hold back because of a loss of equity.

These factors, along with dry weather, will begin to affect the calf market as we move into the spring and summer.

If we begin to see substantial rain in the Midwest and corn prices come down, the cost of gain on feeder cattle will get cheaper and have a positive affect on our calf market.

Temporarily we have reached a top on fat cattle at \$1.25. Looks like we will be to work back from there.