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MARKET NEWS

1. Cattle cycles may be a thing of the past. The last identifiable cycle occurred between 1981 and 1995 and since then the beef cow herd has been declining. Several factors may have discouraged producers from expanding their herds, including rising energy costs, and aging rancher population and small producers leaving the business. The latest cattle inventory report showed the US herd was down slightly from last year at 96.7 million head. The total number of beef cows was down 1% from Jan 1, 2007 and the number of beef replacement heifers was down 4%.
2. Last Friday's Cattle on Feed report showed the total numbers on feed, as of February 1, were 12 million head, 2% above last year, and the second highest inventory since 1996. Placements in January were 1.79 million and marketings were 1.86 million, up 1% from last year and 3% above 2006. the report was viewed as mostly bullish.
3. Where did all the 143 million pounds of recalled ground beef from the California plant go? USDA says it is still tracking it down but about 50.3 million pounds went to federal school lunch programs. About 19.6 million were consumed, 15.2 million is on hold, and 15.5 million is still being traced.
4. Minnesota is preparing for a status down grade in its bovine TB status. The fourth herd since last October has tested positive in Beltrami County.
5. According to Donald Coxe with BMO Financial Group, the credit crunch and soaring oil prices will pale in comparison to the sharp rise in raw food prices the next few years. Increased demand for meat and dairy products from the growing middle classes of countries such as China and India and the heavy demand from the biofuels industry will potentially create a catastrophe. Consumers are already paying 22% more for food than last year. America's mid-west currently grows 54% of the world's corn supply. Crop yields around the world average 30 bushels per acre. They need to equal the production of the state of Illinois of 200 bushels per acre, to meet our future needs. "It is not a matter of IF but WHEN" he warned investors. "It's going to hit this year hard."