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January Market Report

Slaughter Cows

Canner 29.00 to 41.25

Boning/Utility.... 42.25 to 49.50

Cutter 50.50 to 57.25

Bred Cows : \$520.00 to \$960.00/hd

Cow/Calf Pairs: \$660.00 to \$1070.00/pr

Slaughter Bulls..... 50.00 to 64.37

FEEDER CALVES

Large Frame #1

Feeder Steers/Bulls

200 to 300 lbs..... 111.00 to 137.12

305 to 400 lbs..... 105.00 to 136.50

405 to 500 lbs..... 90.00 to 124.25

505 to 600 lbs..... 83.00 to 112.50

605 to 800 lbs..... 80.50 to 97.25

Large Frame #1

Feeder Heifers

100.00 to 132.75

95.00 to 132.50

84.00 to 113.75

80.00 to 107.00

73.00 to 92.75

SUMMARY

The livestock industry started 2010 with both a mixture of optimism and apprehension. Beef analysts continue to keep a cautious eye on the stale and anemic US economy and are leery of any beef rally happening. Consumers continue to make meat purchases based on absolute price rather than retail value. Cheaper protein in the form of poultry and pork continue to grab the shopper's eye. Beef still is not fully competitive with pork especially as pork continues to remain the lesser priced protein in our cost driven economy.

It appears the beef industry will continue to shrink in 2010 as close to 3 million head of cattle have already disappeared in the US within the past couple of years. There are absolutely no signs of herd rebuilding in the US as continuing low prices, higher feed cost and weakened demand plague the industry. The lower cattle inventory has presented a 30 % over-capacity in the feedlots which is forcing many smaller lots to be put on the "selling block". The continuing decline in numbers will however result in tighter beef supplies in 2010 which should help in establishing higher prices. Then again, negative factors such as ethanol demand and economic pressures can alter this scenario.

Cold temperatures have affected the feedlot performance and dropped carcass weights. The wind, dryness and freezing temperatures have also deteriorated the grazing conditions in the wheat country.

On a positive side the USDA has raised its corn yield figures for the 2009 corn crop which resulted in corn prices plummeting downward by around .50 cents a bushel. Also the USDA cattle "on feed" report of January 20 was regarded as a positive one because of the low placement figure (93.9 %) and high marketing figure (103.5%). This surprising high marketing figure was the result of a larger than expected marketing of cattle in December which has left the feedlots in good shape in regards to market-ready cattle.

Closer to home the weather has experienced severe swings but as of late January, its been unseasonably warm. Feeder calve prices have been good and the demand appears to have become stronger as we head into February. Packers were caught short-bought as we opened the year and they scrambled to buy inventory. The last couple of weeks we have seen them back off of their figures although the slaughter prices are still healthy. The market volumes are normal for this time of the year although we are seeing an increase in cow numbers still due to culling because of the short hay supply.

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