



East Texas Livestock, Inc

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September Market Report

Slaughter Cows

Canner 21.00 to 33.00

Boning/Utility.... 34.00 to 41.40

Cutter 42.40 to 48.80

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

Cow/Calf Pairs: \$630.00 to \$1090.00/pr

FEEDER CALVES

Large Frame #1

Feeder Steers/Bulls

200 to 300 lbs.....111.00 to 135.60

305 to 400 lbs..... 105.00 to 129.00

405 to 500 lbs..... 90.00 to 119.20

505 to 600 lbs..... 83.00 to 107.20

605 to 800 lbs..... 80.50 to 95.60

Large Frame #1

Feeder Heifers

100.00 to 128.20

95.00 to 120.00

84.00 to 110.40

80.00 to 100.40

73.00 to 90.80

SUMMARY

Weak demand for beef continued throughout September although feeders enjoyed a much needed rally at the first of the month as live prices brought up to \$85cwt. The rally was short lived as both cheaper pork and chicken out distanced the Labor Day holiday's protein demand. Show list however continued to be manageable as retailers took on more beef inventory rather than face higher anticipated beef prices in the fall. The weak economy continued to dictate consumer spending and will until financial equity, lost jobs and household incomes have been restored. Beef analysts are also quick to point out that cattle numbers will continue to shrink and aren't expected to grow anytime soon and weak demand both here and globally will continue to be the dominate price limiting factor.

The new Japanese government has also announced that it is opposed to any relaxation of restrictions of US beef imports which also came as another blow to our beef export optimism. As it stands we are exporting only about 20% of the volume we enjoyed in 2003.

The FDA has announced it will decide by December 1st whether to increase the ethanol mandate from 10 % to 15%. Even with the record corn crop, this could well deal a major blow to the beef industry and future prices as feeders have to compete with a government back ethanol program. As public resentment continues to grow, the final decision remains with the Obama Administration.

Supplies of market ready cattle should continue to decline in October which should help to stabilize prices. Continuing weak consumer demand will also dictate the production levels as retailers play with a very conservative approach. The futures board has also shown no mercy on the freefall as both investors and feeders continue to lose hugh amounts of equity. The odds of attracting any new investors are unthinkable under the present conditions. On another note the USDA cattle on feed report of September 18 was somewhat bearish with a 102 % placement and 96 % marketing figures.

As we enter October feeder prices have adjusted lower. Cheap gains from grazing cattle up north are virtually over as cold weather approaches. The seasonally cool nights and warm days are also conducive to sickness. There should be some winter wheat grazed but how much stocker demand for our calves is still unknown. Slaughter figures have also become weaker.