



East Texas Livestock, Inc



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April Market Report

Slaughter Cows

Canner 21.00 to 40.00

Boning/Utility.... 41.00 to 49.00

Cutter 49.50 to 56.25

Bred Cows : \$520.00 to \$1080.00/hd

Slaughter Bulls..... 49.50 to 65.50

Cow/Calf Pairs: \$670.00 to \$1350.00/pr

FEEDER CALVES

Large Frame #1

Feeder Steers/Bulls

200 to 300 lbs.....115.25 to 132.25

305 to 400 lbs..... 108.00 to 127.75

405 to 500 lbs..... 96.00 to 116.75

505 to 600 lbs..... 85.00 to 110.00

605 to 800 lbs..... 81.50 to 102.50

Large Frame #1

Feeder Heifers

100.00 to 120.50

95.00 to 114.75

84.00 to 110.50

80.00 to 103.50

73.00 to 97.25

SUMMARY

The beef complex in April continued to reflect the economy's anemic position as cattle feeders continued to lose hugh amounts of money due to weak demand both at home and abroad. First quarter feeding losses showed to be averaging \$160.00/ hd. Overall beef demand is running 7 to 8 % weaker than last year because of an estimated \$15 trillion erosion factor in US household wealth. This continuing loss is household equity and the negative impact from more job layoffs and company shutdowns should well keep beef demand under pressure throughout 2009.

Corn also continues to play a major role in beef prices forecast. Current corn based ethanol production has cost cattle feeders a record \$4.3 billion in equity because of the high feed cost in 2008. Also alternative proteins(pork and poultry) are luring beef buyers towards cheaper substitutes. Weakness in both the food service and retail are also becoming more apparent as more consumers are opting to eat at home. The proposed dairy buyouts are set to start by May 1st with a target of 325,000 head to be slaughtered by September 30. This could well oversupply the market and drive slaughter prices spiraling downward. Beef prices in May will continue to reflect the ailing economy and announcements of more layoffs in the auto industry are only adding to our economic woes.

The MCOOL (mandatory country of origin labeling) started March 16 and has already created negative impact from both Mexico and Canada. These two countries are by far the largest importers of US agricultural products (\$27.1 billion in 2007) and there could be repercussions from this labeling within the near future.

Warmer weather should help beef sales as we enter May. Tighter supplies of market ready cattle should support higher prices and retailers are aggressively featuring beef as the grilling season is at hand. The news of the swine flu outbreak also is turning customers towards beef due to unwarranted fears about this disease. Continuing rainfall and warmer weather are also playing their part. The market appears to be firm as we enter the month and hopefully it will continue to remain. Let's hope so!

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