

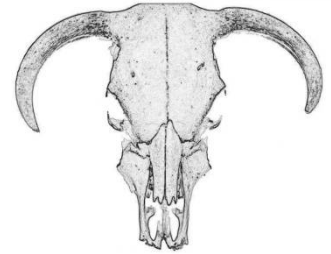
# EAST TEXAS LIVESTOCK, INC

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## FEBRUARY MARKET REPORT

### Slaughter Cows

Canner 21.00 to 35.50  
 Boning/Utility 36.50 to 42.75  
 Cutter 43.75 to 51.63

Slaughter Bulls..... 48.50 to 60.88

Bred Cows: \$520.00 to \$980.00/ HD

Cow/Calf Pairs: \$700.00 to \$910.00 /PR

### Feeder Calves

Large Frame #1  
 Feeder Steers/Bulls

200 to 300 lbs ..... 115.00 to 136.75  
 305 to 400 lbs ..... 102.00 to 122.75  
 405 to 500 lbs ..... 96.00 to 112.50  
 505 to 600 lbs ..... 85.00 to 100.25  
 605 to 800 lbs ..... 79.50 to 93.00

Large Frame #1  
 Feeder Heifers

111.25 to 120.88  
 95.75 to 115.75  
 84.00 to 108.75  
 80.00 to 93.00  
 73.00 to 84.50

The beef complex continued its freefall in February as the global recession deepened. Continued massive job layoffs and financial instability continued to further erode consumer confidence and curtail spending. Cattle feeders continued to struggle as credit became tighter. Record carcass weights and deteriorating beef demand doused any optimism to be found. Industry analysts feel beef exports will continue to remain flat for 2009 and domestic demand will also remain under pressure due to our anemic economy and beef being the highest priced protein compared to pork and poultry.

Huge losses to the feeders and reduced kills by the packers should continue to plague the beef complex. Investment into the fed market has become lackluster due to the huge amount of equity being lost daily. Feeders are continuing to see their investment returns in the red and should stay so for possibly the remainder of this year. Losses from \$100 to \$200/ hd still continue to be the norm. Market observers feel the factors that normally affect market prices ( corn, fuel, etc) will take a back seat as demand will dominate the 2009 prices. There is talk of cattle trading in the \$75-80 cwt range as the market continues to search for a bottom.

The drought in South Texas continues to take its toll on our prices as ranchers are culling huge numbers of cows to slaughter. The drought has been classified as the worst since 1918 with the hill country and S. Texas up to 20" behind normal rainfall. Pressure from this has forced our local slaughter prices around 10 cents/lb lower. The USDA dairy buyout could also put an additional 300,000 cows into the meat complex which will also magnify the problem of too much lean beef on the already burdened market.

The USDA has also reported that we have the lowest cattle inventory in 50 years and the smallest cow herd since 1963. The 2008 calve crop was the smallest since 1951 and with continued, (even accelerated) herd reductions, we are on target to having even less calves to market in 2009. This should play to our advantage once the financial crisis is over and the economy has restructured to a positive mode.

Closer to home, the marketing numbers are normal for this time of the year. Calve prices have remained firm although the slaughter figures continue to weaken due to the pressure from the S. Texas drought. Some scattered rains have helped but we are in need of general, soaking rains throughout this area. Let's hope we get these in March!

*East Texas Livestock*