

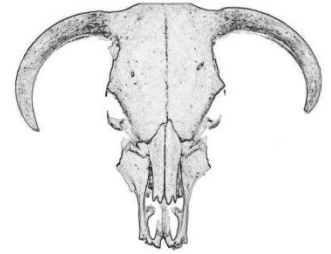
# EAST TEXAS LIVESTOCK, INC

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## JANUARY MARKET REPORT

### Slaughter Cows

Canner 21.00 to 34.50  
 Boning/Utility 35.50 to 42.50  
 Cutter 43.50 to 51.50

Slaughter Bulls..... 44.50 to 56.88

Bred Cows: \$520.00 to \$880.00/ HD

Cow/Calf Pairs: \$720.00 to \$940.00 /PR

### Feeder Calves

Large Frame #1  
 Feeder Steers/Bulls

200 to 300 lbs ..... 115.00 to 149.63  
 305 to 400 lbs ..... 103.00 to 127.25  
 405 to 500 lbs ..... 96.00 to 115.50  
 505 to 600 lbs ..... 84.00 to 103.50  
 605 to 800 lbs ..... 78.25 to 93.50

Large Frame #1  
 Feeder Heifers

110.75 to 137.63  
 96.50 to 123.00  
 84.00 to 109.25  
 79.50 to 93.00  
 72.50 to 88.00

The New Years beef rally fell short of expectations due to less demand and lower kills. Consumer demand totally reflected the negativity of the US economy and after two years of negative margins, the wind has been taken out of the feeders sails. Live cattle bids of \$84 cwt opened the new year but the packers continued to maintain enough inventory to resist asking prices of \$90 cwt. December's jobless figure was staggering (over 500,000) and with more financial bad news coming down the pipeline, consumer spending habits have totally restructured. January's seating of a new President has also placed the markets on hold as the nation waits to see which direction the economy will be taken.

Softer beef demand both here and abroad have forced sluggish meat sales which have the packers remaining close bought thus resulting in larger showlists and creating an ample supply of market ready cattle. The continued feedlot losses have created a scenario that places a huge financial stress in the livestock financial markets. The equity from losses the past two years is well into the billions and many market analysts forecast the first half of 2009 to have a bearish demand with a bullish supply. The USDA cattle on feed report of January 23rd was bullish with placements @ 97% and marketings @102 %. Still the continuance of a weakening global economy plus lack of stability in the financial markets will keep the beef prices at bay for the near future. Any prospects to the contrary have yet to be reasoned as we head into this hopefully short term plague of lower livestock prices.

It appears as we enter February, the financial markets continue to reel from total loss of direction. Job layoffs continue at record numbers and the financial experts conclude the bottom has yet to be reached. This meltdown has its tentacles well into the livestock industry and the repercussions will be felt by the producers and the feeders for the better half of 2009. Continued higher production cost plus the questionable demand for our products will remain at the fore front of this year.

On the closer front, feeder calf prices opened the new year stronger and averages show to be from \$5 to \$10 cwt higher than December's closing prices. The demand has continued to remain good throughout the month on all classes of feeder calves. Slaughter cow and bull prices also appear to be steady and replacement cows continue to remain in good demand. Our hay supplies seem to be adequate to finish the winter feeding season but we could use some rainfall.

Again, if we can be of any help for market information or prices, please call us at 936-544-2246!

East Texas Livestock, Inc