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All stated cattle prices are based on the weekly Canfax Market Outlook and Summary.
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Cattle Market Update

For the Week Ending November 25, 2011

All prices are quoted in Canadian dollars per hundredweight (\$/cwt) unless otherwise stated.

Feeder Cattle

Steers

	Range	Average	Change
300-400	180-208	188.88	3.45
400-500	160-192	172.00	-1.15
500-600	145-173	156.09	1.01
600-700	135-155	144.29	n/c
700-800	127-145	137.00	1.36
800-900	120-140	129.30	n/c
900+	112-128	118.50	1.62

Heifers

	Range	Average	Change
300-400	140-182	161.25	4.04
400-500	134-169	146.17	-1.39
500-600	126-154	135.33	-1.17
600-700	120-138	129.03	-0.75
700-800	115-133	124.17	-n/c
800+	111-125	118.88	-1.79

Source: Canfax.

Note: Prices are determined from Saskatchewan auction marts' reports of sale results from Thursday of the previous week to Thursday of the current week.

Canfax reported that 37,195 head of cattle were sold through Saskatchewan auction markets compared to 52,913 the previous week. Weekly marketings for the 2011 fall calf run may have peaked and the remaining weeks could see steady to lower volumes of cattle.

Feeder cattle prices were mixed for the week. For both heifers and steers, the largest increase in prices was noted for lightweight calves (300-400 lb). The price of lightweight steers was \$3.45 per cwt higher to average \$188.88 per cwt. Similarly, the price for lightweight heifers was \$4.04 per cwt higher to average \$161.25 per cwt. In general, prices for all other weight classes of feeder heifers were unchanged to lower for the week while feeder steers were mostly unchanged to higher for the week.

The feeder steer basis [Saskatchewan (SK) cash price to nearby feeder cattle futures] weakened. This week, SK feeder steer basis (850 lb) was calculated at -\$22.47 per cwt compared to -\$20.96 per cwt reported last week. This decline in the basis this week is a result of continued steady cash prices for 850 lb. feeder steers and the value of the Canadian dollar declining against the U.S. currency.

NOTE: Canfax is now publishing a Western Canadian Calf Index based on detailed sales summaries of 500-699 lb. steers. This valuable marketing information is available to producers as part of a subscription to Canfax. Contact Canfax at (403) 275-2110 for more information.

Fed and Non-fed Cattle

	This Week	Previous Week	Change
<u>Steers</u>			
Live	n/a	n/a	n/a
Rail	195.00	n/a	n/a
<u>Heifers</u>			
Live	n/a	n/a	n/a
Rail	192.00	188.00-190	4.00-6.00
<u>Cows (Alberta)</u>			
D1,2 Live	65.41	64.30	1.11
D3 Live	57.09	56.80	0.29
Rail	124.00-129.00	123.00-128.00	1.00

Source: Canfax.

The prices for liveweight fed steers and heifers were not reported this week. The rail price for heifers was up this week at \$192 per cwt, an increase of \$4 to \$6 per cwt from the previous week. The rail price for fed steers was reported at \$195 per cwt.

The price of U.S. live fed steers was reported at US\$124.90 per cwt, the second highest price ever recorded. The price for dressed steers was reported at US\$199.97 per cwt. Cash fed cattle prices are now above nearby live cattle futures. This disconnect between cash and futures may indicate that packers are aggressively procuring inventory despite reports of continued financial losses for beef processors as dressed cattle prices exceed wholesale cutout values.

The price for D1,2 cows increased \$1.11 per cwt this week to average \$65.41 per cwt. This increase is contra-seasonal as supplies of non-fed cattle typically peak at this time of the year which should pressure prices lower. There are two possible reasons for this move in non-fed cattle prices-demand for grinding beef remains very strong or supplies of non-fed cattle continue to tighten or an additive effect resulting from a combination of these two factors.

As we described in last week's report, the World Trade Organization (WTO) ruled in favor of Canada and Mexico regarding the Country of Origin Labeling (COOL) dispute on Friday November 18, 2011. The U.S. has 60 days to appeal this ruling. It is speculated that the ruling may be appealed and if this is the case, the appeal process is anticipated to take approximately six to eight months ending with a final WTO ruling. Following an appeal, the U.S. would then have one year to make necessary changes or face tariffs as potential retaliatory action.

For the week ending November 25 2011, the value of the U.S. Choice beef cutout was reported at US\$196.64 per cwt, higher compared to US\$195.39 per cwt the previous week. This price marks a record weekly high for U.S. Choice cutout. It is likely not a coincidence that record high Choice cutout values have occurred in the weeks following Walmart's announcement that more Choice beef will be sold at their U.S. retail outlets.

