

East Texas Livestock, Inc

893 State Highway 7 West

Crockett, Texas 75835

936-544-2246

www.easttexaslivestock.com

MONTH END MARKET REPORT

AUGUST, 2020

THE FIGURES BELOW REPRESENT BOTH THE HIGH AND LOW MONTHLY AVERAGES

SLAUGHTER COWS

CANNERS..... \$ 49.00 TO \$ 56.75

BONING/UTILITY..... \$ 57.75 TO \$ 63.50

CUTTERS..... \$ 64.50 TO \$ 71.00

SLAUGHTER BULLS..... \$ 79.75 TO \$ 96.00

REPLACEMENT COWS

BRED COWS \$ 700.00 TO \$ 1275.00

COW/CALF PAIRS \$ 850.00 TO \$ 1625.00

FEEDER CALVES

FEEDER STEERS/BULLS.

LARGE FRAME #1

FEEDER HEIFERS

LARGE FRAME #1

	WEIGHT CLASS	AVG.		WEIGHT CLASS	AVG.
200 TO 300 LBS....	\$1.61 TO \$1.91	156.99	\$1.40 TO \$1.92	153.42	
300 TO 400 LBS....	\$1.48 TO \$1.91	154.36	\$1.24 TO \$1.76	144.37	
400 TO 500 LBS....	\$1.38 TO \$1.77	143.88	\$1.12 TO \$1.61	132.44	
500 TO 600 LBS....	\$1.30 TO \$1.56	133.28	\$1.11 TO \$1.47	129.99	
600 TO 800 LBS....	\$1.17 TO \$1.46	130.60	\$1.02 TO \$1.38	124.49	

MONTHLY SUMMARY

WE CONTINUED TO WITNESS CHANGES IN THE LIVESTOCK INDUSTRY DURING THE MONTH OF AUGUST. FED CATTLE PRICES HAD RISEN FOR 7 STRAIGHT WEEKS, GAINING \$12 CWT AND AND HOVERED IN THE \$1.03 RANGE. THE NEGATIVE NEWS HOWEVER WAS THE FED CATTLE INVENTORY WAS THE HIGHEST SINCE 1996. FEEDER CALF PRICES CONTINUED TO GAIN STRENGTH DURING THE MONTH AS YEARLING CATTLE WERE IN DEMAND. WITH THE BOARD ALSO SHOWING STRENGTH, PRODUCERS STARTED GATHERING INVENTORY. RAINS IN CERTAIN PARTS OF THE GRAZING COUNTRY ALSO HELPED PROVIDE SOME DEMAND FOR STOCKER OPERATORS AS THEY BEGAN TO PREPARE NEW CALVES FOR THIS WINTER'S GRAZING SEASON. THE BACKLOG OF MARKET-READY FATS HAD BEEN PARTLY ERASED AS THE PACKERS RAMPED UP THEIR WEEKLY KILLS BUT THERE STILL REMAINS AROUND 1/2 MILLION HEAD. THESE OVERDUE FEEDER CATTLE ARE CARRYING AN ADDITIONAL 35 LBS OF MEAT PER CARCASS BECAUSE OF THE EXTENDED TIME ON FEED WAITING TO BE PROCESSED. MANY OWNERS HAD CONTINUED TO HOLD THEIR CALVES WAITING ON BETTER LIVE FIGURES THUS CREATING HEAVIER CARCASSES AND NOW ARE FACING CARCASS PENALTIES FOR EXCEEDING THE NORMAL MARKETING WEIGHTS.

THE COVID-19 VIRUS CONTINUED ITS PATH OF DESTRUCTION AS A SECOND WAVE BEGAN TO SHOW UP ALSO. BEEF DEMAND CONTINUED TO HANG IN THE BALANCE AS THE UNEMPLOYMENT STATUS OF WORKERS, ALONG WITH THE QUESTION OF RESTARTING SCHOOLS AND THE ECONOMY IN GENERAL CONTINUED TO POSE PROBLEMS. ANY NEW HIRING ALONG WITH ANOTHER STIMULUS PACKAGE ALSO REMAINED UNANSWERED. THE WHOLE DINING PRACTICES OF AMERICANS CONTINUED TO EVOLVE FROM THE FAMILY TO THE EDUCATION SYSTEM WITH NO CLEAR CUT TARGET IN SIGHT. RESTAURANTS ARE RUNNING FROM 10 TO 15% BELOW LAST YEAR ALONG WITH BOTH BUSINESS AND VACATION TRAVEL BECOMING MUCH SLOWER. THE COVID-19 ALONG WITH THE RECORD HIGH BEEF PRICES HAS ALSO DISRUPTED THE EXPORT MARKET AS THE US BEEF EXPORTS WERE DOWN SOME 33% FROM A YEAR AGO. SCIENTIST CONTINUED TO WORK AROUND THE CLOCK TO DEVELOP A VACCINE BUT HAVE YET TO DEVELOP A WORKABLE ONE.

PACKERS WERE KILLING AT CAPACITY BUT BY MID-MONTH HAD PARED BACK TO INSURE THEMSELVES HEALTHY MARGIN RATES AROUND \$296.00/HEAD. LIVE CATTLE TOWARDS THE END OF AUGUST HAD CLOSED THE GAP BETWEEN THE BOARD FIGURES AND WERE BRINGING IN THE \$1.06 RANGE BUT STILL NEEDING TO BEING A BREAKOUT PRICE FROM \$1.08 TO \$1.15. THE USDA CATTLE ON FEED REPORT OF FRIDAY, AUGUST WAS BEARISH WITH THE PLACEMENT FIGURE OF 111% AGAINST EARLY PROJECTIONS OF 106. MARKET ANALYSTS FAILED TO TAKE THE HOT, DRY WEATHER FORCING MANY CATTLE PREMATURELY INTO THE LOTS.

THE USDA HAS PEGGED THIS YEARS CORN CROP ONE OF THE LARGEST IN HISTORY. THIS WAS BEFORE THE "DERECHO" STORM THAT BLOWED THROUGH IOWA WITH WINDS UP TO 100 MPH APPEARS TO HAVE DESTROYED 13 MILLION ACRES OR 1/3 OF THE STATES ENTIRE CORN CROP. ANALYSTS HAVE YET TO RE-EVALUATE THE TOTAL DAMAGE DONE.

THE US DROUGHT MAP HAD MUCH OF THE US IN DRY TO DROUGHT CONDITIONS. RECENT RAINS THE LAST WEEK OF AUGUST REPAIRED SOME OF THESE AREAS ALLOWING LONGER GRAZING WITHOUT A FORCED SHIPMENT DUE TO DRY CONDITIONS. THESE RAINS STIMULATED A SPIKE IN THE FEEDER CALF PRICES THE PAST COUPLE OF WEEKS. LOCAL RAINS HAVE ALSO ALLOWED THE PRODUCERS TO HOLD THEIR CALVES A WHILE LONGER ALONG WITH THE CHANCES OF ANOTHER HAY CUTTING. THE MARKETING NUMBERS REMAIN RELATIVE TO LAST AUGUST BUT THERE STILL APPEARS TO BE QUITE A LARGE NUMBER OF CALVES STILL IN THE PASTURES. UNLESS THERE ARE SUBSTANTIAL RAINS UP NORTH IN THE GRAZING COUNTRY, THIS COULD PRESENT A MARKET PRESSURE SITUATION HEADING INTO THE FALL RUNS.

Paul Craycraft 936-545-5251

Case Craycraft 936-545-5045