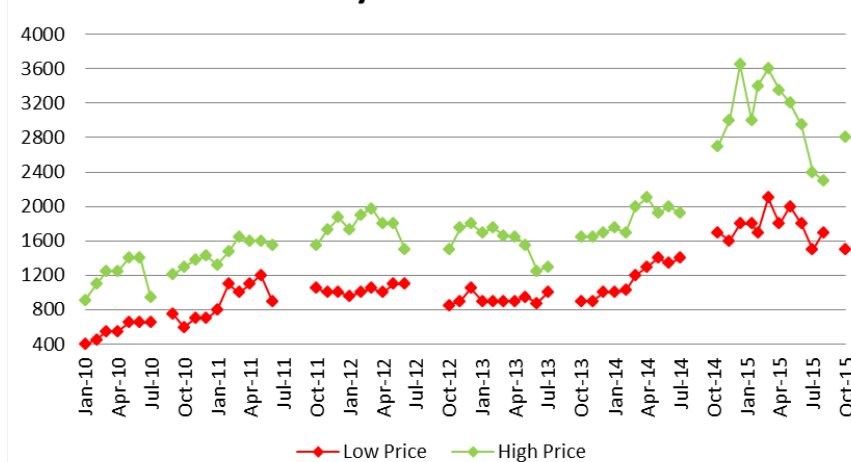


Considerable Variation in Bred Cattle Prices

The fall bred cow and heifer market is always of great interest to cattle producers and can be a valuable indicator of the overall mood and health of the cow/calf sector. However, that being said historically bred cattle prices can experience extreme ranges in price in any given year depending on quality on offer and local demand and 2015 is proving to experience an even wider than usual range in prices.

Monthly Bred Cow Prices



Data source: Canfax

Considering the price volatility that has been experienced across the entire North American cattle complex in the second half of 2015 and the recent sharp decline in feeder calf prices it should come as no surprise that bred cattle prices are trading in a wider range than usual. In October, Canfax reported that bred cow prices ranged from \$1500 to \$2800 per head. Preliminary reports of trade throughout November indicate that the majority of bred cows traded between \$1600 and \$3200 per head. That is not considerably different than the November 2014 range of \$1600 to \$3000 per head however some recent reports indicate that local buyer demand is driving prices upwards of \$3800 per head on top quality young cows.

As we move into the final month of the year bred cattle trade increases significantly and last minute tax spending should support prices.

Last Week in Review

- Jan Feeder Cattle* ⬇️ \$160.73
- Dec Live Cattle* ⬇️ \$129.10
- Dec Corn Futures (\$/bu)* ↔️ \$3.63
- Lethbridge Barley (\$/bu) ↔️ \$4.79
- Canadian Dollar* ⬇️ \$0.7491
- West Cdn Auction #s ⬇️ 99,433 hd
- AB Feeder Steers (5-600) ⬇️ \$265.67
- AB Feeder Steers (7-800) ⬇️ \$230.15
- West CDN Fed Steers ⬇️ \$159.90
- US Fed Steers* ⬆️ \$126.34
- CDN FI Slaughter** ⬇️ 46,538 hd
- D1,2 Cows ⬇️ \$101.50
- Feeder Exports** ⬇️ 884 hd
- Fed Exports** ⬆️ 5,331 hd
- USDA Choice Cutout* ↔️ \$204.08

*US dollars

** Week ending Nov 21

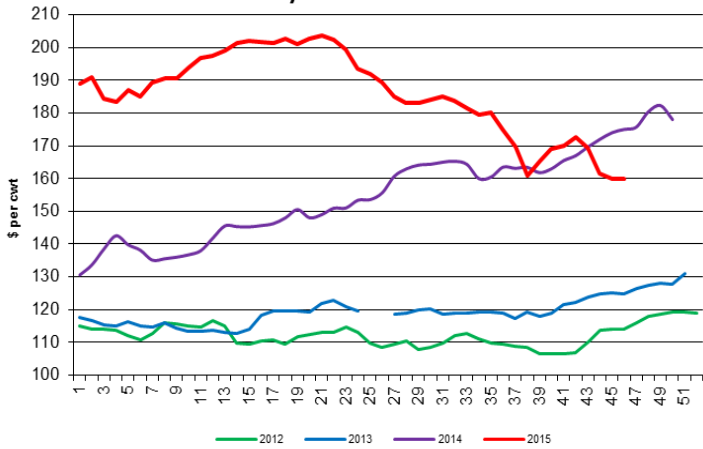


WHAT TO WATCH

The week of December 2 – 9:

- ☑️ With December now upon us and the traditional Christmas slowdown only a couple weeks away the likelihood of a considerable year end price rally in North American cattle markets is quickly eroding as the futures contracts continue to fail to hold any significant gains. It is going to take a serious shift in overall mood of the market to capture any sizeable year end rally.
- ☑️ Auction market volumes declined for the third week in a row with just under 100,000 head trading across Western Canada, down 16 per cent from the previous week. Year to date volumes are now 5 and 11 per cent behind 2014 in Alberta and Saskatchewan respectively. Last minute buying should help support feeder prices in the final weeks of trade in 2015.

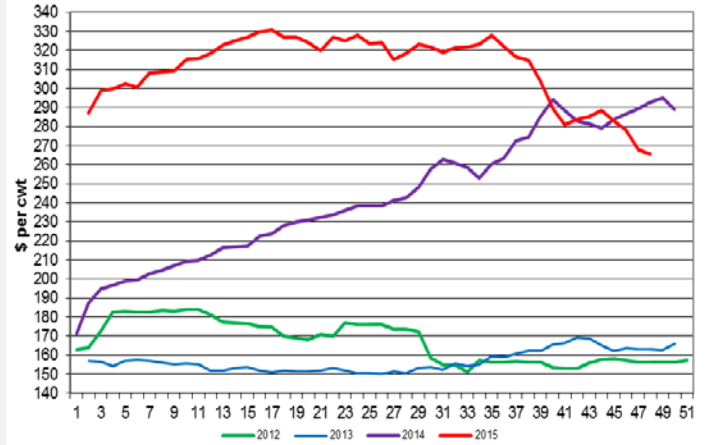
Weekly W. Cdn Fed Steer Price



Data source: Canfax

Fed cattle prices in Western Canada dropped below \$160 per cwt for the first time since August 2014. Although the fed market has experienced remarkable price strength and record high prices in 2015 recent pressure has created a negative tone to the market. Since the peak of \$203.51 at the beginning of June Western Canadian fed cattle prices have dropped over 20 per cent. This is in comparison to the phenomenal 40 per cent increase in price that occurred through 2014.

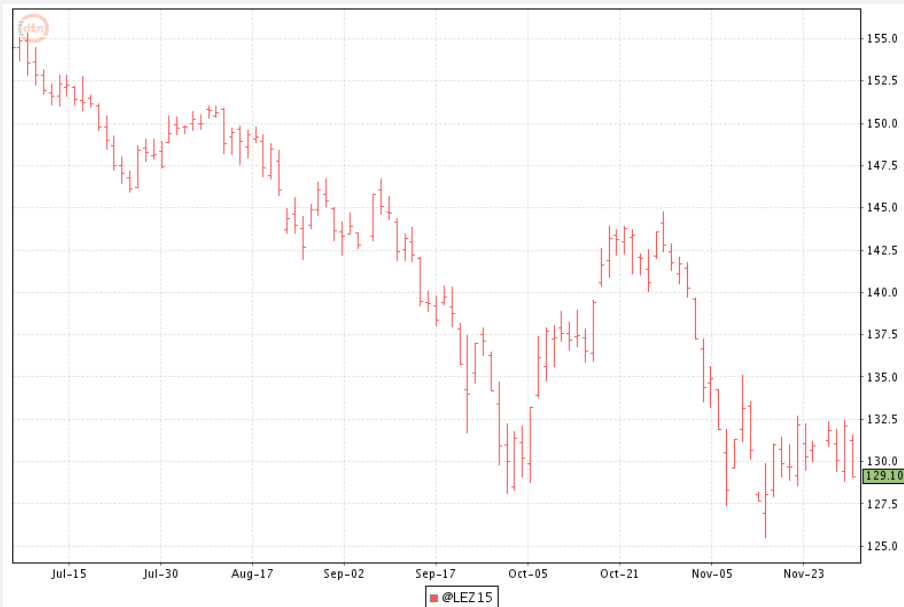
Western Canada 500 - 600 lb Steer Price



Data source: Canfax

Feeder cattle prices continued to struggle last week as 500 to 600 lb steers dropped another \$2 per cwt. Current price levels are now \$21 per cwt lower than the same week last year. The number of calves on offer continued to decline considerably and year to date feeder cattle exports are currently 30 per cent lower than 2014. December traditionally sees feeder prices strengthen as year-end buying kicks in however just how strong a rally can be mounted with the current volatility is the question.

December Live Cattle



Source: DTN

The December live cattle contract traded limit down on Wednesday as volatility continued to plague cattle contracts as concerns over lower cash prices in the coming days weighed on the market. This is the sixth limit move since the beginning of November with only one of those being a limit up move.