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Weekly Cattle Market Update

For the Week Ending February 2, 2018

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

Saskatchewan Feeder Steer and Feeder Heifer Prices (\$/cwt)								
Feeder Steers		300-400	400-500	500-600	600-700	700-800	800-900	900+ lb.
Feb. 2/2018	Average	\$246.18	\$240.45	\$230.04	\$206.52	\$188.77	\$175.16	\$169.50
Feb. 2/2018	Range	230-270	230-257	215-247	195-224	175-202	169-183	153-178
week/week	Change	-\$3.12	-\$5.25	\$4.96	\$6.77	\$3.44	-\$0.84	-\$1.25
Jan. 26/2018	Average	\$249.30	\$245.70	\$225.08	\$199.75	\$185.33	\$176.00	\$170.75
Feeder Heifers		300-400	400-500	500-600	600-700	700-800	800+ lb.	
Feb. 2/2018	Average	\$205.19	\$205.76	\$192.37	\$178.82	\$166.98	\$163.08	
Feb. 2/2018	Range	189-221	193-224	178-207	168-195	158-177	154-175	
week/week	Change	-\$2.31	\$1.34	\$1.24	\$1.11	-\$1.10	\$1.20	
Jan. 26/2018	Average	\$207.50	\$204.42	\$191.13	\$177.71	\$168.08	\$161.88	

Source: Canadian data is provided by CanFax and cannot be redistributed without Canfax consent (www.canfax.ca).

Note: Prices are determined from Saskatchewan auction marts' reports of sale results from Thursday of the previous week to Wednesday the current week. N.A. means not available due to lack of sufficient data.

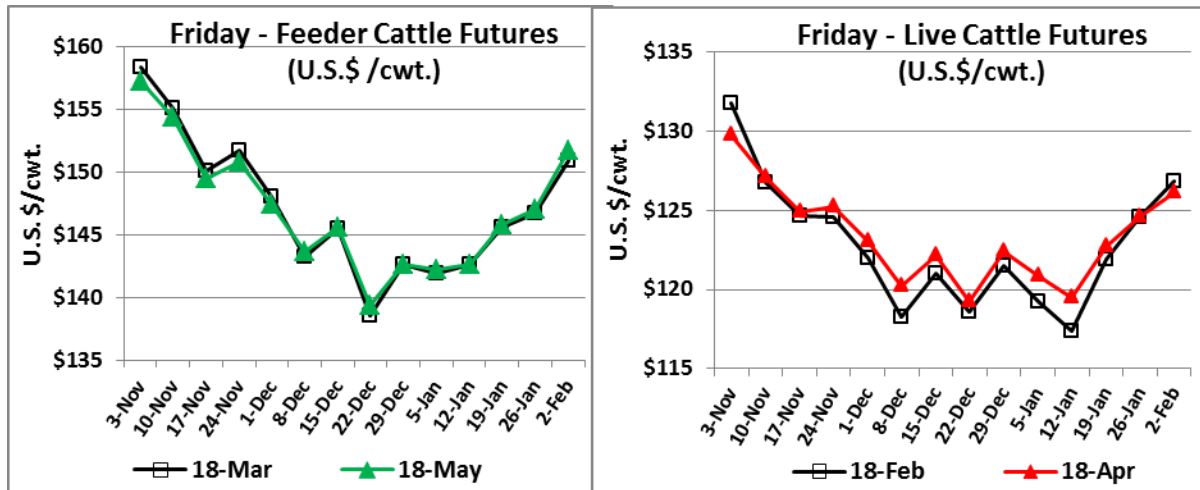
Canfax reported that a total of 8,239 head of cattle were sold in Saskatchewan this week, down from 20,493 head the previous week, and down from 12,900 head the same week a year ago.

Saskatchewan feeder steer prices were mixed over the week in the different weight categories. Saskatchewan feeder steer prices ranged between \$5.25 per cwt lower and \$6.77 per cwt higher over the week. The largest price decline was in the 400-500 lb. feeder steer weight category; while the biggest price gains in the 600-700 lb. weight category. Feeder steer price ranges in each weight category were wider or had larger variation than previous weeks.

Saskatchewan feeder heifer prices were also mixed but had more positive weight categories. Price fluctuations with weight categories were also wider than previous weeks. Feeder heifer prices ranged between \$2.31 per cwt lower and \$1.34 per cwt higher. The largest price decline was in the 300-400 lb. weight category, while the biggest gain was in the 400-500 lb. weight category. Saskatchewan feeder cattle prices are provided by Canfax (#403-275-5110) or (www.canfax.ca) and cannot be redistributed without permission.

The Saskatchewan 750 lb. feeder steer basis compared to the February 1, 2018, U.S. feeder cattle index at US\$148.03 per cwt was calculated at (+\$5.52) per cwt (\$188.77 - US\$148.03/0.8078, a basis strengthening of \$1.39 per cwt from the basis of (+\$4.13) per cwt from January 25, 2018.

Feeder cattle daily futures prices were mixed over the week with strong gains on Thursday to help push prices higher, week-over-week. The March 2018 feeder cattle futures contract increased US\$4.200 per cwt over the week to settle Friday at US\$150.925 per cwt.



Source: CME, LMIC

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Live daily cattle futures prices were mixed over the week with strong gains on Thursday to push prices higher, week-over-week. The nearby February contract increased US\$2.250 per cwt over the week to settle Friday at US\$126.850 per cwt; while the April contract increased US\$1.500 per cwt over the week to settle Friday at US\$126.125 per cwt.

Fed and Non-fed Cattle

	February 2, 2018	January 26, 2018	Week Over Week
<u>Steers (Alberta)</u>			
Live	\$163.23	\$163.35	-\$0.12
Rail	\$271.00 to \$272.50	\$271.75 to \$273.00	-\$0.75 to -\$0.50
<u>Cows (Alberta)</u>			
D1,2 Live	\$86.79	\$89.92	-\$3.13
D3 Live	\$75.08	\$79.92	-\$4.84
Rail	\$170-175	\$173-178	-\$3.00

Source: Canfax. (n/a = not available, n/c = no change)

Prices for liveweight, non-fed cattle in Alberta were lower over the week. The price of D1,2 slaughter cows declined \$3.13 per cwt to average \$86.79 per cwt; while the price of D3 slaughter cows declined \$4.84 per cwt to average \$75.08 per cwt.

Fed cattle prices for Alberta fed steers averaged \$163.23 per cwt over the week, a slight decline of \$0.12 per cwt from \$163.35 per cwt the previous week. Western Canadian slaughter cattle prices are provided by Canfax and cannot be redistributed without their permission.

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The live (FOB feedlot) weighted average 5-area (Texas/Oklahoma/New Mexico, Kansas, Nebraska, Colorado and Iowa/Minnesota) weekly fed steer price in the U.S. was reported at US\$125.91 per cwt, down 0.4 per cent or US\$0.55 per cwt from US\$126.46 per cwt the previous week; but up 6.0 per cent from US\$118.76 per cwt the same week a year ago. The dressed (delivered basis) price for U.S. steers delivered to plants in the 5-area was reported at US\$199.90 per cwt, up slightly from US\$199.74 per cwt the previous week, and up 5.3 per cent from US\$189.78 per cwt the same week a year ago.

U.S. Beef production for the week ending February 3, 2018 was estimated at 522.0 million lb., up 6.5 per cent from 490.3 million lb. the previous week, and up 6.7 per cent from 489.3 million lb. the same week a year ago. Cattle slaughtered over the week were estimated at 629,000 head, up 7.0 per cent from 588,000 head the previous week, and up 5.5 per cent from 596,000 head the same week a year ago.

U.S. choice beef cutout prices (600-900 lb.) averaged US\$209.51 per cwt over the week, up US\$2.81 per cwt or 1.4 per cent from US\$206.70 per cwt the previous week, and up 8.6 per cent from US\$192.88 per cwt the same week a year ago.

USDA released the United States cattle inventory numbers on January 31, 2018. Total U.S. cattle and calves as of January 1, 2018 were estimated at 94.399 million head, up 0.74 per cent from 93.705 million head on January 1, 2017. Beef cows that have calved as of January 1, 2018 were reported at 31.723 million head, up 1.6 per cent from 31.213 million head from a year ago. The 2017 calf crop was estimated at 35.808 million head, up 2.0 per cent from 35.093 million head in 2016. (Source: USDA)

United States Cattle Inventory Report (1,000 head) - January 1				
	2016	2017	2018	% Chg.
All cattle and calves	91,918.0	93,704.6	94,399.0	0.74%
All cows/heifers that calved	39,476.2	40,559.2	41,122.6	1.39%
Beef cows	30,165.8	31,213.2	31,723.0	1.63%
All heifers 500 lb. and over	19,907.3	20,132.0	20,244.8	0.56%
For beef cow replacement	6,340.2	6,368.2	6,131.2	-3.72%
Expected to calve	3,936.6	3,979.2	3,771.0	-5.23%
Steers 500 lb. and over	16,315.4	16,383.5	16,352.2	-0.19%
Bulls 500 lb. and over	2,142.4	2,243.6	2,252.2	0.38%
Calves under 500 lb.	14,076.7	14,386.3	14,427.2	0.28%
All cattle on feed	13,157.0	13,067.0	14,006.4	7.19%
	2015	2016	2017	% Chg.
Calf Crop	34,086.7	35,092.7	35,808.2	2.04%

Source: USDA January 31, 2018

U.S. beef replacement heifers were estimated at 6.131 million head on January 1, 2018, down 3.72 per cent from 6.368 million head a year ago. Bred heifers expected to calve as of January 1, 2018 were estimated at 3.771 million, down 5.2 per cent from 3.979 million a year ago.

Total U.S. cattle and calves in inventory on January 1, 2018 were reported by USDA to be up 0.74 per cent from a year ago, lower than the trade analyst estimates of a 1.3 per cent increase. USDA reported beef cows that calved were up 1.6 per cent, slightly lower than the trade analyst's estimates of a 1.8 per cent increase. USDA reported beef replacement heifers to decline 3.72 per cent compared to a 3.8 per cent decline by trade estimates. The key USDA numbers were overall better than the trade analyst estimates and likely viewed as positive by the market pushing futures markets higher Thursday. While cattle inventory numbers were higher than a year ago; indications of slower growth were evident, and likely influenced by drought related conditions in parts of the country.

Friday Price Information

Product	This Week (Feb. 2, 2018)	Week of: (Jan. 26, 2018)	Week of: (Feb. 3, 2017)
Canadian Dollar (closing rate US\$)	.8078	.8116	.7676
U.S. Cash Cattle			
Thurs. Feeder Cattle (FC) Index (US\$ per cwt)	148.03	147.06	128.19
Seven-day Weighted Average FC Index Wt. (lb.)	786	790	787
Live Fed 5-area Steer Price (US\$ per cwt)	125.91	126.46	118.76
Feed Grains			
Barley			
Lethbridge (\$/tonne)	220.00	220.00	160.00
(\$ per bu.)	4.79	4.79	3.48
Corn			
Iowa State Average (CDN\$/tonne)*	158.39	154.25	167.20
(US\$ per bu.)	3.25	3.18	3.26
Omaha, NE (CDN\$/tonne)*	167.65	163.47	176.43
(US\$ per bu.)	3.44	3.37	3.44
Futures			
March Corn (US\$ per bu.)	3.61 ½	3.56 ¼	3.65 ¼
May Corn (US\$ per bu.)	3.69 ½	3.65	3.72 ¾
February Live Cattle (US\$ per cwt)	126.850	124.600	116.900
April Live Cattle (US\$ per cwt)	126.125	124.625	115.625
March Feeder Cattle (US\$ per cwt)	150.925	146.725	123.575
May Feeder Cattle (US\$ per cwt)	151.775	147.050	122.375

Sources: Bank of Canada, Iowa Department of Agriculture and Land Stewardship, Chicago Mercantile Exchange (CME), ICE Futures Canada and USDA Livestock & Grain Market News
* conversion to CDN\$ is based on Friday's CDN\$ closing rate.

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