

May 6, 2022

Sale Schedule for next week (all sales start at 10:00 AM Central):

- **Tuesday, May 10**
- **Wednesday, May 11**
- **Thursday, May 12**

Live cattle were steady this week with the trade at \$140 – 141 in the south and \$144 – 146 in the north.

This week's Fed Cattle Exchange saw another week of strong bidding with more than 8,000 head consigned with a high bid of \$146.25 FOB the feedyard in Iowa, in line with the regional high for the week.

There continues to be a major premium in the North as packers seek higher grading cattle ahead of the summer grilling season.

In the futures market, the basis continues to be strong as the June contract has moved lower in sympathy with equity markets for the last two weeks. This week's significant equity market volatility served as a headwind for Live Cattle futures.

An additional short-term headwind was the Federal Reserve's announcement that the benchmark federal funds rate will increase 50 basis points. This interest rate increase was expected but the announcement was in the same week the Labor Department reported an 8.5% increase in consumer prices from March a year earlier creating a double whammy to consumers.

A final headwind for the cattle market is the continued increase in all energy markets. Crude oil and Natural Gas hit 10- and 14-year highs, respectively, for the week.

Fortunately, some drought-impacted areas finally received much-needed rainfall this week. It's not near enough rain but it's a start for ranchers who are in desperate need of moisture.

While there is obvious concern about the cumulative impact of these headwinds on the cattle prices, there is also growing concern that consumers, despite record savings rates and rising wages, will limit spending in the face of continued inflationary pressure.

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