

May 13, 2022

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

- **Tuesday, May 17**
- **Wednesday, May 18**
- **Thursday, May 19**

Live cattle were steady this week with the trade at a very wide range of \$139 – 148 north to south. Also of note, the majority of trade occurred early in the week, with most of the weekly trade completed by Wednesday afternoon.

Compared to last week, this week's prices are considered steady. However, Live Cattle basis improved from \$5 last week to \$8 this week. The fed cattle price spread between the North and the South remains at record levels.

This week's Fed Cattle Exchange saw an active bidding week with more than 3,300 head consigned and 754 head sold for the week.

The equities market was a major story for the week. The Dow Jones Industrial Average posted its seventh consecutive weekly loss, its longest losing streak in more than 20 years and the S&P and NASDAQ fell for the sixth week in a row. The unprecedented volatility is sending investors to safe havens and shaking consumer confidence.

Additionally, several cryptocurrency platforms fell dramatically this week. The Wall Street Journal reported that more than \$1 trillion in digital money has disappeared since November 2021. Barring an overwhelming and timely fundamental change, livestock futures will have a hard time moving much higher than the current range-bound trading patterns.

According to the USDA's projections for the 2022-23 crop year, U.S. corn production is expected to drop 4.3% from last year due to a slow start to planting. USDA released its World Agricultural Supply and Demand Estimates on Thursday, showing reduced yields for corn, as major corn producing states have been beset by cool, wet weather. The corn crop is projected at 14.5 billion bushels, down 4.3% from 2021-22.

The average price farmers can expect to receive for corn is projected at \$6.75 per bushel, up 85 cents from a year ago. If it hits that mark, it would be the highest since \$6.89 was reached during the 2012-13, crop year, according to the USDA report.

Corn exports and feed use are expected to decline, but with total U.S. corn supply falling, 2022-23 U.S. ending stocks are projected to be down 80 million bushels from last year.

According to the Labor Department, gasoline prices are up 44% over the last 12 months. April marked the fourth straight month grocery prices increased by at least 1%. Dairy prices, led by milk, increased in April by 2.5%. The beef industry will need consumers to be resilient and maintain demand levels through the balance of 2022 to support prices through the entire beef supply chain.

While some rain did fall in some drought areas, the wind and heat have been record-setting and will prevent the moisture from providing much benefit. Widespread drought continues to accelerate the movement of cattle through the supply chain.

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