



Daily Market Information Report – Monday, November 26, 2018

The following information is collected from various sources and disseminated by Beef Farmers of Ontario.

ONTARIO DIRECT TO PACKER RAILGRADE CATTLE TRADE

Prices are on a carcass weight basis before grade and weight discounts. (Prices regardless of delivery date).

A Grade Steers	244.00 on light receipts with limited packer interest
A Grade Heifers	243.00 on light receipts with limited packer interest

ONTARIO LIVE CATTLE TRADE

Today at **Ontario Stockyards Inc.:** 60 veal on offer

	Price Range	Top
Veal 600 lbs +	110.00-145.00	

Veal sold at prices \$5.00-\$7.00 cwt higher. Medium and common types sold barely steady. *December 6th @ 11:00 am- Special Fall Yearling Sale, in conjunction with regular sale!*

At **Kawartha Lakes Community Sale Barn, November 24, 2018 – 132 cows, 16 bulls, 60 veal, 36 stockers, 4 fed cattle**

	Price Range	Avg.	Top
Cows	35.00-60.00	43.82	67.50
Bulls under 1600 lbs	52.50-78.00	58.20	78.00
Bulls over 1600 lbs	62.00-78.50	70.98	78.50
Veal 600 lbs +	72.50-116.00	94.40	130.00
Veal 125 lbs & under	50.00-170.00	94.65	170.00

Veal sold on a steady market while stockers sold barely steady. Bulls traded at steady prices with cows selling good. *November 28th @ 7:00 pm- Bred Cow Sale!*

ONTARIO STOCKER & FEEDER TRADE

Stocker sale at **Brussels Livestock: November 23, 2018 – 1,831 Stockers**

Steers	Price Range	Average	Top	Heifers	Price Range	Average	Top
1000+	143.00-192.50	178.66	192.50	900+	147.00-165.25	156.22	173.50
900-999	160.00-201.00	186.17	201.00	800-899	148.00-175.25	160.71	175.25
800-899	166.00-200.00	184.56	200.00	700-799	135.00-170.00	150.76	175.00
700-799	160.00-207.00	188.60	207.00	600-699	122.00-177.00	150.00	190.00
600-699	133.00-204.00	170.06	225.00	500-599	142.00-189.00	167.82	207.00
500-599	163.00-232.75	203.23	238.00	400-499	132.00-195.00	164.03	207.00
400-499	159.00-225.00	195.96	227.00	300-399	139.00-170.00	153.88	195.00
399-	137.00-220.00	178.13	220.00				

Top quality calves sold fully steady with second cut and non-vaccinated calves easier. Yearlings sold steady.

ONTARIO STOCKER & FEEDER TRADE SPECIAL FALL STOCKER SALES

Stocker sale at **Community Livestock Exchange: November 23, 2018 – 869 Stockers**

Steers	Price Range	Average	Top	Heifers	Price Range	Average	Top
1000+	115.99-179.00	172.30	179.00	800-899	122.50-165.50	161.09	165.50
900-999	113.99-194.79	18/6.20	194.79	700-799	122.50-172.99	154.40	172.99
800-899	130.00-188.19	181.60	188.19	600-699	107.49-206.99	164.99	206.99
700-799	119.99-204.00	177.49	204.00	500-599	102.49-204.00	165.99	204.00
600-699	130.00-230.50	198.50	230.50	400-499	102.49-194.99	146.140	206.99
500-599	130.00-242.49	203.50	242.49	300-399	102.49-193.99	169.19	193.99
400-499	139.99-227.49	192.99	227.49				
399-	167.50-224.00	191.99	224.00				

Quinte Cattlemen's Sale- Bidding was active for top quality steers and select lots of fancy exotic heifers. Plainer cattle and heifers, generally, were under pressure. *Jan 18, 2019 @ 11:00 am- Next Quinte Cattlemen's Special Sale!*

Stocker sale at **Keady Livestock Market, November 23, 2018 - 551 stockers – Calf Sale**

Steers	Price Range	Average	Top	Heifers	Price Range	Average	Top
700-799	196.50-205.50	199.83	205.50	700-799	125.00-167.00	147.74	167.00
600-699	191.00-201.00	198.08	211.00	600-699	170.00-179.00	173.25	179.00
500-599	195.00-234.00	216.86	257.00	500-599	160.00-205.00	188.43	213.00
400-499	232.50-256.00	248.14	256.00	400-499	190.00-220.50	210.55	220.50
399-	192.50-269.00	251.81	272.50	300-399	200.00-227.50	208.96	227.50

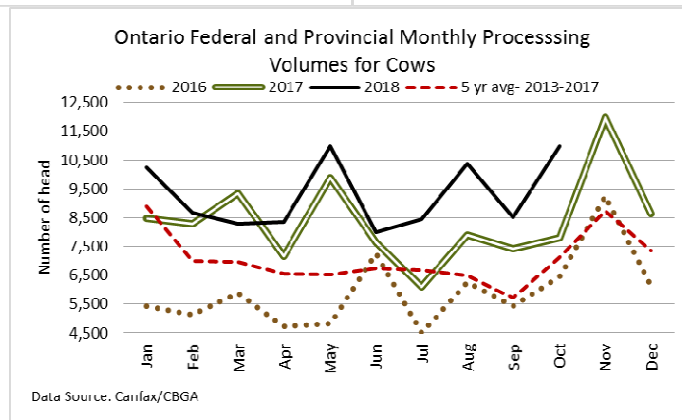
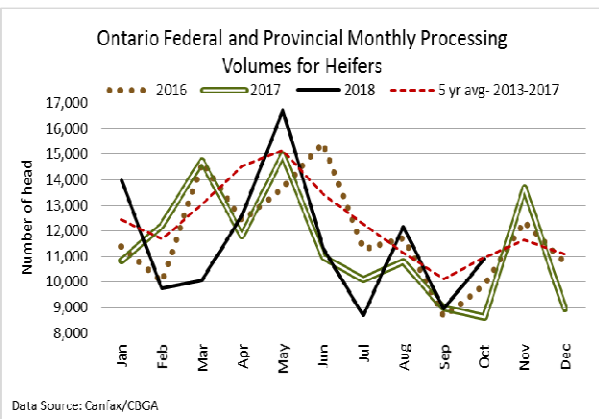
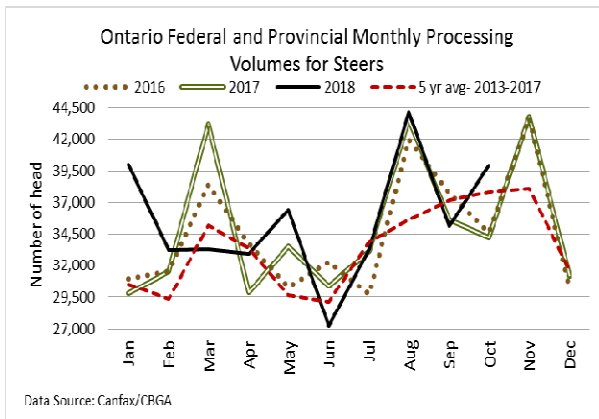
The market traded at fully steady prices. November 30th & December 7th @ 5:00 pm- Special Bred Heifer and Cow Sales!

LIVE CATTLE EXPORTS-ONTARIO

	Week ending Nov. 10, 2018	Week ending Nov. 3, 2018	Year to Date
Total live slaughter cattle exported from Ontario to the U.S.	2,470	2,592	100,849
Steers & Heifers & Cows	2,342	2,255	87,382
Bulls	128	337	13,467

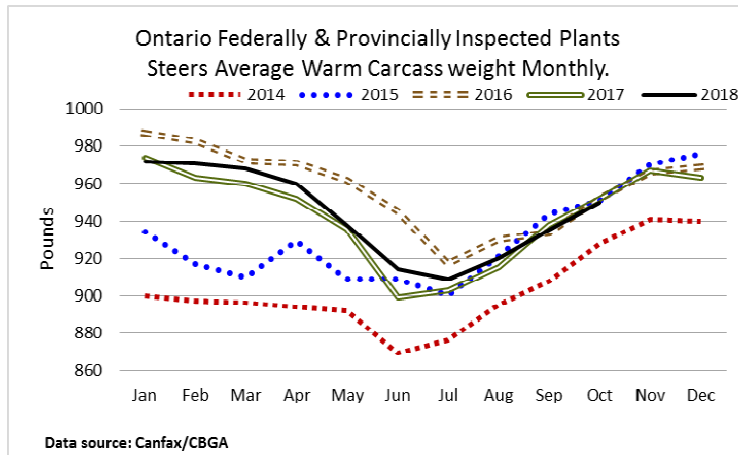
FEDERALLY INSPECTED CANADIAN PROCESSING

	Week Ending Nov 17, 2018	# of hd change from week ago	YTD	% Change (Week Ago)	% Change (Year Ago)
Grand Total	57,831	-3,593	2,664,167	-6%	+6%
Western Slaughter	43,893	-4,094	2,081,718	-9%	+7%
Eastern Slaughter	13,938	+501	582,449	+4%	+4%



AVERAGE CARCASS WEIGHTS – CANADA

	Steers	Heifers
Nov 17, 2018	929	856
Nov 10, 2018	925	849
Nov 18, 2017	925	846



USDA ESTIMATED CATTLE PROCESSING VOLUME

	Week Ending November 24, 2018	Previous Week	Year Ago
Grand Total	570,000	641,000	575,000

CANADIAN BOXED BEEF CUT-OUT VALUES

Week Ending	AAA	AA
November 9, 2018	2.6906	2.6403
November 2, 2018	2.6637	2.4965
October 26, 2018	2.6230	2.4914

U.S. BOXED BEEF CUT-OUT VALUES (U.S. funds)

	Choice 600-900	Select 600-900
Cutout Values (noon estimate):	214.35	199.52
Change (from yesterday's close):	+0.50	+1.01
Current Five Day Average:	213.59	198.27

U.S. TRADE (U.S. funds)

The U.S. cash cattle trade was stronger last week with the USDA Mandatory Price Report listing live sales for the week from \$110.00-\$117.00, with steers averaging \$115.39 up \$2.39 from the previous week while heifers averaged \$115.90 up \$2.60. On the rail steers and heifers traded from \$176.00-\$185.00, with steers averaging \$181.89 up \$4.51 from the previous week while heifers averaged \$182.24 up \$4.46.

Today the market was quiet as both sides took inventory and new show lists were distributed. This week's offering is mixed in volumes, less in Kansas and larger volumes in Texas, Nebraska and Colorado. Bids and asking prices are currently undefined and little business is expected to develop before the second half of the week.

Choice and Select Steers and Heifers:	Live	N/T
	Rail	N/T

CHICAGO MERCANTILE EXCHANGE

Closing quotes on futures today were as follows:

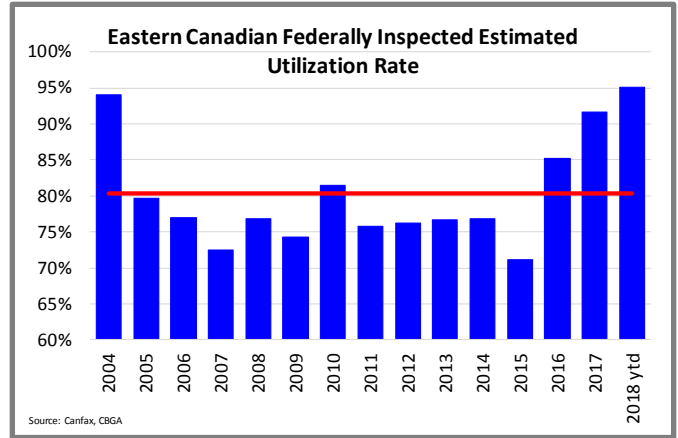
Live Cattle		Feeder Cattle		Corn		Soybeans		Canadian \$	
\$/cwt US		\$/cwt US		\$/bu US		\$/bu US			
Dec	116.92 -0.17	Jan	149.15 -0.22	Dec	3.560 -3.0	Jan	8.622 -18.6	Spot	75.52 -0.02
Feb	120.65 -0.27	Mar	146.15 -0.22	Mar	3.680 -2.4	Mar	8.762 -18.4	Dec	75.55 -0.22
Apr	122.87 -0.27	Apr	146.47 +0.22	May	3.756 -2.4	May	8.896 -18.2	Mar	75.70 -0.21
Jun	115.30 -0.12	May	146.72 +0.22	Jul	3.826 -2.6	Jul	9.026 -17.4	Jun	75.82 -0.21
Aug	113.32 +0.00	Aug	150.60 +0.15	Sep	3.862 -2.6	Aug	9.074 -17.4	Sep	75.92 -0.21
Oct	114.60 +0.00	Sep	150.30 +0.40	Dec	3.922 -3.0	Sep	9.092 -16.6	Dec	76.01 -0.21



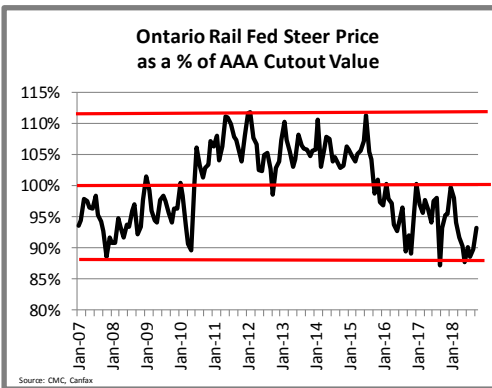
Who has the leverage?

From January to mid-November 2018 eastern cattle slaughter is up 4% from last year. Steer slaughter up 3%, heifers down 1%, cows up 16% and bulls down 23%. Ontario represents 94% of total eastern Canadian slaughter.

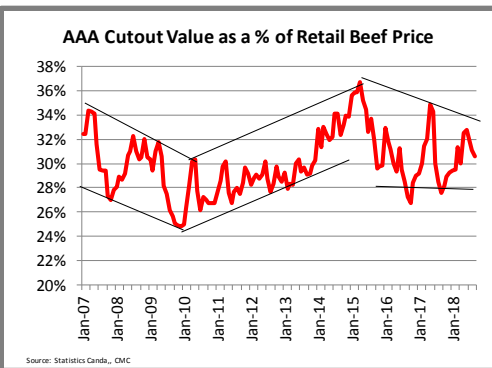
Utilization rates in eastern Canadian packing plants has historically been around 80%. That shifted with plant closures - Les Viandes Laroche in October 2015 and Les Viandes Valleyfield in March 2016. This put leverage in the hands of the packers with utilization rates increasing to 85% in 2016, 92% in 2017 and 95% year to date in 2018. Utilization is calculated based on a five-day week at plants and therefore any Saturday kills can increase utilization rates to 120% on a weekly basis. In addition to reduced capacity, packers are bidding to keep more fed cattle in Canada to be processed. Ontario fed cattle exports are down 13% from January through September. This has contributed to the larger slaughter volumes and improved utilization rates.



Despite aggressive slaughter volumes that would be expected to pull cattle forward, Ontario steer carcass weights have been steady with last year. Year to date weights have averaged 3 lbs more than 2017 and 22 lbs more than the five-year average. However, since September weights have been 5 lbs lighter than last year. As long as demand remains to pull volume, lighter carcass weights have the potential to put some leverage back in the hands of the feedlots.



An indicator of leverage is the fed steer prices as a percentage of the AAA cutout value. If the rail price is equal to the value of the boxed beef and by-product revenue pays for the kill and fabrication costs; breakeven for a packer would be around 100% - recognizing that these are rough figures as the AAA cutout value is a Canadian average and therefore weighted towards Western Canada.



Between June 2010 and November 2015, the Ontario rail price was 100-112% of the AAA cutout value, indicating that Ontario feedlots had leverage when negotiating with local packers. However, since the fall of 2015 this has gone back to the historic range of 88-100% indicating that the leverage is back in the hands of the packer. So far this fall, the ratio has been steady to slightly stronger than last year.

Packers gained leverage on retailers from 2010 through 2015 (see AAA cutout as percentage of the retail beef price). That explains why they were willing to pay more for fed cattle during that time period. Since 2015 leverage has been steady to softer, as beef supplies have increased and demand has been stable. Eastern packers will continue running full out as long as they remain profitable. - Brenna Grant

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