



NEWS RELEASE

TEXAS CATTLE FEEDERS ASSOCIATION

5501 I-40 W. • AMARILLO, TEXAS • PHONE (806) 358-3681
www.tcfa.org • info@tcfa.org

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Contact: Communications Dept.
info@tcfa.org
(806) 457-2300

Analyst Tells Cattlemen Rising Feedgrain Prices Require Careful Strategy

For cattle feeders, higher corn prices are "the biggest risk we've got from a profitability standpoint," Kevin Good, CattleFax's senior market analyst and manager of corporate accounts said at the Texas Cattle Feeders Association's Annual Convention in Oklahoma City.

"Cattle feeders need to get used to higher (price) levels for corn", Good said, adding that there will not be a return to prices of \$3 or \$3.50 per bu. anytime soon. He noted that some forecasters see corn headed to above \$6 in the near future and that a range of \$4 to \$5 is likely.

"If we're going to be involved in hedging programs, we need to hedge not only cattle but we also need to hedge our input costs," Good advised.

Despite higher corn prices, Good said market conditions do not appear favorable for a decline in feeder cattle prices.

On the positive side for beef prices, Good noted that net beef supply – at 59.3 lbs. per capita – is tighter than it has been in approximately 15 years. The tighter supply reflects the fact that domestic production has increased at the same time currency exchange rates have driven imports lower.

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