



## Canfax

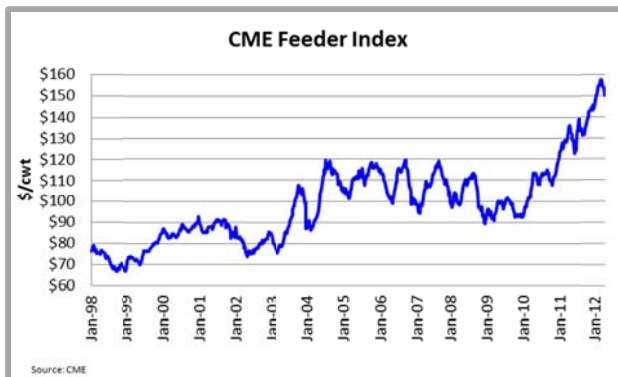
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### Western Canadian Feeder and Calf Price Indices

Throughout the year, feeder volumes, quality, and types (calves versus yearlings) have an impact on price ranges and averages for the different categories of feeders. Accurate and timely price reporting is needed for good market information. Understanding the market information and how it applies to your operation is critical in making the information valuable to each user. In the US market, their feeder trade follows the CME feeder index. Based on the time of the year, and each operations location, operators would tend to have a basis off the CME feeder index to determine what different feeder prices would be in their area.

Canfax has been collecting detailed sales information from some auction markets across Western Canada. Details include a weighted average price and weight of calves and the actual sales volume of steers and heifers selling in each weight category. This information combined with electronic and internet sales provide the detail to calculate a Western Canadian feeder cattle index. The feeder index is calculated using actual weighted average sale prices of feeder steers that sold in the 700-899 weight range. The index will consist of the sales of steers sold over the previous 7 calendar days. Steers sold on a deferred delivery basis will not be included in the index calculation.



This index will be similar to the CME feeder index in the US. The CME feeder index is based on sales over the previous 7 calendar days in the states of Colorado, Iowa, Kansas, Missouri, Montana, Nebraska, New Mexico, North Dakota, Oklahoma, South Dakota, Texas, and Wyoming. The CME index is also based only on steer calves, but a significant difference at this time is that their index is based on steers in the 650-849 pound weight range. This is the current weight range, but there are discussions of changing the range to the 700-899 pound range.

In addition to the feeder index, Canfax will also be publishing a Western Canadian Calf index based on the same methodologies, but will be based on detailed sales summaries of 500-699 lb steers. This is a unique price reporting series, as the US does not publish an index for this size of calves. This series will likely mainly be used during the fall run, when the largest volume of these type of calves are trading, and there are a large number of producers looking for current market information.

These indices will be updated each business day, and reported on the Canfax daily snapshot as well as in the weekly report. The daily index price and associated weight of the steers in the index calculation will be published. This Western Canadian feeder and calf index will not differentiate by provincial boundaries, as some markets in Saskatchewan are closer to the main feeding areas than markets in the far north of Alberta. Detailed sales information from Manitoba, Saskatchewan, Alberta, and BC will be included in the index. As historical price trends are developed with these indices, producers can develop an accurate way to value calves and feeders in their yard/region based on these indices. It is hoped these indices will be more timely and responsive to price changes in the market. The index may not be published all year long, as sufficient volumes may not be available in the summer. It is hoped over time these indices will provide valuable market information to both buyers and sellers of feeder calves.

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