

## In The Cattle Markets

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### Corn Prices, Cost of Gain, Feeder Cattle Prices

In mid August, the price of corn at Omaha, Neb. was around \$2.00 per bushel. Since that time, corn prices have worked higher and in the last week have increased to \$2.75 per bushel. With Dec. corn futures on the board priced over \$3.15, it doesn't look like the corn market has any intentions of retreating in the near future. Feedlot total costs per pound of gain were in the low \$50 per cwt. range in August. With corn prices at present levels, those costs of gain have increased to near \$60 per cwt. That adds about \$50-55 to the cost of feeding out a 750 pound steer and increases the cost for feeding a 550 pound steer by \$60-65. Feedlots have spent most of 2006 in the red and will likely try and pass most of this higher cost of gain back to cow-calf producers and stocker operators in the form of lower prices. If they do, then expect yearling prices to be \$6-8 per cwt. lower and calf prices to be \$10-12 per cwt. lower. Prices for 750 pound steers have in fact declined by about \$10 since the middle of August and 550 pound steer calf prices are down about \$12 per cwt. in Nebraska. Prices for 750 pound steers may be able to stabilize at this level, while calf prices may see further declines with large calf runs over the next month.

### The Markets

Slaughter cattle prices were a couple of dollars lower in the south with moderate trade this week developing on Tuesday and Wednesday and prices were \$3-4 lower in the north this last week. Prices were mostly \$88.00 in the south and were \$136-138 in the north. Choice boxed beef prices were almost a dollar higher this week, while Select prices were about a quarter lower for the week. The Choice-Select spread increased seasonally this week but is still smaller than the historical level. Feeder cattle prices were steady to lower in Kansas and sharply lower this week in Nebraska. Calf prices were lower in Kansas and were lower in Nebraska.

	Last Week	Previous Week	Last Year
Kansas Fed Steer Price, live weight	\$87.95	\$90.40	\$88.69
Neb. Fed Steer Price, dressed weight	\$136.76	\$139.70	\$139.74
700-800 lb. Feeder Steer Price, Kansas 4 market average	\$112.01	\$113.65	\$119.51
500-600 lb. Feeder Steer Price, Kansas 4 market average	\$123.64	\$123.80	\$129.00
700-800 lb. Feeder Steer Price, Neb. 7 market average	\$113.45	\$119.54	\$124.48
500-600 lb. Feeder Steer Price, Neb. 7 market average	\$125.44	\$128.75	\$136.19
Choice Boxed Beef Price, 600-900 lb. carcass	\$143.02	\$142.35	\$143.45
Choice-Select Spread, 600-900 lb. carcass	\$9.04	\$8.10	\$13.53