

August 28, 2007

In The Cattle Markets

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Yearling Feeding Projections

The corn crop appears to still be in very favorable condition across much of the corn belt. As a result, corn prices have retreated some this week and it appears that Dec. corn futures will likely remain below \$3.50 per bushel and fall cash corn prices may slip below \$3.00 per bushel in some areas with a wider than normal harvest basis do to the size of this corn crop and lack of storage. If we are conservative and assume a price of corn laid into feedlots of about \$3.25 per bushel, then the total cost per pound of gain for yearling cattle will likely be around \$.68. Many yearling cattle will be moving off from grass and into feedlots in the next few weeks. What return can producers expect on these yearlings in a feedlot?

If we assume that an 850 pound steer is placed on feed and gains 3.33 pounds per day for 150 days, then we will have a 1,350 pound steer to sell in mid to late January. The Feb Live Cattle board as traded around \$100 per cwt. for the last few days. If basis is \$2 under, then that steer should be worth \$1,323 in January ($1350 * .98$). The total cost of the feeding program, including death loss and interest would be \$340 per head based on \$.68 per pound of gain ($500 \text{ lbs.} * \$.68$). Therefore, the break-even cost to deliver an 850 pound steer to a feedlot in Kansas or Nebraska would be \$1.16 per pound ($(\$1,323-\$340)/850 \text{ lbs}$).

Current 850 pound steer prices in Kansas and Nebraska are around \$116-117 per cwt. With my assumptions, there wouldn't be any profit in feeding these steers. Looking at auction prices in the Southeast and in the West, these 850 pound steers are priced closer to \$100 per cwt. If you can truck them for less than \$50 per head, including actual shrink expense, then there may be an opportunity to make a few dollars feeding these steers.

The Markets

Slaughter cattle prices were higher in the south with active trade on Thursday and prices were also higher in the north with a trade on Thursday this last week. Prices were \$93-93.50, up \$3 in the south and \$145-146 in the north, which was \$3-4 higher. Choice boxed beef prices were a little lower this week decreasing about \$1, and Select prices were about \$1.50 lower as well for the week. The Choice-Select spread increased this week but remains below the historical level. Feeder cattle prices were higher in Kansas and lower in Nebraska this week past week. Prices were generally from \$1-3 higher in Kansas and \$1-2 lower in Nebraska. Corn prices were 23 cents per bushel higher at Omaha this last week and the Dried Distillers Grains were \$.50 per ton higher.

	Last Week	Previous Week	Last Year
Kansas Fed Steer Price, live weight	\$93.17	\$90.35	\$88.16
Nebraska Fed Steer Price, dressed weight	\$145.16	\$142.05	\$137.18
700-800 lb. Feeder Steer Price, KS 3 market average	\$119.12	\$116.86	\$120.22
500-600 lb. Feeder Steer Price, KS 3 market average	\$130.03	\$129.10	\$131.20
700-800 lb. Feeder Steer Price, NE 7 market average	\$122.45	\$124.05	\$126.12
500-600 lb. Feeder Steer Price, NE 7 market average	\$134.85	\$136.14	\$136.86
Choice Boxed Beef Price, 600-900 lb. carcass	\$143.35	\$144.39	\$147.32
Choice-Select Spread, 600-900 lb. carcass	\$6.09	\$5.74	\$10.62
Corn Price, Omaha, NE, \$/bu (Thursday quote)	\$3.32	\$3.09	\$2.03
DDG Wholesale Price, Iowa, \$/ton	\$92.50	\$92.00	\$70.00