

In The Cattle Markets

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Fall Calf Prices

Large calf runs are now going on at many sale barns across the country. These large runs are typically at their peak between now and Thanksgiving. For many markets the seasonal low price for calves occurs toward the end of October or first part of November. If this year's prices follow a similar pattern, then prices may decline another \$5 per cwt. for 550 pound calves compared to present price levels. However, that brings me to an interesting trend in the current calf market; no one wants a 5-weight calf.

I looked at auction market prices this past week from Kansas, Nebraska, Oklahoma, Utah and Wyoming. Prices differed in each of these markets but one thing was evident, the 550-pound calf was discounted relative to lighter 4-weight calves or heavier 6-weight calves. The average price for calves in these markets for the following weights were: 475 @ \$130, 525 @ \$124, 575 @ \$120, and 625 @ \$120. There is typically a price slide on calves as heavier calves bring less per cwt. However, this year the slide is fairly steep from the 475 to 525 pound calf but there is no slide from 575 to 625 pound calves.

Here is my explanation. The lighter calves are being bid up for backgrounding, winter grazing, and other stockering type programs. The heavier 6-weight calves have been bid up by feedlots that could place them against the April board. No one wanted the 5-weight calf. The premium for the 6-weight calves will start to erode, as it will be difficult for them to hit the April market much longer. However, that still will not make the 5-weight calf any more attractive.

The Markets

Slaughter cattle prices were sharply lower in the south with limited trade on Friday and prices were also down sharply in the north with a small volume of trade on Friday this last week. Prices were \$92 in the south and \$142-143 in the north. Choice boxed beef prices were steady this week compared to last week, and Select prices were about a dollar lower for the week. The Choice-Select spread increased this week but remains below the historical level. Feeder cattle prices were lower in Kansas and in Nebraska this week past week. Note the narrow price per cwt. decrease as one goes from the 550 to 750 pound steers. Corn prices were down \$.45 per bushel at Omaha this last week dropping under \$3 per bushel and the Dried Distillers Grains were \$3 per ton higher for the week.

	Last Week	Previous Week	Last Year
Kansas Fed Steer Price, live weight	\$92.04	\$96.16	\$90.40
Nebraska Fed Steer Price, dressed weight	\$142.93	\$149.83	\$139.70
700-800 lb. Feeder Steer Price, KS 3 market average	\$117.44	\$118.69	\$113.65
500-600 lb. Feeder Steer Price, KS 3 market average	\$121.80	\$125.03	\$123.80
700-800 lb. Feeder Steer Price, NE 7 market average	\$119.10	\$122.69	\$119.54
500-600 lb. Feeder Steer Price, NE 7 market average	\$122.79	\$126.38	\$128.75
Choice Boxed Beef Price, 600-900 lb. carcass	\$146.64	\$146.68	\$142.35
Choice-Select Spread, 600-900 lb. carcass	\$10.27	\$9.21	\$8.10
Corn Price, Omaha, NE, \$/bu (Thursday quote)	\$2.98	\$3.43	\$2.47
DDG Wholesale Price, Iowa, \$/ton	\$105.50	\$102.50	\$73.75