

## **In The Cattle Markets**

**Dillon Feuz, Ph.D.**

**Professor, Department of Economics, Utah State University**

### **Cattle on Feed**

The USDA released the Monthly Cattle on Feed Report on Friday, October 19. There really were not any major surprises in the report. Placement activity in September was a little more aggressive than the trade had anticipated. Placements of cattle were at 2.4 million head, up 9% from the prior year. The trade had expected placements to be up 5% but this actual number was within the range of expectations. Placements continue to favor heavier feeder cattle. Placements of feeder cattle weighing less than 600 pounds were down 16% while placement of feeders weighing more than 700 pounds was up 20%. This could pressure the Feb Live board and favor the Apr board somewhat. Marketings were at 97% of a year ago, which wasn't bad given that there was one fewer trading day this year. The trade expected marketings to only be at 96% of last year. However, this does represent the 2<sup>nd</sup> smallest marketing number in the last 11 years. Total Cattle on Feed for October 1 was down 4% from the prior year at just under 11 million head. The live cattle trade on Monday didn't seem to pay much attention to this report. The nearby contract was up \$.75 per cwt. and the Dec., Feb., and Apr markets all posted small gains on the day. The higher live cattle futures were likely the result of higher fed cattle trade on Friday this past week.

Iowa and Texas were the most aggressive in placing cattle with their placements up 23% and 19%, respectively. If the recent trend in placements in Iowa continues, Iowa could overtake California as the 5<sup>th</sup> largest cattle feeding state.

One other small piece of information in the report: steers on feed were at 95% of last year while heifers on feed were at 99% of last year. This would seem to indicate the ranchers are not holding back a bunch of heifers to go into a replacement heifer program. Perhaps, the ranchers are a little hesitant to expand the cow herd, so long as there is this much uncertainty in the grain markets.

### **The Markets**

Slaughter cattle prices were higher in the south with most trade late on Friday and prices were also up in the north. Prices were \$94 in the south and \$144 in the north. Choice boxed beef prices were steady this week compared to last week. The Choice-Select spread increased last week but remained below the historical level. Feeder cattle prices were generally lower in Kansas and in Nebraska this week past week. Corn prices were up for the week at Omaha and the Dried Distillers Grains were \$7.50 per ton higher for the week.

	<b>Week of 10/19/07</b>	<b>Week of 10/12/07</b>	<b>Week of 10/20/06</b>
Kansas Fed Steer Price, live weight	\$94.06	\$92.32	\$88.00
Nebraska Fed Steer Price, dressed weight	\$144.31	\$140.72	\$136.43
700-800 lb. Feeder Steer Price, KS 3 market average	\$114.17	\$113.68	\$106.82
500-600 lb. Feeder Steer Price, KS 3 market average	\$119.14	\$121.44	\$119.88
700-800 lb. Feeder Steer Price, NE 7 market average	\$116.12	\$119.35	\$109.10
500-600 lb. Feeder Steer Price, NE 7 market average	\$122.03	\$123.24	\$122.04
Choice Boxed Beef Price, 600-900 lb. carcass	\$145.05	\$145.08	\$146.11
Choice-Select Spread, 600-900 lb. carcass	\$11.65	\$10.10	\$10.02
Corn Price, Omaha, NE, \$/bu (Thursday quote)	\$3.29	\$3.02	\$2.91
DDG Wholesale Price, Iowa, \$/ton	\$117.50	\$110.00	\$82.50