

In The Cattle Markets

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Prospective Plantings

It has been a tough winter and early spring to make money in the cattle feeding business and Monday's USDA Prospective Plantings Report will not likely help feeders. Based on the government survey, corn farmers are intending to plant 86.01 million acres of corn. That is a historically large planting, but it is down from last year's 93.6 million acres and it is below the average trade expectations of 87.39 million acres. The government also counted 219 million bushels less corn currently in storage than the trade had expected. The result of this is that an already bullish corn market, just got more fuel for the fire. Dec 2008 Corn is now trading at contract life highs just under \$6 per bushel. Current cool, wet conditions is delaying corn planting in the south and threatens to either reduce yield expectations by later planted corn pollinating in the heat of the summer or farmers may actually switch more acres away from corn. Present projections are that the 2008-09 corn crop will result in ending stocks of less than 1 billion bushels, probably near 800 million. However, further planting delays or any other yield reducing weather scenario would reduce ending stocks even further and increase the upward pressure on corn prices.

If cash corn prices advance into the upper \$5 per bushel range, feedlot costs of gain will likely increase to \$95-100 per cwt. With present fed cattle prices below \$90 and not expected to exceed \$95 until later this fall, there will likely be more downward pressure on feeder cattle prices. If corn prices continue to rise, and if fed cattle prices continue to struggle, we could see feeder cattle prices below fed cattle prices in the future.

The Markets

Slaughter cattle prices were \$2.00 lower in the south with moderate trade and prices were \$3-4 lower in the north with moderate trade. Prices were mostly \$88 in the south and were \$140-142 in the north. Choice boxed beef prices were lower as well this week compared to last week. The Choice-Select spread decreased last week and is now under \$1. Feeder cattle prices were mixed in Kansas and in Nebraska this past week. Prices ranged from \$1 lower to a couple of dollars higher depending upon the market class. Corn prices were up \$.48 a bushel at Omaha, pushing back over \$5 per bushel and the Dried Distillers Grains were \$2.50 per ton lower for the week.

Cattle or Meat Category	Week of 3/28/08	Week of 03/21/08	Week of 03/30/07
Kansas Fed Steer Price, live weight	\$87.74	\$89.84	\$95.69
Nebraska Fed Steer Price, dressed weight	\$141.17	\$144.61	\$155.49
700-800 lb. Feeder Steer Price, KS 3 market average	\$101.35	\$100.88	\$106.46
500-600 lb. Feeder Steer Price, KS 3 market average	\$122.47	\$124.82	\$131.13
700-800 lb. Feeder Steer Price, NE 7 market average	\$103.05	\$103.82	\$111.29
500-600 lb. Feeder Steer Price, NE 7 market average	\$124.36	\$123.42	\$132.03
Choice Boxed Beef Price, 600-900 lb. carcass	\$139.99	\$141.98	\$154.06
Choice-Select Spread, 600-900 lb. carcass	\$0.88	\$1.42	\$9.14
Corn Price, Omaha, NE, \$/bu (Thursday quote)	\$5.21	\$4.73	\$3.69
DDG Wholesale Price, Iowa, \$/ton	\$160.00	\$162.50	\$127.50