

In The Cattle Markets

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Fed Cattle Prices and Political Rants

I am tired of writing about the corn market. Therefore, I only have a couple of comments about it. The acreage report released by the USDA this week showed planted acres were down from last year, but the trade already knew that. The crop is in poorer condition than last year, so yield will also likely be lower. Because of mandates, subsidies, tariffs, and crude oil prices, you can bet there will be an increase in corn demand by the Ethanol industry. A smaller corn crop and increased demand means continued higher corn prices.

The good news for the week was that fed cattle prices were sharply higher. My estimation would say those prices were high enough for feedlots to break-even. Looking to the future, and if the futures market is accurate, then we can expect another \$4-5 increase in prices this summer and then another \$10 increase by fall/winter. Prices for fat cattle over \$110 per cwt. seems like that ought to be enough to make some money. However, when I look at recent feeder cattle selling prices, and when I consider where Chicago thinks the corn market is headed, those fed cattle price increases will be needed for feedlots to continue to just break-even.

That is the reality of the time we are living in; fed cattle prices over \$110 per cwt. and feeders still can't make any money. So, consumers will pay higher prices for beef, feeders will lose money, and the price of fuel will continue to increase. All the while, extreme environmentalist and those afraid to stand up to them, will continue to oppose offshore drilling or drilling in Alaska. I wonder how high food and fuel prices will have to go before the general public will demand a change in our energy policy.

The Markets

Slaughter cattle prices were higher in the south with active trade on Thursday and prices were also higher in the north with active trade Thursday. Prices were mostly \$98 in the south and were \$155 in the north. Choice boxed beef prices were higher as well this week compared to last week. The Choice-Select spread increased last week but still remains historically narrow. Feeder cattle prices were lower in sparse trade in Kansas and were higher in Nebraska this past week. Prices for 7-weight steers were about a dollar lower in Kansas. Prices for 5-weight steers in Nebraska were about \$7 higher for the week. Corn prices were up \$.23 a bushel at Omaha and are over \$7.00 per bushel. Dried Distillers Grains were also higher at \$192.50 per ton for the week.

Cattle or Meat Category	Week of 6/27/08	Week of 06/20/08	Week of 06/29/07
Kansas Fed Steer Price, live weight	\$97.92	\$94.47	\$86.93
Nebraska Fed Steer Price, dressed weight	\$154.80	\$150.12	\$132.73
700-800 lb. Feeder Steer Price, KS 3 market average	\$113.56	\$114.85	\$113.74
500-600 lb. Feeder Steer Price, KS 3 market average	--	\$123.45	\$119.00
700-800 lb. Feeder Steer Price, NE 7 market average	\$117.70	\$113.50	\$114.18
500-600 lb. Feeder Steer Price, NE 7 market average	\$127.29	\$120.60	\$135.87
Choice Boxed Beef Price, 600-900 lb. carcass	\$164.25	\$158.20	\$139.32
Choice-Select Spread, 600-900 lb. carcass	\$6.18	\$5.83	\$7.07
Corn Price, Omaha, NE, \$/bu (Thursday quote)	\$7.16	\$6.93	\$3.36
DDG Wholesale Price, Iowa, \$/ton	\$192.50	\$185.00	\$96.00