

In The Cattle Markets

Dillon Feuz, Ph.D.

Professor, Department of Economics, Utah State University

Corn Crop

On this past Friday, the USDA released the stocks report and a crop production report. Ending stocks of corn for this year were pegged at 1.598 billion bushels. That was an increase of 160 million bushels from the June estimate and was 85 million bushels higher than the trade had expected. Yield estimates were trimmed ½ bushel per acre on this year's crop. The corn crop condition ratings are about equal with last year, but the crop continues to lag in stage of development compared to a more typical year. A later maturing crop will be more susceptible to early fall frosts, should they occur. Looking ahead to fall 2009, the ending stocks for this year's crop are projected to be 833 million bushels. That is an increase of 160 million bushels over the June estimate, but a still relatively tight supply. These reports were seen as bearish for corn, and corn prices have been retreating from the upper \$7 dollar range to near \$6.50 for DEC Corn.

The retreat in corn prices has been positive for cattle feeders and for cow-calf producers. Calf prices have strengthened a little in the last couple of weeks. However, the expectations for fed cattle prices for this fall and winter have been under some pressure, and those prices have declined in the last couple of weeks. With present feed prices, feeder prices, and expected fed prices, there still is not much if any money to be made feeding cattle. Unless corn retreats to below \$6 per bushel on the DEC contract, I would be concerned as a cow-calf producer or stocker operator that feeder cattle prices may decline as we enter the fall sales period.

The Markets

After gaining about \$7 per cwt. in the previous two weeks, slaughter cattle prices were a couple of dollars lower with moderate trade on Friday in the south and light to moderate trade in the north on Thursday and Friday. Prices were mostly \$99-100 in the south and were \$158 in the north. Choice boxed beef prices continued higher this week establishing a new high for the year. The Choice-Select spread increased last week and is near the historical level. Feeder cattle prices were higher in sparse trade in Kansas and were higher in Nebraska than they were two weeks earlier when last reported. Prices for 7-weight steers were about \$2 higher in Kansa. Prices for 5-weight steers in Nebraska were about \$3 higher compared to two weeks earlier. Corn prices continued to give up ground and were \$.75 a bushel lower at Omaha. Dried Distillers Grains were also lower at \$195 per ton for the week.

Cattle or Meat Category	Week of 7/11/08	Week of 07/04/08	Week of 07/13/07
Kansas Fed Steer Price, live weight	\$99.39	\$101.00	\$90.55
Nebraska Fed Steer Price, dressed weight	\$157.83	\$159.78	\$141.94
700-800 lb. Feeder Steer Price, KS 3 market average	\$114.84	\$112.60	\$115.59
500-600 lb. Feeder Steer Price, KS 3 market average	\$121.99	--	\$124.42
700-800 lb. Feeder Steer Price, NE 7 market average	\$118.59	--	\$119.74
500-600 lb. Feeder Steer Price, NE 7 market average	\$130.35	--	\$135.89
Choice Boxed Beef Price, 600-900 lb. carcass	\$173.34	\$170.60	\$142.42
Choice-Select Spread, 600-900 lb. carcass	\$7.19	\$6.73	\$6.00
Corn Price, Omaha, NE, \$/bu (Thursday quote)	\$6.30	\$7.05	\$3.39
DDG Wholesale Price, Iowa, \$/ton	\$195.00	\$200.00	\$95.00