

In The Cattle Markets

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Cattle on Feed

The USDA released the monthly cattle of feed report on Friday. The news of the report was placements in July which were at the low end of trade expectations. First the numbers: there were 9,869,000 cattle on feed on August 1, which is down 4% from last year and down 9% from 2006. There were 1,661,000 head placed in July which was up 2% from last year's record low placement, but down 15% from 2006. This represents the 2nd smallest July placement since this series began. There were 2,042,000 head marketed in July which was 2% more than a year ago and 5% more than in 2006.

The placement pattern varied regionally, with Nebraska, Iowa and Colorado being down 9-20%, Kansas being up 2% and Texas being up 18%. Northern cattle are enjoying better grass conditions and remaining outside the feedlots, while hot dry weather in Texas likely contributed to heavier placements there.

The number of cattle on feed and the placements of the last couple of months should have provided support for late fall and early winter live cattle contracts. However, after trading higher Monday of this week, Dec Live cattle have lost ground Tuesday and Wednesday and are now at their lowest point since mid May.

The Markets

The fed cattle market was lower this past week. Light to moderate trade took place in both the south and the north with volume being lower than the previous couple of weeks. Prices were mostly \$99 in the south and were mostly \$156 in the north with a few lots at \$155. Choice boxed beef prices were about \$1.50 lower this week. The Choice-Select spread decreased and is below the historical level. Feeder cattle prices were mixed in Kansas and in Nebraska compared to the previously reported prices. Prices for 7-weight steers were about \$1 lower in Kansas and about \$3 higher in Nebraska. Prices for 5-weight steers were \$4 higher in Kansas and were \$6.50 lower in Nebraska compared to two weeks ago. Corn prices were \$.44 per bushel higher. One wonders if we have already seen the low price for the year. Dried Distillers Grains were steady for the week.

Cattle or Meat Category	Week of 8/22/08	Week of 08/15/08	Week of 08/24/07
Kansas Fed Steer Price, live weight	\$98.82	\$99.79	\$93.17
Nebraska Fed Steer Price, dressed weight	\$155.74	\$158.65	\$145.16
700-800 lb. Feeder Steer Price, KS 3 market average	\$115.33	\$116.76	\$119.12
500-600 lb. Feeder Steer Price, KS 3 market average	\$123.99	\$119.66	\$130.03
700-800 lb. Feeder Steer Price, NE 7 market average	\$119.75	\$116.40	\$122.45
500-600 lb. Feeder Steer Price, NE 7 market average	\$125.45	--	\$134.85
Choice Boxed Beef Price, 600-900 lb. carcass	\$162.80	\$164.26	\$143.35
Choice-Select Spread, 600-900 lb. carcass	\$6.15	\$6.84	\$6.09
Corn Price, Omaha, NE, \$/bu (Thursday quote)	\$5.80	\$5.36	\$3.32
DDG Wholesale Price, Iowa, \$/ton	\$150.00	\$150.00	\$92.50