

## In The Cattle Markets

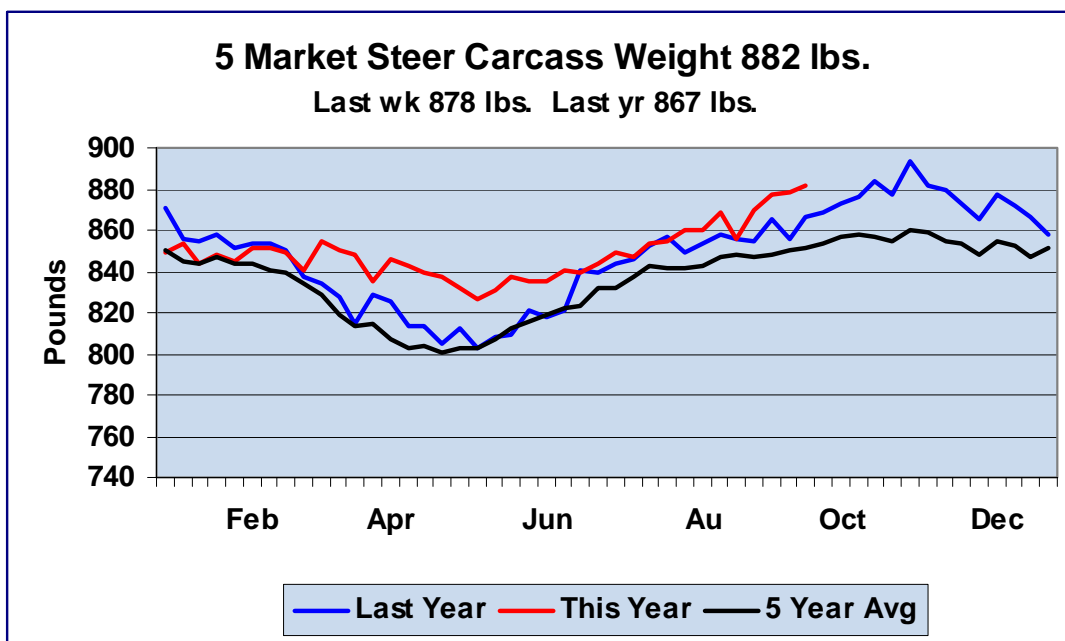
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### Cattle on Feed

The USDA released the monthly cattle on feed report last Friday. The news of the report was placements in August were below trade expectations, as was the case the previous month. This was the second smallest placement effort for August in the last 10 years. On the surface, this should be supportive of early winter Live Cattle contracts, Dec and Feb. However, those contracts are already at a \$5-6 premium to current cash prices and therefore may not respond much higher. There were 2.29 million head placed on feed in August which was 3% smaller than last year and 10% smaller than 2006. Marketings were down 9% but this was expected because there were two fewer marketing days this year and the cattle on feed inventory was down from last year. Marketings per day were only down about 3% from 2007. Total cattle on feed at the start of September was 9.997 million head, which was down 3% from a year ago

Placements of cattle weighing over 800 pounds were up 12.5% from last year compared to placements of cattle weighing less than 600 pounds which were down 25% from last year. This placement pattern has a couple of ramifications: as we continue to place cattle on feed at heavier weights it is likely that they will be slaughtered at heavier weights; and lighter weight calves are being placed in various stocker and background programs to be placed at a later time at heavier weights. The chart below is reflective of this trend.



## The Markets

The fed cattle market was steady to lower this past week. Good trade took place in both the south and the north with adequate volume to clear most show lists. Prices were \$98-99 in the south and were \$150-151 in the north. Choice boxed beef prices were a little less than \$1 higher this week. The Choice-Select spread increased slightly and is below the historical level. Feeder cattle prices were lower in Kansas and were mixed in Nebraska compared to the previous week. Prices for 7-weight steers were about \$5 lower in Kansas and about \$1 lower in Nebraska. Prices for 5-weight steers were \$8 lower in Kansas and were \$1.50 higher in Nebraska compared to last week. Corn prices were \$.04 per bushel higher and are trading in a sideways pattern for the last few weeks. Dried Distillers Grains were \$2.50 per ton lower for the week.

<b>Cattle or Meat Category</b>	<b>Week of 9/19/08</b>	<b>Week of 09/12/08</b>	<b>Week of 09/21/07</b>
Kansas Fed Steer Price, live weight	\$98.58	\$98.65	\$94.27
Nebraska Fed Steer Price, dressed weight	\$150.43	\$151.64	\$146.16
700-800 lb. Feeder Steer Price, KS 3 market average	\$108.91	\$114.20	\$118.04
500-600 lb. Feeder Steer Price, KS 3 market average	\$117.09	\$125.01	\$123.20
700-800 lb. Feeder Steer Price, NE 7 market average	\$112.93	\$114.13	\$119.65
500-600 lb. Feeder Steer Price, NE 7 market average	\$121.06	\$119.63	\$127.37
Choice Boxed Beef Price, 600-900 lb. carcass	\$160.67	\$159.90	\$145.74
Choice-Select Spread, 600-900 lb. carcass	\$6.83	\$6.73	\$8.49
Corn Price, Omaha, NE, \$/bu (Thursday quote)	\$5.12	\$5.08	\$3.26
DDG Wholesale Price, Iowa, \$/ton	\$135.00	\$137.50	\$97.50