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## **In The Cattle Markets**

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### **Cattle on Feed**

The USDA released the monthly cattle of feed report last Friday. The report was fairly neutral as all of the categories were within the range of trade expectations. However, placements were to the low end of expectations, as was the case the previous two months. There were 2.28 million head placed on feed in September which was 6% smaller than last year but 2% larger than 2006. Marketings were up 7% but this was expected because there were more marketing days this year compared to last year. Total cattle on feed at the start of October was 10.415 million head, which was down 5% from a year ago

Placements of cattle weighing over 800 pounds were up 20% from last year compared to placements of cattle weighing less than 600 pounds which were down 27% from last year. This has been a repeating placement pattern the last few months. 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 question is, does anyone want those lighter calves? I am hearing reports from cow-calf producers that buyers are just not there. Auction prices have also slipped several dollars on lighter calves in the last couple of weeks. We are in the middle of the traditional large fall calf run and it may be that a lot of calves are not being sold. For cow-calf producers, who either can't get a buyer, or the price offered is below what they feel is a fair price, retained ownership may be their only option. However, I would be cautious in putting calves into a feedlot. This hasn't worked well the last couple of years. But, if producers have some surplus forages, some corn stalks, or some other cheaper feed material, that could be supplemented with grain and put on an additional 200 pounds before selling the calves, this may be a profitable retained ownership strategy.

### **The Markets**

The fed cattle market was 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 mostly \$90 in the south and were \$136-137 in the north. Choice boxed beef prices were down \$5 this week. The Choice-Select spread increased slightly and remains below the historical level. Feeder cattle prices were steady to higher in Kansas and were mixed in Nebraska compared to the previous week. Prices for 7-weight steers were about \$1.50 higher in Kansas and about \$1 lower in Nebraska. Prices for 5-weight steers were steady in Kansas and were \$.50 higher in Nebraska compared to last week. Corn prices were \$.51 per bushel lower and are now below \$4 per bushel. Dried Distillers Grains were \$10 per ton lower for the week.

<b>Cattle or Meat Category</b>	<b>Week of 10/17/08</b>	<b>Week of 10/10/08</b>	<b>Week of 10/19/07</b>
Kansas Fed Steer Price, live weight	\$89.78	\$91.88	\$94.06
Nebraska Fed Steer Price, dressed weight	\$136.46	\$139.51	\$144.31
700-800 lb. Feeder Steer Price, KS 3 market average	\$95.68	\$94.00	\$114.17
500-600 lb. Feeder Steer Price, KS 3 market average	\$102.88	\$102.81	\$119.14
700-800 lb. Feeder Steer Price, NE 7 market average	\$103.66	\$104.34	\$116.12
500-600 lb. Feeder Steer Price, NE 7 market average	\$110.38	\$109.95	\$122.03
Choice Boxed Beef Price, 600-900 lb. carcass	\$147.45	\$152.27	\$145.05
Choice-Select Spread, 600-900 lb. carcass	\$8.26	\$7.20	\$11.65
Corn Price, Omaha, NE, \$/bu (Thursday quote)	\$3.76	\$4.27	\$3.29
DDG Wholesale Price, Iowa, \$/ton	\$125.00	\$135.00	\$117.50