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In The Cattle Markets

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Cattle on Feed

I believe it is now time to declare Washington, DC a CAFO and to get the EPA to fine congress and the white house. The amount of B.S. flowing out of there far exceeds the amount from any major feedlot. They better check all the offices of those who wrote the bloated pork bailout legislation for E coli 0157:H7 because it was oozing with fecal matter. The odor emanating out of DC has not only reached Wall Street but Chicago as well, as both the stock market and the commodity markets continue to fall as they are buried in bailout B.S.

The USDA released the latest Cattle on Feed report this last Friday. It was a fairly neutral report and the market responded accordingly. Live Cattle futures were \$.30 to \$.50 higher and Feeder Cattle futures were mixed on Monday.

The trade was expecting the February on Feed total to be down 5.5% from the prior year and it was down 6%. There are 11.288 million head of cattle on feed. Placements into the feedlots were higher than a year ago 1.858 million head. This was a 4% increase from last year and the trade expected a 3% increase. Placement of calves weighing between 600-700 pounds was up 8% from the prior year. This is likely a result of many wheat pasture cattle being pulled off early and being placed in the feedlot because of lack of moisture on many wheat pastures. The number of cattle marketed in January was down 6% from the prior year but the trade had anticipated a 7.5% decrease. Placements a little larger than expected and marketings a little more aggressive than expected led to the on feed number being right at expectations and making this a fairly neutral report.

The Markets

The fed cattle market was lower this past week with general economy concerns ruling the day (see first paragraph above). Trade took place mid week in both the south and the north with adequate volume to clear most show lists. Prices were mostly \$80 in the south and were \$127-29 in the north. Choice boxed beef prices were down about \$1.50 this week. The Choice-Select spread decreased to under \$50 as the market continues to struggle to move higher priced beef cuts relative to cheaper beef cuts. Feeder cattle prices were lower in Kansas and Nebraska compared to the previous week. Prices for 7-weight steers were about \$4 lower in Kansas and about \$5 lower in Nebraska. Prices for 5-weight steers were down a little more than \$2 in Kansas and more than \$3 in Nebraska compared to last week. Corn prices were a dime per bushel lower with expectations of a larger corn crop with all the BS out of DC being applied as fertilizer. Dried Distillers Grain prices were unchanged at \$125 per ton lower for the week.

Cattle or Meat Category	Week of 2/20/09	Week of 02/13/09	Week of 02/22/08
Kansas Fed Steer Price, live weight	\$79.92	\$82.77	\$91.89
Nebraska Fed Steer Price, dressed weight	\$128.50	\$131.38	\$145.70
700-800 lb. Feeder Steer Price, KS 3 market average	\$91.51	\$95.64	\$104.84
500-600 lb. Feeder Steer Price, KS 3 market average	\$111.18	\$113.87	\$128.33
700-800 lb. Feeder Steer Price, NE 7 market average	\$91.60	\$96.74	\$106.27
500-600 lb. Feeder Steer Price, NE 7 market average	\$112.63	\$115.84	\$131.75
Choice Boxed Beef Price, 600-900 lb. carcass	\$134.76	\$136.33	\$149.39
Choice-Select Spread, 600-900 lb. carcass	\$0.48	\$1.52	\$2.28
Corn Price, Omaha, NE, \$/bu (Thursday quote)	\$3.45	\$3.55	\$5.06
DDG Wholesale Price, Iowa, \$/ton	\$125.00	\$125.00	\$160.00