

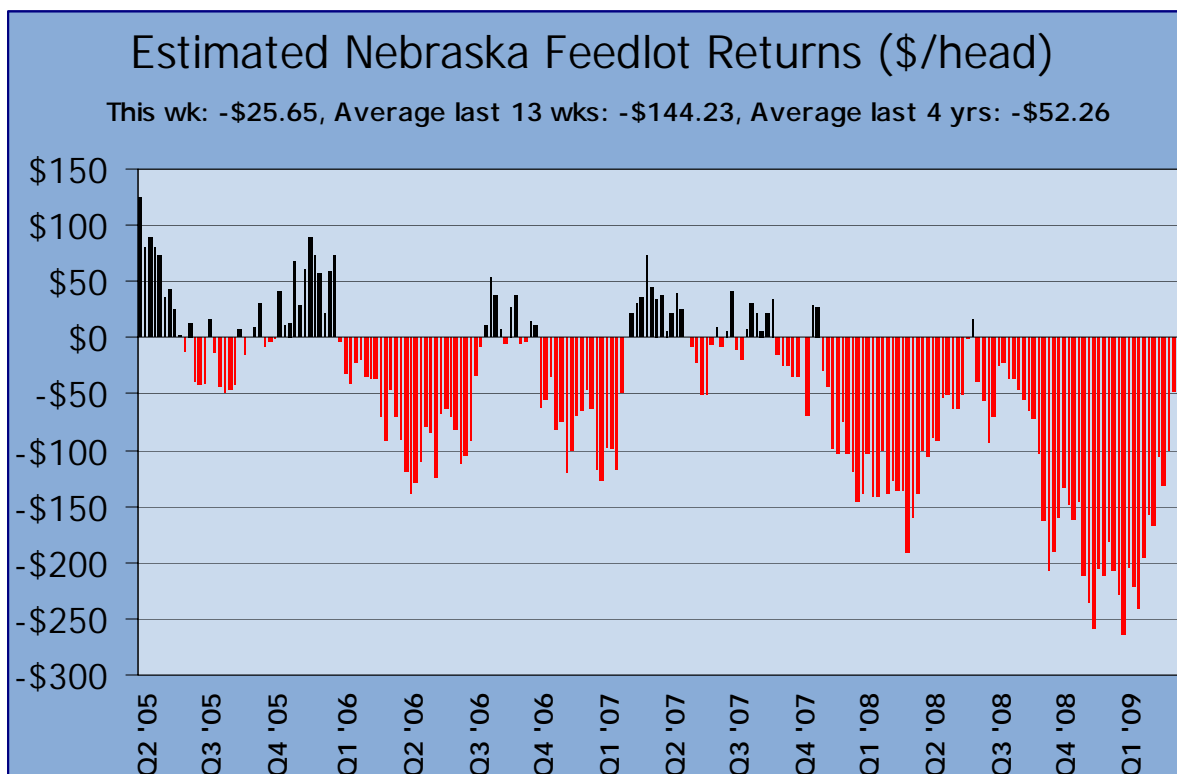
## In The Cattle Markets

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### Feedlot Profitability

When will profitability return to feedlots? In the last few weeks fed cattle prices have strengthened to the point where some feedlots were likely making a positive return on some of their pens. Still, my model suggests that on average, many pens of fed cattle were still not profitable. Looking at the Live Cattle futures, it appears fed cattle prices will decline into the summer, following a typical pattern. The June and August contracts are presently priced about \$4 lower than April is currently priced and the April contract has lost about \$3 in the last couple of weeks. As I look at the prices that were paid for feeder cattle that will be finished this summer, I don't see much profitability. Those feeder cattle that were purchased at the lower end of the price ranges may be profitable if they have average or above average performance. However, it would appear that feeder cattle that were purchased near the average market price and that have average feedlot performance will not break-even this summer. For those cattle to break-even, feeding costs would need to remain at present levels and the fed cattle market would need to regain that \$2-3 per cwt that has been lost in the last two weeks. I would think that fed cattle prices near \$85 per cwt. would be close to break-even for many pens of cattle this summer.



## The Markets

The fed cattle market was steady this past week. Trade took place mainly on Thursday this week in both the south and the north with trade volume a little smaller than the previous week. Prices were \$87-88 in the south and were mostly \$143 in the north. Choice boxed beef prices were up about \$7 this week. The Choice-Select spread increased and remains much narrower than is typical. Feeder cattle prices were higher in Kansas and were fairly steady in Nebraska compared to the previous week. Prices for 7-weight steers were a little more than \$1 higher in Kansas and 5-weights were \$2 higher. Prices for 7-weight steers were down about \$1 in Nebraska and 5-weight steers were up about \$1 compared to last week. Corn prices were \$.02 per bushel lower. Dried Distillers Grain prices were a \$.50 per ton lower for the week.

<b>Cattle or Meat Category</b>	<b>Week of 4/24/09</b>	<b>Week of 04/17/09</b>	<b>Week of 04/25/08</b>
Kansas Fed Steer Price, live weight	\$87.71	\$87.93	\$92.00
Nebraska Fed Steer Price, dressed weight	\$142.75	\$142.38	\$150.00
700-800 lb. Feeder Steer Price, KS 3 market average	\$102.27	\$100.90	\$109.72
500-600 lb. Feeder Steer Price, KS 3 market average	\$120.46	\$118.40	\$122.31
700-800 lb. Feeder Steer Price, NE 7 market average	\$102.05	\$102.92	\$104.92
500-600 lb. Feeder Steer Price, NE 7 market average	\$120.42	\$119.55	\$119.98
Choice Boxed Beef Price, 600-900 lb. carcass	\$152.83	\$145.37	\$154.50
Choice-Select Spread, 600-900 lb. carcass	\$2.17	\$1.20	\$3.20
Corn Price, Omaha, NE, \$/bu (Thursday quote)	\$3.75	\$3.77	\$5.47
DDG Wholesale Price, Iowa, \$/ton	\$120.00	\$120.50	\$172.50