

## **In The Cattle Markets**

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### **Plentiful Grass and Scarce Cash**

With the exception of the southwest, particularly Texas and Oklahoma, most areas of the country are experiencing a very good grass year. Cattle are belly deep in grass from the mountain valleys of Utah to the rolling hills of Tennessee and from the plains of North Dakota to the flint hills of Kansas. The stock ponds are full, the streams are flowing, and calves are slick haired and looking good. The price of corn continues to decline, falling below \$3 per bushel in Omaha, Nebraska this week, and it appears there will be a plentiful crop of hay. Many states have just completed their annual summer conventions for their state cattlemen groups. I attended one of these and while there was talk of a good summer and cattle doing well, there was also an element of concern running through the crowd.

Most of that concern was based on the recent video auction sales and the scarceness of cash being waved at calves. Superior Livestock Auction and Western Video Auction both held major feeder calf sales in the past couple of weeks. The last few years, the fireworks at these sales have rivaled those of the 4<sup>th</sup> of July. Bidders have aggressively pursued yearlings and calves for fall delivery. I watched some of these sales this year and there were no fireworks. The auctioneers had to work hard to coax bids out, even on nice strings of reputation cattle. The bids on calves seemed to be \$20 per cwt. lower than what was bid at this time last year. In talking with feedlot operators they are being very cautious in their purchases. If they can't lock in a positive return based on fed cattle prices and corn prices, they are not buying. I suspect that this trend will continue right into the fall.

### **The Markets**

The fed cattle market was higher this past week. Trade took place on Friday this week on a somewhat reduced volume. Prices were \$83-84 on a live weight basis and were mostly \$132 on a dressed basis. Choice boxed beef prices were down about \$.50 per cwt. this week. The Choice-Select spread increased a little but remains narrower than is typical. Feeder cattle prices were generally higher for 7-800 pound steers and were lower for 5-600 pound steers this past week compared to the previous week. Nebraska prices for 7-weight steers were steady to a little higher and 5-weights were \$2.50 lower. Prices for 7-weight steers in Oklahoma were up \$1 and 5-weight steers were down about \$2.50 compared to last week. Montana prices were \$5 higher for the heavier steers and were not reported for the lighter steers. Corn prices dropped below \$3.00 per bushel at Omaha this week. Dried Distillers Grain prices were \$7.50 per ton lower and wet distillers were \$5 lower per ton in Nebraska for the week. Wet distillers grain is less than half of what it was a year ago.

<i>Data Source: USDA-AMS Market News</i>		<b>Week of 7/17/09</b>	<b>Week of 07/10/09</b>	<b>Week of 07/18/08</b>
<b>5-Area Fed Steer</b>	all grades, live weight, \$/cwt	\$83.62	\$81.81	\$97.21
	all grades, dressed weight, \$/cwt	\$131.87	\$129.34	\$154.26
<b>Boxed Beef</b>	Choice Price, 600-900 lb., \$/cwt	\$137.39	\$137.81	\$170.77
	Choice-Select Spread, \$/cwt	\$6.17	\$5.36	\$7.95
<b>700-800 lb. Feeder Steer Price</b>	Montana 3-market average, \$/cwt	\$101.50	\$96.25	--
	Nebraska 7-market average, \$/cwt	\$106.81	\$106.62	\$117.27
	Oklahoma 8-market average, \$/cwt	\$102.60	\$101.35	\$111.69
<b>500-600 lb. Feeder Steer Price</b>	Montana 3-market average, \$/cwt	--	\$106.50	--
	Nebraska 7-market average, \$/cwt	\$115.46	\$117.97	\$125.04
	Oklahoma 8-market average, \$/cwt	\$107.06	\$109.56	\$118.85
<b>Feed Grains</b>	Corn, Omaha, NE, \$/bu (Thursday)	\$2.96	\$3.05	\$5.79
	DDGS Price, Nebraska, \$/ton	\$109.20	\$116.80	\$177.50
	WDGS Price, Nebraska, \$/ton	\$31.10	\$36.10	\$68.75