

**In The Cattle Markets**  
**Tim Petry, Livestock Economist**  
**North Dakota State University Extension Service**

**Price Situation for Yearlings off Grass**

August signals the beginning of the marketing season for summer grazed feeder cattle in the Northern Plains. Many are sold by the end of September when grazing conditions deteriorate and cattle reach weights for placement on feed. Grazing conditions have generally been good, and probably the best in several years for some areas of the Northern Plains. So there is no rush to remove cattle from rangeland and few forced sales of feeder cattle due to dry conditions have occurred.

The seasonal price pattern for feeder cattle is usually favorable for marketing these summer grazed steers and heifers. The Chicago Mercantile Exchange Feeder Cattle Index Price (CME Index) is a good barometer for 750-800 pound steer prices. The CME Index increases after February/March lows and typically peaks in the late August, early September time period.

Since March, the Index prices have increased about the same as last year on a percentage basis. But prices are about \$10/cwt. lower than last year at this time. The CME Index has been in a tight range between \$101 and \$102 for the last three weeks, and current fundamentals suggest that further seasonal strength will be limited.

Declining corn prices from mid-June to mid-July were supportive to feeder cattle prices, but corn futures prices have increased sharply in the last two weeks. And fed cattle prices continue to struggle with stagnant domestic demand and a disappointing beef export market.

Lower corn prices and a higher fed cattle market would be key to higher feeder cattle prices.

**The Markets**

Moderate fed cattle trade developed on Friday of last week, but at lower prices. The 5-area steer price declined \$1.19/cwt to \$82.10 on a live basis, with dressed prices declining 85 cents to \$131.35. Choice boxed beef prices continued to rally and moved up \$1.08 to average \$142.53 for the week. The calf market was unchanged in Nebraska and Oklahoma, with new crop calves not yet coming to market in Montana. The heavier weight feeder cattle were lower in Oklahoma, but about \$2 higher in Nebraska where demand was good and trading active. Some 7-weight steers topped the market at \$113.10 at the Bassett Auction on Wednesday. Corn prices continued a two week rally and closed at \$3.12 in Omaha on Thursday. Distillers grain prices continued to trade seasonally lower, which helped to keep feedlot ration costs in check with the higher corn prices.

| <i>Data Source: USDA-AMS Market News</i> |                                    | <b>Week of</b><br>7/31/09 | <b>Week of</b><br>7/24/09 | <b>Week of</b><br>8/01/09 |
|--|------------------------------------|---------------------------|---------------------------|---------------------------|
| <b>5-Area Fed Steer</b>                  | all grades, live weight, \$/cwt    | \$82.10                   | \$83.29                   | \$97.04                   |
|  | all grades, dressed weight, \$/cwt | \$131.35                  | \$132.20                  | \$153.53                  |
| <b>Boxed Beef</b>                        | Choice Price, 600-900 lb., \$/cwt  | \$142.53                  | \$141.45                  | \$158.84                  |
|  | Choice-Select Spread, \$/cwt       | \$5.74                    | \$6.24                    | \$6.90                    |
| <b>700-800 lb. Feeder Steer Price</b>    | Montana 3-market average, \$/cwt   | --                        | \$108.80                  | --                        |
|  | Nebraska 7-market average, \$/cwt  | \$106.69                  | \$104.65                  | \$116.96                  |
|  | Oklahoma 8-market average, \$/cwt  | \$102.35                  | \$103.08                  | \$112.91                  |
| <b>500-600 lb. Feeder Steer Price</b>    | Montana 3-market average, \$/cwt   | --                        | --                        | --                        |
|  | Nebraska 7-market average, \$/cwt  | \$118.90                  | \$119.00                  | \$121.50                  |
|  | Oklahoma 8-market average, \$/cwt  | \$106.69                  | \$106.40                  | \$116.53                  |
| <b>Feed Grains</b>                       | Corn, Omaha, NE, \$/bu (Thursday)  | \$3.12                    | \$3.09                    | \$5.49                    |
|  | DDGS Price, Nebraska, \$/ton       | \$96.20                   | \$100.50                  | \$165.30                  |
|  | WDGS Price, Nebraska, \$/ton       | \$27.00                   | \$30.00                   | \$68.35                   |