

## **In The Cattle Markets**

**Tim Petry, Livestock Economist**  
**North Dakota State University Extension Service**

### **Heavyweight Cattle in the Northern Plains**

Several weeks ago, Dr. Mark discussed the “Northern Discount” where Northern Plains fed cattle were selling at a larger-than-usual discount to Southern Plains cattle. See the September 28 “In the Cattle Markets” column that discusses several reasons for the discount including relatively large numbers of heavyweight cattle. His forecast for the trend to continue at least through corn harvest has held true.

The latest USDA-NASS Cattle on Feed report released on October 16 showed the total number of cattle on feed in the U.S. on October 1 at less than one percent above year ago levels. However, the number of cattle on feed in Nebraska was up almost three percent and South Dakota recorded an over 11 percent increase from a year ago. The average weight of steers sold on a liveweight basis in Nebraska last week according to the USDA-AMS report “Nebraska Weekly Weighted Average Cattle Report” was 1,410 pounds. This compares to a weight of 1,393 pounds last year, and on a carcass basis the 900 pound weight compares to 891 last year.

Another indication of a plentiful northern fed cattle supply and a weaker basis is the increased amount of October CME deliveries that are being tendered at northern CME delivery points. By the end of last week, a total of 906 contracts had been tendered and all were in Nebraska and South Dakota. Deliveries may be made at Amarillo, TX; Clovis, NM; Columbus, NE; Dodge City, KS; Guyman, OK; Norfolk, NE; North Platte, NE; Ogallala, NE; Pratt, KS; Syracuse, KS; Texhoma, OK; Tulia, TX; Worthing, SD; and Wray, CO.

The northern most delivery point is Worthing, SD, and about 62 percent of the October tenders have been there. Norfolk, NE, the next northern most location, followed with about 37 percent of tenders and Columbus recorded about one percent with North Platte showing less than one percent.

For the August CME live cattle contract, a total of 327 contracts were tendered. Worthing was again the leader, but was followed by a much wider geographic dispersion including Amarillo, Norfolk, Dodge City, Tulia, Texhoma, Wray, Syracuse, and North Platte.

### **The Markets**

The fed cattle market moved higher for the second straight week. Trading was active earlier than normal in the North with good demand on Tuesday, moderate demand on Wednesday, and moderate to light on Thursday. Trading in the South developed later and was active with moderate to good demand on Thursday. The 5-area fed steer price advanced almost \$2 on a liveweight basis, with a robust \$5.51 improvement on a dressed basis. The choice boxed beef

price increased over \$2 to \$137.68 with the start of some purchasing for the upcoming holiday season. Both the calf and yearling markets strengthened last week with the exception of calves in Oklahoma. The corn market continued a six week increasing trend by climbing another 32 cents as wet harvest conditions continue. DGS prices continued to advance with DDGS moving up another \$6.10 per ton.

<i>Data Source: USDA-AMS Market News</i>		<b>Week of</b> 10/23/09	<b>Week of</b> 10/16/09	<b>Week of</b> 10/24/08
<b>5-Area Fed Steer</b>	all grades, live weight, \$/cwt	\$84.58	\$82.66	\$89.77
	all grades, dressed weight, \$/cwt	\$131.61	\$126.10	\$136.55
<b>Boxed Beef</b>	Choice Price, 600-900 lb., \$/cwt	\$137.68	\$135.29	\$143.96
	Choice-Select Spread, \$/cwt	\$4.53	\$4.28	\$7.03
<b>700-800 lb. Feeder Steer Price</b>	Montana 3-market average, \$/cwt	\$91.64	\$90.21	\$89.09
	Nebraska 7-market average, \$/cwt	\$98.18	\$97.32	\$99.49
	Oklahoma 8-market average, \$/cwt	\$96.03	\$94.43	\$98.59
<b>500-600 lb. Feeder Steer Price</b>	Montana 3-market average, \$/cwt	\$98.99	\$98.08	\$99.63
	Nebraska 7-market average, \$/cwt	\$104.53	\$101.73	\$109.47
	Oklahoma 8-market average, \$/cwt	\$102.98	\$103.56	\$109.64
<b>Feed Grains</b>	Corn, Omaha, NE, \$/bu (Thursday)	\$3.85	\$3.53	\$3.81
	DDGS Price, Nebraska, \$/ton	\$128.40	\$122.30	\$126.20
	WDGS Price, Nebraska, \$/ton	\$33.65	\$31.90	\$44.75