

In The Cattle Markets
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Feedlots Continue To Fill Up

USDA's Cattle on Feed report released last Friday indicated higher numbers of cattle on feed, in feedlots with capacity of 1,000 head or more, for the second straight month. The 11,134 million head on feed was 1.5 percent higher than last year and over 6 percent above last month. The trade was expecting a 1.6 percent increase from last year, so the report was viewed as neutral to slightly positive for prices.

October placements at 2.474 million head were 1.5 percent more than last year, but under the 2.6 percent average of analysts' pre-report estimates. Furthermore, October 2008 was a low placement month by historic standards at over 10 percent below 2007. So, although higher in 2009, placements were still nearly 8 percent below the 2003-2007 average, as calf crops continue to trend lower. Placements weighing over 700 pounds were up over 8 percent from last year, while the under 700 pound category was down 4.2 percent. One of the reasons for placements of heavier weights is the much improved pasture and range conditions in much of the U.S. that allowed yearlings on grass to gain well and reach market weight and the lighter calves to remain on ranges with cows. For example, early fall calf marketings in North Dakota have averaged 75 percent of last year's levels.

Marketings in October came in at 96.7 percent of last year compared to pre-report estimates of 97.1 percent. Interestingly, South Dakota showed a 26 percent increase, followed by Iowa at 108 percent, and Nebraska at 101 percent reflecting the larger number of heavyweight cattle that were in Northern Plains feedlots. Both Texas and Kansas recorded marketings at 94 percent of a year ago.

Although there are more cattle on feed than last year, beef supplies should not be burdensome. Beef production in the 1st quarter of 2010 will likely be near year earlier levels according to LMIC estimates, and decline about 3 percent in the second quarter. And the number of cattle on feed is still about 3 percent below the 2003-2007 average.

Fed cattle prices will continue to be affected by domestic and export demand factors. Although some macro economists have declared that the recession is over, unemployment remains high and restaurant business continues to struggle. And, third quarter beef exports were down about 19 percent from last year.

The Markets

Fed cattle prices moved lower for the third straight week. Trading and demand in the North was light on Tuesday, with moderate trading on Wednesday, followed by light trading and demand again on Thursday. Trading was moderate in the Southern Plains on Thursday with light to moderate demand. The 5-area fed steer price was down almost a dollar at \$82.77 on a liveweight basis and down over a dollar at \$130.05 on a dressed basis. The Choice boxed beef price increased 16 cents to \$140.10, while Select declined \$1.63 so the Choice-Select spread increased to \$7.83.

Feeder cattle prices last week were mixed and affected by local conditions. The CME January feeder cattle futures contract fell to life of contract lows in mid-week as December corn futures again rallied above \$4 per bushel. By the end of the week feeder cattle futures recovered a \$1 as corn lost a dime. 700-800 pound feeder steers were lower in Oklahoma and Montana. The 7-8 weights in Montana were all spring born calves. Steers in Nebraska averaged about \$4 higher with moderate to very good demand from feedlot buyers. 500-600 pound steer calves were also down slightly in Oklahoma and Montana, but averaged about a dollar higher in Nebraska.

Corn prices in Omaha on Thursday were unchanged from the previous week. Prices for DDGS in Nebraska declined 50 cents per ton while WDGS prices advanced \$1.50.

		Week of	Week of	Week of
		11/20/09	11/13/09	11/21/08
<i>Data Source: USDA-AMS Market News</i>				
5-Area Fed Steer	all grades, live weight, \$/cwt	\$82.77	\$83.68	\$87.23
	all grades, dressed weight, \$/cwt	\$130.05	\$131.17	\$139.08
Boxed Beef	Choice Price, 600-900 lb., \$/cwt	\$140.10	\$139.94	\$157.40
	Choice-Select Spread, \$/cwt	\$7.83	\$6.05	\$10.70
700-800 lb. Feeder Steer Price	Montana 3-market average, \$/cwt	\$87.80	\$90.45	\$88.83
	Nebraska 7-market average, \$/cwt	\$98.53	\$94.50	\$98.86
	Oklahoma 8-market average, \$/cwt	\$93.94	\$95.31	\$95.44
500-600 lb. Feeder Steer Price	Montana 3-market average, \$/cwt	\$102.71	\$103.29	\$101.35
	Nebraska 7-market average, \$/cwt	\$106.21	\$105.15	\$104.15
	Oklahoma 8-market average, \$/cwt	\$102.14	\$102.41	\$103.45
Feed Grains	Corn, Omaha, NE, \$/bu (Thursday)	\$3.61	\$3.61	\$3.65
	DDGS Price, Nebraska, \$/ton	\$125.00	\$125.50	\$121.50
	WDGS Price, Nebraska, \$/ton	\$36.00	\$34.50	\$37.00