

# CATTLE MARKET NOTES

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Last week, cash fed cattle business developed on Friday at prices from \$87 in the South to as much as \$89 in Iowa/Minnesota. This was a marked improvement from the prior couple of weeks. This week, the market continued to improve. Bids from packers came in early at \$86. Not surprisingly, this didn't find too many takers. By Friday, bids were up to \$90 and cattle were changing hands in moderate numbers, though according to Dow Jones Newswire, a good number of feeders were standing pat on asking prices of \$92. Cattle slaughter picked up quite a bit this week compared to recent levels. It will be interesting to see how cutout values hold up as slaughter volume picks up. Cattle slaughter this week is estimated at 676,000 head this week compared to 645,000 head last week and 652,000 head a year ago. Hog slaughter also picked up a little this week after moving lower in recent weeks. Hog slaughter is projected to total 2,322,000 head this week compared to 2,245,000 head last week and 1,989,000 head a year ago.

Feeder prices around the country were mostly improved this week following last week's much-needed improvement in the fed cattle market. At Oklahoma City this week, prices on feeder steers and heifers were steady to \$2 higher. Stocker calf prices were \$1 to \$3 lower in a light test. At Lexington, Kentucky, feeder steer and heifer prices were \$3 to \$4 higher. Stocker steer and heifer prices were steady. At West Plains, Missouri, prices on steers over 800 pounds were \$3 to \$5 higher; heavier weights were not well tested. Prices on heifers under 450 pounds were steady to \$2 higher; prices on weights from 450 to 700 pounds were \$2 to \$4 higher; heavier weights were steady in a light test. At Arkansas auctions this week, steer prices were steady; heifer prices were steady to \$2 higher. At Georgia auctions this week, feeder steer and heifer prices were unevenly steady; stocker steer and heifer prices were mostly steady to \$1 higher.

At Mississippi auctions this week, prices on steers were steady; prices on heifers were \$1 to \$5 higher. For the week, feeder steer prices in Mississippi were as follows: 200-300 pounds, \$115-\$130; 300-400 pounds, \$109-\$115; 400-500 pounds, \$100-\$110; 500-600 pounds, \$90-\$100; 600-700 pounds, \$80-\$90; 700-800 pounds, not reported. Prices on slaughter cows were \$1 to \$5 higher this week. For the week: breakers, not reported; boners (850-1,200#), \$45-\$55; lean (850-1,200#), \$45-\$50.

Live cattle futures were higher for most of the week. Last week's late improvement in the cash market was a positive factor this week. The market was also supported by strength in the Lean Hog pit. Cash hog prices have moved higher for the last couple of weeks, and export business for pork remains brisk. On Friday, Live Cattle were sharply lower on Friday as traders bailed out of positions in advance of today's *Cattle on Feed* report. Live Cattle futures closing prices on Friday (with change from last Friday's close in parentheses) were as follows: April \$89.55 (+0.85); June \$92.32 (+2.55); August \$98.05 (+1.88); October \$103.20 (+1.38); December \$104.25 (+1.33)

Feeder Cattle futures were able to add some to last week's gains this week. Improving Live Cattle futures and corn futures that were at least somewhat stable this week underpinned this week's higher feeder futures. Most contracts moved to their highest level in about a month. Feeder Cattle futures closing prices on Friday (with change from last Friday in parentheses): April \$101.50 (+2.00); May \$105.72 (+2.67); August \$108.52 (+1.90); September \$109.05 (+1.48); October \$110.00 (+1.75).

Corn futures were up significantly on Monday and Tuesday as the market continues to try to assess whether or not corn will make it into the ground in a timely fashion. Tuesday's Crop Progress report did show corn plantings a little behind, but these very early season numbers are probably more noise than anything else. High oil prices early in the week were another supportive factor for corn, fueling more commodity speculation and inflation hedging by fund traders. By the end of the week, traders had wrung about all they could out of weather news. A late-week drop in oil futures and some strengthening of the dollar pulled some support from the market, and corn futures fell moderately on Friday, though still ended the week higher. May Corn closed on Friday at \$5.99 ½, up 15 ¼ from last week's close.

Wholesale beef prices continued to surge this week, suggesting that seasonal strength in that market has finally shown up. Higher pork prices also aren't hurting anything. On Friday, the Choice cutout was at \$151.21, up \$7.64 from last Friday. The Select cutout on Friday stood at \$148.99, up \$6.66 for the week.

USDA released the monthly Cattle on Feed Report this afternoon. Key numbers from the report are summarized below:

	1,000 head	% of 2007	Pre-Report Estimates	
			Avg.	Range
Placed in March	1,736	88.6	91.9	87.8 – 98.0
Marketed in March	1,842	99.9	98.0	96.0 – 99.4
On Feed April 1	11,684	100.3	101.3	100.4 – 102.0

All of the key numbers in this report were on the bullish side of expectations. Placements were well to the low side of expectations. Marketings were higher than any pre-report estimate, and the April 1 on feed number was just below the lowest pre-report expectation. This report should provide support for both feeder and live cattle futures when the market opens Monday.

## Market Summary

### Mississippi Auction Summary

Weight	Steers	Heifers	Slaughter Classes
300-350	\$109-\$115	\$95-\$105	Breakers not reported
350-400	\$109-\$115	\$95-\$105	Boners \$45-\$55
400-450	\$100-\$110	\$90-\$100	Lean \$45-\$50
450-500	\$100-\$110	\$90-\$100	Bulls, YG 1-2, <1,500 lbs \$50-\$61
500-550	\$90-\$100	\$80-\$90	Bulls, YG 1-2, >1,500 lbs \$60-\$70
550-600	\$90-\$100	\$80-\$90	
600-650	\$80-\$90	\$78-\$85	
650-700	\$80-\$90	\$78-\$85	
700-750	not reported	\$73-\$80	
750-800	not reported	\$73-\$80	

Note: Steer and heifer prices are for medium and large frame, numbers 1-2.

Source: USDA Agricultural Marketing Service

### Futures Prices

Month	Live		Feeder		Lean		Corn	Change*
	Cattle	Change*	Cattle	Change*	Hogs	Change*		
Apr	\$ 89.55	+0.85	\$ 101.50	+2.00				
May			\$ 105.72	+2.67	\$ 72.72	+2.95	\$599 1/2	15 1/4
Jun	\$ 92.32	+2.55			\$ 74.35	+3.15		
Jul					\$ 75.60	+1.80	\$613	15 1/2
Aug	\$ 98.05	+1.88	\$ 108.52	+1.90	\$ 76.92	+0.67		
Sep			\$ 109.05	+1.48			\$621 1/4	15 3/4
Oct	\$ 103.20	+1.38	\$ 110.00	+1.75	\$ 73.90	+1.20		
Nov			\$ 109.80	+1.80				
Dec	\$ 104.25	+1.33			\$ 76.95	+1.55	\$622 3/4	18 3/4
Jan			\$ 109.35	+2.45				
Feb	\$ 105.92	+1.27			\$ 81.70	+1.78		
Mar			\$ 108.00	+2.50			\$631 1/4	16 1/2

Source: Chicago Mercantile Exchange and Chicago Board of Trade.

\* Change from last Friday's close.

### Price and Production Summary

	This Week	Last Week	Last Year
<b>5-Area Fed Steer Price</b>			
Live	\$ 89.97	\$ 87.00	\$ 96.05
Dressed	\$ 144.92	\$ 140.59	\$ 154.86
<b>OKC Feeder Cattle Prices</b>			
7.5-8 wt M&L #1 steer	\$ 98.97	\$ 98.72	\$ 106.95
5-5.5 wt M&L #1 steer	\$ 122.44	\$ 121.35	\$ 128.15
<b>BBCV (weekly avg.)</b>			
600-900 lb Choice cutout	\$ 149.03	\$ 140.91	\$ 166.29
600-900 lb Select cutout	\$ 146.78	\$ 140.23	\$ 154.79
<b>Other Livestock Prices</b>			
Barrows and Gilts (base price)	\$ 63.04	\$ 57.62	\$ 67.39
Pork Carcass Cutout	\$ 66.56	\$ 60.95	\$ 69.66
Georgia Dock Broilers	\$ 81.05	\$ 80.90	\$ 78.07
Georgia Dock B/S Breasts	\$ 145.50	\$ 145.50	\$ 179.00
<b>Feed Prices (\$/ton)</b>			
Whole Cottonseed	\$ 296.00	\$ 290.00	\$ 150.00
Cottonseed Meal	\$ 270.00	\$ 274.00	\$ 175.50
Corn Gluten Feed	\$ 170.00	\$ 160.00	\$ 105.00
Distillers' Dried Grains	\$ 179.00	\$ 179.00	\$ 121.50
Wheat Midds	\$ 130.00	N/A	N/A
Rice Bran	\$ 121.50	\$ 121.50	\$ 90.00
Soybean Hulls	\$ 170.00	\$ 170.00	\$ 120.00
<b>Meat Production (million lbs)</b>			
Beef	520.6	498.0	484.6
Pork	472.0	456.7	402.9
<b>Slaughter (1,000 head)</b>			
Cattle	676	645	652
Hogs	2,322	2,245	1,989
Broilers/Fryers	168,876	168,048	163,894
<b>Avg. Dressed Weight</b>			
Cattle	773	775	746
Hogs	204	204	203

Source: USDA Agricultural Marketing Service and Livestock Marketing Info. Ctr.

Note: All feed prices for Memphis market except DDG (E. Corn Belt) and Rice Bran (AR)