

CATTLE MARKET NOTES

Friday, May 2, 2008

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Last week, feeders got mostly \$92 for their cattle – considerable improvement over prices about 3 weeks ago but still none too high in comparison with current break-evens. Last week's 5-Area weighted average price worked out to \$92.11 live and \$149.44 dressed. This week started with feeders asking \$95 or better for their showlists. On Thursday, pretty active trade developed at prices just about steady with last week. Live prices in the South Plains and Western Corn Belt were mostly \$92. Dressed prices were off a little at mostly \$148. Prices were a little stronger on Friday, with some cattle moving at \$93 to \$93.50 in Nebraska and Colorado. After a big week last week, cattle slaughter is expected to ease back off a little this week. Cattle slaughter this week is estimated at 699,000 head this week compared to 704,000 head last week and 663,000 head a year ago. Hog slaughter also eased a little lower after a couple of big weeks. Hog slaughter is projected to total 2,155,000 head this week compared to 2,245,000 head last week and 1,970,000 head a year ago.

Improvement in the fed cattle market (and the seasonal abundance of grass) has helped calf markets a good bit lately. At Oklahoma City this week, prices on all classes were called \$1 to \$3 higher. At Lexington, Kentucky, feeder steer prices were steady to \$2 higher; and feeder heifer prices were \$2 to \$4 higher. Stocker steer prices were steady to \$2 higher; and stocker heifer prices were steady to \$3 higher. At West Plains, Missouri, prices on steers over 600 pounds were \$2 to \$4 higher; prices on weights from 500 to 600 pounds were \$1 to \$3 lower; and prices on lighter weights were \$3 to \$5 higher. Prices on heifers were \$1 to \$3 higher. At Arkansas auctions this week, prices on all classes were firm to \$3 higher. At Georgia auctions this week, feeder steer prices were steady to \$1 higher; feeder heifer prices were \$1 to \$2 higher. Stocker steer prices were unevenly steady to \$2 higher; stocker heifer prices were \$1 to \$2 higher.

At Mississippi auctions this week, prices on steers were \$2 to \$4 higher; prices on heifers were \$3 higher. For the week, feeder steer prices in Mississippi were as follows: 200-300 pounds, \$120-\$130; 300-400 pounds, \$110-\$120; 400-500 pounds, \$100-\$110; 500-600 pounds, \$90-\$100; 600-700 pounds, \$82-\$90; 700-800 pounds, not reported. Prices on slaughter cows were steady this week. For the week: boners (850-1,200#), \$45-\$55; lean (850-1,200#), \$45-\$52.

Live cattle futures started the week on pretty firm footing following last week's improvement in fed cattle prices. Futures managed to hold onto early-week gains until Thursday. Thursday's steady cash trade was seen as disappointing in the Live Cattle pit, and futures fell sharply on Thursday. The market staged a modest recovery on Friday, but nearby contracts were not able to overcome the previous day's steep losses. Live Cattle futures closing prices on Friday (with change from last Friday's close in parentheses) were as follows: June \$92.12 (-1.25); August \$98.25 (-0.82); October \$104.40 (+0.50); December \$104.10 (+0.18); February \$105.97 (+0.12).

Feeder Cattle futures fell this week after staging a pretty good run through most of April. Volatility in the corn market due to planting delays and uncertainty did not help feeders this week – nor did Thursday's big drop in Live Cattle. Feeder futures gained some ground on Friday along with Live Cattle, helped along also by modestly lower corn futures. Still, for the week feeder contracts were considerably lower. Feeder Cattle futures closing prices on Friday (with change from last Friday in parentheses): May \$105.65 (-2.10); August \$108.15 (-2.50); September \$109.10 (-2.70); October \$110.25 (-2.25); November 110.05 (-1.95).

Corn futures were fairly volatile this week. The main thing on the market's mind right now is planting. The slower-than-normal pace of corn planting continues to raise concern that yield potential will be reduced and/or some acreage will have to be shifted to corn. On Friday, with rain falling in key parts of the Corn Belt, corn futures were sharply higher early before falling to a slightly lower close for the day. While there is plenty of time to make a good crop (and while it is generally true that "rain makes grain"), concern over the pace of planting looks more legitimate every day. This week's *Crop Progress* report put corn planting at 10% complete. This compares with a 5-year average of 35% completed by this time of year. Clearly, things are behind this year, and the market is paying attention, with corn futures at or very near contract highs. May Corn closed on Friday at \$6.02, up 24 ¾ cents from last week's close.

Wholesale beef prices leveled off this week after recent gains. On Friday, the Choice cutout was at \$154.46, down \$0.41 from last Friday. The Select cutout on Friday stood at \$152.45, up \$1.16 for the week.

Market Summary

Mississippi Auction Summary

Weight	Steers	Heifers	Slaughter Classes	
300-350	\$110-\$120	\$100-\$110	Boners	\$45-\$55
350-400	\$110-\$120	\$100-\$110	Lean	\$45-\$52
400-450	\$100-\$110	\$94-\$100	Bulls, YG 1-2, <1,500 lbs	\$52-\$62
450-500	\$100-\$110	\$94-\$100	Bulls, YG 1-2, >1,500 lbs	\$62-\$73
500-550	\$90-\$100	\$88-\$93		
550-600	\$90-\$100	\$88-\$93		
600-650	\$82-\$90	\$80-\$88		
650-700	\$82-\$90	\$80-\$88		
700-750	not reported	not reported		
750-800	not reported	not reported		

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

Source: USDA Agricultural Marketing Service

Futures Prices

Month	Live Cattle	Change*	Feeder Cattle	Change*	Lean Hogs	Change*	Corn	Change*
May			\$ 105.65	-2.10	\$ 73.40	-2.67	\$602	24 3/4
Jun	\$ 92.12	-1.25			\$ 71.95	-4.40		
Jul					\$ 74.47	-3.20	\$613 1/2	22 3/4
Aug	\$ 98.25	-0.82	\$ 108.15	-2.50	\$ 76.10	-2.10		
Sep			\$ 109.10	-2.70			\$623 1/4	22 3/4
Oct	\$ 104.40	+0.50	\$ 110.25	-2.25	\$ 72.55	-0.75		
Nov			\$ 110.05	-1.95				
Dec	\$ 104.10	+0.18			\$ 74.62	-0.85	\$629 1/2	22 3/4
Jan			\$ 107.70	-3.15				
Feb	\$ 105.97	+0.12			\$ 79.85	-0.55		
Mar			\$ 107.50	-2.00			\$639 3/4	22 3/4
Apr	\$ 106.35	+0.50	\$ 108.25	N/A	\$ 83.25	-0.15		

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
5-Area Fed Steer Price			
Live	92.02	92.11	\$ 95.79
Dressed	\$ 147.51	\$ 149.44	\$ 154.14
OKC Feeder Cattle Prices			
7.5-8 wt M&L #1 steer	\$ 106.58	\$ 105.17	\$ 108.99
5-5.5 wt M&L #1 steer	\$ 124.00	\$ 121.05	\$ 129.98
BBCV (weekly avg.)			
600-900 lb Choice cutout	\$ 154.85	\$ 154.49	\$ 156.48
600-900 lb Select cutout	\$ 152.38	\$ 151.29	\$ 145.13
Other Livestock Prices			
Barrows and Gilts (base price)	\$ 72.64	\$ 69.86	\$ 72.15
Pork Carcass Cutout	\$ 74.21	\$ 70.71	\$ 75.74
Georgia Dock Broilers	\$ 81.61	\$ 81.07	\$ 78.54
Georgia Dock B/S Breasts	\$ 149.00	\$ 147.00	\$ 185.00
Feed Prices (\$/ton)			
Whole Cottonseed	\$ 305.00	\$ 300.00	\$ 145.00
Cottonseed Meal	\$ 220.00	\$ 235.00	\$ 140.00
Corn Gluten Feed	\$ 170.00	\$ 170.00	\$ 105.00
Distillers' Dried Grains	\$ 182.00	\$ 180.00	\$ 110.00
Wheat Midds	N/A	N/A	N/A
Rice Bran	\$ 117.50	\$ 112.50	\$ 87.50
Soybean Hulls	\$ 153.00	\$ 150.00	\$ 102.00
Meat Production (million lbs)			
Beef	535.2	541.6	495.1
Pork	436.2	455.5	398.4
Slaughter (1,000 head)			
Cattle	699	704	663
Hogs	2,155	2,245	1,970
Broilers/Fryers	168,746	166,653	164,960
Avg. Dressed Weight			
Cattle	768	772	749
Hogs	203	203	202

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)