

# CATTLE MARKET NOTES

Friday, July 11, 2008

*John D. Anderson, Department of Agricultural Economics  
Mississippi State University*

Last week, fed cattle prices improved by \$2 or \$3 in most regions. For the week of the Fourth, live prices were mostly \$102, and dressed prices were mostly \$160. This week, despite improving boxed beef values, feeders could not improve on last week's price level. A weaker overall commodity environment that pushed futures lower and larger showlists this week were too much to overcome. In light trade, prices were mostly \$158 dressed in the North and in the Corn Belt. Live prices in the South came in at \$99 to \$100 in light, late trade. Cattle slaughter is expected to be up pretty strong over year-ago levels: 694,000 head this week versus 678,000 head a year ago. Hog slaughter is also large this week: 2,152,000 head this week versus 1,951,000 head a year ago.

Calf prices around the country were kind of mixed. Prices seemed to be a little better early in the week, falling off as live cattle futures declined. At Oklahoma City, prices on feeder steers were steady, and prices on feeder heifers were \$1 to \$2 higher. Prices on stocker calves were again not well tested. At Lexington, Kentucky, prices on feeders were steady this week. Prices on stocker steers were steady to \$2 lower, and prices on stocker heifers were steady to \$3 lower. At West Plains, Missouri, prices on all classes were mostly steady, with some instances of \$2 higher. At Arkansas auctions this week, steer prices were steady. Feeder heifer prices were firm to \$4 higher; however, stocker heifer prices were \$2 to \$5 lower. At Georgia auctions this week, prices on feeder steers were steady to \$2 lower; prices on heifers were steady. Stocker steers sold \$1 to \$3 higher, and stocker heifers sold steady to \$3 lower.

At Mississippi auctions this week, prices on steers were steady to \$4 higher; and prices on heifers were steady. For the week, feeder steer prices in Mississippi were as follows: 250-300 pounds, \$110-\$120; 300-400 pounds, \$102-\$112; 400-500 pounds, \$98-\$106; 500-600 pounds, \$94-\$105; 600-700 pounds, \$90-\$101; 700-800 pounds, \$94-\$102. Prices on slaughter cows were steady this week. For the week: boners (850-1,200#), \$50-\$59; lean (850-1,200#), \$46-\$54.

Live cattle futures were lower for the week. Despite higher cash prices last week, futures started the week lower, as all of last week's higher cash prices, and then some, had been priced into futures already. Monday's broad-based commodity sell-off, led by crude oil and corn, also put pressure on futures. Live cattle dropped again on Friday on disappointing cash market news. Live Cattle futures closing prices on Friday (with change from last week's close in parentheses) were as follows: August \$101.20 (-2.80); October \$108.57 (-3.18); December \$111.40 (-3.02); February \$112.95 (-3.25); April \$113.85 (-2.90).

Feeder Cattle futures were essentially steady this week. Pressure from lower live cattle futures was largely offset by sharply lower corn futures this week as that market retreated significantly from recent flood-related highs. Feeder Cattle futures closing prices on Friday (with change from last week's close in parentheses): August \$111.72 (-0.43); September \$113.70 (+0.08); October \$115.55 (+0.25); November \$116.45 (+0.10); January \$115.75 (+0.05).

Corn futures started the week sharply lower as crop conditions in the Midwest continue to improve following last month's flooding. On Monday, the July contract (in delivery and unconstrained by limits) traded as much as almost 50 cents lower. All 2008/09 contracts were at or close to limit down (30 cents). Favorable weather and stabilizing (even slightly improving) crop condition ratings encouraged a good deal of selling after June's flood-induced rally. Friday's *World Agricultural Supply*

and Demand Estimates report included increased in carryover projections for 2007/08. This reflects the increased rationing caused by record prices in June. The market largely anticipated this revision, though, and further price adjustment as a result of it is unlikely. On Friday, July corn closed at \$6.80, down 68 ¾ cents from last Thursday.

Wholesale beef prices continued their recent steady improvement this week. For the week, the Choice cutout averaged \$173.34, up \$2.74 from last week. The Select cutout was \$166.15, up \$2.28 over last week.

## Market Summary

### Mississippi Auction Summary

Weight	Steers	Heifers	Slaughter Classes	
300-350	\$102-\$112	\$90-\$105	Boners	\$50-\$59
350-400	\$102-\$112	\$90-\$105	Lean	\$46-\$54
400-450	\$98-\$106	\$90-\$100	Bulls, YG 1-2, <1,500 lbs	\$55-\$65
450-500	\$98-\$106	\$90-\$100	Bulls, YG 1-2, >1,500 lbs	\$65-\$77
500-550	\$94-\$105	\$87-\$97		
550-600	\$94-\$105	\$87-\$97		
600-650	\$90-\$101	\$84-\$92		
650-700	\$90-\$101	\$84-\$92		
700-750	\$94-\$102	\$77-\$86		
750-800	\$94-\$102	\$77-\$86		

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*		
Jul					\$ 74.97	+3.15	\$680	-68 3/4
Aug	\$ 101.20	-2.80	\$ 111.72	-0.43	\$ 74.65	+3.35		
Sep			\$ 113.70	+0.08			\$691	-70
Oct	\$ 108.57	-3.18	\$ 115.55	+0.25	\$ 71.25	+1.60		
Nov			\$ 116.45	+0.10				
Dec	\$ 111.40	-3.02			\$ 75.45	+1.83	\$709 1/4	-71 1/4
Jan			\$ 115.75	+0.05				
Feb	\$ 112.95	-3.25			\$ 84.30	+2.70		
Mar			\$ 115.60	-0.40			\$726 3/4	-71
Apr	\$ 113.85	-2.90	\$ 116.65	+0.65	\$ 91.45	+0.28		
May			\$ 115.40	-0.60	\$ 97.10	+0.40	\$738 1/4	-68 1/2
Jun	\$ 111.57	-2.58						

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	\$ 99.52	\$ 101.05	\$ 89.86
Dressed	\$ 158.03	\$ 159.72	\$ 141.92
<b>OKC Feeder Cattle Prices</b>			
7.5-8 wt M&L #1 steer	\$ 111.07	\$ 108.88	\$ 114.25
5-5.5 wt M&L #1 steer	\$ 115.00	\$ 119.00	\$ 133.88
<b>BBCV (weekly avg.)</b>			
600-900 lb Choice cutout	\$ 173.34	\$ 170.60	\$ 142.42
600-900 lb Select cutout	\$ 166.15	\$ 163.87	\$ 136.43
<b>Other Livestock Prices</b>			
Barrows and Gilts (base price)	\$ 71.38	\$ 70.94	\$ 65.51
Pork Carcass Cutout	\$ 80.36	\$ 79.26	\$ 72.89
Georgia Dock Broilers	\$ 86.91	\$ 86.23	\$ 81.03
Georgia Dock B/S Breasts	\$ 152.50	N/A	\$ 181.50
<b>Feed Prices (\$/ton)</b>			
Whole Cottonseed	\$ 390.00	\$ 385.00	\$ 160.00
Cottonseed Meal	\$ 345.00	\$ 335.00	\$ 140.00
Corn Gluten Feed	\$ 175.00	\$ 175.00	\$ 105.00
Distillers' Dried Grains	\$ 180.00	\$ 179.00	\$ 115.00
Wheat Midds	\$ 125.00	\$ 120.00	\$ 50.00
Rice Bran	\$ 107.50	\$ 97.50	\$ 90.00
Soybean Hulls	\$ 148.00	\$ 147.00	\$ 88.00
<b>Meat Production (million lbs)</b>			
Beef	533.7	452.5	528.2
Pork	426.7	338.8	386.4
<b>Slaughter (1,000 head)</b>			
Cattle	694	591	678
Hogs	2,152	1,702	1,951
Broilers/Fryers	172,426	151,747	168,371
<b>Avg. Dressed Weight</b>			
Cattle	771	768	781
Hogs	198	199	198

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)