

CATTLE MARKET NOTES

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Last week, cash sales came in on Friday at about \$1 below the prior week's price on a live basis. Prices in most regions were \$90 to \$91 (with a few at \$91.50 in the South Plains). Dressed prices were off \$2 to \$3 last week at \$145 to \$146. Negotiated sales were down by about 50,000 head at the lower prices. This week, through mid-afternoon Friday, not much was going on in the cash market. A few dressed sales in Nebraska were reported on Friday at steady prices, but not much else was happening. Cattle slaughter is expected to be comparable to last week, with estimated slaughter this week at 620,000 head compared to 624,000 head a week ago and 636,000 a year ago. Hog slaughter is also about the same as last week, with this week's slaughter estimated at 2,228,000 head this week compared to 2,229,000 last week.

After about three weeks of fairly consistent improvement, feeder and stocker calf prices appeared to level off this week. At Oklahoma City, prices on feeder cattle from 600 to 800 pounds were steady to \$2 higher. Prices on lighter calves and heavier feeders were steady to \$2 lower. At Lexington, Kentucky, prices on all classes were called steady. At West Plains, Missouri, prices were mixed. Heifer prices were steady to \$2 higher, with prices on 500 to 650 pounders as much as \$3 higher. Prices on steers under 500 pounds and over 650 pounds were steady. Steers from 500 to 550 pounds sold steady to \$2 lower; but steers from 550 to 650 pounds sold steady to \$2 higher. At Arkansas auctions this week, prices on steers over 450 pounds were steady to \$2 higher while prices on lighter weights were steady to \$2 lower. Prices on heifers were steady to \$2 lower. At Georgia auctions, feeder steer prices were \$1 to \$4 higher; feeder heifer prices were steady to \$3 higher. Stocker steer prices were steady to \$3 higher, and stocker heifer prices were \$1 to \$2 higher.

At Mississippi auctions this week steer prices were steady, and heifer prices were \$1 to \$3 lower. Receipts were 5,824 head, down from 7,124 the same week a year ago. Steer prices at Mississippi auctions this week were reported as follows: 250-300 pounds, \$130-\$135; 300-400 pounds, \$120-\$130; 400-500 pounds, \$110-\$120; 500-600 pounds, \$105-\$110; 600-700 pounds, \$97-\$105; 700-800 pounds, \$85-\$97. Slaughter cow prices were \$1 to \$5 higher this week. For the week: breakers, \$45-\$47; boners, \$48-\$57; lean (850-1,200 pounds), \$50-\$55.

Live cattle futures were higher through mid-week on ideas that cash prices could improve this week. As was the case last week, optimism faded as the week wore on and as boxed beef cutouts began to slip. Weaker pork cutouts pressuring Lean Hog futures lower also did little to help Live Cattle out. Still, for the week, most contracts ended up a little higher than they left off last week. Closing prices on Friday (with change from last Friday's close in parentheses) were as follows: February \$92.00 (+0.60); April \$93.97 (0.00); June \$94.40 (+0.58); August \$96.90 (+0.28); October \$102.02 (+0.82).

Feeder cattle futures were bounced around a good bit this week, taking cues from Live Cattle and corn for the most part. Feeder futures were higher along with Live Cattle mid-week but dropped rather sharply on Friday, lacking direction from Live Cattle. Corn futures hung around near contract highs basically all week, keeping pressure on feeders. Feeder Cattle futures closing prices on Friday (with change from last Friday's close in parentheses): March \$103.92 (-0.70); April \$107.30 (-0.75); May \$110.65 (-0.15); August \$112.00 (-0.20).

Corn futures started the week higher, building on the rally that closed out the week last week. For the most part, though, grain futures were pretty quiet this week, at least relative to the last couple of weeks. Wheat on the Minneapolis Grain Exchange (MGE) has backed off just a little from recent highs but not much. Wheat futures were sharply higher on Friday, helping to support the entire grain complex. Corn did feel some pressure from the release of new USDA outlook information on Friday that was less bullish than some anticipated. Dow-Jones reports that at the Outlook Conference in Washington this week, USDA released a 2008/09 carryover figure of 1.243 billion bushels (down from 2007/08 but larger than some in the market expected). This follows yesterday's release of a 90.0 million acre plantings estimate for corn (2 million more acres than reported in the baseline estimates just a couple of weeks ago). March corn futures closed on Friday at \$5.22 ¼, up 7 ¼ cents from last Friday's close.

Wholesale beef prices didn't do a lot this week. Cutout values rose a bit early in the week before settling back to end up a little below last Friday's level. The Choice/Select spread is now below \$2. On Friday afternoon, the Choice cutout stood at \$148.21, down \$1.18 from last Friday. The Select cutout stood at \$146.45, down \$1.37 from last Friday.

USDA released the February *Cattle on Feed* report on Friday. Key numbers are summarized below:

	<i>1,000 head</i>	<i>% of 2007</i>	<i>Pre-report Estimates</i>	
			<i>Average</i>	<i>Range</i>
On Feed February 1	11,966	102.0	102.3	101.0 – 103.1
Placed in January	1,787	105.7	109.5	103.3 – 112.8
Marketed in January	1,858	100.9	101.7	97.0 – 103.0

Note: Pre-report estimates were provided by Livestock Marketing Information Center.

Even though placements were up almost 6% compared to a year ago, they were well to the low side of pre-report expectations. Placements in January 2007 were very low – remember the historic run in corn prices we had just witnessed at that time. With the consensus favoring a 10% increase in placements compared to last year, a mere 5.7% increase looks fairly bullish for late spring/early summer fed cattle.

The monthly *Cold Storage* report was also released on Friday. Frozen pork stocks are up significantly – up 23% from last month and 16% from last year. This is not too surprising given the high levels of hog slaughter over the last few weeks, and pre-report figures suggest that the market largely anticipated these figures. Still, that sounds like an awfully lot of pork for the market to work through. And to that pork supply, one can add frozen poultry stocks that are up 14% from a year ago. On a happier note, frozen beef stocks were down 7% from a year ago.

Mississippi Auction Summary

Weight	Steers	Heifers	Slaughter Classes	
300-350	\$120-\$130	\$110-\$117	Breakers	\$45-\$47
350-400	\$120-\$130	\$110-\$117	Boners	\$48-\$57
400-450	\$110-\$120	\$100-\$110	Lean	\$50-\$55
450-500	\$110-\$120	\$100-\$110	Bulls, YG 1-2, <1,500 lbs	\$55-\$65
500-550	\$105-\$110	\$94-\$102	Bulls, YG 1-2, >1,500 lbs	\$62-\$72
550-600	\$105-\$110	\$94-\$102		
600-650	\$97-\$105	\$85-\$94		
650-700	\$97-\$105	\$85-\$94		
700-750	\$85-\$97	\$74-\$84		
750-800	\$85-\$97	\$74-\$84		

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*
Feb	\$ 92.00	+0.60						
Mar			\$ 103.92	-0.70			\$522 1/4	7 1/2
Apr	\$ 93.97	+0.00	\$ 107.30	-0.75	\$ 63.50	-0.70		
May			\$ 110.65	-0.15	\$ 72.95	-0.05	\$535	8
Jun	\$ 94.40	+0.58			\$ 77.85	-0.80		
Jul					\$ 78.55	-0.60	\$546 3/4	8 1/2
Aug	\$ 96.90	+0.28	\$ 112.00	-0.20	\$ 78.65	-0.07		
Sep			\$ 112.12	-0.48			\$547 3/4	9 3/4
Oct	\$ 102.02	+0.82	\$ 112.25	-0.15	\$ 72.50	+0.50		
Nov			\$ 112.10	+0.10				
Dec	\$ 103.00	+0.58			\$ 73.25	-0.25	\$550 1/4	12 1/4
Jan			\$ 110.00	-1.15				

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	\$ 90.20	\$ 90.15	\$ 89.73
Dressed	\$ 145.18	\$ 145.81	\$ 145.26
OKC Feeder Cattle Prices			
7.5-8 wt M&L #1 steer	\$ 103.21	\$ 103.56	\$ 97.56
5-5.5 wt M&L #1 steer	\$ 122.38	\$ 126.74	\$ 125.77
BBCV (weekly avg.)			
600-900 lb Choice cutout	\$ 149.39	\$ 151.14	\$ 152.24
600-900 lb Select cutout	\$ 147.11	\$ 147.57	\$ 145.30
Other Livestock Prices			
Barrows and Gilts (base price)	\$ 58.68	\$ 57.66	\$ 62.92
Pork Carcass Cutout	\$ 61.49	\$ 62.92	\$ 70.46
Georgia Dock Broilers	\$ 78.73	\$ 78.31	\$ 74.66
Georgia Dock B/S Breasts	\$ 149.00	\$ 149.50	\$ 159.50
Feed Prices (\$/ton)			
Whole Cottonseed	\$ 284.00	\$ 278.00	\$ 148.00
Cottonseed Meal	\$ 290.00	\$ 285.00	\$ 180.00
Corn Gluten Feed	\$ 160.00	\$ 165.00	N/A
Distillers' Dried Grains	\$ 162.50	\$ 166.00	\$ 132.50
Wheat Midds	\$ 190.00	\$ 150.00	N/A
Rice Bran	\$ 109.00	\$ 107.50	\$ 100.00
Soybean Hulls	\$ 145.00	\$ 145.00	\$ 132.00
Meat Production (million lbs)			
Beef	480.0	482.3	486.5
Pork	452.8	454.2	405.8
Slaughter (1,000 head)			
Cattle	620	624	636
Hogs	2,228	2,229	2,005
Broilers/Fryers	165,428	168,971	158,966
Avg. Dressed Weight			
Cattle	777	776	768
Hogs	203	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)