

CATTLE MARKET NOTES

Friday, February 29, 2008

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Last week in late trading, fed cattle prices showed a bit of improvement. Live prices in the South were \$0.50 to \$1 higher than the week before at mostly \$92. In Nebraska and Colorado, live prices were \$90.50 to \$91 – steady to \$1 higher than the prior week. This week, trade became active on Friday in the Northern Plains and western Corn Belt. Prices were mostly \$93 live and \$148 to \$149 dressed. This is about \$3 higher than last week in these regions. In the South, feeders were holding out for more through mid-afternoon Friday. Cattle slaughter is expected to be a good bit higher than last week, with estimated slaughter this week at 630,000 head compared to 620,000 head a week ago and 623,000 a year ago. Hog slaughter has resumed easing lower, with this week's slaughter estimated at 2,187,000 head this week compared to 2,228,000 last week. Hog slaughter remains a good deal higher than a year ago. This week a year ago, hog slaughter was 1,890,000 head.

Feeder prices appeared to be mostly steady to higher this week, with a few exceptions. At Oklahoma City, prices on feeder steers were steady to \$1 higher while prices on stocker steers were steady to \$2 lower. Feeder and stocker heifer prices were steady to \$1 higher. Receipts at OKC were very large this week (over 15,000 head) reflecting big numbers coming off of wheat pasture. At Lexington, Kentucky, prices on all classes were called steady but with a few stocker heifer sales noted to be as much as \$2 higher. At West Plains, Missouri, prices on steers were \$1 to \$3 higher. Prices on heifers were mostly steady, though 600-700 pound heifers were called steady to \$2 higher. At Arkansas auctions this week, prices on steers were steady. Prices on heifers were firm to \$3 higher. At Georgia auctions, feeder steer and heifer prices were steady to \$2 higher. Stocker steer and heifer prices were \$1 to \$3 higher.

At Mississippi auctions this week steer prices were \$1 to \$5 lower, and heifer prices were \$1 to \$3 higher. Receipts were 5,907 head, down from 6,303 the same week a year ago. Steer prices at Mississippi auctions this week were reported as follows: 200-300 pounds, \$130-\$143; 300-400 pounds, \$120-\$135; 400-500 pounds, \$110-\$120; 500-600 pounds, \$100-\$110; 600-700 pounds, \$90-\$100; 700-800 pounds, \$80-\$90. Slaughter cow prices were \$1 to \$3 lower this week. For the week: breakers, not reported; boners, \$50-\$55; lean (850-1,200 pounds), \$45-\$54.

Live cattle futures were mixed this week. After starting the week higher, contracts through June lost ground after mid-week. April lost almost \$1 on Wednesday as funds rolled long positions into June. April and June were lower again on Friday but still managed small weekly gains. More deferred contracts saw fairly steady gains this week. In fact, contracts beyond August posted new contract highs following relatively small gains on Friday. Closing prices on Friday (with change from last Friday's close in parentheses) were as follows: April \$94.32 (+0.35); June \$95.32 (+0.92); August \$98.57 (+1.67); October \$103.50 (+1.48); December \$104.60 (+1.60).

Feeder cattle futures traded in a largely reactive fashion again for most of the week, influenced by corn and live cattle. Feeders finished the week on a weak note. With corn sharply higher on Thursday, feeder contracts suffered moderate losses. On Friday, with cash fed cattle moving higher and corn mostly standing pat, feeder cattle futures continued to decline on technical pressure. The nearby March contract was down a full dollar on Friday, with more deferred contracts posting losses from 10 to 50 cents. Feeder Cattle futures closing prices on Friday (with change from last Friday's

close in parentheses): March \$103.65 (-0.27); April \$106.95 (-0.35); May \$110.42 (-0.23); August \$113.00 (+1.00).

Corn futures moved lower early in the week. Wheat futures, which have provided such strong support in the grain complex in recent weeks, retreated sharply this week. March Chicago Wheat ended the week at \$10.73 after trading as high as \$13 earlier in the week. Still, corn futures found enough support to post nearly 20 cent gains on Thursday. Small gains on Friday moved contracts through July to new contract highs. Deferred contracts pulled back only slightly from Thursday's contract highs. March corn futures closed on Friday at \$5.46, up 23 3/4 cents from last Friday's close.

Wholesale prices for Choice beef improved some this week on pretty good movement. Select wholesale prices were pretty much steady this week, opening up the CH/SE spread a bit from recent levels. On Friday afternoon, the Choice cutout stood at \$149.81, up \$1.60 from last Friday. The Select cutout stood at \$146.65, up 20 cents from last Friday.

Market Summary

Mississippi Auction Summary

Weight	Steers	Heifers	Slaughter Classes	
300-350	\$120-\$135	\$115-\$124	Breakers	not reported
350-400	\$120-\$135	\$115-\$124	Boners	\$50-\$55
400-450	\$110-\$120	\$105-\$115	Lean	\$45-\$54
450-500	\$110-\$120	\$105-\$115	Bulls, YG 1-2, <1,500 lbs	\$54-\$67
500-550	\$100-\$110	\$95-\$105	Bulls, YG 1-2, >1,500 lbs	\$62-\$76
550-600	\$100-\$110	\$95-\$105		
600-650	\$90-\$100	\$85-\$95		
650-700	\$90-\$100	\$75-\$85		
700-750	\$80-\$90	not reported		
750-800	\$80-\$90	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		Feeder		Lean		Corn	Change*
	Cattle	Change*	Cattle	Change*	Hogs	Change*		
Mar			\$ 103.65	-0.27			\$546	23 3/4
Apr	\$ 94.32	+0.35	\$ 106.95	-0.35	\$ 59.95	-3.55		
May			\$ 110.42	-0.23	\$ 70.80	-2.15	\$556 1/2	21 1/2
Jun	\$ 95.32	+0.92			\$ 76.35	-1.50		
Jul					\$ 77.85	-0.70	\$568 1/2	21 3/4
Aug	\$ 98.57	+1.67	\$ 113.00	+1.00	\$ 78.60	-0.05		
Sep			\$ 113.05	+0.93			\$565 1/4	17 1/2
Oct	\$ 103.50	+1.48	\$ 113.50	+1.25	\$ 73.05	+0.55		
Nov			\$ 112.32	+0.22				
Dec	\$ 104.60	+1.60			\$ 75.20	+1.95	\$564 3/4	14 1/2
Jan			\$ 110.85	+0.85				
Feb	\$ 104.95				\$ 78.90			

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	\$ 92.19	\$ 90.20	\$ 90.89
Dressed	\$ 147.96	\$ 145.09	\$ 146.96
OKC Feeder Cattle Prices			
7.5-8 wt M&L #1 steer	\$ 103.11	103.21	\$ 99.26
5-5.5 wt M&L #1 steer	\$ 124.81	\$ 122.38	\$ 121.46
BBCV (weekly avg.)			
600-900 lb Choice cutout	\$ 149.41	\$ 149.39	\$ 149.29
600-900 lb Select cutout	\$ 146.67	\$ 147.11	\$ 142.45
Other Livestock Prices			
Barrows and Gilts (base price)	\$ 55.29	\$ 58.68	\$ 62.54
Pork Carcass Cutout	\$ 60.45	\$ 61.49	\$ 68.51
Georgia Dock Broilers	\$ 79.16	\$ 78.73	\$ 74.95
Georgia Dock B/S Breasts	\$ 148.00	\$ 149.00	\$ 159.00
Feed Prices (\$/ton)			
Whole Cottonseed	\$ 290.00	\$ 284.00	\$ 158.00
Cottonseed Meal	\$ 270.00	\$ 290.00	\$ 195.00
Corn Gluten Feed	\$ 160.00	\$ 160.00	\$ 125.00
Distillers' Dried Grains	\$ 167.00	\$ 162.50	\$ 132.50
Wheat Midds	\$ 105.00	\$ 190.00	N/A
Rice Bran	\$ 109.00	\$ 109.00	\$ 102.50
Soybean Hulls	\$ 148.00	\$ 145.00	\$ 126.00
Meat Production (million lbs)			
Beef	487.7	480.0	474.1
Pork	443.9	452.8	382.0
Slaughter (1,000 head)			
Cattle	630	620	623
Hogs	2,187	2,228	1,890
Broilers/Fryers	166,086	165,428	161,688
Avg. Dressed Weight			
Cattle	777	777	763
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)