

Futures Market Shows Small Gains For Contracts From August 2008 Forward



**GLENN GRIMES AND
RON PLAIN**

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The January 1, 2008, Cattle on Feed report came in a little more positive than the average of the trade estimates. USDA estimate shows the number on feed up 1 percent from last year. The average of the trade estimates was up 1.1 percent. The number of cattle placed on feed during December was down 0.8 percent according to USDA, the trade estimates was for a 2.6 percent increase from a year earlier. The number of cattle markets during December was up 1 percent from 2007 based on USDA data the trade estimates was for a 0.3 percent increase.

The futures market on Monday showed relatively small losses for the nearby contracts and small gains for all of the contracts from August 2008 forward.

The number of steers and steer calves on feed January 1, 2008, was up 1 percent and the number of heifers on feed was up 1.8 percent from 2007. A year earlier the number of heifers on feed was up 6 percent from 2006. The number of heifers on feed supports the belief that the cow herd on January 1, 2008, will probably be down a little.

The weights of cattle placed on feed during December were some lighter than a year earlier. The number placed weighing less than 600 pounds was up 2.1 percent, the number placed weighing 600-699 pounds was up 0.2 percent, the number placed weighing 700-799 pounds was the same and the number placed weighing 800 pounds or more was down 7.5 percent from last year.

The demand for beef for 2007 based on preliminary data was up 0.6 percent from 2006. Live fed cattle demand for 2007 was up substantially at a 3.5 percent growth. The larger live fed cattle demand growth than consumer

demand growth was fueled at least in part by larger beef exports and population growth in the U.S.

All meats but broiler showed growth in demand at the consumer level in 2007. As indicated above, beef was up 0.6 percent, pork was up 2.6 percent, turkey was up 3.3 percent but broiler demand was down 1.4 percent.

The average of the trade estimates show the total cow herd January down 0.3 percent. These groups of analysts also expect the total cows and heifers that have calved to be down 0.3 percent from a year earlier. The trade estimate is that the 2007 calf crop was down 0.6 percent. All estimates are compared to a year earlier.

Feeder steer and heifers were \$1-2 per cwt higher and steer and heifer calves \$2-4 per cwt higher than a week earlier at Oklahoma City this week.

The range in prices by weight groups for medium and large frame No. 1 steers were: 400-500 pounds \$121-130.50 per cwt, 500-600 pounds \$108-125 per cwt, 600-700 pounds \$107-119 per cwt, 700-800 pounds \$95-104.50 per cwt, and 800-1,000 pounds \$92-100.25 per cwt.

Wholesale beef prices showed Choice beef at \$143.64 per cwt Friday morning up \$0.67 per cwt from a week earlier. Select beef prices are at \$137.85 per cwt up \$1.14 from seven days earlier.

Fed cattle trade was slow to develop again this week with only 6 thousand head traded through Thursday for the five-market area.

The weighted average live price for the five-market area through Thursday was at \$89.26 per cwt down \$0.24 per cwt from a week earlier. The weighted average negotiated carcass price through Thursday was at \$145.73 per cwt up \$4.25 per cwt from seven days earlier.

Slaughter this week under Federal Inspection was 4.5 thousand head, down \$4.5 percent from a year earlier.

The cattle inventory for January 1 for the U.S. came in quite close to trade estimates. The total number of cattle and calves was down 0.3 percent, the total number of cows and heifers that have calved was down 0.59 percent and the 2007 calf crop was down 0.19 percent. Δ