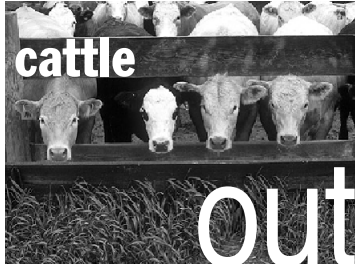


Futures Market Unchanged From Cattle-On-Feed Report



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The August 1 Cattle on Feed report came close to the trade estimates but a little more positive. The on-feed number was down 4.2 percent, the trade estimate was for a 3.6 percent reduction from last year. Placements on feed during July were up 2.4 percent, the trade estimate was for a 6.4 percent increase. Marketings during July were up 2.2 percent while the trade estimate was for an increase of 2.1 percent from the same period last year.

The futures market showed little reaction to the report on Monday following the release.

All of the increase in placements weighed between 600 and 800 pounds. The number placed weighing less than 600 pounds was the same as a year earlier. The number placed weighing between 600 and 699 pounds was up 2.6 percent, the number placed weighing between 700 and 799 pounds was up 7 percent, and the number placed weighing over 800 pounds was the same as last year.

The live cattle futures market continues to be too optimistic for next year in our opinion. Demand for beef at the consumer level in the U.S. was down 3.7 percent for January-July this year with this weakness likely to carry over into 2009 with a weak economy and gasoline prices

between \$3.00 and \$4.00 per gallon. Exports are expected to increase, which will be positive; but with the supply of young cattle not held for herd replacement near a year earlier, beef production in 2009 is not likely to be down very much.

With the larger beef exports and smaller imports of 2008, live fed cattle demand for January-July was up 1.5 percent from 2007. It is believed that the demand for all meat at the consumer level for January-July was down from 12 months earlier. Demand for pork at the consumer level for January-July was down 3.9 percent.

Feeder steer and heifer prices this week at Oklahoma City were \$1.00-2.00 per cwt lower than a week earlier. Steer and heifer calves were steady. The range in prices by weight groups this week at Oklahoma City for medium and large frame No.1 steers were: 400-500 pounds \$121-131 per cwt, 500-600 pounds \$113.25-125, 600-700-pound calves \$103-110 per cwt, 600-700-pound yearlings \$111.50-117 per cwt, 700-800 pounds \$110-114 per cwt and 800-1,000 pounds \$107.50-110.85 per cwt.

Wholesale Choice beef this Friday morning at \$160.79 per cwt was down \$0.10 per cwt from seven days earlier. Select beef at \$153.83 cwt was down \$1.67 per cwt from last week.

The weighted average live price for the five-market area at \$98.85 per cwt was up \$0.25 per cwt Thursday from a week earlier. The weighted average carcass price for negotiated cattle through Thursday at \$155.70 per cwt showed no change from a week earlier.

Slaughter this week under Federal Inspection was estimated at 677 thousand head, down 4.0 percent from a year earlier. Δ