

Cash cattle prices were mixed during April (figure 1). Stocker and feeder prices were higher while the nearby fed cattle futures were lower for the month. The cash price for fed cattle in Sioux Falls was higher for the month and had the first positive basis since May of 2007. There were no Commercial 2-4 cows sold in Sioux Falls during April. There were also very few direct sales on a live basis for this region. The nearby futures prices for live cattle are down sharply compared to last month, while the deferred contracts are trading slightly higher. The feeder cattle futures prices are unchanged compared to a month ago. The weekly stocker cattle price has been seasonally higher in recent weeks.

Nationally, pasture conditions are better than a year ago. NASS reports that 46% of U.S. pastures are in good condition (figure 2). In South Dakota conditions are relatively better with 54% of pastures in good condition. The southwestern U.S. and Florida have relatively worse conditions. Conditions regionally are consistent with observations in the Southwest South Dakota grazing fee report released by the AMS. They cite improved water supplies in western South Dakota and strong late-season hay use. The range of fees has narrowed from 2008 levels. The midpoint of the most frequently quoted range (per month) is \$27.50 for cow-calf pairs and \$17.50 for yearlings, with both levels down from 2008 levels (figure 3). There were also “instances” of \$38 per month for pairs listed in the report, which would leave little margin for other costs. Note also that the last time expansion occurred the fee levels were at the much lower 2005 levels. A much higher calf price would be necessary to encourage expansion given the higher grazing fees observed in 2009. The hay use is consistent with the May 1 stocks figure for South Dakota. While the absolute level is relatively high at 1.9 million tons, the use since December was above the level expected. Hay prices also increased during April after four months of declines.

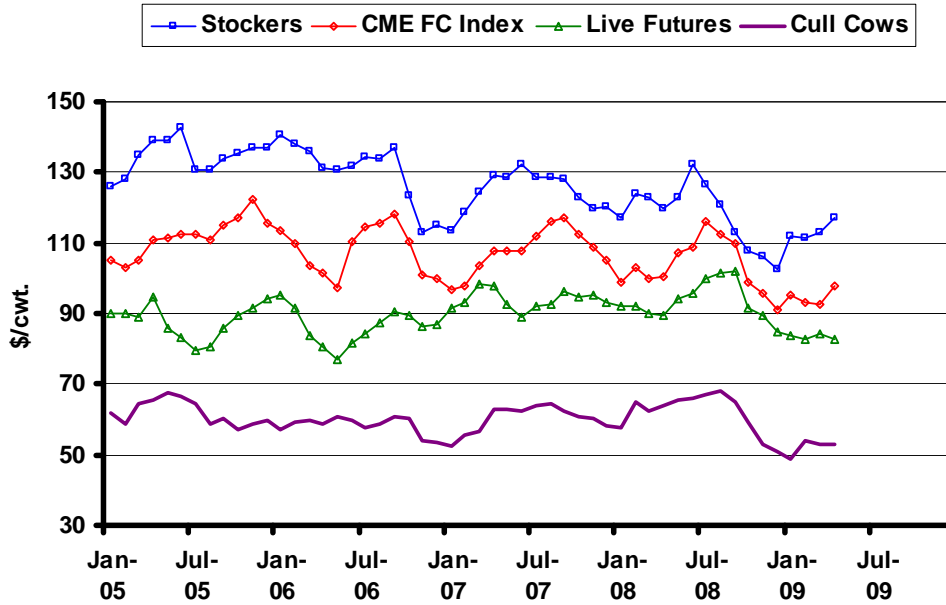
At the state level the beef cow inventory in South Dakota was 1.6 million head on January 1, 2009. The level is down 2% from 2008. The overall decline hides some variation across the state as inventories were down in the southwest and up in the northeast (figure 4). The southwest reporting district had 15% fewer cows compared to a year ago because of water, feed, and profit concerns. In the north central and northeast districts the inventories were up 9% and 15% respectively. Ample feed and sharply lower cull-cow prices likely encouraged some of the expansion in those areas.

The latest WASDE report had initial projections for the first quarter of 2010 (figure 5). The range of \$84-92 per cwt would be higher than the same quarter in 2009 if expectations of tighter supplies and improved demand are realized. The futures prices reflect similar expectations by the trade as price levels increase through the first quarter of 2010. The consistency of the projections and futures does not suggest a dominant marketing strategy at this time. The ERS price projections for feeder cattle do not include the first quarter of 2010 (figure 6). There was little change in the futures prices this month. The ERS cites the continued high mix of heifers on feed as a sign expansion will be delayed. No dominant strategy is evident in this market either.

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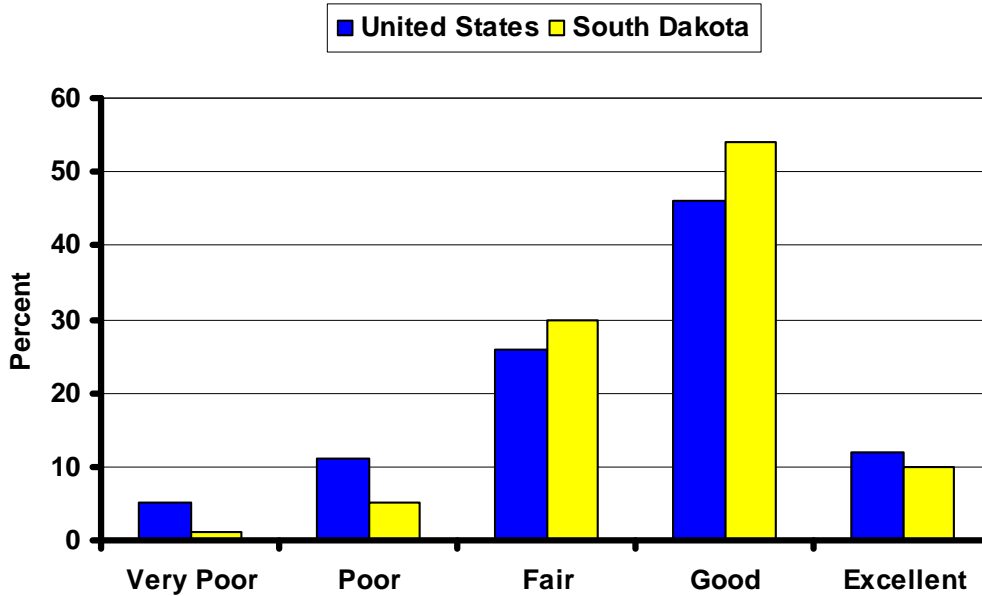
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**Fig. 1. Monthly South Dakota Cattle Prices**



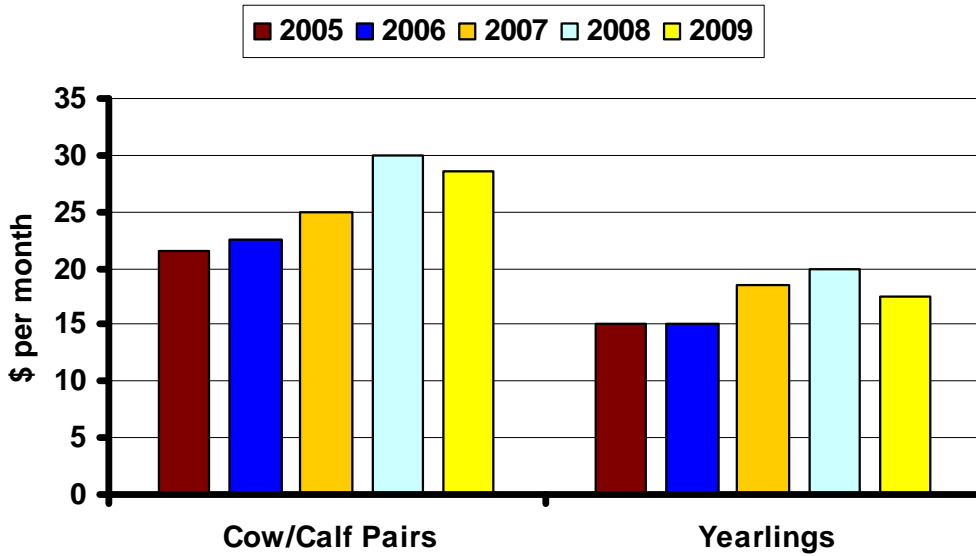
Sources: CME, USDA-AMS, & SDSU

**Fig. 2. Pasture and Range Conditions**



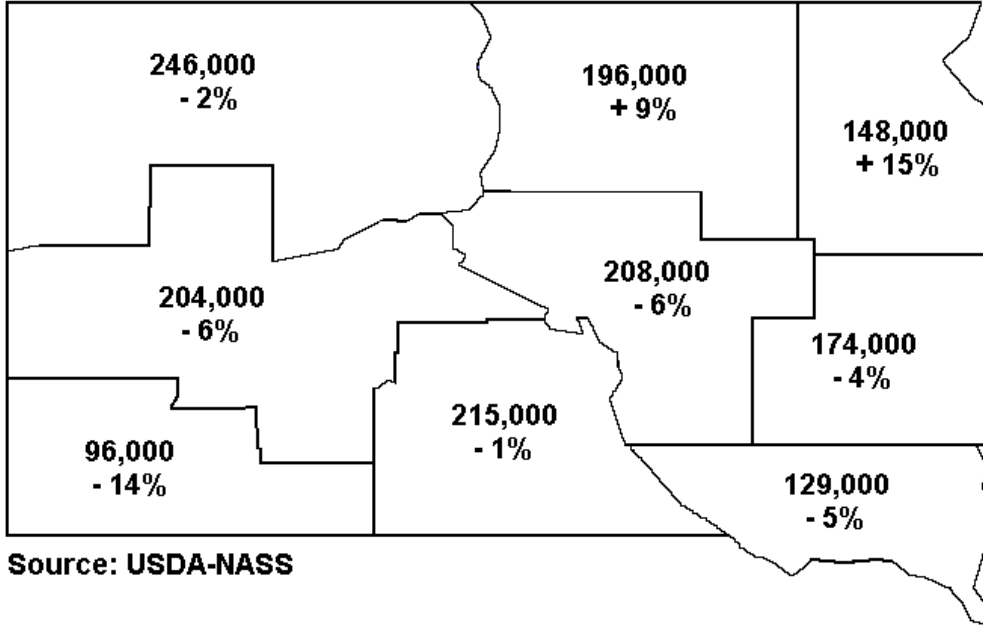
Source: USDA-NASS

**Fig. 3. Southwest South Dakota Grazing Fees**



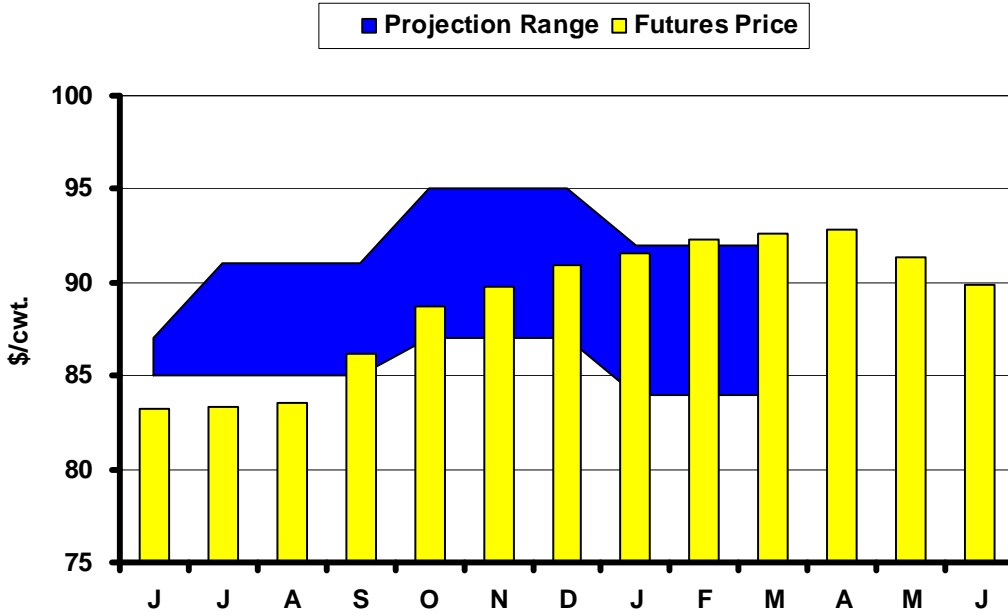
Source: USDA-AMS, TO\_LS150

**Fig. 4. 2009 South Dakota Beef Cow Inventory and Change from 2008.**



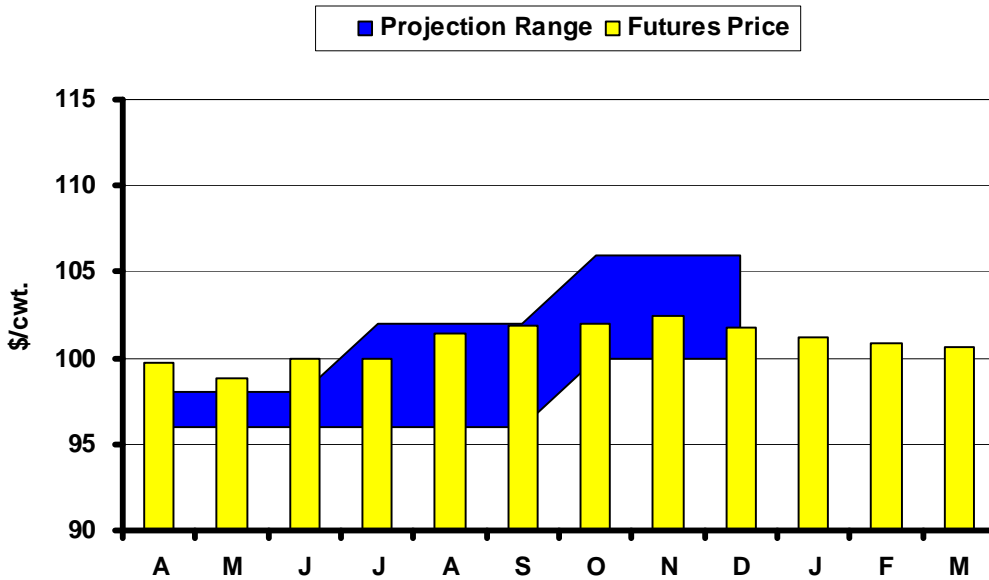
Source: USDA-NASS

**Fig. 5. Live Cattle Futures and Projections**



Sources: CME & USDA-WASDE, May 12, 2009

**Fig. 6. Feeder Cattle Futures and Projections**



Sources: CME & USDA-ERS, May 19, 2009

**In the Chute**May 29: *Meat Animals – PDI* (NASS)June 10: *Live Cattle Projections* (WASDE)June 19: *Cattle on Feed* (NASS)June 30: *Acreage* (NASS)**Live Cattle Futures, Monthly Average of Nearby Contract (\$/cwt.)**

	<i>Jan</i>	<i>Feb</i>	<i>Mar</i>	<i>Apr</i>	<i>May</i>	<i>Jun</i>	<i>Jul</i>	<i>Aug</i>	<i>Sep</i>	<i>Oct</i>	<i>Nov</i>	<i>Dec</i>
2004	77.18	77.20	79.39	83.14	83.52	83.88	85.44	84.92	84.50	86.71	85.68	88.32
2005	89.88	89.92	88.89	94.79	85.62	83.00	79.37	80.78	85.70	89.49	91.46	94.07
2006	95.43	91.34	83.85	80.65	76.87	81.56	84.08	87.14	90.72	89.40	86.60	86.88
2007	91.55	93.34	98.30	98.07	92.35	89.06	91.93	92.65	96.21	94.92	95.39	93.28
2008	92.09	92.00	90.04	89.58	94.13	95.99	99.79	101.56	102.03	91.77	89.50	84.77
2009	83.61	82.84	84.09	82.88								

Source: CME. Note: The data reflect the average of the daily closes.

**Sioux Falls Price - Slaughter Steers, Choice 2-3, 1300-1500# (\$/cwt.)**

	<i>Jan</i>	<i>Feb</i>	<i>Mar</i>	<i>Apr</i>	<i>May</i>	<i>Jun</i>	<i>Jul</i>	<i>Aug</i>	<i>Sep</i>	<i>Oct</i>	<i>Nov</i>	<i>Dec</i>
2004	82.38	77.88	86.70	88.44	89.75	88.00	83.69	83.50	81.70	82.44	81.75	85.95
2005	88.50	86.25	90.65	92.31	88.88	84.00	79.44	78.30	84.65	86.44	89.58	91.25
2006	93.81	89.31	85.85	81.31	81.33	81.75	80.89	84.00	87.00	85.88	83.81	84.13
2007	86.42	89.44	95.31	95.75	95.10	86.25	87.75	89.30	91.00	89.08	90.75	89.50
2008	88.50	88.75	87.13	87.80	91.06	91.00	95.35	96.63	94.31	85.40	85.50	82.00
2009	81.63	78.69	79.00	84.90								

Source: USDA-AMS.

**Sioux Falls Live Cattle Basis (\$/cwt.)**

	<i>Jan</i>	<i>Feb</i>	<i>Mar</i>	<i>Apr</i>	<i>May</i>	<i>Jun</i>	<i>Jul</i>	<i>Aug</i>	<i>Sep</i>	<i>Oct</i>	<i>Nov</i>	<i>Dec</i>
2004	5.20	0.68	7.31	5.30	6.23	4.12	-1.75	-1.42	-2.80	-4.27	-3.93	-2.37
2005	-1.38	-3.67	1.76	-2.48	3.26	1.00	0.07	-2.48	-1.05	-3.05	-1.88	-2.82
2006	-1.62	-2.03	2.00	0.66	4.46	0.19	-3.19	-3.14	-3.72	-3.52	-2.79	-2.75
2007	-5.13	-3.90	-2.99	-2.32	2.75	-2.81	-4.18	-3.35	-5.21	-5.84	-4.64	-3.78
2008	-3.59	-3.25	-2.91	-1.78	-3.07	-4.99	-4.44	-4.93	-7.72	-6.37	-4.00	-2.77
2009	-1.98	-4.15	-5.09	2.02								

Note: The data reflect the difference between the monthly Sioux Falls' slaughter cattle price and the monthly average of the nearby live cattle futures prices.

**Sioux Falls Price - Slaughter Cows, Commercial 2-4 (\$/cwt.)**

	<i>Jan</i>	<i>Feb</i>	<i>Mar</i>	<i>Apr</i>	<i>May</i>	<i>Jun</i>	<i>Jul</i>	<i>Aug</i>	<i>Sep</i>	<i>Oct</i>	<i>Nov</i>	<i>Dec</i>
2004	53.25	52.13	54.60	60.75	64.88	65.60	65.81	64.63	62.80	60.50	62.75	58.75
2005	61.67	58.47	64.40	65.50	67.38	66.75	64.56	58.50	60.17	57.38	58.95	59.88
2006	57.13	59.13	59.94	58.75	60.75	59.63	57.50	58.56	60.67	60.19	54.13	53.70
2007	52.50	55.58	56.83	62.75	62.88	62.25	64.00	64.30	62.50	60.83	60.50	58.25
2008	57.83	65.08	62.33	64.17	65.44	65.94	67.00	67.83	64.75	59.13	52.75	50.75
2009	49.00	54.00	53.00	52.88								

Notes: December 2006 was estimated using the average spread over heavy breakers. The April 2009 price is for heavy breakers.

Source: USDA-AMS.

**South Dakota Stocker Cattle Prices, Monthly Averages (\$/cwt.)**

	<i>Jan</i>	<i>Feb</i>	<i>Mar</i>	<i>Apr</i>	<i>May</i>	<i>Jun</i>	<i>Jul</i>	<i>Aug</i>	<i>Sep</i>	<i>Oct</i>	<i>Nov</i>	<i>Dec</i>
2004	110.80	108.25	114.59	117.22	123.88	135.57	133.68	141.20	129.81	126.50	121.59	122.32
2005	125.77	128.34	135.10	138.99	139.13	142.62	130.68	130.80	134.00	135.36	136.85	136.84
2006	140.59	138.06	136.10	131.46	130.54	131.67	134.42	133.57	137.13	123.49	113.16	115.15
2007	113.22	118.92	124.38	129.14	128.80	132.43	128.78	128.55	128.16	122.93	120.00	120.19
2008	117.32	123.80	122.93	119.80	122.79	132.34	126.33	120.95	113.17	107.98	105.94	102.55
2009	112.10	111.29	113.06	117.17								

Source: USDA-AMS. Note: The data reflect a weighted average of 5-600# No. 1 medium and medium and large steers.

**CME Feeder Cattle Index (\$/cwt.)**

	<i>Jan</i>	<i>Feb</i>	<i>Mar</i>	<i>Apr</i>	<i>May</i>	<i>Jun</i>	<i>Jul</i>	<i>Aug</i>	<i>Sep</i>	<i>Oct</i>	<i>Nov</i>	<i>Dec</i>
2004	89.40	86.96	90.10	93.70	103.21	112.00	116.15	117.54	114.15	113.82	108.89	106.22
2005	104.89	103.19	104.97	110.70	111.47	112.61	112.37	111.09	115.04	117.27	122.10	115.38
2006	113.60	109.60	103.69	101.67	97.13	110.16	114.62	115.70	117.94	110.26	100.71	99.85
2007	96.67	97.57	103.39	107.91	107.68	107.59	112.03	116.31	117.22	112.58	108.78	105.00
2008	98.79	102.79	100.14	100.48	107.15	108.90	116.00	112.54	109.61	98.84	95.62	90.81
2009	95.47	93.34	92.47	98.00								

Source: CME. Note: The data reflect the average of the daily CME Feeder Cattle Index.

**South Dakota Stocker Cattle Basis Relative to the CME Feeder Cattle Index (\$/cwt.)**

	<i>Jan</i>	<i>Feb</i>	<i>Mar</i>	<i>Apr</i>	<i>May</i>	<i>Jun</i>	<i>Jul</i>	<i>Aug</i>	<i>Sep</i>	<i>Oct</i>	<i>Nov</i>	<i>Dec</i>
2004	21.40	21.29	24.49	23.52	20.67	23.57	17.53	23.66	15.66	12.68	12.70	16.10
2005	20.88	25.15	30.13	28.29	27.66	30.01	18.31	19.71	18.96	18.09	14.75	21.46
2006	26.99	28.46	32.41	29.79	33.41	21.51	19.80	17.87	19.19	13.23	12.45	15.30
2007	16.55	21.35	20.99	21.23	21.12	24.84	16.75	12.24	10.94	10.35	11.22	15.19
2008	18.53	21.01	22.79	19.32	15.64	23.43	10.33	8.41	3.56	9.14	10.32	11.74
2009	16.63	17.95	20.59	19.17								

**Futures Markets**

Live	5/20/2009	4/17/2009	Change	Feeder	5/20/2009	4/17/2009	Change
JUN 09	82.23	84.53	-2.30	MAY 09	98.90	99.53	-0.63
AUG 09	82.88	85.13	-2.25	AUG 09	101.70	101.95	-0.25
OCT 09	88.50	88.80	-0.30	SEP 09	102.18	102.55	-0.38
DEC 09	90.70	90.75	-0.05	OCT 09	102.30	102.78	-0.48
FEB 10	92.15	91.97	0.18	NOV 09	102.75	102.85	-0.10
APR 10	93.68	92.70	0.97	JAN 10	101.00	100.65	0.35
JUN 10	90.73	89.20	1.52	MAR 10	100.50	99.10	1.40
AUG 10	90.30	88.70	1.60	APR 10	99.70		
OCT 10	91.75						

Source: CME.

For more market information, go to the Department of Economics website at <http://econ.sdstate.edu/>. Under the Extension tab are links to *Current Market Analysis* and the *Cattle Market Review* page. These comments are updated monthly. The first link on the *Cattle Market Review* page will take you to .pdf versions of this and archived reviews.