

Cash cattle prices were again mixed during July (figure 1). Stocker cattle and cull cows traded lower compared to June while feeder cattle traded higher. The cash market for live cattle was slightly higher when comparing the July price from Worthing to the June price from the Sioux Falls Stockyards. The cash price tables now include an average price for slaughter steers and cull cows from the Sioux Falls Regional Livestock auction in Worthing. Quotes for culls graded premium white have been sporadic. The weekly stocker cattle prices were seasonally volatile during July and early August on thin trading volume. The stocker basis has stayed wide compared to a year ago and lower corn would suggest that pattern to continue into the fall and winter months. On the futures side the live cattle contracts have been mixed and little changed from last month. The nearby feeder cattle futures are sharply lower with the deferred contracts higher than a month ago.

On the feed side new crop corn continues to trade in the low \$3 area for futures. There is also some carry in the market, suggesting feeders look at sourcing corn for storage either at or before harvest. Hay production is projected to be higher nationally and in South Dakota. The August *Crop Production* report had a higher yield for alfalfa compared to last year with an offsetting lower yield for other hay for South Dakota. Total 2009 hay supply will slightly exceed the 2008 level when production is added to May 1 stocks (figure 2). Thus, the price pressure from 2008 will continue to fade. However, nationally acres will have to be monitored for some indication of expansion before longer-run concerns over stocks will change.

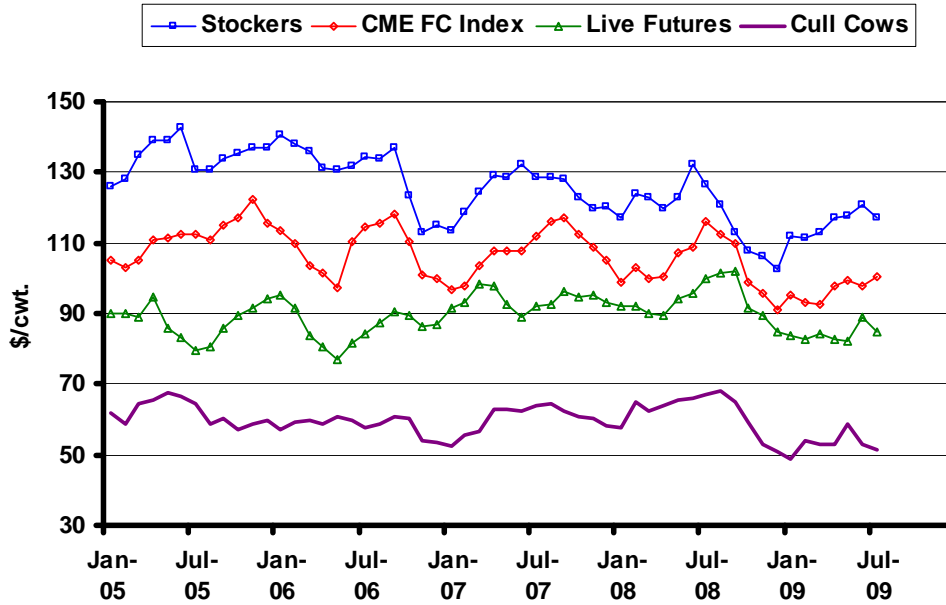
In addition to Worthing, there are cull cow prices from direct sales available daily and weekly at the national and regional level. South Dakota is in the North Central region for cull cow prices and there are a few consistent patterns in the weekly prices for the year to date (figure 3). The volume of live sales is very sporadic, so only dressed prices are shown. There is steady volume and a consistent premium for cows grading premium white. The volume is also relatively high for leaner cows. The volume is relatively low for cows grading as breakers and the price fluctuates relative to the other classes.

August 2009 is the first month with Worthing as a par delivery location for live cattle futures contracts. Tenders and deliveries are not uncommon, but the addition of Worthing seems to be adding some action by hedgers looking to deliver cattle. The first notice day for delivery was August 10 and there have been a fair number of contracts tendered for Worthing and other locations on this contract (figure 4). Through August 20 there have been 245 contracts tendered with 170 contracts delivered or scheduled. Worthing has had both live and dressed scheduled deliveries.

The latest WASDE report adjusted the live cattle projections higher for 2010. The projections are thus much higher than the deferred futures prices in mid-2010, suggesting protection strategies for that time (figure 5). The ERS projections were adjusted higher for the fourth quarter of 2009 and the second quarter of 2010, but the futures only lag during 2009 (figure 6). Note the lack of any seasonal pattern built into the futures prices at this time.

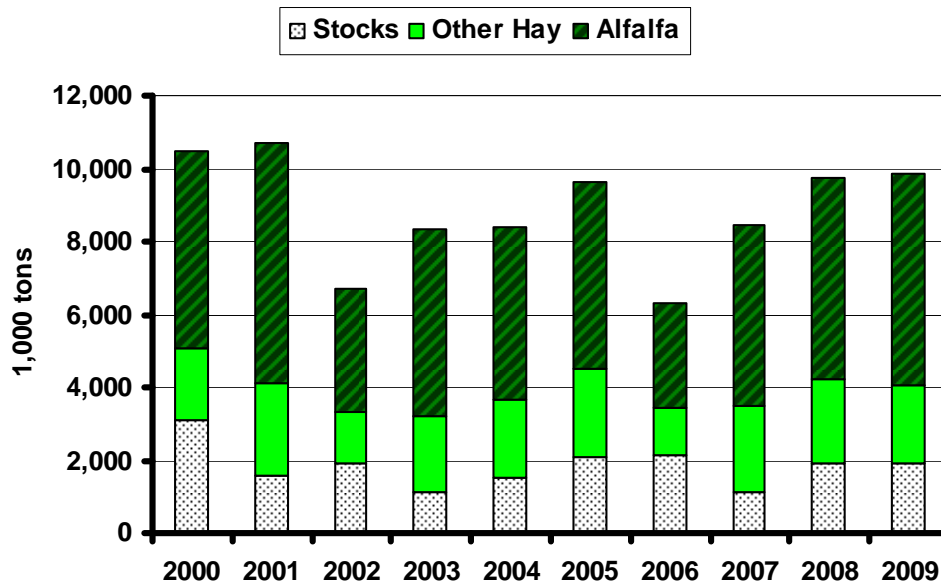
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Fig. 1. Monthly South Dakota Cattle Prices



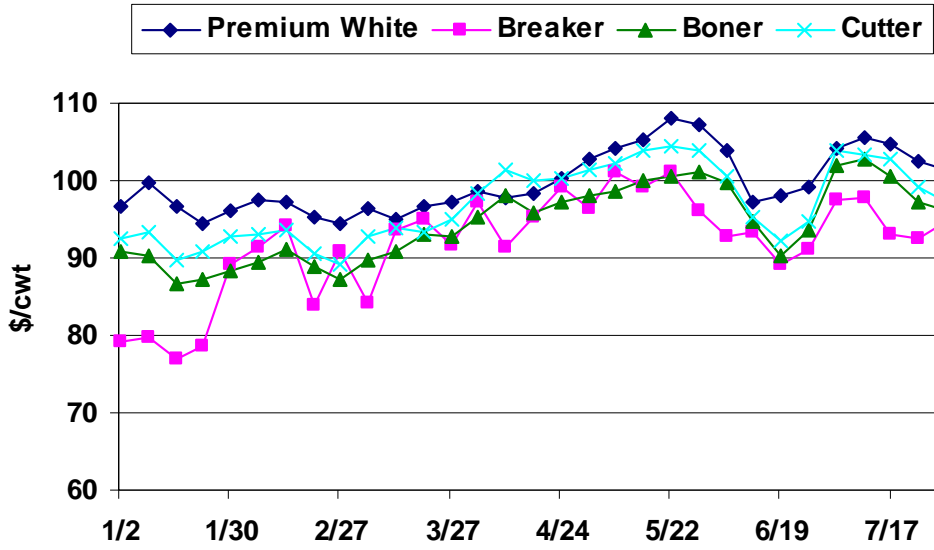
Sources: CME, USDA-AMS, & SDSU

Fig. 2. South Dakota Hay Supply



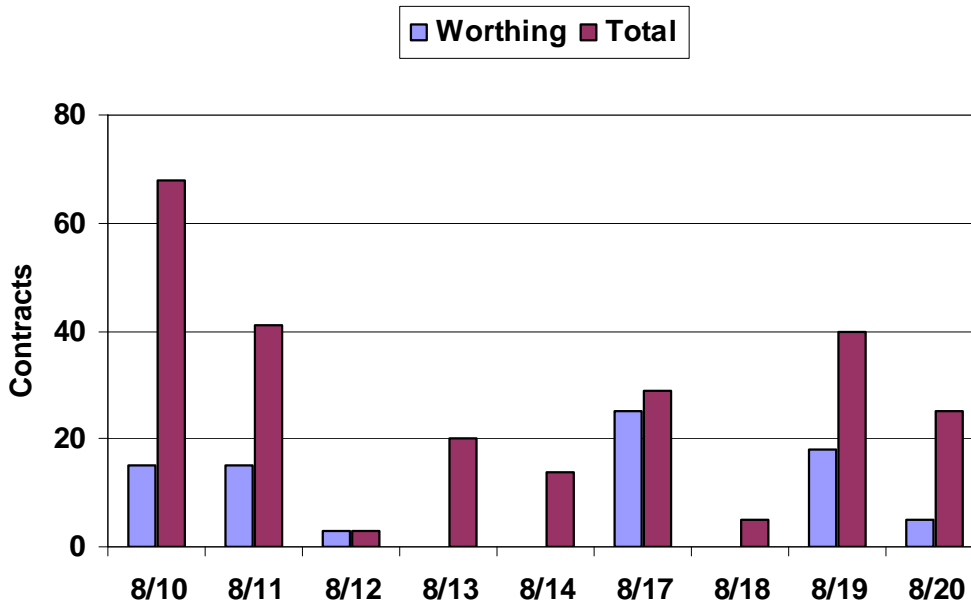
Source: USDA-NASS

Fig. 3. Weekly Dressed Direct Cow Sales



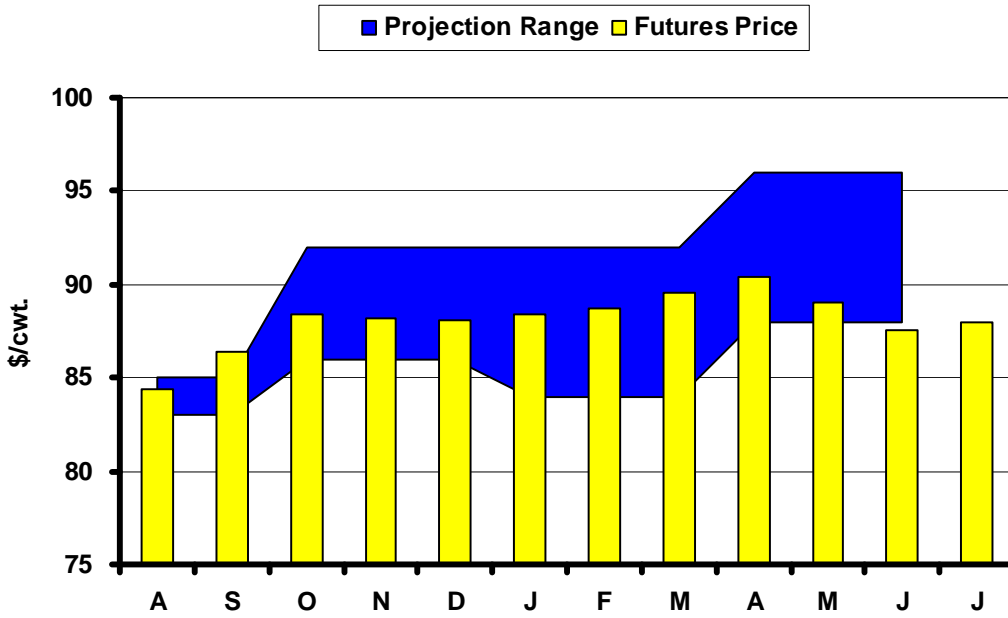
Source: USDA-AMS (North Central States)

Fig. 4. Daily Live Cattle Delivery Tenders



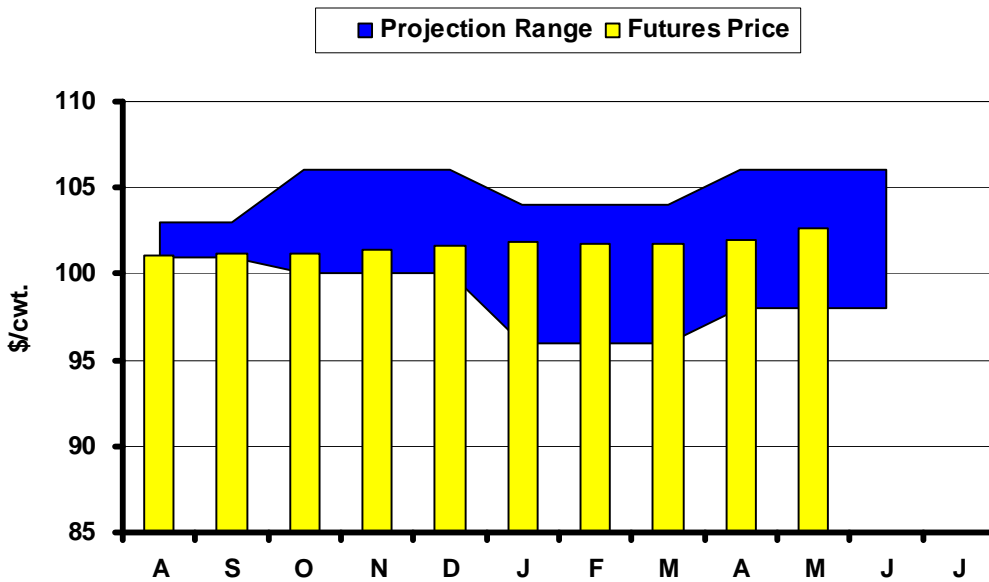
Source: CME Group

Fig. 5. Live Cattle Futures and Projections



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

Fig. 6. Feeder Cattle Futures and Projections



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

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August 31: *Agricultural Prices* (NASS)

September 11: *Live Cattle Projections* (WASDE)

September 18: *Cattle on Feed* (NASS)

Live Cattle Futures, Monthly Average of Nearby Contract (\$/cwt.)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
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	82.34	88.86	84.84					

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

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

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
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	85.17	81.00	81.51					

Source: USDA-AMS. Prices as of July 2009 reflect Sioux Falls Regional Livestock sales.

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

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
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	2.83	-7.86	-3.33					

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. Prices as of July 2009 reflect Sioux Falls Regional Livestock sales.

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

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
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	58.75	53.00	51.53					

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

Source: USDA-AMS. Prices as of July 2009 reflect Sioux Falls Regional Livestock sales for breakers.

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	117.44	120.79	117.06					

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	99.58	97.73	100.59					

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	17.86	23.07	16.47					

Futures Markets

Live	8/21/2009	7/24/2009	Change	Feeder	8/21/2009	7/24/2009	Change
AUG 09	85.00	84.53	0.47	AUG 09	100.15	102.55	-2.40
OCT 09	88.60	89.75	-1.15	SEP 09	100.70	102.35	-1.65
DEC 09	88.15	89.50	-1.35	OCT 09	100.63	102.75	-2.13
FEB 10	88.08	88.80	-0.72	NOV 09	100.78	102.70	-1.93
APR 10	89.95	90.23	-0.27	JAN 10	101.58	102.00	-0.42
JUN 10	86.85	87.50	-0.65	MAR 10	101.60	102.10	-0.50
AUG 10	87.40	88.00	-0.60	APR 10	102.05	102.00	0.05
OCT 10	90.70	90.00	0.70	MAY 10	102.70	101.90	0.80
DEC 10	90.60	89.40	1.20				

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.