

These comments are posted here monthly and go back several years in the archives, which can be accessed by the first link on the .htm version. The current six-page .pdf version is available there also. March comments historically contain odds and ends. This year is no exception as I pull out some South Dakota cattle-related observations from the 2007 *Census of Agriculture*.

Cattle prices were lower during February with the exception of cull cows, which traded slightly higher for the month (figure 1). Cash prices have since moved higher. Deferred live cattle futures prices are higher and nearby feeder cattle futures prices are sharply higher compared to last month. The weekly stocker cattle price has steadily increased the past few weeks (figure 2).

The *Census of Agriculture* was released in February by the National Agricultural Statistics Service (NASS). A link to the South Dakota office is found below on the .htm version. There are many summaries and useful maps to study. Here are a few general observations specific to South Dakota. In 2007 there were 31,169 farms. Of those, 15,171 farms had sales of cattle at some time during 2007 and 15,667 farms had cattle inventories at the end of 2007. So, about half of the farms in South Dakota have cattle. A breakdown by number of head shows over 1,000 farms have fewer than 10 head (figure 3). One can also see that it is as likely to have 10-49 head as to have 200-499 head on a given operation. There are also 1,835 operations with more than 500 head.

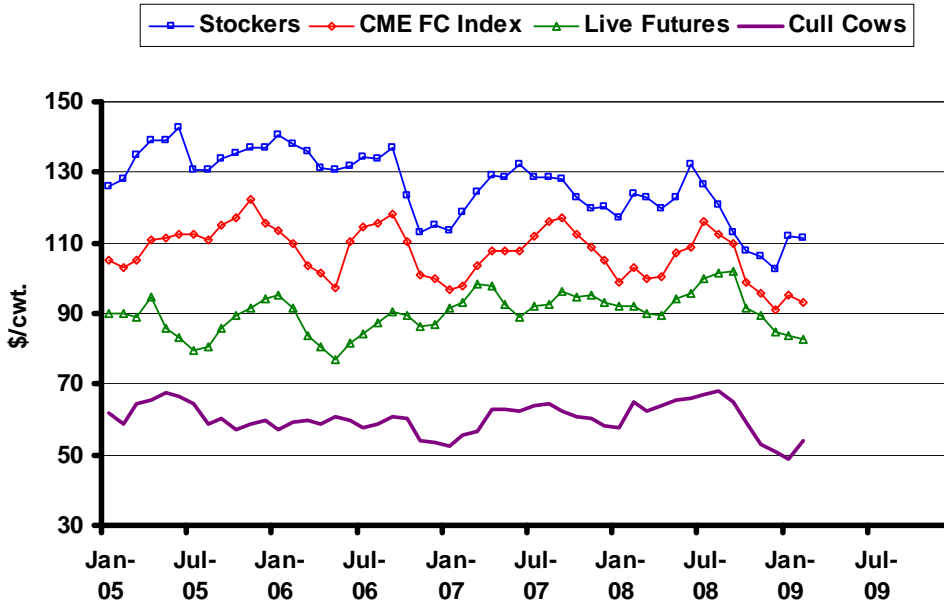
The Census captures more specific aspects of the structure and practices of producers. For example, in 2007 there were 84 operations contract feeding 166,770 head of cattle. This volume is down from 2002 when 291 operations were contract feeding 209,710 head of cattle. Most comparisons with 2002 need to be tempered given the drought conditions that affected much of the state at the time of that Census. In 2007 specific questions of production practices reveal: 7,473 farms used rotational or management intensive grazing, 2,734 farms grazed livestock on a per-head or AUM basis, and 167 farms raised or sold veal calves.

The Census also includes several breakdowns of data useful for analyzing sectors or demographics. The breakdown by North American Industry Classification System (NAICS) lets one isolate a sector such as “Beef cattle ranching and farming”. That breakdown has 9,031 farms with cow-calf or yearling enterprises dominating farm income. Among those, there are 2,050 farms with between 200 and 499 beef cows (figure 4). Comparing NAICS sectors, average cattle sales were \$126,000 per cattle farm, which is higher than average cattle sales of \$82,000 per grain farm and lower than average cattle sales of \$950,000 by beef feedlot.

The latest WASDE report revised the first quarter price projection range for fed cattle slightly lower (figure 5). Slightly higher production is expected for 2009. The futures prices sit below the low end of the projection range through August, suggesting some upside potential exists. The ERS price projections for feeder cattle continue to show a strong upward trend as likely. The futures prices have an unusual peak and remain close to the bottom of the projection range throughout 2009 (figure 6). No dominant strategy is suggested by the current pattern.

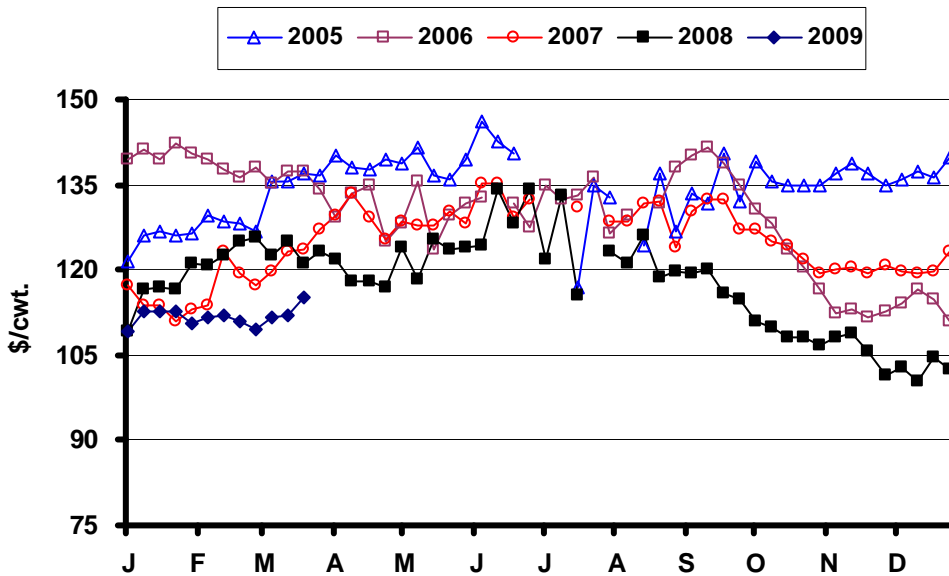
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Fig. 1. Monthly South Dakota Cattle Prices



Sources: CME, USDA-AMS, & SDSU

Fig. 2. Weekly South Dakota Stocker Cattle Prices



Sources: USDA-AMS & SDSU

Fig. 3. All Cattle on All Operations

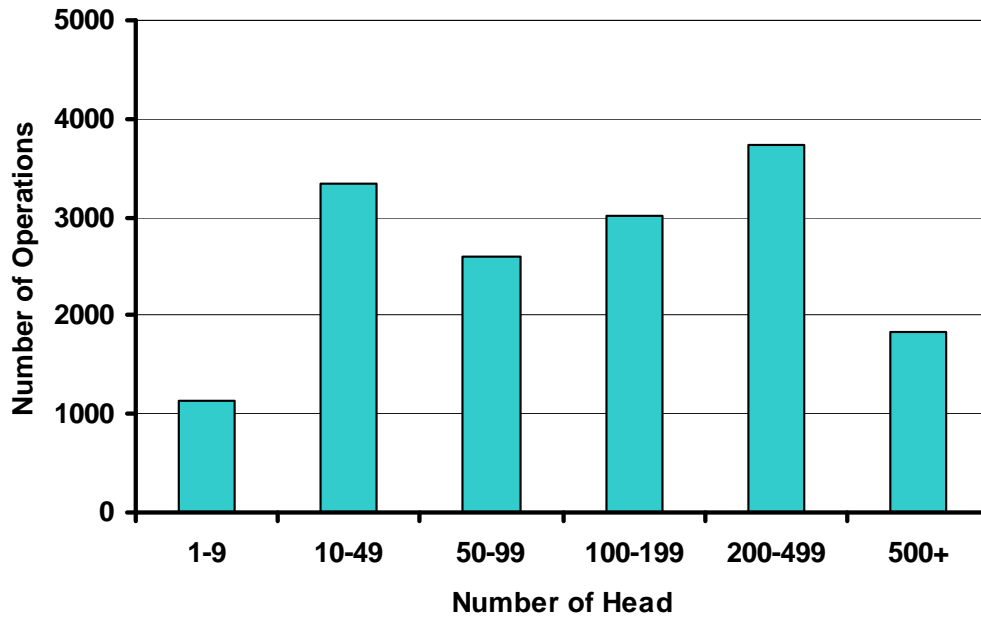


Fig. 4. Beef Cows on NAICS (Beef) Operations

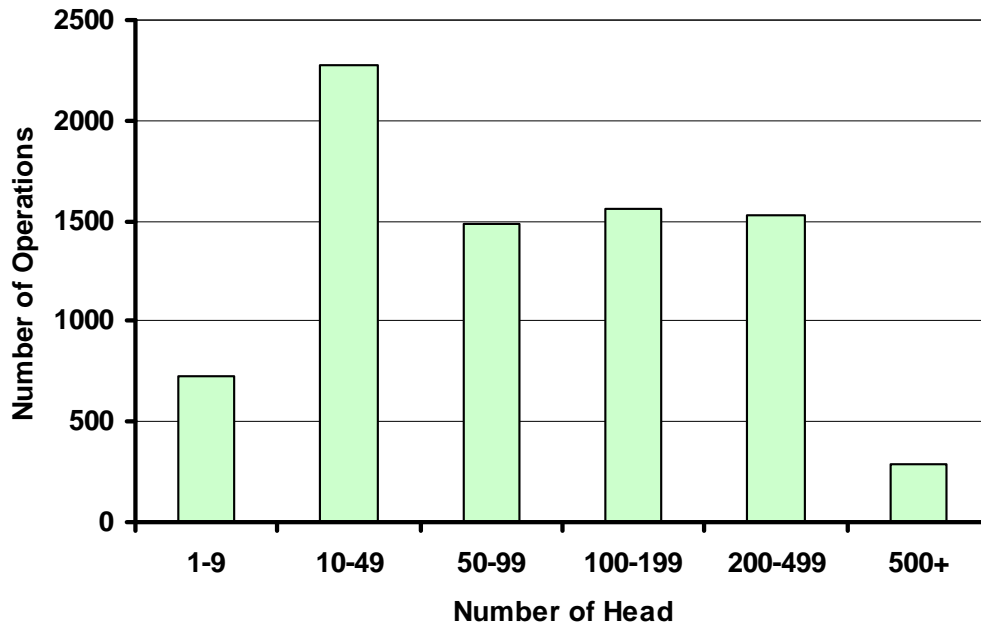
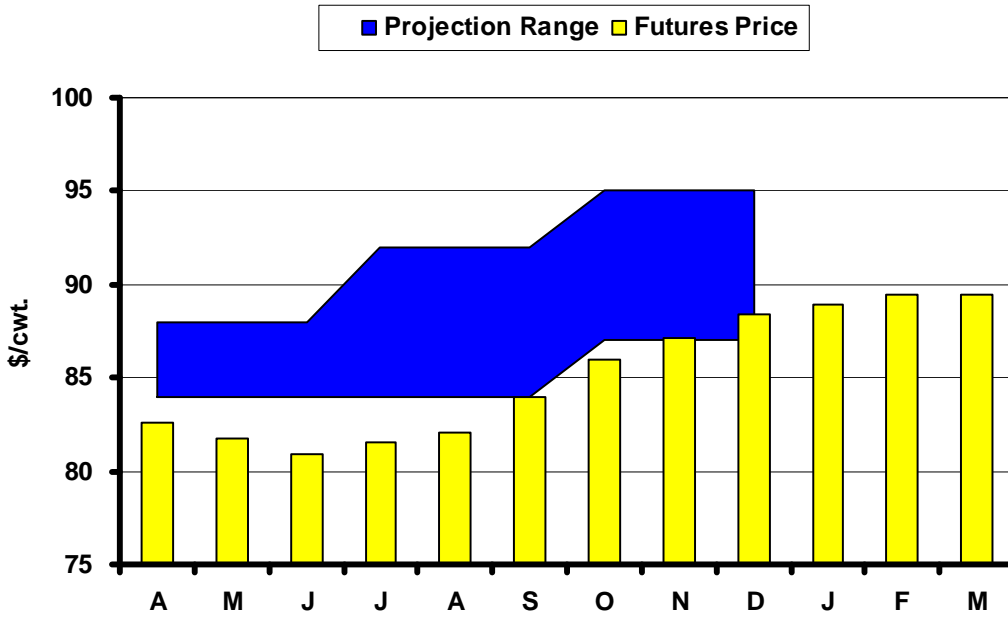
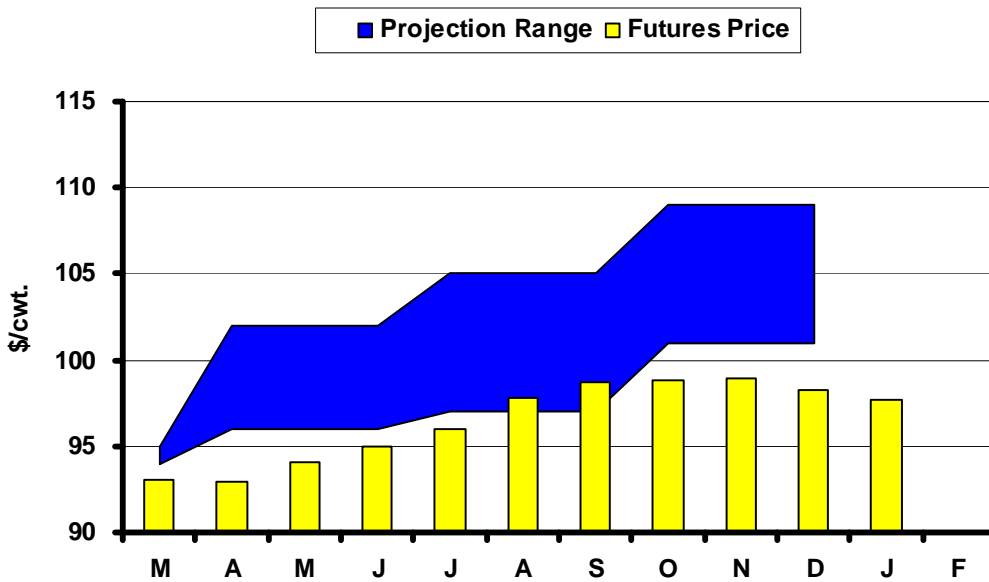


Fig. 5. Live Cattle Futures and Projections



Sources: CME & USDA-WASDE, March 11, 2009

Fig. 6. Feeder Cattle Futures and Projections



Sources: CME & USDA-ERS, March 18, 2009

In the ChuteMarch 31: *Prospective Plantings* (NASS)

April 9: Live Cattle Projections (WASDE)

April 9: Livestock Outlook (Diersen), Philip, SD

April 17: *Cattle on Feed* (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										

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										

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										

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										

Source: USDA-AMS. Note: December 2006 was estimated using the average spread over heavy 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										

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										

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										

Futures Markets

Live	3/20/2009	2/20/2009	Change	Feeder	3/20/2009	2/20/2009	Change
APR 09	85.20	83.43	1.78	MAR 09	93.67	88.38	5.30
JUN 09	82.85	81.55	1.30	APR 09	93.77	89.83	3.94
AUG 09	84.07	81.78	2.29	MAY 09	95.37	91.65	3.72
OCT 09	87.72	85.55	2.17	AUG 09	98.22	95.00	3.22
DEC 09	90.05	87.55	2.50	SEP 09	99.32	95.30	4.02
FEB 10	91.30	88.53	2.77	OCT 09	99.40	95.30	4.10
APR 10	91.75	89.00	2.75	NOV 09	99.65	95.50	4.15
JUN 10	88.40	88.70	-0.30	JAN 10	98.00	95.00	3.00
AUG 10	86.05						

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.