

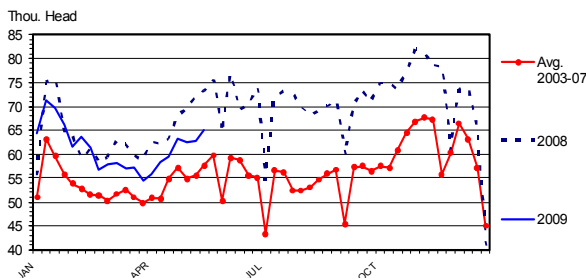
In The Cattle Markets

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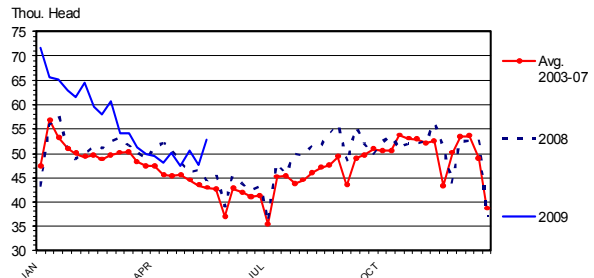
Cow Slaughter, Prices, and the Dairy Buyout

The feeder cattle marketing season has ended in the Northern Plains and many livestock auction markets are starting reduced summer schedules. However, a number of Northern Plains' auctions are reporting higher than expected receipts of beef cows. For example, in the last week of May a central North Dakota auction reported selling several hundred beef cows when only about 100 were expected. This surprised both the market and the cow buyers. In talking with beef producers, there were likely two reasons for the increased marketing. First of all, there were significantly more calf deaths this spring in parts of North Dakota, South Dakota, and Montana due to record snowfall, several severe spring snow storms and unprecedented flooding. Calf deaths are continuing as problems with scours and pneumonia, a result of weather stress, persist. So, cows that have lost calves are being sold. In addition, producers indicated they wanted to market cows before the Cooperatives Working Together (CWT) dairy cow buyout program started. Beef cow producers were afraid that the increased dairy cow marketing may depress cow prices. The CWT buyout accepted 102,898 cows for the program. It is anticipated that from 7,000 to 10,000 head of cows will be marketed each week from late May into August. Details of the buyout are available at www.cwt.coop. The latest cow slaughter information reported by USDA-AMS is for the week ended May 23. USDA reported 52,600 dairy cows and 65,100 beef cows were slaughtered during the week. This compares to 45,400 dairy cows and 75,500 beef cows slaughtered during the same week in 2008. So, dairy cow slaughter was up 7,200 from the previous year. However, beef cow slaughter was down 10,400 head, more than offsetting the increased dairy cow slaughter (see Beef Cow Slaughter and Dairy Cow Slaughter charts). So, even though more beef cows are coming to market in the Northern Plains, fewer are being sold in other areas of the U.S. than last year.

BEEF COW SLAUGHTER
Federally Inspected, Weekly

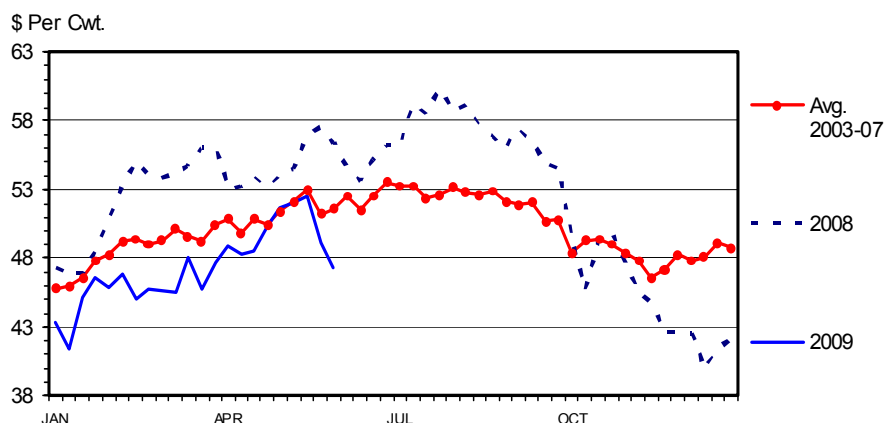


DAIRY COW SLAUGHTER
Federally Inspected, Weekly



SLAUGHTER COW PRICES

Southern Plains, 85-90% Lean, Weekly



The main reasons for lower beef cow slaughter are that slaughter was relatively high last year (see chart), so heavy culling has already taken place. And, pasture and range conditions are better than last year as reported in last week's "In The Cattle Markets" article. This year's trend of higher dairy cow and lower beef cow slaughter should continue throughout the summer. So, the impact of both on cow prices should be somewhat offsetting. After increasing seasonally for several months, cow prices declined the last two weeks as both dairy and beef cow slaughter increased and the beef market struggled (see Slaughter Cow Prices chart). The rate of the last two week's decline is not expected to continue, but prices are not likely to reach last summer's record levels either. A trading range in prices near levels of the last few weeks is likely during the summer, unless pasture and range conditions deteriorate and beef cow marketing increases. Seasonal weakness can be expected again in the fall when normal beef cow culling occurs.

The Markets

Last week's fed cattle market was lower again with the 5-area fed steer price down about \$2.50/cwt on a live basis and about \$3.50 on a dressed basis. Continued disappointing beef demand put pressure on the choice boxed beef market early in the week and live cattle futures struggled. The June live cattle contract lost 80 cents/cwt on Monday and \$1.25 on Tuesday. Cattle feeders started selling cattle at lower prices on Tuesday and continued accepting the lower offers throughout the week. Choice boxed beef prices declined \$4.20 for the week. Feeder cattle prices also generally declined as corn futures rallied to the highest levels since early January and fed cattle futures declined to the lowest levels since early in March. The only bright spot in feeder cattle was the Nebraska 7-800 lb steer market posting almost a \$2 gain. The Montana markets were significantly lower this week. Feeder cattle marketing season in the Northern Plains has ended. The Omaha corn market continued to rally another 14 cents per bushel, but was still 30 percent below last year's lofty levels. Dried DG prices in Nebraska were up about \$4/ton, while wet DG prices declined \$1.25.

	Cattle or Meat Category	Week of 6/5/09	Week of 05/29/09	Week of 06/06/08
5-Area Fed Steer Price	all grades, live weight, \$/cwt	\$82.11	\$84.64	\$94.00
	all grades, dressed weight, \$/cwt	\$131.53	\$135.04	\$148.02
Boxed Beef	Choice Price, 600-900 lb., \$/cwt	\$141.40	\$145.60	\$156.90
	Choice-Select Spread, \$/cwt	\$5.72	\$6.19	\$4.08
700-800 lb. Feeder Steer Price	Montana 3-market average, \$/cwt	\$92.25	\$103.27	\$110.50
	Nebraska 7-market average, \$/cwt	\$104.73	\$102.86	\$114.74
	Oklahoma 8-market average, \$/cwt	\$99.68	\$101.08	\$111.25
500-600 lb. Feeder Steer Price	Montana 3-market average, \$/cwt	\$110.52	\$118.77	--
	Nebraska 7-market average, \$/cwt	\$118.54	\$121.77	\$125.86
	Oklahoma 8-market average, \$/cwt	\$109.79	\$116.17	\$119.28
Feed Grains	Corn, Omaha, NE, \$/bu (Thursday)	\$4.26	\$4.12	\$6.11
	DDGS Price, Nebraska, \$/ton	\$151.10	\$147.00	\$170.00
	WDGS Price, Nebraska, \$/ton	\$49.50	\$50.75	\$62.50