

NATIONAL FEEDER & STOCKER CATTLE SUMMARY - TWO WEEKS ENDING 07/13/2012

RECEIPTS:	Auctions	Direct	Video/Internet	Total
06/29-07/12	188,800	106,500	202,300	497,600
Two Weeks Ago	175,400	34,800	234,100	444,300
Last Year	245,400	88,600	137,800	471,800

Compared to two weeks ago, yearling feeder cattle sold 4.00-8.00 lower with the least decline noted on the heaviest offerings (over 900 lbs) and on heifers in some reporting areas. Calf prices were 8.00-15.00 lower than before the 4th of July interruption with many instances more than 20.00 lower scattered throughout the nation's auction markets. Nothing good happened for the feeder cattle market over the holiday break with the possible exception of the CME and CBOT both being closed on Independence Day, preventing the near limit gains on corn and near limit losses on feeder contracts that seem to be an otherwise normal occurrence. The outlook for this year's corn crop continues to grow more dismal with each passing day as hot, dry weather persists throughout most of the country and even spotty showers are mostly seen as too little and too late. The Corn Belt has prematurely tasseled with the ear and kernel size predetermined as the USDA this past week lowered expected yields by 20 bu/acre or a 12 percent reduction. July corn futures finally went off the Board on Friday after gaining over 2.00/bu since the 1st of June, while feeder cattle contracts have tumbled 15.00-17.00. In recent years, summer backgrounders have regretted contracting their yearling feeders as prices climbed right up to the fall calf run, but this year many are paying the price for gambling on tight-supply fundamentals to carry the cattle market. Osage and Flint Hill grazers are either out of time or out of grass and finding firm bids hard to come by and nearly 150.00 per head less than they could have contracted for a month ago. The fed cattle cash market lost 2.00 this past week to 115.00 with negotiated sales now routinely making up less than 20 percent of the weekly slaughter. Over 60 percent of the weekly movement is formula-priced off the scant cash trade that is more like a dictatorship than a democracy. Soon, cattle feeders may be forced to ship their cattle with only a ballpark idea of what their check will look like - similar to the sheep industry. The continued strengthening of our US Dollar is taking a toll on our previously strong beef exports and Choice boxed beef cut-outs have dropped over 10.00 in two weeks. Optimism on the cattle market is currently a tough sell and there has yet to be any signs of a top side to grains or a bottom to the feeder cattle. However, corn choppers will soon be making silage out of drought damaged corn fields (although nitrate levels can be dangerously high) and feeding cattle is the only way to recoup a portion of this lost crop. Bassett, NE Livestock Auction sold over 11,000 head during their two day BBQ Special this week with active bidding at the lower price levels for load lots of reputation Sandhill cattle. Nearly 1100 head of 850-900 lb steers averaged 882 lbs at 138.75 and 2800 head of 900-1000 lb steers averaged 940 lbs at 134.40. There's no doubt that record prices will return for calves and yearlings, as this summer's herd sell-off is rivaling last year's, but at what point will the recovery return? The accumulated two-week auction volume had 59 percent over 600 lbs and 38 percent heifers.

Auction Receipts: 188,800 Last Week: 175,400 Last Year: 245,400