

The weighted average live price for the five-market area June 26-29 was at \$83.10 per cwt, up \$1.80 per cwt from a week earlier. The weighted average carcass price through June 29 for the five-market area was up \$3.05 per cwt at \$131.55 per cwt from 7 days earlier. The futures market at midmorning July 6, 2006 was at \$83 to \$92.15 for the next year. If this market is actually reflecting what will happen, we have had the low in fed cattle prices for 2006.

Feeder Cattle Market

According to Glen Grimes and Ron Plain from the University of Missouri-Columbia replacement heifers weighing 800-900 pounds, bred 4 to 6 months, of average quality, and pretested for bangs, pregnancy, and age, sold for \$660-\$770 per head last week at Oklahoma City. Feeder heifers weighing 800-850 pounds sold for \$97.75-\$104.50 per cwt or \$831-\$836 per head. This suggests that, at least in Oklahoma City, these heifers would probably have returned more to the producer if they would have been held for feeder cattle.

Feeder cattle and calves are \$3-5 higher. The price ranges by weight groups at Oklahoma City this week were: 400-500 pounds \$139-\$159 per cwt, 500-600 pounds \$121-\$141.25 per cwt, 600-650 pound calves \$119.50-\$124 per cwt, 600-700 pound yearlings \$119.60-\$127.50 per cwt, 700-800 pounds \$114.50-\$122.75 per cwt and 800-1,000 pounds \$96.25-\$115.50 per cwt. At the futures markets, contracts range from \$105 to \$116. These strong prices for feeder cattle suggest the supply of feeder cattle is tight compared to demand.

Based on calculations using Kansas State University data, these cattle will lose \$36-\$94 per head if the current futures market is accurately predicting the fed cattle price at the time these cattle will be ready to slaughter. This does not include yardage fees.

BSE in Canada

Canada confirmed detection of its sixth case of bovine spongiform encephalopathy, in a cow at least 15 years old. The age implies the cow was born before Canada placed restrictions on cattle feed in 1997. USDA Chief Veterinarian John Clifford said in a prepared statement that the latest Canadian case of BSE isn't expected to "cause any disruption to our trade in beef or beef products from Canada," a sentiment expressed last week by USDA spokesman Ed Loyd even before the Manitoba cow was confirmed to be infected. USDA is so confident, Clifford said, that it will not send officials to monitor Canada's investigation into the latest BSE discovery - something USDA has done for previous cases.

