

Livestock Marketing Information Weekly

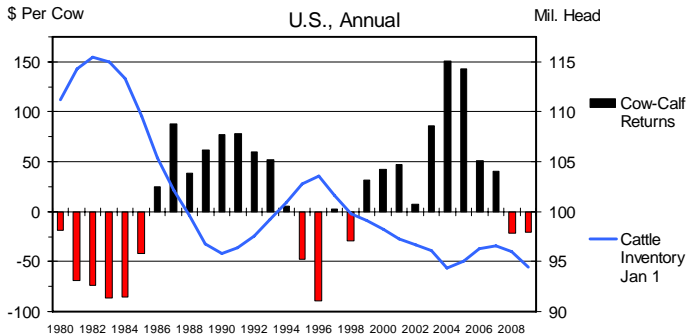
WSU Extension
<http://ext.wsu.edu>

Livestock Marketing Information Center
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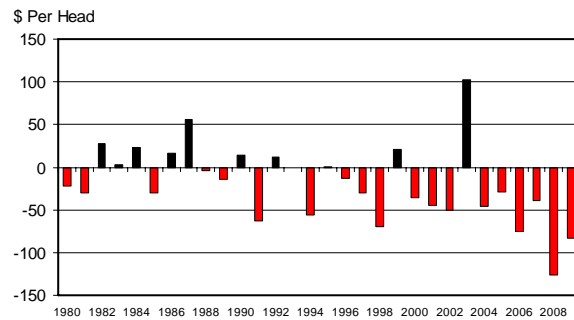


E-NEWSLETTER FOR WASHINGTON'S LIVESTOCK INDUSTRY

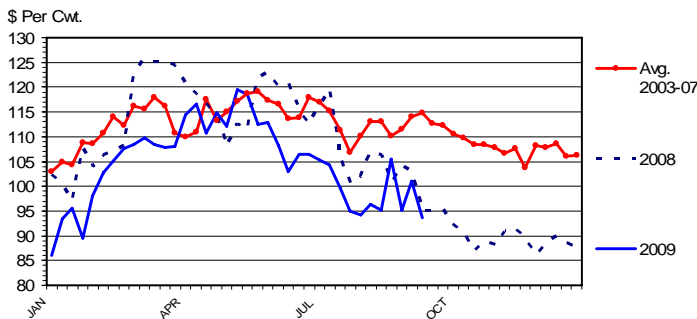
COW-CALF RETURNS AND CATTLE INVENTORY
U.S., Annual



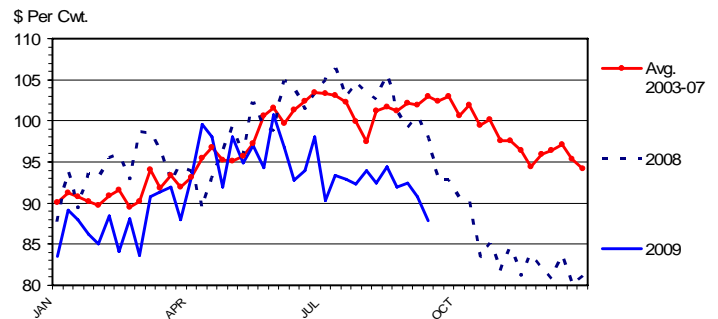
AVERAGE RETURNS TO CATTLE FEEDERS
Feeding 725 Lb. Steers, S. Plains, Annual



MED. & LRG. #1 & 2 STEER CALF PRICES
500-600 Pounds, Washington, Weekly



MED. & LRG. #1 & 2 FEEDER STEER PRICES
700-800 Pounds, Washington, Weekly



(All graphs courtesy of the Livestock Marketing Information Center – lmic.info)

this week in the cattle markets – Anderson & Riley, MissSU (oct 12)

Southeastern Feeder Cattle Marketings

Last week, Tim Petry mentioned that feeder cattle marketings were on the rise in the Plains. The same is not so in Southeastern markets. Mid-October typically marks the peak in the number of fall calves sold in Mississippi markets – and this is true of other Southeastern states as well. However, marketings for 2009 are down about 20%, compared to the 2003 thru 2007 average, since the start of September. The current economic environment is contributing to tough decisions for cow/calf and stocker producers regarding when to market their calves as prices are already under pressure from outside influences. Add to this the seasonal decline that occurs into the fall, and it is understandable that the weekly number of calves going to market is down.

In most parts of the country this year (with the notable exception of parts of central and south Texas) hay production and pasture conditions have been supported by adequate – in some cases excessive – rainfall and declining fertilizer prices. Feedstuff prices have also been on the decline. These factors collectively have many producers opting to hold onto calves longer than normal in hopes of an improvement in price.

What does this imply for the coming months? As with the current situation in wholesale beef, this will likely result in an increase in the number heavy feeder cattle coming to Southeastern markets in the first quarter of next year. Using a rough estimate of 1.67 pounds per day gained on grass this fall/winter and 3.3 pounds per day gained in a subsequent

feedlot phase this would put these cattle going to slaughter in June when fed markets are normally at or near their seasonal lows.

World Agricultural Supply and Demand Estimates Summary

USDA released the latest World Agricultural Supply and Demand Estimates (WASDE) report on Friday. The report showed an increase in the size of the current corn crop compared to last month’s estimate. Corn production is estimated at 13.018 billion bushels, reflecting a projected record-high yield of 164.2 bushels per acre. Corn use projections were raised by 5 million bushels from last month to 13.030 billion bushels. Corn ending stocks for 2009/10 are projected at 1.672 billion bushels, down 2 million bushels from 2008/09 ending stocks.

USDA’s meat production forecasts for this month included an increase in projected 2009 pork production in response to larger-than-expected third quarter hog slaughter. Projected 2009 beef production was revised down slightly from last month, but not enough to offset the increase in anticipated pork production. For 2010, projections for pork production were reduced in response to lower farrowing intentions in the most recent Quarterly Hogs and Pigs report. Projected 2010 poultry production was also revised downward in this month’s report. Despite the favorable supply adjustments,

USDA revised projections of 2010 prices for cattle, hogs, and broilers down slightly from last month – an acknowledgement of the obvious effects of weak demand in these markets.

The Markets

Cash fed cattle prices took another hit last week, with the 5-Area weighted average price sliding another \$1.20 lower. Relatively abundant market-ready supplies, especially in the North, have cattle feeders in a weak bargaining position. With soft demand already dampening packer enthusiasm, this is definitely a recipe for lower prices. In fact, prices in the entire meat complex continued to slip lower last week. The pork cutout dropped about 50 cents last week compared to the prior week, and wholesale boneless/skinless chicken breast prices dropped by \$2.50 per pound compared to the prior week.

Feed prices moved higher last week, with concern over potential late-season losses continuing to influence the market. Numbers in the WASDE report on Friday were more-or-less in line with expectations, allowing the market to focus on a weekend of unseasonably cold, snowy weather in parts of the Plains. Consequently, corn futures started this week on a high note, with the December contract adding almost 20 cents in Monday’s trading. (See prices or archived articles at <http://lmic.info/memberspublic/pubframes.html>)

LMIC Livestock Monitor (October 9, 2009)

Production			Prices			
Week Ending 10/10/2009	Last	Year Ago	Weekly Weighted Avg.	Last	Week Ago	Year Ago
FI Cattle Slaughter (Thou Hd)	634	652	Live Steer	80.85	82.08	91.19
FI Hog Slaughter (Thou Hd)	2299	2374	Dressed Steer	125.01	127.64	140.56
FI Sheep Slaughter (Thou Hd)	46	46	Beef Cutout (Choice 600-900)	134.46	137.25	152.27
Live Y. Chicken Sl. (Mil Hd)	161.0	164.4	USDA Hide/Offal (\$/Cwt)	8.12	8.35	11.15
			GA Auction Fdr. Str. (6-7 Cwt.)	80.88	85.55	83.71
Slaughter Cattle Live Weight	1316	1310	Iowa/S. Minn. Base Hog (Wtd. Avg)	48.45	48.93	66.29
Slaughter Hog Live Weight	271	269	Natl. Net Hog Carcass (Wtd. Avg)	52.93	53.20	70.27
Slaughter Lamb/Sheep Live Wt.	135	134	Feeder Pigs (40-50 Lbs)	31.89	31.13	36.14
Beef Production (Mil Pounds)	505.8	515.2	Pork Cutout	53.06	53.99	70.48
Pork Production (Mil Pounds)	464.5	476.9	Lamb Cutout (\$/Cwt)	213.73	218.16	238.96
Lamb, Mutton Prod. (Mil Lbs.)	3.1	3.1	Corn, Omaha (\$/Bu)	3.39	3.22	3.82
Previous 6 Wk. Moving Avg.			Wheat, Portland (\$/Bu)	4.53	4.32	5.35
Total Beef (Mil Lbs)	501.9	509.6	Wheat, Kansas City (\$/Bu)	4.23	3.98	5.55
Total Pork (Mil Lbs)	457.3	455.3	Soybeans, S. Iowa (\$/Bu)	9.66	8.78	8.64
Total Lamb, Mutton (Mil Lbs)	3.1	3.1				

Source: Various USDA-AMS reports. Some data are preliminary.

COW-CALF RETURNS STRUGGLE AGAIN IN 2009

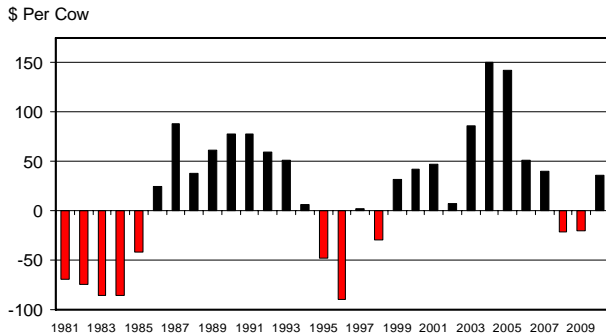
U.S. cow-calf operations have seen their profitability decline in recent years, with negative returns posted in 2008 due to higher costs of production and lower calf prices. Since the

early 1970’s the Livestock Marketing Information Center (LMIC) has estimated cow-calf returns over cash costs plus pasture rent for a typical Southern Plains operation. The estimated numbers are designed for market analysis purposes, thus actual cow-calf returns will vary considerably.

Recent estimates for cow-calf returns were lowered some to reflect lower than expected calf prices. For 2009, as calculated by the LMIC, many cow-calf operations in 2009 will not cover their cash production costs and returns will likely be similar to 2008's. Looking ahead, estimated cow-calf returns should be back in the black in 2010, as calf and cull cow prices rebound.

ESTIMATED AVERAGE COW CALF RETURNS

Returns Over Cash Cost (Includes Pasture Rent), Annual



Net returns have been pressured again in 2009, as input costs remain rather high compared to historical norms while calf prices have struggled. Calf prices are forecast to be slightly higher in the fourth quarter of this year than in 2008, however for the year, calf prices will still be the lowest since 2003. Currently, the LMIC estimated return for 2009 is around a negative \$20.00 per beef cow. If realized, that will be the second consecutive negative year, with the last time producers posted a negative return (prior to 2008) was in 1998.

Historically, estimated cow-calf returns vary dramatically over time. In the 36 years the LMIC has estimated cow-calf returns (including 2009); 15 years have posted negative cow-calf returns or 42 percent, with only nine of those years posted losses greater than \$50 per cow.

Looking ahead, profitability is forecast to return in 2010 and 2011, however until then the economic incentive to turn strongly positive for cow-calf producers for overall U.S. cowherd growth will be delayed.

BEEF CUTOUT VALUES

Wholesale beef cut prices also known as the "boxed beef cutout value" is the summation of the wholesale base price for each individual wholesale beef cut into a boxed beef value that is intended to represent an average carcass price at the wholesale level of the product supply chain. Boxed beef values are reported by USDA-AMS on a daily (morning and afternoon report) and weekly average basis. Over the years, these cutout values have become increasingly more important and closely monitored by meat packers, retailers, and cattle feeders. Of note, byproduct items such as the hide and liver are not included in the boxed beef value.

The Choice beef cutout value was rather strong at the onset of 2009, averaging slightly higher than a year ago in January. However, as the U.S. and world economies moved deeper into a recession, wholesale beef prices have struggled. Compared to prior years, the Choice cutout did not post its normal seasonal rally until April this year and any upswings were rather short in duration. For the first three quarters of 2009, the Choice cutout averaged \$141.46 per cwt., over \$13 per cwt. less than last year's average of \$154.61 per cwt., but only \$1.70 per cwt. or two percent less than the 2003-2007 average.

In particular, consumer demand for middle meats (e.g. loin, rib) has been rather lackluster, which has been a drag on the overall Choice cutout value as these items account for the largest value share of the total cutout value. In terms of beef, the rib primal has suffered the most on a value basis, down more than \$18 per cwt. so far this year, compared to the same nine-month period last year, while the loin primal was down over \$15 per cwt. In contrast, the values of the end-meats have been relatively strong, with the brisket primal \$5 per cwt. higher so far this year while the chuck and flank primals have averaged only \$11 per cwt. less than a year ago. Overall, consumers have shifted to lower valued beef items.

PORK CUTOUT VALUES

Wholesale pork cut prices or more commonly referred to, as the "pork cutout value" is the aggregation of the wholesale base price for each individual wholesale pork meat item according to average relationships into a carcass equivalent value at the wholesale level. Like the beef cutout value, byproduct items such as the heart and tallows are not included in the pork cutout value. The pork cutout values are estimated by USDA-AMS on a daily (morning and afternoon report) and weekly average basis. Meat packers, retailers, and hog producers monitor the pork cutout values.

Similar to the beef cutout value, the pork cutout started of the year fairly strong and about a dollar higher than 2008's, but still well below (6 percent) the 2003-2007 average for January. Since then, wholesale pork values have crumbled to values not seen since 2003, due to not only the economy but lingering impacts of the H1N1 on U.S. export markets. In the first three quarters of 2009, the pork cutout averaged \$57.44 per cwt. versus \$71.82 per cwt. in 2008 and was 16 percent lower than the prior five-year average. In July, the pork cutout did gain some seasonal strength and peaked at \$60.65 per cwt., but that was still \$22 per cwt. less than a year ago and was short-lived as it fell to the mid-\$50's in August and September, the lowest since December 2003.

On a primal basis, the pork cutout has received most of its support this year from the lower cost primals such as the butt and picnic rather than the loin. So far this year, the belly primal was down nearly \$8 per cwt. or 10 percent, while the picnic was down about \$13 per cwt., and the butt about \$15 per cwt. less than the same period in 2008. At the time, the

loin is down nearly \$18 per cwt. compared to 2008's. The rib has held-up surprisingly well given the conditions, down only about \$9 per cwt. in the first nine months of 2009 versus last year. Nonetheless, pork prices have been forced lower this year due to an excess supply of pork and that has weighed on hog prices.

<http://lmic.info/memberspublic/pubframes.html>

Grimes & Plain cattle outlook

The October estimate of the 2009 corn crop is for a production of 13.018 billion bushels, very close to the record of 13.038 billion bushels in 2007. The yield per acre for corn is 164.2 bushels, a record by a bunch. The previous record was 160 bushels per acre in 2004.

The USDA midpoint estimate for corn prices for the 2009-2010 marketing year is \$3.30 per bushel, the same as in September but down \$0.76 per bushel from the 2008-2009 marketing year.

The 2009 soybean crop is estimated to be a record high at 3.25 billion bushels. The midpoint estimate for soybean prices in 2009-2010 marketing year is \$9.00 per bushel, down from \$9.97 per bushel for the 2008-2009 marketing year.

The USDA midpoint estimate for soybean meal prices is \$275 per ton compared to \$331.17 per ton for the 2008-2009 marketing year. These lower feed prices will assist in holding feeder cattle prices close to a year earlier even with the lower fed cattle prices.

Beef exports in August were down 24.5 percent from a year earlier. For the first eight months of 2009, beef exports were down 4.1 percent from twelve months earlier. Beef imports for January-August were up 11.9 percent from the same period in 2008.

Net beef imports as a percent of beef production at 4.1 percent up from 2.6 percent a year earlier. This is one of the main reasons why the demand for live fed cattle is down more than the consumer demand for beef so far in 2009. The value of beef and beef variety meat exports for January-August was \$90.65 per head slaughtered, down from \$101.32 per head a year earlier.

Feeder steers and heifers were steady and steer and heifer calves were steady to \$2 per cwt higher at Oklahoma City this week compared to last week. The range in prices by weight groups in medium- and large-frame Number One steers were: 400-500 pounds \$106-120.50 per cwt, 500-600 pounds \$98.25- 113.75 per cwt, 600-700 pound calves \$87.25- 94.25 per cwt, 600-700 pound yearlings \$87.50-100 per cwt and 700-800 pounds \$81-87.75 per cwt.

Wholesale beef prices showed Choice beef Friday morning at \$135.84 per cwt, up \$1.70 per cwt from a week earlier. Select beef at \$132.65 per cwt was up \$3.76 per cwt from seven days earlier. The weighted average live steer price through

Thursday for the five-market area was \$81.71 per cwt, up \$0.36 per cwt from last week.

The weighted average negotiated carcass price through Thursday for the five-market area at \$125.19 per cwt was up \$0.18 per cwt from a week earlier.

Slaughter this week under Federal Inspection was estimated at 629 thousand head, down 0.3 percent from a year earlier.

The trade estimates are in for the October 1 Cattle on Feed report to come in above a year earlier for the first time since April 2008. The forecast is for the on-feed number to be 100.3 percent, placed on feed during September to be at 105.5 percent, and fed marketings during September to be at 97.8 percent of a year earlier.

The October report came in very close to the trade estimates. The on feed number was at 100.6 percent of a year earlier. The trade estimate was for 100.3. Cattle placed on feed during September were up 104.7 percent of 2008. The trade estimate was for 105.5 percent of twelve months earlier. Feed marketing during September at 96.4 percent of last year compared to trade estimates of 97.8.

If traders were trading the trade estimates, we would look for very limited movement in the futures market on Monday.

More details about the report will be in next week's letter. (<http://agebb.missouri.edu/mkt/bull2c.htm>)

Grimes & Plain hog outlook

The October estimate of the 2009 corn crop is for a production of 13.018 billion bushels -- quite close to the record of 13.038 billion bushels in 2007. The estimated yield for corn in 2009 is 164.2 bushels per acre -- a very substantial increase from the previous record of 160 bushels per acre.

The USDA midpoint estimate for corn prices is \$3.30 per bushel, the same as a month earlier but down \$0.76 per bushel from the 2008-09 marketing year.

The 2009 soybean crop is estimated to be a record high 3.25 billion bushels. The USDA midpoint estimate for bean prices is \$9.00 per bushel, down from \$9.97 per bushel in the 2008-09 marketing year.

The midpoint estimate for soybean meal prices for the 2009-10 marketing year is \$275 per ton compared to \$331.17 per ton a year earlier.

These lower feed prices will reduce the cost of producing hogs by \$3-4 per cwt but not nearly enough to erase the red ink of the past year. Therefore, the breeding herd needs to be reduced substantially more than the reductions in the September 1 report.

For the last couple of weeks, gilt and sow slaughter data is not positive for an increase in the rate of decline in the breeding herd.

Pork exports in August were down 18.4 percent from a year earlier. For January-August pork exports were down 19.2 percent from 12 months earlier. Pork imports for January-August were down 2.3 percent from the same months in 2008. However, even with the smaller imports the net pork exports as a percent of production were 14.1 percent, down from 17.8 percent in 2008. The value of pork exports per hog slaughtered for January-August at \$38.46 per head is down from \$42.11 per head for the same period last year.

The average live weight of barrows and gilts last week in Iowa-Minnesota was 268.9 pounds per head, up 0.5 pound from a week earlier and up 3.2 pounds from a year earlier.

Pork product cutout bucked the seasonal trend this week with an increase of \$3.33 per cwt and amounted to 56.20 per cwt. Loins at \$68.85 per cwt were up \$1.61 per cwt, Boston butts at \$59 per cwt were up \$2.96 per cwt, hams at \$47.68 per cwt were up \$6.48 per cwt, and bellies at \$66.85 per cwt were down \$0.01 per cwt from a week earlier.

National feeder pig prices last week were generally steady. The average price for 50-54 percent lean pigs weighing 10 pounds was \$30.90 per head and 40-pound pigs were 31.89 per head. The formula-price for 10-pound pigs averaged \$33.96 per head and for 40-pound pigs averaged \$44.96 per head. The negotiated or cash price for 10-pound pigs averaged \$25.42 per head and 40-pound pigs averaged \$30.71 per head.

The prices for live slaughter hogs Friday morning were \$0.50 per cwt higher to \$1.00 per cwt lower compared to a week earlier. The weighted average negotiated carcass prices were \$0.42 to \$0.98 per cwt higher compared to seven days earlier. The live prices Friday morning were: Peoria \$29 per cwt, Zumbrot, Minnesota, \$31 per cwt, and interior Missouri \$35 per cwt. The weighted average negotiated carcass prices by area Friday morning were: western Cornbelt \$49.07 per cwt, eastern Cornbelt \$47.15 per cwt, Iowa-Minnesota \$49.20 per cwt and nation \$47.93 per cwt.

Slaughter this week under Federal Inspection was estimated at 2295 thousand head, down 2.6 percent from the same week in 2008. (<http://agebb.missouri.edu/mkt/bull1c.htm>)

pnw dairy monitor (september 2009)

In the September Feed Outlook report by USDA-ERS, forecast U.S. feed grain supplies for 2009/10 are increased with higher corn production, reflecting favorable growing conditions for corn across the western Corn Belt and the northern half of the Great Plains. Corn yields are expected to reach a new record. With larger feed grain production, all 2009/10 feed grain prices are projected lower. Corn production in 2009 is forecast at 12.954 billion bushels, up 193 million bushels from last month and 853 million bushels above 2008. Based on September 1 conditions, the average corn yield is forecast at a record 161.9 bushels per acre, compared with 159.5 bushels per acre last month and actual 2008 yield of 153.9 bushels per acre. Reflecting increasing supplies, the forecast corn price for 2009/10 is lowered 25 cents on the high end of the range, and lowered 5 cents on the low end of the range to \$3.05- \$3.65 per bushel. In 2008/09, the season average price received by farmers is expected to be \$4.08 per bushel.

With the decline in feed costs of both forages and grains, and a still optimistic futures projection of milk prices the cost-price squeeze will hopefully begin to lessen as we move into fall. Although cold storages are plentiful with dairy products, with schools in session and the holiday buying season opening up some of the surplus could move to market and give support to prices.

Corn prices are nearing what may be the lows for the year. Some reports of local corn belt prices being at \$2.70 or less may represent opportunities that won't last for long or be seen again for awhile.

(Full report at http://www.ag.uidaho.edu/aers/r_PNW.htm.)

USDA MARKET NEWS – MOSES LAKE

Washington feeder cattle report

(*Davenport & Toppenish*) Compared to last week, feeder cattle 4.00-6.00 lower this holiday shortened week. Slaughter cows and bulls 1.00-2.00 higher. Slaughter cows made up 41 percent of the offering; Slaughter bulls 10 percent, and feeders 49 percent of the supply. The feeder supply included 68 percent steers and 32 percent heifers. Near 50 percent of the run weighed over 600 lbs.

http://www.ams.usda.gov/mnreports/ml_ls795.txt

Columbia Basin hay report

Supreme Alfalfa traded mostly steady. Not enough of any other class for an accurate market test, however a generally

steady undertone was noted. Export Alfalfa traded steady to firm for all classes. Retail hay sold fully steady. Buyer demand moderate for all classes of hay, except light for Fair Alfalfa. A general rain was received throughout the Basin midweek and warmed up temperatures from the previous cold front. Alfalfa hay \$80-160, details:

http://www.ams.usda.gov/mnreports/ml_gr310.txt

national feeder & stocker cattle summary

Compared to last week, mid to late week feeder and stocker cattle were steady to 2.00 higher while earlier week sales were mostly steady to 2.00 lower. The trend finally moved up

after the declines over the last several weeks. Usually in the Plains States this time of year, combines are moving through harvest at a pretty good clip. However, that is not happening at this time due to the late planting of crops, unseasonal cool summer extending the growing season, and wet and cloudy conditions all week has considerable hampered an already late harvest. According to Tuesday's NASS Crop Progress report, corn harvest is 22 percent behind the five year average and soybeans are near 35 percent behind the five year average. With the dreary conditions this week, farmer feeders are reluctant to take bawling calves as they are very aware that the crops will need their attention day and night when conditions are right for harvest. They will not have the time to doctor sick calves when combines and grain trucks are running nearly 24 hours a day. As soon as harvest nears the end, these buyers will be back in full force at the nearest auction house. The wheat in the Southern Plains looks good for this time of year as rains have moved through the area at good times this fall. However, there are a few ranchers still wanting to get as much wheat planted as possible with intentions of grazing calves and putting on gain cheaper than they can in a feedyard. Forecasts for temperatures in the mid 60's and sunny this coming weekend in the Southern Plains will be a welcome sight. That's a far cry from the early winter (late fall) snowstorm that came across some of the North Plains states this week. Some good news in the fed cattle market this week as live sales in the Southern Plains were 1.50 to 2.00 higher at 83.00-84.00 and Northern Plains dressed sales were 2.00 higher at 127.00-128.00. Friday also broke the streak for cattle on feed inventory. For the first time in 18 months, cattle on feed was above the posted year ago number. The cattle on feed number was 100.6 percent of a year ago, placements were 104.6 percent and marketings were 96.4 percent, respectively. This week's reported auction volume included 38 percent over 600 lbs and 40 percent heifers. This week's prices are on the web at:

http://www.ams.usda.gov/mnreports/sj_ls850.txt

nw direct feeder cattle summary

Compared to last week's close, feeder cattle steady to weak. Trade slow, except for Holsteins going to Midwest interests. Demand light by local interests, more moderate for those cattle going to the Midwest. Most local buyers using sale barns for most of their business. The feeder supply included 88 percent steers and 12 percent heifers. Near 20 percent of the run weighed over 600 lbs. Prices are FOB weighing point with a 1-4 percent shrink or equivalent and with a 5-10 cent slide on calves and a 3-6 cent slide on yearlings. Delivered prices include freight, commissions and other expenses. This week's prices are on the web at:

http://www.ams.usda.gov/mnreports/ml_ls135.txt

national sheep summary

Compared to last week slaughter lambs steady to 5.00 lower; slaughter ewes steady to 3.00 higher in TX and SD, other locations steady to 2.00 lower; feeder lambs mostly steady to 2.00 higher. At San Angelo, TX 4743 head sold in a one day sale. Equity Electronic Auction sold 1226 slaughter lambs in Wisconsin, North Dakota and Iowa. In direct trading slaughter ewes steady to 1.00 lower; feeder lambs steady. 2900 head of negotiated sales of slaughter lambs were steady and 19,500 head of formulated sales were 1.00 higher. 9,952 lamb carcasses sold with 55 lbs and down steady; 55-85 lbs 1.75-1.82 lower and 85 lbs and up 2.71 lower. (All sheep sold per hundred weight (CWT) unless otherwise specified.) This week's prices are on the web at:

http://www.ams.usda.gov/mnreports/sa_ls855.txt

superior video

http://www.ams.usda.gov/mnreports/am_ls753.txt

NEWS

USDA CONFIRMS 2009 PANDEMIC H1N1 INFLUENZA VIRUS PRESENT IN MINNESOTA FAIR PIG SAMPLE

Agriculture Secretary Vilsack: "U.S. Pork Is Safe to Eat"

WASHINGTON, Oct. 19, 2009 - Agriculture Secretary Tom Vilsack today announced that USDA's National Veterinary Services Laboratories (NVSL) has confirmed the presence of 2009 pandemic H1N1 influenza virus in a pig sample collected at the Minnesota State Fair submitted by the University of Minnesota. Additional samples are being tested. "We have fully engaged our trading partners to remind them that several international organizations, including the World Organization for Animal Health, have advised that there is no scientific basis to restrict trade in pork and pork products," said Vilsack. "People cannot get this flu from eating pork or pork products. Pork is safe to eat." Sequence results on the hemagglutinin, neuraminidase and matrix genes from the virus isolate are compatible with reported 2009 pandemic H1N1 sequences. The samples collected at the 2009 Minnesota State Fair were part of a University of Iowa and University of Minnesota cooperative agreement research project funded by the U.S. Centers for Disease Control and Prevention which documents influenza viruses where humans and pigs interact at such as fairs.

The infection of the fair pig does not suggest infection of commercial herds because show pigs and commercially raised pigs are in separate segments of the swine industry that do not typically interchange personnel or animal stock. USDA continues to remind U.S.

swine producers about the need for good hygiene, biosecurity and other practices that will prevent the introduction and spread of influenza viruses in their herd and encourage them to participate in USDA's swine influenza virus surveillance program. More information about USDA's 2009 pandemic H1N1 efforts is available at www.usda.gov/H1N1flu

National Beef plans to go public

Drovers (10/14/2009)

Kansas City, Mo.-based National Beef Inc., the owner of National Beef Packing Co., announced this week it has filed paperwork with the Securities and Exchange Commission to make an initial public stock offering, according to news reports. The company has not yet released a date, number of shares or estimated share price. According to the Associated Press, National Beef Packing reported \$4 billion in sales through the first three quarters of its fiscal year, down 5 percent from a year ago, but net profits were up 85 percent. In 1993, National Beef purchased its Liberal, Kan. location and renamed it Farmland National Beef LLC. U.S. Premium Beef Ltd. purchased a minority interest in the company in December of 1997. The company was jointly owned by Farmland Industries and U.S. Premium Beef Ltd. In August of 2003, U.S. Premium Beef Ltd. purchased majority interest with NBP management group and Beef Products Inc. as minority investors. The company was renamed National Beef Packing Co. LLC. In June of 2006, National Beef and its majority owner, U.S. Premium Beef, acquired Brawley Beef LLC of Brawley, Ca. The IPO announcement follows a pattern of mergers and public offerings in the packing business. Last year, JBS SA, the Brazilian owner of JBS Swift, attempted to acquire National Beef, but abandoned the plan in February of this year in the face of resistance from the SEC. JBS did, however, acquire Smithfield Beef Group, including Five Rivers Cattle Feeding. In July of this year, JBS announced its own plan for a public stock offering. Last month, the company reached an agreement to acquire a majority interest in Pilgrim's Pride Corp., and subsequently delayed the planned IPO until January 2010, giving the company time to finalize the Pilgrim's Pride deal. www.drovers.com

Cool, Wet Weather has Weakened Feeder Cattle Prices in the Southern Plains

Derrell S. Peel, OSU Extension Livestock Marketing Specialist

More years than not, a September rain in Oklahoma will result in higher stocker cattle prices because the challenge of establishing wheat pasture is usually one of not enough moisture. This year, wetter and cooler than normal conditions much of the time since August have delayed stocker cattle demand for wheat pasture. The cool, wet weather has generally been favorable for rapid development of wheat stands despite some difficulties in planting and some washout of young wheat during heavy rains. However, producers have been reluctant to receive cattle in the prevailing sloppy conditions of the past month. Calf and stocker prices declined through September and early October but have shown signs of stabilizing the past week. The weather forecast brings hope of more sunshine and dry conditions in the next 10 days or so and stocker demand will likely pick up. Both demand and supply of stocker cattle are expected to increase for the next month so the price impact is uncertain but likely will be stable to a slight increase.

Cattle markets have generally struggled recently under the weight of mostly unhelpful news from several fronts. Heavy feeder cattle prices continue to be limited by very weak fed cattle and boxed beef prices and there is no sign of improvement in consumer beef demand. The latest trade numbers confirm that beef exports weakened in August under the weight of cheap competing meats. The December corn futures price rallied by roughly \$0.70/bushel from the early September lows despite USDA's confirmation of a 13 plus billion bushel corn crop this year. However, the corn market rally appears to have topped out in the last few days.

USDA released the October Cattle on Feed report Friday which confirmed another month of relatively large placements and smaller marketings. September placements were 105 percent of last year and marketings were 96 percent of a year ago. This brings the feedlot inventory on October 1 to 101 percent of year ago levels. This is the first time on-feed totals have exceeded year earlier levels since April of 2008. This situation does not suggest an immediate problem in fed cattle markets but a continuation of sluggish marketings in future months will inevitably add supply pressure to a fed cattle market already struggling with weak demand.

Pilgrim's Pride Gets FTC, Justice Dept. Approval

10/15/2009 : Pilgrim's Pride Corp. said Thursday that the Federal Trade Commission and Department of Justice have cleared the way for its deal with Brazilian beef producer JBS SA, which would help pull the chicken producer out of bankruptcy. Last month, JBS said it would buy a majority stake in Pilgrim's Pride for \$800 million, in a transaction that would include paying off Pilgrim's Pride's creditors in full and distributing new stock to current shareholders — something unusual for a company in bankruptcy protection. Pilgrim's Pride and six of its subsidiaries filed a reorganization plan in September with the U.S. Bankruptcy Court for the Northern District of Texas. The Pittsburg, Texas-based company will sell 64 percent of the stock in the reorganized company to JBS, implying a total company value of \$1.25 billion. Existing shareholders will receive shares in the remaining 36 percent of Pilgrim's Pride worth \$450 million. Including the plan to pay off \$1.5 billion of current debt, the entire transaction is worth \$2.8 billion, JBS said last month. Pilgrim's Pride was the nation's largest chicken producer with about 23 percent of the U.S. market before it filed for bankruptcy protection late last year. The company was crippled by debt from its buyout of a competitor and by high feed costs that

left much of the industry in a slump. The company anticipates its reorganization plan will be approved by the bankruptcy court in time for it to exit bankruptcy protection before the end of December.

OTHER RESOURCES

USDA market news reports for individual PNW auctions

Klamath Livestock Auction (Klamath Falls, OR)
http://www.ams.usda.gov/mnreports/JO_LS140.txt
Stockland Livestock Auction (Davenport, WA)
http://www.ams.usda.gov/mnreports/ML_LS756.txt
Toppenish Livestock Auction (Toppenish, WA)
http://www.ams.usda.gov/mnreports/ML_LS754.txt

USDA Market News: www.ams.usda.gov

Selected PNW livestock auction home pages

Central Oregon Livestock Auction (Madras, OR)
<http://www.centraloregonlivestockauction.com/marketreports.htm>
Producers Livestock Marketing Association
(Vale, OR & Jerome, ID)
<http://www.producerslivestock.com/>
Stockland Livestock Exchange (Davenport, WA)
<http://www.stocklandlivestock.com/>
Lewiston Livestock Market (Lewiston, ID)
<http://www.lewistonlivestockmarket.com>

Video auction home pages

Superior Livestock Auction
<http://www.superiorlivestock.com/>
Western Video Market
<http://www.wvmcattle.com/>
Northern Livestock Video Auction
<http://www.northernlivestockvideo.com/>

Hot topics

WSU Avian flu
<http://anr.wsu.edu/AvianFlu.htm>
WSU - West Nile Virus
<http://wnv.wsu.edu/>
Northwest Pilot Project (AID)
<http://www.northwestpilot.org/>

USDA National Animal Identification System
<http://animalid.aphis.usda.gov/nais/index.shtml>
NCBA BSE page
<http://www.bseinfo.org/>
USDA Country-of-origin labeling
<http://www.ams.usda.gov/cool/>

The most recent editions of this newsletter are posted on the WSU Extension Central Washington Animal Agriculture Team website (<http://animalag.wsu.edu>). In this newsletter, clicking on a link will open the website containing the report or will load the PDF from the web in your browser window. If you have any problems please email me at HUDSONT@WSU.EDU. Several of the articles are in Adobe Acrobat (PDF) format, and you may need Adobe Reader 7 or 8 for the hotlinks to work. Go to <http://www.adobe.com/products/acrobat/readstep2.html> to download Adobe Acrobat Reader for free. To subscribe automatically, send a blank email to SUBSCRIBE-livestockmarkets@lyris.cahnrs.wsu.edu.

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