

The feeder cattle contract has undergone some large swings in prices over the last couple of weeks. The August contract in the last week moved \$10 per cwt, reacting aggressively to the weather driven corn market. The feeder cattle contracts are expected to continue to react to changes in corn futures prices over the course of the growing season. The cash market on the other hand has not been reacting as aggressively, leading to wild changes in basis (cash minus futures price).

For today's discussion, the focus will be the 700-800 pound steers priced at auction in Western Kansas. Monthly, January through April had a more narrow basis than the five-year average. January and February were both negative compared to a positive five-year average in those months. March and April the basis was \$1.59 per cwt and \$1.51 per cwt compared to the five-year averages of \$3.03 and \$2.56 per cwt in those months.

Over the last several weeks, the basis against the August contract has widened considerably. Weeks-ending 5/22/2021 and 05/29/2021 showed a negative basis of more than \$12 per cwt. Subsequent weeks cash prices has maintained between \$9-\$10 under the futures. The table to the right shows the five-year average for those same weeks.

Producers are facing not only futures price volatility but increased basis risk as a result. The wide basis has made it difficult to evaluate hedges. The basis should narrow as the contract approaches expiration. Timing of exiting hedge positions will need to be closely monitored.

Cash prices have been hovering around \$140 per cwt for several weeks and will need more concrete data on feed costs to break higher or lower. The June acreage report, scheduled to be released by USDA NASS on June 30th, is one of the more important pieces of data and may provide that signal to feeder cattle markets.

Volatility and wide basis has not been unique to the feeder cattle market. Corn basis, has been wider as well, though quite the opposite with the cash price holding a premium to the futures market. In May the Dodge City corn basis was \$0.39 per bushel, compared to a five-year average of -\$0.03. So far, June cash prices in Dodge City are averaging \$7.18 in the weekly data, versus the July corn futures price averaging \$6.74 per bushel through Friday's close. The five year average for June corn basis in Dodge City is 10 cents under, compared to the 44 cents through the first 3 weeks of the month. Corn is entering into a critical weather stage, and currently the basis is more similar to year's where extreme drought has impacted feeder cattle and corn markets.

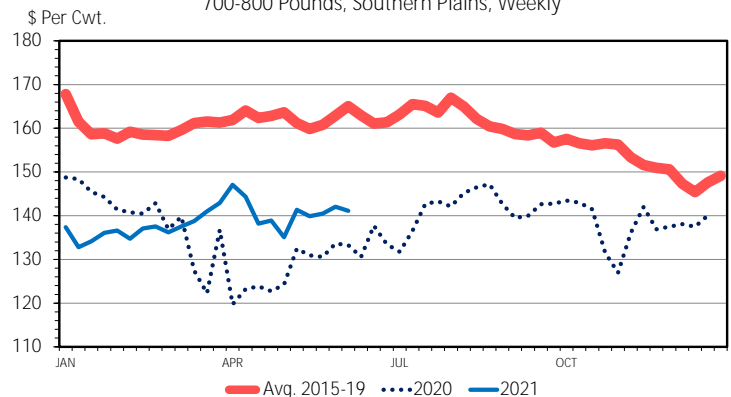
August Feeder Cattle Basis

700-800 Pounds, W. Kansas, Weekly

Week Ending	2016	2017	2018	2019	2020	2021	Avg. 15-19	Std Dev
05/22/21	4.30	1.98		-1.57	-0.54	-15.46		
05/29/21	-5.60	2.42	-6.55	-0.81	-6.47	-12.64	-1.52	4.40
06/05/21	-4.86	-0.64	-0.46	-6.60	-5.66	-9.09	-1.61	4.34
06/12/21	2.11	3.97	-2.38	-3.85	-4.02	-9.86	0.51	3.42
06/19/21	3.64	7.43	-2.24	0.94	12.87	-9.31	3.98	4.94
06/26/21	5.41	3.59	0.43	-3.31			1.58	3.32
07/03/21	8.82				-4.68			
07/10/21		6.66	0.06		0.24			
07/17/21			-4.74	-0.62	0.46			
07/24/21	4.39	8.22	-0.76	-0.73	-14.20			
07/31/21	3.29	8.63	10.04	4.71	4.04		5.89	3.26
08/07/21	5.05	2.88	5.20	-2.65	1.41		3.90	4.28
08/14/21	3.81	5.65	6.30	1.99	1.03			
08/21/21	-1.72	7.81	2.55	2.23	4.19		2.55	3.41

MED. & LRG. #1 FEEDER STEER PRICES

700-800 Pounds, Southern Plains, Weekly

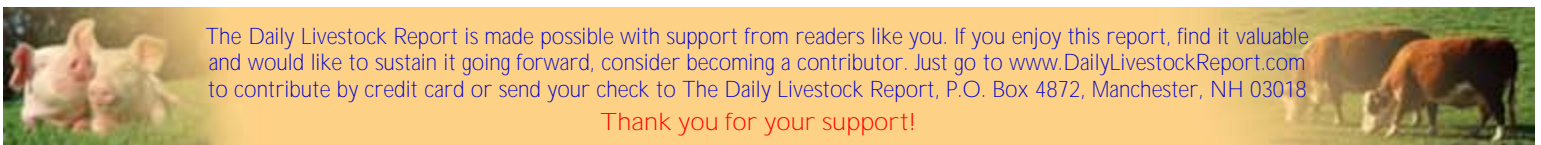


Data Source: USDA-AMS
Livestock Marketing Information Center

C-P-49
06/14/21

	Dodge City Basis	July Corn Futures	Dodge City Cash Corn ^a
Jun-21	0.44	6.74	7.18
Jun-12	0.19	5.96	6.15
Jun-13	0.40	6.62	7.02
June (2020-2016)	-0.10	3.84	3.74

^aThursday Price, Sourced from LMIC



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PRODUCTION & PRICE SUMMARY

Week Ending 6/19/2021

Source: Various USDA Agricultural Marketing Service (Market News) reports. DATA ARE PRELIMINARY.

Item	Units	Current Week	Last Week	Pct. Change	Last Year	Pct. Change	YTD	Y/Y % Change
		19-Jun-21	12-Jun-21		20-Jun-20			
Beef, Pork, Chicken, & Turkey	Mill Lbs., cwe	1,998	1,725	15.8%	1,986	0.6%	46,847	1.4%
C FI Slaughter	Thou. Head	663	665	-0.3%	646	2.7%	15,415	5.6%
A FI Cow Slaughter **	Thou. Head	106	124	-14.7%	120	-11.5%	9,202	0.0%
T Avg. Dressed Weight	Lbs.	821	822	-0.1%	828	-0.8%	831	0.8%
T Beef Production	Million Lbs.	543.1	545.7	-0.5%	533.2	1.9%	12,807	6.4%
L Live Fed Steer Price, 5-Mkt	\$ per cwt	120.02	120.03	0.0%	100.78	19.1%		
E Dressed Steer Price, 5-Mkt	\$ per cwt	190.66	190.68	0.0%	160.70	18.6%		
Oklahoma Steer (600-700 lbs)	\$ per cwt	155.98	150.69	3.5%	138.54	12.6%		
& Choice Beef Cutout	\$ per cwt	329.72	338.33	-2.5%	220.34	49.6%		
Hide/Offal	\$ per cwt, live wt	12.51	12.32	1.5%	7.11	75.9%		
B Rib, Primal, Choice	\$ per cwt	520.28	545.83	-4.7%	378.34	37.5%		
E Round, Primal, Choice	\$ per cwt	260.03	262.41	-0.9%	164.83	57.8%		
E Chuck, Primal, Choice	\$ per cwt	254.39	253.48	0.4%	168.61	50.9%		
F Trimmings, 50%, Fresh	\$ per cwt	104.11	97.80	6.5%	79.67	30.7%		
Trimmings, 90%, Fresh	\$ per cwt	275.39	271.88	1.3%	263.82	4.4%		
H FI Slaughter	Thou. Head	2,443	2,440	0.1%	2,594	-5.8%	60,465	1.4%
H FI Sow Slaughter **	Thou. Head	49.9	62.2	-19.8%	69.3	-28.0%	4,724	5.7%
O Avg. Dressed Weight	Lbs.	215.0	215.0	0.0%	214.0	0.5%	217	0.5%
G Pork Production	Million Lbs.	524.2	523.4	0.2%	555.9	-5.7%	13,136	1.9%
S Natl. Negotiated Purchase	Wtd. Avg.	123.33	115.44	6.8%	28.91	326.6%		
& Natl. Base Carcass Price	Wtd. Avg.	114.00	113.12	0.8%	52.38	117.7%		
Natl. Net Carcass Price	Wtd. Avg.	116.13	115.13	0.9%	54.12	114.6%		
Natl. Early Wean Feeder	10-12 Lbs.	44.69	44.33	0.8%	19.20	132.8%		
P Pork Cutout	\$ per cwt	123.44	134.13	-8.0%	64.97	90.0%		
O By-product Value	\$ per cwt, live wt	4.96	4.97	-0.2%	3.66	35.5%		
R Ham, Primal	\$ per cwt	79.58	93.83	-15.2%	44.29	79.7%		
K Loin, Primal	\$ per cwt	122.00	126.61	-3.6%	68.10	79.2%		
Belly, Primal	\$ per cwt	173.24	202.43	-14.4%	97.03	78.5%		
Trimmings, 72%, Fresh	\$ per cwt	133.49	133.49	0.0%	91.14	46.5%		
C Young Chicken Slaughter *	Million Head	169.1	116.8	44.8%	162.76	3.9%	3,848	-2.3%
H Avg. Weight (RTC)	Lbs.	4.92	4.90	0.5%	4.88	0.9%	4.83	1.1%
I Young Chicken Production (RTC)	Million Lbs.	833.0	572.8	45.4%	794.1	4.9%	18,586	-1.3%
C Eggs Set (US)	Million	240.6	241.0	-0.2%	236.2	1.9%	17,746	0.6%
K Chicks Placed (US)	Million Head	187.8	186.9	0.5%	190.0	-1.1%	14,091	-0.1%
E National Composite Whole Bird	Composite	107.05	107.24	-0.2%	72.38	47.9%		
N Northeast Breast, B/S	\$ per cwt	203.02	212.11	-4.3%	123.85	63.9%		
Northeast Leg Quarters	\$ per cwt	44.69	44.61	0.2%	31.74	40.8%		
T Total Turkey Slaughter *	Million Head	3.89	3.32	17.2%	3.96	-1.8%	88.1	-6.4%
U Avg. Weight (RTC)	Lbs.	25.05	25.03	0.1%	25.88	-3.2%	26.31	0.2%
R Turkey Production (RTC)	Million Lbs.	97.5	83.1	17.3%	102.6	-5.0%	2,318	-6.2%
K National Hen (8-12 Lbs)	\$ per cwt	123.76	118.90	4.1%	107.80	14.8%		
G Corn, Omaha	\$ per Bushel	6.32	7.08	-10.8%	3.19	98.3%		
R Distillers Grain, IA	\$ per Ton	200.00	212.50	-5.9%	130.00	53.8%		
A Soybean, Cntrl IL	\$ per Bushel	13.46	15.69	-14.2%	8.82	52.6%		
I Soybn Meal 48%, Cntrl IL	\$ per Ton	374.90	391.30	-4.2%	290.30	29.1%		

* Chicken & turkey slaughter & production are 1 week earlier than the date at the top of this sheet.

** Cow and sow slaughter reflect levels from two weeks ago (part of 'actual' rather than 'preliminary' weekly slaughter report).

