

LIVE CATTLE MARKET UPDATE 6-16-11

The market jumped \$1.50 yesterday as continued talk of placement declines in the coming months, fears that supplies may in fact be peaking this or next week in the north, and reactions to beef prices being +1.00 for the week vs early week fears that they would be - \$3.00. Grain markets came unglued based on fund selling and amid fears of declining feed and ethanol demand. This created much bear spread liquidation to be seen in the market yesterday.

USDA Cattle On Feed is due out Friday. Estimates are as follows:

	Avg Est	Hd Count	Range of Estimates
June 1 st COF	105.5%	11,072	104.3%-106.8%
May Placed	92.5%	1,878	87.2%-95.1%
May Marketed	103.2%	1,925	102.1%-104.0%

What is interesting about this data is that the market has been clearly liquidating at an accelerated pace the supply of feeder cattle outside of feedyards (pasture). As a result, prices have been falling as supply built up into the front end of the market place since this past fall as drought conditions in the southern plains have been extreme. This data, however, says that we are accelerating the front end marketings while now officially reducing placement patterns. There have only been 4 times in years when this pace has been this big. June data is expected to be even greater. IE: placements -20% and marketings +5%.

USDA beef prices posted 169.74 or +0.37.

Showlists seem steady this week.

Kills are expected to be 675,000-680,000 hd.

Live trade is expected to be higher this week.