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June 1, Cattle on Feed Estimates

Report Date: 6/22/07

		<u>07/06</u>	<u>5 Year Avg</u>
COF (June 1)	11,271	100.3%	105.2%
Placements (May)	2,156	113.3%	95.4%
Marketings (May)	2,136	98.9%	93.1%
COF 120+ Days (June 1)	4,215	92.0%	112.0%

Cattle on feed are estimated to be above prior year levels for the first time since January 2007. The good news is that front-end fed cattle supplies, as measured by 120+ days on feed, are below prior year levels for the first time *since January 2004*. That said, this category of cattle still remains high by historical standards, as measured against the previous five year average. Declining front-end fed cattle supplies should lay the foundation for a cash recovery in the late-July to mid-November timeframe. The weight distribution of past placements (more cattle placed over 800 pounds) will increase the turnover rate of cattle on feed. Look for cash prices to find support in the \$84.00-\$87.00 price level. We expect to see significant resistance to cash price advances this fall at \$95.00-\$96.00. Retail beef prices are expected to decline in the coming weeks and months, which will limit retail support above \$95.00-\$96.00.

Stay informed; always manage your financial risk.

Thank you,
Andy & Bob

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