

BASIS ESTIMATES FOR FEEDER CATTLE AND FED CATTLE

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Data Sources

USDA/Tennessee Department of Agriculture Market News Service
Livestock Marketing Information Center
Iowa State University Extension

BASIS

The Key To Successful Forward Pricing

The term basis is used in different ways to define prices in relation to something else. It may be in relation to location, or the futures price. In this discussion, basis is defined as the cash price minus the nearby futures price. If the feeder cattle futures price is \$100 per hundred and the cash price for feeder cattle is \$95 per hundred, the basis is -\$5.00 (\$100 minus \$95 = -\$5.00).

Other uses of the term basis need to be understood to avoid possible confusion. Contract basis is the fixed discount or premium which a buyer is willing to offer in setting the price for cattle to be delivered at a specific time in the future. Another use of the term might be to quote a price such as fed cattle are \$85 per hundred basis Dodge City. This simply means the quoted price is for the Dodge City areas. It has nothing to do with forward pricing, futures or options.

Why Basis Is Important

The basis or historical difference in the cash and futures price should be used to adjust or localize the futures price. The historical data is usually available from the Extension Marketing Specialist. The most accurate basis information is that which can be recorded by beef producers when their cattle are sold. Simply note what the cash price is for the cattle and what the futures price is on the same day. If a producer has some record of prices received in the past, the state Extension Marketing Specialists can usually supply the futures prices for those dates.

In hedging with a futures contract the basis should be used to localize the futures price. This is accomplished by subtracting or adding the basis to or from the futures price. Similarly the basis is subtracted from or added to the strike price of an option in order to know what floor or minimum selling price is being set by using the option. Once a futures position is taken in the market the producer should follow the basis as the time of cattle sale approaches. Usually the cash and futures prices come together during the contract month, but it does not always happen. It is to the seller's advantage for the basis to become less negative or more positive at time of sale. This will allow the net price to be equal to or higher than projected using the futures and basis estimate before initiating the hedge.

Example:

April Feeder Cattle Futures	\$100.00
Estimated Basis	<u>- 5.00</u>
Expected Hedged Price	\$95.00

<u>CASH</u>		<u>FUTURES</u>	<u>BASIS</u>	
October Expected Hedged Price	\$95	April Sell	\$100.00	-5.00
April Sell Cattle	\$90	Buy April	\$95.00	-5.00
		Futures Profit	\$5.00	
		Net Price	$\$90 + \$5 = \$95$	

Widening Basis

October Expect	\$95	Sell April	\$100.00	-5.00
April Sell Cattle	\$88	Buy April	\$95.00	-7.00
		Futures Profit	\$5.00	
		Net Price	$\$88 + \$5 = \$93$	

Narrowing Basis

October Expect	\$95	Sell April	\$100.00	-5.00
April Sell Cattle	\$92	Buy April	\$95.00	-3.00
		Futures Profit	\$5.00	
		Net Price	$\$92 + \$5 = \$97$	

Use Of Basis In Forward Contracting

In the fed cattle business most packers offer cattle feeders the opportunity to price cattle in advance of delivery using either a fixed price or basis contract. The fixed price contract is typically even with to \$2 per cwt. under the futures price for the particular month of delivery. The futures price is usually the same as the cattle delivery month or the month following the month of delivery. The futures price is discounted by the basis. That basis is taken from the historical basis adjusted for the particular set of cattle being contracted. A set of desirable cattle likely to grade a high percent Choice of Yield grade 1, 2 or 3 would have a smaller discount to the futures or perhaps no discount at all. A less desirable set of cattle would have a larger (more negative) basis and consequently a lower contract price. A review of historical basis would help the cattle feeder to know whether the basis being offered was reasonable. If they believed it was too wide (negative) they could hedge the cattle directly on the futures market and hope to have a smaller basis.

Basis contracts offered by packers result in a commitment for the packer to buy the cattle at a certain basis. That basis would again reflect the historical basis and that particular set of cattle (quality). The seller would then have a period of time to set the price. That price would depend on the futures price for the month specified in the contract. Again the seller could use historical basis data to decide if the basis offered by the packer is reasonable. Some forward price contracts and basis contracts have specifications requiring that the cattle grade a certain percentage Choice with limits on the yield grade and carcass weights.

Feeder Cattle Basis

It is very important for producers of feeder cattle and calves to track their own basis data. The data contained in these tables are based on Medium and Large Frame No. 1 steer and heifer averages from Tennessee Auction Markets where 80 percent or more of the cattle sell as singles. Prices for uniform loads of 50,000 pounds may sell for \$4 to \$5 per cwt. more than the average of auction cattle. Also, if the producer is selling or buying mixed No. 1 and No. 2 cattle, the basis needs to be adjusted to account for the lower cash prices for the lower grading cattle. The estimates in these tables are a starting point, but the beef producer's own data is more reliable. Some record of cash prices received or paid is needed as well as the futures prices on the day of sale. These are available from the UT Extension, Department of Agricultural Economics.

Use Of Basis In A Long Hedge

A long hedge involves the use of an initial buying of a feeder cattle contract or call option to protect against higher feeder cattle prices. An individual planning to buy stocker calves might do this or an individual or feedlot planning to acquire cattle in the future.

The futures price or call option strike price would need to be adjusted by basis to know the approximate purchase price (in the case of futures) or ceiling price (in the case of options) is being set.

Example: To Lock In A Purchase Price For 400-500 lbs Steers To Be Purchased In April

Feeder Cattle Futures	110.00
Basis	+ <u>21.96</u> (from page 6)
Expected Hedged Purchase Price	\$ 131.96

<u>CASH</u>	<u>FUTURES</u>	<u>BASIS</u>
October Expected Hedged Price \$131.96	April Buy \$110.00	+21.96
April Buy Cattle \$137	Sell April \$115.00	+22.00
	Futures Profit \$5.00	
	Actual Cost of Cattle	
	Net Cost \$137 - \$5 = \$132	

BASIS
Tennessee Feeder Cattle: M-1 Steers
400 - 500 lbs.

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Futures Price(1)												
2002	83.84	82.80	80.48	75.54	75.74	76.43	77.11	78.41	80.41	81.08	83.31	83.79
2003	81.57	76.69	76.15	78.97	81.44	85.09	88.64	93.45	99.69	104.62	101.73	94.14
2004	87.09	84.15	89.23	93.20	103.50	109.47	112.12	115.60	113.15	113.20	105.46	102.68
2005	104.51	98.04	105.00	109.78	111.09	109.99	108.77	110.28	114.41	117.10	115.55	114.94
2006	112.76	107.93	104.22	101.45	103.21	112.26	114.67	115.96	117.03	108.35	99.06	98.65
2007	96.28	99.36	104.83	108.71	109.17	108.65	114.99	116.32	117.08	112.43	108.98	105.01
Tennessee Cash Price(1)												
2002	98.47	102.70	100.73	92.61	91.48	86.10	83.83	82.27	81.87	84.84	86.77	103.93
2003	89.86	91.66	92.54	95.25	96.39	95.50	97.48	97.18	100.66	101.98	103.13	116.32
2004	108.63	108.96	114.77	116.17	120.60	122.58	123.99	125.98	121.51	119.34	118.12	125.87
2005	120.58	126.64	135.29	138.48	140.62	133.52	124.22	122.88	124.54	123.09	124.65	109.33
2006	136.63	139.35	132.66	128.51	126.13	127.43	124.14	125.94	127.97	117.20	105.70	109.33
2007	108.37	119.02	122.28	123.48	121.90	114.96	121.52	118.35	118.36	113.15	111.63	112.64
Tennessee Cash vs. Futures												
2002	14.63	19.90	20.25	17.07	15.74	9.67	6.72	3.86	1.46	3.76	3.46	20.14
2003	8.29	14.97	16.39	16.28	14.95	10.41	8.84	3.72	0.97	-2.64	1.40	22.18
2004	21.54	24.81	25.54	22.97	17.10	13.11	11.87	10.38	8.36	6.14	12.66	23.19
2005	16.07	28.60	30.29	28.70	29.53	23.53	15.45	12.60	10.13	5.99	9.10	-5.61
2006	23.87	31.42	28.44	27.06	22.92	15.17	9.47	9.98	10.94	8.85	6.64	10.68
2007	12.09	19.66	17.45	14.77	12.73	6.30	6.53	2.03	1.28	0.72	2.65	7.63
2003-2007 Avg.	16.37	23.89	23.62	21.96	19.45	13.71	10.43	7.74	6.34	3.81	6.49	11.61

(1) Average for the month.

BASIS
Tennessee Feeder Cattle: M-1 Steers
500 - 600 lbs.

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Futures Price(1)												
2002	83.84	82.80	80.48	75.54	75.74	76.43	77.11	78.41	80.41	81.08	83.31	83.79
2003	81.57	76.69	76.15	78.97	81.44	85.09	88.64	93.45	99.69	104.62	101.73	94.19
2004	87.09	84.15	89.23	93.20	103.50	109.47	112.12	115.60	113.15	113.20	105.46	102.68
2005	104.51	98.04	105.00	109.78	111.09	109.99	108.77	110.28	114.41	117.10	115.55	114.94
2006	112.76	107.93	104.22	101.45	103.21	112.26	114.67	115.96	117.03	108.35	99.06	98.65
2007	96.28	99.36	104.83	108.71	109.17	108.65	114.99	116.32	117.08	112.43	108.98	105.01
Tennessee Cash Price(1)												
2002	87.76	91.78	90.59	84.32	84.00	80.55	79.37	78.22	76.50	77.41	78.58	80.48
2003	80.55	81.97	83.72	87.57	88.78	90.05	92.16	91.68	93.71	94.27	95.24	95.95
2004	97.84	97.60	104.42	106.37	112.86	114.11	115.65	116.95	112.06	108.91	106.76	107.14
2005	108.82	112.72	120.88	125.83	128.74	122.97	112.52	114.71	114.81	113.56	114.28	115.38
2006	121.15	123.08	118.95	116.31	116.11	118.79	115.66	116.05	116.77	107.67	96.07	97.33
2007	96.52	105.58	113.22	115.90	114.65	109.94	114.95	113.44	112.72	107.10	102.59	102.49
Tennessee Cash vs. Futures												
2002	3.92	8.98	10.11	8.78	8.26	4.12	2.26	-0.19	-3.91	-3.67	-4.73	-3.31
2003	-1.02	5.28	7.57	8.60	7.34	4.96	3.52	-1.77	-5.98	-10.35	-6.49	1.76
2004	10.75	13.45	15.19	13.17	9.36	4.64	3.53	1.35	-1.09	-4.29	1.30	4.46
2005	4.31	14.68	15.88	16.05	17.65	12.98	3.75	4.43	0.40	-3.54	-1.27	0.44
2006	8.39	15.15	14.73	14.86	12.90	6.53	0.99	0.09	-0.26	-0.68	-3.00	-1.32
2007	0.24	6.22	8.39	7.19	5.48	1.29	-0.05	-2.88	-4.36	-5.33	-6.40	-2.52
2003-2007 Avg.	4.53	10.95	12.35	11.97	10.54	6.08	2.35	0.24	-2.26	-4.84	-3.17	0.56

(1) Average for the month.

BASIS
Tennessee Feeder Cattle: M-1 Steers
600 - 700 lbs.

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Futures Price(1)												
2002	83.84	82.80	80.48	75.54	75.74	76.43	77.11	78.41	80.41	81.08	83.31	83.79
2003	81.57	76.69	76.15	78.97	81.44	85.09	88.64	93.45	99.69	104.62	101.73	94.19
2004	87.09	84.15	89.23	93.20	103.50	109.47	112.12	115.60	113.15	113.20	105.46	102.68
2005	104.51	98.04	105.00	109.78	111.09	109.99	108.77	110.28	114.41	117.10	115.55	114.94
2006	112.76	107.93	104.22	101.45	103.21	112.26	114.67	115.96	117.03	108.35	99.06	98.65
2007	96.28	99.36	104.83	108.71	109.17	108.65	114.99	116.32	117.08	112.43	108.98	105.01
Tennessee Cash Price(1)												
2002	80.56	81.60	80.12	76.45	76.59	74.84	75.08	75.70	75.22	73.51	74.73	77.75
2003	76.41	75.40	75.62	80.33	82.50	84.38	87.71	88.92	90.94	91.21	90.63	92.89
2004	88.42	88.22	93.85	95.88	104.30	108.77	110.51	111.43	106.61	103.85	99.79	99.66
2005	100.94	101.73	110.01	113.62	117.11	112.70	106.70	110.23	110.51	108.65	107.41	108.88
2006	109.67	109.45	107.10	104.15	106.14	111.06	109.22	110.56	110.19	100.46	89.64	92.11
2007	90.21	94.10	100.29	106.81	106.60	104.02	108.64	108.73	108.19	100.01	96.20	96.65
Tennessee Cash vs. Futures												
2002	-3.28	-1.20	-0.36	0.91	0.85	-1.59	-2.03	-2.71	-5.19	-7.57	-8.58	-6.04
2003	-5.16	-1.30	-0.54	1.36	1.06	-0.71	-0.94	-4.54	-8.75	-13.41	-11.10	-1.30
2004	1.33	4.07	4.62	2.68	0.80	-0.70	-1.61	-4.17	-6.54	-9.35	-5.67	-3.02
2005	-3.57	3.69	5.01	3.84	6.02	2.71	-2.07	-0.05	-3.90	-8.45	-8.14	-6.06
2006	-3.09	1.52	2.88	2.69	2.93	-1.21	-5.45	-5.40	-6.84	-7.89	-9.42	-6.54
2007	-6.07	-5.26	-4.54	-1.90	-2.57	-4.64	-6.35	-7.59	-8.90	-12.42	-12.79	-8.36
2003-2007 Avg.	-3.31	0.54	1.49	1.74	1.65	-0.91	-3.28	-4.35	-6.99	-10.30	-9.42	-5.06

(1) Average for the month.

BASIS
Tennessee Feeder Cattle: M-1 Steers
700 - 800 lbs.

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Futures Price(1)												
2002	83.84	82.8	80.48	75.54	75.74	76.43	77.11	78.41	80.41	81.08	83.31	83.79
2003	81.57	76.69	76.15	78.97	81.44	85.09	88.64	93.45	99.69	104.62	101.73	94.19
2004	87.09	84.15	89.23	93.20	103.50	109.47	112.12	115.60	113.15	113.2	105.46	102.68
2005	104.51	98.04	105.00	109.78	111.09	109.99	108.77	110.28	114.41	117.10	115.55	114.94
2006	112.76	107.93	104.22	101.45	103.21	112.26	114.67	115.96	117.03	108.35	99.06	98.65
2007	96.28	99.36	104.83	108.71	109.17	108.65	114.99	116.32	117.08	112.43	108.98	105.01
Tennessee Cash Price(1)												
2002	77.54	78.28	72.65	69.99	72.01	71.29	71.64	73.16	73.74	70.60	73.35	76.25
2003	74.48	71.39	70.09	76.82	77.50	79.71	83.74	86.01	87.82	89.75	88.73	87.48
2004	85.01	82.31	86.41	88.43	98.77	103.01	105.04	104.82	102.65	100.07	95.8	97.83
2005	97.73	95.42	102.3	104.5	108.19	103.86	100.57	104.79	107.23	105.48	104.74	105.2
2006	104.83	101.63	96.96	93.75	98.40	103.11	104.37	105.46	105.52	98.60	88.09	88.15
2007	86.17	90.88	94.33	99.55	101.41	96.99	104.47	103.76	104.30	98.62	100.81	97.03
Tennessee Cash vs. Futures												
2002	-6.30	-4.52	-7.83	-5.55	-3.73	-5.14	-5.47	-5.25	-6.67	-10.48	-9.96	-7.54
2003	-7.10	-5.30	-6.07	-2.15	-3.94	-5.39	-4.90	-7.44	-11.88	-14.87	-13.00	-6.71
2004	-2.08	-1.84	-2.82	-4.77	-4.73	-6.46	-7.08	-10.78	-10.50	-13.13	-9.66	-4.85
2005	-6.78	-2.62	-2.70	-5.28	-2.90	-6.13	-8.20	-5.49	-7.18	-11.62	-10.81	-9.74
2006	-7.94	-6.30	-7.27	-7.71	-4.82	-9.15	-10.30	-10.50	-11.52	-9.76	-10.98	-10.50
2007	-10.12	-8.48	-10.50	-9.16	-7.77	-11.66	-10.53	-12.56	-12.79	-13.82	-8.18	-7.98
2003-2007 Avg.	-6.80	-4.91	-5.87	-5.81	-4.83	-7.76	-8.20	-9.35	-10.77	-12.64	-10.52	-7.96

(1) Average for the month.

BASIS
Tennessee Feeder Cattle: M-1 Heifers
400 - 500 lbs.

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Futures Price(1)												
2002	83.84	82.80	80.48	75.54	75.74	76.43	77.11	78.41	80.41	81.08	83.31	83.79
2003	81.57	76.69	76.15	78.97	81.44	85.09	88.64	93.45	99.69	104.62	101.73	94.19
2004	87.09	84.15	89.23	93.20	103.50	109.47	112.12	115.60	113.15	113.20	105.46	102.68
2005	104.51	98.04	105.00	109.78	111.09	109.99	108.77	110.28	114.41	117.10	115.55	114.94
2006	112.76	107.93	104.22	101.45	103.21	112.26	114.67	115.96	117.03	108.35	99.06	98.65
2007	96.28	99.36	104.83	108.71	109.17	108.65	114.99	116.32	117.08	112.43	108.98	105.01
Tennessee Cash Price(1)												
2002	85.75	86.67	87.75	83.51	84.28	78.73	76.75	74.41	73.48	74.71	75.75	76.41
2003	78.27	80.99	80.60	84.74	85.67	85.26	87.25	87.87	89.86	92.05	94.04	82.80
2004	96.43	97.26	104.29	105.71	111.89	115.09	115.84	116.53	110.67	108.92	107.13	107.22
2005	110.69	115.05	122.72	127.23	128.25	123.12	112.83	113.90	114.08	110.99	124.65	113.44
2006	120.44	123.42	121.57	119.33	116.74	117.62	113.50	114.22	114.52	104.57	93.03	94.38
2007	93.85	103.46	107.08	110.54	108.94	102.83	109.29	107.43	106.14	98.82	95.45	96.79
Tennessee Cash vs. Futures												
2002	1.91	3.87	7.27	7.97	8.54	2.30	-0.36	-4.00	-6.93	-6.37	-7.56	-7.38
2003	-3.30	4.30	4.44	5.77	4.23	0.16	-1.39	-5.59	-9.83	-12.57	-7.69	-11.39
2004	9.34	13.11	15.06	12.51	8.39	5.62	3.72	0.93	-2.48	-4.28	1.67	4.54
2005	6.18	17.01	17.72	17.45	17.16	13.13	4.06	3.62	-0.33	-6.11	9.10	-1.50
2006	7.68	15.49	17.35	17.88	13.53	5.36	-1.18	-1.74	-2.52	-3.78	-6.03	-4.28
2007	-2.43	4.10	2.25	1.83	-0.23	-5.83	-5.70	-8.89	-10.94	-13.62	-13.54	-8.22
2003-2007 Avg.	3.49	10.80	11.36	11.09	8.62	3.69	-0.10	-2.33	-5.22	-8.07	-3.30	-4.17

(1) Average for the month.

BASIS
Tennessee Feeder Cattle: M-1 Heifers
500 - 600 lbs.

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Futures Price(1)												
2002	83.84	82.80	80.48	75.54	75.74	76.43	77.11	78.41	80.41	81.08	83.31	83.79
2003	81.57	76.69	76.15	78.97	81.44	85.09	88.64	93.45	99.69	104.62	101.73	94.19
2004	87.09	84.15	89.23	93.20	103.50	109.47	112.12	115.60	113.15	113.20	105.46	102.68
2005	104.51	98.04	105.00	109.78	111.09	109.99	108.77	110.28	114.41	117.10	115.55	114.94
2006	112.76	107.93	104.22	101.45	103.21	112.26	114.67	115.96	117.03	108.35	99.06	98.65
2007	96.28	99.36	104.83	108.71	109.17	108.65	114.99	116.32	117.08	112.43	108.98	105.01
Tennessee Cash Price(1)												
2002	78.39	80.74	79.81	77.31	77.01	73.36	73.09	71.97	71.05	70.71	70.87	73.13
2003	73.41	73.77	74.93	78.77	80.11	80.88	83.29	84.75	85.36	86.41	87.10	79.39
2004	88.25	87.83	94.42	96.84	104.33	108.05	109.41	110.02	102.63	100.90	98.20	99.54
2005	100.80	104.36	111.39	116.08	118.76	114.16	105.60	107.60	108.24	105.51	114.28	105.79
2006	108.78	110.69	108.67	107.11	107.25	109.67	107.44	107.59	106.91	97.89	86.27	87.44
2007	85.84	93.48	98.32	102.73	103.33	98.62	105.28	105.04	102.45	94.03	90.03	89.52
Tennessee Cash vs. Futures												
2002	-5.45	-2.06	-0.67	1.77	1.27	-3.07	-4.02	-6.44	-9.36	-10.37	-12.44	-10.66
2003	-8.16	-2.93	-1.23	-0.20	-1.33	-4.22	-5.35	-8.70	-14.34	-18.21	-14.63	-14.80
2004	1.16	3.68	5.19	3.64	0.83	-1.42	-2.71	-5.58	-10.52	-12.30	-7.26	-3.14
2005	-3.71	6.32	6.39	6.30	7.67	4.17	-3.17	-2.68	-6.17	-11.59	-1.27	-9.15
2006	-3.98	2.76	4.45	5.66	4.04	-2.60	-7.24	-8.37	-10.12	-10.47	-12.80	-11.21
2007	-10.44	-5.88	-6.51	-5.99	-5.85	-10.03	-9.71	-11.28	-14.64	-18.40	-18.96	-15.50
2003-2007 Avg.	-5.03	0.79	1.66	1.88	1.07	-2.82	-5.64	-7.32	-11.16	-14.19	-10.98	-10.76

(1) Average for the month.

BASIS
Tennessee Feeder Cattle: M-1 Heifers
600 - 700 lbs.

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Futures Price(1)												
2002	83.84	82.80	80.48	75.54	75.74	76.43	77.11	78.41	80.41	81.08	83.31	83.79
2003	81.57	76.69	76.15	78.97	81.44	85.09	88.64	93.45	99.69	104.62	101.73	94.19
2004	87.09	84.15	89.23	93.20	103.50	109.47	112.12	115.60	113.15	113.20	105.46	102.68
2005	104.51	98.04	105.00	109.78	111.09	109.99	108.77	110.28	114.41	117.10	115.55	114.94
2006	112.76	107.93	104.22	101.45	103.21	112.26	114.67	115.96	117.03	108.35	99.06	98.65
2007	96.28	99.36	104.83	108.71	109.17	108.65	114.99	116.32	117.08	112.43	108.98	105.01
Tennessee Cash Price(1)												
2002	73.99	75.69	73.39	71.12	71.41	69.24	68.68	69.48	69.79	69.28	69.09	71.74
2003	71.65	70.54	68.72	72.78	74.46	76.31	80.61	81.86	82.56	84.70	85.30	74.68
2004	82.71	81.37	86.23	89.00	96.27	101.40	102.93	103.66	97.86	96.00	92.14	92.55
2005	93.28	95.50	100.61	105.47	107.62	103.67	98.01	102.09	104.89	101.02	107.41	100.38
2006	99.95	100.75	97.20	97.17	99.27	100.76	101.01	102.06	101.16	92.35	83.31	85.60
2007	82.72	87.41	90.15	94.85	97.54	93.62	100.09	101.25	99.31	90.46	86.34	85.29
Tennessee Cash vs. Futures												
2002	-9.85	-7.11	-7.09	-4.42	-4.33	-7.19	-8.43	-8.93	-10.62	-11.80	-14.22	-12.05
2003	-9.92	-6.16	-7.43	-6.19	-6.98	-8.79	-8.04	-11.60	-17.14	-19.92	-16.43	-19.51
2004	-4.38	-2.78	-3.00	-4.20	-7.23	-8.07	-9.19	-11.94	-15.29	-17.20	-13.32	-10.13
2005	-11.23	-2.54	-4.39	-4.31	-3.47	-6.32	-10.76	-8.19	-9.52	-16.08	-8.14	-14.56
2006	-12.82	-7.19	-7.02	-4.29	-3.94	-11.50	-13.67	-13.91	-15.87	-16.00	-15.75	-13.05
2007	-13.56	-11.96	-14.69	-13.87	-11.64	-15.04	-14.90	-15.08	-17.77	-21.98	-22.64	-19.72
2003-2007 Avg.	-10.38	-6.12	-7.31	-6.57	-6.65	-9.94	-11.31	-12.14	-15.12	-18.24	-15.26	-15.39

(1) Average for the month.

BASIS
Tennessee Feeder Cattle: M-1 Heifers
700 - 800 lbs.

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Futures Price(1)												
2002	83.84	82.80	80.48	75.54	75.74	76.43	77.11	78.41	80.41	81.08	83.31	83.79
2003	81.57	76.69	76.15	78.97	81.44	85.09	88.64	93.45	99.69	104.62	101.73	94.19
2004	87.09	84.15	89.23	93.20	103.50	109.47	112.12	115.60	113.15	113.20	105.46	102.68
2005	104.51	98.04	105.00	109.78	111.09	109.99	108.77	110.28	114.41	117.10	115.55	114.94
2006	112.76	107.93	104.22	101.45	103.21	112.26	114.67	115.96	117.03	108.35	99.06	98.65
2007	96.28	99.36	104.83	108.71	109.17	108.65	114.99	116.32	117.08	112.43	108.98	105.01
Tennessee Cash Price(1)												
2002	71.30	71.99	69.58	66.35	68.03	65.31	65.39	67.15	66.56	66.71	68.35	69.68
2003	70.44	68.29	65.29	68.57	70.80	72.76	77.63	78.02	81.29	82.02	82.52	83.74
2004	78.98	78.17	81.29	82.41	89.16	94.17	96.52	98.64	92.61	91.94	86.90	85.83
2005	88.12	89.54	93.64	98.27	98.89	99.41	90.14	95.54	103.59	96.26	104.74	94.85
2006	97.12	96.35	92.40	88.78	86.97	93.85	95.97	95.98	96.54	89.86	82.31	83.88
2007	80.82	85.20	87.44	89.80	93.46	88.63	99.46	95.10	92.94	89.54	88.62	88.30
Tennessee Cash vs. Futures												
2002	-12.54	-10.81	-10.90	-9.19	-7.71	-11.12	-11.72	-11.26	-13.85	-14.37	-14.96	-14.11
2003	-11.13	-8.40	-10.86	-10.40	-10.64	-12.33	-11.01	-15.43	-18.40	-22.60	-19.21	-10.45
2004	-8.11	-5.98	-7.94	-10.79	-14.34	-15.30	-15.60	-16.96	-20.54	-21.26	-18.56	-16.85
2005	-16.39	-8.50	-11.36	-11.51	-12.20	-10.58	-18.63	-14.74	-10.82	-20.84	-10.81	-20.09
2006	-15.65	-11.58	-11.83	-12.68	-16.25	-18.41	-18.71	-19.99	-20.50	-18.50	-16.75	-14.77
2007	-15.46	-14.16	-17.40	-18.91	-15.71	-20.02	-15.53	-21.23	-24.14	-22.89	-20.36	-16.71
2003-2007 Avg.	-13.35	-9.72	-11.88	-12.86	-13.83	-15.33	-15.90	-17.67	-18.88	-21.22	-17.14	-15.77

(1) Average for the month.

**BASIS CALCULATIONS BETWEEN SLAUGHTER CATTLE FUTURES
AND SPECIFIED STEER CASH MARKETS ^a**
(\$ Per CWT.)

03/10/08
2.130

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Cattle Futures ^b												
2003	80.56	80.61	74.54	77.60	73.71	73.80	73.37	79.80	86.14	97.25	95.47	92.09
2004	77.18	77.22	79.46	83.14	83.52	87.83	85.44	84.75	84.50	86.74	85.69	88.33
2005	89.88	89.93	88.89	90.39	85.62	83.01	79.32	80.78	85.49	89.49	91.53	94.03
2006	95.44	91.32	83.40	80.66	76.77	81.56	84.17	87.15	91.31	89.40	86.51	86.93
2007	91.64	93.34	98.30	97.95	92.35	89.06	91.93	92.65	96.21	94.92	95.43	93.24
2008	92.09	92.00										
Texas-Oklahoma Cash												
2003	78.24	80.17	77.39	78.88	78.99	76.51	75.64	79.69	87.52	97.40	99.67	90.28
2004	79.47	78.19	84.99	85.88	87.12	88.81	84.54	83.70	82.89	85.16	85.09	87.65
2005	89.64	88.78	90.80	92.09	89.17	84.16	80.42	80.81	85.77	86.20	90.79	93.87
2006	95.04	90.06	86.03	82.17	79.96	82.75	80.76	85.88	89.71	89.10	87.10	86.79
2007	88.17	91.81	97.12	97.62	95.81	88.76	90.44	92.12	94.52	92.80	93.80	93.01
2008	91.85	92.13										
Texas-Oklahoma Basis												
2003	-2.32	-0.45	2.85	1.28	5.28	2.70	2.27	-0.11	1.38	0.15	4.20	-1.81
2004	2.29	0.97	5.53	2.74	3.60	0.99	-0.91	-1.05	-1.60	-1.58	-0.60	-0.68
2005	-0.24	-1.15	1.92	1.70	3.55	1.15	1.11	0.02	0.28	-1.29	-0.74	-0.17
2006	-0.40	-1.26	2.63	1.51	3.19	1.18	-3.41	-1.27	-1.60	-0.30	0.59	-0.14
2007	-3.47	-1.53	-1.18	-0.33	3.46	-0.30	-1.49	-0.53	-1.70	-2.12	-1.63	-0.23
2008	-0.25	0.13										
2003-07 Avg.	-0.83	-0.68	2.35	1.38	3.81	1.15	-0.49	-0.59	-0.65	-1.03	0.36	-0.60
Iowa-Minn Cash												
2003	76.41	77.41	76.59	78.70	78.72	75.94	76.39	80.36	89.11	101.11	103.17	90.48
2004	81.16	78.88	85.22	87.14	88.08	88.77	83.96	83.80	81.42	82.65	81.99	85.43
2005	88.17	87.25	92.24	91.97	89.00	91.90	79.50	80.00	83.88	86.64	89.30	93.84
2006	92.69	89.65	85.80	82.17	80.03	81.52	81.02	85.38	87.87	87.03	85.88	85.88
2007	87.05	91.14	97.60	98.53	95.77	87.86	88.89	91.22	92.29	89.66	92.27	91.00
2008	89.90	90.85										
Iowa-Minn Basis												
2003	-4.15	-3.20	2.05	1.11	5.00	2.14	3.03	0.56	2.97	3.86	7.70	-1.61
2004	3.98	1.66	5.76	4.00	4.56	0.94	-1.48	-0.96	-3.08	-4.09	-3.70	-2.90
2005	-1.71	-2.68	3.35	1.58	3.38	-0.11	0.18	-0.79	-1.61	-2.85	-2.23	-0.19
2006	-2.75	-1.67	2.40	1.51	3.26	-0.04	-3.15	-1.76	-3.44	-2.37	-0.63	-1.05
2007	-4.58	-2.20	-0.70	0.58	3.42	-1.20	-3.05	-1.42	-3.92	-5.26	-3.16	-2.24
2008	-2.19	-1.16										
2003-07 Avg.	-1.84	-1.62	2.57	1.76	3.92	0.35	-0.89	-0.87	-1.82	-2.14	-0.40	-1.60
Colorado Cash												
2003	77.63	79.70	77.45	79.00	79.33	76.64	76.19	80.83	89.40	100.88	100.22	91.26
2004	80.46	78.38	85.61	86.48	87.87	88.86	84.39	84.33	82.74	85.66	85.21	87.67
2005	88.21	88.28	91.36	91.82	88.73	83.02	79.68	80.73	85.90	88.45	91.24	94.05
2006	93.70	89.21	85.87	81.83	79.54	81.00	81.38	86.27	89.57	88.56	86.77	85.89
2007	86.46	90.35	97.63	97.81	95.38	88.02	89.44	91.77	93.98	92.29	94.40	91.93
2008	89.86	91.44										
Colorado Basis												
2003	-2.93	-0.91	2.91	1.40	5.61	2.84	2.82	1.04	3.26	3.62	4.75	-0.83
2004	3.28	1.16	6.15	3.33	4.34	1.04	-1.05	-0.42	-1.75	-1.08	-0.48	-0.66
2005	-1.68	-1.65	2.47	1.43	3.11	0.01	0.36	-0.05	0.41	-1.04	-0.29	0.01
2006	-1.73	-2.11	2.48	1.17	2.77	-0.57	-2.79	-0.88	-1.74	-0.84	0.26	-1.04
2007	-5.17	-3.00	-0.67	-0.14	3.03	-1.04	-2.49	-0.88	-2.24	-2.63	-1.03	-1.31
2008	-2.23	-0.57										
2003-07 Avg.	-1.65	-1.30	2.67	1.44	3.77	0.46	-0.63	-0.24	-0.41	-0.39	0.64	-0.77

**BASIS CALCULATIONS BETWEEN SLAUGHTER CATTLE FUTURES
AND SPECIFIED STEER CASH MARKETS ^a**
(\$ Per CWT.)

03/10/08
2.130

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Cattle Futures ^b												
2003	80.56	80.61	74.54	77.60	73.71	73.80	73.37	79.80	86.14	97.25	95.47	92.09
2004	77.18	77.22	79.46	83.14	83.52	87.83	85.44	84.75	84.50	86.74	85.69	88.33
2005	89.88	89.93	88.89	90.39	85.62	83.01	79.32	80.78	85.49	89.49	91.53	94.03
2006	95.44	91.32	83.40	80.66	76.77	81.56	84.17	87.15	91.31	89.40	86.51	86.93
2007	91.64	93.34	98.30	97.95	92.35	89.06	91.93	92.65	96.21	94.92	95.43	93.24
2008	92.09	92.00										
Kansas Cash												
2003	78.11	79.84	77.44	78.90	79.10	76.24	75.66	79.96	88.06	98.22	100.46	87.68
2004	79.57	78.35	85.08	85.95	87.04	88.71	84.23	83.83	83.08	85.55	85.10	87.70
2005	89.74	88.72	91.01	92.25	89.15	83.89	80.33	80.83	85.98	88.32	90.96	93.73
2006	94.68	90.11	86.13	82.04	79.89	82.16	80.72	86.40	90.29	89.09	87.06	86.25
2007	87.75	91.59	97.26	97.69	95.76	88.61	90.42	92.30	94.59	92.83	94.11	92.57
2008	91.45	92.02										
Kansas Basis												
2003	-2.45	-0.78	2.91	1.30	5.39	2.43	2.29	0.17	1.92	0.97	4.99	-4.41
2004	2.38	1.13	5.62	2.80	3.51	0.89	-1.21	-0.93	-1.42	-1.19	-0.59	-0.63
2005	-0.15	-1.21	2.13	1.86	3.52	0.89	1.01	0.04	0.49	-1.17	-0.57	-0.30
2006	-0.76	-1.21	2.74	1.38	3.11	0.60	-3.45	-0.75	-1.02	-0.31	0.55	-0.68
2007	-3.89	-1.75	-1.04	-0.26	3.41	-0.45	-1.51	-0.35	-1.62	-2.09	-1.32	-0.67
2008	-0.64	0.02										
2003-07 Avg.	-0.97	-0.76	2.47	1.42	3.79	0.87	-0.57	-0.36	-0.33	-0.76	0.61	-1.34
Nebraska Cash												
2003	77.34	78.63	77.50	79.35	79.35	76.10	76.56	81.50	90.94	102.68	101.85	89.20
2004	80.14	78.41	85.82	87.24	87.96	88.92	84.08	84.52	82.26	84.25	83.79	86.85
2005	87.70	87.52	92.08	91.95	88.63	83.03	79.35	80.53	85.39	87.50	90.43	93.58
2006	93.07	89.08	85.76	81.76	79.50	80.76	81.16	86.34	89.20	87.55	86.45	85.73
2007	86.53	90.48	97.78	97.78	95.16	87.26	89.08	91.46	93.68	91.51	93.77	90.68
2008	88.96	90.99										
Nebraska Basis												
2003	-3.22	-1.98	2.97	1.76	5.64	2.30	3.20	1.70	4.80	5.43	6.38	-2.89
2004	2.96	1.19	6.36	4.10	4.44	1.09	-1.36	-0.23	-2.23	-2.49	-1.90	-1.48
2005	-2.18	-2.41	3.19	1.56	3.00	0.02	0.03	-0.26	-0.10	-1.99	-1.11	-0.46
2006	-2.37	-2.23	2.36	1.10	2.72	-0.80	-3.01	-0.81	-2.11	-1.85	-0.06	-1.20
2007	-5.11	-2.87	-0.52	-0.17	2.81	-1.80	-2.86	-1.19	-2.54	-3.41	-1.66	-2.56
2008	-3.14	-1.02										
2003-07 Avg.	-1.98	-1.66	2.87	1.67	3.72	0.16	-0.80	-0.16	-0.44	-0.86	0.33	-1.72

^a Live slaughter steer

^b Average of daily close of nearby futures contract (using Feb, Apr, Jun, Aug, Oct & Dec contracts)

Source: AMS reports and CME futures prices

