Ag Decision Maker

File B2-42
July 2009
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Live Cattle Basis

Table 1. Live cattle basis, Interior Iowa—Southern Minnesota, 2006-2008.

				(Dollars/cwt.)				
Market period	Contract for basis	3-yr avg futures	2006 basis	2007 basis	2008 basis	2009 basis	3-yr avg basis *	Standard deviation
Jan. 1-15	February	90.39	-2.94	-4.35	-1.24	0.46	-1.71	2.27
Jan. 16-31	February	87.97	-0.47	-4.13	-1.93	0.61	-1.82	2.25
Feb. 1-15	February	89.49	-1.69	-4.18	-1.07	-2.69	-2.65	1.60
Feb. 16-28	February	89.35	-1.56	-2.38	-1.24	-1.21	-1.61	2.24
Mar. 1-15	April	91.10	2.08	-4.59	0.07	-3.20	-2.57	2.65
Mar. 16-31	April	89.74	2.82	0.26	-0.37		0.90	1.89
Apr. 1-15	April	89.11	1.19	0.36	-0.69		0.29	1.91
Apr. 16-30	April	89.65	1.06	1.00	-0.31		0.58	1.27
May 1-15	June	87.09	3.54	4.66	-0.07		2.71	2.31
May 16-31	June	88.44	1.91	4.10	-2.56		1.15	2.89
June 1-15	June	88.10	2.03	1.16	-1.51		0.56	1.89
June 16-30	June	89.54	-1.99	-1.53	-3.26		-2.26	1.25
July 1-15	August	92.84	-2.27	-3.76	-2.27		-2.77	1.52
July 16-31	August	91.22	-3.08	-3.11	-2.34		-2.84	1.21
Aug. 1-15	August	93.19	-3.67	-1.42	-3.93		-3.01	1.61
Aug. 16-31	August	94.33	-2.72	-2.21	-3.35		-2.76	0.99
Sept. 1-15	October	97.00	-2.91	-3.13	-6.50		-4.18	2.29
Sept. 16-30	October	96.02	-3.57	-4.89	-5.82		-4.76	1.40
Oct. 1-15	October	92.46	-1.98	-4.74	-2.19		-2.97	1.76
Oct. 16-31	October	91.65	-2.73	-4.76	-5.56		-4.35	1.85
Nov. 1-15	December	91.19	0.23	-5.75	-3.41		-2.97	2.94
Nov. 16-30	December	89.68	-0.83	-2.69	1.16		-0.79	2.26
Dec. 1-15	December	87.80	-0.76	-0.98	0.76		-0.33	2.21
Dec. 16-31	December	88.88	-2.71	-2.55	-2.21		-2.49	1.66

Note:
* Three year basis is calculated from March 16, 2006 through March 15, 2009.
- Basis is calculated as cash - futures. Negative sign means that futures are greater than cash.
- Market periods were divided on the 15th day of the month. It is important to note that during delivery months the futures contract used to calculate the basis changes when the nearby contract expires.
- 68% of the time the basis is expected to fall within plus or minus one standard deviation of the average basis.

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Issued in furtherance of Cooperative Extension work, Acts of May 8 and June 30, 1914, in cooperation with the U.S. Department of Agriculture. Jack M. Payne, director, Cooperative Extension Service, Iowa State University of Science and Technology, Ames, Iowa.

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