

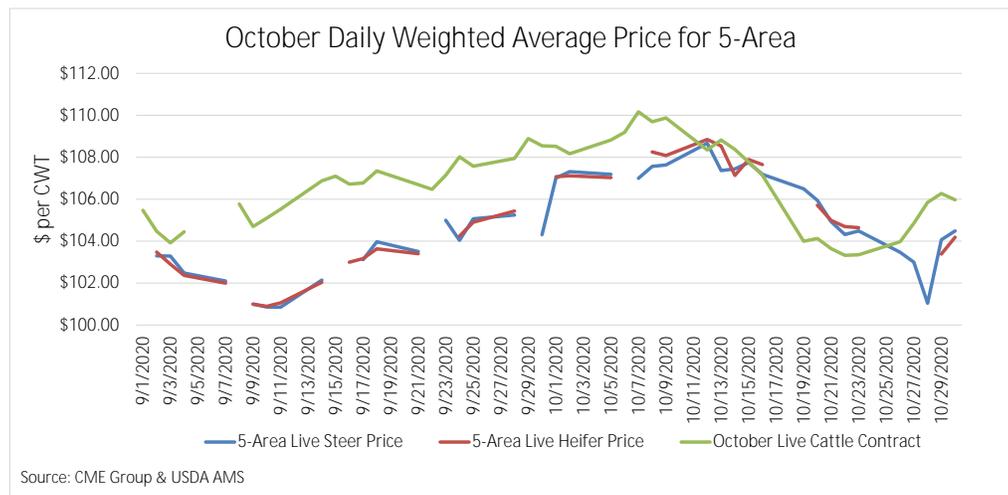
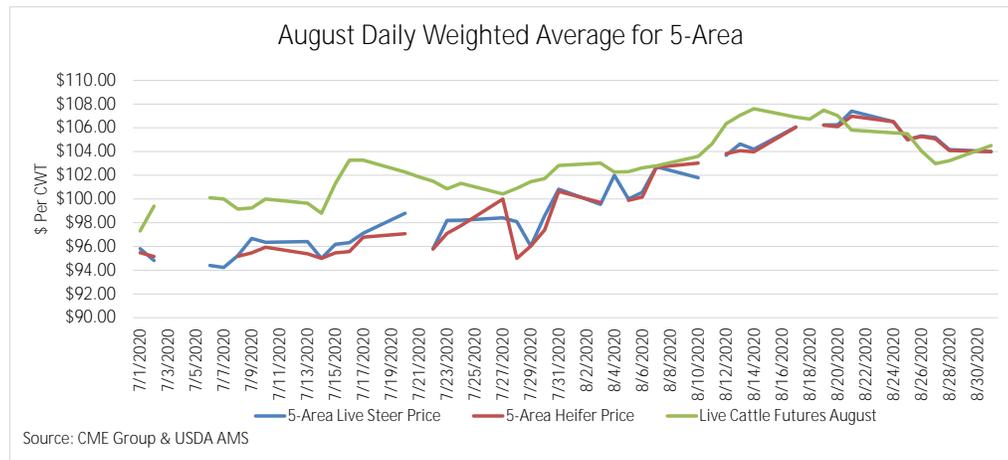
The October live cattle futures were volatile as the market whipsawed from a daily close of \$110.18 before crashing to a bottom of \$103.32 per cwt. The final days of the October contract recovered and on the last trading day ended at \$105.97 per cwt.

Daily weighted average cash prices had an up-and-down October, dipping as low as \$101.04 for live steers and was as high as \$108.67 per cwt. August had a similar pattern with futures leading cash for most of July before converging by the end of August.

October prices had large spreads between these two prices in the two months leading up to contract closure. In early September, futures were a premium to the cash market by nearly \$5 per cwt. That spread narrowed by mid-October before the October Futures dipped below cash for about 10 marketing days then rallied about \$2 per cwt.

The average basis for the regions within the 5-area is small in October. Futures prices are usually at a premium of less than \$1 per cwt based on the last 5 years in Colorado, Nebraska and Kansas. Texas-Oklahoma averages higher cash prices by \$0.34 per cwt. Iowa-Minnesota has averaged a \$1.94 premium per cwt from 2015-2019 in October.

The spread between the live cattle futures and the live steer FOB price for October averaged \$0.93 per cwt; small relative to the last five years. October 2015 had the largest divergence, averaging \$5.79 per cwt higher futures price on a daily basis than the live steer FOB price. The smallest spread for the month of October between the 5-area daily weighted average and the futures was the following year in 2016, when the spread



averaged only \$0.002 per cwt.

On Monday, live steers traded lower than the previous Friday, giving up 15 cents, to \$104.34 per cwt. The December contract closed at \$108.65 per cwt. Last year, November started more than \$6 behind the December futures and averaged a discount of \$3.08 between the live steer FOB daily weighted average and the December futures for November and December.



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