

Please pay special attention today to the Special Executive Report from CME Group on pages 2 through 4. It deals with important amendments to Live Cattle futures that take effect with the nearby October contract. The changes deal primarily with delivery terms and specifications.

U.S. range and pasture conditions improved — if one measures that as a drop in the percentage of acres rated as in poor or very poor condition — last week for the first time since the first week of JUNE! The percentage of acres, nationally, in those two lowest categories fell from 44% to 42%. That compares to 25% last year and an average of 32.4% during 2005-09.

But conditions in the Southern Plains remained very, very bad last week in spite of improving 3%. 93% of Texas and Oklahoma pastures remain rated as in poor or very poor condition and it is almost certainly too late to see any marked improvement until spring. Several areas have received rain over the past few weeks but the rains, while welcome, have not been nearly enough to end drought conditions.

These dry conditions have another impact on pasture and feeding practices in their influence on wheat planting, wheat pasture and, ultimately, the supply of hard red winter wheat next summer. USDA reported that 26% of total winter wheat acres had been planted as of September 25. That is an 11% gain for the week but leaves planted acres 6% behind the same date last year and 9% below the 10-year average. Both Texas and Oklahoma gained during the week to reach 14% and 11% planted, respectively. But those numbers are far behind the normal levels of 34% and 28% for the two states. Growers in both states are still concerned about the amount of moisture available. While surface moisture has been helped with recent rains, there is little available below the first few inches putting seedlings at risk if more rain is not received soon. Many are simply opting to wait to plant.

Depending on the specific area, cattle usually begin to move to wheat pasture in October with the shift increasing in November. Delayed planting will limit the number of cattle that can go to wheat pastures unless conditions improve soon.

If more information is better, we are now officially all “better off” regarding pre-report crop data estimates. The table

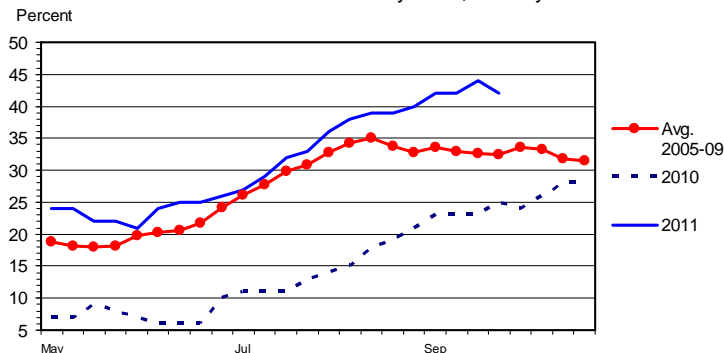
PRE-REPORT SURVEY RESULTS -- USDA GRAIN STOCKS

(Million bushels)

	USDA		Dow Jones			Reuters			Bloomberg	
	1-Sep-10	1-Jun-11	Average	Range	N	Average	Range	N	Average	Range
Corn	1.708	3.670	0.962	0.820-1.050	16	0.964	0.835-1.050	13	0.942	0.750-1.050
Soybeans	0.151	0.619	0.255	0.202-0.240	16	0.225	0.202-0.2400	14	0.224	0.202-0.250
Wheat	2.450	0.861	2.046	1.959-2.247	14	2.035	1.959-2.143	13	2.071	1.959-2.300

US RANGE AND PASTURE CONDITION

Percent Poor and Very Poor, Weekly



below shows the results of surveys by three wire services regarding analysts' estimates of corn, soybean and wheat inventories as of September 1. We have indicated the number of survey respondents for both Dow Jones and Reuters. Bloomberg's release did not list the number of respondents by crop, saying only that "as many as 24" analysts responded to the various categories. The September 1 inventories of corn and soybeans represent the year-end inventories for those crops since their crop year runs from September 1 to August 31.

These estimates indicate that year-end corn stocks will be at their lowest level since 1997 when there were 883 million bushels in storage at year end. Of course total corn usage in 1996-97 was 8.79 billion bushels where total usage this year will be 13.265 billion. The year-end stocks/use ratio this year will be a just over half as large as that of 1997.

The estimates also point to the largest year-end soybean stocks since 2007 and the smallest September 1 wheat stockpiles in three years.

Obviously, the three surveys gather much of their data from the same survey respondents though there are some that are unique to the various wire services.

**Announcing Weekly Live Cattle Options
Now Trading**



The Daily Livestock Report is published by Steve Meyer and Len Steiner. Please forward to others that may benefit from this information. To subscribe/unsubscribe visit www.dailylivestockreport.com.

Disclaimer: The Daily Livestock Report is intended solely for information purposes and is not to be construed, under any circumstances, by implication or otherwise, as an offer to sell or a solicitation to buy or trade any commodities or securities whatsoever. Information is obtained from sources believed to be reliable, but is in no way guaranteed. No guarantee of any kind is implied or possible where projections of future conditions are attempted. Futures trading is not suitable for all investors, and involves the risk of loss. Past results are no indication of future performance. Futures are a leveraged investment, and because only a percentage of a contract's value is required to trade, it is possible to lose more than the amount of money initially deposited for a futures position. Therefore, traders should only use funds that they can afford to lose without affecting their lifestyle. And only a portion of those funds should be devoted to any one trade because a trader cannot expect to profit on every trade.

CME Group is the trademark of CME Group, Inc. The Globe logo, Globex® and CME® are trademarks of Chicago Mercantile Exchange, Inc. CBOT® is the trademark of the Board of Trade of the City of Chicago. NYMEX, New York Mercantile Exchange, and ClearPort are trademarks of New York Mercantile Exchange, Inc. COMEX is a trademark of Commodity Exchange, Inc. Copyright © 2011 CME Group. All rights reserved.

Special Executive Report

S-5943

September 26, 2011

*****REMINDER*****

LIVE CATTLE FUTURES AMENDMENTS
EFFECTIVE WITH THE OCTOBER 2011 CONTRACT MONTH

As previously announced in Special Executive Reports S-5248 dated May 21, 2010 and S-5256 dated June 1, 2010, **the delivery specifications for Live Cattle futures have changed, beginning with the October 2011 contract month:**

- The radius for determining the corresponding CME-approved slaughter plants for each live-graded delivery point has increased from 150 miles to 200 miles;
- The maximum distance between the feedlot from which cattle originate and any other eligible CME-approved slaughter plants has increased from 150 miles to 200 miles;
- The maximum par weight for individual animals in live-graded deliveries has increased from 1,475 pounds to 1,500 pounds; and
- Individual animals in live-graded deliveries weighing more than 1,500 pounds are not deliverable.

These changes apply to the October 2011 and subsequent contract months.

Rule amendments for these changes are presented below, with additions underlined and deletions bracketed and overstruck.

Chapter 7

Delivery Facilities and Delivery Procedures

704. APPROVED STOCKYARDS AND SLAUGHTER PLANTS FOR LIVE CATTLE

Deliveries on Exchange contracts of live beef cattle can be made only at public livestock yards and slaughter plants designated and approved for delivery by the Exchange.

A public livestock yard shall not be eligible for deliveries as an approved stockyard unless it is a stockyard within the definition of the Packers and Stockyards Act, 1921 as amended, and has received notice to that

effect from the Secretary of Agriculture. Approved stockyards shall be required to keep such records, make such reports and be subject to inspection and regulation by the Secretary of Agriculture, as provided in said Packers and Stockyards Act.

An approved slaughter plant shall, at a minimum, be federally inspected, slaughter primarily fed cattle in the normal course of business, have a fed cattle slaughter capacity of at least 500 head per day, have proper facilities for weighing and grading, and be located within ~~[approximately 150]~~ a 200-mile[s] radius of one or more approved stockyards.

Chapter 101 Live Cattle Futures

10103. SETTLEMENT PROCEDURES

10103.B. Live Graded Deliveries

4. Par Delivery and Substitutions.

- a. Par Delivery Unit. A par delivery unit is 40,000 pounds of USDA estimated Yield Grade 3, 55% Choice, 45% Select quality grade live steers, with no individual animal weighing less than 1,050 pounds or more than ~~[1,475]~~ 1,500 pounds. ~~[deliverable at par.]~~

(remainder of Rule 10103.B.4.a. unchanged)

- b. Weight Deviations. Steers weighing less than 1,050 pounds or more than ~~[1,550]~~ 1,500 pounds shall not be deliverable. ~~[Steers weighing more than 1,475 pounds but less than or equal to 1,550 pounds shall be deliverable at an adjustment equal to 950-1000 lbs Factor described in Rule 10103.A., multiplied by the average live weight of the delivery unit.]~~ The judgment of the grader as to ~~[the number of]~~ such overweight or underweight cattle ~~[in the delivery unit]~~ shall be final. ~~[and shall be so certified on the grading certificate.]~~

10103.C. Carcass Graded Deliveries

1. Conditions.

A buyer assigned a Certificate of Delivery may call for delivery of the cattle to an approved slaughter plant corresponding to the stockyards designated in the Certificate, or to any other approved slaughter plant within ~~[150]~~ 200 miles of the feedlot from which the cattle originate. For the purposes of Chapter 101, a feedlot shall be defined as any location where cattle are confined to a pen and provided access to feed and water including, but not limited to, commercial feeding operations, farmer feeding operations and stockyards.

(remainder of Rule 10103.C.1. unchanged)

5. Par Delivery and Substitutions.

- h. Delivery Points and Allowances. Buyers electing carcass grading must specify an approved slaughter plant enumerated by the Exchange. Eligible slaughter plants include those enumerated for the stockyards to which the cattle were tendered, and any other approved slaughter plant that is within ~~[150]~~ 200 miles of the originating feedlot.

10104. PROCEDURES FOR TENDER, DEMAND, RETENDER, RECLAIM, AND ASSIGNMENT OF CERTIFICATES OF DELIVERY

10104.A. Tendering a Certificate

A clearing member representing a short may present a Certificate of Delivery (on a form prescribed by the Clearing House) to the Clearing House no later than 4:30 p.m. on any business day except that Certificates may not be tendered:

1. On or before the first Friday of the contract month;
2. After the third business day after expiration.

A Certificate of Delivery is a commitment to deliver cattle conforming with contract specifications at the delivery point designated in the Certificate, or at a corresponding approved slaughter plant selected by the buyer, if the Certificate is not reclaimed.

A Certificate tendered before the termination of trading requires delivery on the sixth business day that is also a delivery day following the tender of that Certificate, if the buyer elects live grading. If the buyer elects carcass grading, the Certificate requires delivery at the option of the buyer on any day the slaughter plant is in operation between the third business day and the sixth business day, inclusive, following tender of that Certificate.

A Certificate tendered on or after the day trading terminates requires delivery on the fourth business day that is also a delivery day following the tender of that Certificate, if the buyer elects live grading. If the buyer elects carcass grading, the Certificate requires delivery at the option of the buyer on the third business day or fourth business day following tender of that Certificate, or on an intervening day that the slaughter plant is in operation.

A Certificate must include the name, location, business address, and telephone number of the feedlot from which the cattle originate. A Certificate must also include: (1) the distance between the feedlot and the stockyards to which the cattle are tendered for delivery; (2) the distance between the feedlot and the approved slaughter plants corresponding to the stockyards to which the cattle are tendered for delivery; and (3) any other approved slaughter plants within ~~[450]~~ 200 miles of the feedlot and the distances to such approved slaughter plants.

(remainder of Rule 10104.A. unchanged)

If you have any questions regarding this matter, please contact Paul Peterson, Director, Commodity Research & Product Development at paul.peterson@cmegroup.com or (312) 930-4587.