

## Calculation of CME Feeder Cattle Index™

Effective with the January 2000 contract, the index was renamed the CME Feeder Cattle Index™ and Medium #1 and Medium and Large #1 feeder steers weighing between 800 and 849 pounds were added to the calculation. Also, with this contract, all USDA reported cattle are accepted into the calculation except for those identified as *fancy, thin, fleshy, gaunt* or *full*. These changes to the Feeder Cattle contract help create a more robust sample in the calculation and also reflect the trend in the cattle industry towards heavier cattle.

### What is the CME Feeder Cattle Index™?

Both the pit and electronically traded Feeder Cattle contracts are cash settled to the CME Feeder Cattle Index™. The Index is a seven day weighted average of United States Department of Agriculture (USDA) prices from a 12-state region: Colorado, Iowa, Kansas, Missouri, Montana, Nebraska, New Mexico, North Dakota, Oklahoma, South Dakota, Texas and Wyoming.

The Index is a weighted average and assigns the same importance to the index value for every pound of feeder steer sold during the previous 7 calendar days, regardless of when or where it was sold. The prices for the auctions, video and Internet sales and direct trades included in the index calculations can be obtained by accessing the USDA website at:

<[http://www.ams.usda.gov/lsg/mncs/ls\\_main.htm](http://www.ams.usda.gov/lsg/mncs/ls_main.htm)>

The procedure for calculating the CME Feeder Cattle Index™ is as follows:

### Total Pounds

1.) For each USDA report, the number of head that match the contract specifications is multiplied by the corresponding weighted average weight to obtain the total pounds of feeder steers sold for that report. 2.) All reports for the current day are aggregated to obtain the total pounds. 3.) The previous six days' calculations for the total pounds of feeder steers are then added to the current day to obtain the total pounds sold within the 12-state region during that seven-day period.

### Total Dollars

1.) For each USDA report, the number of head that match contract specifications is multiplied by the corresponding weighted average weight and the resulting product is then multiplied by the corresponding weighted average price to obtain the total dollars of feeder steers sold for that report. 2.) All reports for the current day are aggregated to obtain the total dollars. 3.) The previous six days' calculations for the total dollars are then added to the current day to obtain the total dollars of feeder steers sold within the 12-state region during that seven-day period.

### CME Feeder Cattle Index™ Price

The total dollars within the 12-state region during that seven-day period are divided by the total pounds of feeder steers sold in the same region and time period, yielding the CME Feeder Cattle Index™ price.

$$\frac{\text{Total Dollars}}{\text{Total Pounds}} = \text{CME Feeder Cattle Index}$$

To access the daily CME Feeder Cattle Index™ via the CME website, visit the following URL:  
<[http://www.cme.com/prices/cash-settled\\_commodity\\_index\\_prices.cfm](http://www.cme.com/prices/cash-settled_commodity_index_prices.cfm)>  
Select *Feeder Cattle* and after clicking *Go*, select the intended index date for viewing.

***For more information, contact Commodity Marketing at 312-930-4597.***

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