

In The Cattle Markets

Josh Maples, Assistant Professor & Extension Economist
Department of Agricultural Economics, Mississippi State University

Cattle Prices, Pasture Conditions, and Feed Costs

August feeder cattle futures prices are down about \$25 per cwt from the contract high on April 18th. Similar declines have occurred in cash markets in most areas. A steady rise to start the year pushed Southern Plains feeder steer prices above 2018 year-ago levels where they remained for several weeks into April. Since then, the trend turned downward, and prices are below a year ago.

Much of the recent declines are impacted by seasonal patterns. The usual peak in March or April is generally followed by a decline into the summer. Add in a bearish April Cattle on Feed report, weaker export totals, and the corn market rally, and there was not much good news for cattle markets in late April and May. Large supplies are still a major piece of the market puzzle, also. U.S. cattle slaughter for the first quarter of 2019 was about one percent above a year ago. However, lower cattle dressed weights have helped to moderate beef supplies.

Another big factor this year is uncertainty. Perhaps the biggest unknown right now are future corn and feed prices and the ultimate impact on cattle prices. USDA last week released their latest supply and demand estimates. In this monthly report, the forecast for corn was a 1.4 billion bushels lower 2019 production total than was projected just a month ago. This pushes the 2019/20 corn production forecast down to 13.7 billion bushels which, if realized, would be the lowest since the 2015/16 season. As Dr. Boetel wrote a few weeks ago, higher corn prices lead to increased feeding costs. The uncertainty about corn supply and prices are negatively impacting cattle prices.

While corn prices are up due to planting issues, pasture and range conditions are generally in great shape for most of the country. It is a rare year in that corn prices are significantly higher while pasture conditions are in better shape than is usually expected this time of year. This is likely to lead to shifts in how gain is added to feeders this year. Producers may glance at the lower prices offered and decide to push them a little longer on pasture. This could potentially lead to slower feedlot placements and temper 2019 beef production slightly.

The Markets

<i>Data Source: USDA-AMS Market News</i>		Week of 6/14/19	Week of 6/7/19	Week of 6/15/18
5-Area Fed Steer	all grades, live weight, \$/cwt	\$113.62	\$113.76	\$111.28
	all grades, dressed weight, \$/cwt	\$184.48	\$184.21	\$177.55
Boxed Beef	Choice Price, 600-900 lb., \$/cwt	\$222.11	\$222.57	\$223.52
	Choice-Select Spread, \$/cwt	\$15.86	\$15.51	\$20.89
700-800 lb. Feeder Steer	Montana 3-market, \$/cwt	--	\$138.40	\$151.14
	Nebraska 7-market, \$/cwt	\$153.61	\$155.98	\$157.26
	Oklahoma 8-market, \$/cwt	\$139.04	\$135.90	\$144.36
500-600 lb. Feeder Steer	Montana 3-market, \$/cwt	--	\$174.73	\$178.25
	Nebraska 7-market, \$/cwt	\$180.50	\$177.61	\$174.03
	Oklahoma 8-market, \$/cwt	\$156.15	\$152.50	\$164.12
Feed Grains	Corn, Omaha, NE, \$/bu (Thursday)	\$4.33	\$4.07	\$3.46
	DDGS, Nebraska, \$/ton	\$143.50	\$143.50	\$144.00