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In The Cattle Markets

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No Huge Surprises in Cattle on Feed Report, But...

USDA's Cattle on Feed report, released July 20th did not include many big surprises, but there were some interesting points. But, first the basics. The number of cattle on feed were reported up 4.1 percent over a year ago, on placements up 1.3 percent and marketings up about 1 percent. The 11.282 million head on feed are the most for a July 1 in the history of this report going back to the mid-1990s.

While placements were up, they represented a mixed bag, regionally. Placements were down in Texas and Nebraska, 20,000 and 10,000 head, respectively. Placements were up in Kansas, Iowa, and most of the West. But, they were down in the other Corn Belt feeding states of Minnesota and South Dakota. It's worth remembering that this 1.3 percent increase in placements amounts to about 23,000 head.

More lighter cattle were placed in June. Placements were higher in the under 600 pound and 600-699 pound classes. Fewer cattle were placed weighing 700-900 pounds. But a few more were placed in the 900 pound plus categories.

Perhaps the most interesting number in the report was the number of heifers on feed. The breakout of heifers and steers on feed is reported quarterly. The number of heifers on feed on July 1 totaled 4.454 million head, up almost 8 percent over July 1, 2017. That was the second largest number of heifers on feed behind only July 2001, when 4.446 million heifers were reported on feed. The 7.128 million steers on feed was the most for a July 1 in the data. The steer-heifer data goes back to 1996.

Overall, the report indicates that the marketings rate is holding up well given the large supplies of cattle. That we are moving these large supplies of cattle is a tribute to good demand from retail and export markets and demand for fed cattle from packers. Continued good movement will be critical to cattle prices over the next 6 weeks approaching Labor Day.

USDA also released the mid-year Cattle inventory report. The most important takeaways in this report were the number of heifers held for replacement and the calf crop. Heifers held for beef cow replacement declined 2.1 percent from a year ago. When combined with beef cow and heifer slaughter the data continues to indicate a drastically slowing rate of herd growth. The calf crop was reported up 1.9 percent. There will be plenty of calves for sale this Fall and available to boost beef supplies through 2019.

The Markets

The "heat dome" bringing triple digit temperatures to Texas and Oklahoma is hitting already drought pressured areas of those states. Drought development over the next couple weeks will be important for early calf and cow sales, locally. Fed cattle prices bounced up a little

last week. Local markets have seen some higher calf prices, as well, over the last few weeks. Feed costs dramatic decline over the last few weeks appear to have stabilized but have boosted calf and feeder prices.

<i>Data Source: USDA-AMS Market News</i>		Week of 7/20/18	Week of 7/13/18	Week of 7/21/17
5-Area Fed Steer	all grades, live weight, \$/cwt	\$112.61	\$110.50	\$119.33
	all grades, dressed weight, \$/cwt	\$179.00	\$174.05	\$189.74
Boxed Beef	Choice Price, 600-900 lb., \$/cwt	\$204.32	\$206.48	\$207.88
	Choice-Select Spread, \$/cwt	\$7.61	\$8.97	\$12.49
700-800 lb. Feeder Steer	Montana 3-market, \$/cwt	--	--	--
	Nebraska 7-market, \$/cwt	\$162.05	\$165.81	\$170.06
	Oklahoma 8-market, \$/cwt	\$152.17	\$149.86	\$155.76
500-600 lb. Feeder Steer	Montana 3-market, \$/cwt	--	--	--
	Nebraska 7-market, \$/cwt	\$168.50	\$188.24	\$195.00
	Oklahoma 8-market, \$/cwt	\$164.76	\$165.41	\$166.64
Feed Grains	Corn, Omaha, NE, \$/bu (Thursday)	\$3.35	\$3.29	\$3.54
	DDGS, Nebraska, \$/ton	\$100.00	\$106.00	\$102.50