

In The Cattle Markets

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Beef Cutout Values Surge Higher

It's not unusual for the cutout to increase during October, and that occurred again this year. The daily boxed beef cutout value surged \$5 per cwt during the week to \$218.50, it's highest value since June, to close out the week ending November 2nd. Choice beef is not the only quality grade to experience price increases as beef production grows seasonally.

Across the Board Gains

While the daily Choice beef cutout value is up about \$15 per cwt over the last month, the other quality grades have been increasing, as well. The Select beef cutout value increased about \$10 per cwt during October. Normally, the Choice-Select spread increases in the Fall, averaging about \$13 per cwt over the last 5 years. For the week ending November 2nd, the Choice-Select price spread hit \$17 per cwt, as Choice beef price gains outpaced Select values.

The other two quality grades of interest, Prime and Branded also experienced gains through the month. Using weekly average reported values, the Prime cutout increased about \$2.50 per cwt during October. The Branded beef category includes all beef in Branded programs that grade Choice. The Branded beef cutout value gained \$6.19 per cwt in October.

Among the primal cuts, across all quality grades, values increased the most for the primal rib. Value gains in the rib ranged from a \$27.35 increase for Prime to a \$12.98 increase for Select. Loin values increased for Choice and Branded beef, while declining for Prime and Select. Brisket values increased across all grades, while showing the most increase in the Choice category. Short plates and flanks declined in value across all grades.

Available Supplies

Continuing a trend of this year, a smaller percentage of cattle are grading Choice than a year ago. For the week ending October 20th (the latest week available) 70.8 percent of cattle presented for grading graded Choice, compared to 71.6 percent the same week the year before. For the same week, 8.9 percent of carcasses graded Prime, up from last year's 7.1 percent. More graded Select, 17.4 percent this year vs. 15.3 percent last year. When factoring in slaughter and weights, the grading data continues to indicate larger supplies of Prime and Select beef and a little less Choice than a year ago. It looks like steer slaughter is starting to pick up a little so we might expect growing beef supplies in the coming months, especially when considering more cattle on feed than a year ago.

The Markets

Fed cattle prices jumped last week to \$115-\$116 per cwt. But, only those who waited until late Friday got all the price increase for the week. Local auctions around Texas reported steady calf prices to the week before, with more reporting higher prices than lower.

<i>Data Source: USDA-AMS Market News</i>		Week of 11/2/18	Week of 10/26/18	Week of 11/3/17
5-Area Fed Steer	all grades, live weight, \$/cwt	\$114.95	\$113.81	\$123.53
	all grades, dressed weight, \$/cwt	\$180.27	\$179.70	\$191.99
Boxed Beef	Choice Price, 600-900 lb., \$/cwt	\$216.67	\$211.50	\$206.83
	Choice-Select Spread, \$/cwt	\$13.92	\$13.61	\$13.33
700-800 lb. Feeder Steer	Montana 3-market, \$/cwt	\$156.12	\$153.53	\$163.46
	Nebraska 7-market, \$/cwt	\$157.90	\$159.77	\$169.24
	Oklahoma 8-market, \$/cwt	\$154.06	\$156.16	\$163.29
500-600 lb. Feeder Steer	Montana 3-market, \$/cwt	\$166.74	\$167.18	\$173.46
	Nebraska 7-market, \$/cwt	\$174.83	\$175.92	\$184.82
	Oklahoma 8-market, \$/cwt	\$163.88	\$163.35	\$166.82
Feed Grains	Corn, Omaha, NE, \$/bu (Thursday)	\$3.38	\$3.31	\$3.16
	DDGS, Nebraska, \$/ton	\$135.00	\$137.50	\$122.60