

December 10, 2018

In The Cattle Markets

David P. Anderson, Professor and Extension Economist
Texas A&M AgriLife Extension Service

BBQ Townhall

Monday, December 10th was the 5th annual BBQ Townhall, an event that I look forward to each year, held in College Station, TX. It is organized by my meat science (and BBQ gurus) colleagues. The day is for BBQ restaurant folks to talk about recent trends, observations, and, of course, meat prices. My role in the program was to present an overview of livestock markets, production, and prices for the coming year. This ITCM focuses on a broad overview of my comments from the Townhall.

First off, it's important to remember that the audience is BBQ folks. Usually, readers of ITCM want higher prices because we are thinking about selling cattle. In this case, our audience is interested in lower prices, because they are buying.

There are two overriding themes in livestock markets, generally low feed costs and record meat production. On the beef side, booming exports and strong domestic beef demand have cushioned the blow of increasing beef production. Record pork production in 2018 and again in 2019 will pressure pork prices lower. The chicken industry has continued to increase production, but prices have fallen to extremely low levels which is likely to lead to some production restraint in the coming year. On the turkey side, falling demand has led to unprofitable prices for producers.

Brisket is a staple in Texas BBQ. Higher end BBQ joints increasing buy upper Choice and Prime briskets. Wholesale Choice briskets (deckle off) averaged \$2.57 in 2018 compared to \$2.25 per pound in 2017. Rapid growth in the number of BBQ restaurants and large chains jumping into that trend, as well, has boosted brisket prices. Only short plates and chuck clods (flat irons) saw a larger increase in price, year-over-year. The relative lack of Choice grading cattle this summer and increase in Prime production is an important consideration in this market.

Other Texas BBQ staples include pork ribs, sausage, and even chicken and turkey options. Beef ribs are increasingly seen as are bacon burnt ends and rib tips. Generally lower prices for all pork cuts, chicken, and turkey would suggest that there are some purchasing opportunities for those items. Trimmings are a big factor in sausage. Increased trimming production should lead to some lower prices at wholesale in the coming year. Wholesale pork loins have been about \$0.70 per pound in recent weeks, about \$0.10 per pound below a year ago.

Taking some time to think about our customers, in this case BBQ pit masters and BBQ lovers can give us a different, and useful point of view about our product. Go try some great BBQ this holiday season!

The Markets

Local auction markets have seen some pressure on calf prices as corn prices have generally climbed. Cow prices continue to be pressured as slaughter is seasonally higher.

<i>Data Source: USDA-AMS Market News</i>		Week of 12/7/18	Week of 11/30/18	Week of 12/8/17
5-Area Fed Steer	all grades, live weight, \$/cwt	\$118.11	\$117.10	\$117.46
	all grades, dressed weight, \$/cwt	\$185.99	\$183.38	\$187.06
Boxed Beef	Choice Price, 600-900 lb., \$/cwt	\$213.43	\$213.39	\$206.87
	Choice-Select Spread, \$/cwt	\$14.98	\$14.30	\$21.65
700-800 lb. Feeder Steer	Montana 3-market, \$/cwt	\$143.99	\$144.51	\$155.31
	Nebraska 7-market, \$/cwt	\$155.73	\$157.31	\$165.75
	Oklahoma 8-market, \$/cwt	\$141.73	\$146.39	\$154.03
500-600 lb. Feeder Steer	Montana 3-market, \$/cwt	\$164.41	\$168.05	\$174.79
	Nebraska 7-market, \$/cwt	\$176.62	\$172.62	\$182.99
	Oklahoma 8-market, \$/cwt	\$159.91	\$162.76	\$167.91
Feed Grains	Corn, Omaha, NE, \$/bu (Thursday)	\$3.60	\$3.46	\$3.22
	DDGS, Nebraska, \$/ton	\$150.00	\$154.00	\$144.00