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## In The Cattle Markets

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### Prices Finished the Year With a Bang

Prices finished 2016 with a bang! Fed cattle prices increased to \$118 per cwt. during the last week of the year. That was the highest weekly average fed cattle price since early August. It also represented a 20 percent increase since mid-October when the bottom for the year was set at \$98 per cwt.

Beef also got in on the act with the Choice beef cutout trading the last day of the year at \$203 per cwt. The weekly average Choice cutout was the largest since mid-July and was up 12 percent since the lows of the year in mid-October. Six of the 7 primal cuts finished the year on an uptrend, with only the rib declining. Live-to-cutout spreads continued to be historically large, up almost \$100 per head compared to the last year of 2015. They have declined since October as fed cattle prices have increased.

The start of a new year always brings some retrospectives on the past year and predictions. In this vein, I thought it was worth exploring some longer term changes in the feeder market by examining the evolution in feeder cattle demand. Cattle Buyers Weekly is a very good newsletter published weekly by Steve Kay. For many years he has done a list of the top 30 feeders in the U.S. While there have been plenty of changes in feeders over time I was interested in the types of cattle desired. The list includes the self-identified type of preferred cattle by each feeder. The 1999 and 2016 top feeder lists contain some very interesting changes over the years in feeder cattle preference.

The one-time feeding capacity of feeders preferring English and English-Cross cattle increased 2.1 million to just over 3 million from 1999 to 2016. Perhaps related, the number capacity identifying high grading cattle increased from about 369,000 to about 430,000 head. Feeders preferring Holsteins increased from about 175,000 to about 660,000 over the period. Some of the descriptors of the cattle have changed over time. My favorite cattle descriptor was termed “profitable” although “cheap” was a close second. I suspect there is a universal desire for those types of cattle and likely the search went on for a while in the past couple of years. In 1999 the terms commercial, yearlings, No. 1, Okie, and Northern Steers were used much more often and for more cattle than in 2016. I think this list of cattle preferences represents an interesting view of changing cattle markets and demand over the years.

I wish you all the best and a prosperous new year!

### The Markets

While Choice and Select beef cutout values have increased over the last few weeks, the Choice-Select spread has narrowed a bit in the last few days. Overall, calf and feeder prices have shared in the increases of the fed cattle and beef markets even though many local

markets around the country were closed over the holiday week. It will be worth continuing to monitor calf and feeder markets for marketing opportunities in the coming weeks. Continued dryness in wheat pasture country could force some earlier sales.

<i>Data Source: USDA-AMS Market News</i>		<b>Week of 12/30/16</b>	<b>Week of 12/23/16</b>	<b>Week of 1/1/16</b>
<b>5-Area Fed Steer</b>	all grades, live weight, \$/cwt	\$117.44	\$115.14	\$133.95
	all grades, dressed weight, \$/cwt	\$188.86	\$179.79	\$211.52
<b>Boxed Beef</b>	Choice Price, 600-900 lb., \$/cwt	\$201.79	\$197.23	\$207.16
	Choice-Select Spread, \$/cwt	\$9.01	\$11.98	\$7.76
<b>700-800 lb. Feeder Steer</b>	Montana 3-market, \$/cwt	--	--	--
	Nebraska 7-market, \$/cwt	\$140.18	\$138.39	\$172.28
	Oklahoma 8-market, \$/cwt	--	--	--
<b>500-600 lb. Feeder Steer</b>	Montana 3-market, \$/cwt	--	--	--
	Nebraska 7-market, \$/cwt	\$151.94	\$154.03	\$192.26
	Oklahoma 8-market, \$/cwt	--	--	--
<b>Feed Grains</b>	Corn, Omaha, NE, \$/bu (Thursday)	\$3.24	\$3.19	\$3.49
	DDGS, Nebraska, \$/ton	\$110.00	\$110.00	\$134.63