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In The Cattle Markets

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Cattle on Feed Report

The United States Department of Agriculture's National Agricultural Statistics Service (USDA, NASS) released their monthly Cattle on Feed report on Friday January 26, 2018. The latest numbers released by the USDA were neutral in numbers of cattle on feed, total numbers of placements and marketings as compared to trade expectations. Total cattle on feed on January 1, 2018 numbered 11.5 million head, up 8.3 percent from January 2017 levels, at industry expectations. The number of cattle on feed is down 0.2 percent from December 2016 levels, which were the highest since March 2012.

Placements in feedlots during December totaled 1.8 million head, up 0.8 percent from 2016 and down 14.3 percent from November 2017. This seasonally expected decline in placements is the second monthly decline during calendar 2017 and the first since February. Placements were lower than the typically experienced seasonal decline of about 10 percent, in part due to the exceptionally high number placed in November as well as the current dryness and deteriorating pasture quality in the Southern Plains. Placements were down 7.6% in Colorado, up 1.3% in Kansas, up 2.2% in Nebraska, and up 5.5% in Texas.

December 2017 placements were lighter-weight than in 2016. Cattle placed under 600 pounds in December 2017 were up 8 percent compared to 2016, whereas all other weight categories saw year-over-year percentage decreases in placements. These lighter weight cattle will spend more time on feed and not be market-ready until later in 2018. Based on growing cattle supplies the current increase in placements will likely continue although at a decreasing rate. The moderating placement rates, continued growth in the calf crop, and fewer heifers being held as replacements will continue to increase feeder cattle supplies and eventually larger beef production.

December marketings, at 1.75 million head, were down 1.4 percent but in line with industry expectations. December 2017 had one less marketing day than 2016. When adjusting for the difference in marketing days, marketings are about 4.1 percent above December 2016.

The Markets

Last week saw light to moderate trade volume as cash trade waited on the release of the *Cattle on Feed* report. Friday afternoon saw some business with prices being reported \$3 to \$4 higher than last week. Monday will likely be slow with packers assessing new showlists. Live cattle futures contracts increased Friday afternoon and may see some continued increased on Monday based on Friday's cash showings. Beef cut-outs were higher, up \$0.06 for choice beef and \$0.51 for select beef. December corn futures prices settled 3 ¾ cents higher for the week. Very little market news would indicate any significant corn price increases in the near term.

<i>Data Source: USDA-AMS Market News</i>		Week of 1/26/18	Week of 1/19/18	Week of 1/27/17
5-Area Fed Steer	all grades, live weight, \$/cwt	\$126.46	\$122.89	\$121.22
	all grades, dressed weight, \$/cwt	\$199.74	\$194.89	\$193.46
Boxed Beef	Choice Price, 600-900 lb., \$/cwt	\$206.70	\$205.89	\$192.09
	Choice-Select Spread, \$/cwt	\$5.97	\$5.38	\$3.52
700-800 lb. Feeder Steer	Montana 3-market, \$/cwt	\$156.28	\$151.14	\$132.04
	Nebraska 7-market, \$/cwt	\$158.90	\$154.49	\$137.15
	Oklahoma 8-market, \$/cwt	\$150.58	\$150.42	\$132.85
500-600 lb. Feeder Steer	Montana 3-market, \$/cwt	\$185.76	\$179.82	\$157.50
	Nebraska 7-market, \$/cwt	\$195.76	\$191.39	\$163.70
	Oklahoma 8-market, \$/cwt	\$173.54	\$170.79	\$157.20
Feed Grains	Corn, Omaha, NE, \$/bu (Thursday)	\$3.37	\$3.35	\$3.41
	DDGS, Nebraska, \$/ton	\$149.50	\$145.50	\$107.25