

In The Cattle Markets

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Cattle on Feed and Beef Cold Storage Stocks

The latest USDA cattle on feed report was released on Friday February 24th and it was largely in line with expectations. The total number of cattle on feed was down 4.1 percent from the prior year. Marketings were up 4.2 percent over the same number of slaughter days in January this year as last year. Placements were 3.6 percent smaller than the year before and were the smallest January placements since 2016.

Each year the February cattle on feed report includes data on the number of feedlots, inventory, and marketings by size of feedlot. The report indicated there were 26,093 feedlots in the U.S. in 2022. That was 1,027 fewer than reported in 2021. The smallest category reported, less than 1,000 head, declined by 1,000 to 24,000 feedlots. Each feedlot size category with fewer than 7,999 head declined in number between 2021 and 2022. Each size category over 8,000 head either had the same number or grew in number over the year. Two more feedlots with over 50,000 head were reported in 2022. Feedlots in that largest category marketed about 35.2 percent of fed cattle marketings, up from 34.6 percent in 2021. The data would indicate a slightly more concentrated feeding sector.

Cold Storage Stocks Remain Large

There was another interesting report released Friday and that was the Cold Storage report. The report indicated 533 million pounds of beef in storage, about 1 percent more than January of 2022, but less than in December. The amount of beef in storage is historically large.

Beef in cold storage has been pretty interesting for a number of months. Cold storage stocks of beef tend to peak in December-January and reach a low in June-July. The seasonal decline in stocks has been, on average, about 82 million pounds over the last 5 years. In 2022, there was very little seasonal decline and supplies grew to 544 million pounds by the end of the year.

Why are stocks so large? One factor is that beef production was a record large 28.3 billion pounds in 2022. U.S. total beef trade, exports plus imports, was also a record large 6.78 billion pounds in 2022. Beef exports were a record large 3.43 billion pounds and imports, 3.35 billion pounds, the most since 2015. That's a lot of beef moving in, out, and around the country. Putting this level of stocks in context is that 533 million pounds is about 1.6 pounds per person, which is not a lot different than per capita stocks over the last several decades. Per capita cold storage stocks were over 2 pounds back in the early to mid-1970s when the U.S. hit peak cattle numbers and beef demand began to decline.

The Markets

The Choice cutout ended last week at \$287.28, up a little more than \$4 over the course of the week. The Select cutout increased about \$7 leading to a decline in the Choice-Select spread by almost \$5 by week's end. Local auction markets were generally higher last week. Spring appears to be here in some areas of Texas where mid-80 degree temperatures are occurring.

<i>Data Source: USDA-AMS Market News</i>		Week of 2/24/23	Week of 2/17/23	Week of 2/25/22
5-Area Fed Steer	all grades, live weight, \$/cwt	\$163.72	\$161.17	\$143.22
	all grades, dressed weight, \$/cwt	\$260.97	\$256.78	\$227.13
Boxed Beef	Choice Price, 600-900 lb., \$/cwt	\$286.64	\$275.65	\$260.82
	Choice-Select Spread, \$/cwt	\$13.54	\$14.71	\$1.94
700-800 lb. Feeder Steer	Montana 3-market, \$/cwt	\$192.03	\$195.53	\$169.40
	Nebraska 7-market, \$/cwt	\$194.36	\$189.57	\$171.03
	Oklahoma 8-market, \$/cwt	\$185.43	\$181.21	\$159.53
500-600 lb. Feeder Steer	Montana 3-market, \$/cwt	\$236.18	\$229.28	\$210.21
	Nebraska 7-market, \$/cwt	\$237.49	\$235.98	\$218.92
	Oklahoma 8-market, \$/cwt	\$228.15	\$225.26	\$199.63
Feed Grains	Corn, Omaha, NE, \$/bu (Thursday)	\$6.88	\$7.01	\$6.87
	DDGS, Nebraska, \$/ton	\$288.40	\$290.40	\$259.00