

In The Cattle Markets

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

Placements Jump in Latest COF Report

The latest Cattle on Feed report, released March 18th, was an interesting one, especially for placements. Placements have been, arguably, the most interesting number for many months.

First, the basics of the report. Marketings were up 5 percent, largely due to the effects of an extra day in February from leap year. Placements were up 10 percent compared to February 2015. The combination resulted in March 1 cattle on feed up 1 percent. More cattle were placed in February than the year before in every weight category. Leap year, more cattle outside feedlots waiting to be placed, large movements from wheat pasture, and February 2015 having an abnormally small number of placements all contributed to more cattle entering feedlots and the large percentage change versus last year.

Digging into the report a little deeper highlights some of the seasonal differences in placements regionally in cattle feeding country. While placements of all weight classes were larger than the year before, placements of cattle weighing less than 600 pounds increased by a smaller percentage than did the heaviest cattle (over 800 pounds). Placements of the lightest cattle represented a smaller percent of all placements than last year.

A relatively larger percentage of placements in Texas tend to be cattle under 600 pounds. Thirty percent of placements in February were under 600 pounds compared to a five year average of 39 percent. Almost 22 percent of placements were over 800 pounds compared to a five year average of 16 percent. Over the past 5 years 42 percent of placements in Nebraska have been over 800 pounds and about 17 percent under 600 pounds in weight. In February 47 percent of placements were in the heaviest category and only 11 percent were under 600 pounds. Overall, the weight distribution of placements remained largely as usual, with relatively more heavy weight cattle placed.

Overall, this report should kick off a number of months of year-over-year larger placements as larger supplies of feeder cattle come to market.

The Markets

Cattle prices continued their early Spring seasonal rally with some cattle trading over \$140 per cwt while the 5 market average was \$139.18. The Choice beef cutout began to pull back late in the week yet still finished over \$230. The cutout continues to be led by strong middle meat prices and an over 100% increase in 50% lean boneless beef prices. Corn prices have started to creep a little higher, at least on the board, but they remain below a year ago and

ample supplies should keep them that way, at least until we get the usual weather market scares.

<i>Data Source: USDA-AMS Market News</i>		Week of 3/18/16	Week of 3/11/16	Week of 3/20/15
5-Area Fed Steer	all grades, live weight, \$/cwt	\$139.18	\$137.93	\$163.55
	all grades, dressed weight, \$/cwt	\$222.89	\$219.92	\$259.79
Boxed Beef	Choice Price, 600-900 lb., \$/cwt	\$231.77	\$222.96	\$246.04
	Choice-Select Spread, \$/cwt	\$10.16	\$8.78	\$1.57
700-800 lb. Feeder Steer	Montana 3-market, \$/cwt	\$164.49	\$157.23	\$215.30
	Nebraska 7-market, \$/cwt	\$168.59	\$167.39	\$227.06
	Oklahoma 8-market, \$/cwt	\$163.04	\$158.94	\$217.46
500-600 lb. Feeder Steer	Montana 3-market, \$/cwt	\$199.65	\$200.61	\$281.34
	Nebraska 7-market, \$/cwt	\$204.18	\$209.57	\$282.59
	Oklahoma 8-market, \$/cwt	\$197.77	\$196.29	\$281.22
Feed Grains	Corn, Omaha, NE, \$/bu (Thursday)	\$3.54	\$3.47	\$3.70
	DDGS, Nebraska, \$/ton	\$132.88	\$132.50	\$171.00