

## **In The Cattle Markets**

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### **Crop Planting Report and Feeder Price Decline**

The recent crop planting report provided a lot of surprises with regard to feed grains and soybean production for this year. Though quarterly stocks for both commodities were higher than expected, corn and soybean planted acres were both significantly below expectations. The average estimate for corn acres coming into the report was 89.3 million acres and the USDA Outlook Forum February estimate was 90 million acres. However, corn acres were reported at just 88 million acres. This is the lowest corn acreage since 2015 and the first time corn acres will be lower than soybean acres in the U.S. in 35 years. Expect volatility in corn markets in coming months as prices will likely be very sensitive to weather and crop progress reports going forward. Soybean acres came in at 89 million, significantly below the 91 to 92 million acres expected before the report.

The crop planting report, which came out on March 29th, certainly was bullish for corn. By mid-morning, December corn had risen from \$3.97 to just over \$4.10 and would finish the day around \$4.15. This bullish move for corn had the expected effect on feeder futures. November feeders fell from \$145.88 at opening to \$141.17 by the end of the day. Feeders have been moving lower in recent weeks due to several factors: full feedlots, more beef production, and lower pork and poultry prices. Oklahoma combined auction prices for 5-600 lb. steers have lost more than \$10 in value in the last 3 weeks from \$181.37 to \$170.74. Heavier feeders (7-800 lb.) fell from \$148.13 to \$140.68 in the same time period.

At this time last year, we were seeing a typical spring rally thanks to several factors. Demand was quite strong and was offsetting increases in beef production. Supply fundamentals across all proteins were bearish, but both domestic and export demand were strong enough to keep prices moving higher. Additionally, the prospective plantings report was bearish for corn, which was good news for feedlot demand. Time will tell whether export demand (which has been strong) and domestic demand (which is increasingly tied to consumers' incomes) will buoy prices into grilling season.

### **The Markets**

Fed steer prices were down nearly \$5 on a live weight basis and down \$9.47 on a dressed weight basis from the previous week. They were also down year over year from 2017. Boxed beef prices were down \$2.46 from the previous week but up year over year. The choice-select spread widened from \$7.21 last week to \$9.78.

Heavy feeders were down across the board as were lighter feeders with the exception of lighter feeders in Montana, which were even with the previous week. Across the board, feeder

prices are currently above last year's prices. Corn ticked up from \$3.49 last week to \$3.66 this week while DDGS were even.

<i>Data Source: USDA-AMS Market News</i>		<b>Week of 3/30/18</b>	<b>Week of 3/23/18</b>	<b>Week of 3/31/17</b>
<b>5-Area Fed Steer</b>	all grades, live weight, \$/cwt	\$120.96	\$125.90	\$127.38
	all grades, dressed weight, \$/cwt	\$192.32	\$201.79	\$205.01
<b>Boxed Beef</b>	Choice Price, 600-900 lb., \$/cwt	\$221.72	\$224.18	\$217.15
	Choice-Select Spread, \$/cwt	\$9.78	\$7.21	\$7.36
<b>700-800 lb. Feeder Steer</b>	Montana 3-market, \$/cwt	\$146.78	\$149.69	\$143.56
	Nebraska 7-market, \$/cwt	\$145.21	\$147.43	\$140.69
	Oklahoma 8-market, \$/cwt	\$140.68	\$142.24	\$137.69
<b>500-600 lb. Feeder Steer</b>	Montana 3-market, \$/cwt	\$183.31	\$183.31	\$173.69
	Nebraska 7-market, \$/cwt	\$183.38	\$189.14	\$172.60
	Oklahoma 8-market, \$/cwt	\$170.74	\$172.33	\$160.74
<b>Feed Grains</b>	Corn, Omaha, NE, \$/bu (Thursday)	\$3.66	\$3.49	\$3.22
	DDGS, Nebraska, \$/ton	\$151.00	\$151.00	\$98.00