

April 24, 2017

In The Cattle Markets

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Cattle on Feed: Placements Record Large in March

Cattle on feed came out last Friday providing an update of cattle supplies moving in and out of feedlots. Placements into feedlots were record large since this series began in 1996, coming in 11% above 2016, adding 210,000 head. Fed cattle marketed continued its aggressive pace of 10% above a year ago; while supplies of cattle on feed were up slightly, about 51,000 head higher, or half a percent.

April is also a quarterly report for cattle on feed which includes the class mix of cattle. The steer and heifer mix showed an increase in heifers, which were up 5% compared to last year and make up 34% of the total inventory. Steers on feed are down 2% from the previous year but still account for 66% of inventory. This is the highest number of heifers on feed since April 2014. Although this number is greater than it has been in the last couple of years, it is still relatively low compared to historical values. Higher herd inventories and a larger calf crop translates to more heifers available even while producers may still be in an expansionary phase.

Placements favored increases in the 700-799 weight category, representing 61% of the total increase in all placements. Increases in placements are due to larger supplies of Mexican feeders as well as improved feedlot returns and cattle coming off of wheat pasture. Marketings however, have been aggressive year to date and pulled cattle weights down compounding the normal seasonal decline in dressed weights. Dressed weights have been running below a year ago since the start of the year tempering the effect of higher cattle supplies. Steer dressed weights were down 28 pounds year over year for the week ending April 8th, continuing a trend that has put steer dressed weights down an average of 13 pounds per week though the first 14 weeks of the year. Heifer dressed weights have had similar declines.

The Markets

Summer futures prices for fed cattle were already at a steep discount to the nearby April contract, and as of Monday mid-day trade was reacting negatively to large placements values coming out of Cattle on Feed, registering down nearly \$2 per cwt in the August contract. Cash fed cattle prices ended last week up from the week before and from year ago, but may take a step back this week as the board and industry participants weigh cattle supplies against what appears to be fairly robust demand. Boxed beef also climbed again last week, up to \$215.63 per cwt compared to \$209.94 last week. Steers in the 700-800 pound category increased last week, 2% across all three markets while lighter weight steers were mixed.

<i>Data Source: USDA-AMS Market News</i>		Week of 4/21/17	Week of 4/14/17	Week of 4/22/16
5-Area Fed Steer	all grades, live weight, \$/cwt	\$131.60	\$128.01	\$126.45
	all grades, dressed weight, \$/cwt	\$209.23	\$205.30	\$200.68
Boxed Beef	Choice Price, 600-900 lb., \$/cwt	\$215.63	\$209.94	\$222.27
	Choice-Select Spread, \$/cwt	\$13.15	\$11.33	\$9.00
700-800 lb. Feeder Steer	Montana 3-market, \$/cwt	\$146.27	\$143.18	\$146.00
	Nebraska 7-market, \$/cwt	\$151.50	\$148.50	\$155.07
	Oklahoma 8-market, \$/cwt	\$142.44	\$139.70	\$149.24
500-600 lb. Feeder Steer	Montana 3-market, \$/cwt	\$177.29	\$175.63	\$185.61
	Nebraska 7-market, \$/cwt	\$177.65	\$184.52	\$181.56
	Oklahoma 8-market, \$/cwt	\$167.99	\$164.26	\$173.35
Feed Grains	Corn, Omaha, NE, \$/bu (Thursday)	\$3.28	\$3.39	\$3.62
	DDGS, Nebraska, \$/ton	\$105.00	\$103.75	\$124.00