

In The Cattle Markets

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2018 Beef Exports Off to a Strong Start

Beef exports during the first quarter of 2018 have continued (and built upon) the increases seen last year. According to the latest Livestock and Meat International Trade Data released on May 4th by the Economic Research Service (ERS), beef and veal exports during the month of March totaled approximately 261 million pounds. This is the largest total for the month of March on record and is an 11.4 percent increase over March of 2017. This follows year-over-year increases in January and February. Year-to-date, exports are 12.2 percent higher than during the first quarter of 2017.

This is especially encouraging because export totals were large in 2017, too. Exports during the first quarter of 2017 were 21.6 percent over the first quarter of 2016. So the increases this year are in addition to what were viewed as large numbers from last year. South Korea was the second largest export market during March of 2018 with 49.4 million pounds. This is a 38 percent increase over March of 2017. Japan was again the number one market with 75.6 million pounds which was 1.6 percent above March of 2017. Exports to Mainland China totaled about 1.2 million pounds.

The continuation of strong exports is welcome news to the U.S. beef industry in this time of larger supplies. The monthly World Agricultural Supply and Demand Estimates (WASDE) show the evolution of export expectations as more data become available. For example, the large growth in exports during 2017 led to annual exports that were 8.4 percent greater than the January 2017 WASDE report projected. We have already seen increases in 2018 projections in response to the strong exports in the first few months. The April 2018 WASDE projected a 5.7 percent increase in 2018 annual beef exports over 2017. The projections included a 40-million-pound increase over the same projections in January 2018. In 2017, larger than expected export totals helped to offset some of the beef production increase and to moderate the amount of beef disappearance per person in the U.S. This provided some price support. Most of 2018 is still ahead of us, but the first three months were a good start for beef exports.

The Markets

The cutout value continued to strengthen and was about \$8 per cwt higher than the previous week for choice beef. The Choice-Select spread continued to widen seasonally. The cash fed cattle market was up about \$1 per cwt.

<i>Data Source: USDA-AMS Market News</i>		Week of 5/4/18	Week of 4/27/18	Week of 5/5/17
5-Area Fed Steer	all grades, live weight, \$/cwt	\$124.81	\$123.73	\$144.60
	all grades, dressed weight, \$/cwt	\$193.65	\$196.21	\$229.80
Boxed Beef	Choice Price, 600-900 lb., \$/cwt	\$226.80	\$218.62	\$232.55
	Choice-Select Spread, \$/cwt	\$19.12	\$15.47	\$17.75
700-800 lb. Feeder Steer	Montana 3-market, \$/cwt	\$156.32	\$148.88	\$162.58
	Nebraska 7-market, \$/cwt	\$152.57	\$154.83	\$160.52
	Oklahoma 8-market, \$/cwt	\$146.06	\$146.32	\$150.68
500-600 lb. Feeder Steer	Montana 3-market, \$/cwt	\$184.67	\$186.67	\$199.49
	Nebraska 7-market, \$/cwt	\$191.85	\$190.72	\$183.08
	Oklahoma 8-market, \$/cwt	\$169.15	\$168.40	\$170.80
Feed Grains	Corn, Omaha, NE, \$/bu (Thursday)	\$3.85	\$3.74	\$3.38
	DDGS, Nebraska, \$/ton	\$170.00	\$170.00	\$104.25