

In The Cattle Markets

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Pasture and Range Conditions Continue To Improve

Significant rains that have occurred in North Dakota and neighboring states in the Northern Plains the last two weeks have improved pasture and range conditions. After a relatively snow free winter and dry early spring, there was concern that beef cattle producers would again be facing drought related management decisions. In April, much of North Dakota and parts of neighboring states were listed in the D0 abnormally dry and D1 moderate drought categories in the U.S. Drought Monitor (<http://droughtmonitor.unl.edu>). However, in May much of the region has received welcome moisture and there have even been reports of excessive moisture occurring in parts of southern North Dakota and northern South Dakota.

Storms have been moving across the Southern Plains as well bringing much needed rainfall. One of the major obstacles to U.S. beef herd rebuilding the last several years was very dry pasture conditions. Especially hard hit were the Southern Plains and Southwestern states. Of course, 2012 was a very dry year throughout much of the beef cattle producing region. Moisture conditions did improve somewhat in parts of the Southern Plains last year, which helped the U.S. beef cow herd rebuild. USDA-NASS reported beef cow numbers in the U.S. up 2% from the previous year on January 1, 2015, and beef replacement heifers up 4 percent. However, the Southwestern states remain very dry.

Each Monday afternoon from May through October, USDA-NASS releases pasture and range conditions by state in its weekly *Crop Progress* report. A percentage rating in categories of very poor, poor, fair, good, and excellent is reported. The first report for 2015 for the week ending May 3 was released on May 4. For the U.S. NASS reported 9% of pastures and ranges in the excellent category (compared to 4% in 2014), 44% good (35%), 34% fair (39%), 10% poor (15%) and 3% very poor (7%).

The report for the week ending May 17 showed slight improvement over the first report with 10% of pastures and ranges rated excellent and 47% rated good.

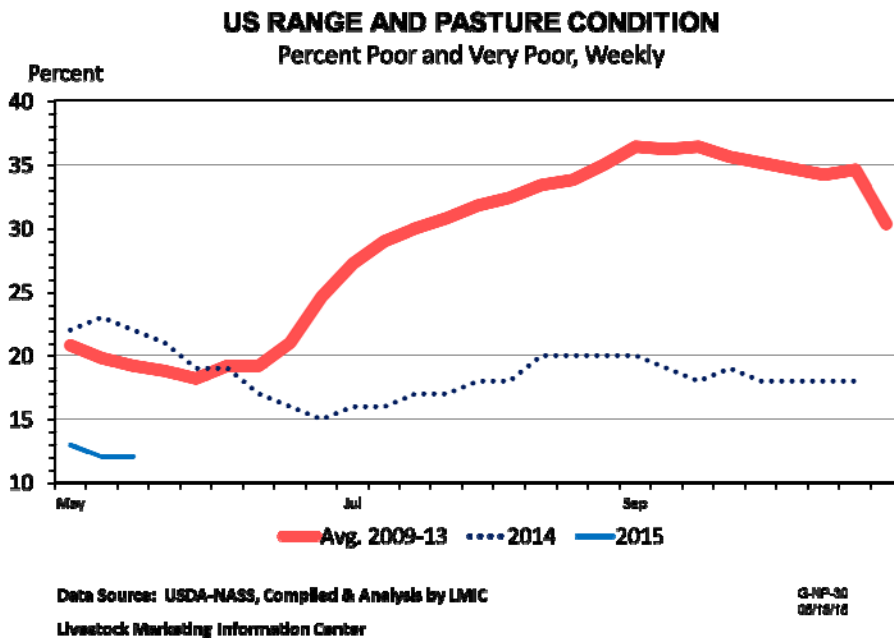
To get a better idea of how drought may be affecting beef cattle production, the LMIC combines the very poor and poor categories into one and groups states into six regions: West, Southern Plains, Great Plains, Corn Belt, Northeast and Southeast. Current ratings are compared with last year (2014) and the prior 5-year average (2009-2013).

Interestingly, all regions show improvement in the combined very poor/poor category over last year. As expected the Western region shows the worst conditions with 25% rated very poor/poor compared to 35% last year, and is right at the 5-year average. The most improvement has been in the Southern Plains region now rated at 10% very poor/poor compared to about 40% last year and 35% for the 5-year average.

Recent rains in the Northern Plains and improved prospects for good grazing conditions were evident at an annual, special feeder cattle sale at Herreid, S.D., on Friday, May 15 where 9091 head sold. There was excellent demand for calves suitable for summer grazing and replacement quality heifers. Steer calves weighing 450-500 lbs. ranged from \$300-320/cwt. and averaged \$316.88. 5-500 lb. steers ranged from \$303-316 with a \$305.83 average and 550-6 weight steers ranged \$280-299 and averaged \$293.44.

The bulk of the replacement quality heifers brought \$1700 to \$1800 per head. Specifically 750-800 lb. replacement heifers returned \$216-234/cwt. with a \$223.88 average, 800-850 lb. heifers brought \$210-216 and averaged \$215.28, and 850-9 weight heifers sold for \$206-213 with a \$209.52 average.

It is still early in the grazing season, but if good moisture conditions continue the beef cow herd will continue to expand.



The Markets

Fed cattle prices were softer last week while boxed beef prices approached record highs. Across the 5-area market, liveweight fed steer prices averaged \$160.80 per hundredweight down \$1.13 for the week. Dressed weight prices decreased \$1.16 to average \$254.87 for the week. Choice boxed beef increased \$5.46 to average \$262.07, which was the second highest price ever only behind the \$262.26 recorded for the week ending 08/08/14. Calf and feeder cattle markets were generally \$5 higher at markets where volumes were sufficient to establish trends. Corn prices in Omaha on Thursday were up 3 cents a bushel at \$3.67.

<i>Data Source: USDA-AMS Market News</i>		Week of 5/15/15	Week of 5/8/15	Week of 5/16/14
5-Area Fed Steer	all grades, live weight, \$/cwt	\$160.80	\$161.93	\$146.43
	all grades, dressed weight, \$/cwt	\$254.87	\$256.03	\$233.91
Boxed Beef	Choice Price, 600-900 lb., \$/cwt	\$262.07	\$256.61	\$225.34
	Choice-Select Spread, \$/cwt	\$12.60	\$11.72	\$10.18
700-800 lb. Feeder Steer	Montana 3-market average, \$/cwt	\$235.51	\$237.96	--
	Nebraska 7-market average, \$/cwt	\$242.69	\$224.83	\$189.92
	Oklahoma 8-market average, \$/cwt	\$223.04	\$223.02	\$190.36
500-600 lb. Feeder Steer	Montana 3-market average, \$/cwt	\$288.17	\$292.98	--
	Nebraska 7-market average, \$/cwt	\$294.25	\$288.75	\$248.62
	Oklahoma 8-market average, \$/cwt	\$280.32	\$275.19	\$218.62
Feed Grains	Corn, Omaha, NE, \$/bu (Thursday)	\$3.67	\$3.64	\$4.71
	DDGS Price, Nebraska, \$/ton	\$171.50	\$174.90	\$214.00