



## In The Cattle Markets

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### Cattle on Feed Adjustments Continue

The cattle feeding part of the industry has been in the midst of dramatic adjustments over the last couple of months, just like the rest of the industry. USDA released its June Cattle on Feed report on Friday, June 19<sup>th</sup> and it showed some more adjustments, but this time back in the direction of normal.

After 2 months of 20 percent or more year-over-year declines in placements, May placements were down about 1.3 percent from the year before. May is typically a larger month for placements due to cattle coming off wheat pasture and other small winter grains. Its worth remembering the USDA's Cattle inventory report in January indicated 290,000 fewer cattle on small grain pastures this year, compared to last year. Fewer wheat pasture cattle likely contributed to the ability to adjust. Feeder cattle sales did start to pick up as May went on, as cattle previously held back had to move, some drought conditions likely moved some feeders, and some opportunities to favorable place occurred.

Placement weights are also part of continued adjustments. Slightly more placements, 5,000 head, were reported in the lightest, under 600 pound category. Placements were up 31 percent in Colorado, and were higher in every weight category. The increase in Kansas placements were in the over 700 pound categories. USDA reported 10,000 fewer cattle were placed weighing over 1,000 pounds, but that category was 105,000 head.

Marketings reflected packing constraints and came in at 72.5 percent of a year ago. But, May had 2 fewer slaughter days in 2020 compared to 2019 (20 versus 22). As May progressed packing constraints loosened and daily slaughter moved closer to year ago speeds. June 2020 has 22 slaughter days compared to only 20 in June 2019, so the next report's marketings will likely show the dual impact of improving slaughter speeds and 10 percent more work days in the month.

While the report indicated some getting back to normal, there remains a backlog of cattle due to the packing logjam. The calculated number of cattle on feed longer than 120 days is 5.1 million compared to 4.2 million a year ago. Most of that increase in over 120 days on feed are cattle that have been on feed even longer as evidenced by the number of cattle on feed over 150 days. But, cattle on feed between 90 and 120 days totaled about 1.65 million versus 1.79 last year. So, there remains more adjustments to come to work through the impacts of corona virus in the cattle markets.

### The Markets

The Choice cutout value slipped to \$213 per cwt by the end of the week, its lowest value since \$208 per cwt on March 13<sup>th</sup>. Beef production scored its second straight week above the same

week of the prior year, with 541 million pounds produced compared to 533 million pounds last year. Fed cattle prices felt the pressure of increased beef production and falling cutout values, as they declined to a range of \$98-\$102 per cwt. Local Texas markets generally reported steady to higher calf prices compared to the prior week.

<i>Data Source: USDA-AMS Market News</i>		<b>Week of 6/19/20</b>	<b>Week of 6/12/20</b>	<b>Week of 6/21/19</b>
<b>5-Area Fed Steer</b>	all grades, live weight, \$/cwt	\$100.78	\$104.47	\$110.48
	all grades, dressed weight, \$/cwt	\$160.70	\$166.40	\$180.39
<b>Boxed Beef</b>	Choice Price, 600-900 lb., \$/cwt	\$220.34	\$240.77	\$220.90
	Choice-Select Spread, \$/cwt	\$11.62	\$16.56	\$19.38
<b>700-800 lb. Feeder Steer</b>	Montana 3-market, \$/cwt	--	\$143.43	--
	Nebraska 7-market, \$/cwt	\$144.11	\$139.86	\$142.50
	Oklahoma 8-market, \$/cwt	\$133.04	\$132.07	\$136.06
<b>500-600 lb. Feeder Steer</b>	Montana 3-market, \$/cwt	--	\$172.93	--
	Nebraska 7-market, \$/cwt	\$169.53	\$170.31	\$167.36
	Oklahoma 8-market, \$/cwt	\$146.91	\$145.88	\$155.24
<b>Feed Grains</b>	Corn, Omaha, NE, \$/bu (Thursday)	\$3.19	\$3.18	\$4.43
	DDGS, Nebraska, \$/ton	\$122.50	\$123.70	\$133.50