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In The Cattle Markets

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Cattle Prices Hit Summer Swoon

Fed cattle prices took another step lower to end June, finishing up in the low \$120s per cwt across fed cattle country. Prices dropped about \$17 per cwt over the course of the month. While the average price for the week remained just above last year's price the ratcheting down of cattle prices looks a lot like last year's price chart pattern. Not only have cattle prices declined, but the Choice beef cutout is down about \$25 per cwt over the same time period.

Why lower prices? One reason is getting all the beef orders filled for the early summer holidays of Memorial Day and Independence Day. Now that those big demand holidays are past, some pressure is off. And it's a long time until Labor Day. Following relatively tight supplies fueled by a rapid pace of slaughter earlier in the year and fed cattle weights well below a year ago, supplies are starting to increase, seasonally. Steer slaughter remains slightly above last year's pace, while heifer slaughter in recent weeks has run close to 10 percent above last year. Dressed weights are also increasing, as the usually do this time of year. Steer dressed weights have increased 23 pounds since they bottomed at 832 pounds.

The weeks following Memorial Day saw a dramatic increase in beef cow slaughter, up about 10,000 head per week, almost 20 percent more than the same weeks in 2016. For the year, beef cow slaughter is up about 9.8 percent over last year. About 62 percent of the increase in total beef cow slaughter is in the Southern Plains region, including Texas and Oklahoma. While cull cow prices in the Southern Plains have increased slightly over the past month, the cow beef cutout and 90 percent lean wholesale beef price have increased sharply. The boxed cow-beef cutout hit \$180 per cwt last week, up steadily from \$158 at the beginning of the year. This cutout has increased \$8 per cwt over the last month. Wholesale boneless beef, 90 percent lean hit \$229 per cwt the last week of June, up from \$218 the same week last year. The strength in lean boneless beef is indicative of relatively tight supplies of lean beef for ground beef and apparently good interest in hamburgers from consumers.

USDA's Hogs and Pigs report came out at the end of June. While we normally focus on beef in this newsletter, this report indicated that pork production should continue to increase. The pork industry has managed to push hog prices above a year ago due to good domestic and export pork demand and demand for hogs by opening a couple new packing plants.

I hope all of you have a great Independence Day holiday! The holiday menu at our house included a pork butt started on the smoker before daylight (I know, it's not beef this time, ha!), cole slaw, watermelon, and homemade peach ice cream!

The Markets

Fed cattle and the boxed beef market slid lower this week. In calf markets, watch for a widening spread between Northern Plains calves and those farther south. Drought forced sales of calves and yearlings have forced prices lower in the north. The Choice- Select has started shrinking. Increasing weights and a larger percent of cattle grading Choice should act to narrow the spread further seasonally.

<i>Data Source: USDA-AMS Market News</i>		Week of 6/30/17	Week of 6/23/17	Week of 7/1/16
5-Area Fed Steer	all grades, live weight, \$/cwt	\$118.64	\$121.50	\$122.50
	all grades, dressed weight, \$/cwt	\$189.95	\$193.80	\$195.53
Boxed Beef	Choice Price, 600-900 lb., \$/cwt	\$230.64	\$244.90	\$208.88
	Choice-Select Spread, \$/cwt	\$17.80	\$26.14	\$13.19
700-800 lb. Feeder Steer	Montana 3-market, \$/cwt	--	--	--
	Nebraska 7-market, \$/cwt	\$169.54	\$158.79	\$161.58
	Oklahoma 8-market, \$/cwt	\$150.96	\$149.44	\$143.94
500-600 lb. Feeder Steer	Montana 3-market, \$/cwt	\$163.50	\$169.84	--
	Nebraska 7-market, \$/cwt	\$196.99	\$196.67	\$180.32
	Oklahoma 8-market, \$/cwt	\$166.07	\$166.50	\$154.99
Feed Grains	Corn, Omaha, NE, \$/bu (Thursday)	\$3.32	\$3.32	\$3.29
	DDGS, Nebraska, \$/ton	\$98.50	\$100.75	\$147.00