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## **In The Cattle Markets**

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### **June Average Feeding Returns in the Southern Plains Back off Record High May**

Feeding returns for the Southern Plains have returned, and this year are showing the highest returns in over a decade (estimates by LMIC). Through the first 6 months of the year, average feeding returns have been \$177 per head. May has been the highest month so far this year showing a profit of \$260 per head, and June followed at \$208 per head. This is in stark contrast to the last two years of negative returns, which were estimated as deep as \$500 per head in late 2015.

These high returns have encouraged feedlots to refill inventory quickly this year in the wake of aggressive marketings. Placements in Texas skyrocketed in May adding 180 thousand head compared to April. Analysts are expecting high placements to continue. Pre-report trade estimates for the U.S. are averaging 105.9% above a year ago. Aggressive placements have helped support year over year increases in heavier feeder animals. The 700-800 pound steers have spent the last eight weeks posting prices over 2016. The comprehensive cutout, however, has fallen over the last five weeks, losing \$26.26 per hundredweight and implying that demand from the retail side has softened compared to May and June. This demand in part was also supporting the increase in marketings through the last two months, pulling cattle ahead at and maintaining fed prices and allowing for feedlots to bid more aggressively for feeder cattle. The slippage in the cutout will likely mean adjustments throughout the supply chain.

Fed cattle prices are expected to be lower in the second half of year but not as low as they slipped in 2016. Southern Plain 7-800 pound feeder steers are expected to be lower in the second half of the year compared to the first. Feedlot returns will likely shrink in the second half of the year and may turn back to the red by the end of the 2017.

### **The Markets**

Choice boxed beef continued its tumble this week taking another 4% off from the week before and losing \$8 per hundredweight. Choice-Select spread continued to decline as well narrowing another \$2 per hundredweight compared to last week but still remains 22% above last year's value. Fed prices were up slightly, while feeders were mixed across markets and sizes.

<i>Data Source: USDA-AMS Market News</i>		<b>Week of 7/14/17</b>	<b>Week of 7/7/17</b>	<b>Week of 7/15/16</b>
<b>5-Area Fed Steer</b>	all grades, live weight, \$/cwt	\$119.51	\$117.58	\$117.01
	all grades, dressed weight, \$/cwt	\$190.06	\$188.18	\$187.17
<b>Boxed Beef</b>	Choice Price, 600-900 lb., \$/cwt	\$212.93	\$221.09	\$206.00
	Choice-Select Spread, \$/cwt	\$14.02	\$16.33	\$11.52
<b>700-800 lb. Feeder Steer</b>	Montana 3-market, \$/cwt	--	--	--
	Nebraska 7-market, \$/cwt	\$166.44	\$171.01	\$153.14
	Oklahoma 8-market, \$/cwt	\$153.42	--	\$143.01
<b>500-600 lb. Feeder Steer</b>	Montana 3-market, \$/cwt	--	--	--
	Nebraska 7-market, \$/cwt	\$184.36	\$183.63	\$166.92
	Oklahoma 8-market, \$/cwt	\$159.66	--	\$155.90
<b>Feed Grains</b>	Corn, Omaha, NE, \$/bu (Thursday)	\$3.34	\$3.56	\$3.32
	DDGS, Nebraska, \$/ton	\$104.40	\$101.75	\$127.50