

## In The Cattle Markets

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### USDA Reports Confirm Tight Cattle Supplies

USDA-NASS released both the monthly *Cattle on Feed* report and the semi-annual *Cattle* inventory report on Friday, July 25. Both reports helped to confirm why cattle and beef prices have continued to increase to record high levels.

The *Cattle* report was anxiously awaited because, due to budget restrictions, the July report was not released last year. That means year over year comparisons are not possible and comparisons must be with July 2012.

NASS reported that all cattle and calves in the U.S. as of July 1, 2014, totaled 95 million head, 3 percent below the 97.8 million on July 1, 2012. That is the lowest July inventory since the July series began in 1973. Beef cows, at 29.7 million, were down 2.5% from 2012, and beef replacement heifers, at 4.1 million, were down 2.4%. The feeder cattle supply outside feedlots was down over 3% from 2012. The 2014 calf crop is expected to be 33.6 million head, down 1% from 2013 and down 2% from 2012.

The report confirmed that cattle supplies are tight, but due to the two year lag in reporting, it could not be determined if herd rebuilding in the U.S. has begun. There are other indications though that some herd rebuilding is taking place. The previous *Cattle* report issued as of Jan. 1, 2014, indicated an increase in beef cow replacements of 1.7% over 2013. Although it is dry in parts of the South and very dry in the Southwest, pasture and range conditions have improved. NASS reports that 17% of U.S. pastures and ranges are now in poor and very poor condition compared to 28% last year.

Heifer slaughter in the U.S. has been down about 7% from last year compared to steer slaughter down about 2%. And beef cow slaughter has been down about 15% from last year. The July *Cattle-on-Feed* report indicated almost 5% fewer heifers on feed than last year.

Other highlights from the *Cattle on Feed* report are that cattle and calves on feed for slaughter market in the U.S. for feedlots with 1,000 head or more totaled 10.1 million head on July 1, 2014. The inventory was 2.4% below last year and also below the pre-report trade estimate of a 1.9% decline. The *Cattle* report showed 11.6 million total cattle on feed so the 1,000 head or more feedlots amounted to 87% of the total.

Placements into feedlots during June totaled 1.46 million, 6.2% below last year and also below the trade estimate for only a 3.8% decline.

Marketings of fed cattle during June totaled 1.85 million, 1.8% below 2013. This was the lowest fed cattle marketings for June since the series started in 1996, and helps explain the contra-seasonal increase in fed cattle prices this summer.

The lower number of cattle on feed, fewer feeder cattle outside feedlots, smaller 2014 calf crop, and some heifer retention all point to continued historically tight cattle supplies in the months ahead.

### The Markets

It was another record setting week for prices in the cattle/beef market. The fed cattle market was sharply higher and made unprecedented gains for this time of the year. In the 5-area market, liveweight steers averaged \$163.26 per hundredweight up \$7.21 for the week. That is a new record high price and shattered the previous record set the week of July 4 by \$5.65. Dressed weight prices increased almost \$10 to average a new record \$256.54 for the week. The boxed beef market also surged to record high levels. Choice boxed beef prices averaged \$253.77 up \$3.62 for the week. Prices at the feeder cattle markets also continue to set record highs with seasonally tight supplies and declining corn prices. Corn prices in Omaha on Thursday at \$3.42 per bushel were down 23 cents for the week, and \$2.29 lower than last year as prospects for a record corn crop continue to materialize.

		<b>Week of</b>	<b>Week of</b>	<b>Week of</b>
<i>Data Source: USDA-AMS Market News</i>		<b>7/25/14</b>	<b>7/18/14</b>	<b>7/26/13</b>
<b>5-Area Fed Steer</b>	all grades, live weight, \$/cwt	\$163.26	\$156.05	\$120.22
	all grades, dressed weight, \$/cwt	\$256.54	\$246.57	\$194.32
<b>Boxed Beef</b>	Choice Price, 600-900 lb., \$/cwt	\$253.77	\$250.15	\$187.40
	Choice-Select Spread, \$/cwt	\$4.62	\$6.62	\$4.94
<b>700-800 lb. Feeder Steer</b>	Nebraska 7-market average, \$/cwt	\$243.79	\$231.32	\$157.28
	Oklahoma 8-market average, \$/cwt	\$219.78	\$214.83	\$149.21
<b>500-600 lb. Feeder Steer</b>	Nebraska 7-market average, \$/cwt	\$293.10	--	\$179.17
	Oklahoma 8-market average, \$/cwt	\$246.76	\$244.31	\$164.11
<b>Feed Grains</b>	Corn, Omaha, NE, \$/bu (Thursday)	\$3.42	\$3.65	\$5.71
	DDGS Price, Nebraska, \$/ton	\$115.70	\$120.25	\$224.75