

In The Cattle Markets

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Fed Cattle Prices and Big Supplies

Cash fed cattle prices have been slowly increasing over the last couple of weeks even as they continue to be under pressure by abundant supplies of cattle and beef. The five market fed cattle weekly average price was \$97. But, by the end the week fed cattle prices in some markets hit \$100 per cwt. Both the weekly average and July 31st's trade were well below prices a year that were averaging \$113 per cwt.

Large numbers of cattle on feed longer than 120 and 150 days certainly indicate the continuing backlog of fed cattle. The estimated July 1 number of cattle on feed more than 120 days was 4.86 million head, down from June's 5.17 million head. But, it was well above July 2019's 4.01 million head. The data indicated about 3.2 million head on feed longer than 150 days, compared to 2.28 million head on July 1, 2019. So, there is a long way to go working off the backlog.

On the cattle slaughter side of the ledger, fed steer and heifer slaughter is almost equal to a year ago. Accounting for Saturdays and the July 4th holiday in daily slaughter indicates that daily average steer and heifer slaughter was about 700 head fewer per day in July than in 2019. Fed cattle slaughter in June and July combined was 99.9 percent of a year ago. Total cattle slaughter, however, was ahead of a year ago due to increased cow slaughter. The combination of fed cattle slaughter, heavier weights, and cow slaughter above a year ago has pushed beef production over the last 8 weeks to exceed the same weeks last year.

On the bright side, it appears that retailers are making to push for Labor Day beef featuring. Beef orders surged with 2, 043 loads for delivery, second only to June 2011. Big beef featuring will be welcome as Labor Day is the last big summer holiday to move supplies. Slowly working off the backlog and moving more beef into retail is slowly pulling cattle prices higher. The weekly Choice beef cutout hit it's low for the year, so far, at \$201.24 per cwt for the week ending July 18th. Since then it has clawed back to \$202.34 per cwt. But, as with fed cattle, large beef supplies are keeping the pressure on the wholesale market.

In coming weeks watch for progress on the fed cattle slaughter front, more featuring for Labor Day, and increasing beef exports as prices decline. All of these should act to boost fed cattle prices going into late summer.

The Markets

Fed cattle prices climbed late in the week, especially in the North with a few head getting \$100 and change by Friday afternoon. Calf prices were generally steady to higher across local auction markets in Texas. Parts of the country continue to struggle with drought and

further development will start to hit calf and cow prices. It doesn't appear that Hurricane Hanna had major impacts on far South Texas cattle and other livestock.

<i>Data Source: USDA-AMS Market News</i>		Week of 7/31/20	Week of 7/24/20	Week of 8/2/19
5-Area Fed Steer	all grades, live weight, \$/cwt	\$98.66	\$97.24	\$113.82
	all grades, dressed weight, \$/cwt	\$160.03	\$158.10	\$184.30
Boxed Beef	Choice Price, 600-900 lb., \$/cwt	\$202.34	\$201.56	\$213.96
	Choice-Select Spread, \$/cwt	\$12.47	\$10.84	\$23.85
700-800 lb. Feeder Steer	Montana 3-market, \$/cwt	--	--	\$148.00
	Nebraska 7-market, \$/cwt	\$146.68	\$152.15	\$153.87
	Oklahoma 8-market, \$/cwt	\$140.78	\$142.51	\$144.08
500-600 lb. Feeder Steer	Montana 3-market, \$/cwt	--	--	--
	Nebraska 7-market, \$/cwt	\$166.00	\$178.61	\$170.92
	Oklahoma 8-market, \$/cwt	\$154.71	\$154.97	\$157.12
Feed Grains	Corn, Omaha, NE, \$/bu (Thursday)	\$2.99	\$3.11	\$3.98
	DDGS, Nebraska, \$/ton	\$124.50	\$123.00	\$143.50