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In The Cattle Markets

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Crop Report Helps Out Livestock

USDA released its August crop report on the 10th with some real surprises for the trade. What was bad for the crop side was good for livestock producers.

Starting with corn, the report indicated a crop of 14.2 billion bushels, tied for the second largest on record (2014), behind only 2015's 15.1 billion bushel crop. The estimated average yield was 169.5 bushels per acre. While yields were estimated to be below last year's in the central and Western Corn Belt, yields were higher across the South and Northeast. Record high yields were estimated in Louisiana, Mississippi, Alabama, South Carolina, Michigan, Pennsylvania, and New York. The drought hit states of North and South Dakota indicated yields 37 and 21 bushels below last year, respectively.

Objective yield estimates in this report included the number of ears per acre in selected fields. About 28,000 ears per acre were estimated behind only the years 2013-2016. When ear count is combined with estimated production, the implied ear weight was almost 0.35 lbs per ear, which would be the third largest on record, behind only 2004 and 2016. Actual production will hinge on further crop development, but this was a positive report for livestock producers.

On the soybean side, the report indicated a record large crop of 4.38 billion bushels. Estimated yields (49.4 bushels per acre) were above the trend line. As with corn, yields are expected to be greater than last year across the South with record highs in seven states. Little change was made from previous reports for other crops important to livestock producers including wheat, oats, barley, sorghum, and hay. Less of each of these will be produced this year compared to last year.

If these large crops survive the rest of the growing season, they mean continued low costs of gain for cattle feeders. Low feed costs will be supportive of calf and feeder prices this Fall. Calf prices will need the help between falling fed cattle prices as production increases and more calves on the market from the larger cow herd. Fed prices are slumping now as production increases in the dog days of summer. But, low feed costs will also support pork and poultry production to compete with growing beef supplies. Beef production will top 27 billion pounds in 2018 and will likely be record large. Combined with growing supplies of pork and poultry will put total meat production at over 100 billion pounds.

The Markets

Fed cattle and the boxed beef market slid lower again this week. In daily trade, the Choice-Select Spread is moving to under \$4 per cwt. Choice supplies are increasing as weights rise and middle meat prices have dropped dramatically from their early holiday frenzy.

		Week of 8/11/17	Week of 8/4/17	Week of 8/12/16
<i>Data Source: USDA-AMS Market News</i>				
5-Area Fed Steer	all grades, live weight, \$/cwt	\$115.17	\$117.30	\$118.35
	all grades, dressed weight, \$/cwt	\$183.87	\$187.36	\$186.91
Boxed Beef	Choice Price, 600-900 lb., \$/cwt	\$201.37	\$205.00	\$200.54
	Choice-Select Spread, \$/cwt	\$4.82	\$7.27	\$8.06
700-800 lb. Feeder Steer	Montana 3-market, \$/cwt	\$146.50	--	\$154.58
	Nebraska 7-market, \$/cwt	\$155.11	\$169.89	\$159.68
	Oklahoma 8-market, \$/cwt	\$146.46	\$151.96	\$152.44
500-600 lb. Feeder Steer	Montana 3-market, \$/cwt	\$160.00	--	\$161.50
	Nebraska 7-market, \$/cwt	\$181.90	\$186.50	\$169.20
	Oklahoma 8-market, \$/cwt	\$161.99	\$162.92	\$160.17
Feed Grains	Corn, Omaha, NE, \$/bu (Thursday)	\$3.23	\$3.29	\$2.98
	DDGS, Nebraska, \$/ton	\$110.00	\$109.00	\$120.00