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In The Cattle Markets
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Cattle On Feed

The United States Department of Agriculture's National Agricultural Statistics Service (USDA, NASS) released their monthly Cattle on Feed report on Friday August 23, 2019. The latest numbers released by the USDA showed aggressive marketings and were neutral in total numbers on feed and placements. Total cattle on feed on August 1, 2019 numbered 11.1 million head, slightly above August 2018. Pre-report estimates expected cattle on feed numbers to be up 0.6%.

Placements in feedlots during July totaled 1.71 million head, down 2.2 percent from 2018. Pre-report estimates anticipated placements down only 0.5%. Poor pasture and range conditions helped contribute to lighter placement numbers. Placements were up year-over-year only in California (21%), Washington (3%) and non-specified other states. Light weight categories saw declining placement numbers for July 2019, compared to year ago. Placements of cattle weighing less than 800 pounds were down 7.6%, while cattle weighing over 800 pounds saw placements increase 7.7%. Placements as a percentage of marketings was down 8% year-over-year from July 2018. Seasonally, net feedlot placements as a percentage of marketings typically increases between June and October. Given that we have seen a decrease in this number, while the number of feeder cattle remains high indicates placements will be increasing at a faster rate later this fall

July marketings were aggressive, but on par with pre-report estimates. Marketings were at 2 million head, up 6.4% over July 2018. There was one more marketing day available in 2019 compared to 2018, which would attribute to greater marketings. As of August 1, the estimated supply of cattle on feed over 120 days is 0.7% above last year. Total cattle on feed inventory saw the largest July-to-August decline since 2008. Although cattle are currently being marketed in a timely manner, there is danger that this pace will slow and currentness will slip. Given the decrease in slaughter capacity due to the Tyson fire, Saturday slaughter will need to continue to keep the market current. Keeping up with the increased supply in the fourth quarter will be a challenge.

The Markets

Monday saw an active live cattle market. The announcement regarding trade with Japan has helped spark underlying buyer support, which may bring late week gains. The trade deal brings long-term support for the beef products and will bring confidence to the market regarding export demand. Note that this deal has not yet been signed and there are limited details regarding the trade deal.

China is the other side of the trade coin, and although there are limited beef exports to China, the continued trade uncertainty adds to market volatility. Pork and hog prices continue to decline. The Japan agreement may bring new market access for pork, but it will not replace China.

<i>Data Source: USDA-AMS Market News</i>		Week of 8/23/19	Week of 8/16/19	Week of 8/24/18
5-Area Fed Steer	all grades, live weight, \$/cwt	\$107.12	\$106.68	\$109.02
	all grades, dressed weight, \$/cwt	\$175.34	\$170.95	\$172.78
Boxed Beef	Choice Price, 600-900 lb., \$/cwt	\$239.87	\$230.43	\$213.86
	Choice-Select Spread, \$/cwt	\$25.25	\$24.78	\$10.23
700-800 lb. Feeder Steer	Montana 3-market, \$/cwt	--	\$140.00	\$153.93
	Nebraska 7-market, \$/cwt	--	\$152.85	\$166.81
	Oklahoma 8-market, \$/cwt	\$140.51	\$137.23	\$152.77
500-600 lb. Feeder Steer	Montana 3-market, \$/cwt	--	--	--
	Nebraska 7-market, \$/cwt	--	\$178.36	\$180.00
	Oklahoma 8-market, \$/cwt	\$151.47	\$150.35	\$160.99
Feed Grains	Corn, Omaha, NE, \$/bu (Thursday)	\$3.64	\$3.59	\$3.23
	DDGS, Nebraska, \$/ton	\$128.00	\$131.30	\$121.50