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In The Cattle Markets

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Cattle on Feed Lower Than Pre-Reports

On August 1st there were 10.6 million head of cattle on feed, up 4% from the previous year. Cattle placed onto feed saw a noticeable slowing up only 3% from 2016, and the first month without double digit placements since February. Although last February was a leap year leading to one additional calendar day, and resulting in a 1% decline in cattle placed when comparing last year to this year's Cattle on Feed numbers. Every other month in 2017 placements have been between 11%-16% above a year ago.

As pointed out in last week's ICM feedlot returns have eroded rather sharply over the last couple of weeks, largely driven by a decline in fed steer prices. The five market slaughter steer prices has fallen \$34.92 per cwt since its peak in early May. However, feedlot returns were still holding strong for most of the summer. July showed feedlot returns fell significantly from June to July and are expected to turn negative in August. June to July feeder prices fell about \$12 per hundredweight, and weekly prices continue to slide, making feedlot more cautious about bidding aggressively for cattle. Marketings remained strong in July were up 4 percent, but with the deterioration in feeding returns its clear feedlots are thinking twice about filling pens with negative returns projected. Across the board, pre-report estimates were slightly higher than actuals, and had some rather wide ranges.

Cattle on Feed weight breakdown reflected smaller placements. Last month all three categories under 800 pounds showed increases in the neighborhood of 25% above a year ago. Comparatively, in June cattle under 600 pounds and over 800 pounds were up 2% each. 700-799 pound cattle had the higher increase over a year ago, up 7%. Nebraska continued to show high placements in cattle under 600 pounds and 700-799 pound weight categories. Texas noticeably had less placements, even with a year ago compared to the 18% jump seen in June. Colorado also was even with last year, showing only a gain in the heavy weight category of over 800 pounds. Last month, Colorado placements were up 19% over a year ago.

Hurricane Harvey hammered the coast of Texas this weekend. Texas A &M's Dr. David Anderson estimated that there are 54 counties in disaster declared areas affecting 1.2 million beef cows based on the USDA county estimates. Dr. Anderson also noted there are a large number of livestock auction barns in this area as well and Sam Kane beef packers near Corpus Christi. Dr. Anderson's newsletter can be found [here](#).

The Markets

<i>Data Source: USDA-AMS Market News</i>		Week of 8/25/17	Week of 8/18/17	Week of 8/26/16
5-Area Fed Steer	all grades, live weight, \$/cwt	\$106.78	\$109.68	\$114.60
	all grades, dressed weight, \$/cwt	\$169.70	\$175.25	\$180.23
Boxed Beef	Choice Price, 600-900 lb., \$/cwt	\$192.30	\$197.06	\$200.34
	Choice-Select Spread, \$/cwt	\$2.52	\$2.25	\$6.54
700-800 lb. Feeder Steer	Montana 3-market, \$/cwt	\$148.26	\$150.96	\$147.49
	Nebraska 7-market, \$/cwt	\$155.01	\$159.61	\$151.73
	Oklahoma 8-market, \$/cwt	\$143.46	\$144.87	\$141.94
500-600 lb. Feeder Steer	Montana 3-market, \$/cwt	\$155.00	--	--
	Nebraska 7-market, \$/cwt	\$166.86	\$164.04	\$164.18
	Oklahoma 8-market, \$/cwt	\$155.04	\$155.74	\$155.30
Feed Grains	Corn, Omaha, NE, \$/bu (Thursday)	\$3.17	\$3.20	\$2.98
	DDGS, Nebraska, \$/ton	\$107.80	\$108.00	\$122.50