

In The Cattle Markets

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Northern Plains Fall Calf Marketing Situation

On Sept. 29 – Oct. 2, I had the opportunity to see a good portion of the heart of Northern Plains cattle country. We drove across southern North Dakota (N.D.), down through southwestern N.D. and the entire stretch of western South Dakota (S.D.), and halfway down eastern Wyoming. Two unusual things for this time of the year were evident from southwest N.D. to eastern Wyoming: green grass and ample moisture. Usually the grass is brown and dry conditions prevail.

And of course many remember last year on Oct. 4, when precipitation came in the form of a severe blizzard that killed thousands of livestock. On the trip the entire area from Dickinson, N.D., to Lusk, Wyoming, had received 1 to 5 inches of rainfall in the previous week and it rained off and on all four days of the trip. Places in western S.D. received record rainfall amounts in September. Most of the area had received adequate moisture throughout the growing season. Pasture and range conditions were much improved from just a couple years ago when drought occurred in much of the area.

There was an above average hay crop with many hay bales still in fields. Some producers were still making hay but were hampered by wet conditions. In southwest N.D. and northwest S.D. there were still scattered spring wheat fields yet to be harvested, which is unusual for this time of year.

Due to the good grass conditions, late harvest, and wet conditions, most beef cows and calves were still on ranges, pastures, and crop aftermath. Very little weaning had occurred and the fall calf marketing run had not started. In N.D., USDA-AMS usually reports four major feeder cattle auctions this time of the year, but due to low calf receipts reporting has been at only one or two of those auctions in the last several weeks. Official comparisons of receipts with last year are not possible because last year USDA was shut down due to sequestration.

Record high and still contra-seasonally increasing calf prices have producers weighing marketing options. Several ranchers that I visited with indicated that they plan to keep more heifer calves this fall. However, when asked how many heifers they would actually keep in their own herd for expansion, there was a wait and see attitude. Several said they want to see what spring moisture and market conditions are before deciding what to do.

Calves sold at weaning will generate very nice profits this year. But ample feed supplies in the Northern Plains at the cheapest prices in several years; and improved winter wheat conditions in parts of the Southern Plains compared to the last several drought years may offer opportunities. In N.D. where I am, spot corn prices at some country elevators are now under \$2 per bushel with ethanol plants paying up to \$2.60. An early frost in some areas caused both

more corn silage than originally expected to be harvested, and low test weight corn that may be best utilized as livestock feed. The wet conditions and late harvest caused sprouted malting barley that is now feed barley. There is also some sprout and disease damaged wheat available at attractive prices for feeding calves.

The NDSU Extension Service is offering a “Background Cattle – 2014” educational program on Oct. 14 at several locations in N.D. For those in other states or who read this column after Oct. 14, the program will be archived and available at: www.ag.ndsu.edu/cattledocs.

Topics to be addressed by five different speakers include cattle backgrounding budgets and opportunities, feeding heifers for replacement, feed prices and rations, cattle price outlook and risks, and cattle health concerns.

The Markets

It was another record setting week in the cattle market. Both live and feeder cattle futures prices hit life of contract and all time record highs in midweek, but then backed off at week’s end. Cash market prices for fed cattle and feeder cattle also recorded record high values. In the 5-area market, liveweight steers averaged \$163.82 per hundredweight up \$3.28 for the week and surpassing the previous record high of \$163.26 which occurred the week ending July 25. Dressed weight prices increased \$5.79 to average \$257.78 for the week. The boxed beef market increased each day of the week. Choice boxed beef prices averaged \$245.26 up \$7.07 for the week. Both calf and feeder cattle markets continued to strengthen last week. Corn prices in Omaha on Thursday were up 23 cents a bushel from the previous week at \$2.94.

| | | Week of | Week of | Week of |
|--|------------------------------------|----------|----------|----------|
| | | 10/10/14 | 10/3/14 | 10/11/13 |
| <i>Data Source: USDA-AMS Market News</i> | | | | |
| 5-Area Fed Steer | all grades, live weight, \$/cwt | \$163.82 | \$160.54 | -- |
| | all grades, dressed weight, \$/cwt | \$257.78 | \$251.99 | -- |
| Boxed Beef | Choice Price, 600-900 lb., \$/cwt | \$245.26 | \$238.19 | -- |
| | Choice-Select Spread, \$/cwt | \$12.16 | \$11.36 | -- |
| 700-800 lb. Feeder Steer Price | Montana 3-market average, \$/cwt | \$248.25 | \$244.80 | -- |
| | Nebraska 7-market average, \$/cwt | \$249.35 | \$247.10 | -- |
| | Oklahoma 8-market average, \$/cwt | \$248.92 | \$241.90 | -- |
| 500-600 lb. Feeder Steer Price | Montana 3-market average, \$/cwt | \$287.68 | \$282.01 | -- |
| | Nebraska 7-market average, \$/cwt | \$300.39 | \$294.17 | -- |
| | Oklahoma 8-market average, \$/cwt | \$273.93 | \$263.52 | -- |
| Feed Grains | Corn, Omaha, NE, \$/bu (Thursday) | \$2.94 | \$2.72 | -- |
| | DDGS Price, Nebraska, \$/ton | \$105.00 | \$105.30 | -- |