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**October, 26 2015**

## **In The Cattle Markets**

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### **October Cattle on Feed**

The United States Department of Agriculture's National Agricultural Statistics Service (USDA, NASS) released their monthly Cattle on Feed report Friday afternoon (October 23, 2015). The latest numbers released by the USDA revealed few surprises. Marketings of fed cattle during the month of September were down 2.44% from September 2014, while placements were down 4.12% from September 2014.

The trend of heavier placements continued this month, with a 7.8% increase in placements of cattle larger than 800 pounds, while all other weight classes saw lower placement numbers when compared to September 2014. There have been two major drivers of this trend: prices and pasture conditions. For much of the summer, feeder cattle prices had been trending at or above year ago levels. While markets have slowed since summer and 500-550 pound Oklahoma City steers are trading for \$70/cwt less than they were just over three months ago, we are still well above even the best feeder cattle prices from 2013. The high prices earlier this year made feedlots reluctant to place lighter cattle. The recent price declines in live cattle prices have only reinforced that trend, as feeders try to avoid placing lightweight cattle only to watch them decline in value as prices fall. Favorable pasture conditions over the summer also plays a role in the continued trend of heavier placements. The much needed rain in parts of Texas and Oklahoma should provide a boost to the winter wheat in those areas. I look for producers to take advantage of improving winter wheat conditions as well as crop residue in other parts of the Plains to graze cattle over the winter and continue the trend of placing heavier animals at least through the fall and winter.

The total number of cattle on feed on October 1 was up 2.33% from 2014 and the largest number of cattle on feed during the month of October since 2012. This month's report provided a breakdown of the number of steers and heifers on feed for the third quarter. The number of steers on feed on October 1, 2015 is up 7.44% from the same time a year ago while the number of heifers on feed is down 6.98% from the same time a year ago. The number of heifers on feed is the lowest for the month of October since the report began in 1996. This confirms what many of us already knew: we are experiencing a rapid herd expansion. The larger question remains: when will the expansion slow?

### **The Markets**

Cattle prices are higher compared to a week ago. The Oklahoma 8-market average 500-600 pound steers was up \$0.97 on the week while Montana 700-800 pound steers were up \$2.47 on the week. The five-area fed steer price ended the week at \$135.38 for live sales, and

\$208.49 for dressed, up \$2.43 and \$3.51 respectively. Corn prices were a penny higher on the week trading at \$3.48/bu in Omaha on Thursday.

|  |                                    | <b>Week of</b>  | <b>Week of</b>  | <b>Week of</b>  |
|--|------------------------------------|-----------------|-----------------|-----------------|
| <i>Data Source: USDA-AMS Market News</i> |                                    | <b>10/23/15</b> | <b>10/16/15</b> | <b>10/24/14</b> |
| <b>5-Area Fed Steer</b>                  | all grades, live weight, \$/cwt    | \$135.38        | \$132.95        | \$168.79        |
|  | all grades, dressed weight, \$/cwt | \$208.49        | \$204.98        | \$264.79        |
| <b>Boxed Beef</b>                        | Choice Price, 600-900 lb., \$/cwt  | \$216.03        | \$209.46        | \$249.50        |
|  | Choice-Select Spread, \$/cwt       | \$6.26          | \$5.12          | \$15.22         |
| <b>700-800 lb. Feeder Steer</b>          | Montana 3-market average, \$/cwt   | \$201.95        | \$192.69        | \$237.01        |
|  | Nebraska 7-market average, \$/cwt  | \$206.02        | \$197.13        | \$245.69        |
|  | Oklahoma 8-market average, \$/cwt  | \$195.13        | \$194.16        | \$239.44        |
| <b>500-600 lb. Feeder Steer</b>          | Montana 3-market average, \$/cwt   | \$221.36        | \$218.89        | \$288.12        |
|  | Nebraska 7-market average, \$/cwt  | \$232.87        | \$227.46        | \$293.32        |
|  | Oklahoma 8-market average, \$/cwt  | \$210.58        | \$210.88        | \$274.25        |
| <b>Feed Grains</b>                       | Corn, Omaha, NE, \$/bu (Thursday)  | \$3.48          | \$3.47          | \$3.23          |
|  | DDGS Price, Nebraska, \$/ton       | \$112.00        | \$115.31        | \$105.85        |