

In The Cattle Markets

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Cattle on Feed Grows Again

The number of cattle on feed hit an October record in 2020, at 11.7 million head. Placements and marketings were up over a year ago, as well. Digging into USDA's report a little deeper reveals some more interesting directions for the cattle market in coming months.

Marketings were up 6.2 percent over September 2019. Given one more working day in the month that means daily average marketings were above a year ago for the second month in row. The ability to slaughter more cattle per day, on average, than a year is welcome data considering all the adjustments forced on the industry this year. In terms of absolute numbers, marketings trend lower in the second half of the year, and that trend is holding this year, as well.

Placements were above a year ago also, up 5.9 percent. Larger placements might be seen in the light of sharply lower placements in March and April as response to corona virus effects. Kansas and Nebraska, two of the big three feeding states, had placements up 12.6 and 13.2 percent, respectively, over a year ago. Placements were lower in Texas, down 3.2 percent. Eighty-four percent, 104,000 out of 124,000, of the increase in placements were in the heaviest categories, over 700 pounds. The largest share of heavier feeder placements went to Nebraska followed by Kansas. Texas placed fewer cattle in every weight category except the lightest, under 600 pounds. More heavier cattle placed likely indicates some pressure on marketings and slaughter late this year into early next year. For the year, feeders have placed 510,000 fewer (3 percent) head on feed this year than last year.

The combination of placements and marketings left cattle on feed a record large, for October 1, 11.717 million head. That was 429,000 head more than last year. Within the state data, Texas had 70,000 more on feed in the drought year of 2011. Nebraska had 20,000 more on feed in 2018. October on feed numbers appear to be historically large in states like California and Colorado.

Nationwide, placements tend to peak in October. Drought conditions will likely play an important part of placements this year. Difficult wheat pasture establishment and development may force more to feedlots. Drought in the West and Texas may force some more placements. More feeder cattle continue to come from Mexico adding to available supplies for placement.

The Markets

Fed cattle prices slid a bit more last week in the cash market as did feeder cattle and calves. Increasing feed costs and drought are pressuring calf and feeder prices lower. For the week the Choice cutout declined about \$2.71 per cwt from the week before while the Select cutout

declined \$6.56. Weekly beef production continues to outpace last year due to the combination of heavier weights and increasing slaughter.

<i>Data Source: USDA-AMS Market News</i>		Week of 10/23/20	Week of 10/16/20	Week of 10/25/19
5-Area Fed Steer	all grades, live weight, \$/cwt	\$105.07	\$107.52	\$110.13
	all grades, dressed weight, \$/cwt	\$163.95	\$168.35	\$174.56
Boxed Beef	Choice Price, 600-900 lb., \$/cwt	\$209.03	\$211.74	\$223.08
	Choice-Select Spread, \$/cwt	\$17.65	\$13.80	\$25.00
700-800 lb. Feeder Steer	Montana 3-market, \$/cwt	\$137.62	\$143.03	\$150.71
	Nebraska 7-market, \$/cwt	\$143.80	\$149.47	\$149.27
	Oklahoma 8-market, \$/cwt	\$128.31	\$137.71	\$147.35
500-600 lb. Feeder Steer	Montana 3-market, \$/cwt	\$149.15	\$152.01	--
	Nebraska 7-market, \$/cwt	\$155.46	\$162.85	\$160.34
	Oklahoma 8-market, \$/cwt	\$143.82	\$144.86	\$149.86
Feed Grains	Corn, Omaha, NE, \$/bu (Thursday)	\$3.98	\$3.83	\$3.76
	DDGS, Nebraska, \$/ton	\$175.00	\$166.50	\$147.50