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In The Cattle Markets

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Fed Cattle Prices Surge -- Finally

Fed cattle prices finally surged higher last week to \$108-110 per cwt in many cash markets. High beef live-to-cutout spreads over the last couple of months, seasonal trends, and seemingly overdone price declines all indicated prices should be higher. The wholesale market, as measured by the Choice beef cutout is higher as well, starting this week up almost \$3 per cwt to \$185.68. The primal rib cut led the way, climbing to \$368.39, its highest value since June 14th. Cattle slaughter to date in November is 9 percent above November a year ago, using the estimated daily slaughter.

Feeder cattle and calf prices climbed along with the fed cattle market. While the calf market has had a very small to nonexistent price slide in recent months, this surge in prices has started to widen out the slide. Those who held back their calves to hold them over the winter or bought stockers might pay very close attention to these calf market developments. The widening slide might provide some new opportunities. Its likely to remain important to plan now for marketing feeder cattle in the Spring.

USDA released the November Cattle on Feed Report on the 18th. The combination of marketings increasing 4.6 percent over a year ago and placements declining 5 percent resulted in the number of cattle on feed being 1.3 percent lower than last November 1. Feeding losses, calf prices signaling holding calves on winter pastures, and fewer feeder cattle from Mexico all contributed to fewer placements. Certainly fewer cattle feed does imply some moderating slaughter in future months as those cattle reach maturity.

Given the holiday season is upon us, it's worth remembering, as beef lovers, a standing rib roast makes a great alternative to that turkey! (Ok, maybe one turkey is fine as a bow to tradition!) Happy Thanksgiving! I know that I have many things on my list to be thankful for.

The Markets

After declining to an average of \$183 this week, the Choice beef cutout on November got back over \$186, to begin the week of the 21st. The Choice-Select spread continues to widen, perhaps reflecting a little bit of holiday quality demand. Heavy weights steers jumped a little more than lighter weight steers last week on average, but most markets reported higher prices.

<i>Data Source: USDA-AMS Market News</i>		Week of 11/18/16	Week of 11/11/16	Week of 11/20/15
5-Area Fed Steer	all grades, live weight, \$/cwt	\$107.91	\$103.70	\$124.83
	all grades, dressed weight, \$/cwt	\$169.92	\$162.15	\$194.71
Boxed Beef	Choice Price, 600-900 lb., \$/cwt	\$182.98	\$185.47	\$206.41
	Choice-Select Spread, \$/cwt	\$15.35	\$15.26	\$11.23
700-800 lb. Feeder Steer	Montana 3-market, \$/cwt	\$121.07	\$117.94	\$160.78
	Nebraska 7-market, \$/cwt	\$135.08	\$130.81	\$171.78
	Oklahoma 8-market, \$/cwt	\$128.67	\$124.79	\$174.94
500-600 lb. Feeder Steer	Montana 3-market, \$/cwt	\$135.67	\$135.12	\$194.76
	Nebraska 7-market, \$/cwt	\$141.75	\$140.65	\$203.67
	Oklahoma 8-market, \$/cwt	\$142.75	\$136.39	\$199.32
Feed Grains	Corn, Omaha, NE, \$/bu (Thursday)	\$3.02	\$2.96	\$3.54
	DDGS, Nebraska, \$/ton	\$107.50	\$105.63	\$127.55