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## **In The Cattle Markets**

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### *Cattle On Feed*

The United States Department of Agriculture's National Agricultural Statistics Service (USDA, NASS) released their monthly Cattle on Feed report on Friday December 18, 2015. The latest numbers released by the USDA were bullish in total numbers of cattle on feed, placements and marketings, compared to trade expectations. Total cattle on feed on December 1, 2015 numbered 10.79 million head, on par with last month and minimally below December 2014 levels. Pre-report estimates expected cattle on feed numbers to be up 1%.

Placements in feedlots during November totaled 1.60 million head, down 11 percent from 2014, and 7 percent lower than pre-report estimates. Placements were down 6% in Kansas, 7% in Nebraska, and 18% in Texas. Placements are the lowest for November since the series began in 1996. All weight categories saw declining placement numbers for November 2015, compared to year ago. Even cattle weighing over 800 pounds saw a decrease in placement numbers, although placements are still skewed to the higher weigh category. Placements for cattle weighing under 600 pounds decreased by 15%, cattle weighing 600-699 decreased by 10%, cattle 700-700 decreased by 16%, and cattle weighing over 800 pounds decreased by 1%. Mild weather, high feeder cattle prices and good forage and pasture conditions throughout much of the U.S. continues to allow cattle to stay out of the feedlots longer and the lower finished cattle prices have deterred feedlots from placing cattle. This trend for placing heavier cattle could continue for another couple of months.

November marketings were slightly higher than pre-report estimates. Marketings were at 1.5 million head, up 3.8% over November 2014. There was one more marketing day available in 2015 compared to 2014, which would attribute to greater marketings. The daily average of marketings in November was about 1% lower than that in 2014. Marketings as a percentage of on feed inventory decreased in November, indicating a slight delay in marketings. Carcass weights have decreased slightly though.

## The Markets

Markets were impacted by several different outside factors last week, including the Federal Reserve raising interest rates on December 16, 2015, causing the value of the dollar to increase in response. On the other hand, legislation to repeal County of Origin meat labeling was being considered by Congress, which provided some support to the cattle markets.

Cash trade was steady to lower last week as lower beef prices and high cattle weights kept pressure on prices. Futures prices ended the week and started Monday limit up. Choice beef cutout value fell to \$194.19, a 26 month low, while select cut out value was steady with moderate offerings. Beef prices have fallen to the lowest level in over 2 years. This week will see light packer demand due to the holiday slaughter disruptions.

<i>Data Source: USDA-AMS Market News</i>		<b>Week of 12/18/15</b>	<b>Week of 12/11/15</b>	<b>Week of 12/19/14</b>
<b>5-Area Fed Steer</b>	all grades, live weight, \$/cwt	\$116.64	\$118.15	\$158.51
	all grades, dressed weight, \$/cwt	\$183.44	\$187.10	\$250.17
<b>Boxed Beef</b>	Choice Price, 600-900 lb., \$/cwt	\$196.56	\$203.13	\$242.27
	Choice-Select Spread, \$/cwt	\$10.49	\$13.94	\$10.22
<b>700-800 lb. Feeder Steer</b>	Montana 3-market, \$/cwt	\$140.59	\$141.36	\$214.78
	Nebraska 7-market, \$/cwt	\$140.59	\$157.22	\$227.26
	Oklahoma 8-market, \$/cwt	\$153.16	\$158.18	\$225.60
<b>500-600 lb. Feeder Steer</b>	Montana 3-market, \$/cwt	\$172.04	\$184.93	\$279.24
	Nebraska 7-market, \$/cwt	\$172.04	\$188.60	\$294.11
	Oklahoma 8-market, \$/cwt	\$180.11	\$186.49	\$277.57
<b>Feed Grains</b>	Corn, Omaha, NE, \$/bu (Thursday)	\$3.61	\$3.66	\$3.89
	DDGS, Nebraska, \$/ton	\$132.40	\$131.90	\$163.50