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In The Cattle Markets

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Cattle on Feed Report

The United States Department of Agriculture's National Agricultural Statistics Service (USDA, NASS) released their monthly Cattle on Feed report on Friday December 23, 2016. The latest numbers released by the USDA were neutral in total numbers of placements and marketings, compared to trade expectations. Total cattle on feed on December 1, 2016 numbered 10.7 million head, down 1.3 percent from December 2015 levels, and at industry expectations.

Placements in feedlots during November totaled 1.84 million head, up 15 percent from 2015. Placements were up 21% in Kansas, 16% in Nebraska, 16% in Oklahoma, 23% in Minnesota and 26% in Texas. This is the reversal of the year over year decrease in placements seen in September and October but a return to the increase in placements seen throughout most of 2016. Based on growing cattle supplies the current increase in placements will likely continue into 2017. Cattle weighing over 800 pounds saw an increase of 5%, while placements for cattle weighing 600-699 saw an increase of 26.6% and cattle 700-700 increased 37%. The trend of increased heavier weight placements changed to higher year over year increased placements for lower weights in September 2016. Placing lower weight cattle subsequently means higher numbers of days on feed.

November marketings, at 1.79 million head, were up 16.6 percent but in line with industry expectations. This is the largest November marketings since 2006. November had one more business day than 2015.

The Markets

December live cattle futures expire on Friday. Deferred contracts will likely see profit-taking occur in the new year when cash trade resumes at normal levels. Beef demand in November was stronger than the market anticipated, as shown by USDA's Cold Storage data on

December 23 showing 531.5 million lbs. of beef in frozen storage as of Nov. 30, down 1.5 million lbs. from the end of October, and down further than market analysts expected.

		Week of	Week of	Week of
<i>Data Source: USDA-AMS Market News</i>		12/23/16	12/16/16	12/25/15
5-Area Fed Steer	all grades, live weight, \$/cwt	\$115.14	\$111.39	\$123.40
	all grades, dressed weight, \$/cwt	\$179.79	\$174.13	\$199.60
Boxed Beef	Choice Price, 600-900 lb., \$/cwt	\$197.23	\$192.05	\$193.83
	Choice-Select Spread, \$/cwt	\$11.98	\$14.99	\$7.70
700-800 lb. Feeder Steer	Montana 3-market, \$/cwt	--	\$126.76	--
	Nebraska 7-market, \$/cwt	\$138.39	\$138.02	\$169.07
	Oklahoma 8-market, \$/cwt	--	\$131.75	--
500-600 lb. Feeder Steer	Montana 3-market, \$/cwt	--	\$144.11	--
	Nebraska 7-market, \$/cwt	\$154.03	\$150.05	\$195.09
	Oklahoma 8-market, \$/cwt	--	\$144.28	--
Feed Grains	Corn, Omaha, NE, \$/bu (Thursday)	\$3.19	\$3.27	\$3.52
	DDGS, Nebraska, \$/ton	\$110.00	\$107.50	\$133.50