

In The Cattle Markets

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Lots of Cattle on Feed Remain

USDA released the May Cattle on Feed report on Friday, May 20th and it showed continued large numbers of cattle on feed. The headline numbers were: placements, 99.1, marketings, 97.8, and cattle on feed, 101.7, all reported as a percent of last year's numbers. Placements and the number on feed were larger than the average pre-report estimates and so the report was regarded as being a negative one for the market.

Digging into the report a little deeper indicates some news that is more positive than at first blush. Marketings were below April 2021. But, given that there was one fewer slaughter day this year than last means that daily average slaughter and marketings were higher. Cattle were processed at a faster rate, about 2,100 head per day more.

Placements were 99.1 percent of a year ago, 1.809 million head. While below a year ago for three out of the four months this year, it is a relatively large number. For the January-April period, 7.651 million feeders have been placed. That is the second largest number, behind only 2019, in the last 20 years. Maybe more important, it is the largest number of placements as a percent of January 1 cattle outside of feedlots. So far this year, placements have totaled 30 percent of the January 1 feeder cattle supplies. Again, more evidence of pulling feeders ahead and it implies tighter supplies of feeder cattle as the year goes on.

Sometimes it's worth remembering that the report rounds the estimates to the nearest whole number. In this case, the May 1 number of cattle on feed was reported as up 2 percent over last year, but it was actually up 1.7 percent. That is, maybe, only cosmetically important because there is a large number of cattle on feed. The next quarterly cattle will have some more evidence of heifers on feed. Given the rate of placements of available feeder cattle, heifers as a percent of cattle on feed should remain large, meaning continued herd contraction from the replacement side, as well as the cow side.

On a brighter note, a cold front came through over the weekend bringing much cooler temperatures and even more needed rain to some. It provided a break from unseasonably hot temperatures.

The Markets

Local Texas auction markets reported, generally, steady to higher calf prices last week. Lighter weight calves have been beaten down dramatically over the last couple weeks due to feed costs and in some cases more showing up to market due to drought conditions. The Choice cutout finished the week higher than at the beginning of the week, but it remains well below last year and even below the 5 year average. Looking deeper, almost all the reported

cuts are below a year ago, as well. Those lower wholesale market prices have yet to translate to consistently lower retail beef prices.

<i>Data Source: USDA-AMS Market News</i>		Week of 5/20/22	Week of 5/13/22	Week of 5/21/21
5-Area Fed Steer	all grades, live weight, \$/cwt	\$140.25	\$142.44	\$119.72
	all grades, dressed weight, \$/cwt	\$225.80	\$228.82	\$190.58
Boxed Beef	Choice Price, 600-900 lb., \$/cwt	\$261.03	\$256.95	\$323.14
	Choice-Select Spread, \$/cwt	\$15.23	\$13.77	\$23.23
700-800 lb. Feeder Steer	Montana 3-market, \$/cwt	\$158.75	\$161.64	\$143.28
	Nebraska 7-market, \$/cwt	\$173.14	\$163.32	\$147.68
	Oklahoma 8-market, \$/cwt	\$157.01	\$158.66	\$139.03
500-600 lb. Feeder Steer	Montana 3-market, \$/cwt	\$206.57	\$196.89	\$176.31
	Nebraska 7-market, \$/cwt	\$203.26	\$199.18	\$178.74
	Oklahoma 8-market, \$/cwt	\$187.08	\$187.18	\$163.00
Feed Grains	Corn, Omaha, NE, \$/bu (Thursday)	\$8.09	\$8.11	\$7.01
	DDGS, Nebraska, \$/ton	\$270.00	\$305.00	\$238.50