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## In The Cattle Markets

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### Wholesale Choice Beef Prices Slide Lower

The Choice beef cutout has been sliding lower for a number of weeks. Last week's average Choice cutout was \$247 per cwt which is an \$18 dollar per cwt decline over the last 8 weeks. It is also the lowest since the first week of April, 2021. Increasing supplies of Choice beef may be one reason for the decline, but it can also be an implication of some shifting demand.

Fed steer and heifer slaughter since the first week of August is 5.1 percent larger than the same period last year. While slaughter is larger the percent grading Prime, Choice, and Select have changed also. Choice beef grading is about 1 percentage point below last year. Cattle grading combined with larger slaughter implies that Choice beef production is 4 percent larger than last year. More Choice beef is certainly part of a lower Choice beef price as indicated by the Choice beef cutout.

In contrast to Choice, more cattle are grading Select than a year ago since the first of August, 16.8 percent versus 15.5 percent. Combined with greater slaughter means that Select supplies are larger than last year by almost 14 percent. The Select cutout has declined about \$21 per cwt since the first of August. This also implies a larger Choice-Select spread as the Select cutout value has declined by more than the Choice.

Almost 13 percent fewer cattle have graded Prime since August. Even with more steer and heifer slaughter there is less Prime beef available. That has led to a \$16 per cwt increase in the Prime cutout since the first week of August, \$338 vs \$322 per cwt.

While consumers may be switching around between cuts of beef and other meats based on relatively prices and budget constraints, available supplies certainly provide ample reason for changing cutout values.

### The Markets

Local calf markets have been mixed with some higher and some lower. Local numbers offered for sale declined following August rains, but that moisture is long gone. Demand for stockers for wheat pasture winter grazing is likely suffering due to lack of pasture establishment because of worsening drought.

<i>Data Source: USDA-AMS Market News</i>		<b>Week of 10/7/22</b>	<b>Week of 9/30/22</b>	<b>Week of 10/8/21</b>
<b>5-Area Fed Steer</b>	all grades, live weight, \$/cwt	\$146.23	\$144.78	\$122.96
	all grades, dressed weight, \$/cwt	\$230.28	\$229.17	\$195.37
<b>Boxed Beef</b>	Choice Price, 600-900 lb., \$/cwt	\$246.89	\$246.73	\$286.42
	Choice-Select Spread, \$/cwt	\$27.78	\$25.99	\$21.81
<b>700-800 lb. Feeder Steer</b>	Montana 3-market, \$/cwt	\$181.36	\$180.09	--
	Nebraska 7-market, \$/cwt	\$191.23	\$189.07	\$160.95
	Oklahoma 8-market, \$/cwt	\$172.69	\$172.43	\$154.01
<b>500-600 lb. Feeder Steer</b>	Montana 3-market, \$/cwt	--	\$191.56	\$169.50
	Nebraska 7-market, \$/cwt	\$211.62	\$209.20	\$176.97
	Oklahoma 8-market, \$/cwt	\$175.97	\$183.31	\$159.11
<b>Feed Grains</b>	Corn, Omaha, NE, \$/bu (Thursday)	\$6.88	\$7.02	\$5.44
	DDGS, Nebraska, \$/ton	\$293.75	\$299.25	\$205.00