

In The Cattle Markets

Stephen R. Koontz

Department of Agricultural and Resource Economics, Colorado State University

Strong Counter Seasonal Finish to the Year in Process

Thanksgiving week is a very slow week for cattle markets. But there are a few much talked about market events that are worth repeating and emphasizing. The feeder cattle and calf movements were light the holiday week. But prices were strong and buyer interest was moderate to good. The summary for Colorado revealed trade of 22 hundred head down from the 26 hundred for the same week last year. Prices for Medium and Large #1 under 400 pounds were greater than \$2 per pound while animals between 5-7 hundredweight were \$1.65-\$1.90 per pound. The heaviest animals were about \$1.65. Trading in western Nebraska and Wyoming was similar – volumes even to down about 10% while buyer interest and prices were strong especially for lighter animals.

Hay and forage markets were somewhat similar. Modest volumes with strong interest. Much of the hay trade in Colorado, Nebraska, and Wyoming – that is not horse hay – is headed out of state and mainly south. Weather from the prior two weeks is resulting in the need to increase hay feeding in both the northern and southern plains. Fair quality hay in Colorado is firmly \$300 per ton. And there is some price reporting of trade in corn stalks, mainly in Nebraska, that is \$100 per ton or greater. Cheaper cow-hay is being sought and simply not found. The price received for all-hay in the entire US as reported by USDA NASS weakened some in September as compared to August – \$242 as compared to \$246 – but not much.

And the cash fed cattle market continues its march higher. Much of 2022 was spent between \$135-\$142 per hundredweight and since August cash prices have pushed to \$150 and higher. The board for all of 2023 is solidly above \$150 and approaches \$160 at the seasonal peaks. The market is pushing past the supply and demand situation that has been the issue since 2017. Fed cattle numbers have been in excess of packing capacity for the past six years. Substantial Saturday operations has been a necessity. And of course, the situation has been made worse by COVID. But this looks to change in 2023 and firmly change in 2024. The dynamics are made more complicated by the extent and persistence of the dry weather. And the emerging prospects of a slower world and domestic economy.

The Markets

What does the technical picture say? The live cattle contracts continue to press into resistance and move higher with the general uptrend. The more deferred the contract the clearer the trend. These are bullish signals. Feeder cattle are a combination of live cattle bullishness and bearishness from corn market strength. Uptrends in spring feeder cattle contracts are broken and resistance for most contracts are between \$190 and \$200. The deferred fall contracts are sitting at resistance – but with very little trading activity and history. The feeder market will

require much patience for the weather events of 2023 to play out. And it may be that the broader economy is more important to the live cattle market through and into the new year.

<i>Data Source: USDA-AMS Market News</i>		Week of 11/25/22	Week of 11/18/22	Week of 11/26/21
5-Area Fed Steer	all grades, live weight, \$/cwt	\$156.07	\$152.89	\$138.17
	all grades, dressed weight, \$/cwt	\$244.86	\$241.79	\$216.01
Boxed Beef	Choice Price, 600-900 lb., \$/cwt	\$254.15	\$257.08	\$279.25
	Choice-Select Spread, \$/cwt	\$20.37	\$24.90	\$16.21
700-800 lb. Feeder Steer	Montana 3-market, \$/cwt	\$172.00	--	--
	Nebraska 7-market, \$/cwt	\$190.72	\$183.97	\$173.06
	Oklahoma 8-market, \$/cwt	--	\$175.92	\$162.04
500-600 lb. Feeder Steer	Montana 3-market, \$/cwt	--	\$204.96	\$177.52
	Nebraska 7-market, \$/cwt	\$215.97	\$209.32	\$189.97
	Oklahoma 8-market, \$/cwt	--	\$188.28	\$180.72
Feed Grains	Corn, Omaha, NE, \$/bu (Thursday)	\$7.18	\$7.26	\$5.73
	DDGS, Nebraska, \$/ton	\$259.75	\$264.50	\$202.50