

In The Cattle Markets

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Higher Cutout Values and a COF Preview

The weekly average Choice beef cutout jumped \$9.61 per cwt to \$255.83 for the week ending December 16th. That marked a change from the weekly decline in value that had occurred for the last 5 weeks, since reaching \$263.74 in the first week of November. All of the primal cuts increased in value except the rib. The loin, brisket, short plate, and chuck all increased by double digits, led by the loin that increased \$14.89 per cwt. over the week before.

It looks like the rib hit its seasonal peak the first week of December at \$515.47. The rib has declined almost \$20 per cwt in the 2 weeks since. This primal normally hits a seasonal peak in the Fall as buying for the holidays occurs. The peak price 2 weeks ago was the highest rib value since last Fall when it peaked at over \$6.00 per cwt.

The primal round averaged \$198 for the week compared to \$190 last week. While a large weekly increase over the last week the round primal remains under \$200 per cwt for the first time since April, 2021.

Only rib and loin prices are above year ago levels, up 13 and 2 percent, respectively. Primal brisket prices are down 37 percent compared to last year. The other primals are down from 5 percent (chuck) to 14 percent (short plate). Lower prices reflect abundant beef supplies and likely shifting purchasing patterns since the pandemic and recent economy changes. Tightening beef supplies in the future will pressure prices higher. But, those pressures for higher prices may be offset by consumer demand in the face of higher interest rates and other costs.

Previewing the COF Report

The next USDA Cattle on Feed Report is scheduled to be released on Friday December 23rd. Marketings are expected to be about 1 percent larger than those of November, 2021. Early pre-report estimates have placements ranging from 94 to 98 percent of a year ago. Lower placements are driven by fewer feeder cattle available than last year and seasonal declines. The feeder cattle index, calf and feeder cattle sales data, and cattle imports from Mexico all indicate smaller placements than last year. The combination of more marketings and fewer placements has analysts on-feed estimates at about 97.5 percent of last year. That would be the fewest December on-feed numbers since 2017. Supplies for next year and beyond are tightening.

Merry Christmas to all!

The Markets

Local auction markets in mid-December are trending higher. The Choice-Select spread widened as Choice price increases outpaced Select.

| <i>Data Source: USDA-AMS Market News</i> | | Week of 12/16/22 | Week of 12/9/22 | Week of 12/17/21 |
|--|------------------------------------|-----------------------------|----------------------------|-----------------------------|
| 5-Area Fed Steer | all grades, live weight, \$/cwt | \$155.69 | \$155.79 | \$137.19 |
| | all grades, dressed weight, \$/cwt | \$247.80 | \$246.82 | \$218.42 |
| Boxed Beef | Choice Price, 600-900 lb., \$/cwt | \$255.83 | \$246.23 | \$262.04 |
| | Choice-Select Spread, \$/cwt | \$27.48 | \$25.86 | \$12.77 |
| 700-800 lb. Feeder Steer | Montana 3-market, \$/cwt | \$172.00 | \$174.60 | \$160.68 |
| | Nebraska 7-market, \$/cwt | \$187.40 | \$187.10 | \$169.53 |
| | Oklahoma 8-market, \$/cwt | \$178.64 | \$178.17 | \$161.81 |
| 500-600 lb. Feeder Steer | Montana 3-market, \$/cwt | \$200.46 | \$206.13 | \$188.87 |
| | Nebraska 7-market, \$/cwt | \$212.23 | \$222.83 | \$193.15 |
| | Oklahoma 8-market, \$/cwt | \$201.88 | \$204.02 | \$178.22 |
| Feed Grains | Corn, Omaha, NE, \$/bu (Thursday) | \$7.04 | \$6.93 | \$5.98 |
| | DDGS, Nebraska, \$/ton | \$268.29 | \$266.86 | \$202.50 |