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In The Cattle Markets

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Fewer Cattle on Feed

The latest USDA cattle on feed report was released on Friday January 20th. While there were no big surprises in the report's headline numbers, there were some interesting data points. First, the headline numbers.

Placements were down 8 percent, or 156,000 head, compared to December 2021. It was the fourth month in a row with fewer placed than the same month the year before. For the year, 352,000 fewer head were placed than in 2021. The large year-over-year declines in placements did not begin until September.

Marketings were down 6.1 percent. The decline was not unexpected given estimated fed cattle slaughter during December. Whether the large, 5,700 head per day, decline in marketings was due to fewer market ready cattle, some winter storms in the month, or slowed down slaughter due to reduced orders may be open to discussion, but it was a sharp decline in marketings.

The placement and marketing combination left January 1 cattle on feed down 2.9 percent compared to the first day of 2021. The 11.682 million head on feed were the fewest since January 2019, but only differed from 2019 by 2,000 head. Cattle on feed inventory is starting to reflect declines in the cowherd and expected declines in total cattle inventory.

I think the most interesting number in the report was the quarterly number of heifers on feed. The report indicated 4.65 million heifers were on feed on January 1. That was 25,000 fewer than on January 1, 2022. When comparing to the same point in the prior year, it was the first quarter since July 1, 2021 that registered a decline. That slightly fewer heifers are on feed than last year does not indicate a movement toward herd rebuilding, but it may indicate that there are fewer heifers to place as total numbers decline. Compared to January 1, 2022 steers on feed were down 4.5 percent compared to the 0.5 percent decline in heifers.

The Markets

The 5.15 million tons in Texas hay stocks reported by USDA earlier this month was the smallest amount in stocks since 2018. It represented a 3 million ton decline from December 2021. The decline in supplies for winter would likely have been much larger if not for some late season rains that boosted production. The year to year decline in stocks was not nearly as large as the 5.7 million ton decline that occurred from 2010 to 2011. The Choice cutout ended last week at \$271.72, a decline of \$4.90 from the prior Friday.

<i>Data Source: USDA-AMS Market News</i>		Week of 1/20/23	Week of 1/13/23	Week of 1/21/22
5-Area Fed Steer	all grades, live weight, \$/cwt	\$155.32	\$156.78	\$137.50
	all grades, dressed weight, \$/cwt	\$248.22	\$251.11	\$217.92
Boxed Beef	Choice Value, 600-900 lb., \$/cwt	\$274.28	\$281.10	\$290.87
	Choice-Select Spread, \$/cwt	\$18.87	\$23.12	\$10.79
700-800 lb. Feeder Steer	Montana 3-market, \$/cwt	\$174.29	\$186.62	\$162.97
	Nebraska 7-market, \$/cwt	\$180.79	\$188.17	\$167.81
	Oklahoma 8-market, \$/cwt	\$177.82	\$179.00	\$160.17
500-600 lb. Feeder Steer	Montana 3-market, \$/cwt	\$222.91	\$222.61	\$195.77
	Nebraska 7-market, \$/cwt	\$222.85	\$222.92	\$199.96
	Oklahoma 8-market, \$/cwt	\$208.15	\$212.62	\$185.60
Feed Grains	Corn, Omaha, NE, \$/bu (Thursday)	\$7.19	\$7.12	\$6.12
	DDGS, Nebraska, \$/ton	\$302.86	\$298.33	\$229.00