

In The Cattle Markets

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Cutouts Jump Higher

Not to be outdone by record fed cattle prices, cutout values have jumped higher. While the cutout out is dramatically higher, it is not at record highs. The Choice cutout hit \$337.43 per cwt on June 12th, up \$23 over the last week and up \$30.99 since June 1st. It is the highest value since August 2021 and just slightly below the \$337.56 the on June 11th 2021.

The increase in cutout value included all primal cuts. The rib, loin, and brisket all increased by more than \$45 per cwt over the last week. In percentage terms the brisket increased by 20 percent, the largest gains of any cut. The Select cutout increased also, but not as much as the Choice cutout, so the Choice-Select spread increased from \$20.12 to \$27.19 since the first of June.

The cow boxed beef cutout is also increasing. It has climbed steadily from about \$194 per cwt in January to \$227 per cwt in early June. Beef cow slaughter is running below last year but, dairy cow slaughter is ahead of last year and will likely increase as milk prices struggle.

The rapid wholesale, cutout value increases over the last 2 weeks since the Memorial Day long weekend suggests that there continues to be positive beef demand kicking off the summer grilling season. USDA's AMS national weekly retail beef report for this week indicates 64.1 percent of surveyed stores had at least one beef item advertised. Last week 71.7 percent of stores had at least one item featured.

Beef production will continue to be lower than a year ago, supporting higher wholesale beef prices. But, normally beef production increases seasonally in the summer months. Even though production may increase from current levels, it will be below last year. Reduced beef production combined with positive beef demand has drawn down beef in cold storage dramatically since the first of the year. Since January cold storage beef stocks have declined 86 million pounds, or 16 percent.

It will be pretty unlikely that the cutout will get to its all-time covid induced record any time soon. But tighter beef supplies and higher fed cattle prices should continue to support wholesale beef prices.

The Markets

Parts of Texas have gone from severe drought to flooding in the span on a couple weeks. Rains have boosted chances for significant pasture recovery and prospects for herd expansion. Recent rains have also boosted calf prices around the state. Calf prices also continue to get help from higher fed cattle prices.

<i>Data Source: USDA-AMS Market News</i>		Week of 6/9/23	Week of 6/2/23	Week of 6/10/22
5-Area Fed Steer	all grades, live weight, \$/cwt	\$188.75	\$182.03	\$140.14
	all grades, dressed weight, \$/cwt	\$299.21	\$290.05	\$226.03
Boxed Beef	Choice Price, 600-900 lb., \$/cwt	\$324.49	\$306.79	\$271.03
	Choice-Select Spread, \$/cwt	\$22.98	\$18.75	\$21.32
700-800 lb. Feeder Steer	Montana 3-market, \$/cwt	\$230.50	--	\$161.29
	Nebraska 7-market, \$/cwt	\$254.32	\$223.88	\$172.94
	Oklahoma 8-market, \$/cwt	\$229.88	\$220.51	\$162.91
500-600 lb. Feeder Steer	Montana 3-market, \$/cwt	\$297.18	\$290.13	--
	Nebraska 7-market, \$/cwt	\$296.60	\$283.24	\$205.86
	Oklahoma 8-market, \$/cwt	\$272.00	\$270.40	\$190.49
Feed Grains	Corn, Omaha, NE, \$/bu (Thursday)	\$6.57	\$6.54	\$8.17
	DDGS, Nebraska, \$/ton	\$232.00	\$248.33	\$240.00