In The Cattle Markets

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Large Placements and More On-Feed

Friday's USDA Cattle on Feed report was largely as expected. Placements were a little higher than the pre-report estimates anticipated. Marketings met expectations, up 3.4 percent from last year with one more work day in February this year. That left 1.3 percent more cattle on feed than March 1, 2023.

Even though there were few surprises in the report, the placement data is worth a closer look. Placements up 9.7 percent may have been a surprise for some who know we have fewer cows, fewer calves, and falling beef production. A rare event occurred in placements in that more cattle were placed in February than in January. Fewer cattle are usually placed in February due, in part, to it being a shorter month. How do we get placements that much ahead of last year? Timing is part of the answer. A large winter storm in January likely pushed some placements back. Unseasonably warm weather in February probably pulled some placements ahead, especially given that the warm weather started wheat growing and cattle needed to be pulled off if the wheat is to be harvested. Placements in all weight classes greater than 700 pounds were more than 10 percent larger than last year.

Placements over the last 2 months are less than 1 percent above last year. Over the last year, placements are about 0.5 percent smaller than the year before. Placements in 2023 were boosted by heifers going to feedyards instead of being held for herd replacement and a few more feeder cattle from Mexico.

What to Watch for

The next cattle on feed report will have the quarterly breakdown of steers and heifers on feed. That may give some clues on heifer placements. The number of cattle on feed continues to be larger than a year ago, boosted by placements and cattle remaining on feed longer. The number on feed should begin to drop below year before levels in the next couple of months.

The Markets

The cutout has shown some an increasing trend in recent weeks. While the cutout has been supported by the end meats this Winter, the last couple of weeks has seen increasing loin prices. Wholesale strip loins have increased from $805 per cwt to $965 per cwt over the last 6 weeks and are currently more than $200 per cwt than last year. The rib has yet to show much increase.

Data Source: USDA-AMS Market News

		Week of 3/22/24	Week of 3/15/24	Week of 3/24/23
5-Area Fed Steer	all grades, live weight, $/cwt	$189.56	$187.47	$164.41
	all grades, dressed weight, $/cwt	$302.13	$298.06	$265.06
Boxed Beef	Choice Price, 600-900 lb., $/cwt	$312.89	$310.39	$280.98
	Choice-Select Spread, $/cwt	$10.06	$9.67	$10.39
700-800 lb. Feeder Steer	Montana 3-market, $/cwt	$270.09	$270.87	$196.63
	Nebraska 7-market, $/cwt	$273.15	$271.54	$198.1
	Oklahoma 8-market, $/cwt	$262.77	$259.06	$189.33
500-600 lb. Feeder Steer	Montana 3-market, $/cwt	$340.29	$334.13	$255.88
	Nebraska 7-market, $/cwt	$345.25	$338.64	$250.02
	Oklahoma 8-market, $/cwt	$328.32	$324.69	$236.38
Feed Grains	Corn, Omaha, NE, $/bu (Thursday)	$4.46	$4.37	$6.65
	DDGS, Nebraska, $/ton	$177.4	$178	$272.4