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In The Cattle Markets

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Cutout, Weights, and Production

While the weekly average Choice cutout has been above a year ago most of this year, some have noted some weaknesses especially compared to higher cattle and calf prices. Last week's negotiated weekly average Choice Cutout averaged \$300 per cwt compared to \$297 last year.

Several factors are at work in cutout value. In some ways the market is in the winter-to-spring transition period, moving from winter-time roasts and other end cuts to steaks for grilling season. Primal cut values for chucks and rounds have been declining while the primal loin has been increasing. The rib and wholesale ribeye values have not increased seasonally heading into grilling season. Lean beef for ground beef has soared in value while 50 percent lean has remained depressed.

Steer dressed weights are over 30 pounds heavier than last year, and they have been increasing since February. Normally, dressed weights decline seasonally from January until about mid-year. Longer time on feed, good weather boosting performance, and cheaper feed have boosted dressed weights. Heavier weights have contributed to beef production exceeding last year's over the last two weeks.

Higher dressed weights and more days on have likely contributed to more beef grading Choice and Prime. Beef grading Choice has increased by more than one percentage point, to over 74 percent, about the same as last year, while Prime is 1.5 percentage points higher than a year ago, at 11.5 percent. When combined with larger beef production, the grading percentages mean that we have more Prime and Choice beef than this time last year. Increased Choice supplies and fewer Select supplies are helping to pressure the Choice-Select spread to under \$5 per cwt.

USDA's Cattle on Feed report to be released on Friday, April 19th is expected to indicate more cattle in feedyards than a year ago, for another month. Both marketings and placements are expected to be smaller than last March. The report will indicate that cattle on feed for longer will keep weights higher than last year.

What to Watch for

The cattle on feed report will contain the number of heifers on feed, which will be very interesting as evidence of slowing the decline in the cow herd. The primal rib, wholesale ribeye prices, and other middle meats should start to see some strength in the coming weeks ahead of Memorial Day if they are going to at all given current supplies. Little, or short-lived increases in middle meat values might give us some insight into demand.

The Markets

Local auction markets have been reporting mixed results recently, some higher and some lower. Rain and warm weather are boosting grass growth and providing a reason for higher prices. The Choice-Select spread continues to be pressured lower to levels smaller than a five-year average.

		Week of 4/12/24	Week of 4/5/24	Week of 4/14/23
5-Area Fed Steer	all grades, live weight, \$/cwt	\$183.84	\$185.73	\$180.44
	all grades, dressed weight, \$/cwt	\$293.09	\$296.87	\$289.77
Boxed Beef	Choice Price, 600-900 lb., \$/cwt	\$300.27	\$301.10	\$297.91
	Choice-Select Spread, \$/cwt	\$2.89	\$3.41	\$16.01
700-800 lb. Feeder Steer	Montana 3-market, \$/cwt	\$255.77	\$260.35	\$206.44
	Nebraska 7-market, \$/cwt	\$257.79	\$270.40	\$222.92
	Oklahoma 8-market, \$/cwt	\$245.08	\$251.18	\$203.22
500-600 lb. Feeder Steer	Montana 3-market, \$/cwt	\$323.53	\$342.60	\$269.91
	Nebraska 7-market, \$/cwt	\$325.32	\$330.40	\$266.37
	Oklahoma 8-market, \$/cwt	\$313.72	\$318.72	\$250.83
Feed Grains	Corn, Omaha, NE, \$/bu (Thursday)	\$4.43	\$4.46	\$6.78
	DDGS, Nebraska, \$/ton	\$179.40	\$179.40	\$271.67

Data Source: USDA-AMS Market News