April 22, 2024

In The Cattle Markets

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On Feed

Last week's *Cattle on Feed* report was difficult to decipher. After February had leap day, the end of March had some potential Easter holiday effects. The on-feed total of 11.8 million head was slightly below trade expectations. The components were less consistent. Before the report, the trade expectations were a little unusual. Placements, which are always difficult to predict, had a very narrow range of estimates, 89-95% of a year ago. Sales of feeder and stocker cattle, nicely compiled by LMIC, had total receipts in March down 28% from a year earlier. Thus, there was a large amount of uncertainty in placements that was not accounted for. The actual placements came in at only 88% of last March, below and outside the range of trade expectations. Marketings also presented a surprise, coming in at 86% of last March and outside the range of trade expectations.

Placements were relatively low in Texas, while being relatively high in Nebraska. Compared to last year, the weight breakdown revealed lower placements for cattle weighing less than 900 pounds. The placements of cattle weighing 900 pounds or more was unchanged. Marketings were also relatively high in Nebraska compared to other large feedlot states. Texas and Kansas had relatively low marketings. Nothing else major really stood out from a spatial perspective. If just the placements had been low, it would have clearly supported feeder cattle prices. With the maketings also lower than expected the impact on makets is unclear.

Once a quarter NASS collects a breakdown of the heifer mix on feed. The latest mix of heifers to the total, at 38.5%, is down from both last quarter and last year. A lower heifer mix would suggest fewer heifers on feed. However, the absolute number of cattle on feed is higher than a year ago and the breakout shows both more steers and more heifers on feed. In addition, heifer slaughter has been running ahead of the 5-year average year-to-date while steer slaughter has been running behind the 5-year average. These aspects counter the lower mix and suggest heifers continue to be pulled from the replacements pool and run through feedlots. The mix is generally cyclical, putting in a low on April 1. A sustained mix below 36.0% would likely be needed to signal widespread retention of heifers for breeding.

NASS has announced that they will not be collecting the July *Cattle* report in 2024. The absence of this report would likely have an adverse effect on efficiency in the market. The July numbers have only been at the national level for several years, but still provide a snapshot by weight categories for all cattle. Having an objective measure of replacement heifers at mid-year helps reconcile heifer mix and slaughter trends. The mid-year estimate of the calf crop is the only chance to gauge feeder supplies before the large fall runs of calves. July also gives inventories of all feedlots (not just the largest lots).

The Markets

The cash market was lower for fed cattle and boxed beef last week. The futures for live cattle were higher across contract months. Cash prices for feeders were mostly higher across weight classes and locations. The feeder futures prices were higher. The implied volatility levels for live and feeder cattle futures have decreased in recent weeks. Cash corn was higher for the week while the futures prices continued their sideways movement.

		Week of 4/19/24	Week of 4/12/24	Week of 4/21/23
5-Area Fed Steer	all grades, live weight, $/cwt	$182.67	$183.84	$178.57
	all grades, dressed weight, $/cwt	$292.35	$293.09	$287.42
Boxed Beef	Choice Price, 600-900 lb., $/cwt	$297.44	$300.27	$306.51
	Choice-Select Spread, $/cwt	$6.44	$2.89	$16.72
700-800 lb. Feeder Steer	Montana 3-market, $/cwt	$261.10	$255.77	$209.41
	Nebraska 7-market, $/cwt	$283.01	$257.79	$223.52
	Oklahoma 8-market, $/cwt	$250.28	$245.08	$204.51
500-600 lb. Feeder Steer	Montana 3-market, $/cwt	$335.47	$323.53	$266.31
	Nebraska 7-market, $/cwt	$329.98	$325.32	$253.68
	Oklahoma 8-market, $/cwt	$307.54	$313.72	$249.72
Feed Grains	Corn, Omaha, NE, $/bu (Thursday)	$4.48	$4.43	$6.77
	DDGS, Nebraska, $/ton	$182.40	$179.40	$270.00

Data Source: USDA-AMS Market News