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## In The Cattle Markets

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### More Front Loaded Long-Fed Cattle

While market attention appears to be captured by the HPAI information from the cattle herd – specifically dairy animals, there remains a rather substantial amount of other bearish short-term news in the market fundamentals. Primarily, the calculated and assumed cattle on feed over 150 days is substantial and growing. This is new information but as of the USDA Cattle on Feed report from two weeks ago. It is as large as ever for the first four months of the year. Seasonally this is what happens this time of year but not to this magnitude. I have received a bit of feedback that the industry is now feeding cattle substantially longer and that more animals on feed for this length of time should not be surprising. However, the amounts are more than this longer general feeding. Further, average daily fed cattle marketings based on the report were light, especially given the availability of animals, for January through March. This is not a surprise given the \$200 and sub-\$200 per head cash packer margins. So, what does the boxed beef market portend? The Choice cutout value peaked four weeks ago. It has recently returned to sub-\$300/cwt. And the Choice-Select spread has recently spent two weeks below \$5/cwt. The spread is usually soft in March, but this level is surprising. I am focused on the cutout value and what it does between now and June. And likewise, the CH-SL spread. The overall beef market is very soft given what is being observed in the ground beef and cow market.

And while the short term is pessimistic there are longer-term indicators of the impending much shorter supplies. While the cattle inventory on feed over 150 days has only been bigger during the COVID-19 summer, the inventory of animals on feed over 90 days dropped between March and April. The on-feed inventories appear to be very front-loaded. On-feed over 120 days is in between. As my colleague from Oklahoma State says – the cattle feeding industry never markets its way out of the problem but rather it places its way out. Sluggish marketings into the summer will likely be okay and the tight supplies anticipated this fall will become clear. At issue becomes the strength of the economy in the fourth quarter. And what are interest rates?

### The Markets

What does the technical picture say? There are lots and lots of short-term trends. All cattle contracts peaked in September 2023 and then bottomed out in December 2023. The rally and uptrend in the first quarter of 2024 ended with the “risk off” behavior surrounding HPAI news. The rally in the last two weeks appears to have met the 62% correction. It also has the potential to be a new uptrend getting established. The technical picture is simply not clear. My advice to producers with calves to sell this fall has been to make some level of an LRP purchase based on the current market move being a correction and to make follow-up

purchases if the market rallies to resistance established in mid-March. Diversify sales and it seems to be a good bet to count on volatility. And watch the boxed beef composite values and be aware of trade issues raised with more HPAI news. This information will lead to price behavior on the cattle charts.

		<b>Week of 4/26/24</b>	<b>Week of 4/19/24</b>	<b>Week of 4/28/23</b>
<b>5-Area Fed Steer</b>	all grades, live weight, \$/cwt	\$184.15	\$182.67	\$177.15
	all grades, dressed weight, \$/cwt	\$294.39	\$292.35	\$284.05
<b>Boxed Beef</b>	Choice Price, 600-900 lb., \$/cwt	\$296.63	\$297.44	\$309.3
	Choice-Select Spread, \$/cwt	\$5.94	\$6.44	\$20.96
<b>700-800 lb. Feeder Steer</b>	Montana 3-market, \$/cwt	\$264.91	\$261.1	\$221.91
	Nebraska 7-market, \$/cwt	\$276.26	\$283.01	\$220.38
	Oklahoma 8-market, \$/cwt	\$257.63	\$250.28	\$206.74
<b>500-600 lb. Feeder Steer</b>	Montana 3-market, \$/cwt	\$332.49	\$335.47	\$277.99
	Nebraska 7-market, \$/cwt	\$345.19	\$329.98	\$265.91
	Oklahoma 8-market, \$/cwt	\$318.63	\$307.54	\$242.82
<b>Feed Grains</b>	Corn, Omaha, NE, \$/bu (Thursday)	\$4.67	\$4.48	\$6.33
	DDGS, Nebraska, \$/ton	\$181	\$182.4	\$266.67

Data Source: USDA-AMS Market News