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In The Cattle Markets

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Feed Situation

There are several indications of substantially improving feed supplies for 2024. The ending stocks for hay were above expectations. Pasture conditions are better than a year ago. Corn supplies have improved. These combine to keep feed costs steady and, in many cases, lower than a year ago.

Hay statistics and price information are sparse compared to other commodities. The LMIC maintains a balance sheet with price projections. The Food & Agricultural Policy Research Institute (FAPRI) produces an annual outlook that includes hay. Both had projected the ending (May 1) hay stocks for the U.S. at close to 16.0 million tons. When modeling these data, one typically finds that winter disappearance (or use) is 75 percent of December 1 stocks (plus a little more). Stocks below 16.0 would not have been surprising and would be an improvement from 2023 when stocks were a very tight 14.3 million tons. In the *Crop Production* report released last Friday, NASS estimates the stock level at 21.0 million tons. Thus, there is substantially more hay available than would otherwise have been expected. States with large increases are concentrated in the plains, from North Dakota to Texas. Such stocks will put downward pressure on prices and facilitate some expansion plans for beef cattle producers as the supplies would align with cow-calf production regions. Stocks were down slightly in New York, Wisconsin, Minnesota, and California, or spread out among dairy states.

The initial range and pasture conditions for 2024 show a marked improvement from a year ago. At the U.S. level, the percentages in the Excellent and Good categories are higher, while the percentages in the Very Poor and Poor categories are lower. Conditions are relatively poor in Arizona and New Mexico, and to a lesser extent in Florida. Widespread improvements in conditions to start the year would, like the hay situation, facilitate beef cattle expansion. Despite more forage available, some grazing fees are higher. Each spring the USDA-AMS releases the Wyoming, Western and Central Nebraska and Western South Dakota Grazing Fee Report. The prospect for steady to higher calf prices this fall likely contributed to steady to higher grazing fees for that region for this summer. The monthly rates range from \$30 to \$110 per cow-calf pair depending on the location. Many rates were \$5 to \$10 higher than last year, especially for the top end of the price range.

The latest WASDE estimates, also released last week, give the first comprehensive projections for the 2024/2025 marketing year. While corn production is expected to be down from last year, the sharply higher beginning stocks leads to an increase in supply. Although feed use is expected to increase slightly (and more than the trade expected), the overall expectation is for higher ending stocks and lower prices than for the 2023/2024 marketing year. Lower corn prices result in higher feeder cattle and calf price expectations.

The Markets

The cash market was higher for fed cattle and boxed beef last week. The futures for live cattle were steady across contract months. Cash prices for feeders were lower across weight classes. The feeder futures prices were lower. The implied volatility levels for live and feeder cattle futures have decreased in recent weeks. Cash corn was lower for the week while the new-crop futures prices were higher. There is carry in the corn market, suggesting feeders need to assess and lay in feed needs.

		Week of 5/10/24	Week of 5/3/24	Week of 5/12/23
5-Area Fed Steer	all grades, live weight, \$/cwt	\$185.94	\$185.74	\$174.13
	all grades, dressed weight, \$/cwt	\$295.28	\$294.65	\$279.48
Boxed Beef	Choice Price, 600-900 lb., \$/cwt	\$296.78	\$294.51	\$306.63
	Choice-Select Spread, \$/cwt	\$8.72	\$5.74	\$21.87
700-800 lb. Feeder Steer	Montana 3-market, \$/cwt	\$253.00	\$262.61	\$224.90
	Nebraska 7-market, \$/cwt	\$266.63	\$288.70	\$231.69
	Oklahoma 8-market, \$/cwt	\$255.89	\$261.03	\$205.79
500-600 lb. Feeder Steer	Montana 3-market, \$/cwt	\$--	\$342.61	\$273.11
	Nebraska 7-market, \$/cwt	\$335.65	\$345.42	\$270.70
	Oklahoma 8-market, \$/cwt	\$313.26	\$314.92	\$254.00
Feed Grains	Corn, Omaha, NE, \$/bu (Thursday)	\$4.63	\$4.67	\$6.47
	DDGS, Nebraska, \$/ton	\$179.40	\$181.00	\$268.00

Data Source: USDA-AMS Market News