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## In The Cattle Markets

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### Rising Cutout Value and Fewer COF

The wholesale beef market, as measured by the Choice beef cutout, has jumped more than \$16 per cwt in the last two weeks. Most of the cutout's underlying primal cuts (the rib, loin, chuck, round, and brisket) have increased in value. Weekly beef production has dipped from six weeks of above a year ago production.

We might think about the cutout value in the context of USDA's Cattle on Feed report released on Friday, May 24<sup>th</sup>. For the first time in eight months, the total number of Cattle on Feed declined below last year's level. The 11.5 million Cattle on Feed were the fewest since September 2023. The number of Cattle on Feed has been elevated in recent months by placing more heifers, placing available feeder cattle earlier, and placing more cattle from Mexico.

Compared to last year, when holidays and weekends occurred this Spring, there were two fewer slaughter days in March and two more days in April. This large swing in slaughter days has not happened since the mid-1990s. The two extra days in April meant feed yard marketings were more than 10 percent larger than in April last year. Almost six percent fewer cattle were placed in April and placements were the fewest since 2020.

The combination of large marketings and light placement numbers pulled down Cattle on Feed below a year ago. There remain more Cattle on Feed for longer than 90 and 120 days than a year ago so that should keep dressed weights high. But, overall, the trend of more Cattle on Feed has likely been broken for a long time.

Remember that the Cattle on Feed report is backward-looking. It contains marketings and placements in April and the number of Cattle on Feed on May 1. In the ensuing couple of weeks prices, including the cutout, fed cattle, and calves have jumped higher. Whether that increase in cutout value reflects some packer cutback in processing to try to boost prices, or some Memorial Day summer bump in buying, or fewer Cattle on Feed, or a combination of all three (most likely) the result is higher wholesale beef prices. Fewer Cattle on Feed promises to cut beef supplies that have been larger than last year over the last eight weeks. Tighter supplies will work to boost prices for calves, feeders, and feds.

### The Markets

Local auction markets have reported generally steady to higher calf prices. Large amounts of rain in parts of Texas have contributed to a lot of grass growth. But, as is often the case, parts of the state have missed these rains and remain relatively dry. The Choice-Select spread continues to be smaller than usual but, it has increased as it usually does this time of the year.

		<b>Week of 5/24/24</b>	<b>Week of 5/17/24</b>	<b>Week of 5/26/23</b>
<b>5-Area Fed Steer</b>	all grades, live weight, \$/cwt	\$190.09	\$188.54	\$177.94
	all grades, dressed weight, \$/cwt	\$303.49	\$299.39	\$284.36
<b>Boxed Beef</b>	Choice Price, 600-900 lb., \$/cwt	\$311.64	\$306.74	\$301.36
	Choice-Select Spread, \$/cwt	\$11.31	\$12.90	\$17.77
<b>700-800 lb. Feeder Steer</b>	Montana 3-market, \$/cwt	\$257.00	\$262.50	\$227.32
	Nebraska 7-market, \$/cwt	\$277.48	\$272.26	\$232.06
	Oklahoma 8-market, \$/cwt	\$261.90	\$258.77	\$213.69
<b>500-600 lb. Feeder Steer</b>	Montana 3-market, \$/cwt	\$338.29	\$332.78	\$282.85
	Nebraska 7-market, \$/cwt	\$354.62	\$335.85	\$245.00
	Oklahoma 8-market, \$/cwt	\$311.26	\$313.44	\$260.68
<b>Feed Grains</b>	Corn, Omaha, NE, \$/bu (Thursday)	\$4.70	\$4.63	\$6.59
	DDGS, Nebraska, \$/ton	\$173.67	\$173.67	\$259.50

Data Source: USDA-AMS Market News