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In The Cattle Markets

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Feed Market News

The end of last week was the second major feed market impacting report. USDA NASS Acreage revealed 91.5 million acres of corn to be planted. That is up from the 90.0 million acres reported in the Prospective Plantings report from March. Of the 91.5 million acres, 3.4 million acres had yet to be planted when the survey was conducted and that occurs the first two weeks of June. Some of the strongest jumps in plants between the March and June reports were in Kansas and Nebraska. Corn basis in the southern plains has been strong for years and this jump in acreage has likely that market in mind.

It will be interesting to see the WASDE in two weeks. If there is any forecasted increase in usage for new crop corn – because with these acres and trend yields then corn production will be better than 15 billion bushels. And if usage remains steady, then the stocks-to-use ratio will increase to more than 16%. This level of stocks has not been seen since the 2005/06 crop year. New crop corn futures have fallen to between \$4.15-\$4.20 and \$4.00 will be pressured if yields are better than the trend, which seems likely given the rainfall that much of the corn belt has seen. The cattle – and every other protein animal – industry is looking at prospects of the lowest feed grain prices in years.

What about forage prices? Alfalfa hay is down around \$200 per ton nationally and in many regions. Other hay is around \$150 per ton. Prices for lower-quality cattle and feedlot hay have relaxed a lot this spring. This hay in Nebraska, Colorado, and Kansas is bringing just better than \$100 per ton and there are several reported transactions below \$100 especially of big round bales. There will be a good bit of rained-on hay in the southeast, in the corn belt, and in the northern plains.

And pasture conditions? Nationally, 25% is in the Poor and Very Poor category. Western states are in very good shape and comparable to last year at just below 20%. The Great Plains and Southern Plains regions are also in good shape and comparable to last year. Finally, the southeast is much improved over the dry conditions observed last fall. The Drought Monitor is much improved this year in corn, forage and pasture, and cattle growing regions.

Further, we continue to see some reduction in the long-fed inventories. Cattle on feed for more than 150 days – calculated from the report last week – are still strong compared to last year and strong compared to all but the peak of the COVID disruptions. But inventories are down sharply from the prior month. And cattle on feed for over 120 days – also calculated – are below those from 2022 and 2021. That is the first time in nine months. The longest-fed inventories remain the burden but are being cleaned up.

The Markets

What does the technical picture say? There remain reasonable trends in all contracts from the low in mid-April, to the low on May 1, to the low around May 13, and lows in early June. The nearby contracts have rallied strong and broke resistance established in March. The more deferred contracts are having trouble with that resistance and have also pressured the uptrends. The technical picture is strong nearby and weak deferred which is a bit opposite of cattle market fundamentals. A very good and improving feed picture with less clear signals in the cattle market.

		Week of 6/28/24	Week of 6/21/24	Week of 6/30/23
5-Area Fed Steer	all grades, live weight, \$/cwt	\$195.81	\$194.84	\$181.33
	all grades, dressed weight, \$/cwt	\$313.47	\$310.55	\$289.34
Boxed Beef	Choice Price, 600-900 lb., \$/cwt	\$323.71	\$321.39	\$329.19
	Choice-Select Spread, \$/cwt	\$19.63	\$17.43	\$32.07
700-800 lb. Feeder Steer	Montana 3-market, \$/cwt	\$270.60	\$278.50	\$224.00
	Nebraska 7-market, \$/cwt	\$289.74	\$289.70	\$258.41
	Oklahoma 8-market, \$/cwt	\$266.40	\$263.55	\$238.01
500-600 lb. Feeder Steer	Montana 3-market, \$/cwt	\$--	\$328.01	\$--
	Nebraska 7-market, \$/cwt	\$361.53	\$336.80	\$302.70
	Oklahoma 8-market, \$/cwt	\$310.71	\$308.98	\$256.73
Feed Grains	Corn, Omaha, NE, \$/bu (Thursday)	\$4.40	\$4.55	\$5.84
	DDGS, Nebraska, \$/ton	\$156.00	\$161.43	\$211.13

Data Source: USDA-AMS Market News