



# IN THE CATTLE MARKETS



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## Cost Changes

Cow prices have garnered attention in recent weeks. Price forecasts and projections specific to cull cows are uncommon. However, the Economic Research Service (ERS) provides a quarterly forecast for cutter cow prices at the national level on a live equivalent level (per cwt). The projected price is generally available for one year ahead. The projections for the rest of 2024 are \$132 and \$122 for the third and fourth quarters, respectively. Then, the projections are \$118 and \$130 for the first and second quarters of 2025. The forecasts are higher than the observed prices for the past year. The forecasts are not fixed percents of the steer price forecasts, suggesting the ERS is credibly incorporating additional factors or different seasonality assumptions when preparing these forecasts.

The ERS also maintains cost and returns data for a typical cow-calf operation. The largest cost categories have fluctuated in recent years. Purchased feed and harvested feed costs peaked in 2022. Purchased and raised feed prices (mainly corn and hay) have fallen and are expected to stay lower through 2024. From the August WASDE report, corn production is expected to exceed use for the second year in row, leading to higher ending stocks and lower prices. There is perhaps a little less of an increase in the eastern corn belt. Most other areas are expected to follow the national lead or higher corn yields.

The August Crop Production report confirmed higher hay production levels in 2024 compared to 2023. Acres were unchanged from the June Acreage report, so the new information was tied to yields. In aggregate the yields for alfalfa and other hay were both up from 2023 and above the 10-year average yields. The total production at 126.9 million tons is up from 118.8 million tons in 2023. Alfalfa hay production is down sharply in Idaho and in Kansas compared to a year earlier. Other hay production is down sharply in Oklahoma compared to a year earlier. However, production is up sharply in neighboring Kansas and Texas. Hay prices nationally are sharply lower compared to a year ago.

Grazed feed continues to steadily increase. The latest indication of this comes from NASS data on pasture rental rates. The national rate for 2024 is \$15.50 per acre, an increase of 3.3% from a year earlier. The highest state-level rate is from Iowa, where pasture rent of \$63.50 per acre was up 5.0%. For the curious, Maryland had the next highest rent of \$50.50 per acre. Several states in the southwest had lower pasture rents for the year. The rest of the western states and several states in the southeast had pasture rents with larger percentage increases for 2024. In general, major cow-calf states continue to see pressure from higher pasture rental rents.

## **The Markets**

The cash market was lower for fed cattle and higher for boxed beef last week. The futures for live cattle and feeder cattle were steady across contract months. Cash prices for feeders were mixed. The implied volatility level for live cattle has been up slightly. In the feeder cattle it has fallen since the early August spike higher. Cash corn was lower for the week with new crop futures prices steady. There continues to be carry in the futures market, giving an incentive to lay in feed needs at harvest.

		Week of 8/16/24	Week of 8/9/24	Week of 8/18/23
<b>5-Area Fed Steer</b>	all grades, live weight, \$/cwt	\$189.14	\$191.34	\$185.04
	all grades, dressed weight, \$/cwt	\$298.04	\$304.01	\$293.76
<b>Boxed Beef</b>	Choice Value, 600-900 lb., \$/cwt	\$316.41	\$314.49	\$310.40
	Choice-Select Spread, \$/cwt	\$15.23	\$15.46	\$25.83
<b>700-800 lb. Feeder Steer</b>	Montana 3-market, \$/cwt	--	--	\$263.13
	Nebraska 7-market, \$/cwt	\$263.65	\$268.54	--
	Oklahoma 8-market, \$/cwt	\$254.58	\$251.77	\$251.56
<b>500-600 lb. Feeder Steer</b>	Montana 3-market, \$/cwt	--	--	--
	Nebraska 7-market, \$/cwt	\$310.50	\$305.25	--
	Oklahoma 8-market, \$/cwt	\$302.40	\$296.55	\$286.79
<b>Feed Grains</b>	Corn, Omaha, NE, \$/bu (Thursday)	\$3.97	\$3.98	\$5.33
	DDGS, Nebraska, \$/ton	\$147.00	\$147.00	\$195.25

Data Source: USDA-AMS Market News as compiled by LMIC

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