



IN THE CATTLE MARKETS



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**SOUTH DAKOTA STATE
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On Feed

The *Cattle on Feed* report was released after the markets closed last Friday. The trade was expecting a smaller on-feed total compared to last year, with both placements and marketings down a similar percentage to a year ago. Slaughter volume was lower last month, suggesting smaller marketings expectations were warranted. Feeder cattle auction volume was sharply higher last month, but direct volumes were sharply lower. The volume of feeder cattle reflected in the Feeder Cattle Index was also lower during April compared to last year.

Actual placements came in slightly above trade expectations. Kansas feedlots stood out as having higher placements compared to other states, while those in Texas had lower placements. There was no strong pattern in placement weights. The heifer mix in feeder sales volume was down a little in April. When coupled with low winter hay use it may

indicate some producers are trying to hold back some heifers. Imports from Mexico (open during April) have again been suspended because of screwworm concerns. Both factors further pressure tight feeder cattle supplies.

Actual marketings in April were higher than trade expectations. Nebraska feedlots had more marketings compared to other states, while those in Kansas had fewer marketings. The total number on feed, 11.4 million head, was in line with trade expectations. Seasonally, the total on feed is very consistent with smaller volumes heading into the late summer months.

Seasonally, June and July are typically lower volume months for placements. This time of year may be challenging for hedging feeder cattle for both buyers and sellers. Feeder cattle futures and options are cash settled. Without any physical delivery the last trade date is the same for both contracts. For example, the May futures and options expired last Thursday, the last non-holiday Thursday of the month not preceded by any holiday disruptions. The next listed contract is August, with its last trading day at the end of that month. This is a wide time span between contract months. As a result, any hedging between now and the end of August could have greater basis risk as cash prices and the nearby futures can diverge. The other time of year with a wide span would be between the November contract, with the last trade date before Thanksgiving, and the January contract. Note that Livestock Risk Protection settles to specific end dates and does not present the same type of basis risk. If the CME Group added serial or short-dated options for feeder cattle, it would potentially mitigate some of that disparity.

The Markets

The cash market was higher for fed cattle and for boxed beef last week. The futures for live cattle were sharply higher for the week, and feeder cattle were also higher late in the week. Cash prices for feeders were mixed across locations and weight classes but continued to remain at very high levels. Cash corn was higher for the week, while distillers were slightly lower. Volatility has fallen after another spike mid-month.

		Week of 5/23/25	Week of 5/16/25	Week of 5/24/24
5-Area Fed Steer	all grades, live weight, \$/cwt	\$226.97	\$226.45	\$190.09
	all grades, dressed weight, \$/cwt	\$361.74	\$357.67	\$303.49
Boxed Beef	Choice Value, 600-900 lb., \$/cwt	\$359.13	\$350.00	\$311.64
	Choice-Select Spread, \$/cwt	\$11.61	\$12.57	\$11.31
700-800 lb. Feeder Steer	Montana 3-market, \$/cwt	--	\$321.96	\$257.00
	Nebraska 7-market, \$/cwt	\$328.01	\$323.34	\$277.48
	Oklahoma 8-market, \$/cwt	\$308.99	\$312.91	\$261.90
500-600 lb. Feeder Steer	Montana 3-market, \$/cwt	\$408.89	\$405.19	\$338.29
	Nebraska 7-market, \$/cwt	\$392.18	\$417.53	\$354.62
	Oklahoma 8-market, \$/cwt	\$383.21	\$396.27	\$311.26
Feed Grains	Corn, Omaha, NE, \$/bu (Thursday)	\$4.62	\$4.45	\$4.70
	DDGS, Nebraska, \$/ton	\$152.50	\$152.88	\$173.67

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

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