

## In The Cattle Markets

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### Cull Prices Skyrocket, Calves Fall

Cow and calf prices have taken divergent paths in recent weeks due to the uncertainty of war, rising feed costs, record cattle on feed, and shifting consumer purchases. Heavier feeder cattle, 750 lb. steers, have dropped dramatically over the last two weeks from about \$165 per cwt to \$156 per cwt. They remain well above last year's \$138. Lighter weight steers, 550 lb and 450 lb, exhibited little decline and were about \$199 and \$213 in the first week of March in the Southern Plains. Country auctions further away from feedlots have been hit even harder on price. Much higher fuel costs are certainly a factor in lower calf prices.

Cull cow prices hit \$75 per cwt in the Southern Plains last week, up from \$55 in early February. A year ago, 85-90% lean cull cows averaged about \$46 per cwt. The five-year average price for the first week of March was about \$59 per cwt.

Cow prices are increasing in spite of large cow slaughter. Weekly cow slaughter during the first two weeks of February totaled, at least, 145,000 head per week. That was the largest weekly slaughter since the first week of December 2012. It was the biggest two consecutive weeks since the Fall of 2011. Beef cow slaughter has been extremely large, rivaling peak Fall slaughter levels. This large beef cow slaughter is coinciding with seasonally large dairy cow slaughter, which typically peaks early in the year.

High cow beef prices are providing some insight into beef demand. Both the cow beef cutout and the wholesale 90 percent lean beef for ground beef are well above a year ago, at \$229 and \$284 per cwt, respectively. Wholesale middle meat prices have dropped in recent weeks. For example, both wholesale ribeye and strip loin prices have fallen below year ago levels. There is some evidence of consumers shifting purchases to more ground beef and fewer steaks in response to high retail prices. There is also evidence of some shifting to less expensive Select beef cuts and away from higher priced Choice and Prime.

By the last week of February, slaughter had eased to 137,000 head, remaining larger than the same week last year. Both dairy and beef cow slaughter declined. Increasing milk prices should slow dairy culling in coming weeks, as it often does seasonally. Beef cow culling is going to be greatly influenced by drought and costs. The rate of culling over the last year should have already moved most of the older, less productive cows. On balance, reduced dairy culling should pull down total cow slaughter and support prices in coming weeks.

### The Markets

Local Texas auction markets reported, generally, higher calf prices last week, following a couple of weeks of sharp declines. By the end of the week, the Choice-Select spread was

\$5.60 per cwt with the Select cutout increasing \$1.74, outpacing the \$0.77 per cwt increase in the Choice cutout. Select beef values were higher than Choice for the primal rib and brisket. Corn prices declined from the prior week in some markets including Omaha, Southwest Nebraska, and the area North of the Canadian River.

<i>Data Source: USDA-AMS Market News</i>		<b>Week of 3/11/22</b>	<b>Week of 3/4/22</b>	<b>Week of 3/12/21</b>
<b>5-Area Fed Steer</b>	all grades, live weight, \$/cwt	\$138.30	\$140.61	\$113.62
	all grades, dressed weight, \$/cwt	\$220.11	\$224.51	\$179.32
<b>Boxed Beef</b>	Choice Price, 600-900 lb., \$/cwt	\$253.70	\$255.72	\$227.99
	Choice-Select Spread, \$/cwt	\$6.41	\$5.22	\$6.57
<b>700-800 lb. Feeder Steer</b>	Montana 3-market, \$/cwt	\$155.63	\$161.71	\$144.18
	Nebraska 7-market, \$/cwt	\$162.23	\$167.33	\$142.90
	Oklahoma 8-market, \$/cwt	\$153.51	\$155.26	\$136.84
<b>500-600 lb. Feeder Steer</b>	Montana 3-market, \$/cwt	\$199.90	\$208.08	\$177.03
	Nebraska 7-market, \$/cwt	\$203.36	\$210.84	\$177.94
	Oklahoma 8-market, \$/cwt	\$190.79	\$194.96	\$166.32
<b>Feed Grains</b>	Corn, Omaha, NE, \$/bu (Thursday)	\$7.15	\$7.25	\$5.24
	DDGS, Nebraska, \$/ton	\$287.00	\$272.50	\$232.50