

In The Cattle Markets

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Higher Beef Prices Begin to Bite, for Some

Higher cattle prices are welcome (and overdue) news to ranchers as they are necessary to return to profitability following higher production costs. Higher wholesale beef prices are more difficult news to restaurants as they work to put together options that are competitively priced for their customers.

In this part of the world briskets are an important (or maybe I should say THE important) cut for BBQ restaurants. Higher prices are being reflected in price quotes from suppliers. In the broader wholesale market as reflected by the comprehensive cutout value only the short plate, flank, and loin have increased more than briskets this year. The primal brisket in the comprehensive cutout has increased 16 percent since the first of the year, from \$2.12 per pound to \$2.46 per pound. Smaller restaurants are likely paying higher prices due to small volumes.

Many small specialty BBQ restaurants source Prime or Branded program briskets. It is often the case that branded program briskets carry a premium over USDA Prime quality grade. That has reversed lately with Prime briskets carrying a premium over Branded program briskets ranging from \$8.73 per cwt to \$0.37 per cwt.

Higher prices are likely to continue to be felt by restaurant buyers as fed cattle and beef supplies tighten. Variation in the percent of cattle grading in each quality grade will add to price volatility. The percent of cattle grading Choice has been above a year ago, but declining slaughter numbers and weights mean that less is available. A smaller percentage of cattle have been grading Prime most weeks this year contributing to Prime's premium over Branded products.

The Markets

Higher prices were the norm in local calf markets. Rain in Central to Eastern areas of the state have boosted grass growth and calf prices. But other areas have Texas continue to have serious drought problems. The Choice-Select spread continues to be seasonally large, ahead of both last year's spread and the 5-year average.

<i>Data Source: USDA-AMS Market News</i>		Week of 5/5/23	Week of 4/28/23	Week of 5/6/22
5-Area Fed Steer	all grades, live weight, \$/cwt	\$173.93	\$177.15	\$143.42
	all grades, dressed weight, \$/cwt	\$280.94	\$284.05	\$230.69
Boxed Beef	Choice Price, 600-900 lb., \$/cwt	\$309.41	\$309.30	\$258.29
	Choice-Select Spread, \$/cwt	\$20.93	\$20.96	\$11.47
700-800 lb. Feeder Steer	Montana 3-market, \$/cwt	\$222.98	\$221.91	\$162.96
	Nebraska 7-market, \$/cwt	\$222.29	\$220.38	\$169.71
	Oklahoma 8-market, \$/cwt	\$210.28	\$206.74	\$159.58
500-600 lb. Feeder Steer	Montana 3-market, \$/cwt	\$275.40	\$277.99	\$204.98
	Nebraska 7-market, \$/cwt	\$264.57	\$265.91	\$205.30
	Oklahoma 8-market, \$/cwt	\$250.58	\$242.82	\$188.06
Feed Grains	Corn, Omaha, NE, \$/bu (Thursday)	\$6.48	\$6.33	\$8.16
	DDGS, Nebraska, \$/ton	\$268.40	\$266.67	\$317.50