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In The Cattle Markets

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Reports Recap

Late March brought a flurry of reports and some clarity of fundamentals for inputs and competing meats. While the overall level of cattle inventory is lower for the year, the short run situation continues to be dominated by feedlot behavior. The higher level of cattle on feed compared to a year ago keeps the emphasis on feed prices. The tight supply of replacement feeder cattle will continue to be a challenge.

The recent *Quarterly Hogs and Pigs* report showed the March 1 inventory up slightly from a year ago. While the breeding herd is lower, the inventory of market hogs is higher. Thus, there will be more pork competing with beef in the short run. The productivity indicators of pigs per litter and pig crop were both above expectations, which will combine to offset lower sow inventory levels. The farrowing intentions for the upcoming two quarters were both down from a year ago, but slightly above trade expectations. Overall, the inventory levels suggest some stabilization of supply going forward.

Despite both cattle and hog inventories on the feed side being larger, the changes have not resulted in the corn feed and residual use level reacting in a large way. The projected use for the current 2023-2024 corn marketing year is up slightly from 2022-2023 but almost unchanged from 2021-2022. The recent *Grain Stocks* report showed a large increase in corn stocks as of March 1. The stocks at 8.4 billion bushels are up almost 1.0 billion bushels from a year ago. The actual level was just below the average trade estimate, giving a slight boost to nearby futures prices. The change in positions is mainly at the on-farm level. Some of this may be from feeders replenishing their feed needs. However, the changes at the state level suggest higher on-farm storage is matching the higher production levels across the western corn belt in 2023. Thus, in that region corn basis is wider and prices would be favorable for northern feedlot states.

Shifting to the new-crop situation, the *Prospective Plantings* report showed expected corn acres for 2024 at 90.0 million acres, which was at the low end of trade expectations. The slight surprise was supportive of December corn futures prices after the release. Less corn acres would result in more soybean acres and lower soybean meal prices. Even with lower expected acres, there is still an expectation of higher ending corn stocks keeping corn prices lower than in recent marketing years. While less-discussed and less-anticipated by industry analysts, the *Prospective Plantings* report gives harvested acres for all hay. Producers expect to harvest 51.6 million acres across the U.S. in 2024. A year ago, producers expected to only harvest 50.6 million acres, which would have continued to greatly stress supplies. However, producers ended 2023 by harvesting 52.8 million acres. Hay prices, especially for alfalfa and alfalfa-mix hay, are lower than a year ago. Stocks have improved for hay but remain tight.

The Markets

The cash market was lower for fed cattle and boxed beef last week. The futures for live cattle were lower across contract months. Cash prices for feeders were lower across weight classes. mixed. The feeder futures prices were lower. The implied volatility levels for live and feeder cattle futures have increased in recent weeks. Cash corn was higher for the week with the futures prices fluctuated but changed little to finish the week.

		Week of 3/29/24	Week of 3/22/24	Week of 3/31/23
5-Area Fed Steer	all grades, live weight, \$/cwt	\$188.23	\$189.56	\$168.74
	all grades, dressed weight, \$/cwt	\$299.49	\$302.13	\$270.36
Boxed Beef	Choice Price, 600-900 lb., \$/cwt	\$309.13	\$312.89	\$280.51
	Choice-Select Spread, \$/cwt	\$8.08	\$10.06	\$10.88
700-800 lb. Feeder Steer	Montana 3-market, \$/cwt	\$255.00	\$270.09	\$201.58
	Nebraska 7-market, \$/cwt	\$269.18	\$273.15	\$206.90
	Oklahoma 8-market, \$/cwt	\$255.35	\$262.77	\$192.74
500-600 lb. Feeder Steer	Montana 3-market, \$/cwt	\$334.00	\$340.29	\$255.15
	Nebraska 7-market, \$/cwt	\$325.85	\$345.25	\$247.53
	Oklahoma 8-market, \$/cwt	\$326.88	\$328.32	\$238.42
Feed Grains	Corn, Omaha, NE, \$/bu (Thursday)	\$4.50	\$4.46	\$6.81
	DDGS, Nebraska, \$/ton	\$178.40	\$177.40	\$272.00

Data Source: USDA-AMS Market News