



IN THE CATTLE MARKETS



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Cattle on Feed

Pre-report estimates for the USDA July Cattle on Feed report averaged an expected increase of 1.2 percent in total inventories as compared to last year. There was a wide range in estimates for June placements, ranging from 89.9 percent to 102 percent with an average of 97 percent. Marketing expectations were more consistent among analysts with an average of 91.8, or down 8.2 percent year over year. The Cattle on Feed report released Friday, July 19, pegged the cattle on-feed number at 11.304 million head, up 1 percent over July 2023. Keep in mind, the report estimates are rounded to the nearest whole number, so actual inventories are up about half of a percent year over year.

Steers represented 60 percent of the on-feed report and heifers 40 percent of the mix. Without a mid-year Cattle report, this may be the best indication of producer intentions to rebuild the cow herd, which does not appear to be happening at this time.

The biggest surprise between pre-report estimates and the Cattle on Feed report were placements: 97 percent expected versus 93 percent realized. Total placements for June were 1.56 million head, 7 percent below June 2023. Texas and Nebraska placements were down slightly year over year, at 99 and 98 percent respectively. Most notably, placements were down significantly for Iowa and Kansas. Both states placed 78 percent compared to a year ago. The distribution of placement weight categories was relatively consistent with the June 2023 report, and no clear changes in patterns of placement weights appeared. Seasonality and a tighter feeder cattle supply are likely contributing factors to the reduction in placements for June. The reduction in June placements should be bullish for prices in the back months. As drought increases, and pasture quality declines in some areas of the country, placement rates in the coming months may increase earlier than expected.

Marketings in June 2024 were 1.79 million head, 91 percent compared to levels a year ago. Notably, there were two less slaughter days this June as compared to last year. The reduction in marketings appeared to strengthen the cutout value, which rallied \$15.28/cwt from May to June.

Inventories of cattle on-feed greater than 90 and 120 days is above historical averages. Lower ration prices, coupled with high fed cattle prices, are incentives for producers to put weight on cattle. The increase in popularity of beef on dairy cattle, as shown by a reduction in veal, also contributes to increased days on feed. Heavier fed cattle should increase carcass weights and support overall beef production, but forecasts indicate total beef production in quarter three of 2024 to be 5.6 percent below quarter three of 2023.

Overall, the July Cattle on Feed report indicates potentially further beef cow herd contraction with the heifer mix at 40 percent. Total on-feed inventories were slightly higher year over year and may put some downward pressure on short-term fed cattle prices. Placements in June were down, which should be bullish for fed cattle prices in the back months.

The Markets

		Week of 7/19/24	Week of 7/12/24	Week of 7/21/23
5-Area Fed Steer	all grades, live weight, \$/cwt	\$193.67	\$194.24	\$186.19
	all grades, dressed weight, \$/cwt	\$310.04	\$312.60	\$294.72
Boxed Beef	Choice Value, 600-900 lb., \$/cwt	\$317.78	\$324.78	\$304.07
	Choice-Select Spread, \$/cwt	\$17.16	\$21.05	\$28.12
700-800 lb. Feeder Steer	Montana 3-market, \$/cwt	--	--	--
	Nebraska 7-market, \$/cwt	--	\$289.29	\$286.64
	Oklahoma 8-market, \$/cwt	\$265.13	\$266.28	\$246.51
500-600 lb. Feeder Steer	Montana 3-market, \$/cwt	--	--	--
	Nebraska 7-market, \$/cwt	--	\$361.40	--
	Oklahoma 8-market, \$/cwt	\$311.46	\$309.61	\$277.80
Feed Grains	Corn, Omaha, NE, \$/bu (Thursday)	\$4.16	\$4.25	\$6.06
	DDGS, Nebraska, \$/ton	\$146.00	\$148.00	\$195.67

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

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