



# IN THE CATTLE MARKETS



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## **K-STATE** Research and Extension

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### **Cattle on Feed Report & Thoughts on Herd Expansion**

On Friday, October 25<sup>th</sup> USDA NASS released the latest Cattle on Feed report (<https://downloads.usda.library.cornell.edu/usda-esmis/files/m326m174z/tb09m065p/6682zx83w/cofd1024.pdf>). October 1<sup>st</sup> inventory was estimated at 11.60 million, on par with 2023. Placements in September were estimated at 2.16 million, down 2% from 2023 while marketings were estimated at 1.70 million, up 2% from 2023. The inventory and marketing estimates were in-line with public pre-report estimates while September placements came in on the higher end of expectations (down but not down as much as most analysts projected). Taken as a whole, this report is not likely to be a market-mover while perhaps signaling some feeder cattle being pulled ahead for placement in September and/or current feeder cattle supplies being larger than expected.

The October Cattle on Feed report also contained an estimate of steer relative to heifer inventories. For October 1, 2024 USDA estimates that 39.7% of feedlot inventories are heifers which is nearly identical to the 40.0% estimated for October 1, 2023. This reinforces ongoing signals that national breeding herd expansion has not been initiated.

I continue to expect the January Cattle Inventory report to indicate some moderate additional breeding herd liquidation suggesting 2025 will have a lower calf crop. Across several talks I have made the past couple months my herd expansion thesis has been that anecdotal examples of rebuilding may occur in 2025 but that nationally, market-relevant levels of expansion would not begin until at least the summer of 2026. The recent bouts of dryness in the Midwest make me even more confident in this. Moreover, recognition that while market-reported \$/cow returns in 2024 are slated to be attractive for many producers, when put on an inflation-adjusted basis they have yet to exceed the memorable year of 2014. Likewise, when one moves beyond a \$/cow approach to investment and decision-making framing around percentage returns (ROI, return-on-investment %) reflecting elevated capital necessary to operate then attraction in expansion may be further tempered. While on balance I do envision heifer retention will occur nationally, starting in 2026 at the earliest, there indeed are multiple reasons “typical” producers are being rational in not yet pulling the herd expansion trigger. Implications clearly follow for calf crop size and industry capacity utilization discussions will continue as well.

## The Markets

<i>Data Source: USDA-AMS Market News as compiled by LMIC</i>		<b>Week of 10/25/24</b>	<b>Week of 10/18/24</b>	<b>Week of 10/27/23</b>
<b>5-Area Fed Steer</b>	all grades, live weight, \$/cwt	\$190.05	\$187.61	\$184.02
	all grades, dressed weight, \$/cwt	\$298.90	\$296.21	\$290.06
<b>Boxed Beef</b>	Choice Price, 600-900 lb., \$/cwt	\$322.33	\$317.84	\$306.49
	Choice-Select Spread, \$/cwt	\$27.09	\$25.58	\$25.19
<b>700-800 lb. Feeder Steer</b>	Montana 3-market, \$/cwt	--	\$263.53	\$239.50
	Nebraska 7-market, \$/cwt	\$267.51	\$273.97	\$261.53
	Oklahoma 8-market, \$/cwt	\$255.65	\$253.63	\$235.97
<b>500-600 lb. Feeder Steer</b>	Montana 3-market, \$/cwt	\$270.00	\$308.00	--
	Nebraska 7-market, \$/cwt	\$311.34	\$317.42	\$292.88
	Oklahoma 8-market, \$/cwt	\$283.39	\$289.90	\$265.62
<b>Feed Grains</b>	Corn, Omaha, NE, \$/bu (Thursday)	\$3.97	\$3.83	\$4.71
	DDGS, Nebraska, \$/ton	\$163.00	\$165.40	\$206.43

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