



IN THE CATTLE MARKETS



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Strong Calf Prices Finish the Year

Cattle and beef markets are wrapping up the fourth quarter on a very strong note – especially for smaller animals. Calf prices for 5-6 weight animals in the southern plains have advanced better than \$50/cwt in the last four weeks. And prices for 4-5 weight animals have moved further. The fall run is apparently over.

Live fed cattle prices remain strong with cash trades better than \$190 but prices for the year look range-bound to me between \$180 and just better than \$190. The boxed beef cutout value is holding better than \$300 with a mix of performance at the primal level. Rib prices have been seasonally outstanding, and tenderloins have also been strong. Loins are showing some seasonal weakness as is ground beef. End meats are showing solid price levels but not much in terms of improvements. Once the market retreats from the strong rib purchases, and the Choice-Select spread seasonally softens, much will be determined by Chucks and Rounds. Also, this will be the period the market moves

into the time of year when packer margins are the weakest. My point? The strong finish to the year in calf prices has little to do with what is going on downstream.

It is also not reacting to grain market news. Information from recent Crop Production and WASDE reports suggest some firming of feed grain prices. After a series of reports through the summer where production steadily increased, the November reports communicate some softening of yields, overall production, and a modest tightening of stocks-to-use. However, forage prices remain much below prior years and availability is substantially better.

Carcass weights remain truly impressive and have backed up very little from the four weeks at 960-pound average steer weights – heifers are following suit. It will be interesting, and important, to see the magnitude of any seasonal decline in weights. How much of the 40-pound increase based on the same week of the year prior persists? With lower corn prices and longer feeding periods then heavy weights will persist. But how heavy and what are the possible further increases?

These weight increases in all likelihood hang over the market as well as do the front-loaded cattle on feed inventories. The calculated cattle on feed over 150 days has been larger than any of the proceeding years – other than 2020 – but this inventory has been moving lower through the summer and fall. The exception is November's number. The inventory of these long-fed animals has been large relative to what is seen in the 120 days on feed inventory. Inventories on feed over 120 days are this month tighter than 2023. Whereas the 150-day number is even compared with last year. Again, big numbers and weights now – and back through the summer and fall – but the prospect is for change come the first quarter. The pipeline is full for the near term with less so into next year. But then there are first-quarter packer margins to navigate.

The Markets

What does the technical picture say? Live cattle and feeder cattle futures have again posted strong rallies in September, October, and November. However, the market currently sits at resistance formed in the spring, and the spring strength was less than the excitement from this time last year. Approaching resistance is a sell signal. Cow-calf producers need to be getting ready and looking hard at LRP into next year. And I have talked to several that received payment this year. I see next year's GFX contract looking a lot like this year's. Strong sell-offs, strong up moves, and a lot of underlying volatility. And that is until herd building begins in earnest. As always, watch your charts. And add that Cattle on Feed report to the list. Placements through the spring will be an important signal.

		Week of 12/13/24	Week of 12/6/24	Week of 12/15/23
5-Area Fed Steer	all grades, live weight, \$/cwt	\$194.31	\$190.90	\$168.71
	all grades, dressed weight, \$/cwt	\$303.44	\$297.21	\$267.53
Boxed Beef	Choice Value, 600-900 lb., \$/cwt	\$313.75	\$310.41	\$291.76
	Choice-Select Spread, \$/cwt	\$33.46	\$33.64	\$32.46
700-800 lb. Feeder Steer	Montana 3-market, \$/cwt	\$279.93	\$267.58	\$229.16
	Nebraska 7-market, \$/cwt	\$286.64	\$281.76	\$237.85
	Oklahoma 8-market, \$/cwt	\$263.84	\$268.84	\$224.23
500-600 lb. Feeder Steer	Montana 3-market, \$/cwt	\$338.08	\$340.29	\$278.51
	Nebraska 7-market, \$/cwt	\$348.68	\$343.28	\$292.07
	Oklahoma 8-market, \$/cwt	\$323.42	\$334.21	\$275.40
Feed Grains	Corn, Omaha, NE, \$/bu (Thursday)	\$4.39	\$4.32	\$4.76
	DDGS, Nebraska, \$/ton	\$158.43	\$158.86	\$225.83

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

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