

Market Tracks



Dwindling numbers and bullish outlook push calf prices higher.

by **Wes Ishmael**

Calf prices faded seasonal trends through August — increasing rather than decreasing — as higher year-over-year feedlot placements in recent months suggested fewer cattle available through the fall.

For instance, average steer prices (500-600 pounds) were 17.9% higher year over year Aug. 27, in the South Central region, compared to a year-over-year increase of 14.5% the week ending July 2. Prices for steers at the same weight in the Southeast region increased 15.4% versus 10.9% during the same period.

The CME Feeder Cattle Index was \$182.36 Aug. 31, compared to \$174.44 a month earlier and \$158.35 a year earlier. The index is the seven-day weighted average cash price of steers (Medium and Large #1 and Medium and Large #1-#2) weighing 700-899 pounds sold in a 12-state area. Data comes from price transactions reported by USDA's Agricultural Marketing Service. The CME Feeder Cattle Index serves as a benchmark intended to represent the approximate value of feeder cattle going on feed.

Higher-trending feeder cattle prices could significantly reduce or offset the typical seasonal decline in calf prices this fall, says Derrell Peel, Extension livestock marketing specialist at Oklahoma State University, in his late-August market comments.

Peel noted 750-pound steers at Oklahoma auctions reached their highest levels for the year in mid-August, while 500-pound steer calves revisited the highs of mid-March.

“Increased lightweight placements, especially since May, likely includes fall calves marketed right off the cow, early-weaned spring calves and summer stockers marketed ahead of schedule,” according to Peel. Pasture and range conditions at the time were the worst for that time of year since 2012.

“It appears that the supply of calves and feeder cattle available this fall will likely be significantly smaller because many cattle have already moved to market,” Peel said.

Beef cow liquidation and fewer cattle numbers outside feedlots point to decreasing calf and feeder cattle availability over the next several years (see Locked and Loaded, Page 38).

Steady and strong

At the same time, negotiated cash fed cattle prices maintained a strong sideways pace through late summer amid more year-to-date cattle slaughter and beef production than last year. Feedlot marketing currentness helped underpin prices as packers continued aggressive production despite wholesale beef prices declining seasonally and due to the slow return of market rationalization following COVID-19 supply chain disruptions.

Consumer beef demand continued to show resiliency in the face of inflation. Domestically, the all fresh beef retail price was 3.4% higher year over year in July. Internationally, through June, U.S. beef exports equated to \$476.98 per head of fed slaughter, which was 32.7% more than the same period a year earlier. **HW**

	Last year \$/cwt.	This year \$/cwt.	Change \$/cwt.
Regional Feeder Steer Prices¹			
North Central			
600-700 lbs.	172.14	204.02	31.88 (+18.5%)
700-800 lbs.	166.38	194.96	28.58 (+17.2%)
800-900 lbs.	160.91	186.88	25.97 (+16.1%)
South Central			
500-600 lbs.	168.88	199.03	30.15 (+17.9%)
600-700 lbs.	163.31	188.08	24.77 (+15.2%)
700-800 lbs.	157.68	180.90	23.22 (+14.7%)
Southeast			
400-500 lbs.	162.04	186.93	24.89 (+15.4%)
500-600 lbs.	152.60	174.28	21.68 (+14.2%)
600-700 lbs.	144.09	163.72	19.63 (+13.6%)
CME Feeder Cattle Index²			
	158.35	182.36	24.01 (+15.2%)
Average Five-area Direct³			
Live steer (FOB)	122.03	142.16	20.13 (+16.5%)
Dressed steer (Del)	197.62	228.25	30.63 (+15.5%)
Live heifer (FOB)	121.16	139.51	18.35 (+15.1%)
Dressed heifer (Del)	197.48	228.17	30.69 (+15.5%)
Wholesale Beef Prices⁴			
Choice cutout value	347.02	263.29	-83.73 (-24.1%)
Select cutout value	317.42	238.22	-79.20 (-24.9%)
Byproduct value ⁵	15.46	13.80	-1.66 (-10.7%)
Average weekly slaughter premiums and discounts⁶			
Prime over Choice	21.41	26.19	4.78 (+22.3%)
Premium Choice over Choice	6.54	4.26	-2.28 (-34.9%)
Select under Choice	-26.15	-24.90	1.25 (+4.8%)
Retail beef prices⁷			
Choice beef Retail Value	7.53	7.62	0.09 (+1.2%)
All fresh beef Retail Value	7.10	7.34	0.24 (+3.4%)
U.S. beef exports⁸			
Value per head Fed slaughter	359.49	476.98	117.49 (+32.7%)
Futures prices⁹			
Feeder Cattle Spot Sep	162.950	183.150	20.200 (+12.4%)
Oct	168.050	184.350	16.300 (+9.7%)
Live Cattle Spot Oct	127.575	142.800	15.225 (+11.9%)
near Dec	133.600	148.575	14.975 (+11.2%)
Corn Spot Sep	5.154	6.582	1.428 (+27.7%)
Crude Oil ¹⁰ Spot Oct	68.59	86.61	(+26.3%)

Estimated cattle slaughter

	Last year million head	This year million head	Change thousand head
Total cattle slaughter¹¹	21.841	22.10	262,000 (+1.2%)

Estimated beef production

	Last year billion lbs.	This year billion lbs.	Change million lbs.
Total beef production¹¹	18.03	18.21	175.3 (+0.97%)

¹AMS National Weekly Feeder & Stocker Cattle Summary, weeks ending 08/27/22

²CME Feeder Cattle Index year over year 08/31-22

³USDA Five-area monthly weighted average direct slaughter cattle (negotiated for July), published 08/05/22

⁴National Weekly Boxed Beef Cutout and Boxed Beef Cuts (negotiated), weekly average for 08/23 to 08/27/21 and 08/22 to 08/26/22

⁵USDA steer byproduct drop value (FOB central U.S.), 09/01/21 and 09/01/22

⁶National Weekly five area direct slaughter cattle premiums and discounts, weighted average 08/30/21 and 08/29/22

⁷Meat Price Spreads, Choice beef values and spreads and all fresh beef retail value, USDA ERS; monthly values (July)

⁸U.S. Meat Export Foundation data Jan. to Aug. 2022

⁹CME futures 09/01/22 year over year

¹⁰WTI-CME 09/01/22 year over year

¹¹Estimated weekly meat production under federal inspection, year to date 08/26/22