

Market Tracks

Cattle prices continue steady rise.

by **Wes Ishmael**

Year-over-year price data illustrates steadily growing strength as declining cattle numbers and decreased beef production become more apparent. The trajectory should continue through 2023, building toward likely significantly higher prices once enough producers have adequate moisture and feed to begin retaining more females to expand the national herd.

Prices for steers weighing 600-700 pounds ranged from 8.6% higher year over year in the Southeast to about 12% higher in other regions, according to the Dec. 17 Weekly Feeder and Stocker Cattle Summary from the Agricultural Marketing Service — the last report of the year. The average steer price for the weight range was \$192.28 per hundredweight (cwt.) in the North Central region, \$181.02 in the South Central region and \$163.76 in the Southeast.

Prices were noticeably higher the first week of January as auctions returned to business after the holidays, the calendar turned, and optimism increased with widespread moisture.

The CME Feeder Cattle Index Jan. 4 was 11.2% higher than the same time a year earlier at \$180.31. Spot Jan. Feeder Cattle futures at the time were about 13% higher year over year at \$183.80.

The five-area monthly weighted average direct fed steer price in December was 12.3% higher year over year on a live basis at \$156.53 per cwt. The average steer price in the beef was 13.3% higher at \$248.54.

Consumer beef demand remains resilient

Although retail beef prices remained high, albeit a touch lower year over year, domestic and international consumers continued to clear record-large beef production. Based on the last report of the year, estimated beef production for 2022 was 27.8 billion pounds, which was 369.7 million pounds more (+1.3%) year over year. Estimated total cattle slaughter for the year was 33.7 million head, which was 499,000 head more (+1.5%) than the previous year.

Although producers are gaining leverage and inferred packer margins are declining, wholesale beef values continued to encourage packers to maintain aggressive production through the end of the year. Weekly Choice carcass cutout value the last week of 2022 was \$280.07 per cwt., which was \$15.04 more than a year earlier.

Consumer preference for higher quality continues, as the year-over-year gap between Select and premium Choice widened. The average Choice-Select spread the week of Jan. 3 this year was \$24.81 per cwt., versus \$12.34 a year earlier.

In USDA's December World Agricultural Supply and Demand Estimates, beef production for 2023 was projected to be 26.27 billion pounds. That would be 2.1 billion pounds less (-7.5%) than this year's projected total, which would push beef prices higher and challenge consumers more. **HW**

¹AMS National Weekly Feeder & Stocker Cattle Summary, weeks ending 12/17/22

²CME Feeder Cattle Index year over year 01/04/23

³USDA Five-area monthly weighted average direct slaughter cattle (negotiated for December), published 01/06/23

⁴National Weekly Boxed Beef Cutout and Boxed Beef Cuts (negotiated), weekly average for 12/27 to 12/31/21 and 12/26 to 12/30/22

⁵USDA steer byproduct drop value (FOB central U.S.), 01/05/22 and 01/05/23

⁶National Weekly five area direct slaughter cattle premiums and discounts, weighted average 01/03/22 and 01/03/23

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

⁸U.S. Meat Export Foundation data Jan. to Oct. 2021 and 2022

⁹CME futures 01/05/23 year over year

¹⁰WTI-CME 01/05/23 year over year

¹¹Estimated weekly meat production under federal inspection, year to date 12/30/22

	Last year \$/cwt.	This year \$/cwt.	Change \$/cwt.
Regional Feeder Steer Prices¹			
North Central			
600-700 lbs.	171.62	192.28	20.66 (+12.0%)
700-800 lbs.	165.71	181.74	16.03 (+9.7%)
800-900 lbs.	160.46	180.34	19.88 (+12.4%)
South Central			
500-600 lbs.	174.28	195.13	20.85 (+12.0%)
600-700 lbs.	162.35	181.02	18.67 (+11.5%)
700-800 lbs.	159.09	178.09	19.00 (+11.9%)
Southeast			
400-500 lbs.	172.76	187.68	14.92 (+8.6%)
500-600 lbs.	160.99	177.55	16.56 (+10.3%)
600-700 lbs.	148.46	163.76	15.30 (+10.3%)
CME Feeder Cattle Index²			
	162.13	180.31	18.18 (+11.2%)
Average Five-area Direct³			
Live steer (FOB)	139.36	156.53	17.17 (+12.3%)
Dressed steer (Del)	219.39	248.54	29.15 (+13.3%)
Live heifer (FOB)	139.43	156.40	16.97 (+12.2%)
Dressed heifer (Del)	219.62	248.55	28.93 (+13.2%)
Wholesale Beef Prices⁴			
Choice cutout value	265.03	280.07	15.04 (+5.7%)
Select cutout value	256.65	248.64	-8.01 (-3.1%)
Byproduct value ⁵	13.85	14.28	0.43 (+3.1%)
Average weekly slaughter premiums and discounts⁶			
Prime over Choice	27.97	26.50	-1.47 (-5.2%)
Premium Choice over Choice	4.64	5.02	0.38 (+8.2%)
Select under Choice	-12.34	-24.81	12.47 (+101.0%)
Retail beef prices⁷			
Choice beef Retail Value	7.85	7.36	-0.49 (-6.2%)
All fresh beef Retail Value	7.52	7.15	-0.37 (-4.9%)
U.S. beef exports⁸			
Value per head Fed slaughter	394.14	459.50	65.36 (+16.6%)
Futures prices⁹			
Feeder Cattle Spot Jan	162.125	183.800	21.675 (+13.4%)
Mar	166.175	186.550	20.375 (+12.3%)
Live Cattle Spot Feb '23	146.600	157.350	10.750 (+7.3%)
Apr '23	147.900	161.275	13.375 (+9.0%)
Corn Spot Mar '23	5.614	6.526	0.912 (+16.2%)
Crude Oil ¹⁰ Spot Feb '23	77.85	-4.18	2.22 (-5.4%)

Estimated cattle slaughter

	Last year million head	This year million head	Change thousand head
Total cattle slaughter¹¹	33.18	33.68	499,000 (+1.5%)

Estimated beef production

	Last year billion lbs.	This year billion lbs.	Change million lbs.
Total beef production¹¹	27.48	27.85	369.7 (+1.3%)