

Market Tracks

Cash prices firm ahead of likely rise.

by *Wes Ishmael*

Cash prices for calves and feeder cattle lost some steam in August but at levels nearly 40% higher than the previous year. For example, the last week of August, average regional prices for steers weighing 600-700 pounds ranged from \$68.29 per hundredweight (cwt.) to \$83.30 higher year over year (see table), according to the USDA's *National Weekly Feeder & Stocker Cattle Summary*.

More is to come, barring a black-swan monkey wrench, as the nation's beef cow herd and beef production continue to dwindle (see *Historically Low Cow Numbers*, Page 20).

USDA's Economic Research Service (ERS) raised the expected feeder steer price (750-800 pounds, Oklahoma City) for the remainder of this year and

next, in the August *Livestock, Dairy and Poultry Outlook*.

Based on recent price strength, ERS increased the forecast price by \$9 to \$250/cwt. in the third quarter and to \$255 in the fourth quarter. The 2023 annual average price increased \$4.50 to \$224.99. Prices for next year were forecast \$3 higher in the first and second quarter at \$248 and \$247, respectively. The 2024 annual average price was also estimated \$3 higher at \$253.25.

Beef buyers hang tough

Through the end of August, year-to-date cattle slaughter was 4.2% less (-930,000 head) compared to the same time a year earlier. Year-to-date beef production was 5% less (-920 million pounds).

Besides declining cattle slaughter and beef harvest, much of the price

support is due to extraordinarily resilient domestic consumer beef demand in the face of historically high retail beef prices.

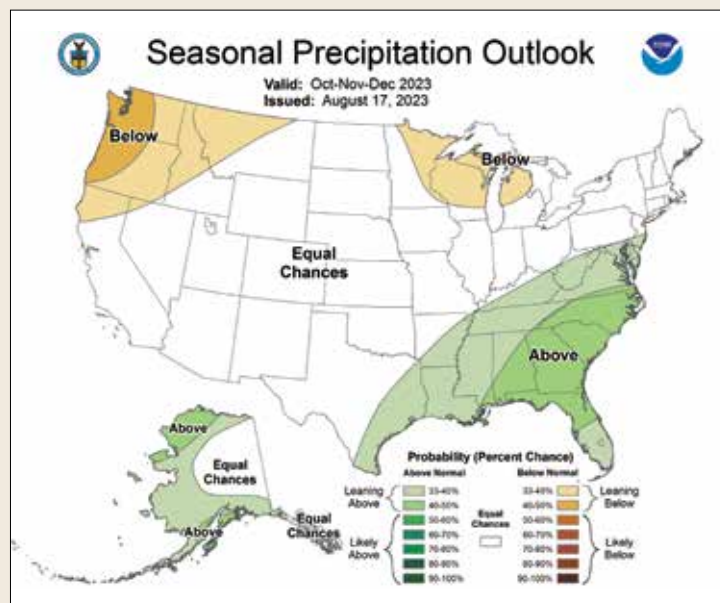
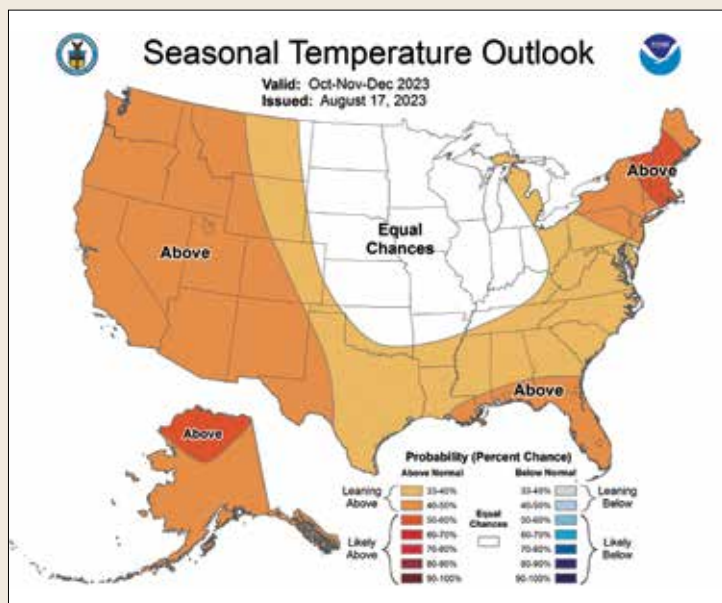
The average Choice retail beef price in July was about \$8.21 per pound. The all-fresh retail beef price was approximately \$7.62 per pound.

Moreover, price spreads continue to verify the strongest consumer demand is for the highest quality beef. For the last week of August, compared to USDA Quality Grade Choice, Prime received a premium of \$18.49 per cwt. and Premium Choice earned a \$4.64 premium. At the other end of the spectrum, Select-grading beef carcasses were priced \$25.23 per cwt. less than Choice.

Although the value of U.S. beef exports is below last year's record pace, international demand also

Seasonal Weather Outlook

Odds favor the current El Niño continuing through winter in the northern hemisphere — more than 95% for December of this year through February of 2024 — according to the National Weather Service Climate Prediction Center. **BA**



Source: National Weather Service Climate Prediction Center

	Last year \$/cwt.	This year \$/cwt.	Change \$/cwt.
Regional Feeder Steer Prices¹			
North Central			
600-700 lbs.	204.02	287.32	83.30 (+40.1%)
700-800 lbs.	194.96	265.06	70.10 (+36.0%)
800-900 lbs.	186.88	250.87	63.99 (+34.2%)
South Central			
500-600 lbs.	199.03	275.07	76.04 (+38.2%)
600-700 lbs.	188.08	257.11	69.03 (+36.7%)
700-800 lbs.	180.90	248.50	67.60 (+37.4%)
Southeast			
400-500 lbs.	186.93	260.33	73.40 (+39.3%)
500-600 lbs.	174.28	244.12	69.84 (+40.1%)
600-700 lbs.	163.72	232.01	68.29 (+41.7%)
CME Feeder Cattle Index²			
	182.25	247.83	65.58 (+36.0%)
Average Five-area Direct³			
Live steer (FOB)	144.79	182.75	37.96 (+26.2%)
Dressed steer (Del)	232.88	292.75	59.87 (+25.7%)
Live heifer (FOB)	143.92	181.30	37.38 (+26.0%)
Dressed heifer (Del)	232.52	292.54	60.02 (+25.8%)
Wholesale Beef Prices⁴			
Choice cutout value	263.29	317.04	53.75 (+20.4%)
Select cutout value	238.22	290.60	52.38 (+22.0%)
Byproduct value ⁵	13.68	13.66	-0.02 (-0.1%)
Average weekly slaughter premiums and discounts⁶			
Prime over Choice	26.19	18.49	-7.70 (+29.4%)
Premium Choice over Choice	4.26	4.64	0.38 (+8.9%)
Select under Choice	-24.90	-25.23	-0.33 (-1.3%)
Retail beef prices⁷			
Choice beef Retail Value	761.9	830.8	68.9 (+9.0%)
All fresh beef Retail Value	734.0	779.3	45.3 (+6.2%)
U.S. beef exports⁸			
Value per head Fed slaughter	447.45	407.12	-40.33 (-9.0%)
Futures prices⁹			
Feeder Cattle Nov	187.075	255.400	68.325 (+36.5%)
Jan	187.800	254.675	66.875 (+35.6%)
Live Cattle Dec '23	149.100	185.125	36.025 (+24.2%)
Feb '24	153.900	189.200	35.300 (+22.9%)
Corn Dec '23	6.500	4.880	-1.620 (-24.9%)
Mar '24	6.560	5.026	-1.534 (-23.4%)
Crude Oil ¹⁰ Nov '23	92.19	79.49	-12.70 (-13.8%)

remains strong and showed renewed strength in June.

Beef exports totaled 115,107 metric tons (mt) in June, down 12% from a year earlier and slightly less than May's volume, according to data released by USDA and compiled by the U.S. Meat Export Federation (USMEF). June export value was \$909.5 million, down 13% year over year, but the highest since October and 4% above the value posted in May.

For January to June, U.S. beef exports were 10% below last year's record pace at 669,176 mt. Export value was just under \$5 billion — down 19% from a year ago but still 8% above the first half of 2021.

Beef export value equated to \$407.12 per head of fed slaughter in June, down 9% from a year ago. The first-half average was \$394.39, down 17%. **BA**

Estimated total cattle slaughter¹¹

Last year million head	This year million head	Change by head
22.11	21.18	-930,000 (-4.2%)

Estimated total beef production¹¹

Last year billion lbs.	This year billion lbs.	Change million lbs.
18.23	17.31	-920.0 (-5.0%)

¹AMS National Weekly Feeder & Stocker Cattle Summary, weeks ending 08/26/23

²CME Feeder Cattle Index year over year 08/25/23

³USDA Five-area weekly weighted average direct slaughter cattle, year over year, week ending 08/28/23

⁴National Weekly Boxed Beef Cutout and Boxed Beef Cuts (negotiated, weekly cutout value summary), weekly average for weeks ending 08/25/23 and 08/26/22

⁵USDA steer byproduct drop value (FOB central U.S.), 08/25/23 and 08/25/22

⁶National Weekly five area direct slaughter cattle premiums and discounts, weighted average week of 08/28/23 and 08/29/22

⁷Meat Price Spreads, Choice beef values and spreads and all fresh beef retail value, USDA ERS; monthly values, cents per pound of retail equivalent (July year over year)

⁸U.S. Meat Export Foundation data — June 2023 and 2022

⁹CME futures, nearby contracts year over year, 08/25/23

¹⁰WTI-CME, nearby contact, year over year, 08/25/23

¹¹Estimated weekly meat production under federal inspection, year to date 08/25/23