

## In The Cattle Markets

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### Cattle on Feed Analysis

February brings the long *Cattle on Feed* report with its annual summaries and additional inventory breakdowns. The total inventory on February 1 was up slightly from a year earlier after very low marketings in January. With the monthly breakdowns repeated in one report, it is easy to look for strong seasonal patterns in placements, marketings, weights, etc. In South Dakota, for example, there is a consistent sharp spike in placements in October.

NASS has adjusted the report to focus solely on steers and heifers on feed instead of including cows and bulls. This adjusts the numbers slightly at the national level. Regionally, South Dakota and Nebraska have a relatively large number of cows and bull on feed. Each of those two states is showing about a 25,000 head adjustment lower in the on-feed numbers to account for cows and bulls. The report has a state-level breakdown of all cattle on feed for all feedlots that can be compared to the January *Cattle* inventory report.

There are still 72,000 feedlots in the U.S. with less than 1,000 head capacity. In 2014 those feedlots marketed 3 million head. The 70 feedlots in the U.S. with capacity of 50,000 head and over marketed about 8 million head. Turns (the ratio of marketings to inventory) are about 2.0 for large lots and only 1.25 for the smallest lots. One-time capacity of all large lots in the U.S. was revised up over 17 million head for most recent years. In 2015 the U.S. capacity is listed at 16.9 million head.

Local patterns and trends can make a difference when assessing the scope of changes in feeding patterns. For example, the number on feed in small lots (those with less than 1,000 head) in South Dakota has rebounded. In the *2007 Census of Agriculture* the turns for small lots in South Dakota was about 1.5. In the *2012 Census of Agriculture* the turns were closer to 2.0, but on a very small beginning inventory. Regardless, the increase in total cattle on feed in 2015 suggests the potential for much larger marketings than if one assumed the low level of turns typical at the national level by the smallest feedlots.

To put the South Dakota feeding inventory in perspective, it is instructive to compare it to *Meat Animals - PDI* data such as calf crops, inshipments, and marketings. The South Dakota calf crop in recent years has been stable at 1.7 million head. Inshipments have typically been 600,000 head. Thus, the pool of cattle to draw from to feed or to use for replacements is 2.3 million head. Of those, typically about 400,000 are marketed out of the state as calves. About 300,000 head are needed to maintain the cow herd. Death loss is typically less than 200,000 head. Given the 2015 beginning on feed total, 700,000 head marketed as fed cattle would leave 700,000 head to be marketed as heavier feeders to other states.

## The Markets

The cattle markets were mixed for the week. Live cattle futures and cash prices finished the week lower. Boxed beef and feeder cattle cash prices were higher for the week. Feeder cattle futures prices were steady. Feed prices were also mixed for the week with corn higher and distillers lower.

		<b>Week of</b>	<b>Week of</b>	<b>Week of</b>
<i>Data Source: USDA-AMS Market News</i>		<b>2/20/15</b>	<b>2/13/15</b>	<b>2/21/14</b>
<b>5-Area Fed Steer</b>	all grades, live weight, \$/cwt	\$159.43	\$161.78	\$145.54
	all grades, dressed weight, \$/cwt	\$254.37	\$256.75	\$230.55
<b>Boxed Beef</b>	Choice Price, 600-900 lb., \$/cwt	\$239.47	\$238.69	\$212.98
	Choice-Select Spread, \$/cwt	\$4.15	\$4.41	\$2.28
<b>700-800 lb. Feeder Steer Price</b>	Montana 3-market average, \$/cwt	\$212.11	\$213.12	\$170.51
	Nebraska 7-market average, \$/cwt	\$222.77	\$219.72	\$175.46
	Oklahoma 8-market average, \$/cwt	\$211.65	\$210.30	\$169.46
<b>500-600 lb. Feeder Steer Price</b>	Montana 3-market average, \$/cwt	\$268.00	\$264.59	\$212.28
	Nebraska 7-market average, \$/cwt	\$283.65	\$274.70	\$220.10
	Oklahoma 8-market average, \$/cwt	\$267.19	\$267.62	\$204.27
<b>Feed Grains</b>	Corn, Omaha, NE, \$/bu (Thursday)	\$3.80	\$3.68	\$4.20
	DDGS Price, Nebraska, \$/ton	\$177.50	\$178.50	\$200.00