



## In The Cattle Markets

David P. Anderson, Professor and Extension Economist  
Texas A&M AgriLife Extension Service

### Huge Beef Quality Price Spreads

Beef production has dipped below a year ago over the last couple of weeks, leading to some higher fed cattle prices and a widening Choice-Select price spread.

Over the last four weeks total beef production is more than half a percent below the same period a year ago. As we all know, not all beef is the same. Over this period, fed steer and heifer slaughter is down 1.7 percent, while cow slaughter is up 4.2 percent. Digging in a little deeper, fed steer slaughter is down 6.5 percent while fed heifer slaughter is up 6.7 percent. Dressed weights continue to be down about 2 pounds per head over the last month for steers, heifers, and cows. Combining weekly slaughter and dressed weights leaves fed beef production about 2.2 percent lower than a year ago while cow beef is up 3.8 percent.

To dig in a little deeper, the percent of carcasses presented for grading over the last month that are grading Prime and Choice are running about 1.6 and 2.6 percent below a year ago, respectively. About 7.7 percent more carcasses are grading Select than a year ago. Combining the percent of carcasses by grade and pounds of fed steer and heifer beef produced indicates that over the last month Prime beef production has been almost 4 percent below a year ago. Choice beef production is almost 5 percent lower than a year ago, while Select production is about 5 percent higher.

The Prime boxed beef cutout has averaged \$279.55 over the last month compared to \$214.81 last year. Over the same period the Choice cutout has averaged \$215.76 versus \$202.48 last year. That leaves the Prime-Choice spread at \$63.80 per cwt this year compared to \$12.33 last year. The average Choice-Select spread has grown to a whopping \$25.76 per cwt over the last month compared to about \$11 last year and \$11 over the last 5-years. The Choice-Select spread tends to increase seasonally this time of the year and that seasonal trend is again occurring, but at a much higher price level this year.

There is a lot of data shoved into this little article, but it highlights that even though beef production remains large, the makeup of those supplies is important. We are producing a little less fed beef and a little more cow beef relative to last year. Fewer cattle grading Prime and Choice are tightening up supplies even more. Relatively tight supplies of Prime and Choice beef are contributing to historically wide price spreads and high values for high quality grade beef.

### The Markets

Local Texas auction markets reported steady prices in early October, with some markets a little higher and some a little lower. Generally, lighter calves and heavier feeders have been moving higher while mid-weight steers and heifers have been falling.

<i>Data Source: USDA-AMS Market News</i>		<b>Week of 8/3/18</b>	<b>Week of 7/27/18</b>	<b>Week of 8/4/17</b>
<b>5-Area Fed Steer</b>	all grades, live weight, \$/cwt	\$112.98	\$111.73	\$117.30
	all grades, dressed weight, \$/cwt	\$177.96	\$176.22	\$187.36
<b>Boxed Beef</b>	Choice Price, 600-900 lb., \$/cwt	\$204.26	\$204.83	\$205.00
	Choice-Select Spread, \$/cwt	\$6.63	\$6.81	\$7.27
<b>700-800 lb. Feeder Steer</b>	Montana 3-market, \$/cwt	--	--	--
	Nebraska 7-market, \$/cwt	\$155.53	\$167.35	\$169.89
	Oklahoma 8-market, \$/cwt	\$151.96	\$152.59	\$151.96
<b>500-600 lb. Feeder Steer</b>	Montana 3-market, \$/cwt	--	--	--
	Nebraska 7-market, \$/cwt	\$167.00	\$197.38	\$186.50
	Oklahoma 8-market, \$/cwt	\$164.23	\$164.88	\$162.92
<b>Feed Grains</b>	Corn, Omaha, NE, \$/bu (Thursday)	\$3.46	\$3.45	\$3.29
	DDGS, Nebraska, \$/ton	\$110.00	\$105.00	\$109.00