

In The Cattle Markets

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

Beef Production Almost Equal to Last Year

After all 2020's curve balls, here we are with 4 weeks left in the year and total beef production is almost the same amount as last year at this time. Through the week ending December 5th, 25.08 billion pounds of beef have been produced compared to 25.2 billion pounds last year. That difference will likely be made up in the next 4 weeks and if so it will likely set a new record for beef production, at about 27.2 billion pounds.

Steer and heifer slaughter is a little over 3 percent behind 2019 at this point. Total cow slaughter is 1.5 percent below 2019, but the source of the cows is interesting. Beef cow slaughter is up 2.5 percent while dairy cow slaughter is down 5.5 percent from a year ago. Low calf prices and drought conditions are acting to increase cow slaughter while higher milk prices have reduced dairy cow culling.

As has been the story all year, fed steer and heifer weights continue to make up the difference to increase beef production. Steer dressed weights have averaged 906 pounds this year compared to 876 pounds last year. Heifer weights have averaged 833 pounds this year, up 22 pounds from 2019. Cow and bull dressed weights are within a pound of last year's average.

More cattle continue to grade Prime and Choice compared to last year. For the last 7 weeks, more than 10 percent of the cattle graded were Prime. Over the same period, more than 71 percent of carcasses were graded Choice. Combined with beef production, that means there is more Prime and Choice beef on the market than at this time last year.

One of the interesting seasonal meat prices is the wholesale price of ribeyes leading into the holidays. Ribeye prices tend to increase, seasonally, at the end of the year. Over the last month wholesale ribeye prices have increased from \$9.23 per pound to \$12.56 per pound. That is the highest price this year, even including the pandemic price rollercoaster back in the Spring when ribeyes peaked at \$11.62 per pound. It may be more consumers are going to try to celebrate with something special if they can. We have already purchased our standing rib roast for Christmas Eve dinner! (Christmas Day will be BBQ!)

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Fed cattle prices have tended to increase over the last several weeks, but are lagging below a year ago. The Choice-Select spread has also been increasing, as it normally does seasonally, but it has also been lagging below a year ago for several months, likely in part due to plenty of Choice supplies on hand. Local auction markets have been steady to higher as some rains have helped, but most of Texas remains in drought.

<i>Data Source: USDA-AMS Market News</i>		Week of 12/4/20	Week of 11/27/20	Week of 12/6/19
5-Area Fed Steer	all grades, live weight, \$/cwt	\$109.75	\$110.27	\$118.92
	all grades, dressed weight, \$/cwt	\$172.29	\$173.37	\$188.10
Boxed Beef	Choice Price, 600-900 lb., \$/cwt	\$240.44	\$243.45	\$227.97
	Choice-Select Spread, \$/cwt	\$19.26	\$23.76	\$17.77
700-800 lb. Feeder Steer	Montana 3-market, \$/cwt	\$140.95	\$133.15	\$144.39
	Nebraska 7-market, \$/cwt	\$149.56	\$142.31	\$154.16
	Oklahoma 8-market, \$/cwt	\$135.93	\$138.01	\$146.36
500-600 lb. Feeder Steer	Montana 3-market, \$/cwt	\$164.42	\$154.49	\$161.73
	Nebraska 7-market, \$/cwt	\$170.78	\$165.18	\$169.59
	Oklahoma 8-market, \$/cwt	\$158.09	\$152.76	\$160.95
Feed Grains	Corn, Omaha, NE, \$/bu (Thursday)	\$4.18	\$4.24	\$3.62
	DDGS, Nebraska, \$/ton	--	\$207.50	\$156.50