

# CattleFax

# UPDATE

THE  
DECIDING  
FACTOR



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## Records are Meant to be Broken

Patrick Linnell

The fed cattle market charged into new all-time highs this week after the Southern Plains cash was \$2 higher at a record \$188. Last week tied the previous record at \$186. Meanwhile, the North this week essentially matched last year's record near \$190 with some trade higher yet. As a result, the CattleFax U.S. average fed steer price was \$189.26 compared to \$187.04 last week and the previous record of \$188.29 last June.

New records should be expected in cattle markets as each bull run within the cattle cycle typically results in prices driving to new highs exceeding the prior cycle. That's the combined effect of inflation over time, and in recent decades, a testament to the demand growth for beef.

Within most years of a bull market, prices should also be expected to generally make higher highs and higher lows compared to the year prior. This time around, higher highs and higher lows has been the pattern since 2020, a trend that should hold at least into 2025. The low in 2023 was \$155.30, and at present, the 2024 low of \$173.37 has strong odds of being the low for the year.

Even if records are meant to be broken, as the saying goes, each new record should still be cause for excitement for cattle producers. That is especially true for the cow-calf segment - the fixed-cost operator of the industry and the factory floor. As discussed on the front of last week's Update, the calf market has set fresh records this year with U.S. average 550-lb. calf prices above \$320/cwt.

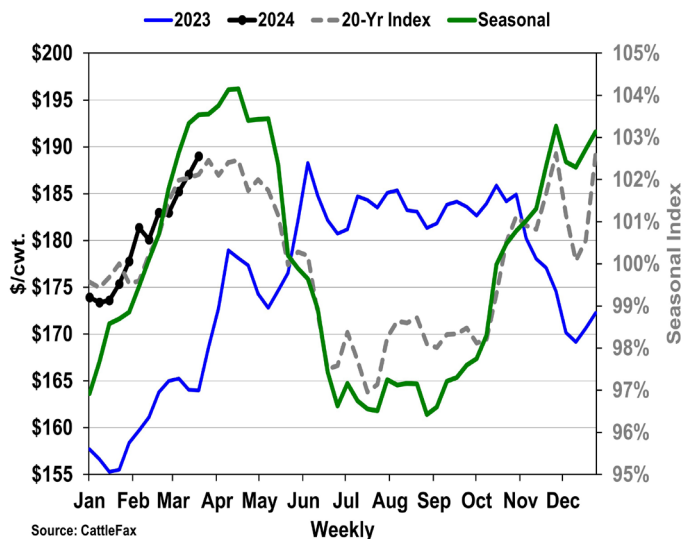
The summer videos will be here soon and are expected to be another banner season for the cow-calf producer. The fall cash market for calves should also be stout with support near \$300/cwt. That compares to 2023 fall lows in the low \$270s. Strong calf prices and profitability are needed to fuel meaningful expansion.

With the first quarter of 2024 nearly complete, the market has performed largely in line with expectations. The beef complex and fed cattle market have moved seasonally higher. As grilling demand heats up, the composite cutout is on track for highs into the \$320s. The fact that last year's spring high for the cutout was nearly \$335 suggests further upside potential, however the June rally was arguably unique due to surprisingly tight beef production at the time.

Time will tell but the cash fed cattle market should still have a few weeks and dollars left in the spring rally with showlists seasonally manageable, beef demand seasonally firm, and leverage in the hands of the cattle feeder. Elevated carcass weights will need to be monitored in assessing seasonal downside risk into the summer once spring highs are definitively established.

**Bottom Line:** The fed cattle market has moved into new record highs this week with further room yet in the spring rally. The bull market continues to unfold with more records yet to be broken.

### CattleFax U.S. Fed Steer Price



Source: CattleFax

## Market Highlights

**Fed Cattle** - The North saw active trade volumes at \$190 to \$191 live and mostly \$302 dressed which is \$3 firmer live and \$4 higher dressed compared to last week. Active trade in the South at \$187 to mostly \$188 live which is \$1 to \$2 firmer than last week.

**Boxed Beef** - The cutout moved higher with the Choice cutout increasing \$2.95/cwt and the Select cutout adding \$2.04/cwt. Expect a steady to higher trend as increased production can add pressure to end meats in the near term before demand for middles picks up pace leading into grilling season.

**Feeder Cattle** - Traded mainly \$1 lower to \$4 higher.

**Calves** - Traded mostly \$1 to \$6 firmer with a few instances of negative moves.

**Market Cows** - Traded mainly \$2 to \$7 higher.

**Corn** - Remained rangebound, finishing 2 cents higher on the active May contract.

## Coming soon: CattleFax Trends

CattleFax will continue the Trends+ Webinar series on May 22, 2024. Our team hopes you can join us as CattleFax analysts provide a cattle market update and outlook with emphasis on the summer and fall feeder cattle and calf markets. Results from the recent cow-calf survey will also be discussed that highlight key factors influencing profitability. To register for the next webinar please visit this link to sign up:

[CattleFax Trends+ May 22, 2024](#)

## Coming Soon: CattleFax Risk Management Seminar

Markets are volatile,

**Risk Management doesn't have to be**  
Mark your calendars! Registration opens soon for the upcoming CattleFax Risk Management Seminar, taking place June 19-20, 2024 in Denver, CO. For more information, please visit the CattleFax [about page on our website](#)

FED-CATTLE OUTLOOK

### Northern Leadership and Divergence

Kevin Good

Fed cattle prices have rallied nearly \$20 off the December lows and pushed into new all-time highs. In addition, the Northern markets have outpaced the South and are expected to provide leadership in the cash market moving forward. That said, despite the higher cash this week the futures market failed to move into new highs resulting in divergence. This would indicate that the June and August contracts have marked the higher end of the range for the summer market. The fundamentals are still seasonally supportive moving forward with historically manageable fed cattle supplies and increasing beef demand/usage as the weather warms. But, the bottom line is that the cash market must now assume leadership in the markets to continue the higher trend. This will result in a strengthening basis through April and into May. Longer-term beef prices both at retail and wholesale are at levels that indicate beef demand remains historically strong, leaving ample margin in the system for cattle values to continue a cyclical higher trend with tighter beef production forecast through 2024 and beyond.

**Next week:** Offerings are expected to be even to smaller. The beef will trade stronger. The fed market is expected to trade near \$189 in the south with increasing premiums in the north.

**April-May:** Supplies will remain manageable. Beef prices are expected to strengthen as the weather warms. The cattle feeders' leverage will continue to be price supportive. Look for prices to remain strong trading in the upper \$180's to the low \$190's, with continued premiums in the north.

**June-July:** Fed cattle supplies although manageable will increase seasonally. The beef complex will move lower into the heat of the summer. Leverage will seasonally improve for the packing segment. This combination will result in a softer trending market with risk back to near \$180 by mid-summer.

### FED CATTLE CURRENTNESS INDEX

	Uncurrent	Caution	Neutral	Current	Very Current	
<b>FED CATTLE PRICES 22-MAR-2024</b>						
	Live Steers	Dressed Prices	Live Heifers	Hot-Wgt Prices	Trade Volume	Contract Formula
PANH	188	N.T	188	N.T	78,500	89%
KS	188	N.T	188	N.T	87,000	70%
NE	190-191	300-302	190-191	301-302	60,500	40%
CO*	190	N.T	190	N.T	23,000	96%
CB	190-191	300-302	190-191	300-302	37,500	96%

BOXED BEEF OUTLOOK

### Extending the Trend

Terrel Platt

The Choice cutout closed the week \$2.95/cwt. higher, while the Select cutout increased by \$2.04/cwt. Buyers continued to purchase in hand to mouth fashion citing little urgency on the demand side. The harvest total will finish below last week, although margins have shifted slightly above breakeven for the packing sector.

**Next Week:** Supplies will remain manageable but increased production is anticipated which may lead to pressure on rounds as interest further shifts towards middles. Gains from middles are expected to continue leading to a steady to higher market.

**April:** As grilling demand gathers momentum a stronger trend is expected to develop.

**May-June:** Focus will center on middle meat items during peak demand season into May. The cutout tends to take on a lower trend heading into the heat of summer as demand dissipates and supplies seasonally increase.

### PLACEMENTS & SHIPMENTS

#### Weekly Average Placements (000 hd)

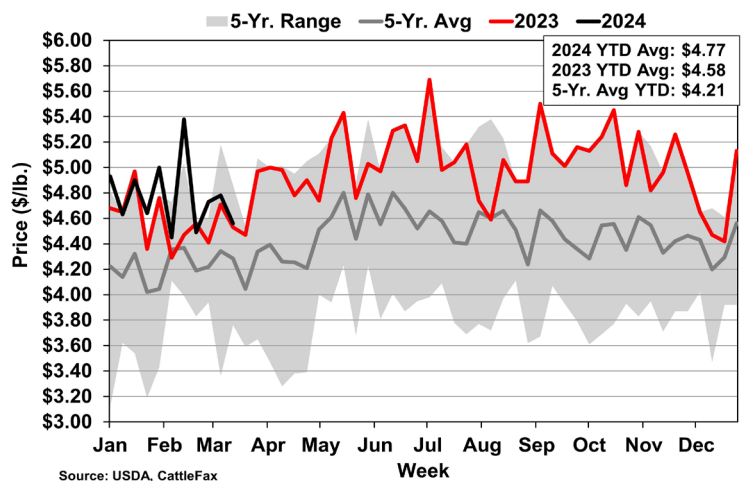
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2023	116	106	106	116	129	107	117	130	128	124	114	112
2024	85	118	114	106	125	98	109	122	134	130	104	106
24%23	73	111	108	92	97	92	91	94	105	105	91	94
24%5yr.	71	100	93	93	89	79	89	93	93	94	82	83

#### Weekly Average Shipments (000 hd)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2023	119	108	113	122	125	128	125	123	129	121	123	110
2024	122	123	124	120	126	124	131	123	125	114	111	119
24%23	102	113	110	100	101	97	105	100	96	94	90	108
24%5yr.	96	101	98	98	98	94	97	93	91	92	89	93

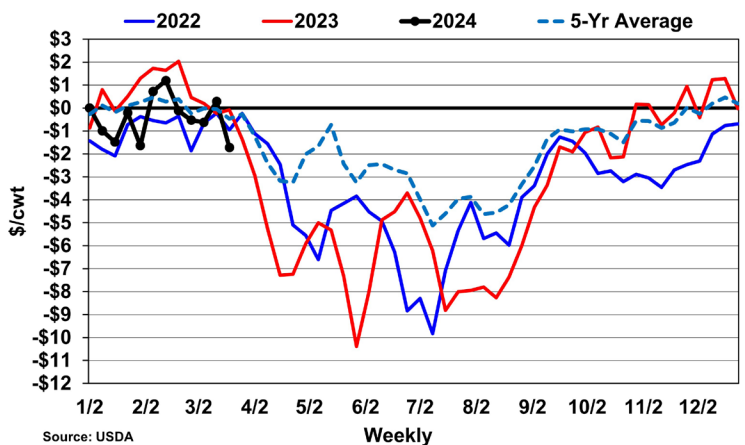
### CHARTS OF THE WEEK

#### USDA Ground Beef Retail Feature Price



- Ground beef is a staple in the American diet as about 50 percent of all beef consumption is in the form of ground beef.
- Prices have moved higher over the past few years along with the rest of the complex. Featured prices are now just over 4 percent higher than the same time a year ago.

#### USDA Kansas - Nebraska Fed Steer Spread



- The Northern fed cattle market has assumed its typical market leadership role. Typically this time of year the North begins to build a strong premium to the South.
- Although not expected to reach the premiums seen the past couple of years, the North-South spread will widen seasonally into the summer.



FEEDER/CALF OUTLOOK

# Timeframe for Basis Convergence

Troy Applehans

The historical basis seasonality suggests that cash and futures typically begin to converge at this point in the year for the feeder contracts. Basis began to converge in February, a bit earlier than it normally does, but the charts indicate it will continue – particularly against the summer and fall period. What this has historically meant is that the cash market outperforms the futures market going forward.

Since February the futures premiums have not been as prominent as the past couple of years, yet still significant from an historical perspective. They have provided opportunities for many producers to get some work done with regard to managing risk. The cash feeder market is expected to continue to move higher going forward. As always, the risk to the feeder market is corn and the deferred live cattle futures.

The calf market continues to make new weekly all-time highs, yet seasonally is approaching its annual price peak. Calf values will continue to be well supported into summer.

**FEEDER CATTLE:**

**Next Week – April:** Seasonally the cash feeder market begins to increase as more cattle are placed against a higher fall live cattle futures market. Cost of gain and tight supplies will continue to benefit feeder cattle prices with Index support near \$250 and resistance at upper-\$250s.

**May – June:** After the winter grazing run is complete supplies will decline quickly until later in the summer. Prices are expected to range from the mid-\$250s to low \$260s.

**CALVES:**

**Next Week – April:** The calf market is expected to find its annual high in this period in the \$325+ area for U.S. average 550-pound steers.

**May – June:** Prices are expected to have peaked yet remain elevated through this period on tight supplies. U.S. average 550-pound steers expected to remain above \$300.



FEED GRAIN OUTLOOK

# USDA Prospective Plantings

Troy Bockelmann

The USDA is set to release the Prospective Plantings report on March 28th. This will be the first survey-based acreage estimate released for the 2024/25 crop year. In the February USDA Ag Outlook forum, planted acres were expected to drop by 3.6 million acres to 91 million acres while soybean acres were expected to increase by 3.9 million acres. CattleFax was mostly in line with those expectations, estimating a 2-million-acre swap between corn and soybeans that was presented at the December Outlook and Strategies conference. Heading into the report, the expectation remains the same. The report will likely show smaller corn acres and increased soybean acres along with cotton.

So, what does the shift in acres mean to supplies and ultimately stocks-to-use? With corn acres down 2 million acres and yield around 2.5 percent below trend, stocks-to-use would likely grow into the next market year with the potential to reach 16.5 percent. The same stocks-to-use can be reached with the USDA estimate from the Ag Outlook forum, and trendline yield. Both scenarios assume a modest increase in demand. This is helped by increased carry-out in the current market year of 800 million bushels to over 2.1 billion bushels. With increased soybean acres, stocks-to-use could also grow above 8 percent. Now, it is still a long way between now and harvest. Mother Nature will still need to provide rainfall this summer to grow the crops. The market will still need to digest the news of the Prospective Plantings report and its implications, yet the corn and soybean markets appear to have priced in the bulk of the news of larger supplies ahead. With that, the Managed Money (MM) pushed the market lower, going to the 2nd largest short position on record in both corn and soybeans. Over the last couple weeks, the MM have started to liquidate those positions. As a result, expect corn and soybean futures to continue to trend higher into the spring. Spot corn futures have the potential to move towards \$5/bushel and soybeans moving back towards \$13/bu. with the potential of \$14/bushel.

**FEEDER/CALF PRICES-22-MAR-2024**

West	AZ/NM	CA	CO	MT/WY	NV/UT	OR/WA/ID
<b>STEERS</b>						
9-10	216-229	217-225	223-231	227-236	218-229	219-230
8-9	227-240	228-238	236-246	237-254	230-245	234-246
7-8	240-255	241-256	252-264	266-286	246-269	250-270
6-7	260-286	262-288	286-301	300-320	267-300	272-301
5-6	302-330	304-332	323-341	333-353	302-331	303-334
4-5	344-370	346-372	358-376	352-381	330-363	329-357
<b>HEIFERS</b>						
8-9	206-223	214-224	219-229	222-238	214-227	216-228
7-8	223-238	224-239	236-248	242-262	226-245	228-246
6-7	239-265	241-267	255-270	271-293	242-271	243-272
5-6	259-298	272-300	293-311	294-316	275-309	279-310
4-5	297-328	304-330	313-331	316-338	299-326	298-326
<b>COWS</b>						
Util	119-134	121-133	126-136	121-135	119-132	119-132
Cn/Cut	89-110	100-112	106-117	105-120	99-111	99-112
<b>BULLS</b>						
Bulls	123-142	125-137	134-145	133-144	124-137	123-138
<b>Central</b>						
	IA	KS/MO	ND/SD	NE	OK	TX
<b>STEERS</b>						
9-10	233-241	224-234	237-245	231-239	226-234	222-230
8-9	246-256	240-250	247-257	252-262	240-250	234-244
7-8	268-280	261-276	275-287	272-284	260-272	250-262
6-7	301-316	290-310	300-315	304-319	291-306	288-303
5-6	332-350	318-340	332-350	339-357	328-346	318-336
4-5	354-372	344-380	348-366	373-391	370-388	350-368
<b>HEIFERS</b>						
8-9	221-231	215-229	226-236	222-232	217-227	214-224
7-8	240-252	234-250	244-256	240-252	234-246	226-238
6-7	260-275	257-272	267-282	272-287	259-274	251-266
5-6	286-304	279-303	290-308	288-306	284-302	276-294
4-5	311-329	304-324	311-329	315-333	314-332	308-326
<b>COWS</b>						
Util	119-129	121-140	121-131	120-130	123-133	122-132
Cn/Cut	83-94	108-128	89-100	86-97	115-123	118-128
<b>BULLS</b>						
Bulls	126-137	139-154	127-138	127-138	132-142	145-155
<b>Southeast</b>						
	AL	AR	FL	GA	KY/TN	LA/MS
<b>STEERS</b>						
9-10	210-218	212-220	202-210	206-214	212-220	208-216
8-9	224-234	227-237	215-225	219-229	226-236	222-232
7-8	243-255	246-258	236-248	241-253	246-258	243-255
6-7	275-290	280-295	265-280	271-286	270-285	274-289
5-6	309-327	316-334	302-320	307-325	297-315	311-329
4-5	342-360	348-366	340-358	336-354	328-346	343-361
<b>HEIFERS</b>						
8-9	203-213	204-214	194-204	197-207	207-217	203-213
7-8	216-228	216-228	209-221	215-227	217-229	216-228
6-7	237-252	241-256	230-245	238-253	236-251	238-253
5-6	264-282	272-290	262-280	262-280	261-279	265-283
4-5	295-313	297-315	291-309	287-305	283-301	294-312
<b>COWS</b>						
Util	130-139	122-131	124-133	128-137	123-132	131-140
Cn/Cut	111-120	102-111	108-117	109-118	105-114	109-118
<b>BULLS</b>						
Bulls	144-152	141-149	142-150	145-153	142-150	146-154

\*COMPARED TO PRIOR WEEK - GREEN=HIGHER RED=LOWER BLACK=STEADY

**PERCENT PROBABILITY OF A HIGHER PRICE - 3/WKS**

	29-Mar	5-Apr	12-Apr
550 lb Steer	80%	45%	40%
850 lb Steer	65%	60%	65%
Fed Steer	55%	50%	60%
Utility Cow	75%	70%	45%
Composite Cutout	35%	50%	60%

\*Compared to prior week - 20 year data



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## On-Feed Stays Elevated

Holden Ramey

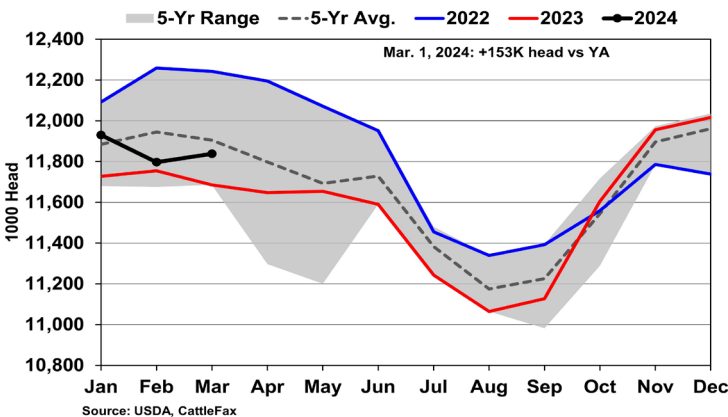
March 1 cattle on feed inventories were reported by the USDA up 1 percent from a year ago, while placements came in 10 percent ahead of last February. Marketings were up 3 percent from 2023, on one additional day.

February placements at 1.89 million were above industry expectations for the second month in a row. Improving pen conditions and elevated prices likely helped push the volume of cattle entering feedyards higher. Regionally, Texas was one of the few regions to show placements below a year ago, being down 5,000 head. At the same time, placements in Kansas and Nebraska showed some of the largest increases relative to last year, being up 30,000 and 70,000 head respectively.

Despite moderating slaughter levels, particularly in the second half of the month, the February marketing number was helped above year-ago levels with the leap day. Cattle on feed inventories posted a counter seasonal increase of 41,000 head from February 1 to March 1. Oklahoma reported the largest increase in on-feed inventories, up 60,000 head from a year ago. Kansas posted one of the only declines in cattle on feed being down 60,000 head.

U.S. Cattle on Feed March 1, 2024 (1,000+capacity)					
	5-Yr Avg	2023	2024	%Yr-Ago	%5-Yr Avg.
COF Feb. 1	11,945	11,754	11,797	100.4	98.8
Placed	1,771	1,723	1,890	109.7	106.7
Marketed	1,751	1,734	1,793	103.4	102.4
Other Dis.	60	58	56	96.6	93.6
COF Mar. 1	11,905	11,685	11,838	101.3	99.4

### United States Cattle on Feed



## Summary of Activity

THIS WEEK 22-Mar-24    LAST WEEK 15-Mar-24    YEAR AGO 24-Mar-23

### CattleFax Data

Placements	104,380	128,951	119,566
Shipments	135,584	122,122	134,530
Avg In-Weights	699	689	740
USDA Sltr Wgts	1,389	1,389	1,374
USDA Str Carc Wgt*	922	919	903
Days on Feed	181	184	178
Carryover Pct	41	42	36
Weekly Supply	505,200	434,400	438,800
Percent Grade Choice & Higher	84.77	83.89	84.95
Prime Grade Pct	10.23	10.31	10.07
Choice Grade Pct	74.54	73.58	74.88
Select Grade Pct	12.2	12.58	11.83

\* USDA steer carcass weights are actual from two weeks ago.

### Live Prices (\$/cwt)

Slaughter Steers	189.26	187.04	163.99
Steer Calf (450#)	359.31	355.76	250.77
Steer Calf (550#)	328.32	325.13	236.31
Steer Calf (650#)	293.66	290.83	214.59
Yearling Steer (750#)	262.17	259.21	192.77
Yearling Steer (850#)	240.59	239.35	180.13
Utility and Commercial Cows	128.32	122.87	97.10
Canner and Cutter Cows	108.52	104.12	83.70
Lean Hogs	83.25	82.34	76.99
Omaha Corn (\$/bu)	4.46	4.37	6.62
12-City Broiler	128.31	125.88	130.14
Dollar Index	104.12	103.46	102.78

### Meat Prices (\$/cwt)

Certified Angus Beef Cutout (UB)	320.57	314.07	291.77
Choice Cutout	313.73	310.78	282.78
Select Cutout	303.73	301.69	268.89
Choice/Select Price Spread	10.00	9.09	13.89
Cow Cutout	259.86	251.92	215.45
Hide and Offal	11.82	11.81	12.82
Pork Cutout	92.08	93.25	80.30

### Slaughter (000 hd) and Meat Production (Mil lbs)

Cattle	598	601	628
Hogs	2532	2466	2473
Total Red Meat Production	1050	1037	1054
Beef Production	500	501	513
Pork Production	546	532	537
Poultry Production	895	803	877

### Daily Cattle Prices (\$/cwt)

		CME AVG FDR PRICE	6 STATE FED STR PRICE**	KS-TX-OK FED STR**
Thu	Mar 21	NA	189.25	187.96
Wed	Mar 20	251.82	190.00	186.00
Tue	Mar 19	251.41	186.96	186.00
Mon	Mar 18	251.02	186.96	186.00
Fri	Mar 15	250.86	186.96	186.00

\*\* 5-Day weighted average fed steer price (CO, IA, KS, NE, TX, OK), (KS, TX, OK)

### F.I. Slaughter Mix (000 head)

	----- Week Ending -----		----- Year To Date -----		Pct Chg		
	09-Mar-2024	11-Mar-2023	2024	2023			
Total Sltr	584	631	5934	6287	DN -5.6		
Pct							
Steers	45.3	264	45.7	289	2796	2884	DN -3.1
Heifers	33.8	197	32.3	204	1877	1960	DN -4.2
Cows	19.4	113	20.5	129	1183	1357	DN -12.8
Bulls	1.5	9	1.5	9	79	86	DN -8.1