

CattleFax

UPDATE

THE
DECIDING
FACTOR



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Increased Efficiency Results in More Hogs

Mary Kurzweil

The March 1 Hogs and Pigs Inventory report revealed an overall larger supply of hogs compared to a year ago as increased efficiency continues to be a key driver in growing U.S. pork production. The total hog inventory came in at 74.6 million head with the market hog inventory at 68.6 million head (+0.8%) and the breeding herd at about 6 million head (-2.1%).

Gains in pigs per litter over the past year have allowed the industry to maintain the market hog supply with fewer sows. Pigs saved per litter do have a long-term upward trend, but in 2020 and 2021, the number had nearly flatlined as producers dealt with labor and disease (mostly PRRS) challenges. The last 4 inventory reports have more than made up for that, with pigs per litter up 3 to 4.6 percent in these reports. Growth ahead will be smaller, but these gains and levels above 11.5 pigs have proven to be sustainable in the past year.

The breeding herd should stabilize as pigs per litter flattens and the market begins to provide more support. Pork and hog producers have struggled with weak demand and resultantly negative margins for much of the past 18 months, but lean hog futures have shown that profitability should be returning to producers this spring and summer. Stability in the breeding herd will bring less sow and boar slaughter and a smaller culling rate.

Though sow and boar slaughter will decline, market hog slaughter and overall pork production will increase for the year. Pork production is forecast to grow about 1.5 percent, which would be the second largest year, only behind 2021. Still, closures of breeding and packing facilities in the last few years will limit further production growth unless capacity is added back.

Pork demand has started to indicate the need for growth as the pork cutout has averaged 8 percent higher than last year with strength throughout. Pork exports have continued to be a driver, expected to increase again this year even after the 7.6 percent growth in 2023. Domestic demand has improved to start the year, as strength to the rib and belly primals has been seen, typically indicating domestic demand. More pork retail featuring has already been seen and this will likely continue in the light of tighter beef supplies.

Bottom Line: Pork production should continue larger in 2024 which will partially offset the declines in beef production. Still, pork alone will not be able to fill the gap in beef supply as further growth in pork production will require a larger breeding herd and more processing capacity.

USDA Hogs and Pigs Report

March 1, 2024

	2024	2023	% YA	5-Yr Avg	% 5-Yr
All Hogs and Pigs	74,571	74,136	0.6%	74,453	0.2%
Total Market Hogs	68,556	67,990	0.8%	68,253	0.4%
180+ lbs.	12,670	12,748	-0.6%	12,879	-1.6%
120-179 lbs.	15,804	15,749	0.3%	15,398	2.6%
50-119 lbs.	19,333	19,049	1.5%	19,136	1.0%
Under 50 lbs.	20,749	20,444	1.5%	20,840	-0.4%
Kept for Breeding	6,016	6,146	-2.1%	6,200	-3.0%
Pig Crop (Dec-Feb)	33,148	32,537	1.9%	32,922	0.7%
Pigs per Litter	11.53	11.02	4.6%	11.09	4.0%
Sows Farrowing					
Dec-Feb	2,875	2,952	-2.6%	2,970	-3.2%
Mar-May Intentions	2,915	2,941	-0.9%	2,994	-2.6%
Jun-Aug Intentions	2,987	3,040	-1.7%	3,087	-3.2%

Market Highlights

Fed Cattle – The North saw moderate at best trade volumes at \$188 to \$190 live and \$299 to \$300 dressed which is \$1 to \$2 softer live and \$2 to \$3 lower dressed compared to last week. Light to moderate trade in the South at \$185 to \$186 live which is \$2 softer than last week.

Boxed Beef – The cutout moved lower with the Choice cutout decreasing \$5.37/cwt and the Select cutout dropping \$2.56/cwt. Expect a steady to higher trend as grilling season begins to heat up with rib and loin items leading the market. The Choice-Select spread should also begin to widen soon.

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

Calves – Traded mostly \$5 softer to \$2 firmer.

Market Cows – Traded mainly \$1 to \$6 higher.

Corn – Remained rangebound, finishing 3 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

Fundamentals vs. Psychology

Kevin Good

Fed cattle prices pulled back \$2 this past week in response to negative psychology created in large part by the news of HPAI detected in milk/dairy in the southern plains. The live cattle futures dropped \$8-\$10 before partially recovering. It appears that the HPAI situation is under control and that the markets have absorbed the negative news. Moving forward the fundamentals remain seasonally and historically strong, as fed cattle supplies are manageable and increasing beef demand/usage is expected as the weather warms. That said, with the damage done in the futures markets, the cash will need to show more leadership, especially in the north where front-end fed supplies are the tightest. 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 near even. The beef complex will trade near steady. The fed market is expected to trade firmer, near \$187 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	
FED CATTLE PRICES 29-MAR-2024						
	Live Steers	Dressed Prices	Live Heifers	Hot-Wgt Prices	Trade Volume	Contract Formula
PANH	185-186	N.T	185-186	N.T	85,500	85%
KS	185-186	N.T	185-186	N.T	82,000	72%
NE	188-190	299-300	188-190	299-300	45,000	50%
CO*	188	N.T	188	N.T	22,000	91%
CB	190-191	300-302	190-191	300-302	37,500	96%

BOXED BEEF OUTLOOK

Hams & Lambs

Terrel Platt

The Choice cutout closed the week \$5.37/cwt. lower, while the Select cutout decreased by \$2.56/cwt. The complex took a breath this week as buyers succeeded in pressing the round complex lower while ribs and loin items remained well supported. The focus is beginning to shift towards grilling season which should lend towards more strength in middles moving forward.

Next Week: The cutout should begin to regain footing with rib and loin items taking the lead, yielding a steady to higher trend.

Balance of April: Demand for middles will be in full swing and a higher trend is anticipated. The Choice-Select spread will seasonally widen, as demand for Choice product increases against seasonally decreasing Choice grade.

May-June: The beef complex is expected to remain well supported with a higher trend prevailing into May followed by a lower trend heading into the heat of summer.

PLACEMENTS & SHIPMENTS

Weekly Average Placements (000 hd)

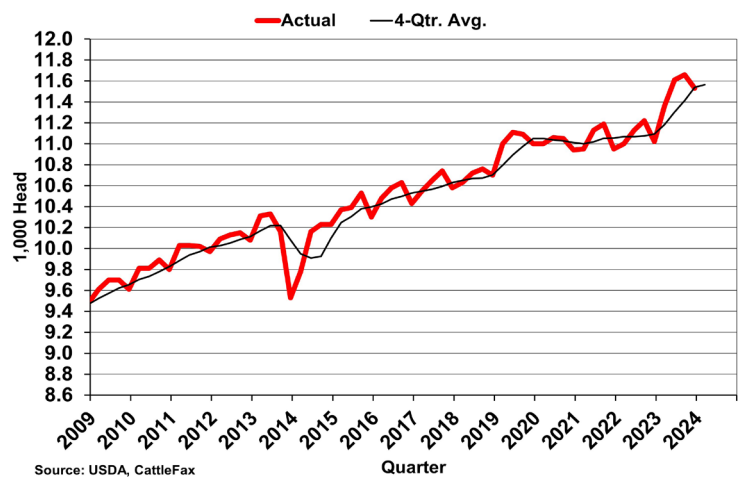
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2023	116	106	106	116	129	107	117	130	128	124	114	112
2024	85	118	109	106	125	98	109	122	134	130	104	106
24%23	73	111	103	92	97	92	91	94	105	105	91	94
24%5yr.	71	100	89	93	89	79	89	93	93	94	82	83

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	119	120	126	124	131	123	125	114	111	119
24%23	102	113	105	100	101	97	105	100	96	94	90	108
24%5yr.	96	101	94	98	98	94	97	93	91	92	89	93

CHARTS OF THE WEEK

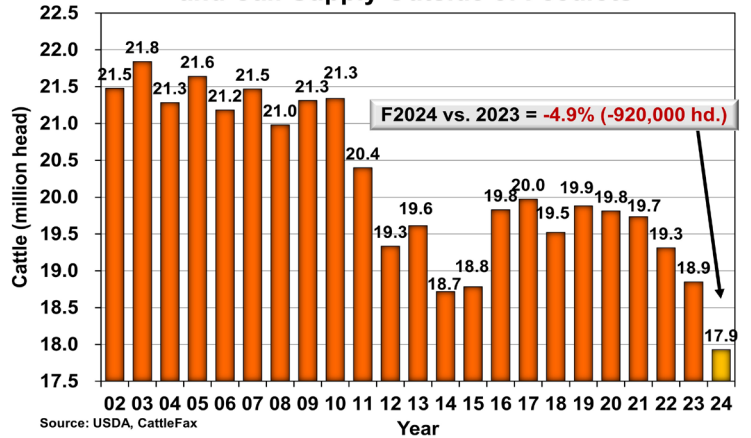
USDA Pigs Per Litter



Source: USDA, CattleFax

- After no growth in pigs per litter in 2021 and 2022 due to disease and labor challenges, big growth over the past year has made up for that, resuming the longrun upward trend.
- Pigs per litter should continue to increase moving forward, but gains will come at a much more moderate rate after the large jump in the last year.

April 1 - U.S. Feeder Cattle and Calf Supply Outside of Feedlots



Source: USDA, CattleFax

- U.S. feeder cattle and calf supplies are estimated to be historically tight as of April 1, 2024. Smaller calf crops coupled with strong demand from feedlots has led to the industry pulling the supply forward.
- Expect supplies to remain extremely tight for the remainder of 2024 and into 2025.

 FEEDER/CALF OUTLOOK

Watchlist for Feeder Market

Troy Applehans

Cattle markets endured some challenges over the past week with market divergence, a somewhat bearish on feed report, and challenges in the dairy industry, but appear to have been able to shrug it off as futures began a rebound and the cash fed market ended perhaps better than anticipated.

The feeder futures experienced a sharp decline, yet the cash market was more resilient and saw limited losses this week. However, the prospective planting report with the anticipated fewer acres for corn may be price limiting in the near term. The cash feeder market is anticipated to be well supported near present levels, but markets will need to digest the crop acreage intentions and the potential impact on what are still expected to be reasonable costs of gain moving forward as farmers progress through planting season.

Seasonally, the calf market is normally near its highs. Still the calf market is expected to be very well supported progressing through spring.

FEEDER CATTLE:

April – May: Movement of feeders will continue coming off winter grazing from the west coast, southern plains and southeast during the period. Supplies will remain more limited. This will be supportive of the expected higher price trend of the cash market. Expect a price range of \$250 to \$260.

June – August: Limited supplies early, increasing late. Cattle on feed numbers will decline with increasing demand for feeders. Prices are expected to range from \$260 to \$270.

Calves:

CALVES:

April – May: Spring highs will likely have been established. Calf values are expected to remain elevated with strong support for U.S. average 550-pound steers near \$300.

June – August: Expect limited movement in the spot market. Video sale season will provide a strong gauge for calf values this fall. The smaller calf crop should continue to support higher than last year.

 FEED GRAIN OUTLOOK

USDA Prospective Plantings

Troy Bockelmann

In last week's CattleFax Update the expectations heading into the Prospective Plantings report were discussed. Now the report has been released and corn acres came in lower than expected while soybeans acres were higher as the market has shifted more corn acres into soybeans. Corn acres came in at 90 million acres, down 4.6 million from a year ago, while soybean acres were estimated at 86.5 million, 2.9 million acres above a year ago. Industry and Cattle Fax expectations were closer to a 2 to 2.5 million acres swap. Another shift occurred in total principal crop acres, now estimated at 313 million acres, down 6.3 million acres from a year ago. On this report, the market took a more friendly tone in the grain, fiber and oilseed futures and will likely continue to fuel the managed money short liquidation.

Now, the crop hasn't even been planted yet, so there is still plenty of time for acres to change. Historically, that has been the case that corn, and soybean acres will continue to be adjusted, up until the final report next January. The next major report that estimates acres will be in June. Since 1990, nearly 60 percent of the time, corn and soybean acres are adjusted higher in the June acreage report. When acres are adjusted higher, the average change in corn acres is 1 million, with 1.5 million as the average increase in soybean acres. This is just about the same average change when adjusted lower as well.

So, what does this all mean to the market? On the corn side, the market will likely take a more defensive approach until more certainty in acres and yield are determined. Going from the 2-million-acre decrease expected to a 4.6-million-acre decrease reported would suggest that stocks-to-use could be closer to 14 percent vs. the 16.5 percent previously expected. Scatterplot analysis in this scenario would suggest that December corn futures would be fundamentally priced at harvest near \$5/bu. rather than closer to \$4.50 than the higher stocks-to-use would suggest.

FEEDER/CALF PRICES-29-MAR-2024

West	AZ/NM	CA	CO	MT/WY	NV/UT	OR/WA/ID
Wts STEERS						
9-10	217-230	218-226	223-231	226-234	219-230	221-231
8-9	228-243	229-239	232-242	235-252	231-246	234-247
7-8	241-256	242-257	258-270	262-281	247-270	250-271
6-7	260-286	262-288	293-308	301-317	267-300	273-301
5-6	305-333	307-335	332-350	332-354	303-332	303-333
4-5	343-369	345-371	362-380	351-383	331-363	330-358
HEIFERS						
8-9	206-222	213-223	219-229	222-237	214-228	217-229
7-8	220-237	223-238	233-245	240-256	226-246	230-247
6-7	238-264	240-266	250-265	268-291	243-275	246-276
5-6	256-300	274-302	293-311	292-314	276-308	279-309
4-5	300-328	304-330	308-326	319-340	302-328	300-329
COWS						
Util	119-137	121-133	130-140	126-138	120-132	119-133
Cn/Cut	95-110	100-112	110-121	109-121	101-115	101-116
BULLS						
Bulls	125-146	127-139	139-150	136-149	128-140	126-142
Central						
	IA	KS/MO	ND/SD	NE	OK	TX
Wts STEERS						
9-10	230-238	224-236	234-242	237-245	218-226	220-228
8-9	241-251	238-250	243-253	246-256	237-247	230-240
7-8	271-283	262-275	269-281	266-278	260-272	253-265
6-7	295-310	290-310	305-320	304-319	295-310	293-308
5-6	327-345	318-340	329-347	335-353	328-346	322-340
4-5	350-368	350-380	347-365	366-384	370-388	356-374
HEIFERS						
8-9	220-230	215-229	227-237	225-235	214-224	214-224
7-8	235-247	226-250	242-254	236-248	234-246	228-240
6-7	253-268	251-272	272-287	268-283	259-274	251-266
5-6	282-300	279-302	294-312	293-311	284-302	278-296
4-5	305-323	304-330	313-331	320-338	314-332	312-330
COWS						
Util	125-135	124-137	128-138	126-136	132-142	126-136
Cn/Cut	82-93	107-123	94-105	87-98	120-130	118-128
BULLS						
Bulls	129-140	151-162	131-142	134-145	148-158	145-155
Southeast						
	AL	AR	FL	GA	KY/TN	LA/MS
Wts STEERS						
9-10	208-216	209-217	200-208	203-211	212-220	206-214
8-9	221-231	224-234	214-224	217-227	226-236	222-232
7-8	242-254	245-257	235-247	240-252	247-259	242-254
6-7	277-292	278-293	265-280	272-287	270-285	271-286
5-6	312-330	312-330	302-320	304-322	296-314	304-322
4-5	344-362	346-364	342-360	333-351	321-339	337-355
HEIFERS						
8-9	200-210	203-213	192-202	196-206	203-213	200-210
7-8	215-227	215-227	208-220	214-226	215-227	215-227
6-7	236-251	238-253	229-244	236-251	230-245	237-252
5-6	266-284	266-284	262-280	261-279	256-274	261-279
4-5	298-316	299-317	294-312	287-305	279-297	289-307
COWS						
Util	133-142	125-134	131-140	132-141	126-135	135-144
Cn/Cut	113-122	101-110	113-122	109-118	109-118	113-122
BULLS						
Bulls	148-156	150-158	149-157	150-158	153-161	149-157

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

PERCENT PROBABILITY OF A HIGHER PRICE - 3/WKS

	5-Apr	12-Apr	19-Apr
550 lb Steer	45%	40%	55%
850 lb Steer	60%	65%	65%
Fed Steer	50%	60%	55%
Utility Cow	70%	45%	60%
Composite Cutout	50%	60%	70%

*Compared to prior week - 20 year data



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Beef Prices Outpace Inflation

Mike Miller

The beef industry has done an excellent job of improving beef demand over the past 25 years. A good, simple illustration of better demand is to produce more at a higher price and that is exactly what the industry has done since 1998.

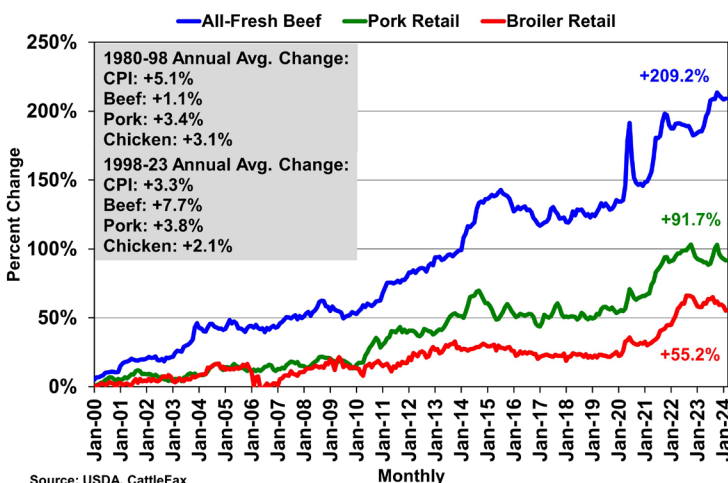
Beef demand was at its lowest point in 1998. Quality, consistency, and tenderness were all issues that plagued both beef and cattle. Beef prices at retail had not kept up with inflation from 1980-1998 as the industry struggled to provide customers with those traits deemed most valuable.

Things began to shift for the better in the late 1990's as efforts to address consumer tastes and concerns began to bear fruit. What has followed is an environment where beef production is more closely aligned with consumers' wants and needs. This has enabled beef prices at retail to outpace inflation over the past 25 years.

Price does not tell the entire story as supply is also important. From 1998-2023 the net supply of beef increased from 26.1 billion pounds to 27.6 billion pounds (5.7 percent). During the same period, the net supply of pork grew from 18.4 billion pounds to 21.7 billion pounds (18 percent). The net chicken supply has grown from 23.2 billion pounds to 39 billion pounds (68 percent).

Bottom Line: Demand for beef has grown tremendously over the past two and a half decades. If you value net supply at average retail prices, total beef dollars are more than chicken and pork combined. So even though chicken and pork supplies have grown at a faster rate, the increase in beef prices has more than made up the difference. Beef will lose some ground as supplies tighten over the next few years, but the long-term trend certainly favors beef and the industry's efforts to improve the final product.

Retail Meat/Poultry Price Change Since Jan-98



Summary of Activity

	THIS WEEK 29-Mar-24	LAST WEEK 22-Mar-24	YEAR AGO 31-Mar-23
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CattleFax Data

Placements	91,593	104,380	95,856
Shipments	101,863	135,584	106,542
Avg In-Weights	676	699	727
USDA Sltr Wgts	1,392	1,389	1,367
USDA Str Carc Wgt*	922	922	899
Days on Feed	184	181	177
Carryover Pct	45	42	38
Weekly Supply	543,400	505,200	397,700
Percent Grade Choice & Higher	84.52	84.77	84.41
Prime Grade Pct	10.36	10.23	9.62
Choice Grade Pct	74.16	74.54	74.79
Select Grade Pct	12.08	12.2	12.15

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

Live Prices (\$/cwt)

Slaughter Steers	187.39	189.25	168.62
Steer Calf (450#)	358.82	359.31	252.32
Steer Calf (550#)	327.97	328.32	237.98
Steer Calf (650#)	294.54	293.66	217.18
Yearling Steer (750#)	261.89	262.17	196.08
Yearling Steer (850#)	238.65	240.59	182.16
Utility and Commercial Cows	132.11	128.32	96.52
Canner and Cutter Cows	110.66	108.52	84.21
Lean Hogs	84.25	83.59	75.46
Omaha Corn (\$/bu)	4.50	4.46	6.75
12-City Broiler	131.16	128.31	131.91
Dollar Index	NA	104.12	102.24

Meat Prices (\$/cwt)

Certified Angus Beef Cutout (UB)	316.99	320.57	290.57
Choice Cutout	308.36	313.73	279.20
Select Cutout	301.17	303.73	268.46
Choice/Select Price Spread	7.19	10.00	10.74
Cow Cutout	260.83	259.86	213.41
Hide and Offal	11.90	11.82	12.79
Pork Cutout	94.52	92.08	78.79

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

Cattle	586	598	645
Hogs	2404	2532	2484
Total Red Meat Production	1014	1050	1073
Beef Production	493	500	530
Pork Production	518	546	539
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 28	NA	187.68	185.87
Wed	Mar 27	248.99	185.00	185.00
Tue	Mar 26	251.23	189.01	188.00
Mon	Mar 25	251.60	189.01	188.00
Fri	Mar 22	251.70	189.01	188.00

** 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 -----		
	16-Mar-2024	18-Mar-2023	2024	2023	Pct Chg
Total Sltr	597	628	6531	6915	DN -5.6
Steers	47.6	284	3080	3168	DN -2.8
Heifers	32.3	193	2070	2168	DN -4.5
Cows	18.6	111	1294	1483	DN -12.7
Bulls	1.5	9	88	96	DN -8.3