



Market Advisor

by **Tim Petry**, North Dakota State University Extension Service

Cattle feedlot numbers bolstered by several factors

The historically tight supply of feeder cattle and resulting record-high prices for calves and the heavier feeder cattle have been well-documented in the media and in this column. Indeed, year-to-year gains in cattle prices last year were phenomenal.

Three main factors

In 2014, fed-cattle prices averaged 22% higher than 2013. The five-market annual average (average of all monthly prices for all slaughter steers) was \$153.84. Calf and feeder-cattle price increases were even more dramatic due to declining corn prices. Calf and feeder-cattle prices vary regionally across the United States, but calf prices were up about 45% and feeder-cattle prices increased

almost 40%. In the fall of 2014, many calves brought nearly \$100 per hundredweight (cwt.) more than in the previous fall.

One question that I get asked is how can cattle-on-feed numbers stay relatively high, especially with more heifers retained for breeding purposes and not entering feedlots. The number of cattle on feed was actually a little higher than the same month of the previous year to end 2014 and start 2015.

In 2014, record-high U.S. calf prices and the increasing value of the U.S. dollar relative to the Mexican peso and the Canadian dollar caused increased feeder-cattle imports from both countries.

The USDA National Agricultural Statistics Service (NASS) releases *Cattle on Feed* reports for U.S. feedlots with 1,000 head or more capacity on either the third or fourth Friday of each month at www.nass.usda.gov.

The March 2015 report will be released on March 20.

Several contributing factors have caused the slightly higher number of cattle on feed. Those factors include increased feeder-cattle imports from Mexico and Canada; increased movement of dairy calves from the veal industry into feedlots; and cattle being kept in feedlots longer and fed to heavier weights, which decreased fed-cattle marketings from feedlots.

In 2014, record-high U.S. calf prices and the increasing value of the U.S. dollar relative to the Mexican peso and the Canadian dollar caused increased feeder-cattle imports from both countries. Mexico is the leading supplier of feeder cattle to the United States. 2014 imports at 1,084,981 were 11% higher than the 974,657 head imported from Mexico in 2013. Canadian feeder-cattle imports increased 40% from 315,628 in 2013 to 442,942 in 2014.

U.S. veal production comes from male dairy calves, as most heifers are retained for replacements. Demand for dairy steer calves by the beef feedlot industry has increased and resulted in declining calf slaughter. Final calf slaughter numbers for 2014 were not yet available when this article was written, but it is estimated that approximately 200,000 more dairy calves were placed in feedlots in 2014.

Fed-steer and -heifer market weights have been increasing for many years. So, record

Table 1: Steer dressed weight, federally inspected, weekly

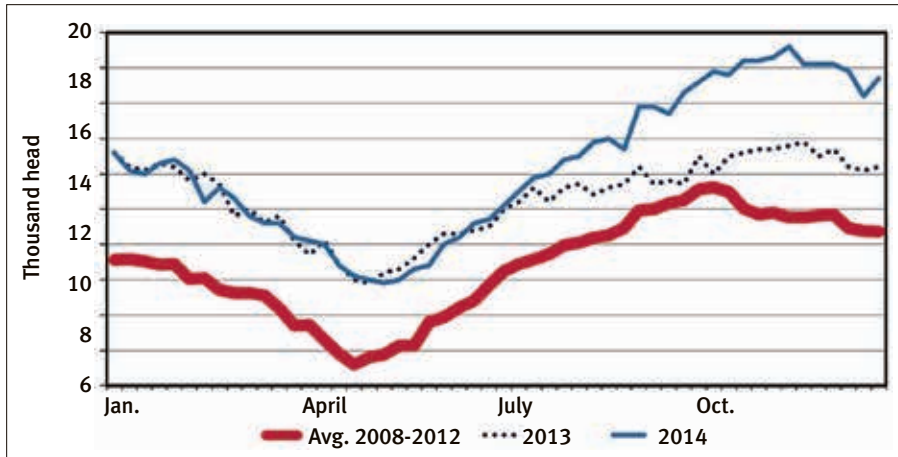
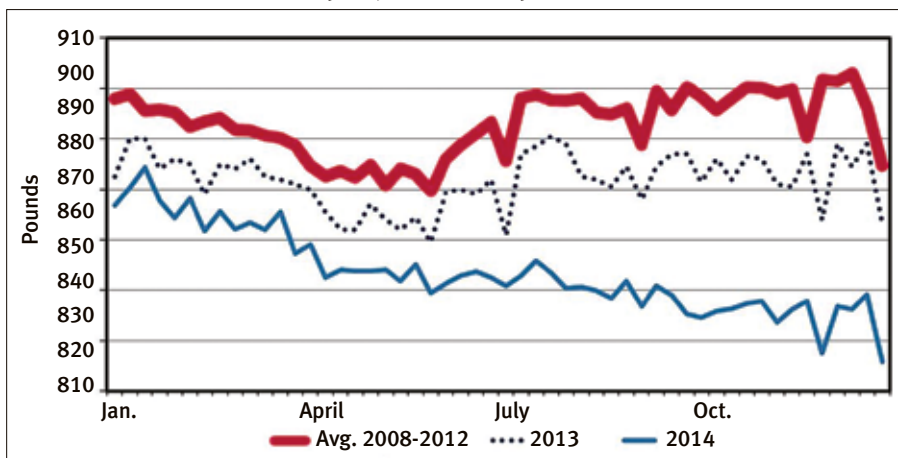


Table 2: Calf slaughter, federally inspected, weekly



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weights again in 2014 may not seem that unusual. Weights were near the previous year and followed the normal seasonal pattern for the first half of 2014. However, steer carcass weights increased to record levels in the second half as record-high feeder-cattle prices and declining corn prices enticed feedlots to keep cattle on feed longer.

Instead of following the seasonal pattern of peaking in October and slowly decreasing, a peak all-time record-high

weekly average dressed steer weight of 906 pounds (lb.) was recorded in the second week of November. Seasonal factors finally impacted weights in December. Winter weather impacted performance so weights declined to 897 lb. for the last week of the year, but that weight was still record high for that time.

All those factors caused feedlot inventories to be at slightly higher levels to end 2014 and start 2015.

Looking ahead to the rest of 2015, additional increases in imports of Mexican and Canadian feeder cattle will not likely

continue. Yet, historically high U.S. prices and a strong U.S. dollar will continue to attract cattle. A similar amount of dairy calves that entered feedlots in 2014 is likely again in 2015. Historically high market weights for fed cattle are also likely to continue, as well.



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