Daily Livestock Report

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Fed cattle futures capped off 2018 with December averaging $119.83 per cwt. That was the 5th consecutive month of higher prices. Cash markets also moved higher in December with most beating November 2018 by more than $4.00 per cwt. Texas-Oklahoma cash market topped $120 per cwt, and was the highest of the markets LMIC tracks. Iowa-Minn gained $4.58 per cwt compared to November, while Kansas and Nebraska were up about $4 each. Colorado has not been reported for the last two months due to confidentiality.

Basis moves in late 2018 are narrower than historical standards. Texas-Oklahoma was the only fed cattle market to show a stronger basis compared to the 5-year average in December. The 5- year December average is $0.32 per cwt, and 2018 was $0.67 per cwt. Iowa– Minn saw the biggest change in the basis, showing a $2.00 discount compared to a normally positive basis for December. Kansas basis moved to $0.10 compared to the 5- year average of $0.53 per cwt. Nebraska had a 24 cent discount to the futures market, which has been positive for December in recent years.

Fed cattle futures contracts for February and April are showing even higher values than December at the time of this writing. Both contracts are over $120 per cwt. The market is pricing in some shortness in the availability of market ready cattle supplies early in the year, and anticipating some large market-ready supplies heading into summer. Last month, the discount between June and December was $4.12 but this is actually the smallest Dec-Jun discount since 2015. Growing cattle supplies in 2016 saw this gap widen to $8.67, and was nearly $5 in December of 2017.

As of December 1, the number of cattle on feed greater than 150 days remained large and is estimated to be 35% higher than last year or just over half a million head higher. Supplies of cattle on feed over 150 days have routinely been larger than 2 million head in 2018, which has not been the case since 2016. This large volume is expected to get larger as the large placements of lightweight cattle in November and December need to be fed out. It all comes down to timing, but the futures discount for June may not be steep enough for the amount of cattle expected to be ready against the June contract.

BASIS CALCULATIONS BETWEEN SLAUGHTER CATTLE FUTURES AND SPECIFIED STEER CASH MARKETS [a]

($ Per CWT.)

01/07/19

2.130

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Cattle Futures [b]												
2013	129.32	126.73	127.62	126.71	120.76	120.23	121.94	122.84	126.09	130.02	132.17	132.40
2014	139.68	143.77	144.64	144.48	137.71	145.82	153.54	153.08	157.07	166.23	168.66	163.32
2015	157.29	157.28	156.99	160.15	151.60	152.05	146.79	147.12	137.33	133.88	132.27	125.16
2016	132.63	135.06	137.14	129.35	120.55	118.81	111.69	114.60	104.66	100.14	106.62	112.08
2017	118.07	118.84	118.66	125.98	124.69	124.42	115.15	108.98	107.79	112.56	121.21	118.46
2018	121.53	127.57	120.05	117.21	104.96	107.63	107.13	108.63	111.77	113.36	116.04	119.83
Texas-Oklahoma Cash												
2013	124.96	124.44	126.45	127.18	125.38	120.77	118.97	121.74	123.91	128.71	131.53	131.92
2014	141.69	145.24	149.25	146.13	144.06	149.09	157.12	157.83	161.18	165.07	169.65	163.04
2015	164.23	159.87	162.87	160.64	160.14	149.87	148.79	148.28	132.02	134.95	129.65	124.78
2016	134.70	135.71	136.10	129.84	130.50	123.06	117.55	117.57	106.59	102.64	109.19	113.37
2017	120.37	121.90	126.73	131.96	137.61	103.73	118.55	112.12	107.20	112.05	121.70	119.92
2018	123.34	127.92	125.43	120.33	119.47	110.72	112.32	111.54	110.51	113.21	116.09	120.50
Texas-Oklahoma Basis												
2013	-4.36	-2.29	-1.17	0.47	4.62	0.54	-2.97	-1.10	-2.18	-1.31	-0.64	-0.48
2014	2.01	1.47	4.61	1.65	6.35	3.27	3.58	4.75	4.11	-1.16	0.99	-0.28
2015	6.94	2.59	5.88	0.49	8.54	-2.18	2.00	1.16	-5.31	1.07	-2.62	-0.38
2016	2.07	0.65	-1.04	0.49	9.95	4.25	5.86	2.97	1.93	2.50	2.57	1.29
2017	2.30	3.06	8.07	5.98	12.92	-20.69	3.40	3.14	-0.59	-0.51	0.49	1.46
2018	1.81	0.35	5.38	3.12	14.51	3.09	5.19	2.91	-1.26	-0.15	0.05	0.67
2013-017 Av	1.79	1.10	3.27	1.81	8.48	-2.96	2.38	2.19	-0.41	0.12	0.16	0.32
Iowa-Minn Cash												
2013	125.24	124.30	126.00	127.17	126.42	122.20	121.19	123.97	123.76	128.55	130.68	131.69
2014	141.61	145.18	150.30	149.27	147.46	149.89	158.01	156.54	157.58	163.67	168.25	163.26
2015	165.62	159.48	162.89	163.70	160.28	152.15	148.78	147.62	134.05	128.14	125.97	125.03
2016	130.14	130.96	136.75	129.85	127.75	125.09	118.17	115.49	104.83	100.01	106.65	112.93
2017	119.89	120.95	128.91	131.19	139.63	128.26	118.56	112.04	106.66	112.06	120.43	120.22
2018	123.42	128.43	126.61	122.41	120.13	111.59	111.51	109.95	109.33	110.48	113.25	117.83
Iowa-Minn Basis												
2013	-4.08	-2.43	-1.62	0.46	5.66	1.97	-0.75	1.13	-2.33	-1.47	-1.49	-0.71
2014	1.93	1.41	5.66	4.79	9.75	4.07	4.47	3.46	0.51	-2.56	-0.41	-0.06
2015	8.33	2.20	5.90	3.55	8.68	0.10	1.99	0.50	-3.28	-5.74	-6.30	-0.13
2016	-2.49	-4.10	-0.39	0.50	7.20	6.28	6.48	0.89	0.17	-0.13	0.03	0.85
2017	1.82	2.11	10.25	5.21	14.94	3.84	3.41	3.06	-1.13	-0.50	-0.78	1.76
2018	1.89	0.86	6.56	5.20	15.17	3.96	4.38	1.32	-2.44	-2.88	-2.79	-2.00
2013-017 Av	1.10	-0.16	3.96	2.90	9.25	3.25	3.12	1.81	-1.21	-2.08	-1.79	0.34
Kansas Cash												
2013	124.96	125.54	127.18	127.46	125.54	120.53	119.04	121.72	123.91	128.57	131.21	131.48
2014	141.38	146.02	149.69	146.83	144.50	149.22	157.61	156.50	161.41	163.96	170.59	162.86
2015	163.86	160.07	162.09	161.23	160.56	150.81	148.53	148.00	137.35	132.63	128.32	125.87
2016	134.85	135.06	136.29	130.20	129.25	123.58	117.09	116.47	106.07	101.80	109.60	114.22
2017	120.37	121.23	127.00	130.92	138.38	130.07	118.80	110.99	106.96	112.49	121.38	119.65
2018	123.43	127.78	124.86	120.55	118.99	110.47	112.11	110.77	110.03	112.23	115.90	119.93
Kansas Basis												
2013	-4.36	-1.19	-0.44	0.75	4.78	0.30	-2.90	-1.12	-2.18	-1.45	-0.96	-0.92
2014	1.70	2.25	5.05	2.35	6.79	3.40	4.07	3.42	4.34	-2.27	1.93	-0.46
2015	6.57	2.79	5.10	1.08	8.96	-1.24	1.74	0.88	0.02	-1.25	-3.95	0.71
2016	2.22	0.00	-0.85	0.85	8.70	4.77	5.40	1.87	1.41	1.66	2.98	2.14
2017	2.30	2.39	8.34	4.94	13.69	5.65	3.65	2.01	-0.83	-0.07	0.17	1.19
2018	1.90	0.21	4.81	3.34	14.03	2.84	4.98	2.14	-1.74	-1.13	-0.14	0.10
2013-017 Av	1.69	1.25	3.44	1.99	8.59	2.57	2.39	1.41	0.55	-0.67	0.03	0.53
Nebraska Cash												
2013	124.22	125.32	126.84	126.68	126.68	121.62	120.41	123.71	124.08	130.18	131.96	131.81
2014	143.05	146.27	151.71	149.28	145.92	149.27	159.06	158.14	160.03	164.70	170.08	163.23
2015	164.75	159.96	163.25	162.91	160.88	151.13	149.15	149.02	136.78	131.20	126.56	124.25
2016	132.66	133.03	137.58	129.96	129.89	123.14	117.04	116.35	105.78	100.01	106.92	114.39
2017	119.70	121.78	127.58	131.46	137.80	128.54	118.12	112.27	107.41	112.56	121.76	119.58
2018	123.43	127.78	125.45	121.04	117.58	110.32	112.58	110.28	110.09	111.84	115.57	119.59
Nebraska Basis												
2013	-5.10	-1.41	-0.78	-0.03	5.92	1.39	-1.53	0.87	-2.01	0.16	-0.21	-0.59
2014	3.37	2.50	7.07	4.80	8.21	3.45	5.52	5.06	2.96	-1.53	1.42	-0.09
2015	7.46	2.68	6.26	2.76	9.28	-0.92	2.36	1.90	-0.55	-2.68	-5.71	-0.91
2016	0.03	-2.03	0.44	0.61	9.34	4.33	5.35	1.75	1.12	-0.13	0.30	2.31
2017	1.63	2.94	8.92	5.48	13.11	4.12	2.97	3.29	-0.38	0.00	0.55	1.12
2018	1.90	0.21	5.40	3.83	12.62	2.69	5.45	1.65	-1.68	-1.52	-0.47	-0.24
2013-017 Av	1.48	0.94	4.38	2.72	9.17	2.47	2.94	2.58	0.23	-0.83	-0.73	0.37

[a] Monthly weighted average live slaughter steer total price

[b] Average of daily close of nearby futures contract (using Feb, Apr, Jun, Aug, Oct & Dec contracts)

Source: AMS reports and CME futures prices