

In terms of feedlot conditions, in key cattle feeding areas of the U.S. (i.e., much of Kansas, eastern Nebraska, and Iowa), 2020 is not 2021. As reported by the monthly Kansas State University survey (Focus on Feedlots), conditions (mud, etc.) steers sold (closedout) in March of last year had an average daily gain of 3.13 pounds compared to 3.60 this year. This year's average daily gain was slightly above the average from 2014-2018. Pounds of feed (dry matter basis) required per pound of gain declined from 6.97 last year to 6.31 this year.

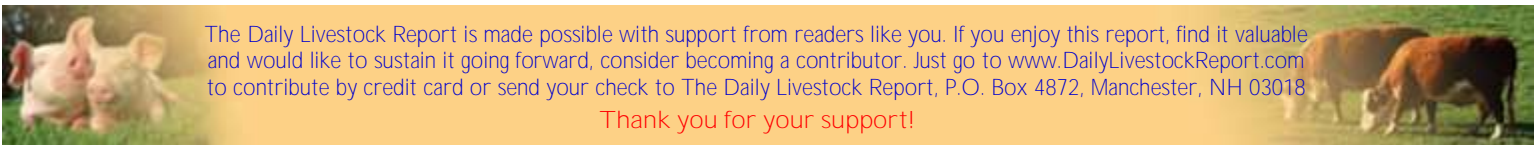
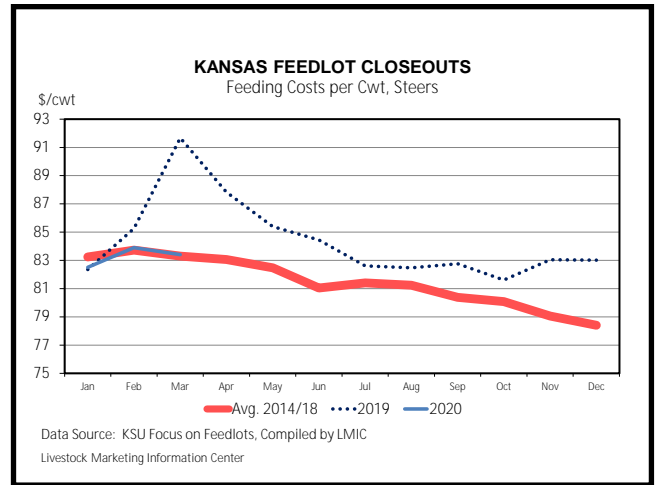
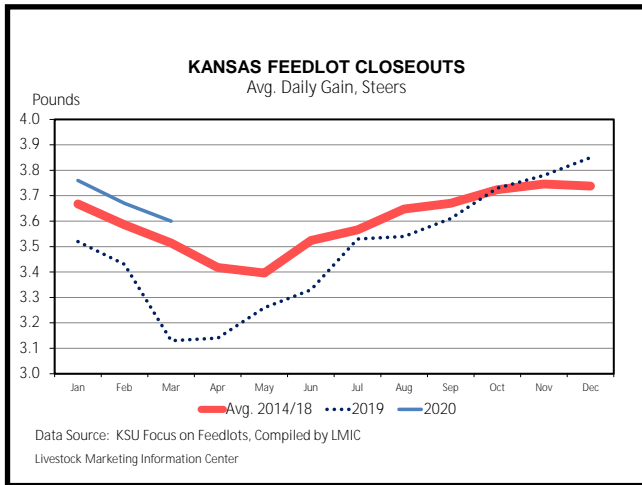
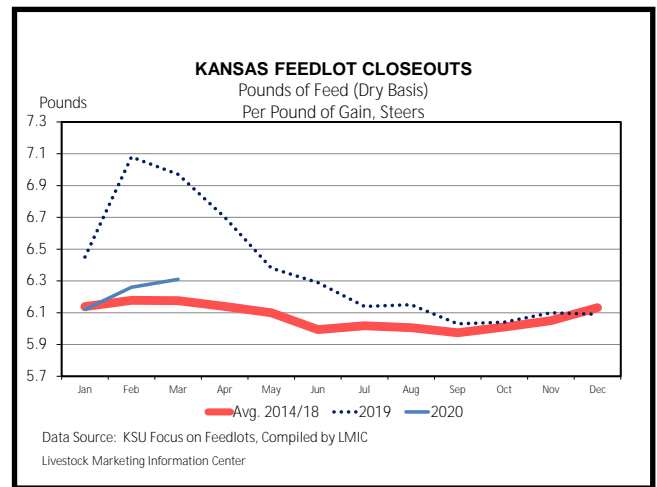
For the surveyed Kansas feedlots, the average steer cost of gain for March closeouts was \$83.41 per cwt., compared to \$91.67 in 2019. The prior five-year average (2014-2018) was \$83.30 per cwt. Looking ahead to cattle sold in the coming months, Kansas feedlot projections for steers placed on-feed in mid-April averaged \$74.00, the lowest since August 2018. If grain and hay costs continue to slip, as expected, that number is headed even lower.

As of mid-April, the surveyed feedlots reported that \$3.94 per bushel. That was down 10 cents per bushel month-over-month and was just slightly below a year earlier (down 4 cents per bushel). Ground Alfalfa hay cost was \$138.71 per ton, as of mid-April. The monthly decline was \$4.40 per ton, and the drop from a year ago was \$22.70 per ton. Mid-month Alfalfa hay cost was the lowest since January 2018.

Since February, corn prices have been dropping counter seasonally. For the week ending May 8, USDA's Agricultural Marketing Service reported that the Texas Triangle corn price was \$3.33 per bushel (\$5.95 per cwt.). The Omaha average was \$2.97 per bushel. Those prices were the lowest since the last two weeks

of November of 2016 (i.e., harvest). Compared to a year ago, corn price was down 48 cents per bushel (12%) and 53 cents per bushel (15%) in the Texas Triangle and Omaha, respectively.

Lower feedstuff costs have combined with declining feeder cattle prices to reduce projected breakeven sale prices for steers fed-out in commercial feedlots. For example, the Livestock Marketing Information Center estimated breakeven for a feeder steer placed on-feed in the Southern Plains in April at 750-pounds to be sold in October was \$97.65 per cwt. That was well below what the futures market offered late last week (the October and December 2020 contracts). Further, it was the lowest projected breakeven for any month since late 2010.



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