

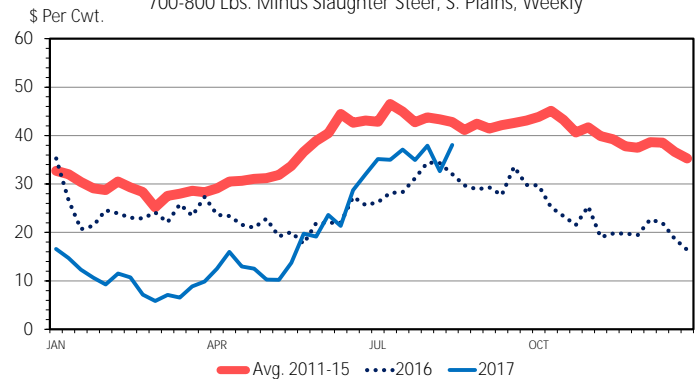
Feeder cattle price trends outperformed normal seasonal price patterns during July, showing some resilience in the midst of plummeting slaughter cattle prices that began in June. Feeder steers weighing 750-800 pounds in the Oklahoma City market in July moved higher during the first three weeks of the month, contrary to historical tendencies that show prices moving down in two of those three weeks, on average, with a rebound in the last week of July. This year, the inverse was true, with prices weakening in the last week of the month. Was this possibly a hint of things to come in August?

The first three weeks in August have seen 750-800 pound feeder steers in the Oklahoma City auction move lower for the first two weeks followed by an uptick last week. All told, prices in the last week were down close to \$6 per cwt. from the last week in July. The average price change for these weeks during the 2010-2016 interval has been plus \$1.16. Using past years performance as a template for the feeder cattle market this August has not worked.

Feeder cattle prices during the last week in August for the 2010-2016 period have averaged a decline of \$2 per cwt. from the prior week, with prices moving down in four of those seven years. The \$6 drop in Choice slaughter cattle prices last week provides a stiff headwind facing the feeder cattle markets this week. The feeder-to-fed price premium that was at the high for 2017 last week tends to decline in late August and early September. Last year, 750-800# feeder steer prices dropped \$9 per cwt in the last week in August and in 2015, these steer prices dropped \$7. Obviously, these two years more than explain the \$2 average decline during the same week in the 2010-2016 time frame.

Assuming that the feeder cattle market survives the next week, which could be a challenge given the trends in the boxed beef and slaughter cattle markets, seasonal tendencies suggest some stabilization during September. The average change in feeder steer prices referenced above by the end of September from last week is a decline of \$1.79. Last year registered a \$20 decline (with \$9 coming in the first week). Prices at the end of last August were close to \$140, not that much different than this year. In 2015, feeder steer prices at the end of September were

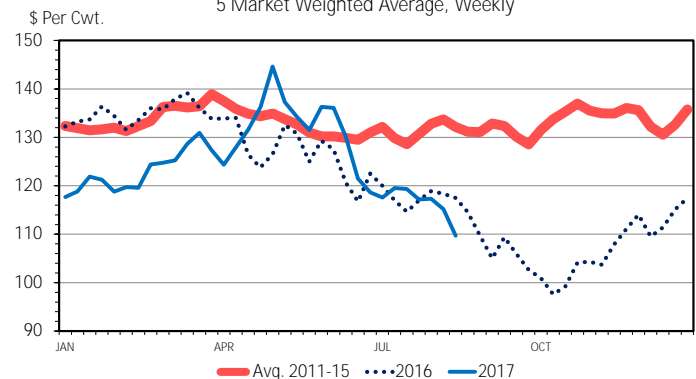
FEEDER STEER vs FED STEER PRICES
700-800 Lbs. Minus Slaughter Steer, S. Plains, Weekly



Data Source: USDA-AMS, Compiled by LMIC
Livestock Marketing Information Center

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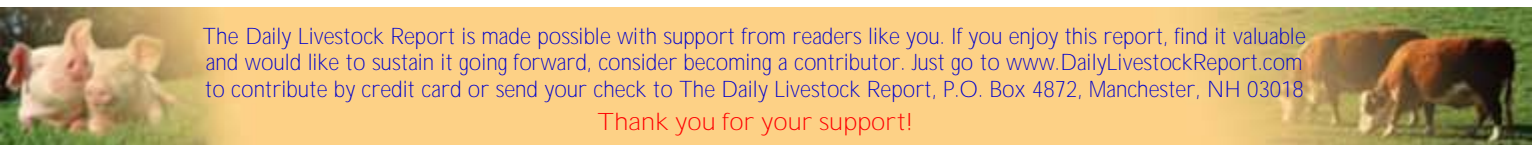
SLAUGHTER STEER PRICES
5 Market Weighted Average, Weekly



Data Source: USDA-AMS
Livestock Marketing Information Center

08/21/17

down \$25 per cwt. from late August, but prices started the term at over \$200 per cwt., so there was more room to fall. The tendency of prices to rise or fall during the next four weeks, based on the last seven years, has been to decline in each of those weeks. The last two weeks of September both tend to move upward.



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