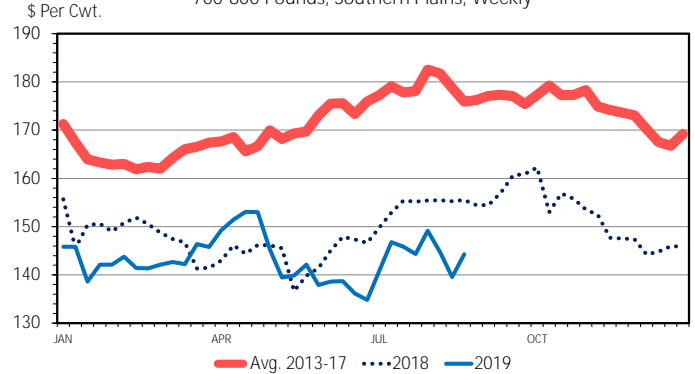


Feeder cattle markets have been buffeted from the wake created by the slaughter plant fire in Holcomb, Kansas two weeks ago, but there is some evidence that some order is taking hold in the market. Yearling feeder steer prices at the Oklahoma City auction this week were up \$4-5 per cwt. for 700-800 pound medium and large frame #1 grade cattle. This was the biggest weekly price jump since late June in that market. So far this quarter, this weight and grade of feeder cattle have averaged \$141 per cwt in the Oklahoma City market. This is down \$11 from the same interval in 2018 and \$2 lower than the April-June quarter this year.

The supply side of the feeder cattle market may be providing the rationale for a rebound in values during the last week. Trade volume at auctions the last two weeks has dipped, according to data collected by USDA-Agricultural Marketing Service (AMS). The decline in prices in the past two weeks would have been a disincentive to bring cattle to market. Feedlots may have been cautious about buying cattle without a clear picture of where they could sell those cattle in coming months in the first few days after the fire. Two consecutive weeks of restricted feeder cattle offerings has encouraged more aggressive bidding this week.

The tally of feeder cattle receipts through auctions during the last three weeks is down 26% from a year ago. Total feeder cattle

**MED. & LRG. #1 FEEDER STEER PRICES**  
700-800 Pounds, Southern Plains, Weekly



Data Source: USDA-AMS  
Livestock Marketing Information Center

C-P-49  
08/26/19

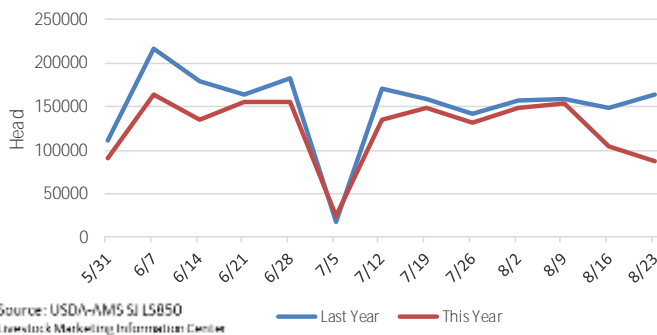
larger calf crop in 2018 supports more feedlot placements this year rather than a decline. A decline in placements in August sets the stage for a surge in feeder cattle offerings (and large yearling cattle, at that) in the last few months of this year.

The feeder cattle futures market may be already factoring in the prospects for a big movement of cattle from pastures in coming months. The October feeder futures contract is trading at a \$6 discount to the expiring August contract. Last year, the October contract was trading at the same price as the August contract when it went off the board. In late August 2017 the October futures contract was a \$1 premium to the August contract. In 2016, the August feeder cattle contract expired at close to an \$11 premium to the October contract, so this year is in the middle ground of the last four years. August 2015 was similar to 2016. In 2015, the October contract lost 10% of its value from late August to its first delivery day and the October 2016 contract lost almost 10% during the similar span of weeks.

Feedlot placements in August and September of 2015 increased 13% from the same months in 2014 to 4.1 million cattle. Feedlot placements in August and September of 2016 were 4.0 million.

Corn prices always play a role in feeder cattle price trends. In 2015, the nearby futures contract went from \$3.60 to \$3.90 from late August to the start of October and in 2016 the corn price action over this interval was \$3.15 to \$3.45. Corn futures started this week trading around \$3.60-\$3.65 with the Wednesday market up 6 cents.

**FEEDER CATTLE RECEIPTS AUCTIONS**



Source: USDA-AMS SJ LS850  
Livestock Marketing Information Center

receipts, including direct trade and electronic/internet trade are down 23% from the first three weeks of August 2018. This gives an indication that feedlot placements in August will come in below a year ago, the fourth consecutive month of year-over-year declines. Over the 10 months from last October to this July, feedlot placements are down 1% from the same interval a year earlier. The

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