

The calf run has started in some markets due to drought, and early indications are showing promise for steers in weight groups 400-500 lbs. and 500-600 lbs. The Livestock Marketing Information Center (LMIC) tracks 18 combined auction markets. Today, the focus will be on the regionally representative prices of Montana, South Dakota, Georgia, Washington, and Nebraska. All prices used are for steers medium and large 1 frame size with the exception of Washington, which will use Medium and Large Frame 1-2, based on the data available.

September prices are quite favorable with most of the above markets holding prices above a year ago. Larger gains so far have been seen in the lighter weight calf category of 400-500 lbs., which has historically been driven by stocker demand. Georgia and South Dakota are both seeing double digit percentage gains in steer prices over last year, while Nebraska and Washington are both up over 5%. Steers weighing 500-600 lbs. also experienced higher prices in auction barns this September. Washington had the largest increase compared to a year ago, up 8%, followed by Georgia up 5%. South Dakota and Nebraska are up 1-2%.

Pasture and range conditions have eased in late summer. Noticeably better conditions are available in the Southern Plains, but the remainder of regions still have high poor and very poor conditions, implying stocker and backgrounders interest may not be the main price drivers outside the Southern Plains. However, given the strong prices in the 400-500 lbs. category, that demand could be stronger than the drought monitor/forage conditions imply at this time.

Feedlots demand for under 600 lbs. animals (preference for 500-600lbs. weight group) has been strong in the last several months. Nationally, placements under 600 lbs., have been higher than a year ago since May. June and July were more than 10% ahead of 2019, and the latest month of August was up 5.2% from last year.

This year has seen a lot of price volatility. September is generally ahead of the calf run in Oct-Dec that seasonally has lower prices. The uncertainty of this winter and the pandemic may be contributing to feedlots adding more cattle with longer and more flexible time horizons into their mix to offset the larger supplies of much heavier cattle. Smaller weight cattle placed into feedlots in September need to stay on feed for a longer duration but also offer more marketing flexibility than cattle placed at heavy weights.

The bulk of calves will typically come to market in October. The higher prices in September hold no promises for the next three months. Expectations are those prices will likely be below September's and could fall below a year ago. Last year the volume of feeder cattle moving through auction barns doubled in October compared to September, a normal seasonal pattern. We would expect that pattern to hold true this year as well, which will likely pressure prices for calves.

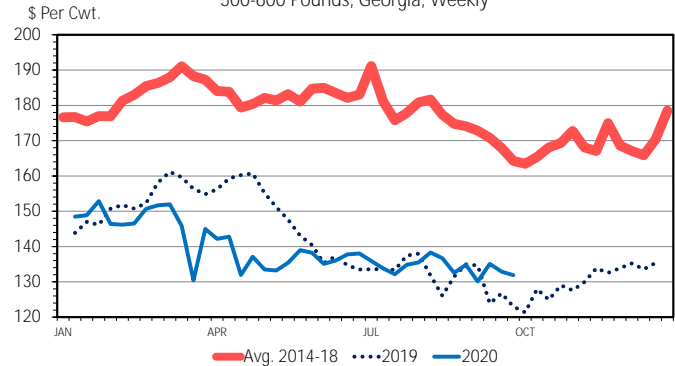
If feedlots have been supporting lighter weight calf prices, after two months of very high placements, and now record levels on feed, there may not be interest in continuing to add cattle under 600 lbs. Stockers on the other hand for the Western half (coastal and desert grazing areas) of the U.S. will require more rain for stocker operations to be successful and continue to bid for calves. The Southern Plains and Southeast operations

Feeder Steer Price Round Up (September Avg)					
	4-500 Lbs.	5-600 Lbs.	Y/Y Change (4-500 lbs.)	Y/Y Change (5-600 lbs.)	
Georgia	\$149.66	\$133.27	11%	5%	
Montana	\$170.38	\$138.74	N/A	N/A	
Nebraska	\$172.90	\$154.75	6%	2%	
South Dakota	\$181.35	\$166.57	14%	1%	
Washington	\$164.08	\$154.12	8%	8%	

*Medium and Large #1 or Medium and Large 1-2

MED. & LRG. #1 & 2 STEER CALF PRICES

500-600 Pounds, Georgia, Weekly

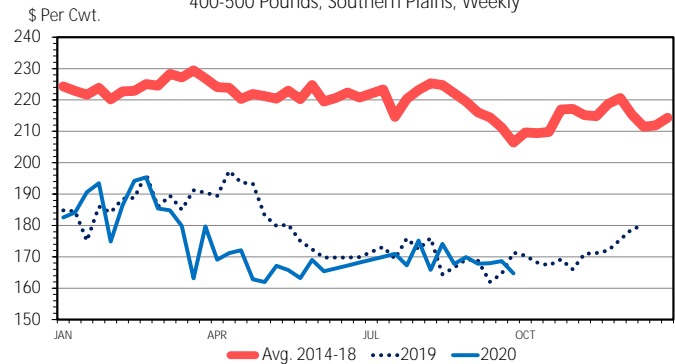


Data Source: USDA-AMS, Compiled by LMIC
Livestock Marketing Information Center

09/28/20

MED. & LRG. #1 STEER CALF PRICES

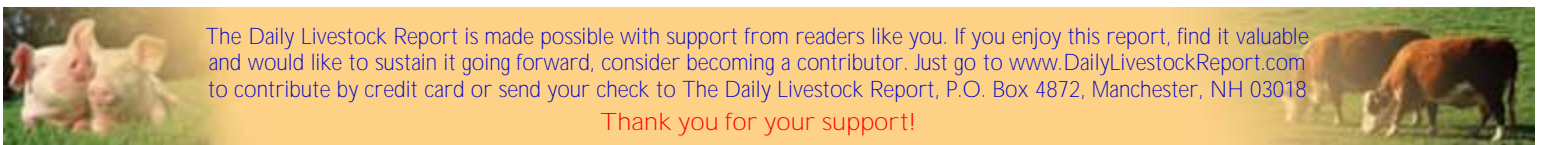
400-500 Pounds, Southern Plains, Weekly



Data Source: USDA-AMS
Livestock Marketing Information Center

C-P-49A
09/28/20

may have more potential to divert calves to winter stocker operations. Wheat and small grain pastures are setting up well, but will depend on timely rains to continue to support calf prices into Fall. There could be large differences regionally in how calf prices perform this 4th quarter.



The Daily Livestock Report is made possible with support from readers like you. If you enjoy this report, find it valuable and would like to sustain it going forward, consider becoming a contributor. Just go to www.DailyLivestockReport.com to contribute by credit card or send your check to The Daily Livestock Report, P.O. Box 4872, Manchester, NH 03018

Thank you for your support!

The Daily Livestock Report is published by Steiner Consulting Group, DLR Division, Inc.. To subscribe, support or unsubscribe please visit www.dailylivestockreport.com.

The Daily Livestock Report is not owned, controlled, endorsed or sold by CME Group Inc. or its affiliates and CME Group Inc. and its affiliates disclaim any and all responsibility for the information contained herein. CME Group, CME and the Globe logo are trademarks of Chicago Mercantile Exchange, Inc.

Disclaimer: The Daily Livestock Report is intended solely for information purposes and is not to be construed, under any circumstances, by implication or otherwise, as an offer to sell or a solicitation to buy or trade any commodities or securities whatsoever. Information is obtained from sources believed to be reliable, but is in no way guaranteed. No guarantee of any kind is implied or possible where projections of future conditions are attempted. Futures trading is not suitable for all investors, and involves the risk of loss. Past results are no indication of future performance. Futures are a leveraged investment, and because only a percentage of a contract's value is required to trade, it is possible to lose more than the amount of money initially deposited for a futures position. Therefore, traders should only use funds that they can afford to lose without affecting their lifestyle. And only a portion of those funds should be devoted to any one trade because a trader cannot expect to profit on every trade.