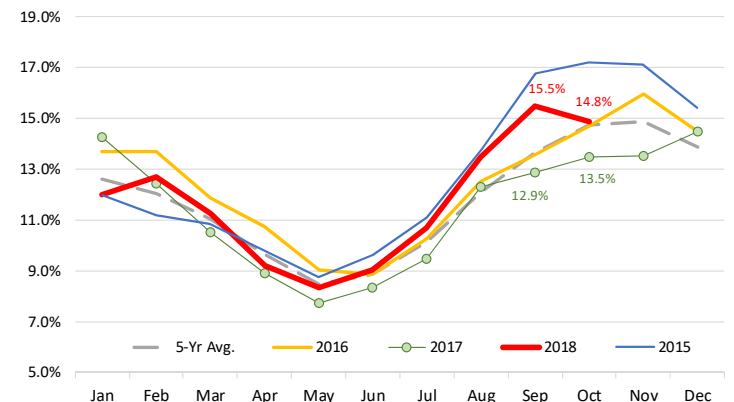


Cash fed cattle prices last week were modestly higher compared to the previous week. The comprehensive cattle report that will be issued today by USDA should offer some interesting insights in terms of fed cattle purchased for delivery in early December vs. later in the month. In the report that was issued a week ago we noted that packers paid a notable premium for cattle available for immediate delivery. Will that happen again this week? Or did feedlots manage to close the gap and trade cattle closer to where Dec fed futures are currently trading? In yesterday's recap of fed cattle trading USDA noted: *"The latest established market in any feeding region was last week, with live purchases in the Texas Panhandle mostly at 118.00, with a few up to 118.50. Last week in Kansas, live purchases traded at 118.00. Last week in Nebraska, live purchases traded from 116.00-118.50 with dressed purchases from 183.00-185.00. For the previous week in the Western Cornbelt, live purchases traded from 114.00-116.00 with dressed purchases from 183.00-186.00."* (For source of this USDA-AMS commentary [click here](#)). December fed cattle futures are currently below current fed cash market, maybe reflecting market uneasiness about demand after holiday purchases are completed. However, it does appear that feedlots have managed to stay current despite more fed cattle on feed. The charts to the right show both the average weight of fed steers coming to market as well as the percentage of yield grade 4 & 5 cattle in the mix. The latest steer weight data is for week ending November 13, showing the average weight was 900 pounds per carcass, 4 pounds lower than the week before and now 2 pounds under what they were a year ago.

However, with cattle placed on feed at lighter weights last spring maybe the carcass weights at slaughter may not be the best measure of currentness. The top chart shows the percentage of yield grade 4 and yield grade 5 cattle coming to market. Back in September, when we last updated the chart, there were signs that the percentage of poor grading cattle was increasing, indicating fed cattle were not as current as the weight data would suggest. However, it appears the situation changed in October and the percentage of Y4 and Y5 cattle counter seasonally decreased. The steer weight data is available only through November 13 but based on the mandatory price reporting information available, we think average steer weights have continued to decline in the last two weeks and they will likely be even lower this week. Packers will likely need to buy more cattle in the spot market in December than

## Yield Grade 4 & 5 Cattle as % of All Cattle Graded

Data Source: USDA Agricultural Marketing Service. Analysis: Steiner Consulting

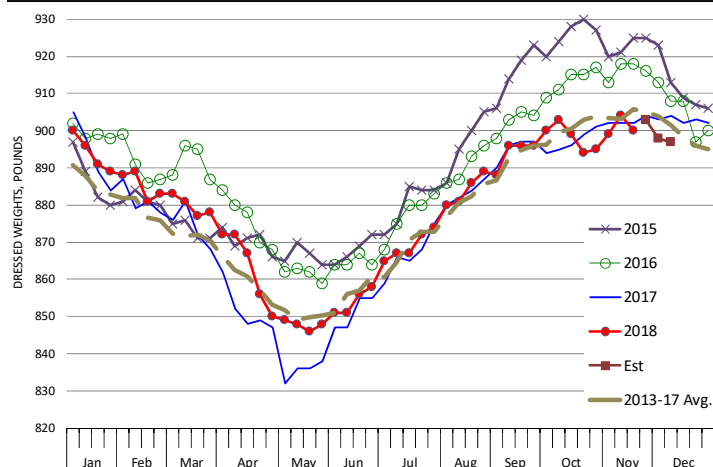


Premiums/Discounts Based on Cutability Yield Grade, Fat/Inches. Report for December 3, 2018

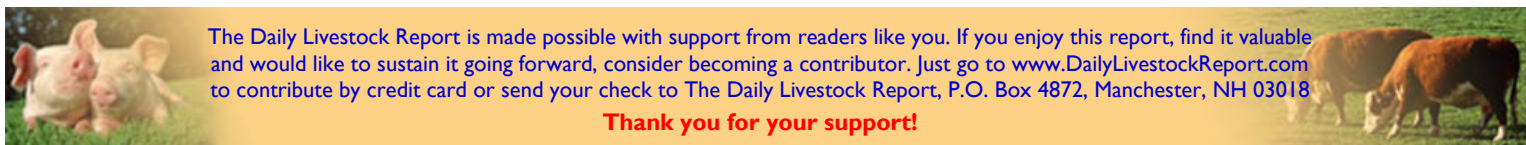
1.0 - 2.0 < 0.10"	2.0 - 2.5 < 0.20"	2.5 - 3.0 < 0.40"	3.0 - 3.5 < 0.60"	3.5 - 4.0 < 0.80"	4.0 - 5.0 < 1.2"	5.0/up < 1.2"
3.86	2.00	1.64	0.00	0.00	-11.93	-17.79

## Actual USDA Weekly Steer Weights. Reported with a Two week lag + Steiner Estimate

Source: USDA & Steiner Consulting Estimates



they bought last year. On page 2 we have updated one of our regular charts showing the number of cattle packers have purchased for forward delivery, by delivery month. For December 2018 packers have secured 161k cattle for delivery in the month compared to 205k last year and 225k they had secured in 2016. Their position for Jan/Feb is shorter than the previous year, as well.



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](http://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](http://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.

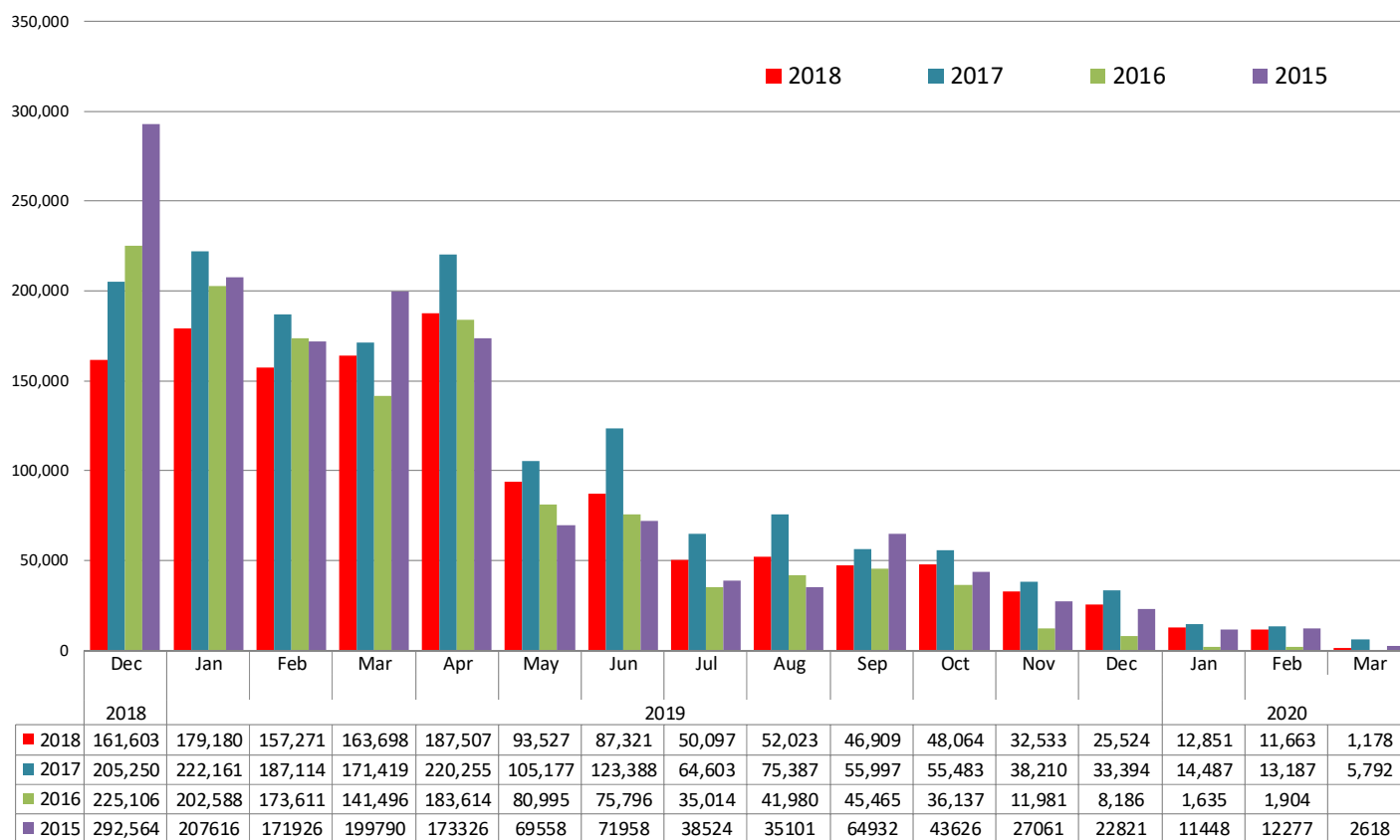
# Daily Livestock Report

Sponsored by  **CME Group**

Vol. 16, No. 238 / December 4, 2018

## Cattle Forward Contracted for Delivery in a Given Month

Supply Cumulative as of December 3, 2018 and Comparable Period in Previous Years. Source: USDA MPR System



The Daily Livestock Report is made possible with support from readers like you. If you enjoy reading this report and would like to sustain it going forward, consider becoming a contributor by going to our website: [www.DailyLivestockReport.com](http://www.DailyLivestockReport.com)

**Thank you for your support!**