

## In The Cattle Markets

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### Looking into Meat Animals PDI

Recently, NASS released the *Meat Animals Production, Disposition, and Income (PDI)* report. The report is a breakdown of inventory changes and marketings of cattle and swine by state for the most recent two calendar years. For cattle, the calf crop and inshipments are added to beginning inventory. Then marketings, farm slaughter and deaths are subtracted leaving ending inventory. Estimates of aggregate production (in pounds) and its value at the state level are also given. The inventory totals match the NASS inventory levels. The breakdowns are the new or additional information. The report is useful for gaining a general understanding of the important segments across states. It also helps one understand or reconcile cattle on feed statistics. Finally, different statistics are useful to quantify regional economic drivers.

Unsurprisingly, Texas leads the states in many of the PDI categories. Texas has the largest inventory of cattle, the largest calf crop, the most farm slaughter and the most deaths. Texas often also leads the states with the number of cattle on feed. It is the other states and other categories that are a little more surprising. Nebraska led the states in inshipments in 2014, followed by Kansas and then Texas. The order was slightly different for marketings of cattle by head, with Nebraska leading followed by Texas then Kansas. Missouri led the states in marketings of calves by head, followed by Florida, California and Kentucky. Based on pounds, the order for production is Texas, Nebraska, Kansas and Oklahoma. Based on pounds, the order for marketings is Nebraska, Texas, Kansas and Iowa.

What starts to emerge is a validation of cattle on feed statistics with the levels and weights of movements of cattle around the United States. Texas and Nebraska have similar on feed inventory levels for most months or periods, followed closely by Kansas. While Colorado is often next in the usual on-feed rankings, that is only among the large feedlots. Iowa ranks fourth based on all feedlots. The PDI inshipments statistics are consistent with calves or feeders moving from many states into the big feedlots states (e.g., Texas and Nebraska). That is only part of the story, however, as many feedlot states also have large calf crops. The value of production tends to even out some of the disparities across segments. Texas, for example, leads the category with over \$9 billion of production value.

A look at some ratios or differences in PDI statistics may be more helpful than focusing on absolute levels or ranks. States with a high ratio of marketings of calves to the calf crop would likely be bigger sources of inshipments. States with a high ratio of inshipments to marketings of cattle would likely be feedlot-intensive. Similarly, states with large differences between marketings and production would likely be feedlot-intensive. Research is needed to further understand the interrelationships among on-feed totals, placement weights (at least among the big four), and turns with marketings of calves and inshipments.

## The Markets

The cattle markets were mixed for the week. Live cattle futures were mostly steady while feeder cattle futures increased. Cash cattle prices finished the week higher for live weight slaughter cattle and lower for dressed weight slaughter cattle. Prices for feeder cattle were mixed depending on weight level and location. Feed prices were lower for the week as were new crop corn futures. Locally, dry conditions continue to garner attention. While the latest national pasture conditions are better than a year ago, the conditions in South Dakota are much poorer.

<i>Data Source: USDA-AMS Market News</i>		<b>Week of</b>	<b>Week of</b>	<b>Week of</b>
		<b>5/1/15</b>	<b>4/24/15</b>	<b>5/2/14</b>
<b>5-Area Fed Steer</b>	all grades, live weight, \$/cwt	\$160.69	\$159.17	\$147.98
	all grades, dressed weight, \$/cwt	\$254.78	\$255.84	\$237.72
<b>Boxed Beef</b>	Choice Price, 600-900 lb., \$/cwt	\$256.94	\$259.20	\$231.87
	Choice-Select Spread, \$/cwt	\$11.08	\$9.22	\$11.32
<b>700-800 lb. Feeder Steer</b>	Montana 3-market average, \$/cwt	\$222.15	\$222.33	--
	Nebraska 7-market average, \$/cwt	\$230.87	\$233.92	\$193.09
	Oklahoma 8-market average, \$/cwt	\$219.32	\$218.02	\$182.56
<b>500-600 lb. Feeder Steer</b>	Montana 3-market average, \$/cwt	\$282.87	\$274.09	--
	Nebraska 7-market average, \$/cwt	\$296.91	\$284.52	\$222.00
	Oklahoma 8-market average, \$/cwt	\$270.53	\$272.85	\$211.46
<b>Feed Grains</b>	Corn, Omaha, NE, \$/bu (Thursday)	\$3.65	\$3.71	\$4.92
	DDGS Price, Nebraska, \$/ton	\$173.60	\$177.70	\$231.50