

Beefonomics: Cattle Market Update

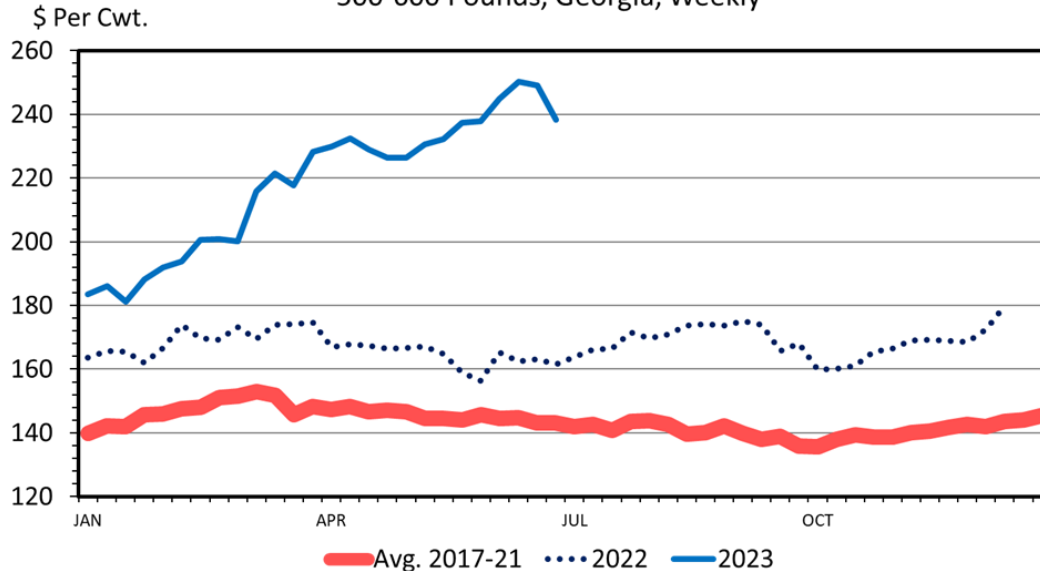
Cattle Price Pause

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

500-600 Pounds, Georgia, Weekly



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

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Calf prices in Georgia have taken a bit of a pause in their march upward over the last few weeks. Across the supply chain, prices have seen similar pauses as fed cattle and wholesale beef prices have leveled off or declined from highs hit earlier this summer. Fed steer prices in the Plains are about 3 percent lower compared to record highs set at the beginning of June, and the boxed beef cutout value is down about 5 percent from recent highs. Wholesale prices typically decline during this time of year after the surge in grilling demand at the beginning of the summer.

Supply remains tight as slaughter numbers have dropped more significantly over the past four weeks compared to last year. In particular, federally inspected heifer slaughter was in-line with last year through the first 21 weeks of the year. However, in the last four weeks, heifer slaughter has fallen by about 4.5 percent year-over-year. This along with feeder cattle prices on the futures market trading slightly higher through the fall and lower cattle-on-feed numbers compared to last year suggest that this price pause is unlikely to turn into a retreat and could be temporary.

The continued financial strength of the U.S. consumer and tight cattle supplies will be areas to watch in the near future. If both continue on their current trajectory, cattle prices will likely be supported. However, if cattle supplies expand (e.g., due to an expanded drought), a drought hurts corn production significantly, or the U.S. hits a recession, prices may meet resistance.

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