

Central Stockyards Market Insights is a new feature containing insights from our team, featuring their perspectives on the fed cattle market based upon conversations with feedyards and national and regional packers. Please enjoy this free commentary!

March 25, 2022

Cattle markets were steady for the week.

Live Cattle futures closed higher on the week with most of the cash trade occurring at \$138 in the South and instances of \$142 in the North. While futures markets did close higher week over week they were lower during the week and then came back late week. Volatility and uncertainty surrounding the geo-political situations continues to impact cattle markets. Live Cattle open interest has continued to decline since the conflict in Ukraine started. Open interest has declined by approximately 55,000 contracts since late February.

Steer and heifer weights are up 14 and six pounds year over year, respectively. Higher corn prices and higher cost of gains should decrease feedyard out weights throughout the remainder of the year. One observation heard from a feedyard was that, once they clear out existing inventory of beta-agonist cattle, they will be much more aggressive in marketing cattle at lighter weights.

Forward contract signings for feeder cattle have been lower than normal. April through June forward contracts are 13% to 35% below year ago levels so far.

In the U.S., March feedyard placements are down 24.4% year over year and 14.9% less than 2019 according to CattleFax.

Fed steer and heifer slaughter came in larger than expected this week. This week's harvest is estimated to be 507,000 head with a solid Saturday harvest expected at 47,000 head. Non-fed harvest is expected to be down 5,000 head. Fed steer and heifer harvest is up 5% compared to last year to date while non-fed harvest is up 26% compared to last year to date. Many lower quality or lower performing cows and bulls are making their way to market. Drought conditions combined with poor profitability is accelerating this dispersal.

Snow storms occurred this week in the southern plains. It was nice, wet snow that provided some moisture which is desperately needed across the entire great plain's region.

The February Cattle on Feed Report was released Friday:

- Cattle on Feed were 101% against 101.1% average expectation
- Cattle placed were 109% against 106.3% average expectation
- Cattle marketed were 105% against 104.3% expectation

The Cattle on Feed Report is seen as slightly bearish for front months. The report may serve to slow advances in deferred futures contracts. Placements are most likely higher due to drought.

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