

April 8, 2022

Live cattle were mostly steady on the week with the Southern Plains region trading at \$138 and Northern Plains and western Corn Belt at mostly \$140. There were other instances of trade \$2 – 3 higher in all regions on limited volume.

Basis has contracted as the April Live Cattle contract fell while cash prices remained steady. Volatility and uncertainty continue to impact the market as all market participants try to determine what market signals, geo-political, technical signals, and fundamentals help determine market sentiment and direction. Live Cattle Open Interest continued its decline this week with a total drop of 5,222 week over week.

Steer weights were down six pounds this week but remain 11 pounds higher year over year. Heifer weights were down four pounds this week but remain 12 pounds higher than last year. With higher input costs and energy costs associated with creating rations it is not a surprise that out weights have begun to decline.

Fed steer and heifer slaughter were steady to higher this week and total overall harvest should be up 37,000 head week over week. Fed steer and heifer harvest will account for 36,000 head of that increase. Year over year steer and heifer slaughter is still down 2.1%. Anecdotally, cow herd liquidation is increasing with the continuance of the drought across major cattle regions.

U.S. beef imports remain strong and are at record highs year-to-date. Brazil has been a strong exporter and will approach quota levels very soon. Year to date imports from Brazil are up 31%.

U.S. exports have not been as strong. Exports to China are down 32% year to date compared to the high in 2020.

Feeder cattle imports to the U.S. remain mixed. Feeder cattle imports from Canada were up 63,153 head year over year. Imports of Mexican feeder cattle are down 88,995 year over year. Imports from Canada of steers and heifers for slaughter are up 13.2% to 75,912 head.

Market sentiment continues to be tough to measure with bulls and bears trying to determine when herd liquidation, reduced heifer placements, slaughter levels, and leverage between packers, feeders, stockers, and cow-calf producers will look like for the remainder of 2022.

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