

May 20, 2022

Sale Schedule for next week (all sales start at 10:00 AM Central):

- **Tuesday, May 24**
- **Wednesday, May 25**
- **Thursday, May 26**

Live cattle were down \$3 – 5 this week with the trade at a once again across a wide range of \$136 – 145 from south to north. Light trade occurred Tuesday through Thursday with trade spread across all three days.

This week's Fed Cattle Exchange saw an active bidding week with more than 5,000 head consigned.

Today's May 1 Cattle on Feed report was as follows:

- On Feed 102%; Expectations: 100.5% - 101.8%; Average = 101.3%
- Placements: 99%; Expectations: 89.1% - 97.8%; Average = 95.4%
- Marketings: 98%; Expectations: 97.7% - 99%; Average = 98%

Digging into the placement data captured, weights of placements are heavily skewed to heavier cattle being placed on feed as cost of gains have raced higher with the corn market.

The report should be considered bearish with cattle on feed numbers and placements coming in higher than expectations and outside the range. With the volatility in the cattle and equity markets, traders will try to determine how much of this report was already factored into the market as of the close today

Equity markets were again a major story for the week as major indices continued to march lower and into correction territory. Concerns about consumer spending, which helped lift the market out of pandemic lows, have weighed on stocks and bond yields.

Earnings reports from some of America's biggest retailers this week added to concern that the highest rate of inflation in four decades is catching up with U.S. consumers and steering the economy toward a recession.

Consumer sentiment and beef demand will be in focus in the coming weeks as packers continue making purchases to supply major grilling season orders. While the average consumer is resilient, none of the major economic challenges – inflation, increasing fuel prices, increasing home prices, and increasing interest rates – show any sign of easing in the short term. Monetary policy adjustments inject an additional variable and resulting volatility into markets.

On the positive side, unemployment remains near 50-year lows, job openings remain record-high, and old habits like dining out and travelling are returning to pre-pandemic norms. Consumer savings during COVID increased so most consumers will have the financial capacity to weather short-term inflation-driven price increases.

In the Southern Plains, triple digit temperatures and high winds are reminiscent of the 2011 drought. Livestock market runs are continuing well into the early morning hours as ranchers market calves earlier and at much lighter weights than planned.

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