

Slaughter steer prices in the Southern Plains have continued to remain stable to higher since about April, maintaining about \$120 per cwt, with the exception of a few dollars higher in late June. The normal seasonal pattern for slaughter steer prices is higher in the first quarter, trending lower through September, before rebounding. The ten year price index shows clearly a third quarter bottom. The five year average of actual prices have maintained higher and more even prices in first and second quarters before bottoming in late September—not all that different than the 10 year seasonal index would imply.

It's unsurprising 2020 was volatile and did not adhere to normal seasonal patterns. This year we expected some residual effects especially in the first half of 2021, but believed the later part of 2021 would follow those strong seasonal trends. That thought process is fading as the price strength seen in fed cattle does not appear to be slowing down. Choice boxed beef is partially to blame. Choice boxed beef ended last week down to about \$267 per cwt, about \$70 less than the peak set this year at \$338 per cwt. What is notable is that boxed beef values are not collapsing very fast, which has enabled fed cattle prices to remain elevated. However, the next 4-6 weeks may be more telling. If boxed beef cutout values can hold on we may have already put in the seasonal lows for the year, however, should cutout values collapse, it is likely fed cattle prices will trend lower.

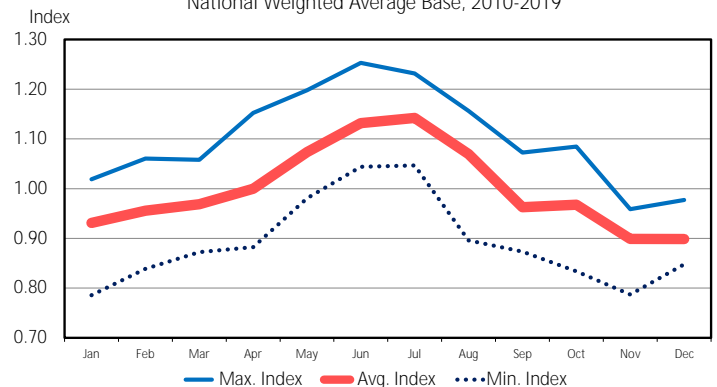
Slaughter hog prices have been adhering closer to a normal seasonal pattern this year. The ten year seasonal index peaks in June and it appears base prices may have set this year's high in the middle of June. Although hog prices are more than double last year at this time and 31% higher than the five year average, they do appear to be waning. The

seasonal index implies slaughter hog prices should fall through the second half of 2021. Since the peak the national weekly base slaughter hog price is \$7.43 per cwt lower than the peak set in June.

Slaughter hog prices tend to end the year below prices set in the first quarter. The first quarter of 2021, however, was still in the throws of COVID-19 and averaged \$75.79 per cwt. Livestock Marketing Information Center is predicting fourth quarter of 2021 will not adhere to that normal seasonal pattern this year, and that fourth quarter hog prices will likely be slightly above those seen in the first quarter.

SEASONAL PRICE INDEX – SLAUGHTER HOGS

National Weighted Average Base, 2010-2019

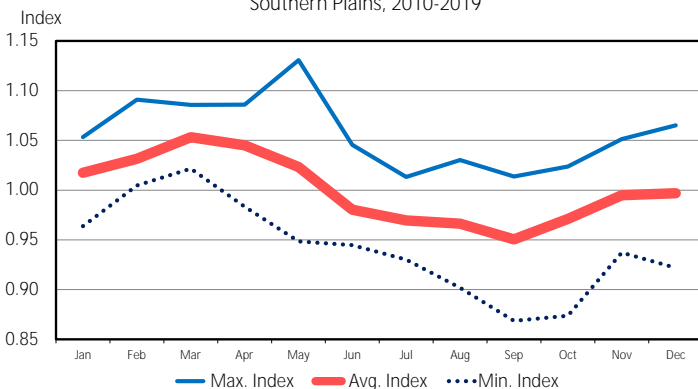


Data Source: USDA-AMS, Compiled & Analysis by LMIC
Livestock Marketing Information Center

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SEASONAL PRICE INDEX – FED STEERS

Southern Plains, 2010-2019

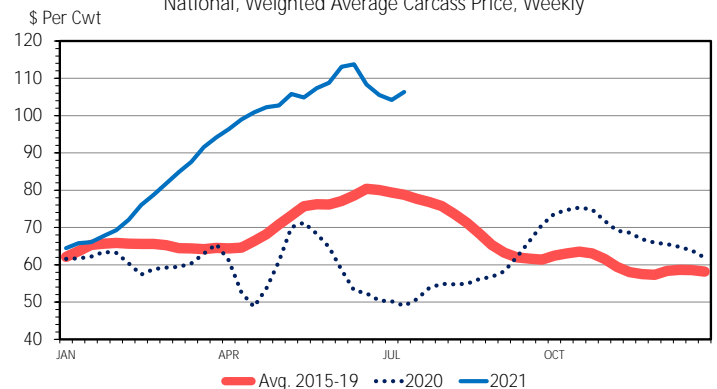


Data Source: USDA-AMS, Compiled & Analysis by LMIC
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BASE SLAUGHTER HOG PRICES

National, Weighted Average Carcass Price, Weekly



Data Source: USDA-AMS
Livestock Marketing Information Center

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