

More transparency and information are the buzzwords in the cattle market these days and, in that spirit, USDA-AMS started to publish two new cattle pricing reports. The first is a daily report that provides full details on the price and number of cattle purchased on a formula base. USDA issues both a morning and afternoon report as well as a summary report for the entire day. You can find that report at:

https://www.ams.usda.gov/mnreports/ams_3496.pdf

Yesterday the report showed that 26,292 cattle were purchased on a formula base and so far this week the number of cattle purchased this way is 215,912 head. This is higher than the number purchased for the same period last week and for the same period a year ago. The report offers a detail breakout of the volume and price of cattle purchased both in terms of grades as well the type of cattle purchased, including beef and dairy breeds. Additionally, the report offers a recap of the volume, weight and price of cattle purchased on a formula basis by region. The report shows that packers submitting information to USDA purchased 23,005 cattle on a dressed basis yesterday. Out of this total, 19,014 head came from the five state area, with purchases in Nebraska at 8,663 head. The price difference was interesting as the average price of the cattle in Nebraska was \$199.84 dressed at an average weight of 927 pounds while the average price of cattle purchased in Kansas was \$191.27 at an average weight of 853 pounds. We assume there will be a fair amount of noise in this data on a daily basis but the hope is that feedlots and other market participants will get a better picture of the market once the details on formula trades become available.

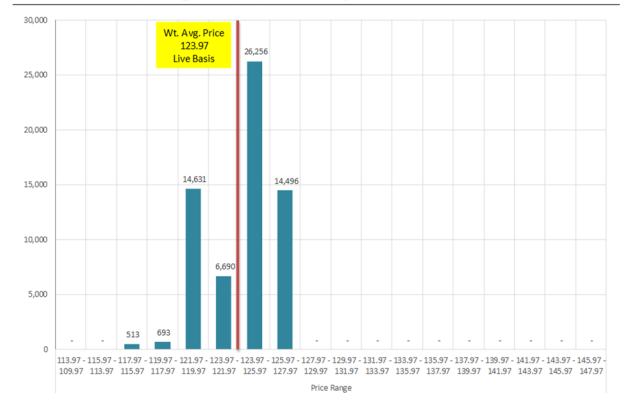
In addition to the daily information on formula trades, USDA has also started publishing a weekly report that looks at the price distribution of cattle purchased the previous week. You can find this report at:

https://www.ams.usda.gov/mnreports/ams_3492.pdf

While the average price information included in this report is also presented elsewhere, in the past market participants were a bit in the dark as to the prices paid to various entities, whether this was for cattle traded on a negotiated or formula basis. Of particular interest is the tail of the distribution, i.e. cattle that either trade at a significant premium or discount to the quoted market. USDA includes a couple of charts with the report although we cannot say we find those especially helpful. While they help you visualize the distribution of the premium/discounts vs. the average price, the problem is that the average price is different for different categories of cattle sold. We sought to clarify some of this in the attached charts although you can find a full set of charts on page 2. We also sought to show the actual price ranges and the number of cattle sold in those ranges. Clearly the variety of formulas used and the premiums paid for specific conditions makes for a much longer tail for cattle purchased on a formula basis. The tail is especially long for cattle traded on a dressed basis. For instance, last week USDA reports that the average price of cattle purchased on a formula basis was \$195.91/cwt. However, some 2,300 head fetched over \$40 above that number.

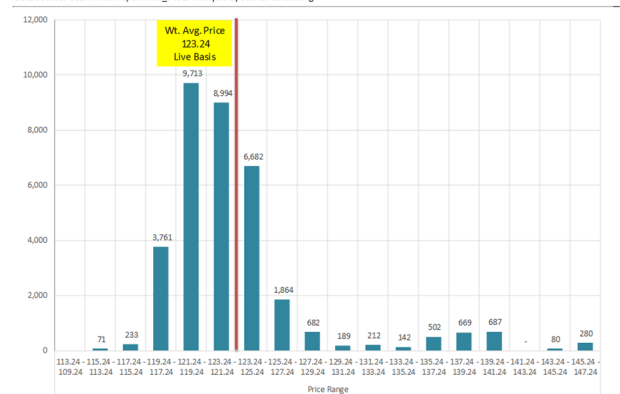
Price Distribution of Cattle Sold **Live** on a **Negotiated Basis**.

Data source: USDA-AMS, Report AMS_3492, Analysis by Steiner Consulting



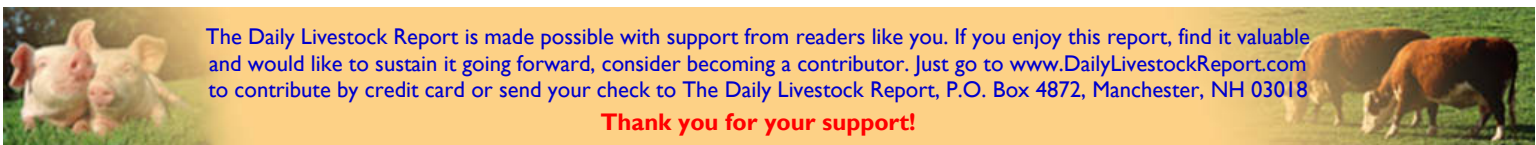
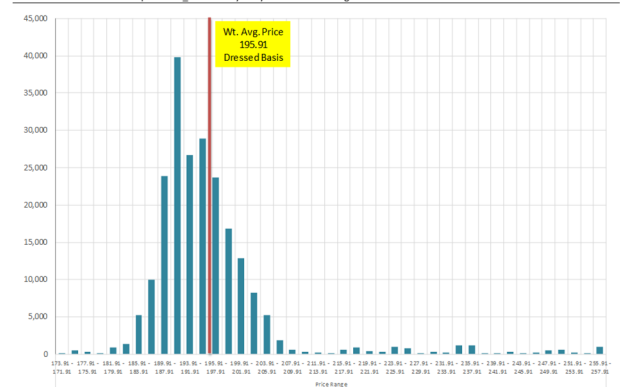
Price Distribution of Cattle Sold **Live** using **Formula Net** Contracts

Data source: USDA-AMS, Report AMS_3492, Analysis by Steiner Consulting



Price Distribution of Cattle Sold on a **Dressed Basis** Using **Formula Net** Contracts

Data source: USDA-AMS, Report AMS_3492, Analysis by Steiner Consulting



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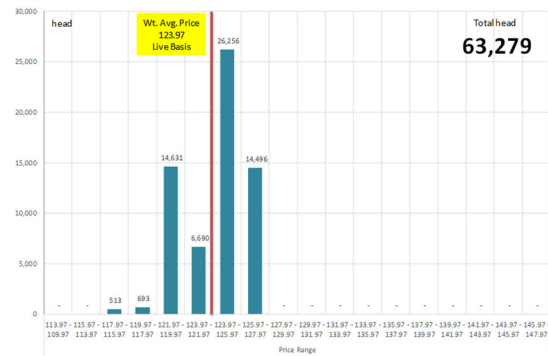
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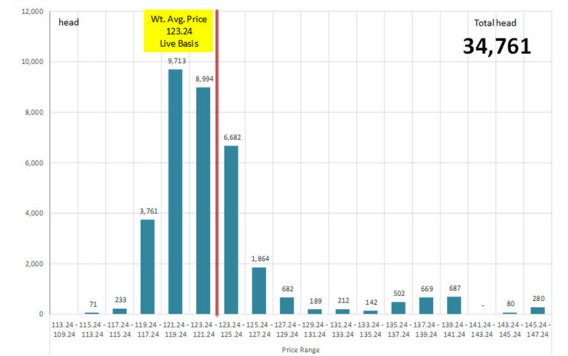
Price Distribution of Cattle Sold Live on a Negotiated Basis.

Data source: USDA-AMS, Report AMS_3492, Analysis by Steiner Consulting



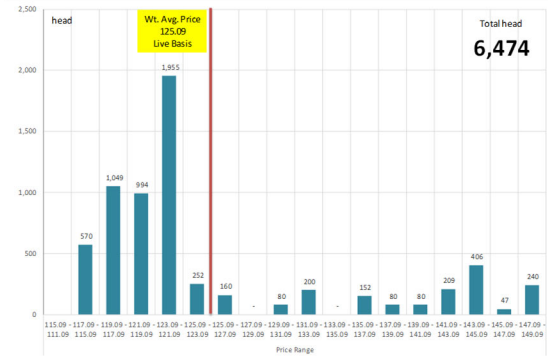
Price Distribution of Cattle Sold Live using Formula Net Contracts

Data source: USDA-AMS, Report AMS_3492, Analysis by Steiner Consulting



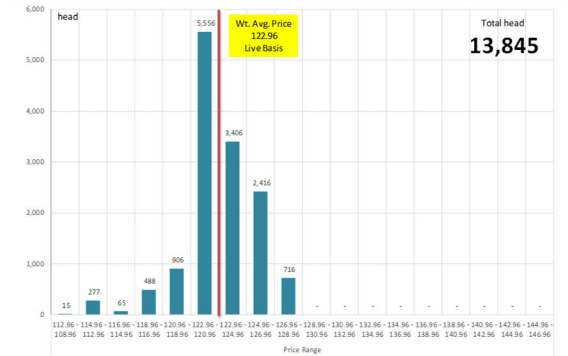
Price Distribution of Cattle Sold Live using Forward Contract Net Contracts

Data source: USDA-AMS, Report AMS_3492, Analysis by Steiner Consulting



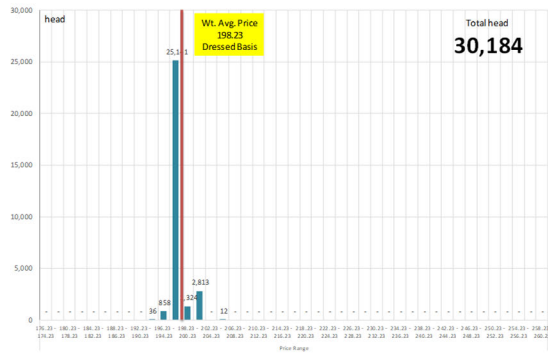
Price Distribution of Cattle Sold on a Live Basis Using Negotiated Grid Net Pricing

Data source: USDA-AMS, Report AMS_3492, Analysis by Steiner Consulting



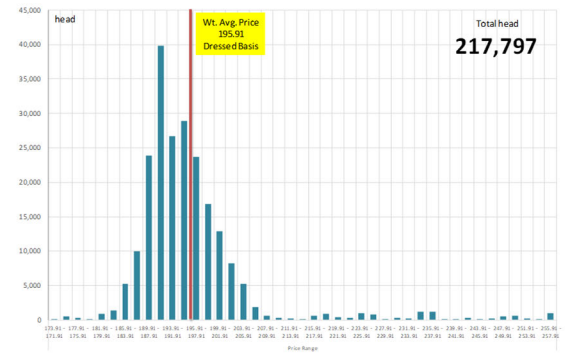
Price Distribution of Cattle Sold Dressed on a Negotiated Basis.

Data source: USDA-AMS, Report AMS_3492, Analysis by Steiner Consulting



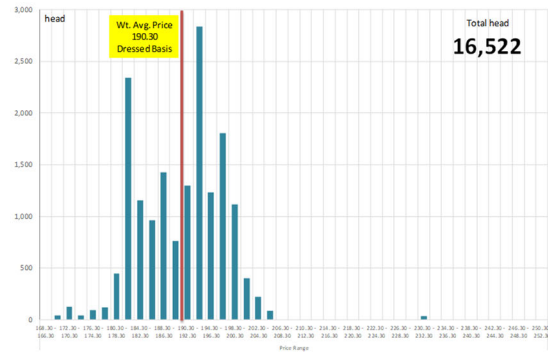
Price Distribution of Cattle Sold on a Dressed Basis Using Formula Net Contracts

Data source: USDA-AMS, Report AMS_3492, Analysis by Steiner Consulting



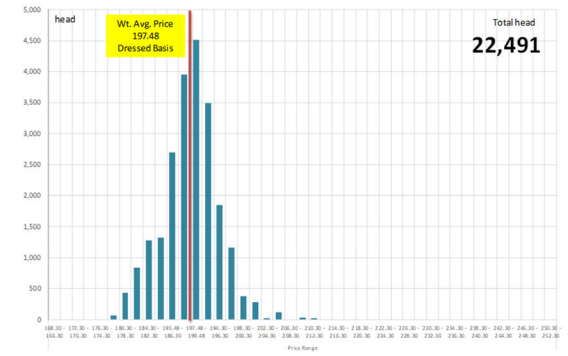
Price Distribution of Cattle Sold on a Dressed Basis Using Forward Contract Net Contracts

Data source: USDA-AMS, Report AMS_3492, Analysis by Steiner Consulting



Price Distribution of Cattle Sold on a Dressed Basis Using Negotiated Grid Net Pricing

Data source: USDA-AMS, Report AMS_3492, Analysis by Steiner Consulting



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