

Live cattle prices rose substantially last week, closing just under \$130 per cwt on Friday. This has been a strong rally in such a short 5-day window, up \$3.06 per cwt from the previous Friday.

Cattle buyers appear to be buying decent volumes over the last several weeks. October through the first week of November sold 176,329 head, down 15% from last year, but up 37% from 2019. Live FOB heifer volumes were down 25% from last year and up less than 1% from 2019.

The weekly [142 Committed and Delivered Slaughter Cattle Summary](#) shows the volume of domestic live cattle that will be delivered generally within 7 days of the agreement to sell. The last five weeks have averaged about 65,000 head a week of steers and heifers in negotiated trades. Negotiated grid cattle have averaged 23,000 head a week, formula 27,000 head a week, and forward contract 10,000 head per week. Cattle sold on a dressed basis, showed averages of 25,000 head for negotiated, 27,000 head for negotiated grid, 210,000 for formula, and 19,000 head for forward contracted cattle.

These are significant upticks from the previous month and represent packers filling out the bids for cattle that will be delivered in time to hit holiday markets. Seasonally, the market is drawing closer to the point where packers will not consistently chase cattle in order to fill bids, and should be cognizant that cash prices may only stay elevated for a limited amount of time.

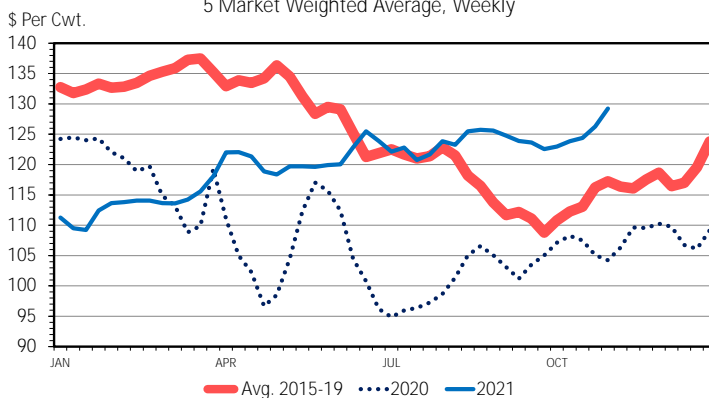
Yesterday's DLR covered the relationship between inflation and

meat choices. Holiday demand may suffer as beef prices have soared and will likely average more than \$7 per pound at the retail meat counter. Consumers, as mentioned yesterday, are likely to actively make different choices, than when beef is priced more closely to pork and chicken. Retail prices for October along with the Consumer Price Index will be released later this week and provide more detail on that topic.

Cash cattle prices climbed last week, but Choice cutout values climbed less than \$2 per cwt. Monday's daily price for both the 5-area fed steer prices and negotiated Choice boxed beef pulled back from Friday's higher prices. This week we expect interest to remain in both the meat market and cattle markets, but may slip in coming weeks.

Upside in cattle prices may be limited by what packers feel they can pass along to the wholesale market. The five year average for weekly boxed beef shows the rally could last one more week, but typically the end of the year shows prices weakening slightly. Even if 2021, follows this seasonal pattern, boxed beef is still expected to be above year ago levels. Livestock Marketing Information Center's 4th quarter forecast is \$126-128 per cwt for live fed steers. Given October prices averaged close to \$124, cattle cash prices will need to maintain a level above \$127 to hit the low end of that range. That downside risk in the cattle prices seems relatively small to round out the quarter.

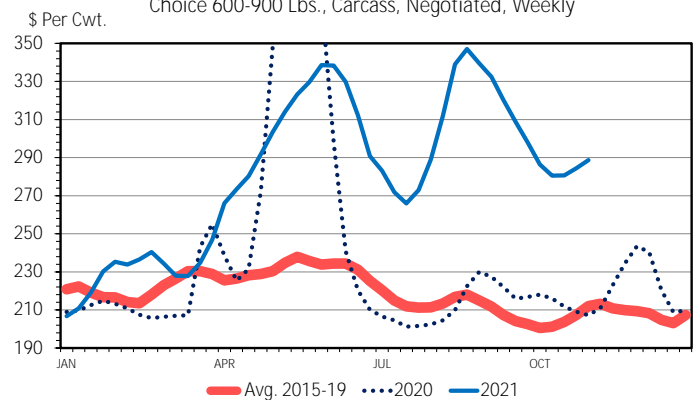
SLAUGHTER STEER PRICES
5 Market Weighted Average, Weekly



Data Source: USDA-AMS
Livestock Marketing Information Center

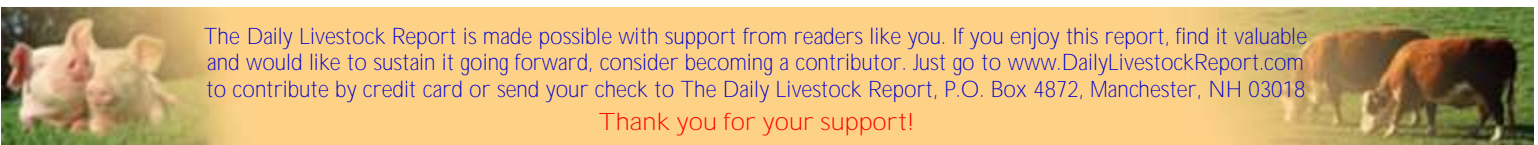
11/08/21

BOXED BEEF CUTOUT VALUE
Choice 600-900 Lbs., Carcass, Negotiated, Weekly



Data Source: USDA-AMS
Livestock Marketing Information Center

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11/08/21



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