

Fall 2021 Cattle Market Situation and Outlook cont'd from page 4

driving factor for the relationship between light and heavy feeder cattle prices. The normal relationship between different feeder calf prices is for prices per hundredweight to decline as cattle weights increase. Understanding this relationship helps to answer what weight calves should be purchased at. This price slide reflects what it costs to add weight to the animal and is a big indicator for gross margin, or value of gain. For example, for the week ending September 17, Iowa feeder prices indicated that the value of 300 pounds of gain for a 500-pound steer was \$1.17/lb. when sold at 800 pounds. An additional 100 pound gain to a 900-pound ending weight had an average value of gain of \$1.00/lb. for the entire 400 pounds of gain. These prices indicate the value of gain is stronger for gains at the lighter end of feeder weights. A 600-pound beginning weight has a value of gain of \$0.86/lb. for 300 pounds of gain up to 900 pounds, whereas a 450-pound beginning weight has a value of gain of \$1.18/lb. for 300 pounds of gain up to 750 pounds. These values demonstrate that stocker and backgrounder producers currently desire lighter weight animals that provide greater flexibility for adding weight.

Things to watch in 2022

Feeder cattle prices for all weight categories are higher this fall than last. The higher year over year prices are occurring even in states hit hardest by the drought. The lower availability of cattle outside of feedyards, coupled with continued strong demand is keeping those prices high. The question is what will prices look like for heavier feeder cattle in early 2022? Availability of feeder cattle is not going to increase, and in some regions it may decline faster than expected due to the early fall run. The unknown is whether feedyard placements will continue at the previously expected pace.

Labor challenges in the packing industry, as well as other setbacks, have forced lower slaughter numbers. According to CattleFax, there were enough cattle to meet a 523,000 head/week slaughter pace from May through September. Instead, the processing segment averaged only 517,000 head/week in those months, which kept an additional 150,000 head of fed cattle on the front-end, thereby keeping feedyards fuller than expected. If cattle feeders slow placement rates due to higher numbers of cattle remaining on feed than expected, there will be some additional short-term pressure on feeder cattle prices, but this should be limited.

May to July 2021 saw smaller feedlot placements compared to 2020, however year over year comparisons are hard given the implications from COVID in 2020. Forage availability is the biggest challenge for western stocker cattle. Many of these operations will likely not have adequate forage this winter. As a result, the heavyweight feeder cattle supply for spring may be tighter than anticipated as lightweight animals will likely be placed directly on feed this winter. If heavyweight feeder cattle prices remain stable and if the producer has adequate forage available, there is some potential for profit from stocker cattle this winter. Producers need to analyze their own costs and revenue potential. Wisconsin Extension has some decision tools available that may aid in the decision process.

Projections at this time suggest that feeder cattle prices will stay higher than last year's levels, with 500-600 pound animals showing a 9% increase year over year in prices, and 700-800 pound animals having a 10% increase in year over year prices. For the first half of 2022, heavy weight feeder cattle will continue to see 10% higher prices than 2021, while lighter weight animals will show a more subdued year over year increase of only 3.5%.

Beef Quality Assurance (BQA) Training Being Offered in Wisconsin

BQA does more than just help beef producers capture more value from their cattle. BQA also reflects a positive public image and instills consumer confidence in the beef industry. When producers implement the best management practices of a BQA program, they assure the cattle they sell are the best they can be. Today, the stakes are even higher because of increased public attention on animal welfare. BQA is valuable to all beef and dairy producers because it:

- Demonstrates commitment to food safety and quality.
- Safeguards the public image of the beef and dairy industries.
- Upholds consumer confidence in valuable beef products.
- Improves sale value of marketed beef cattle.
- Enhances herd profitability through better management.

How can you become certified? BQA certification can be done online or by attending an in-person training organized by Wisconsin's Beef Quality Assurance Coordinators. Visit [BQA.org](https://www.bqa.org) for the online courses. You can select from the type of production that best fits your farm – cow/calf, stocker/backgrounder, feedyard or transportation.

Farmers can also become certified by attending an in-person training. Meeting dates and registration details available at <https://www.beeftips.com/cattlemens-corner/beef-quality-assurance/bqa-registration-form/>

Dairy farmers: The national dairy FARM program can help dairy producers manage their operations in ways that will insure quality milk as well as produce beef that will meet consumer expectations. All dairy producers that complete a FARM 3.0 evaluation are BQA equivalent. For more information on the FARM program visit: <https://nationaldairyfarm.com/>.