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Livestock Feed Price Implications for Fall

As we move into fall, we have a pretty good feel for the size of the 2022 corn crop. Acreage is down significantly from last year and yield estimates were reduced recently to 172.5 per acre. Barring a major shock on the demand side, feed prices are going to be a challenge for cattle operations this winter.

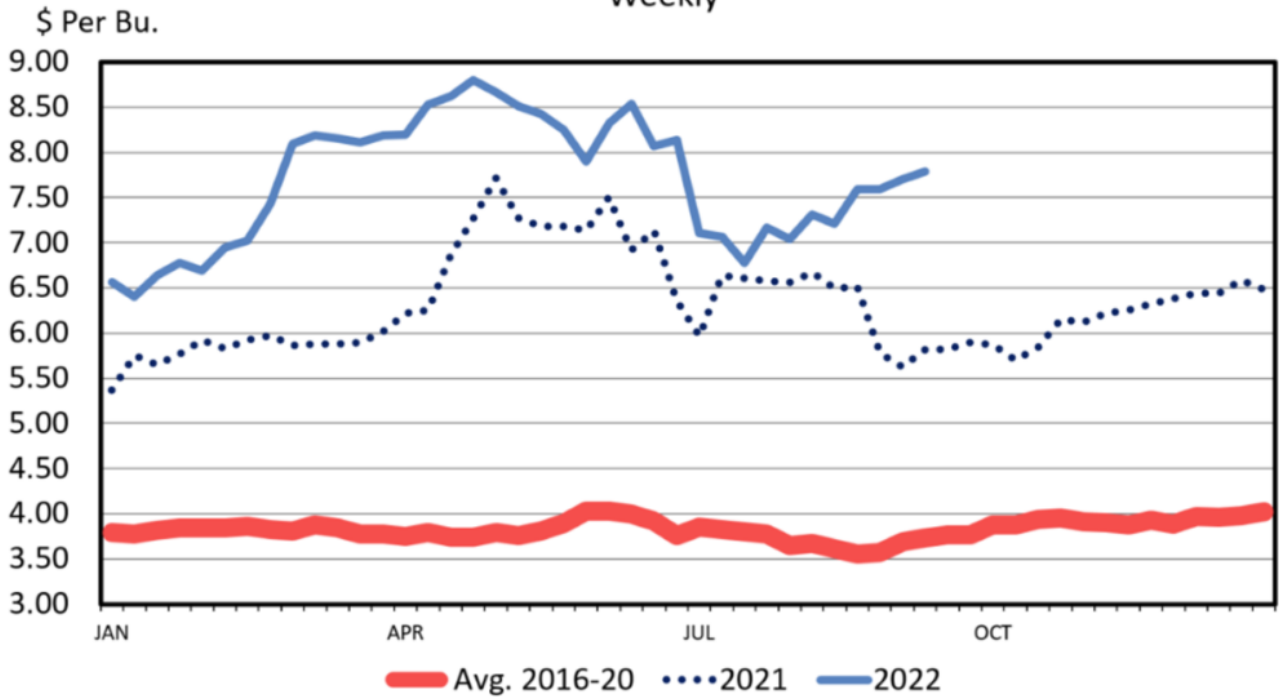
Perhaps the most important thing to remember is that cost of

gain and value of gain are correlated. Feedlots prefer to place heavier feeder cattle when feed prices are high, so the price discount on higher weights gets smaller. This narrowing of price slides increases the value of additional pounds when feeder cattle are sold. Opportunities can still exist in high feed price markets depending on cattle price dynamics. Producers may find that opportunities to grow feeders still exist, especially if they can efficiently make use of alternative feeds. Along those same lines, producers need to make sure they distinguish between cost of feed and cost of gain. Cost per ton of feed really does not tell me much unless I know something about that feed's ability to put weight on cattle.

Finally, there are also implications for fall grazing. A quick glance at the drought monitor reveals how much variation exists across the country. While grazing costs have increased recently as well, they have not increased as much as purchased feed. So fall pasture is likely the most attractive feed that can utilize to add pounds. The current market also increases incentives to incorporate rotational grazing or strip grazing to increase the utilization of those forages.

SOUTHERN PLAINS CORN PRICES

Weekly



Data Source: USDA-AMS
Livestock Marketing Information Center

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