

Market Reports: A Useful Tool

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Most readers of this article are familiar with market reports produced and housed by the United States Department of Agriculture (USDA). The market reports most producers are familiar with are the daily and weekly market reports for feeder cattle and slaughter cow sales. In Tennessee, these reports are generated from auction market sales in which market reporters associated with the Tennessee Department of Agriculture (TDA) record price, sex, weight, frame size, muscle score, flesh, and group size of animals being marketed through the sale that day. This data is then compiled into 50 pound weight increments based on the aforementioned information and an average price and price range are provided for each class of cattle.

There are over 30 auction markets in Tennessee, but generally TDA reporters are only able to cover 11 or 12 auctions each week due to labor constraints. Thus, the data in the weekly market report only includes sales from those auctions covered by TDA reporters. Similarly, not all cattle at an auction will be included in the report. There are several reasons cattle may not be included in the report. These reasons may include the animal having a physical defect, noticeably sick, having physical characteristics that do not allow them to be grouped with animals in the same weight class, or some other reason.

The purpose of market reports is to provide buyers and sellers with information to help level the playing field. Or in other words, they are meant to avoid a situation of asymmetric information which can result in one person taking advantage of another. Thus, it is important for the report to be representative of the majority of animals that are marketed in an area.

When evaluating a feeder cattle market report, the reader may notice comments associated with some prices. These comments are used to further explain the prices received for certain animals. Comments commonly included on a report include fancy, fleshy, full, and value added. These terms are used when an animal with certain characteristics brings a premium price or is discounted. A full list of comment terms can be found at the following website <https://www.ams.usda.gov/market-news/livestock-poultry-and-grain-cattle-terms>. The comment terms are somewhat ambiguous in that an animal that fits the definition of a term only receives the comment if the price of the animal is discounted or the animal receives a premium compared to animals of the same class. Thus, the animal does not receive the comment value added just because it has been weaned, vaccinated and dewormed. The animal must carry those characteristics, but it also must sell for a premium over similar class cattle.

Feeder cattle reports are not the only market reports. USDA Market News produces several market reports that producers in Tennessee may not be as familiar with. One of the most prominent reports is the 5-area weighted average prices for slaughter cattle. This report contains information on negotiated finished cattle trade from feedlots to packers on both a dressed and live basis. This information can be useful for producers in Tennessee who retain ownership of cattle in the feedlot and then market cattle to meat packers. Additionally, this report could help producers pricing animals they are direct marketing to local consumers.

USDA does not stop there with reporting for the livestock industry. USDA reports wholesale and retail beef prices, daily and weekly slaughter levels, import and export tonnage, and the list could go on. However, the point is that USDA is constantly working to increase information flow to cattle producers and consumers, and it is important to take advantage of the publically available information they work diligently to provide. There are times when the information one is seeking is not publically available, but those instances are few and far between.

The reports previously mentioned have several uses. One of the primary uses of feeder cattle reports is to help cattle producers have an idea of what their cattle are worth. However, the use of the report is not “dummy proof.” Producers must have an understanding of the market and how it works if

they intend to use a market report for valuing cattle. One must understand how breed, sex, weight, frame size, muscling, flesh score, gut fill, and value added traits influence price and thus the final value.

If there is certain information a reader is looking for then the use of a search engine on the internet can go a long way. If further assistance is needed then send an email to agriff14@utk.edu.