



Agricultural Marketing Service

Creating Opportunities for American Farmers and Businesses

2018 LMR Negotiated Cattle Market

*Confidentiality in the negotiated cattle market,
0-14 day delivered negotiated cattle market, and reporting regions.*

3/70/20 Confidentiality Guideline

The **3/70/20 confidentiality guideline** requires the following three conditions:

- ✓ At **least three reporting entities** need to provide data at least 50% of the time over the most recent 60-day time period.
- ✓ No single reporting entity may provide **more than 70% of the data** for a report over the most recent 60-day time period.
- ✓ No single reporting entity may be the sole reporting entity for an individual report **more than 20% of the time** over the most recent 60-day time period.

The Livestock Mandatory Reporting Act of 1999 requires USDA to publish mandatory data on livestock and meat price trends, contracting arrangements, and supply and demand conditions in a manner that protects the identity of reporting entities and preserves the confidentiality of proprietary transactions.

Confidentiality in the Negotiated Market

0-30 day delivery is what you see on the current reports

January – June 2018

0-14 day delivery is what you asked AMS to explore

	0-30 Day	0-14 Day	15-30 Day
National			69%
5-Area			50%
Iowa/MN			50%
Nebraska			35%
Kansas			
TX/OK/NM			
Colorado	81%	62%	

Currently showing 0-14 and 15-30 day delivery on the weekly comprehensive report

100% passing

% of time passing

100% failing

Average Number of Firms per Week

January – June 2018

	0-30 Day	0-14 Day	15-30 Day
National	7.27	7.11	3.46
5-Area	7.27	7.11	3.35
Iowa/MN	6.76	6.51	2.68
Nebraska	6.24	5.92	2.32
Kansas	4.32	4.32	0.84
TX/OK/NM	3.03	2.97	0.41
Colorado	2.65	2.57	0.65

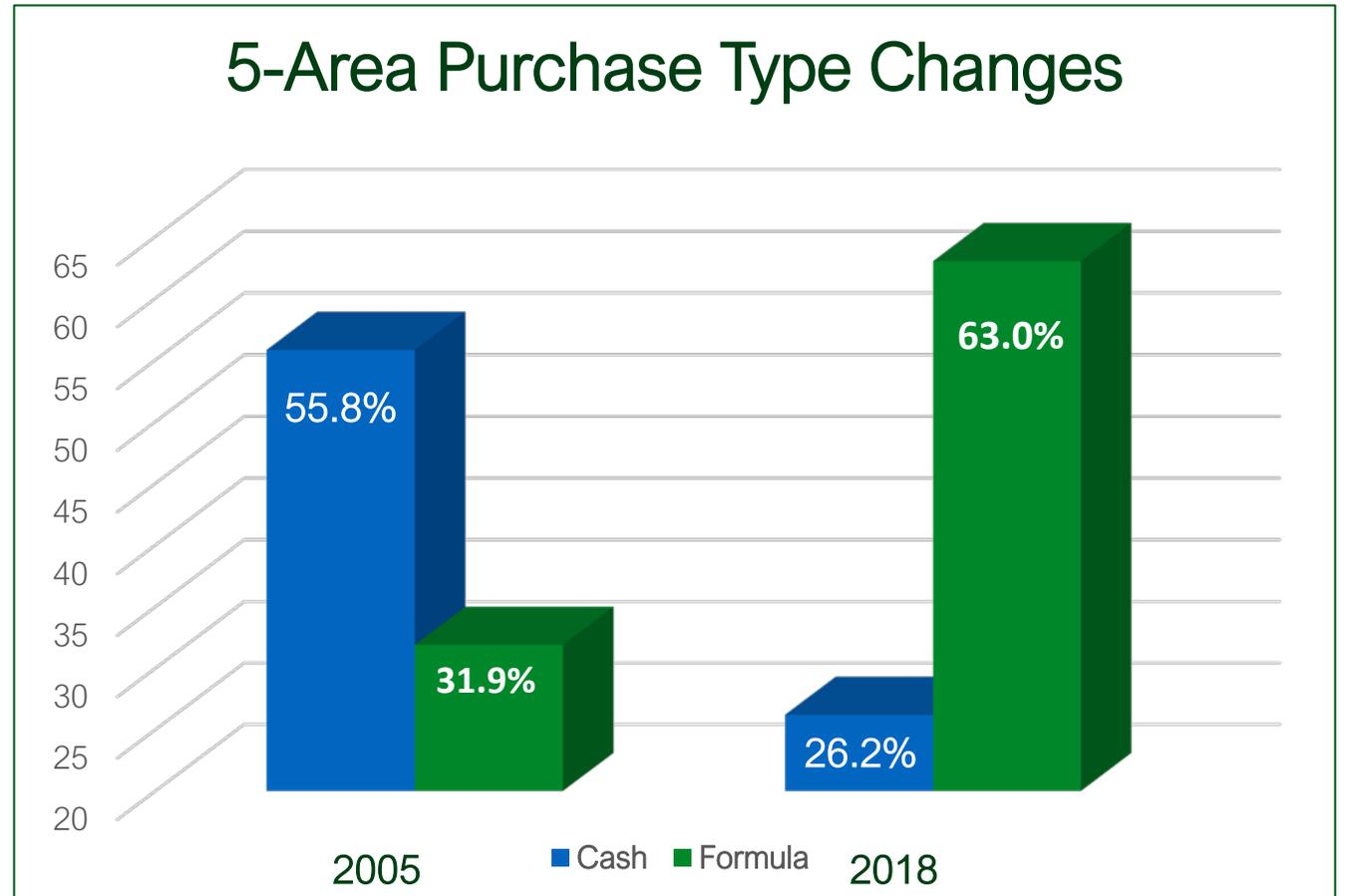
Passing

Occasionally Passing

Failing

Shift in 5-area Purchase Types

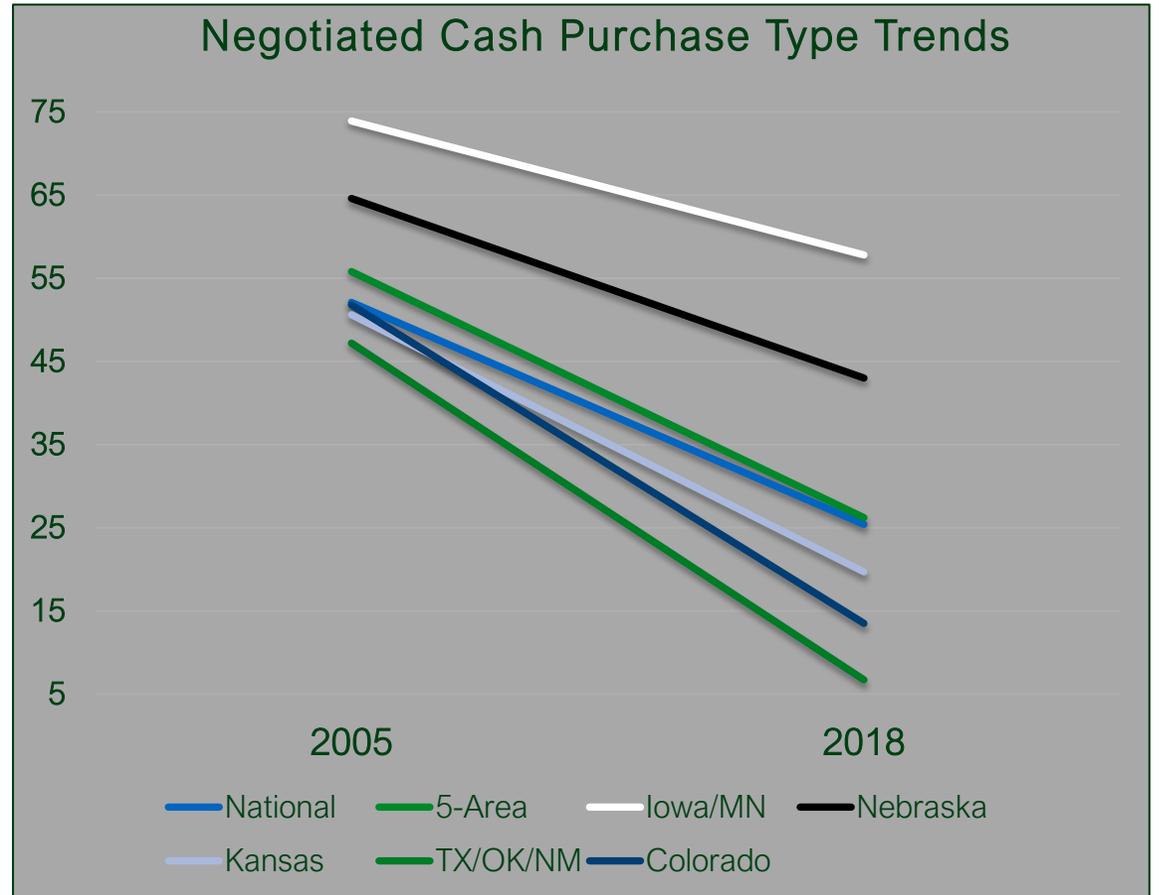
	2005	Jan - June 2018
Cash	55.8%	26.2%
Formula	31.9%	63.0%
Forward Contract	4.6%	8.1%
Negotiated Grid	7.7%	2.7%



Negotiated Cash Purchase Type Shift

Regions	2005	2018	Change
National	52.1%	25.4%	-26.7
5-Area	55.8%	26.2%	-29.6
Iowa/ MN	73.9%	57.8%	-16.1
Nebraska	64.6%	43.0%	-21.6
Kansas	50.6%	19.7%	-30.9
TX/OK/NM	47.2%	6.7%	-40.5
Colorado	51.8%	13.5%	-38.3

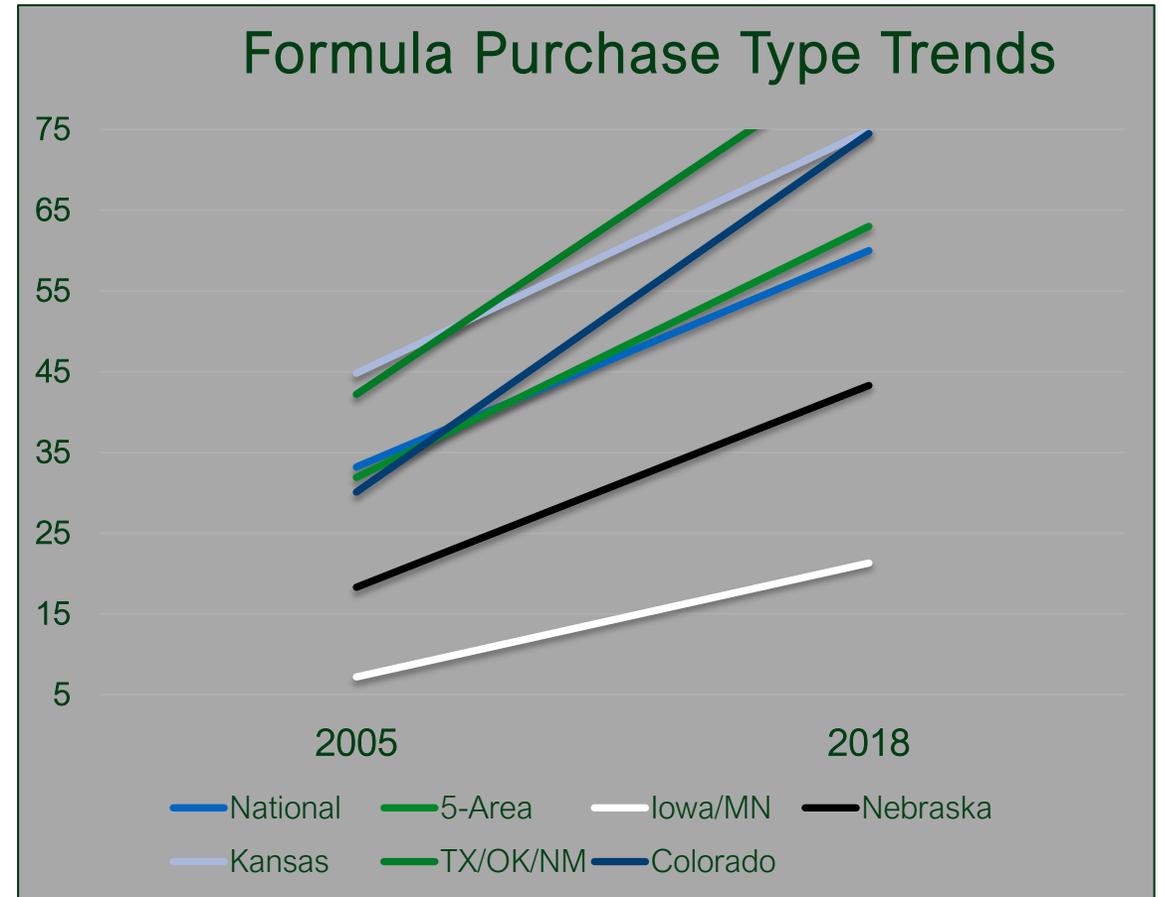
*January – June 2018



Formula Purchase Type Shift

Regions	2005	2018	Change
National	33.2%	60.0%	26.8
5-Area	31.9%	63.0%	31.1
Iowa/ MN	7.2%	21.3%	14.1
Nebraska	18.3%	43.3%	25.0
Kansas	44.8%	74.9%	30.1
TX/OK/NM	42.2%	84.8%	42.6
Colorado	30.1%	74.5%	44.4

**January – June 2018*



15-30 Day Delivery Data

- ✓ 0-14 day delivery volumes are generally larger than 15-30 day delivery volumes
- ✓ 5-area regions occasionally show greater 15-30 day delivery volumes

27%

percent of time 15-30 day delivery traded at a premium (\$) to 0-14 day delivery purchases

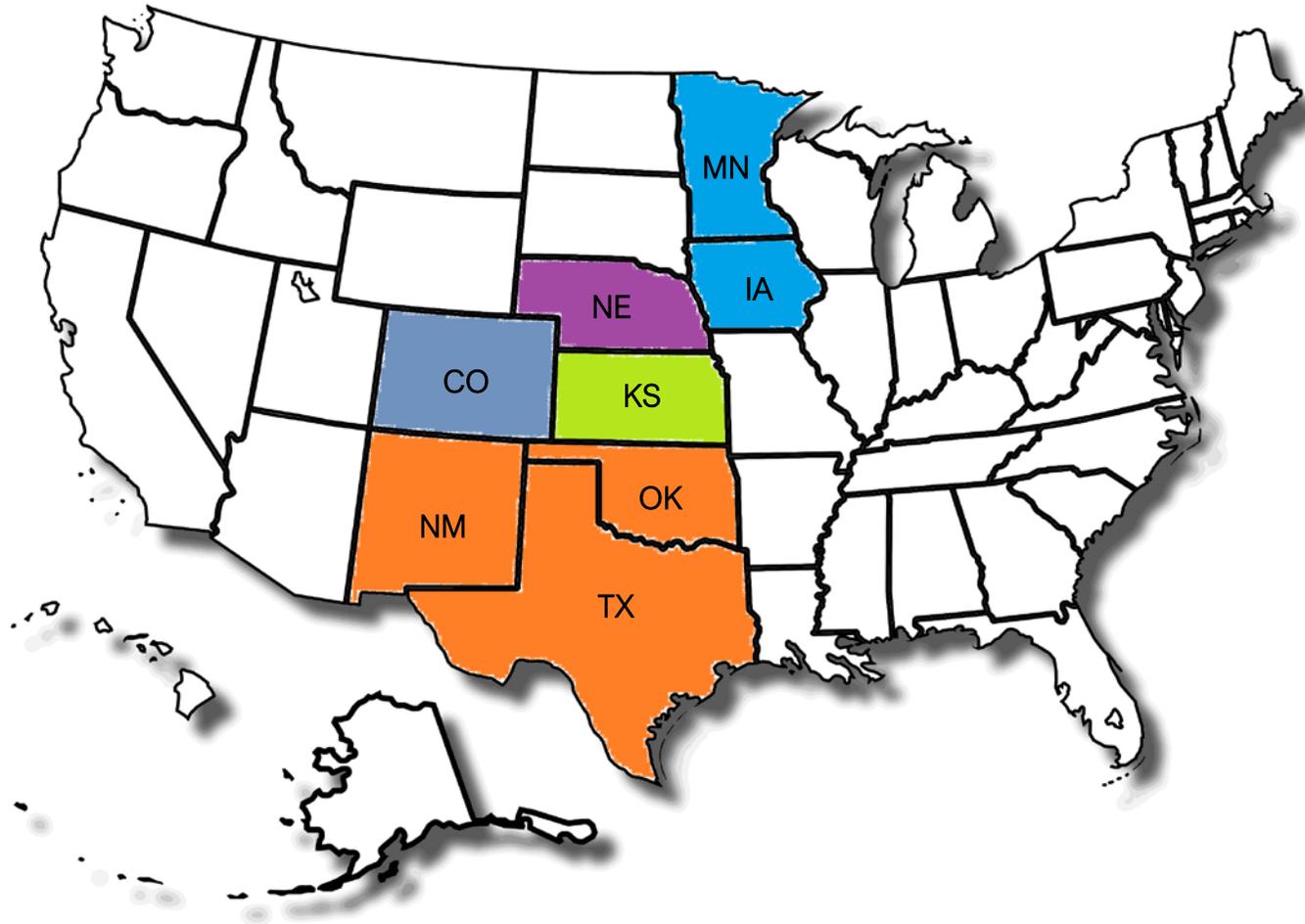
**from 2017 to June 2018 on weekly basis.*

Area	15-30 Portion of 0-30 Trade
National	18%
TX/OK/MN	6%
KS	4%
NE	26%
CO	17%
IA/MN	21%
SD	25%
WY	5%
IL	4%

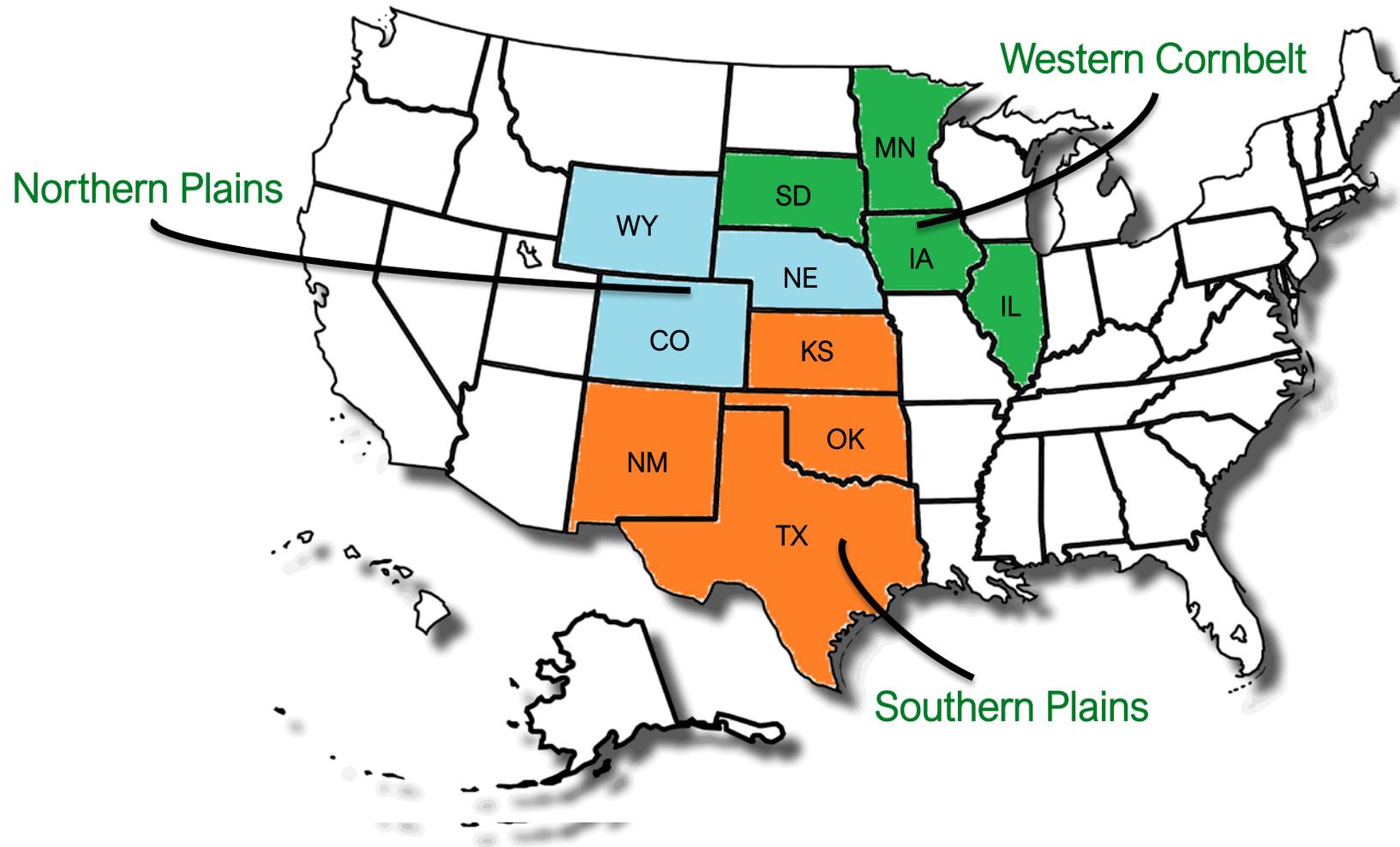
**January – June 2018*

5-Area Potential Changes

Current 5-Area Regions



Potential 3-Area Regions



Average Number of Firms per Week

January – June 2018

Occasionally Passing

Failing

Passing

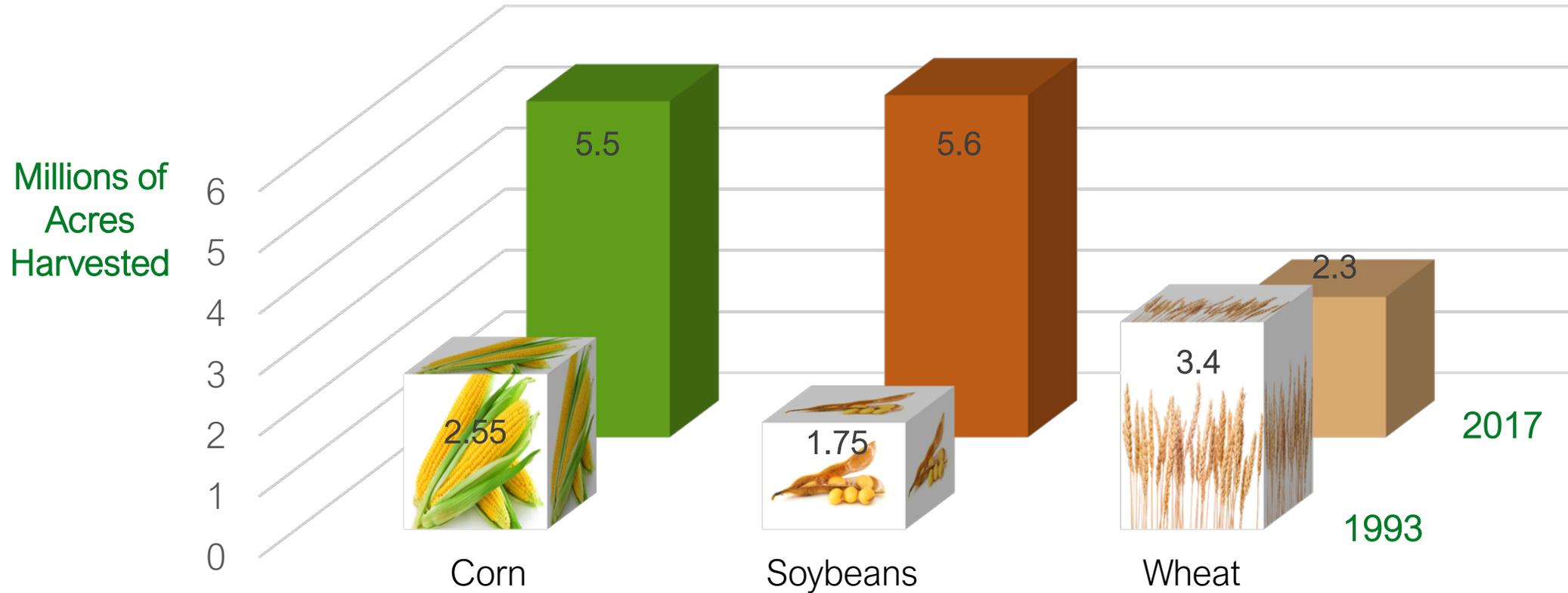
Region	0-30 Day	0-14 Day	15-30 Day	
IA/MN	6.76	6.51	2.68	*
IA/MN/SD/IL	7.11	6.86	2.81	
Nebraska	6.24	5.92	2.32	*
Colorado	2.65	2.57	0.65	*
NE/CO/WY	6.27	5.95	2.43	
Kansas	4.32	4.32	0.84	*
TX/OK/NM	3.03	2.97	0.41	*
KS/TX/OK/NM	4.38	4.38	1.03	

*current region

South Dakota Data



South Dakota Harvested Crops



South Dakota Field Crop Totals



1993: 15,231,000 acres planted

2017: 23,687,000 acres planted

South Dakota

South Dakota recorded nearly 691,000 head of live cattle in 2017 via LMR.

- ✓ *310,000 head were negotiated cash purchases*
- ✓ *305,000 head reported from January - June 2018*

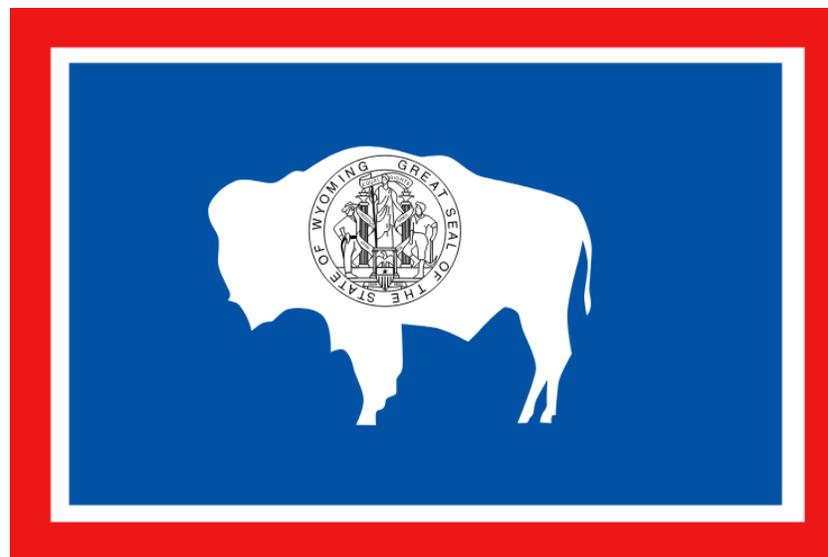
6.4%

percent increase of 5-Area volume by adding South Dakota (using 2017 data)

South Dakota Purchase Type Percentages

	2017	2018
Cash	44.8%	56.0%
Formula	29.4%	26.8%
Forward Contract	16.7%	10.1%
Negotiated Grid	9.1%	7.1%

Wyoming Data



Wyoming Purchase Type Percentages & Data

	2017	2018
Cash	70.4%	64.1%
Formula	10.8%	25.0%
Forward Contract	18%	10.0%
Negotiated Grid	0.8%	0.9%

Wyoming recorded 78,000 head of live cattle in 2017 via LMR.

✓ *70% negotiated cash purchases*

34,000 head reported from January through June 2018.

✓ *64% negotiated cash purchases*

1.1%

percent increase of 5-Area volume by adding Wyoming (using 2017 data)

Illinois Data



Illinois Data

Illinois recorded 246,255 head of live cattle in 2017 via LMR.

- ✓ *104,183 head were negotiated cash purchases*
- ✓ *133,862 head reported from January - June 2018*

2.1%

percent increase of 5-Area volume by adding Illinois (using 2017 data)

Illinois Purchase Type Percentages

	2017	2018
Cash	42.3%	46.3%
Formula	12.6%	10.2%
Forward Contract	20.2%	19.3%
Negotiated Grid	24.9%	24.2%

Price Comparison of Region/States

	6 Month Average Price	Difference	Average Weekly Spread From 5-Area
5-Area	\$121.25	\$0.00	\$0.00
Iowa/MN	\$121.91	\$0.66	\$0.76
Nebraska	\$121.13	-\$0.12	\$0.23
Kansas	\$121.12	-\$0.14	\$0.31
TX/OK/NM	\$121.20	-\$0.05	\$0.41
Colorado	\$121.03	-\$0.22	\$0.69
South Dakota	\$120.99	-\$0.26	\$0.60
Wyoming	\$121.50	\$0.24	\$0.90
Illinois	\$122.38	\$1.13	\$1.29

**January – June 2018*

Grading Percent Choice or Higher

National	78.69%
5-Area	78.03%
Iowa/MN	85.77%
Nebraska	82.83%
Kansas	80.76%
TX/OK/NM	70.23%
Colorado	81.87%
South Dakota	85.01%
Wyoming	82.64%
Illinois	91.21%

**January - June 2018*

** Beef Type, Formula Net, Contract Net, and Grid Nets*

5-Area Volume Increase

Adding Illinois, South Dakota, & Wyoming increases negotiated volume in the current 5-Area by **almost 10%!**

There were 4,872,899 head of negotiated cattle reported via LMR in the 5-Area in 2017.

	Negotiated	Increase
Illinois	104,183	2.1%
South Dakota	310,000	6.4%
Wyoming	54,600	1.1%
Total	468,783	9.6%

**based on 2017 data.*

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