

Cull Cows

Cull cow prices vary greatly on average during the 2005-2014 period as shown in Figure 4. Prices trended upward from January to May and are stable from May to August and decline again from September to December. Cull cow prices were highest in the summer and lowest November, December and January. Prices were below the annual average in the first two and last three months of the year. They were above the annual average March through September.

Forecasting Cattle Prices

The seasonal price index may also be used to forecast prices for the months ahead based on the historic relationship. To forecast a future month, divide the current month average price by the index for the current month and multiply this number by the index for the future month. For example, if May-fed cattle prices average \$140 per cwt., the forecast for August would be $140 / 1.00 \times 0.99 = \$138.60/\text{cwt}$. Adjusting for the variability suggests that there is a 68 percent probability that the August monthly average price will fall between \$114.64 and \$162.56.

Probability of Price Changes

The actual pattern of short term price movements over time is another potentially useful guide to seasonal price changes. *AgDM File B2-20*, [Cattle Price Changes By Two-Week Periods](#) summarizes information on average price changes of choice slaughter steers by two-week periods throughout the year. The number of years that prices increased and decreased provides an indication of the probability of particular short-term price movements. The average percentage increase or decrease gives some idea of the possible magnitude of price changes. For example, the data indicates there is a fairly high probability that prices will increase from the first half of March to the last half of the month. But there's a low probability that prices will rise from the last half of April to the first half of May.

This information can be useful in making short term marketing decisions on cattle. It can help with decisions on whether to market a bit lighter than normal or to carry cattle an additional week or so before marketing.

Figure 1. IA-So. MN Choice Steers: Seasonal Price Index; 2005-2014

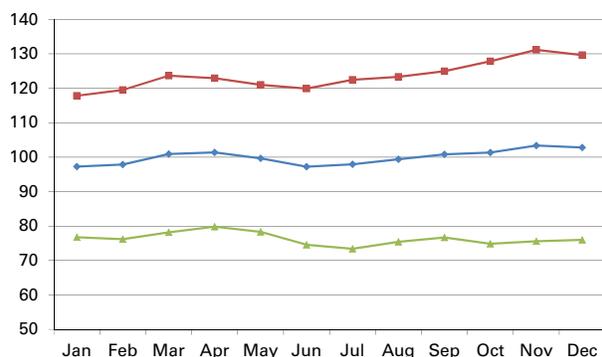


Figure 2. Med. Frame, 700-800 lb. Steers, Ok. City: Seasonal Price Index, 2005-2014

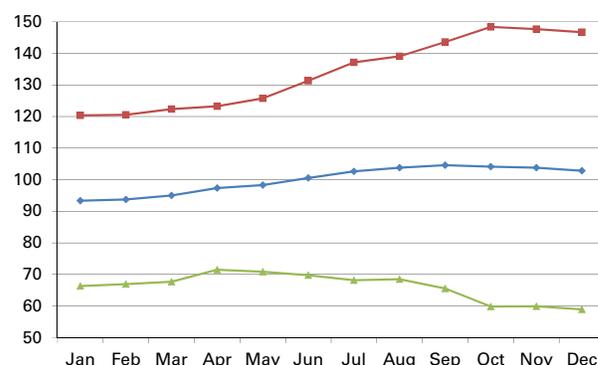


Figure 3. Med. Frame, 500-600 lb. Steers, Ok. City: Seasonal Price Index, 2005-2014

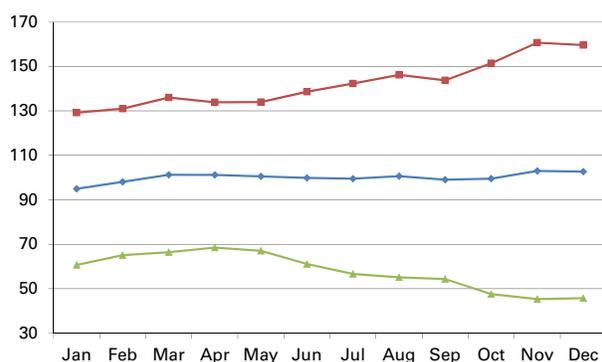


Figure 4. Boning Utility Cows, Sioux Falls: Seasonal Price Index, 2005-2014

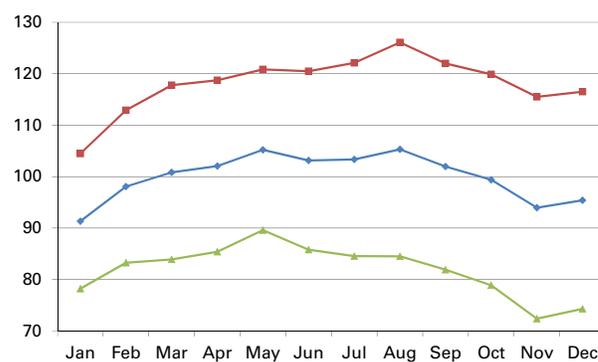


Table 1. Price Index & Variability by Cattle Type, 2005-2014

	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>
Choice Steers (IA-So. MN)												
Seasonal Price Index	97	98	101	101	100	97	98	99	101	101	103	103
Variability	20.6	21.7	22.7	21.6	21.3	22.7	24.5	24.0	24.1	26.5	27.8	26.8
700-800 lb. Steers (Iowa)												
Seasonal Price Index	93	94	95	97	98	101	103	104	105	104	104	103
Variability	27.0	26.8	27.3	25.9	27.5	30.8	34.5	35.3	39.0	44.3	43.9	43.9
500-600 lb. Steers (Iowa)												
Seasonal Price Index	95	98	101	101	101	100	99	101	99	99	103	103
Variability	34.3	33.0	34.8	32.7	33.4	38.8	42.9	45.5	44.7	51.9	57.7	56.9
Utility Cows (Sioux Falls)												
Seasonal Price Index	91	98	101	102	105	103	103	105	102	99	94	95
Variability	13.1	14.8	16.9	16.7	15.6	17.4	18.8	20.8	20.0	20.5	21.6	21.1

... and justice for all

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Issued in furtherance of Cooperative Extension work, Acts of May 8 and July 30, 1914, in cooperation with the U.S. Department of Agriculture. Cathann A. Kress, director, Cooperative Extension Service, Iowa State University of Science and Technology, Ames, Iowa.