

# What is a WASDE and Why Should I Care?

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## What is a WASDE and Why Should I Care?



A new year is upon us! What can we expect from 2025? Optimism is strong at the ranch, and with good reason. As a follow-up on the November 2024 article, I thought I would take a little deeper dive into the drivers in our markets and what indications are for 2025. Please keep in mind that I am writing this article in early December, so if the world has changed in the last 30 days, please cut me a little slack!

The USDA releases a report on the second Friday of each month, known as the WASDE Report. WASDE stands for World Agricultural Supply Demand Estimates. The WASDE provides a production forecast and expected usage of several ag commodities, including grains, livestock, and dairy products. Corn production is of particular interest to cattle producers and none more so than the cow/calf sector.

Today, a 700-pound steer will double his weight in the feedlot. To do that, he will consume 22 pounds of corn every day for 200 days. That is over 2 tons or 78 bushels of corn! Today, that steer is worth about \$1,800. By the time he comes out of the feedlot, another \$750 will be added to his total cost with the majority of that increase being corn cost.

When negotiating any business deal, it's always good to know what the other guy is thinking. What is driving his decision-making? Selling your calves is no different.

Cattle buyers are thinking about three things when deciding what to pay for your calves. 1) Performance: Will they be healthy? Will they gain and convert well? Will they bring additional value at the packing plant? 2) Feed cost: What will the corn price be while these cattle are on feed? 3) Sale price: What will the fed cattle market be when these cattle are finished?

Concern #1 is largely unknown unless this feeder has fed your calves before. If so, it gives them a better idea of what to expect in the future and may (or may not) give them the confidence to bid just a little more. The feeder has a little help with concerns #2 and #3. The futures market holds some clues as to what is expected for the corn price and fed cattle price. By the same token, those markets can help you understand what your calves are worth. A spreadsheet is available on the USU Extension website at [farmanalysis.usu.edu](http://farmanalysis.usu.edu). The spreadsheet will help back-calculate calf value based on the three points mentioned above.

The Chicago Mercantile Exchange (CME) quotes futures and options contracts for corn, and for feeder and fed cattle. There is a very strong relationship between feeder cattle prices and both corn and fed cattle. You can add about 8 to 10 months to your weaning date to come up with the fed cattle contract that will best approximate the price of finished cattle when your calves will market (assuming they are going directly to a feedlot).

For example, a calf weaned in November will likely be marketed between August and October. You can arrive at a corn price by averaging across the months your cattle will be in the yard. Additionally, the December corn contract is seen as a "new crop" contract. If you are interested in the tone for corn in 2026, the December 2025 contract is your best barometer. While these are not perfect estimates, they do give a producer some idea of what the market is expecting. Right now, the December 2025 corn contract is a little higher than the December 2024 contract. Looking out as far as the fed cattle futures will go (April 2026 at this time), the market is expecting a similar fed cattle price. That said, I would expect 2025 calf prices to be similar to 2024 or possibly a little higher.

As I mentioned in my last article, beef demand and the supply of cattle remain a wildcard. When will cow liquidation stop and heifer retention begin? That sounds like the subject for another article in the future!

## Contact

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