



Beef Cattle Market Update

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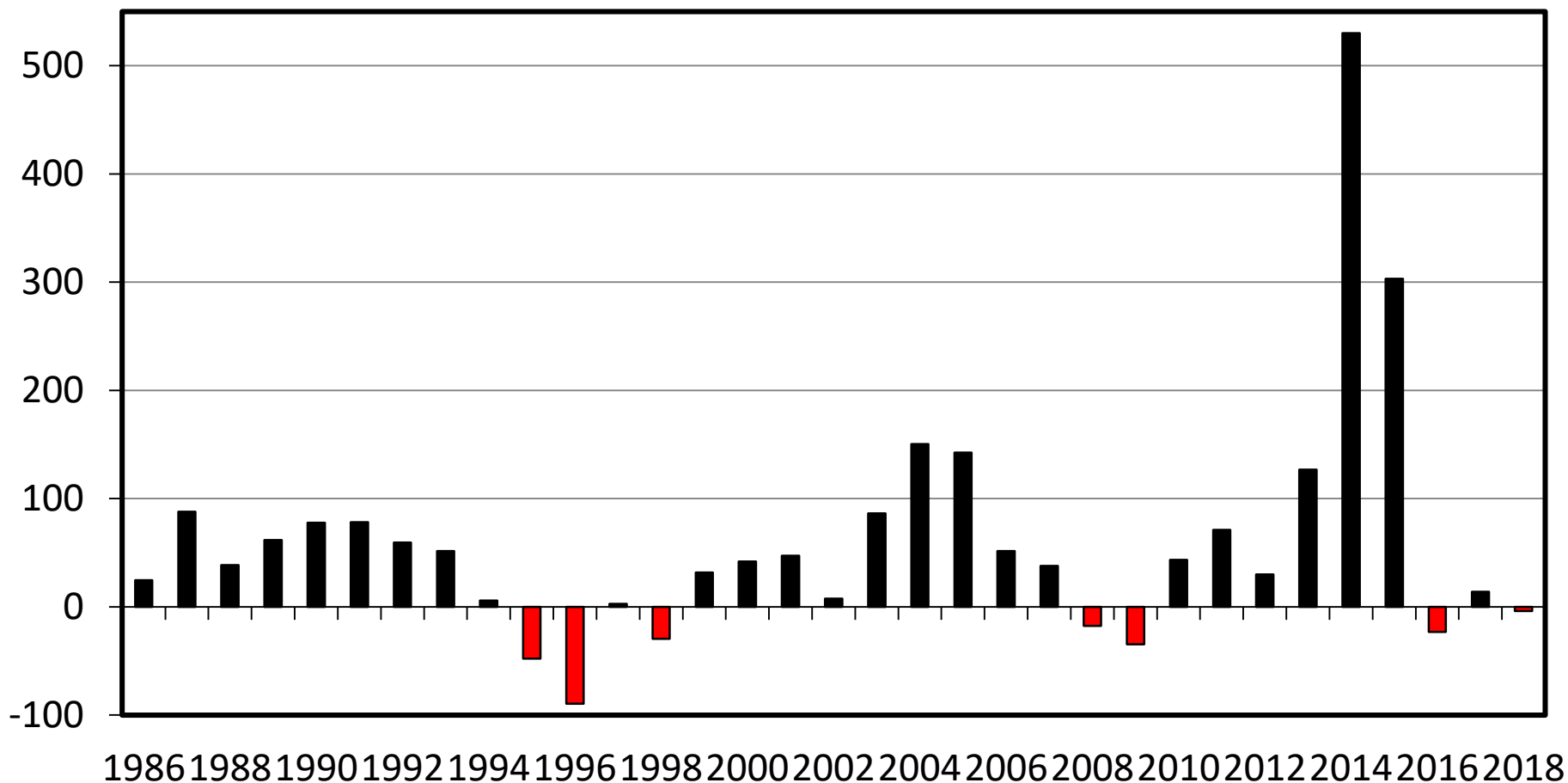
Where Do Cattle Markets Go From Here?

- It has been a wild ride the last few years
 - ▣ The pendulum has swung: too few cattle to perhaps too many
 - ▣ Other meat supplies have followed suit
- We may be returning to what is a long-term “normal”
 - ▣ Unfortunately this follows a sharp declines in cattle prices
 - ▣ As unforeseen events caused recent volatility, more may occur
- The tug-of-war between supply and demand continues
 - ▣ Recent demand performance and outlook is positive
 - ▣ Abundant cattle supplies continue to exert market pressure



ESTIMATED AVERAGE COW CALF RETURNS

\$ Per Cow Returns Over Cash Cost (Includes Pasture Rent), Annual

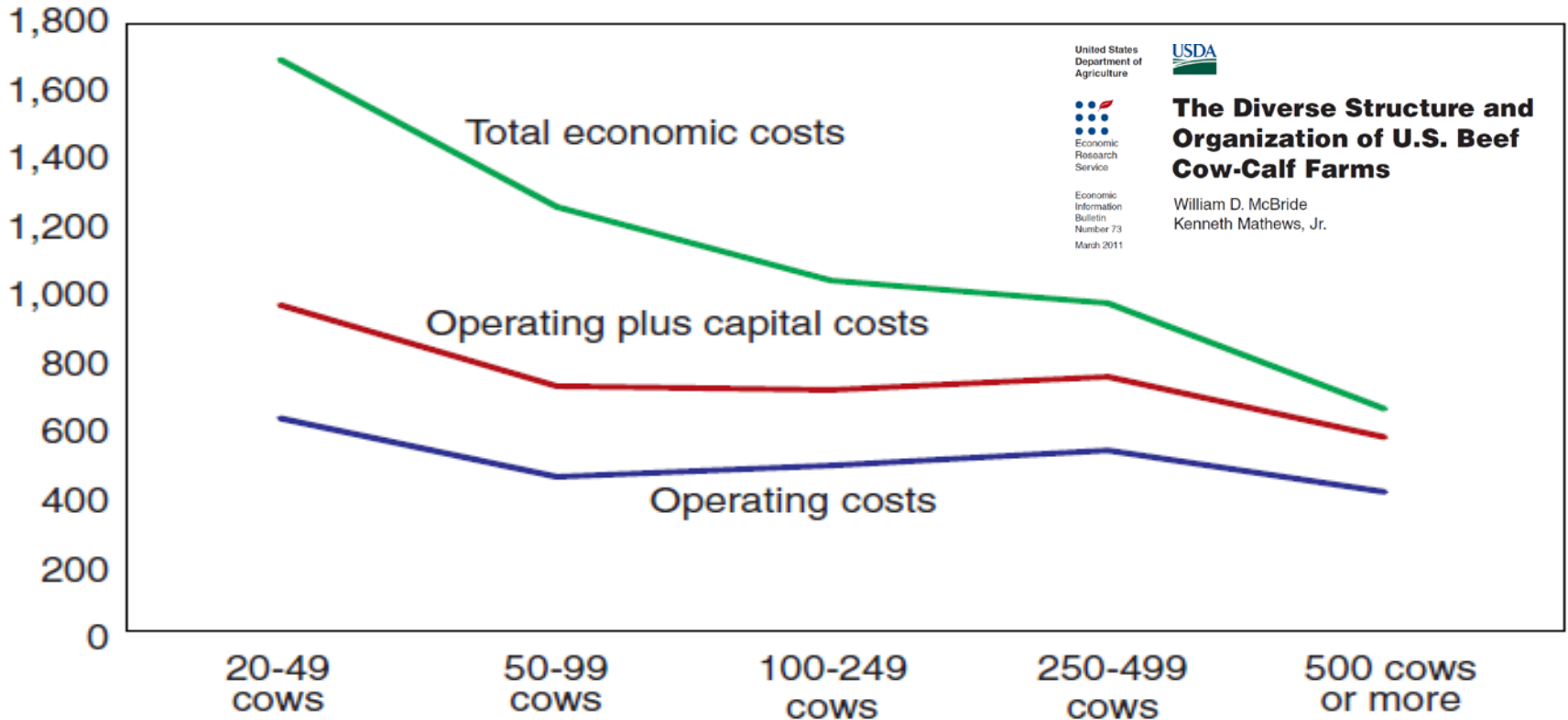


Economies of Scale Are Present In All Agricultural Sectors

Beef cow-calf cost of production per cow by size, 2008

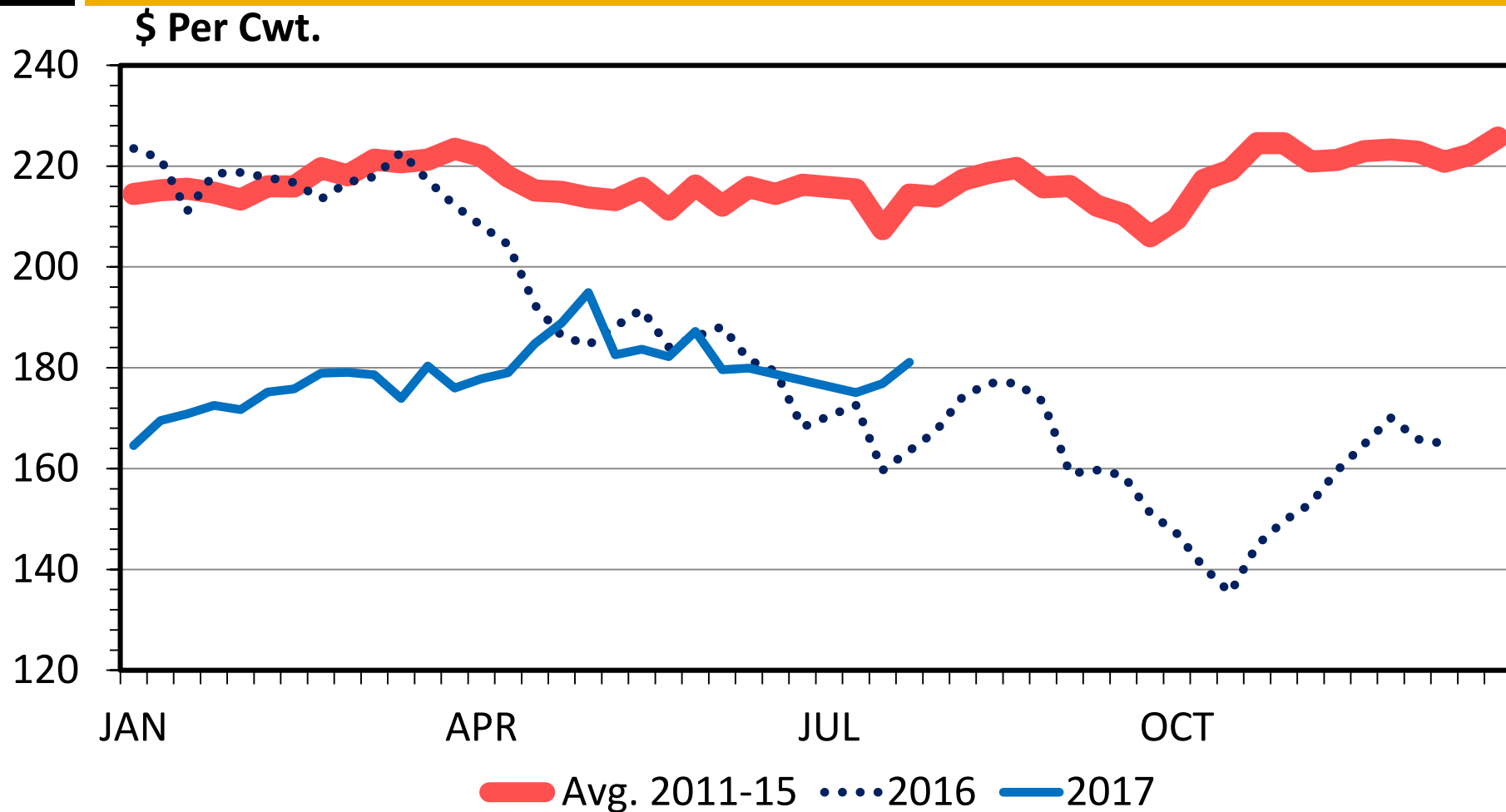
Economies of size are apparent in beef cow-calf production, particularly for total economic costs.

Dollars per cow

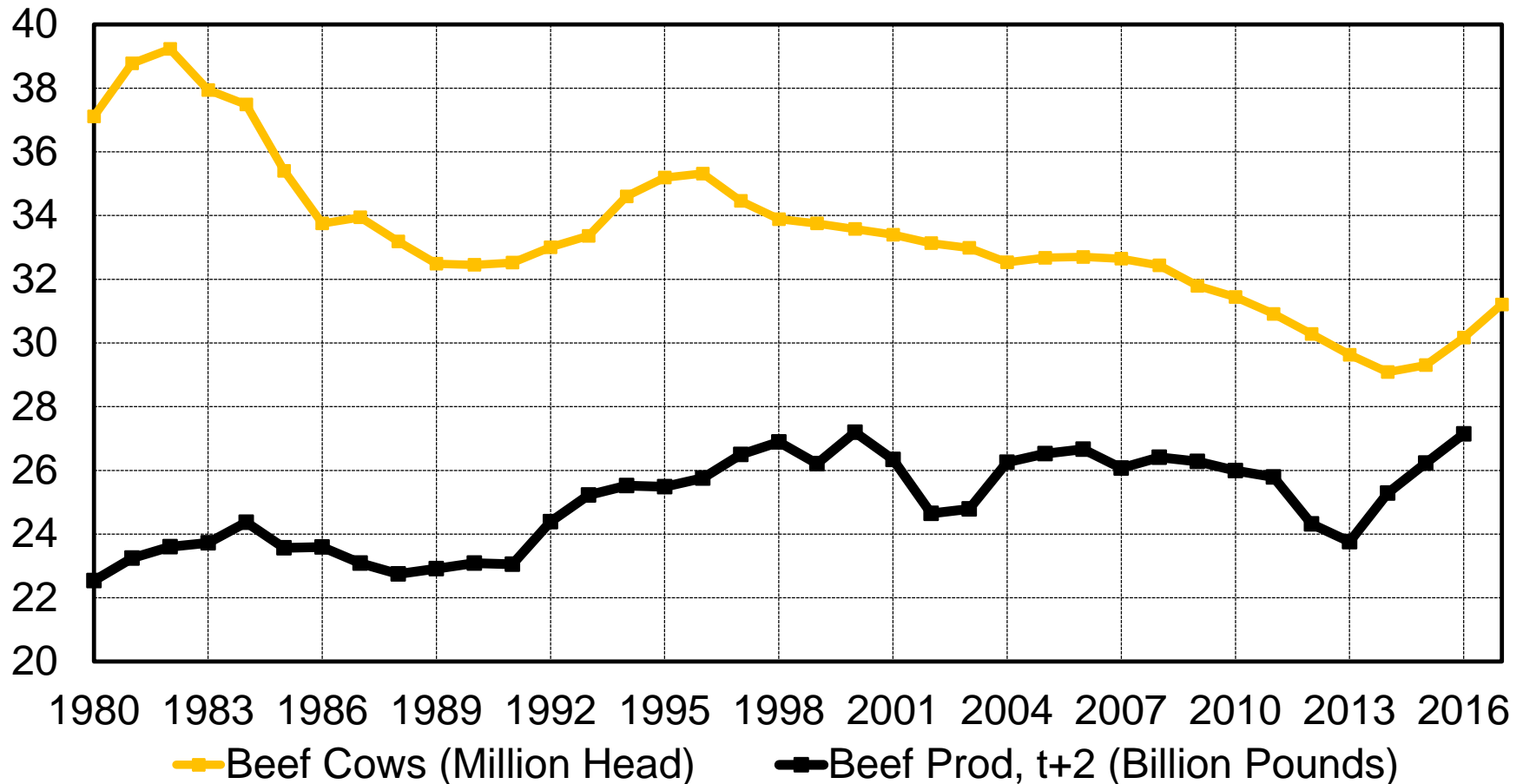


MED. & LRG. #1 STEER CALF PRICES

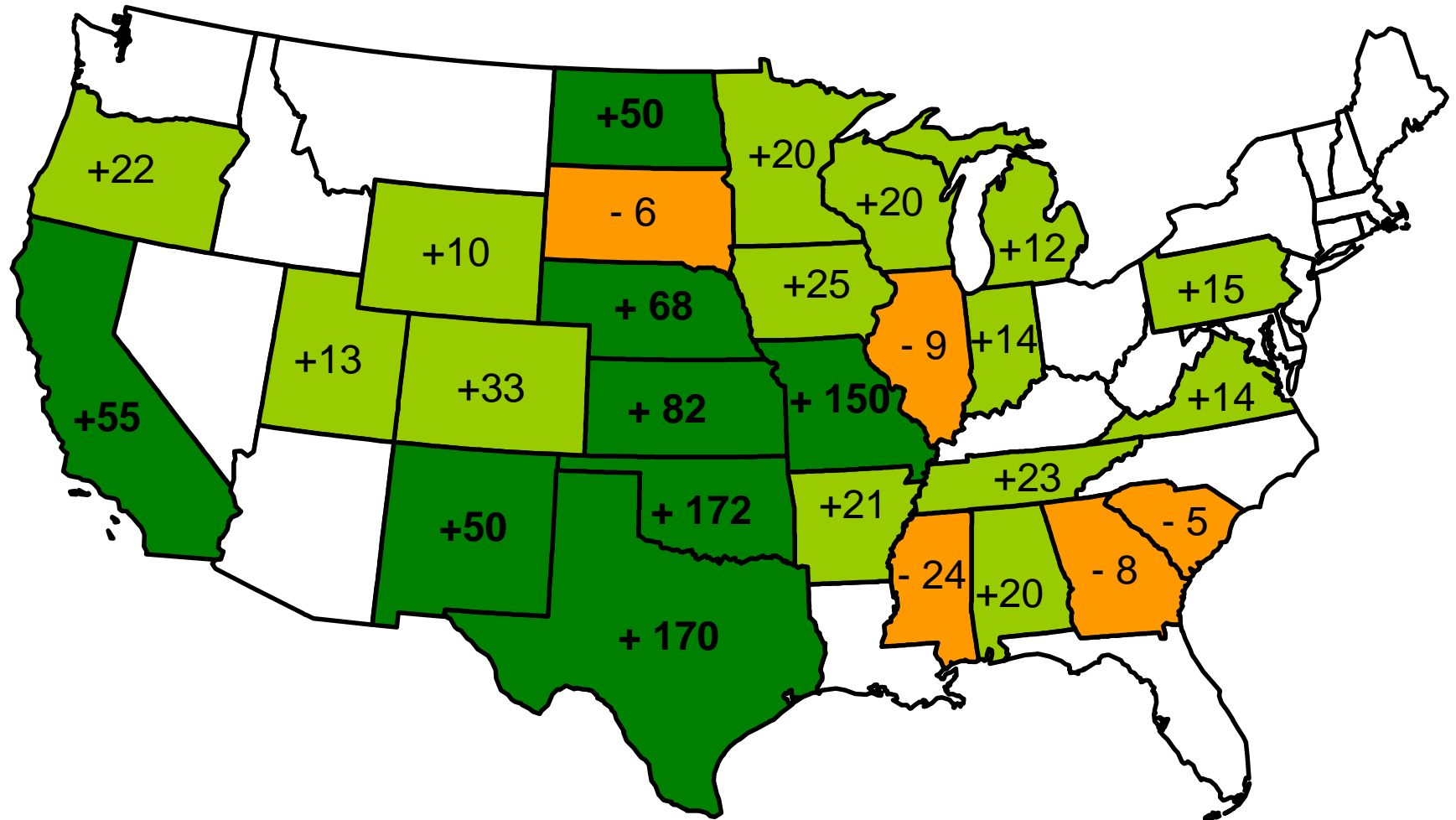
400-500 Pounds, Southern Plains, Weekly



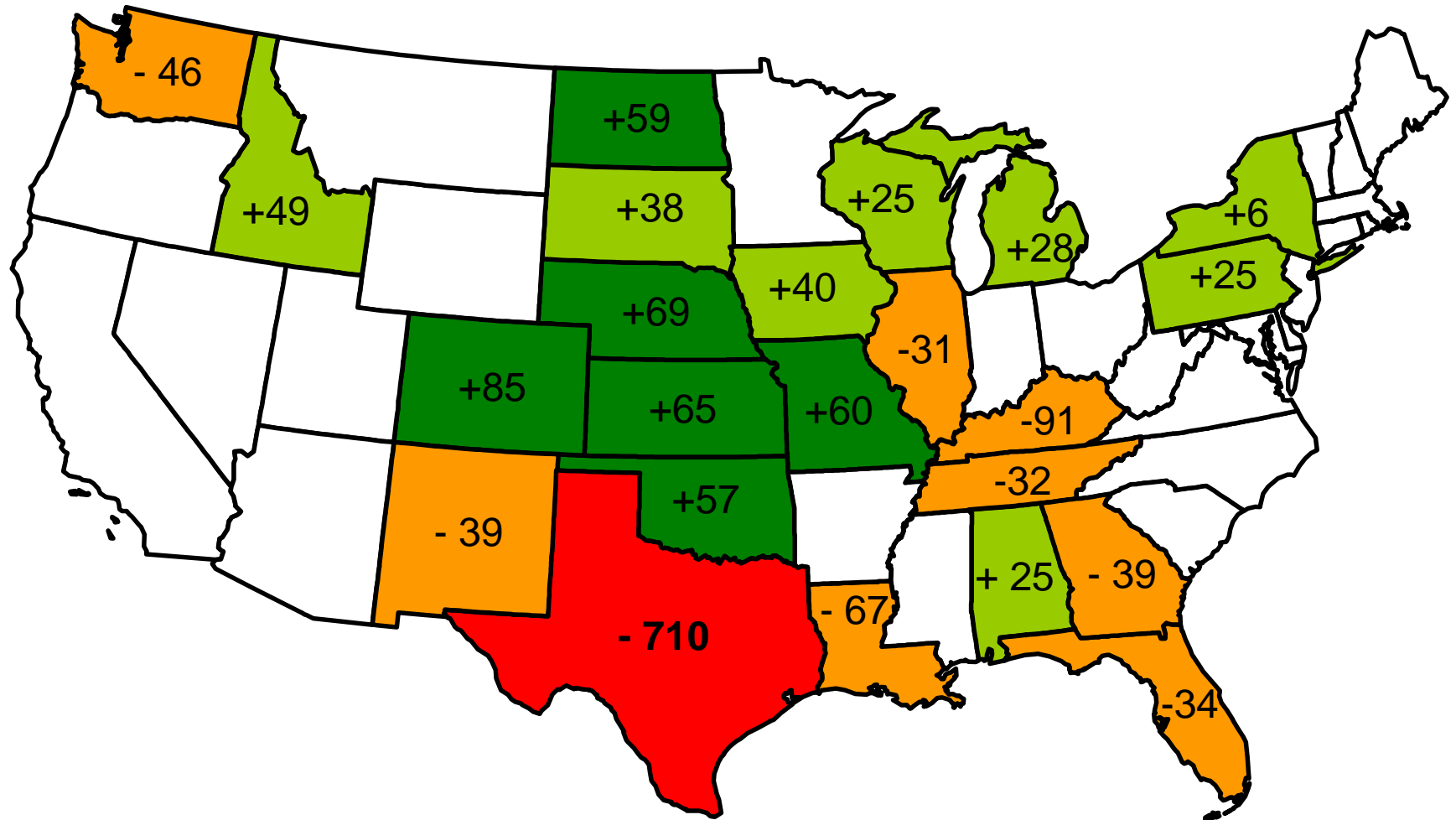
Beef Cows and Production



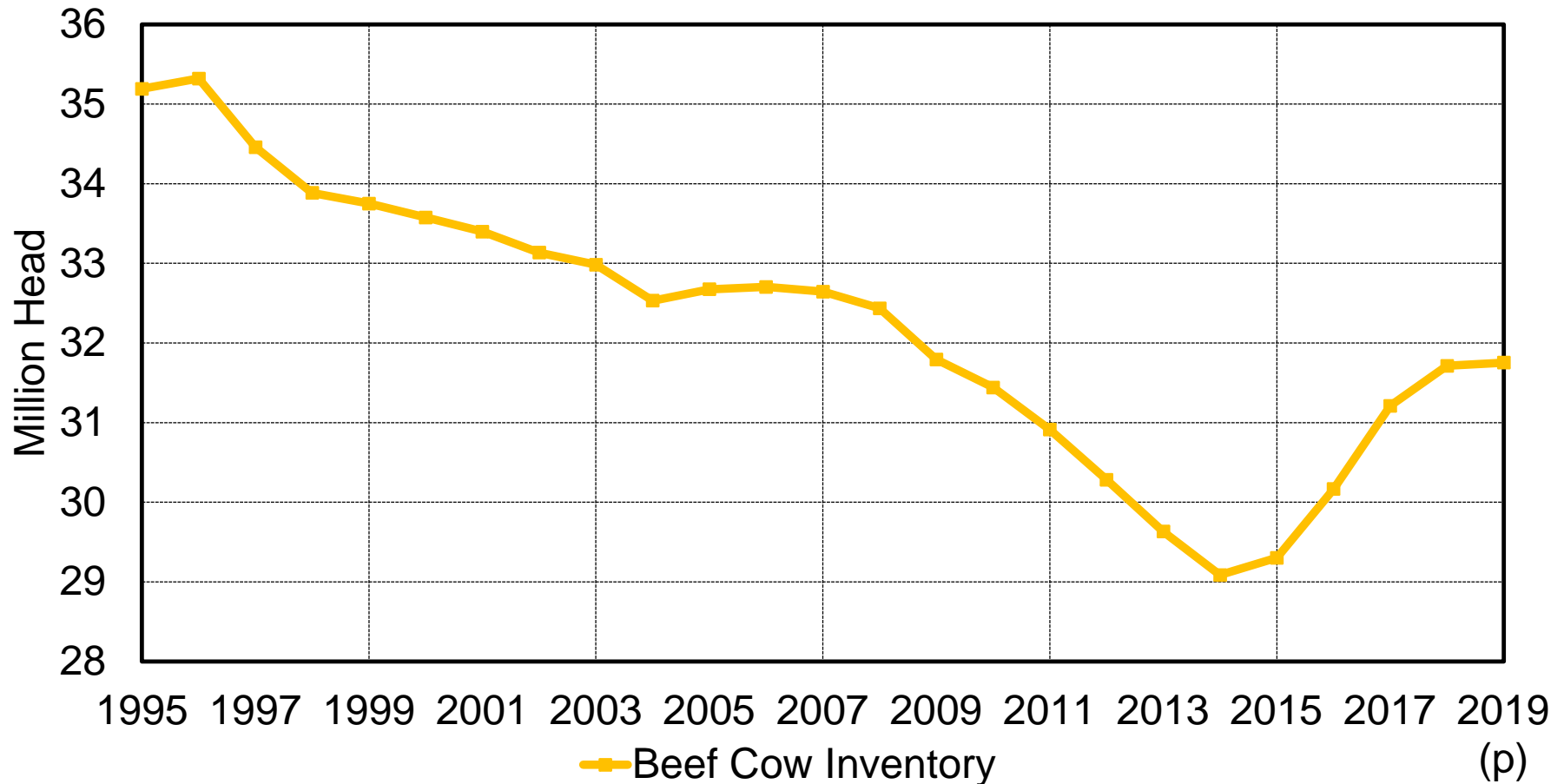
Annual Change in Beef Cows, 2017



Change in Beef Cows, 2017 vs. 2009



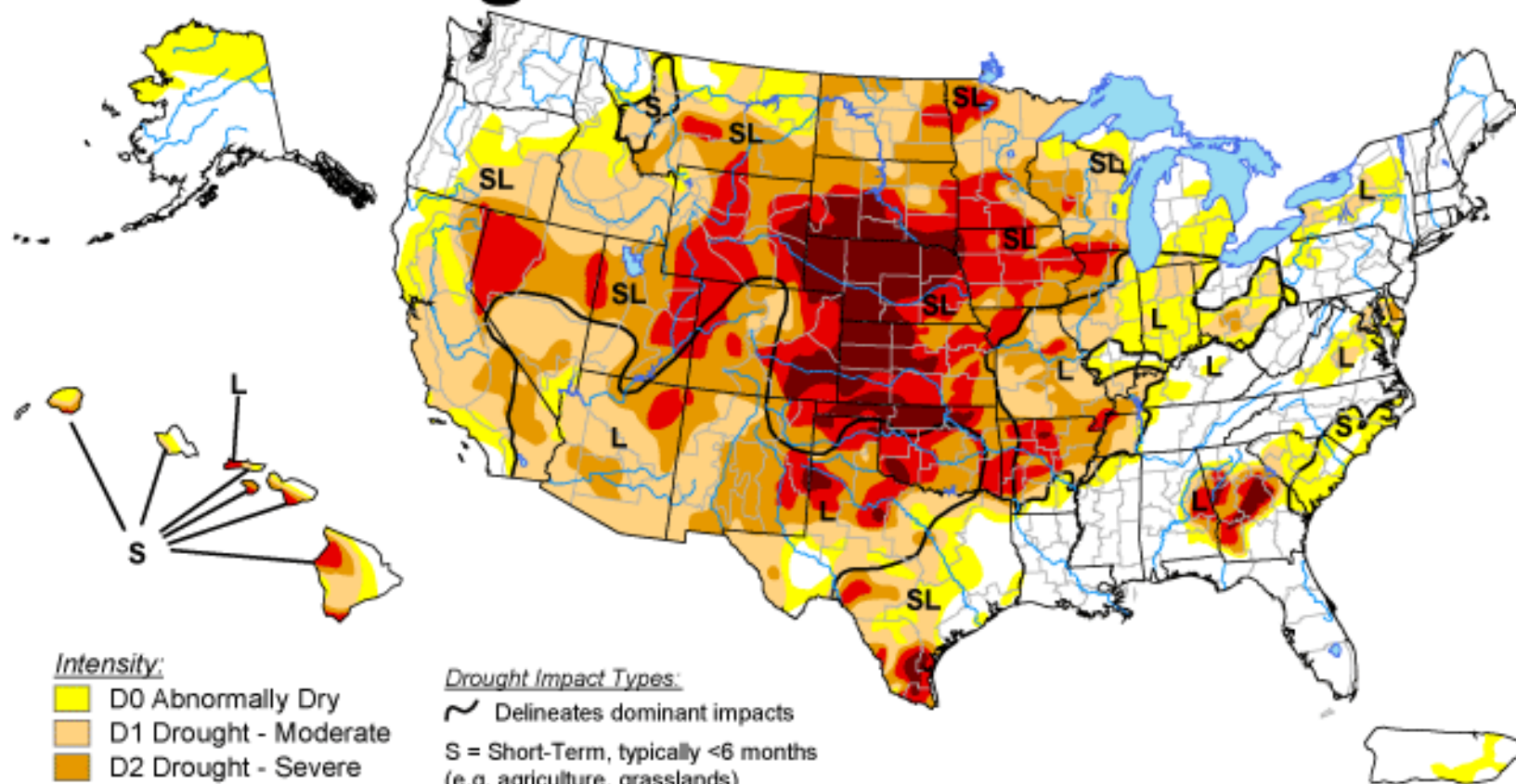
How Many More Beef Cows?



U.S. Drought Monitor

October 16, 2012

Valid 7 a.m. EDT



Intensity:

- D0 Abnormally Dry
- D1 Drought - Moderate
- D2 Drought - Severe
- D3 Drought - Extreme
- D4 Drought - Exceptional

Drought Impact Types:

- Delineates dominant impacts
- S = Short-Term, typically <6 months
(e.g. agriculture, grasslands)
- L = Long-Term, typically >6 months
(e.g. hydrology, ecology)

*The Drought Monitor focuses on broad-scale conditions.
Local conditions may vary. See accompanying text summary
for forecast statements.*

<http://droughtmonitor.unl.edu/>



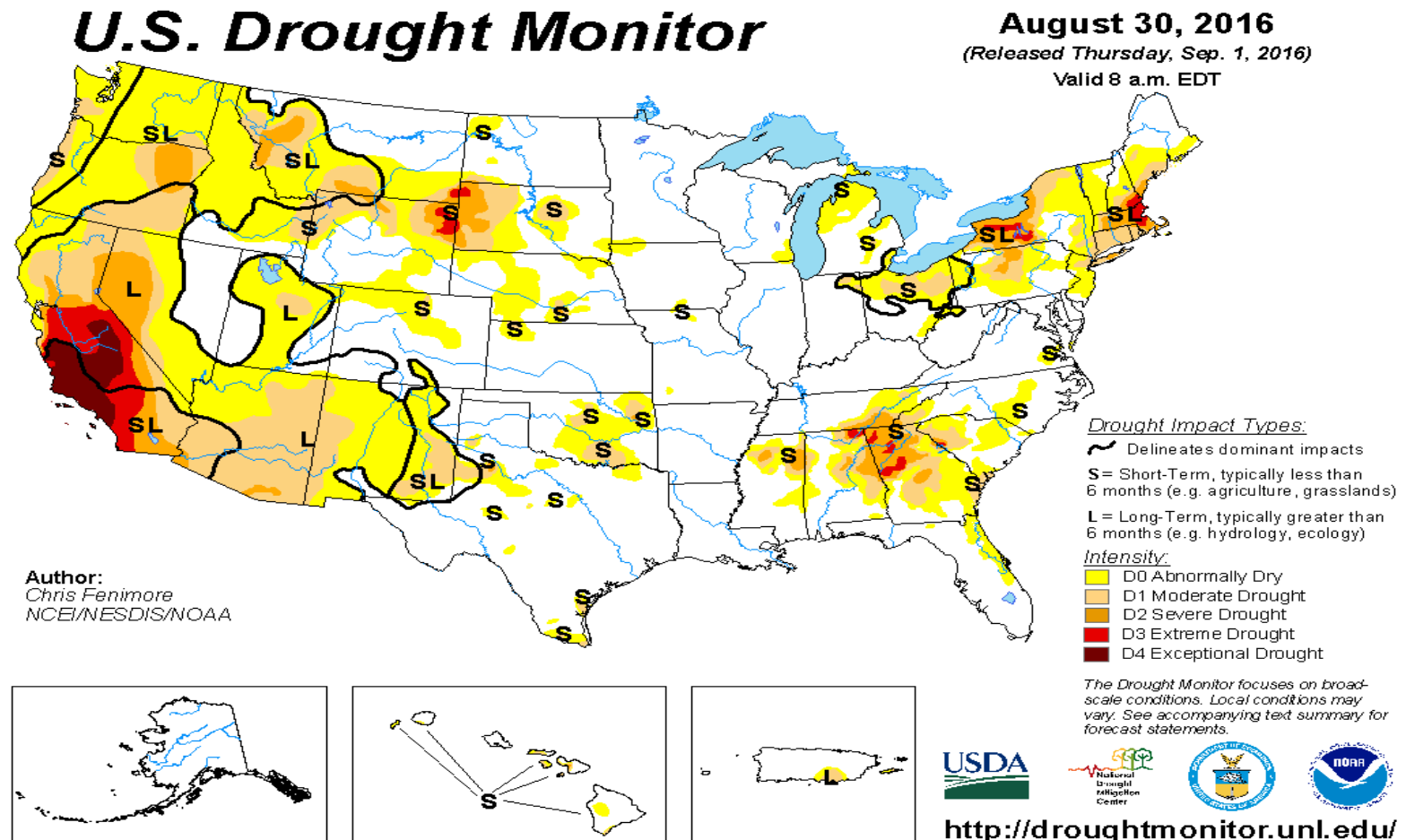
Released Thursday, October 18, 2012

Author: Matthew Rosencrans, NOAA/NWS/NCEP/CPC



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Food and Natural Resources

Weather Is Cooperating in Growing the Beef Cow Herd

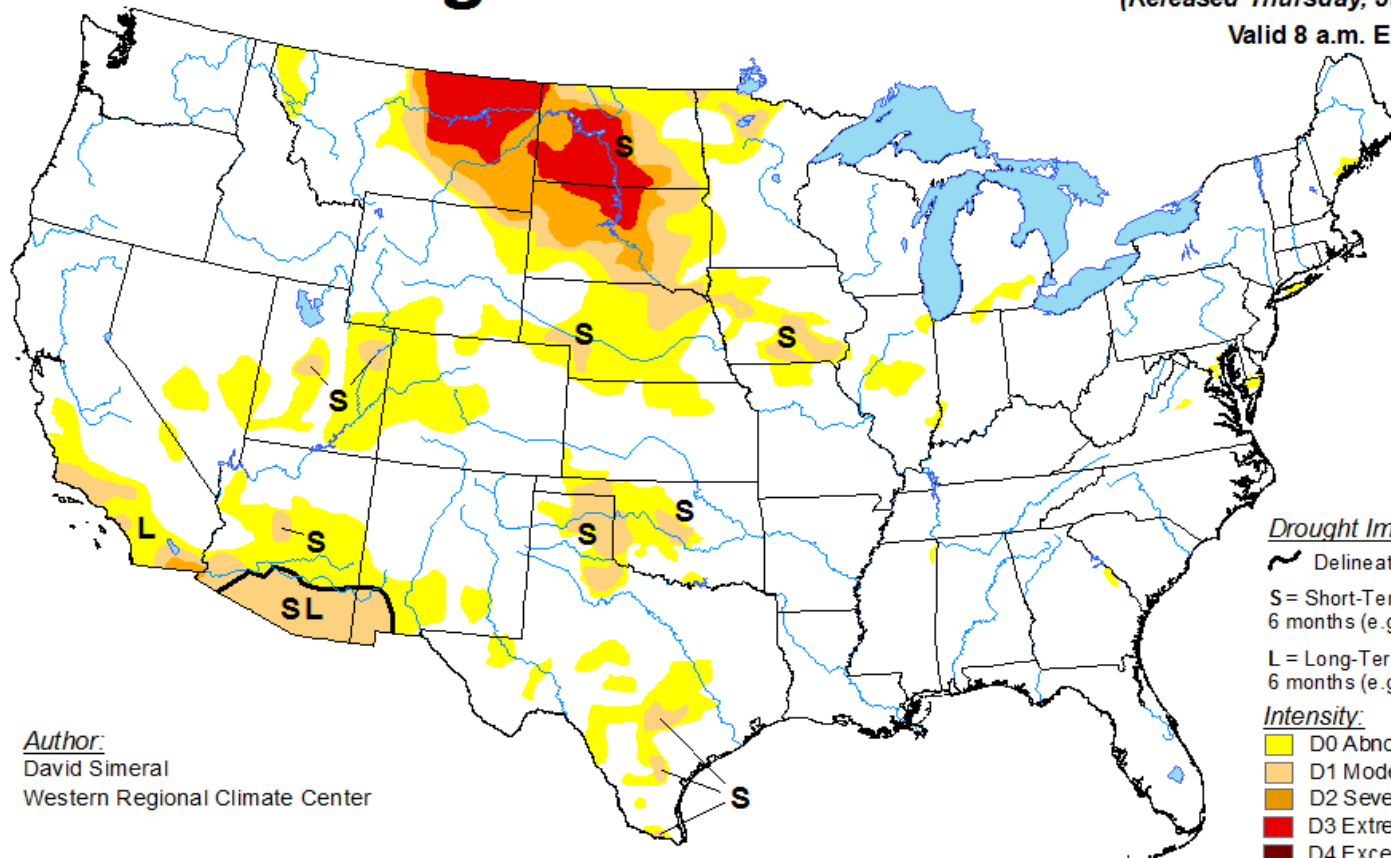


U.S. Drought Monitor

July 11, 2017

(Released Thursday, Jul. 13, 2017)

Valid 8 a.m. EDT



Author:

David Simeral

Western Regional Climate Center

Drought Impact Types:

~ Delineates dominant impacts

S = Short-Term, typically less than 6 months (e.g. agriculture, grasslands)

L = Long-Term, typically greater than 6 months (e.g. hydrology, ecology)

Intensity:

Yellow D0 Abnormally Dry

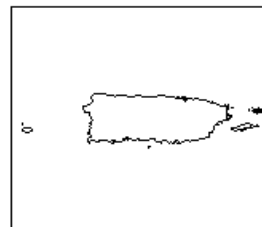
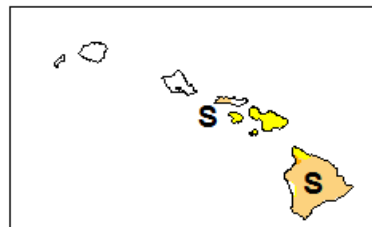
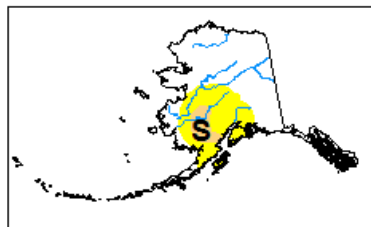
Orange D1 Moderate Drought

Dark Orange D2 Severe Drought

Red D3 Extreme Drought

Dark Red D4 Exceptional Drought

The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.

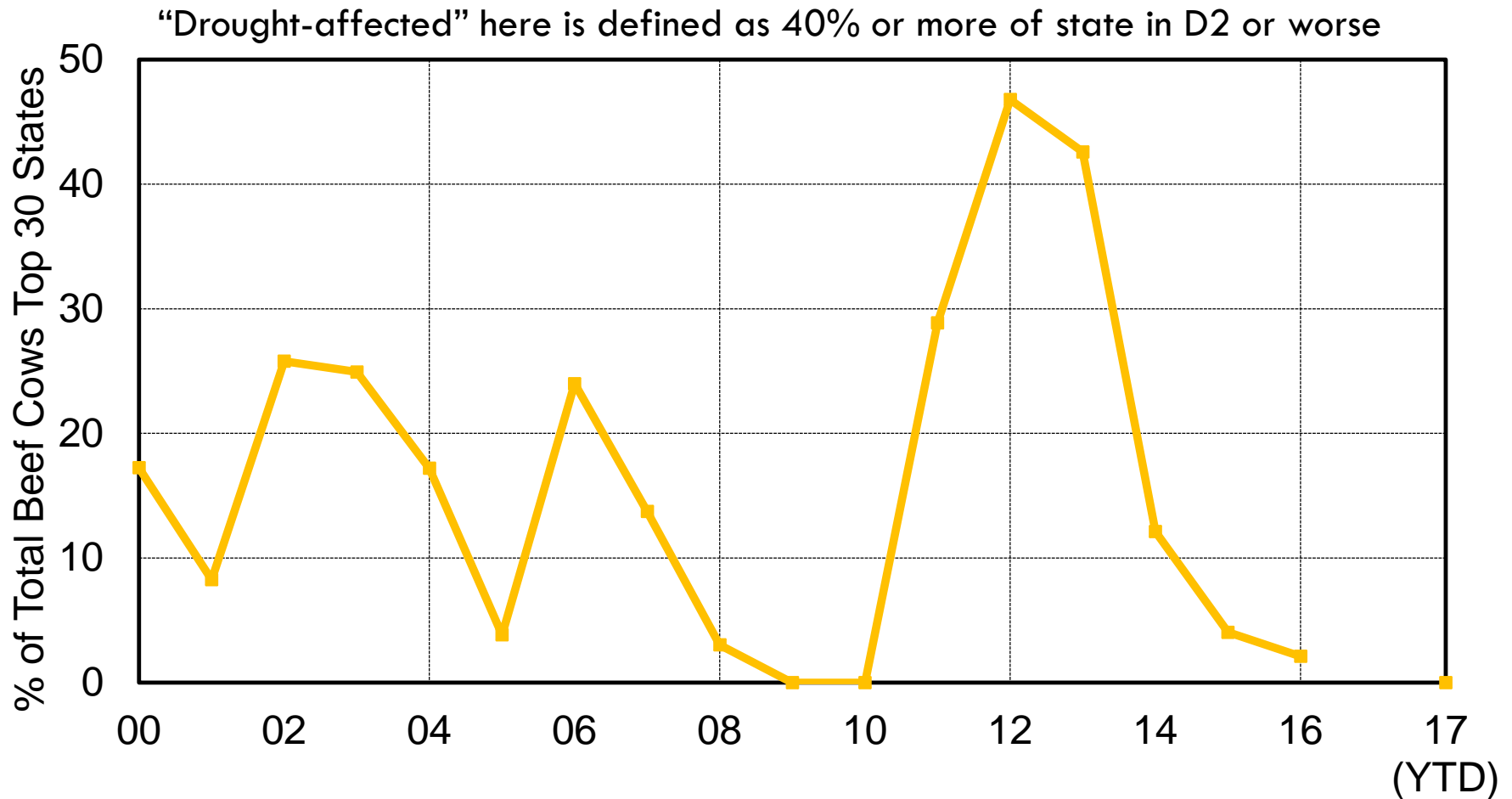


<http://droughtmonitor.unl.edu/>

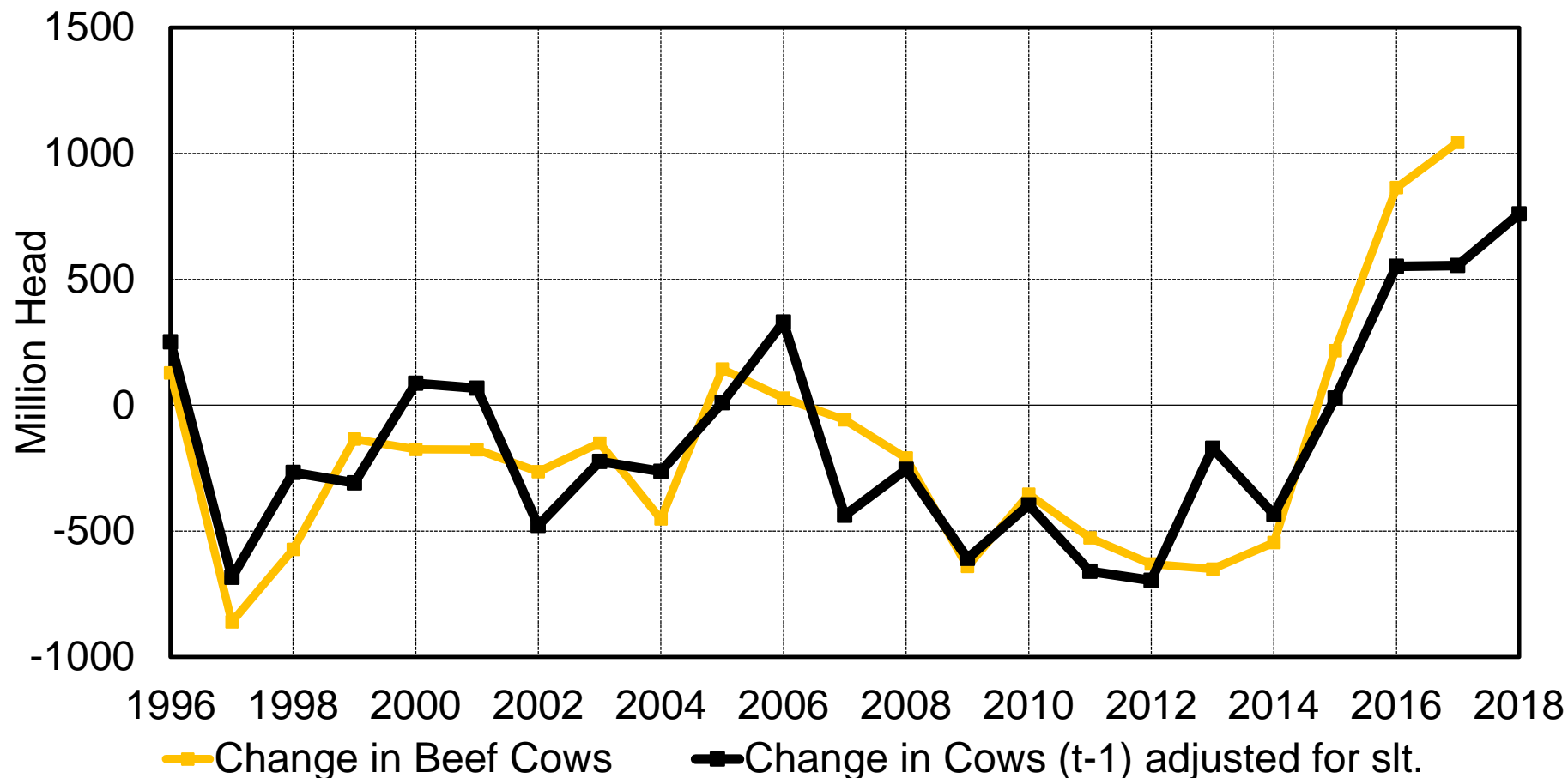


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Beef Cows in Drought-Affected States



The “Known” on Beef Cow Inventory

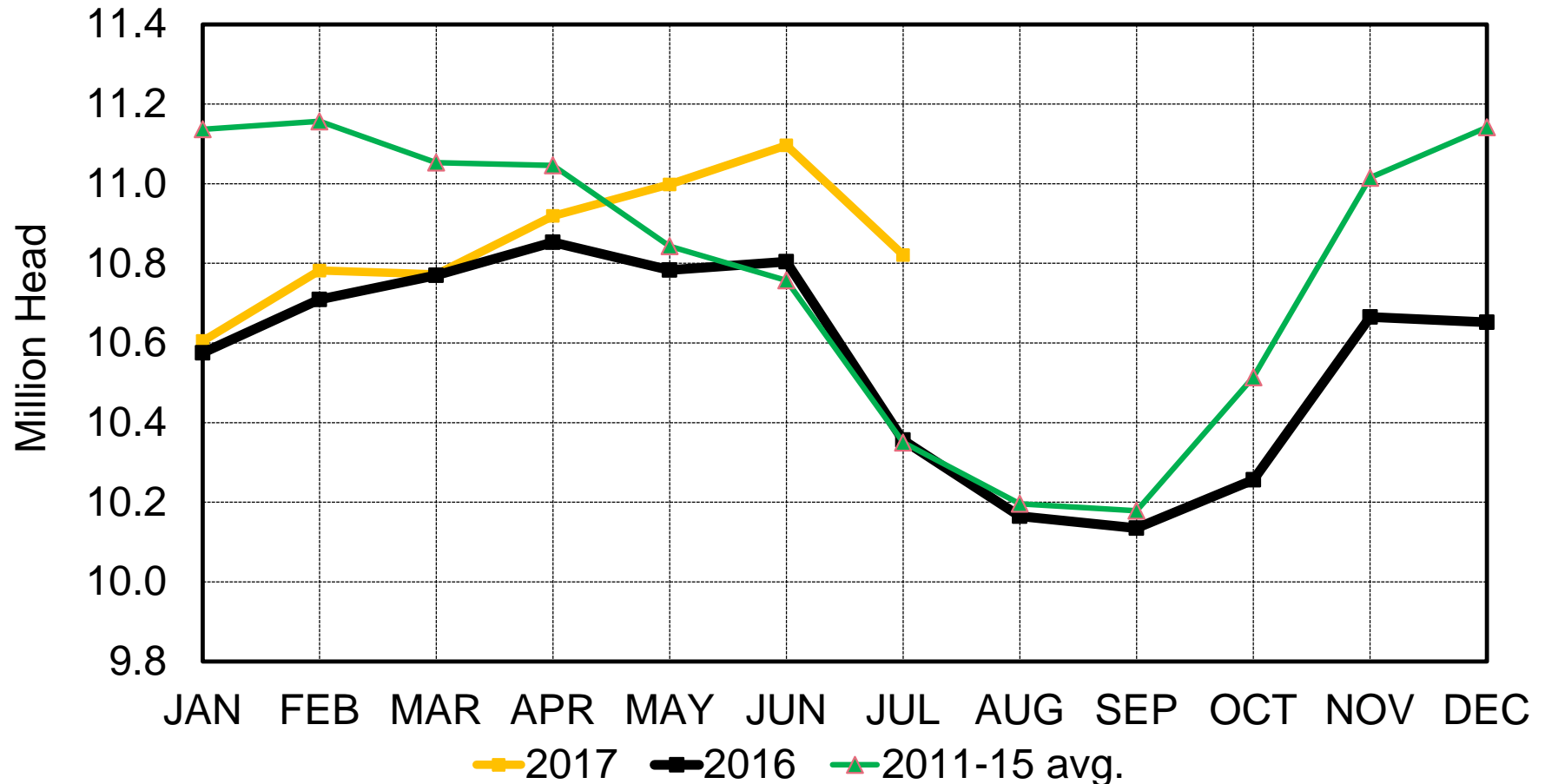


July 2017 Cattle Report

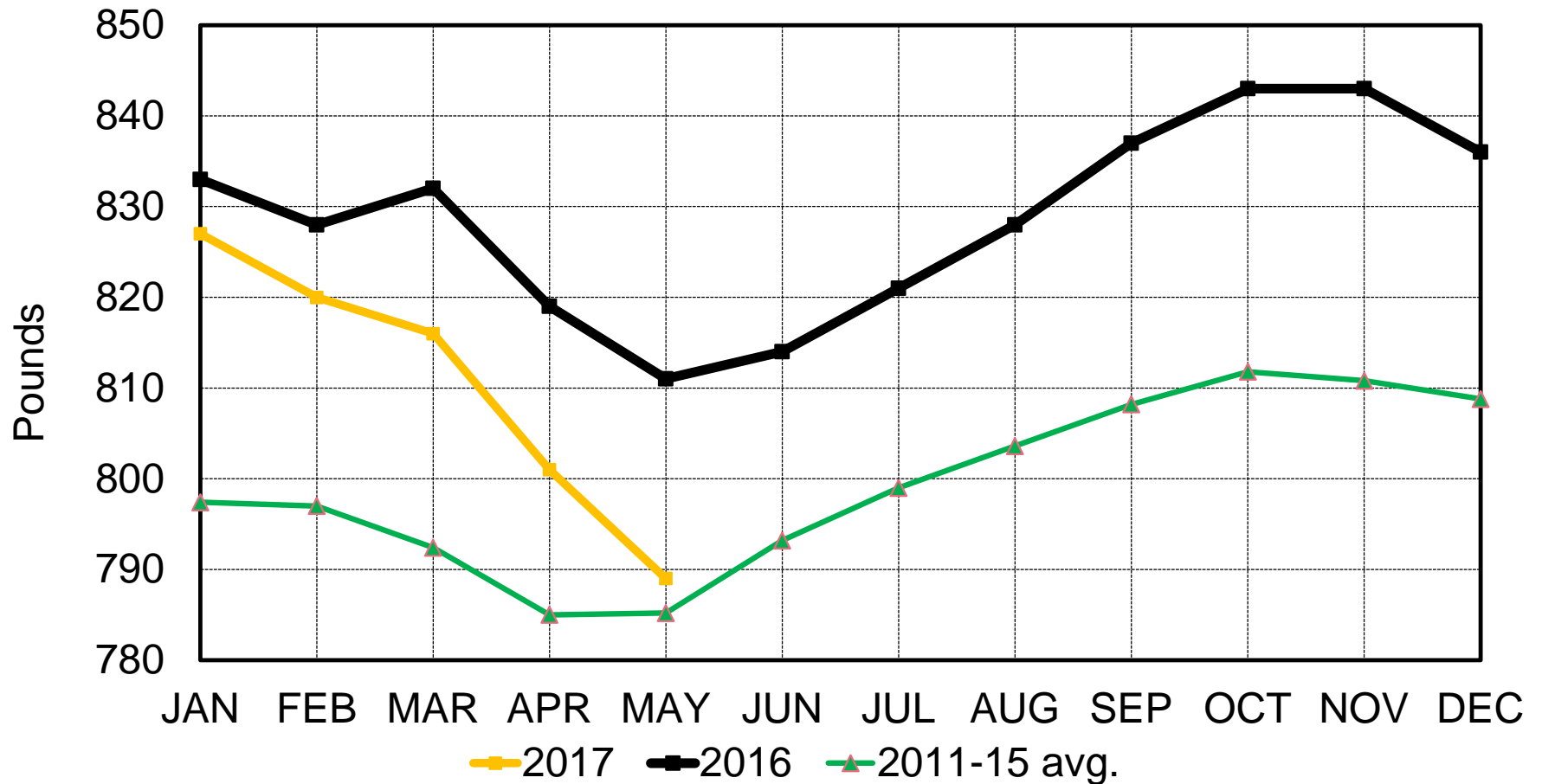
	Actual	% of 2015
All Cattle and Calves July 1	102,600	104
Annual Calf Crop	36,300	106
Total Cows/Heifers Calved	41,900	105
Beef Cows/Heifers	32,500	107
Milk Cows/Heifers	9,400	101
Heifers 500 lbs. +	16,200	103
For Beef Replacements	4,700	98
For Milk Replacements	4,200	100
Other Heifers	7,300	109
Steers 500 lbs. +	14,500	103
Bulls 500 lbs. +	2,000	105
Calves Under 500 lbs.	28,000	105
Cattle on Feed	12,800	106



Cattle on Feed, 1000+ Capacity Lots



F.I. Dressed Cattle Weight



Meat Production and Trade, July WASDE

	2016	Projected	
		2017	2018
Production (billion lbs.)	97.3	100.3	102.7
Beef	25.3	26.6	27.1
Pork	25.0	25.9	26.8
Chicken	40.3	41.0	41.8
Other	6.7	6.8	7.0
Exports (billion lbs.)	15.2	16.3	16.7
Beef	2.6	2.8	2.9
Pork	5.2	5.7	6.0
Chicken	6.6	7.0	7.0
Other	0.8	0.8	0.8
Imports (billion lbs.)	4.5	4.3	4.2
Beef	3.0	2.8	2.9
Pork	1.1	1.1	0.9
Other	0.4	0.4	0.4

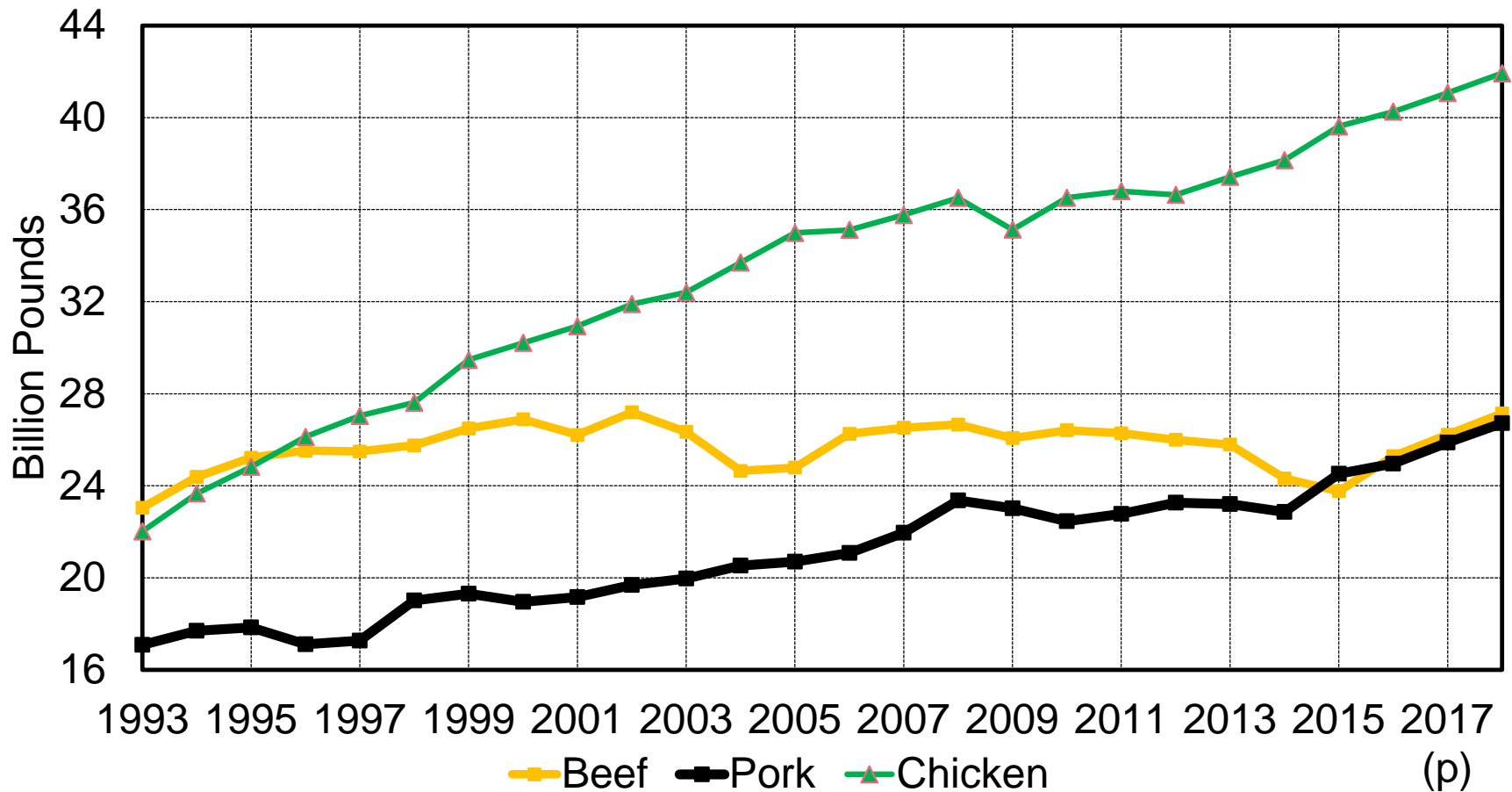


Meat Availability and Prices, July WASDE

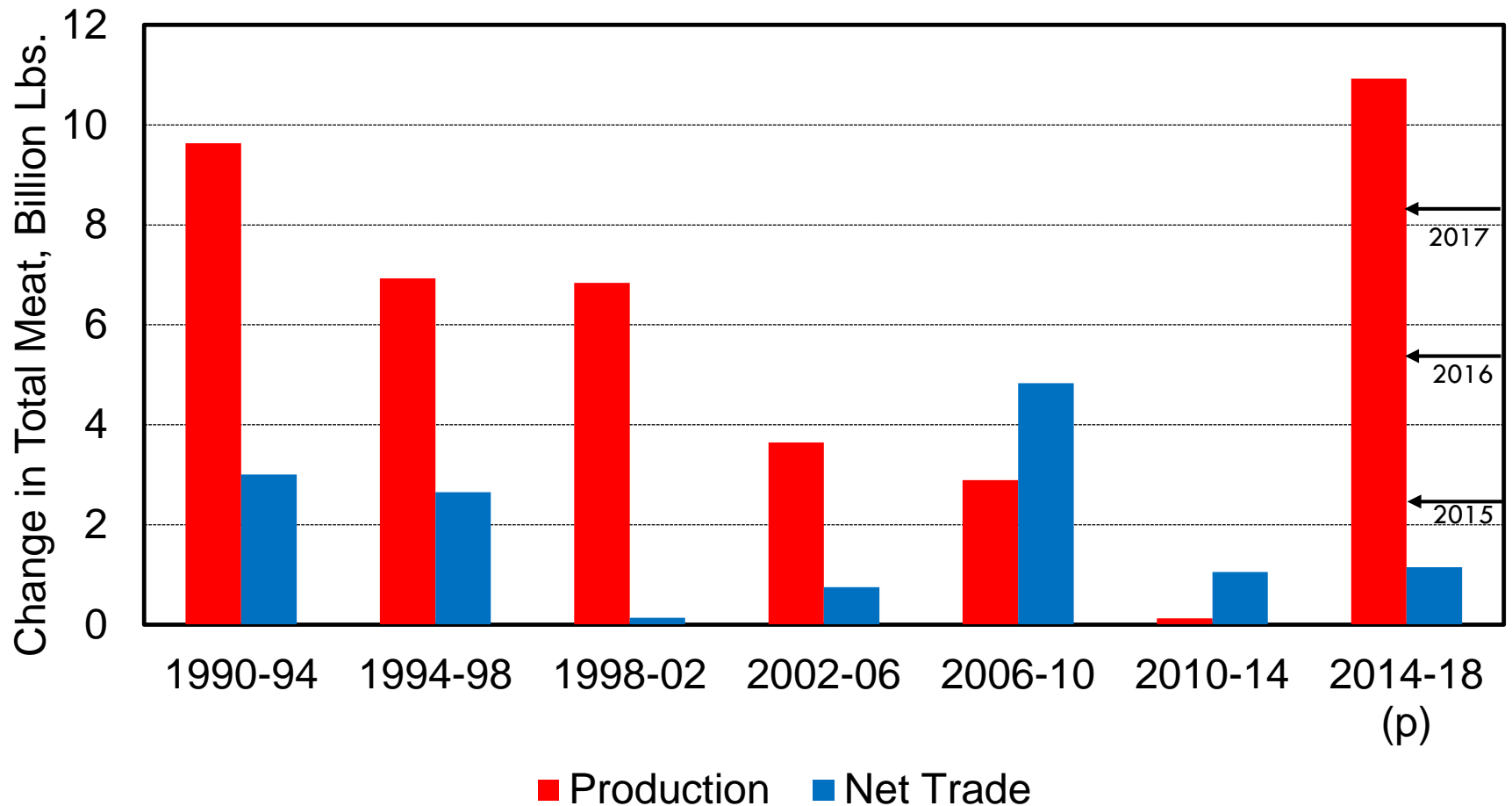
		Projected	
	2016	2017	2018
Availability (lbs. / capita)	214.6	216.6	219.6
Beef	55.6	57.1	57.9
Pork	50.1	50.1	50.9
Chicken	89.8	90.1	91.3
Other	19.1	19.3	19.5
Prices (cents / lb.)			
Fed steer	120.86	121 - 125	113 - 123
Barrow and gilt	46.16	48 - 50	46 - 49
Chicken	84.3	92 - 95	85 - 92
Turkey	117.1	101 - 104	102 - 111



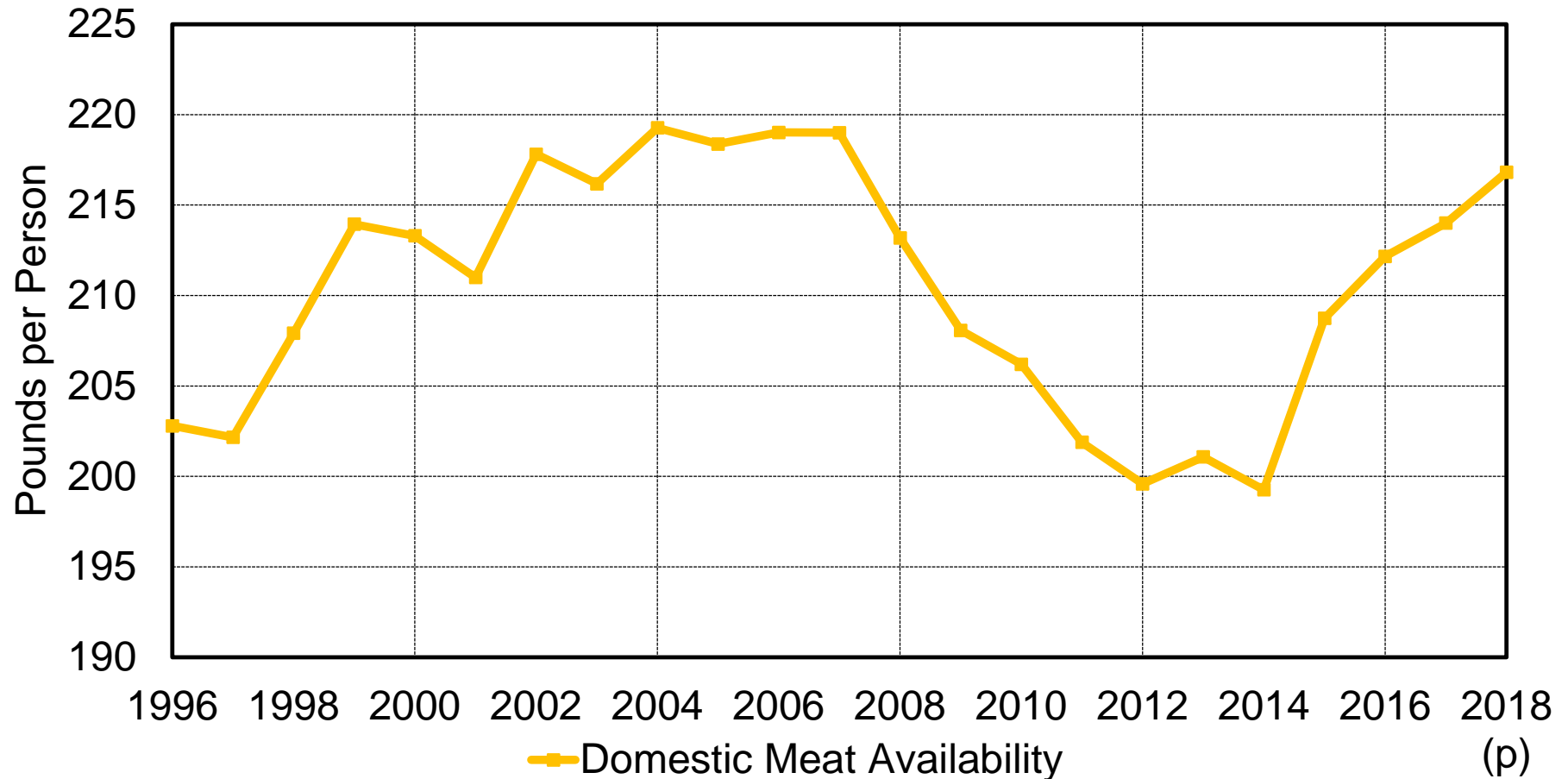
Meat Production



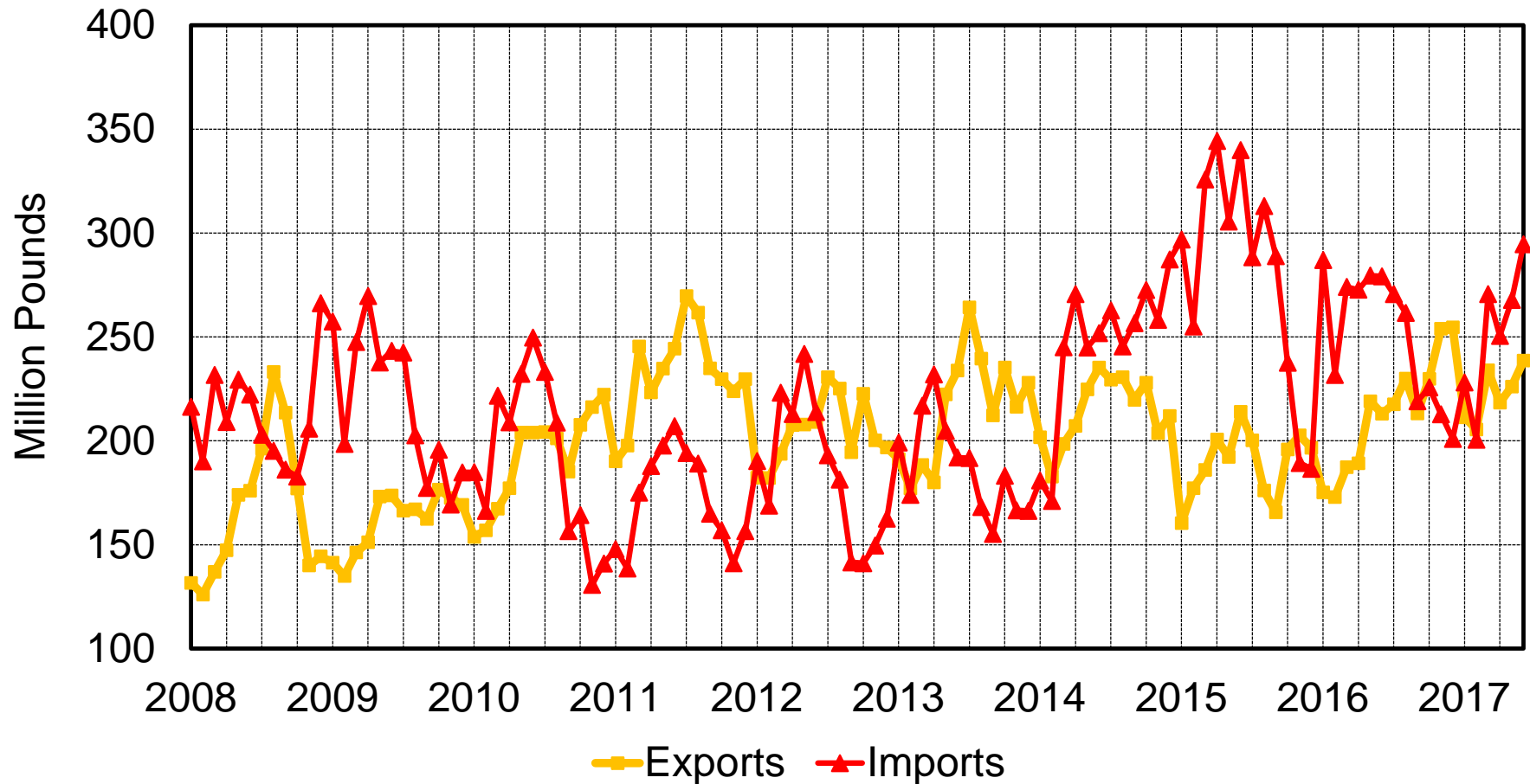
How Does Trade Figure In?



More Meat for U.S. Consumers Still to Come

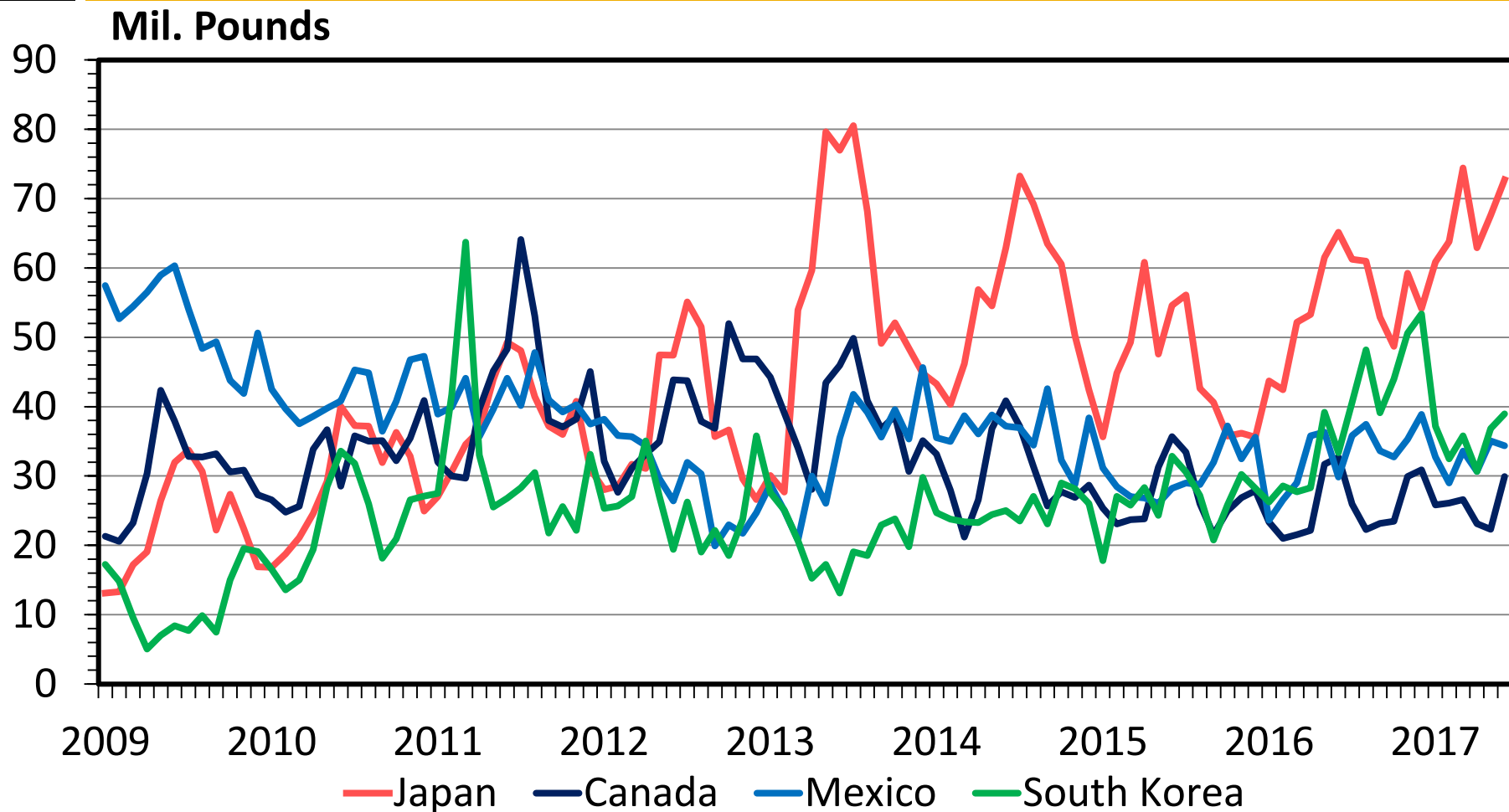


US Beef Trade

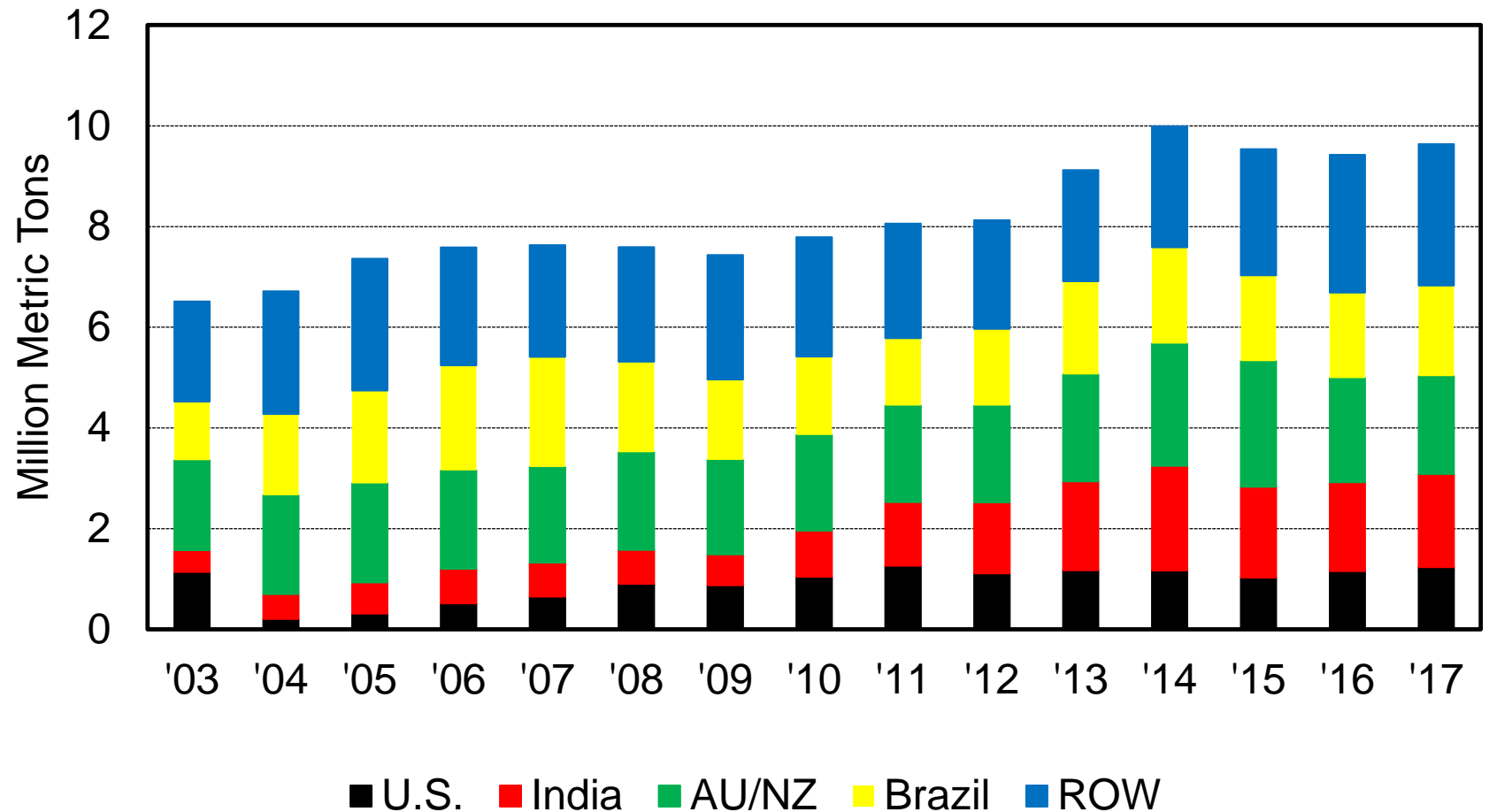


US BEEF EXPORTS TO MAJOR MARKETS

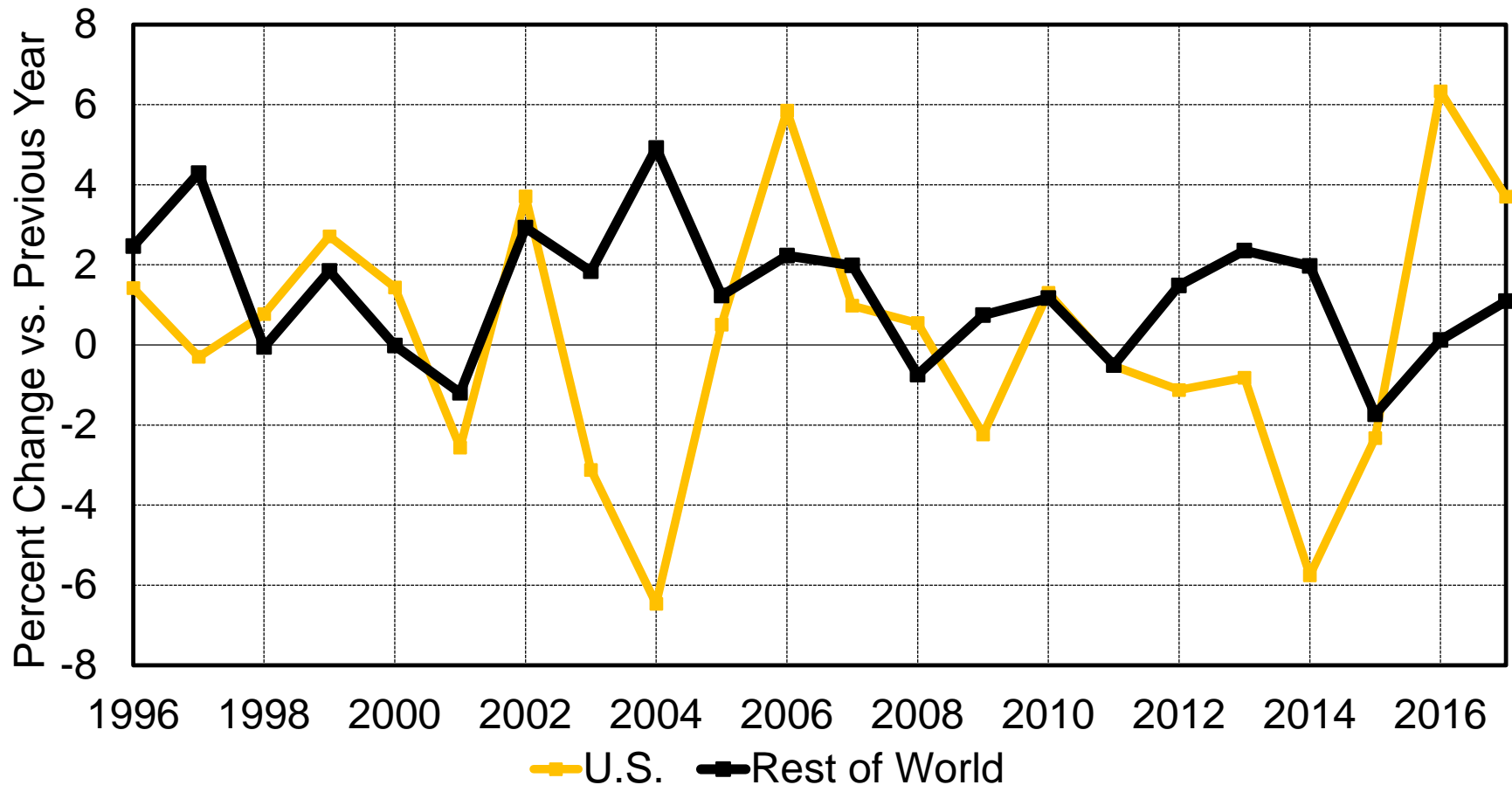
Carcass Weight, Monthly



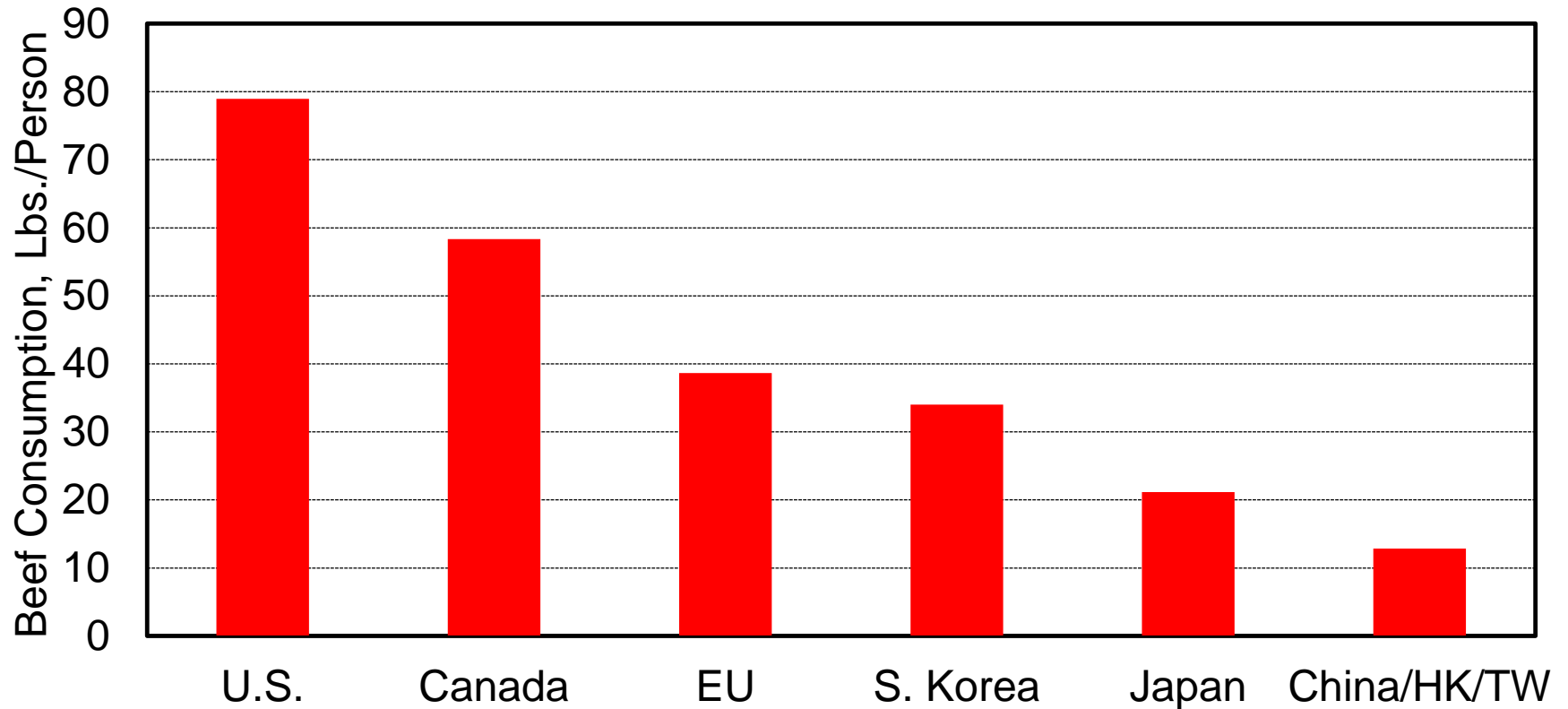
Global Beef Exports



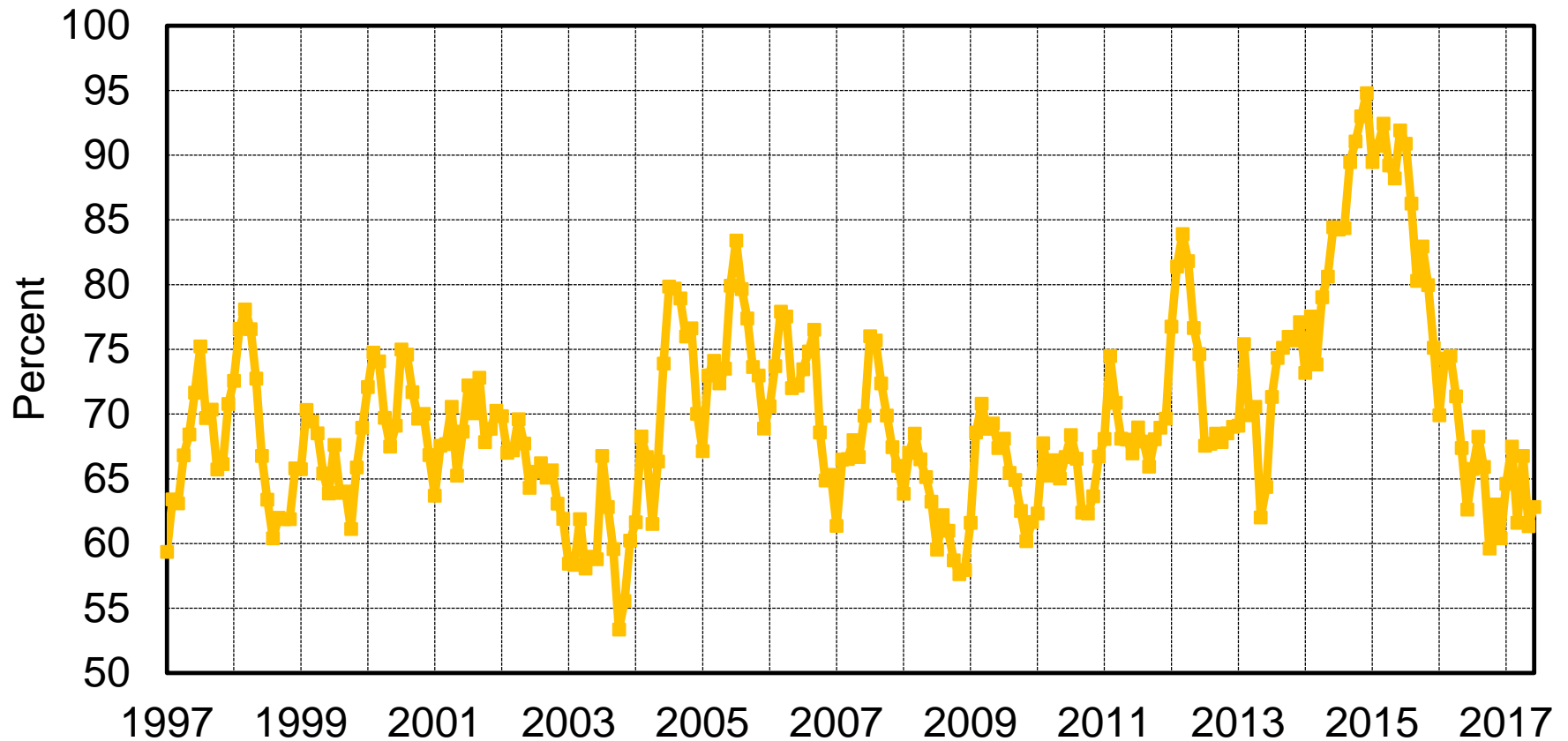
Beef Production Growth



Growth Potential in China!

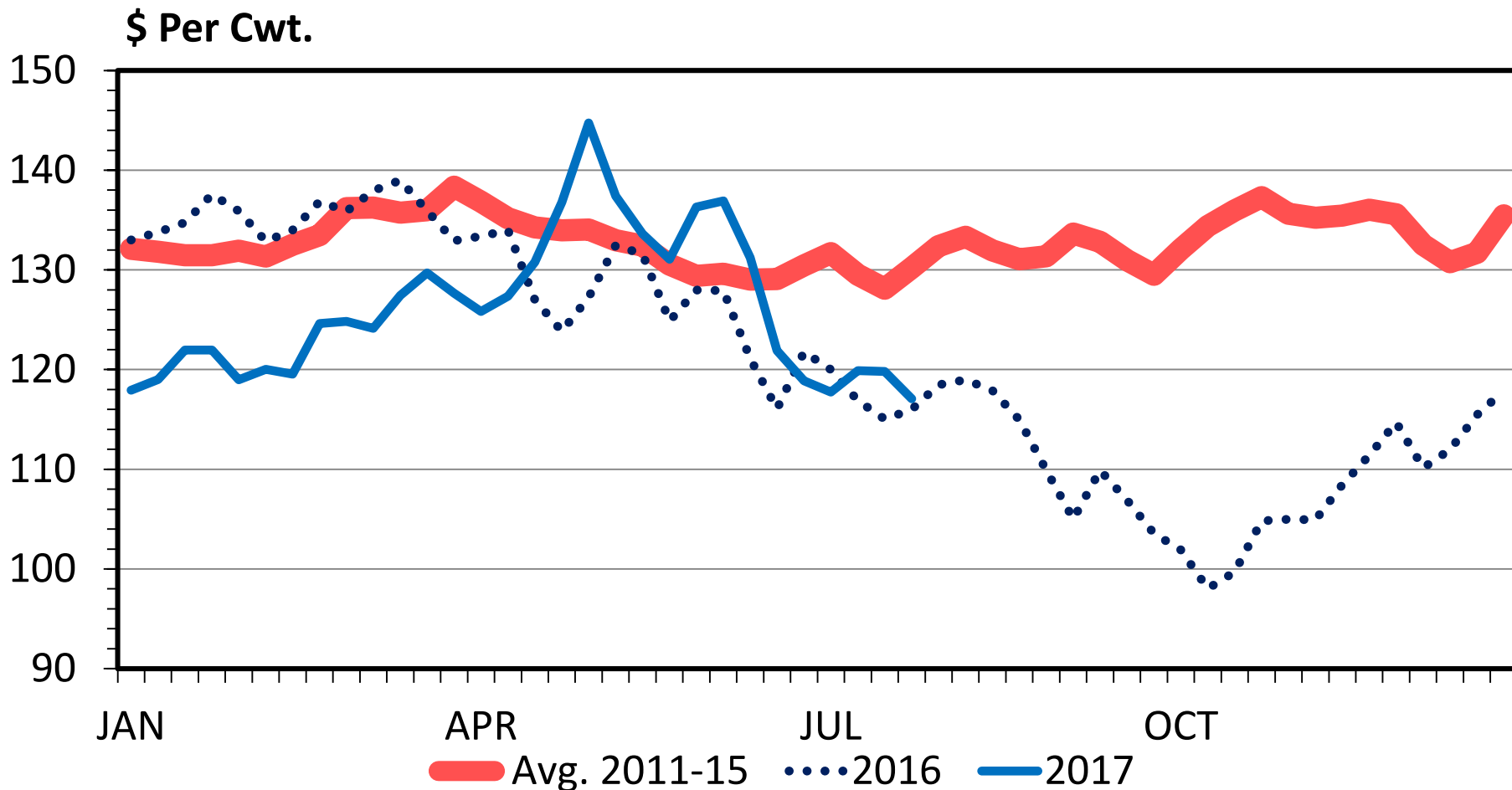


Feeder Steer as Share of Wholesale Value



SLAUGHTER STEER PRICES

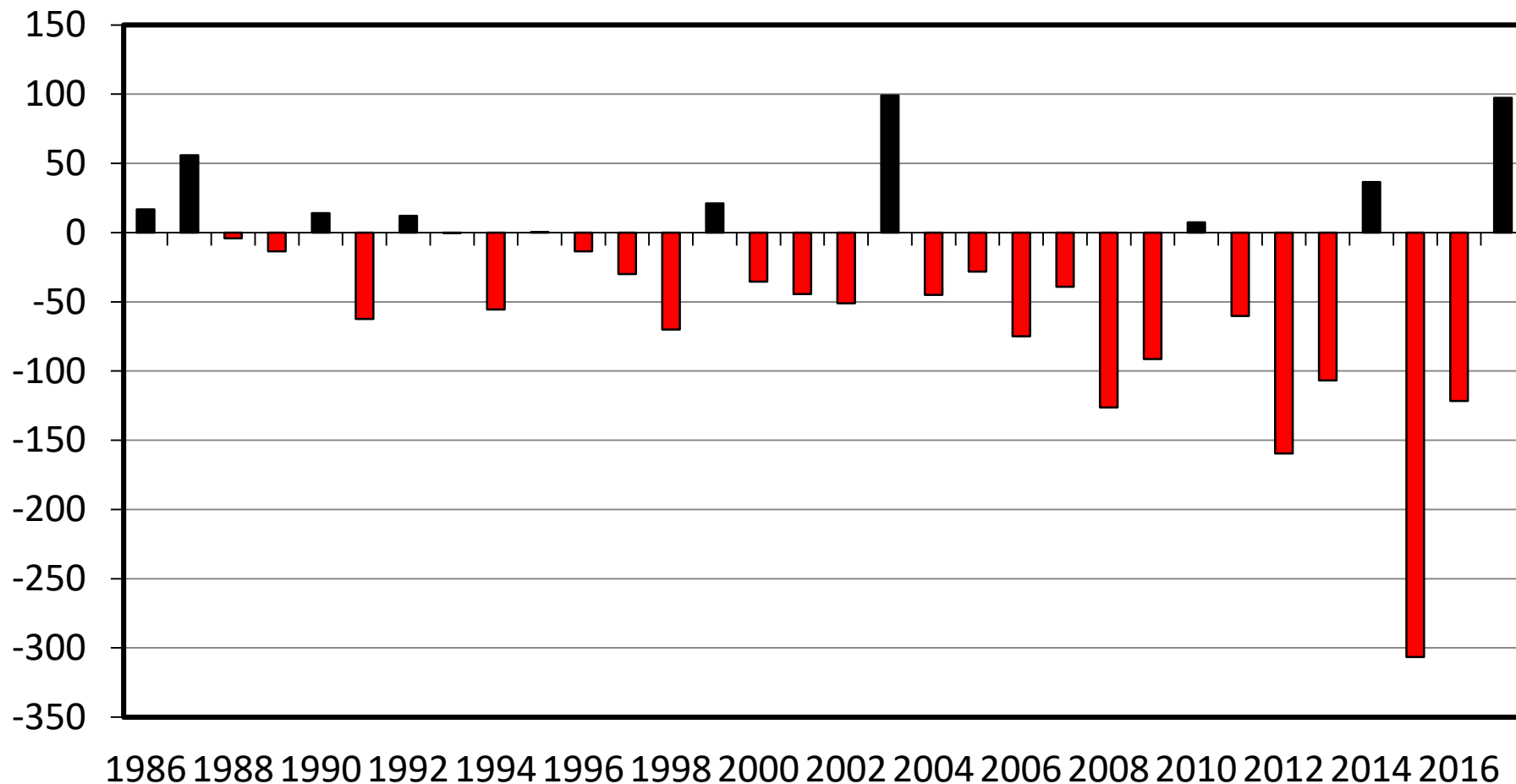
Southern Plains, Weekly



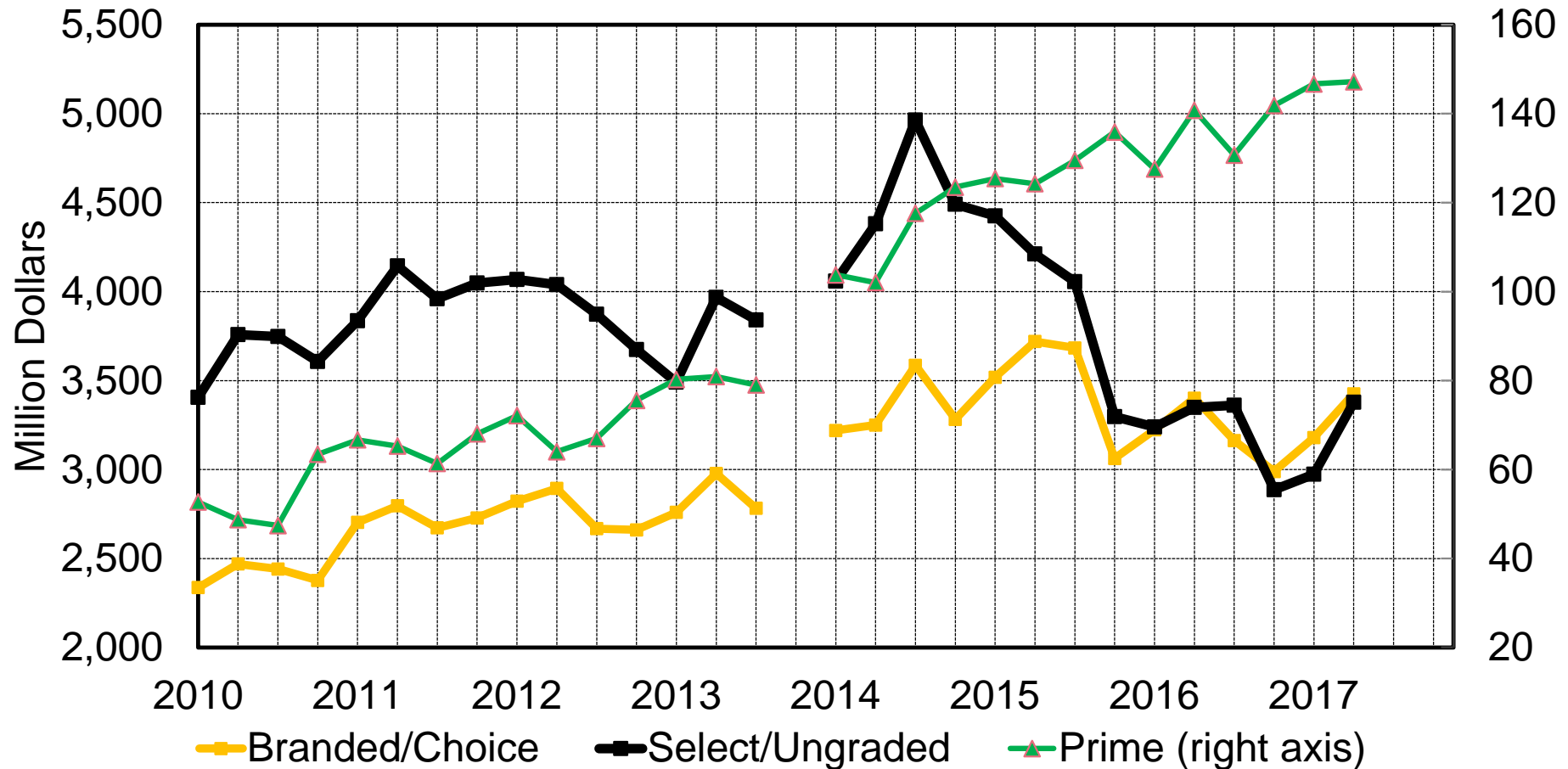
AVERAGE ANNUAL RETURNS TO CATTLE FEEDERS

Feeding 750 Lb. Steers, S. Plains, Custom Feeding Total Costs

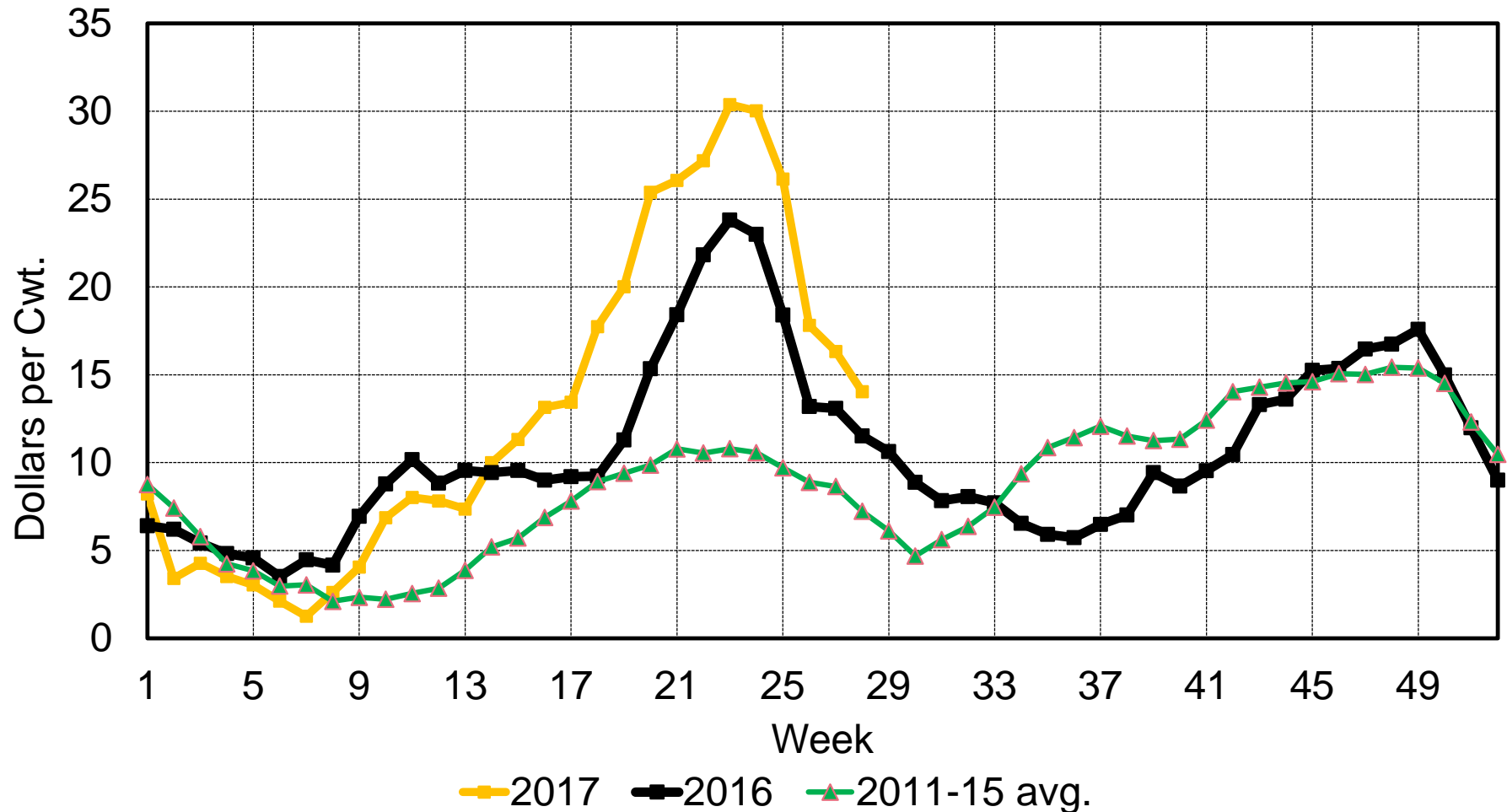
\$ Per Head



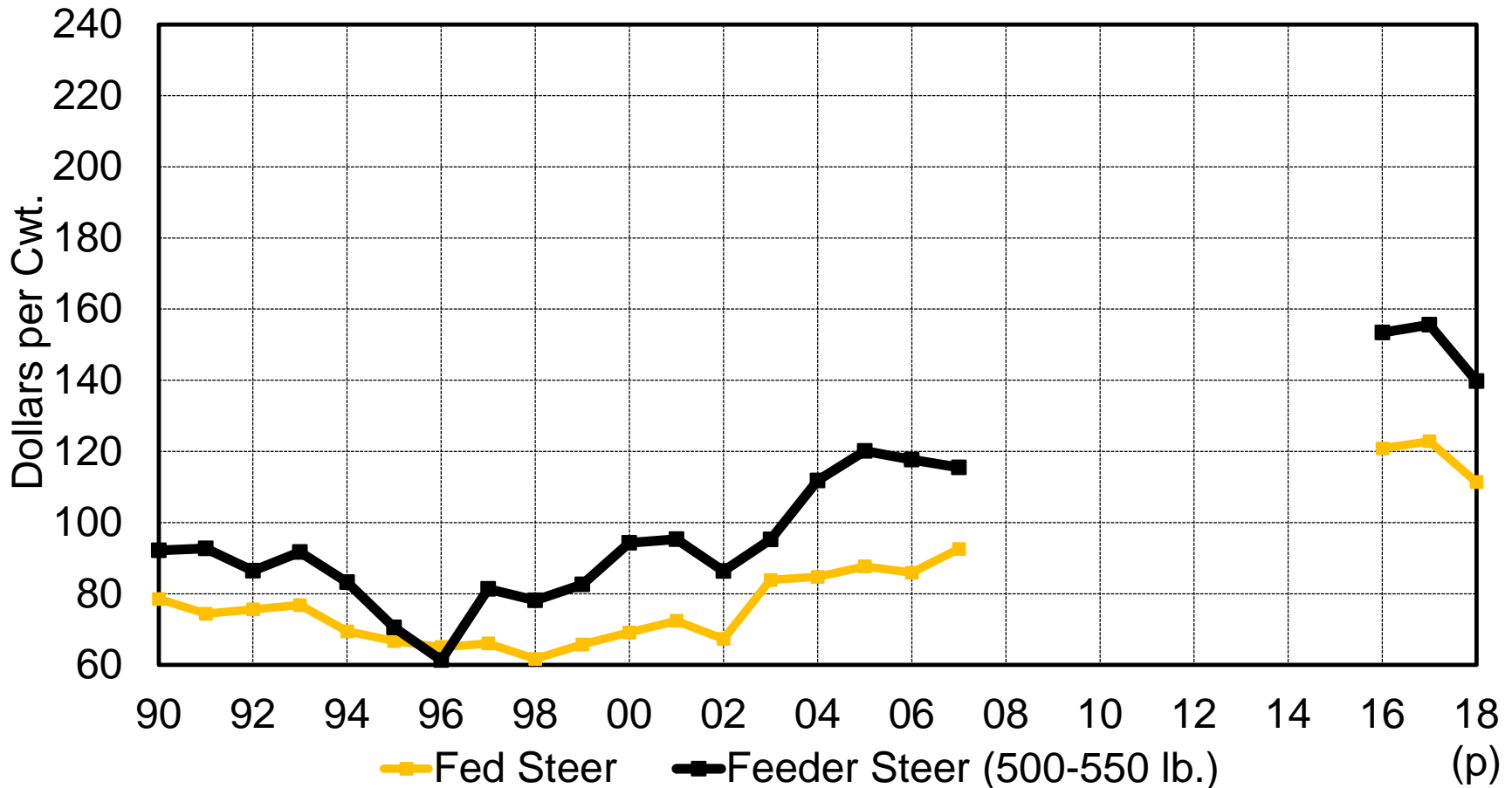
Wholesale Value of Fed Steer/Heifer Beef



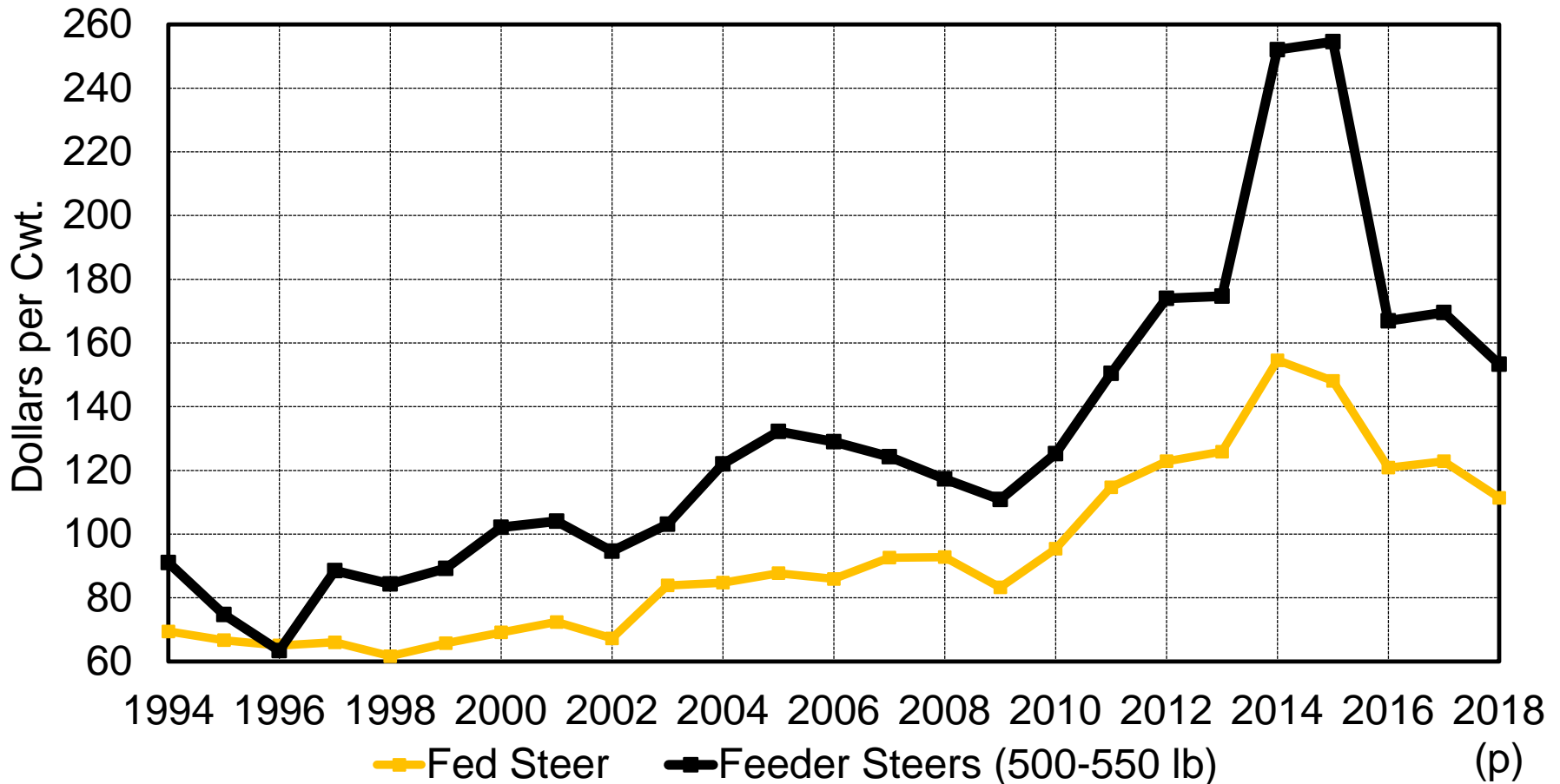
Boxed Beef Choice-Select Spread



Cattle Prices



Cattle Prices



Takeaways

- ❑ Lower livestock prices will last a while
 - ❑ The markets of 2014 and early 2015 will not return
 - ❑ There is more beef coming, and lots of pork and chicken too
- ❑ There is reason for optimism
 - ❑ Consumer demand for beef, especially higher quality, is solid
 - ❑ Export potential bright due to China, other exporter struggles
- ❑ Keep an eye on the developing drought in N. Plains
 - ❑ Beef cow numbers likely to grow a couple more years
- ❑ What can you do on your operation to take advantage?

