# Beef Cattle Outlook and Industry Changes

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Gray, Tennessee
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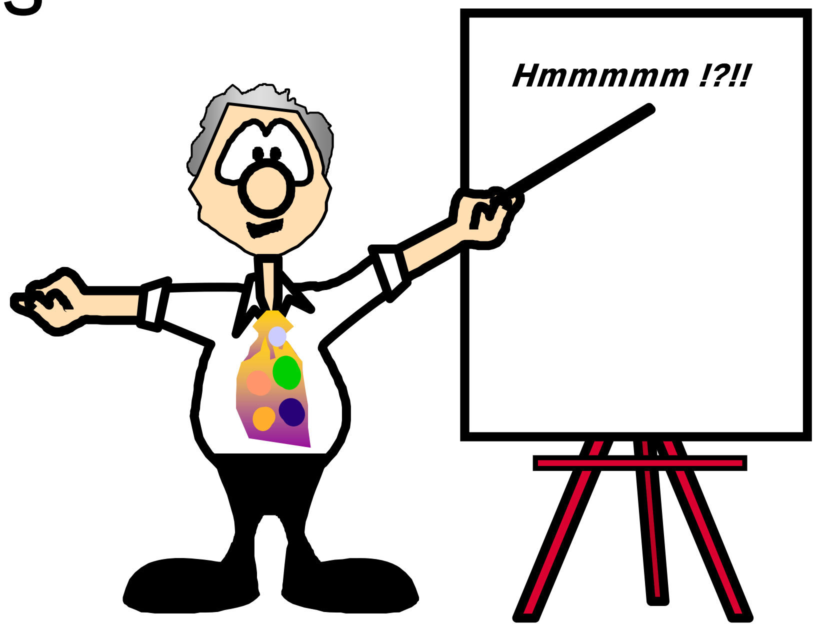
AgriLIFE EXTENSION
Texas A&M System

# Overview

- Comparing This Year and Last
- Demand
- Tightening Supplies



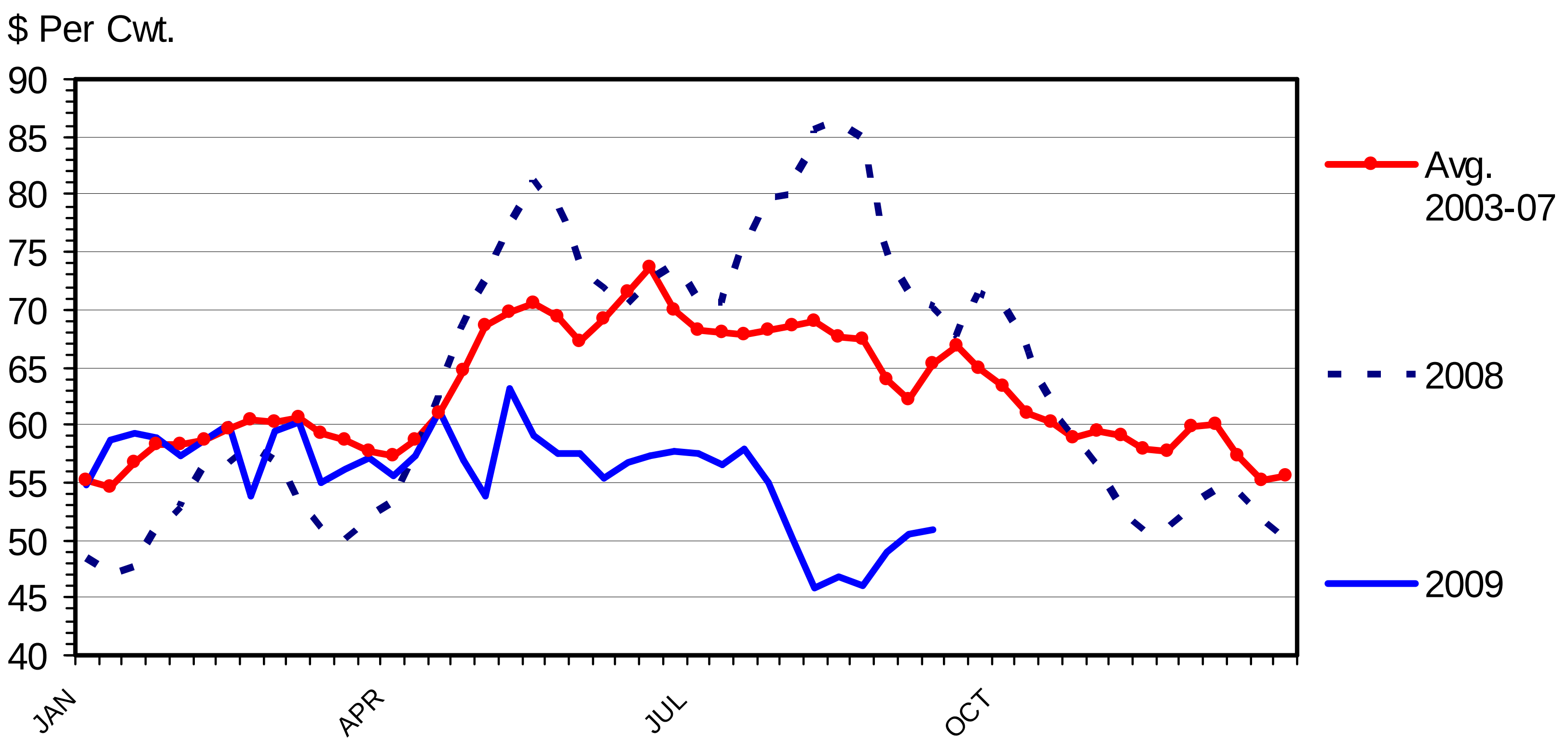
# What Makes This Year Different From Last Year?

- Last Year
  - Financial and Economic Meltdown
  - Feed Costs
  - Run Out of Money
  - Financing – Lack of Lending
- This Year
  - Fewer Numbers
  - Stabilizing Economy
  - But, huge equity losses in cattle feeding

# Demand

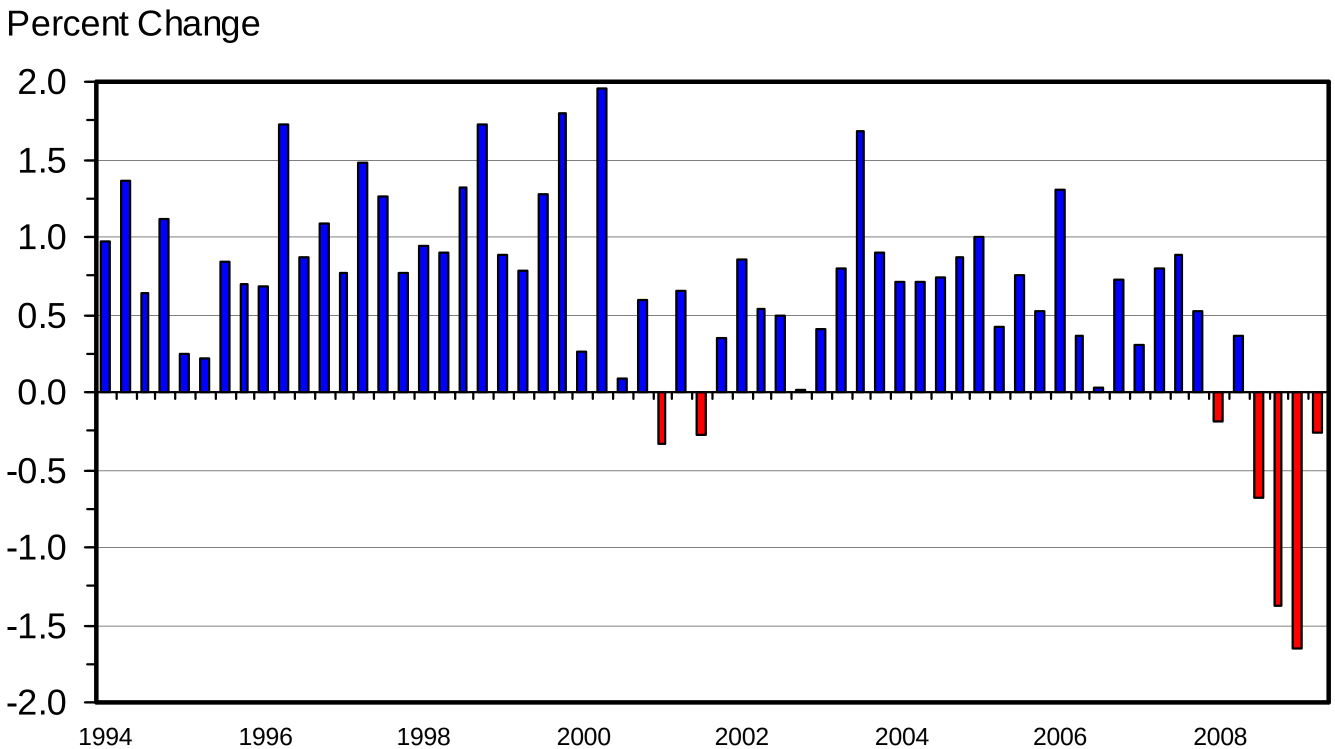
# BARROW AND GILT PRICES

Iowa - So. Minnesota, Carcass Base Price, Weekly



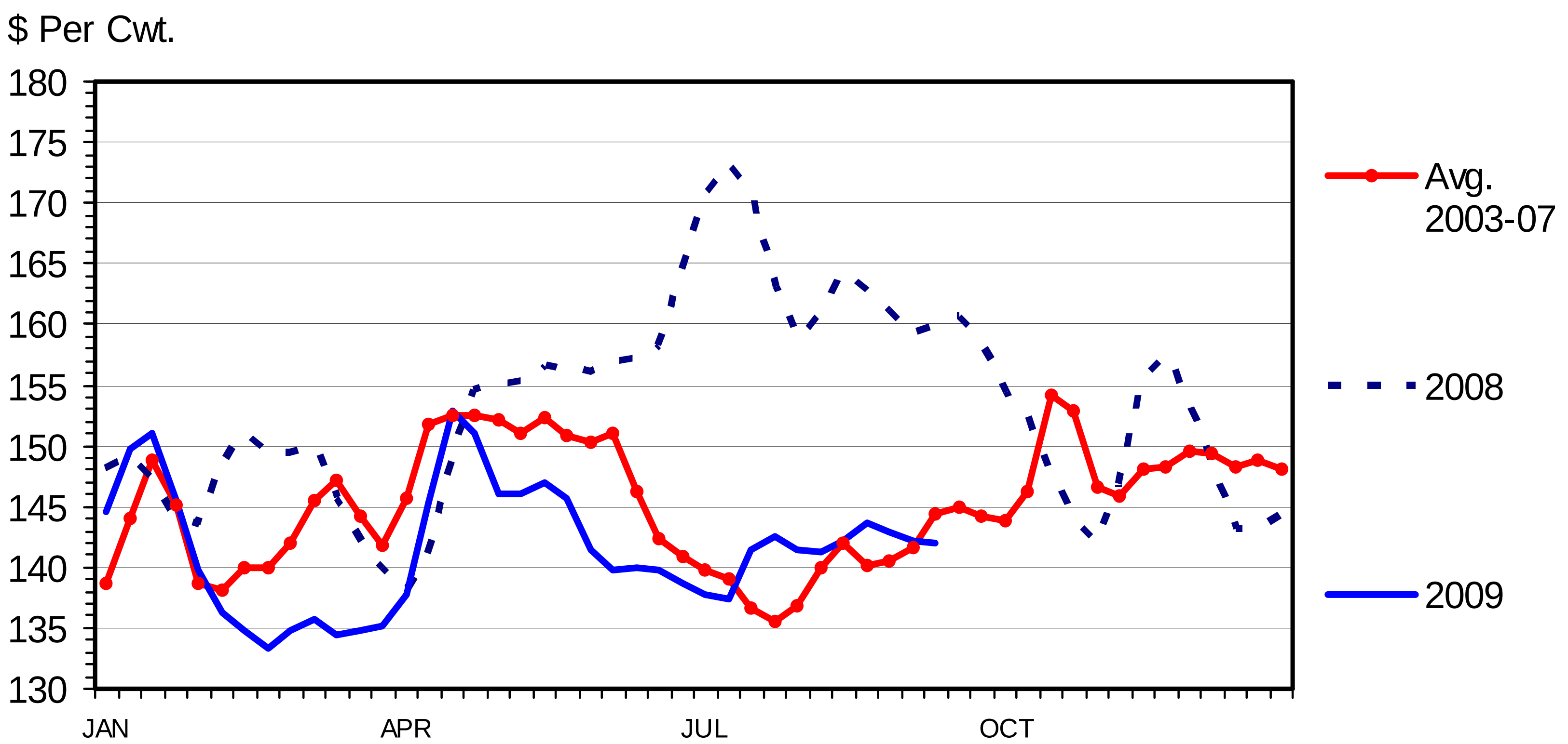
# QTRLY GROSS DOMESTIC PRODUCT (GDP)

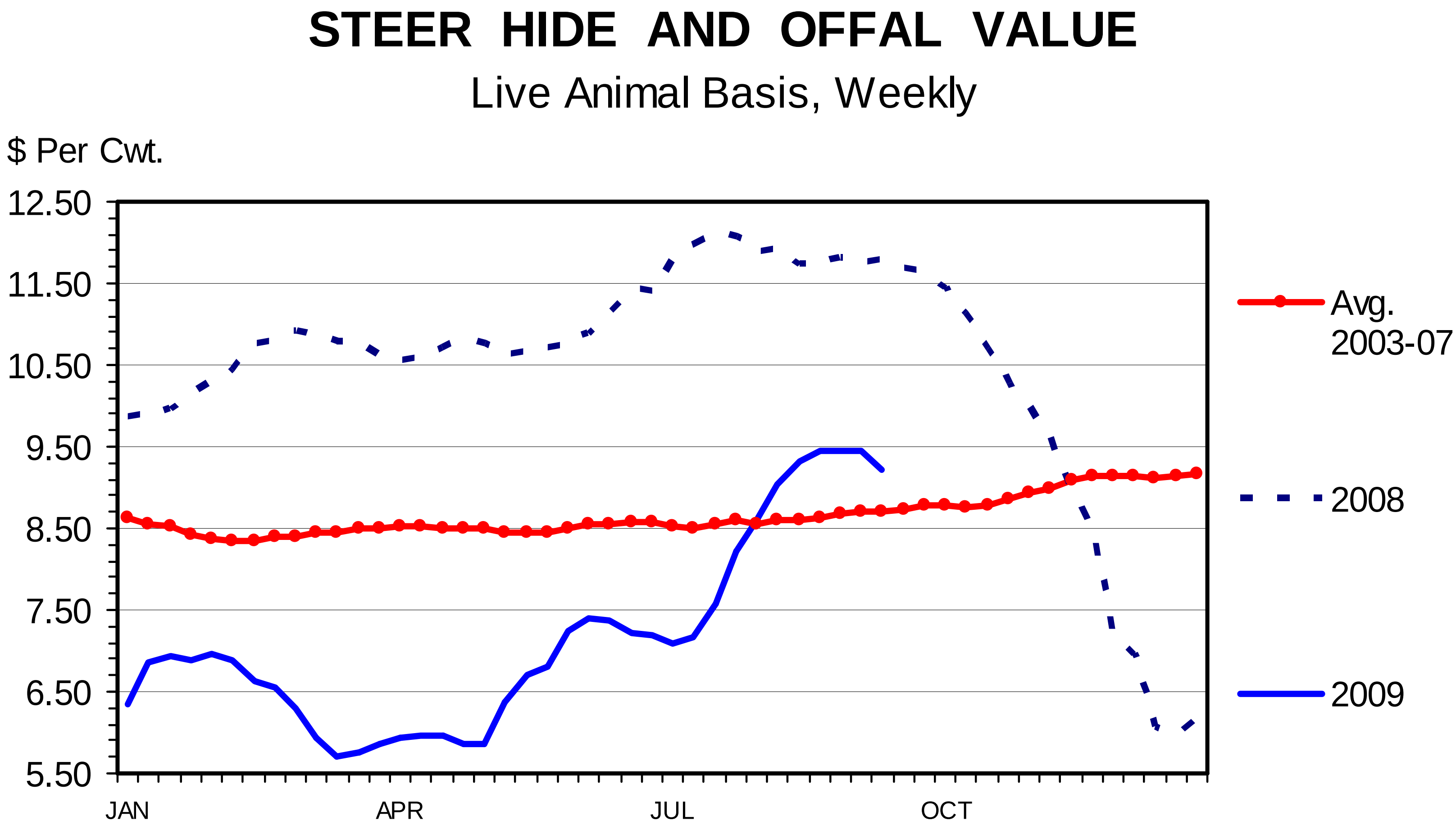
Real Dollar (2005) Change from Previous Quarter



# BOXED BEEF CUTOUT VALUE

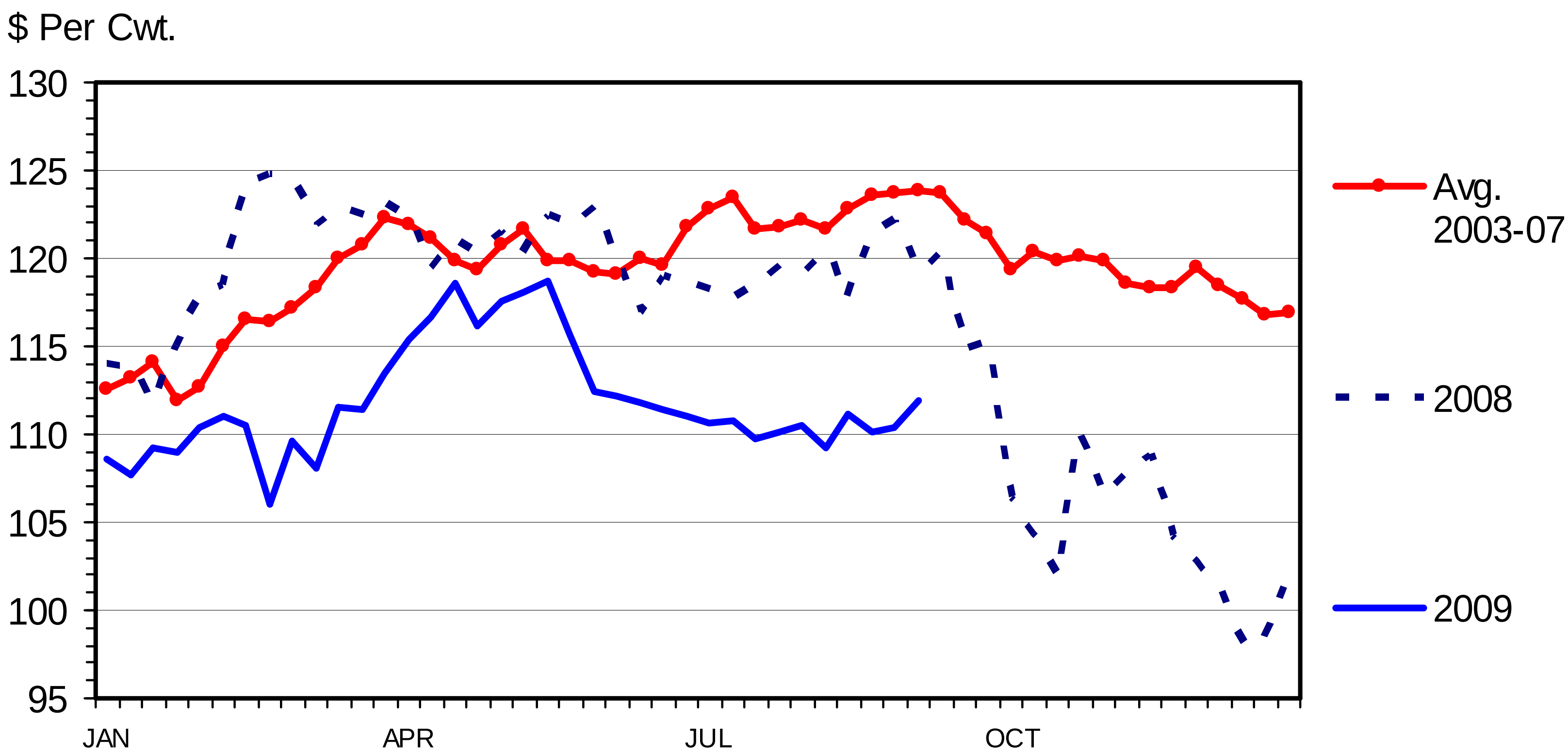
Choice 600-900 Lbs. Carcass, Weekly




STEER HIDE AND OFFAL VALUE
Live Animal Basis, Weekly
$ Per Cwt.
12.50
11.50
10.50
9.50
8.50
7.50
6.50
5.50
JAN
APR
JUL
OCT
Avg. 2003-07
2008
2009

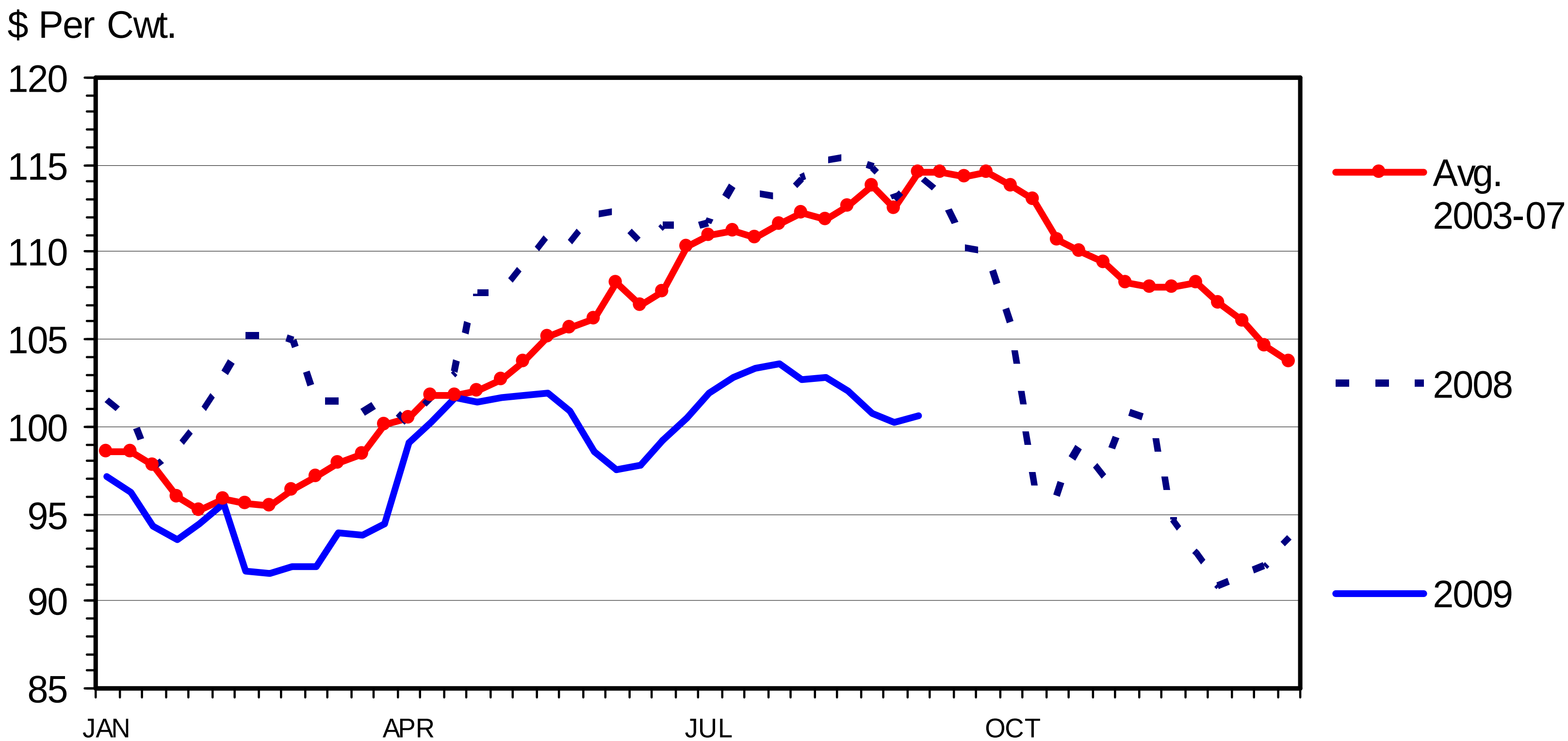
# MED. & LRG. #1 STEER CALF PRICES

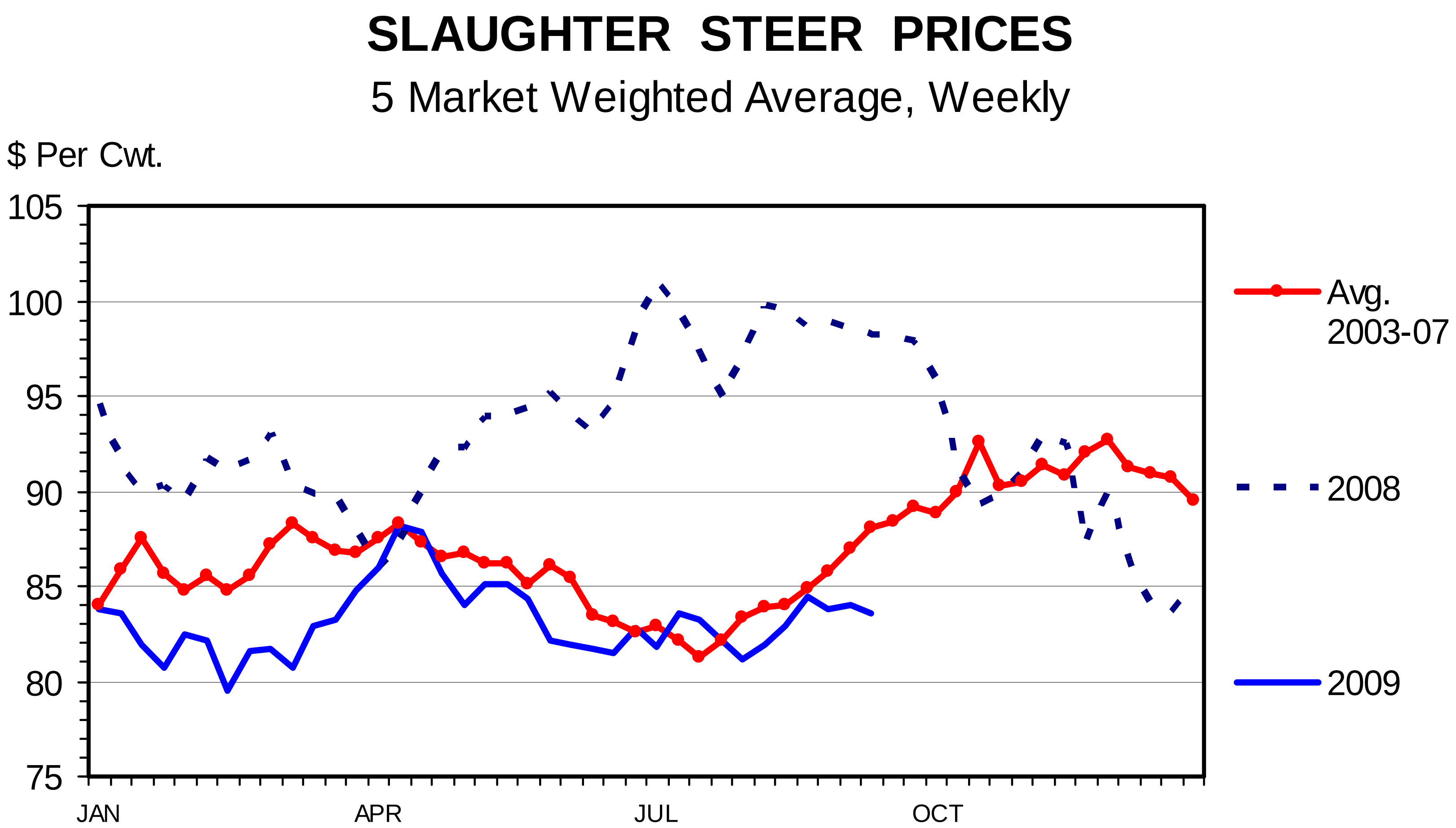
## 500-600 Pounds, Southern Plains, Weekly



# MED. & LRG. #1 FEEDER STEER PRICES

700-800 Pounds, Southern Plains, Weekly

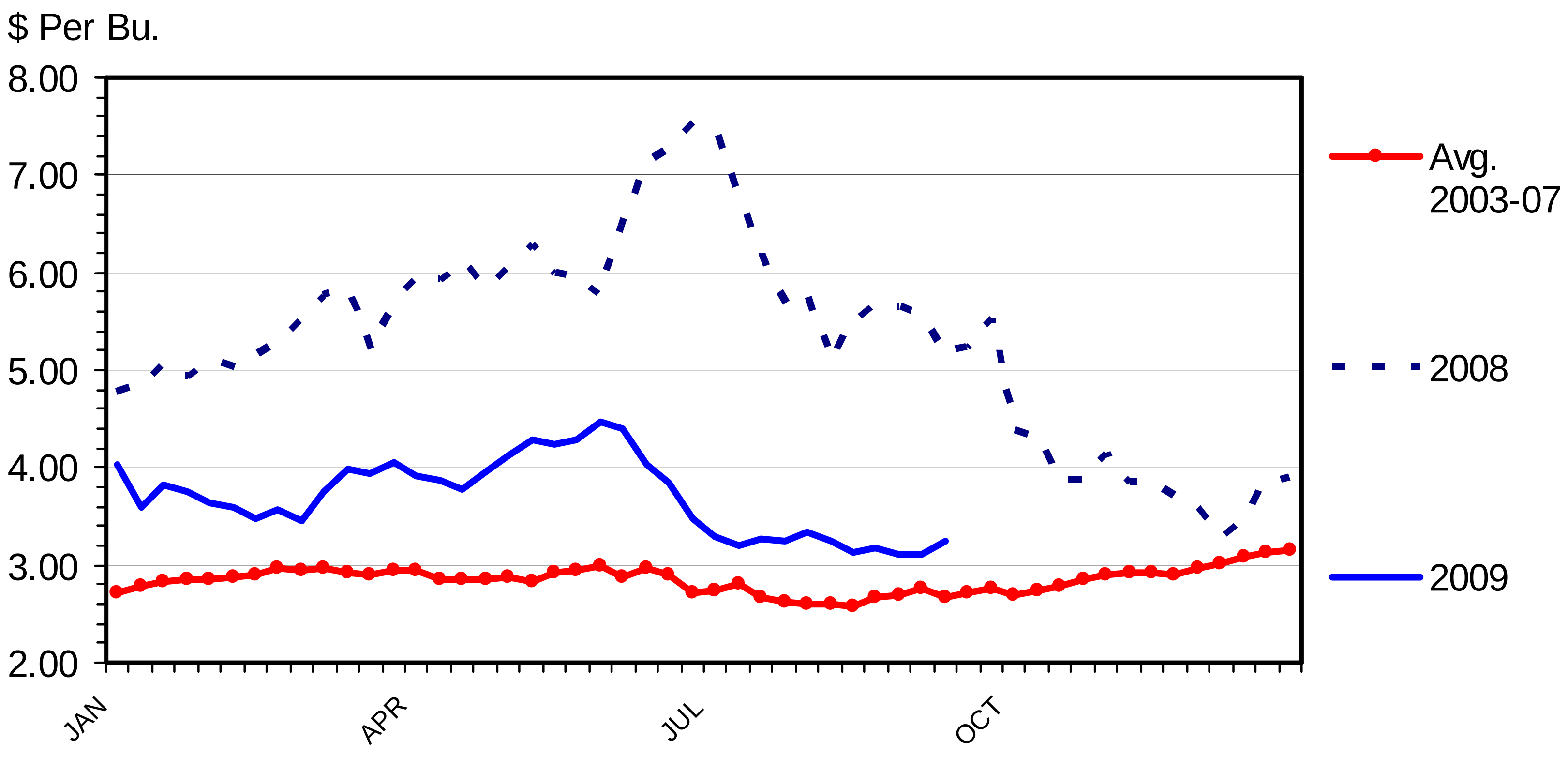



SLAUGHTER STEER PRICES
5 Market Weighted Average, Weekly
$ Per Cwt.
105
100
95
90
85
80
75
JAN
APR
JUL
OCT
Avg. 2003-07
2008
2009

# Cattle and Beef Supplies

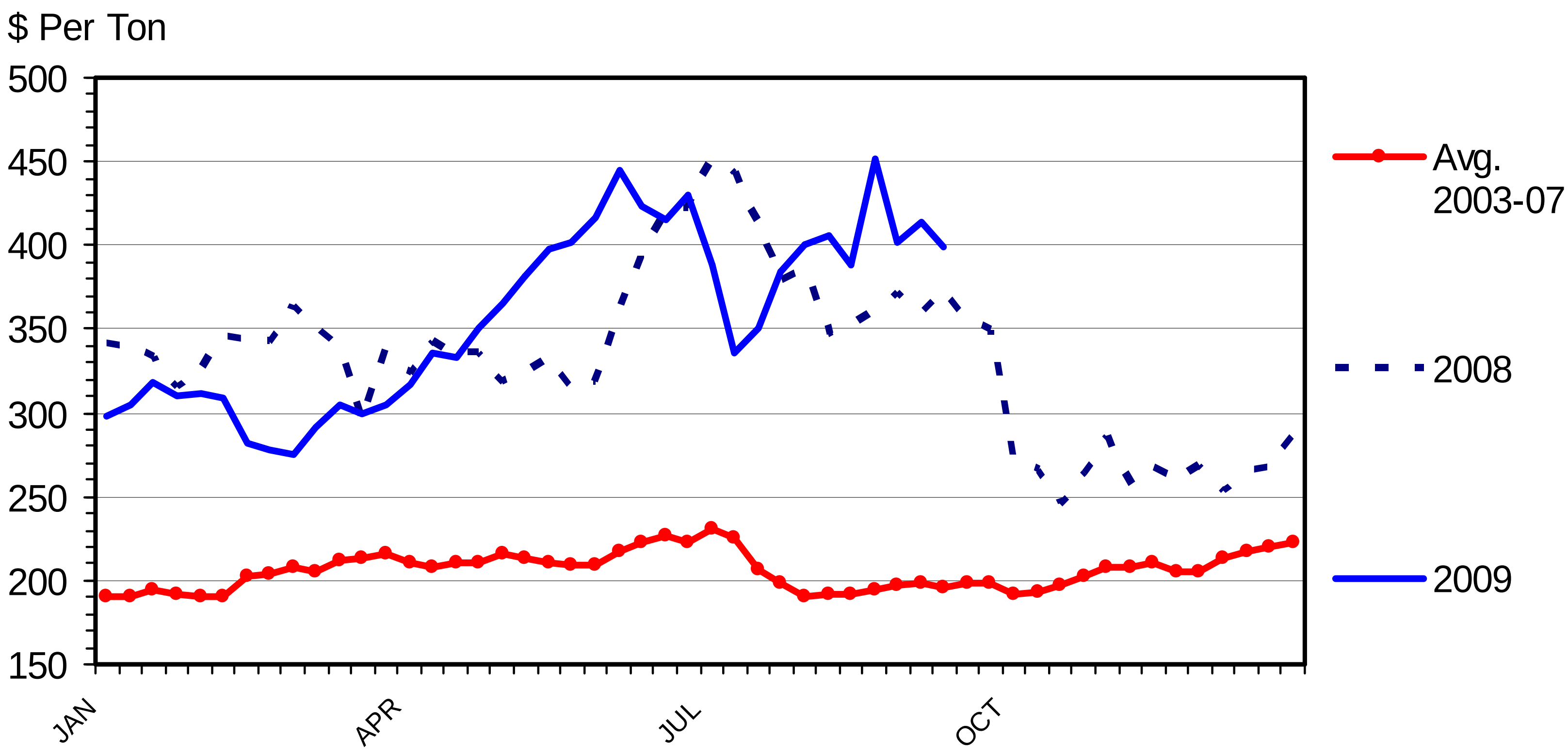
# SOUTHERN PLAINS CORN PRICES

Weekly



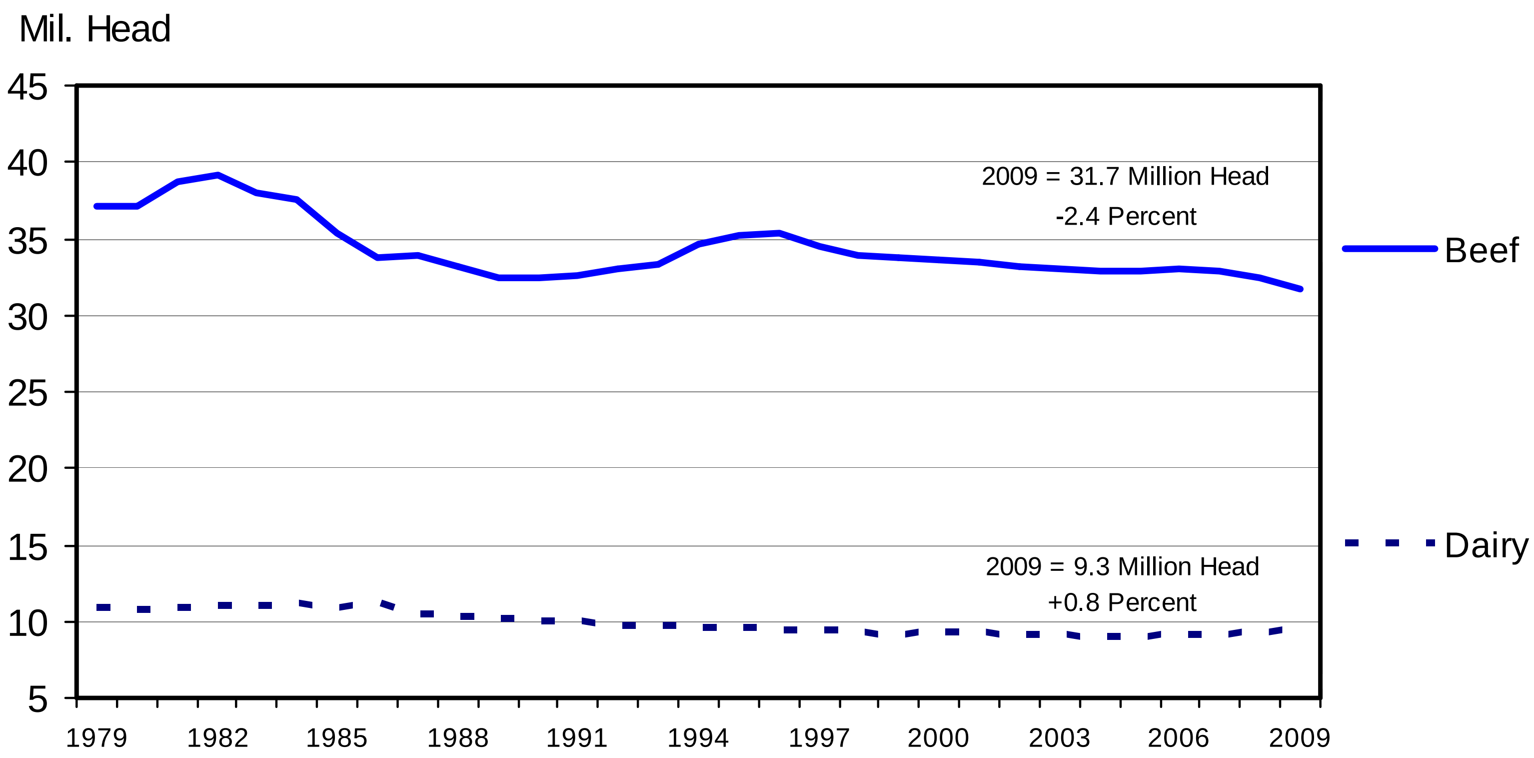
# DECATUR SOYBEAN MEAL (48%) PRICES

Weekly



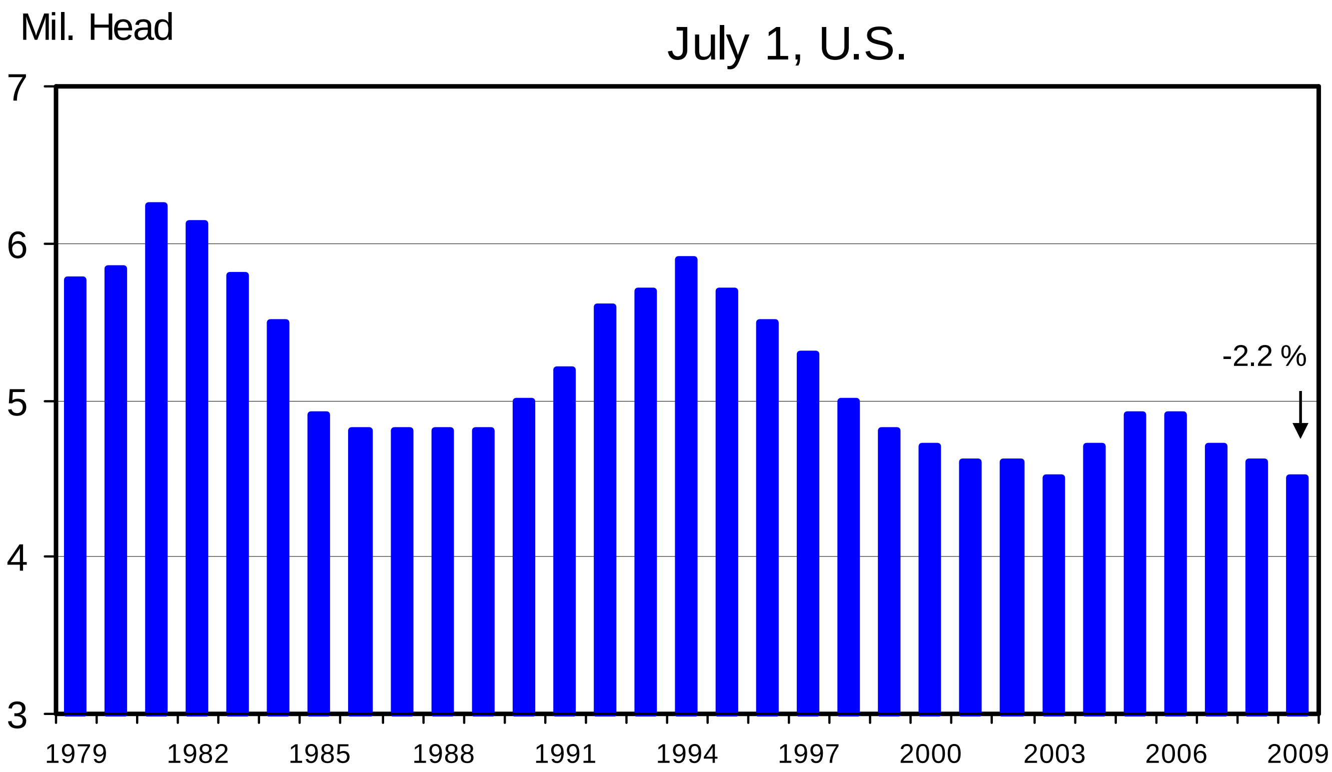
# JANUARY 1 COW INVENTORY

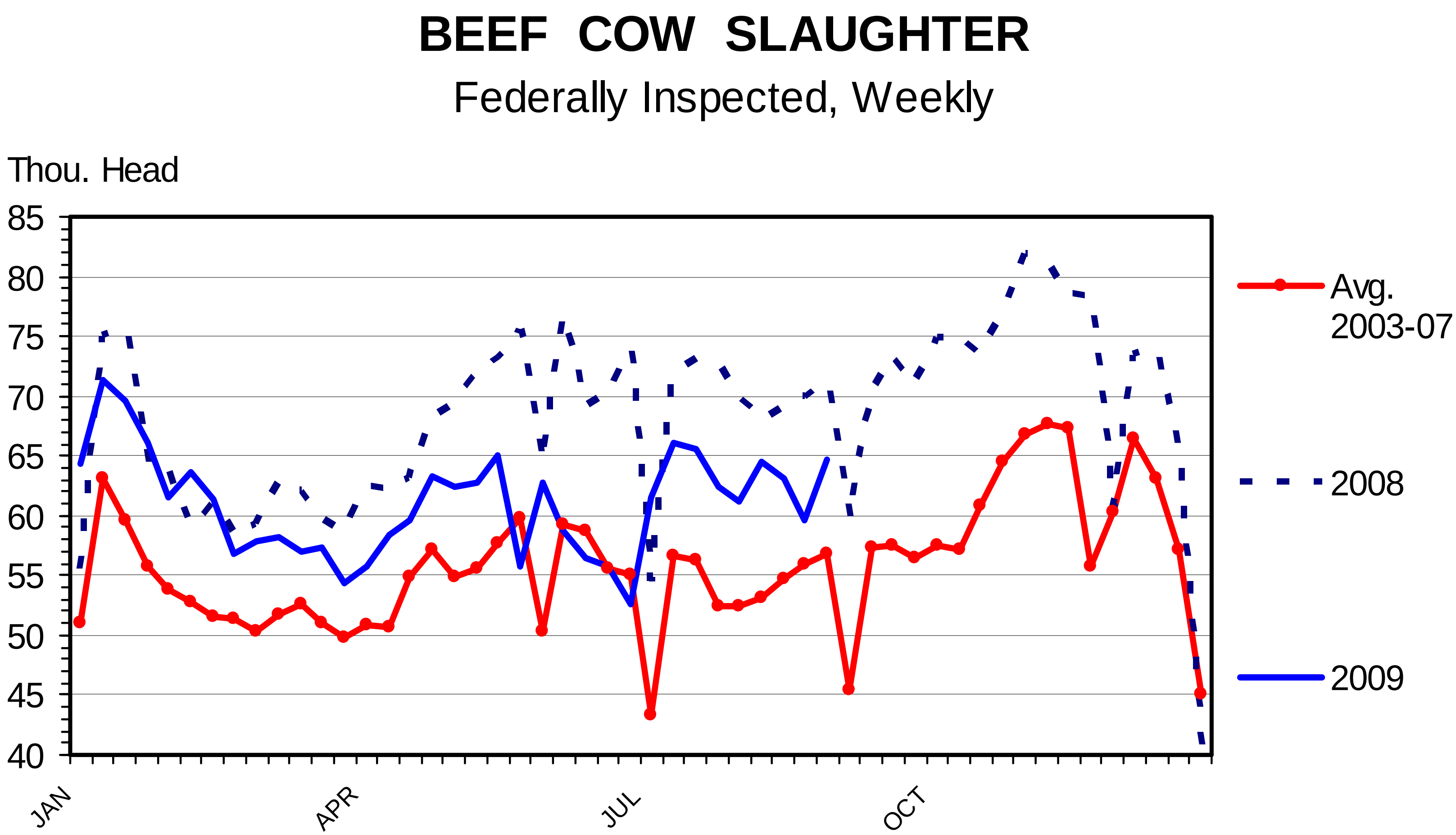
U.S., Annual

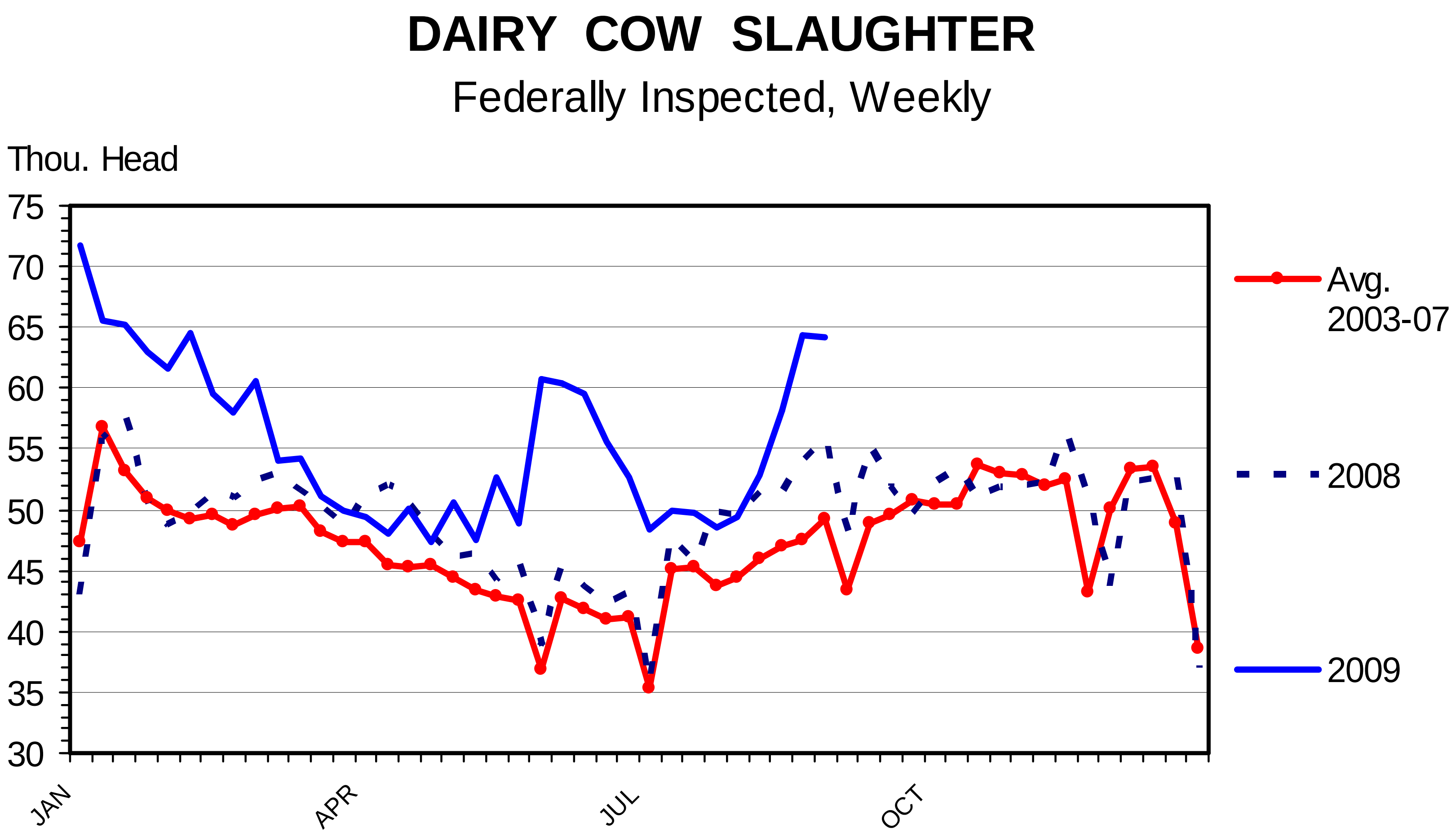


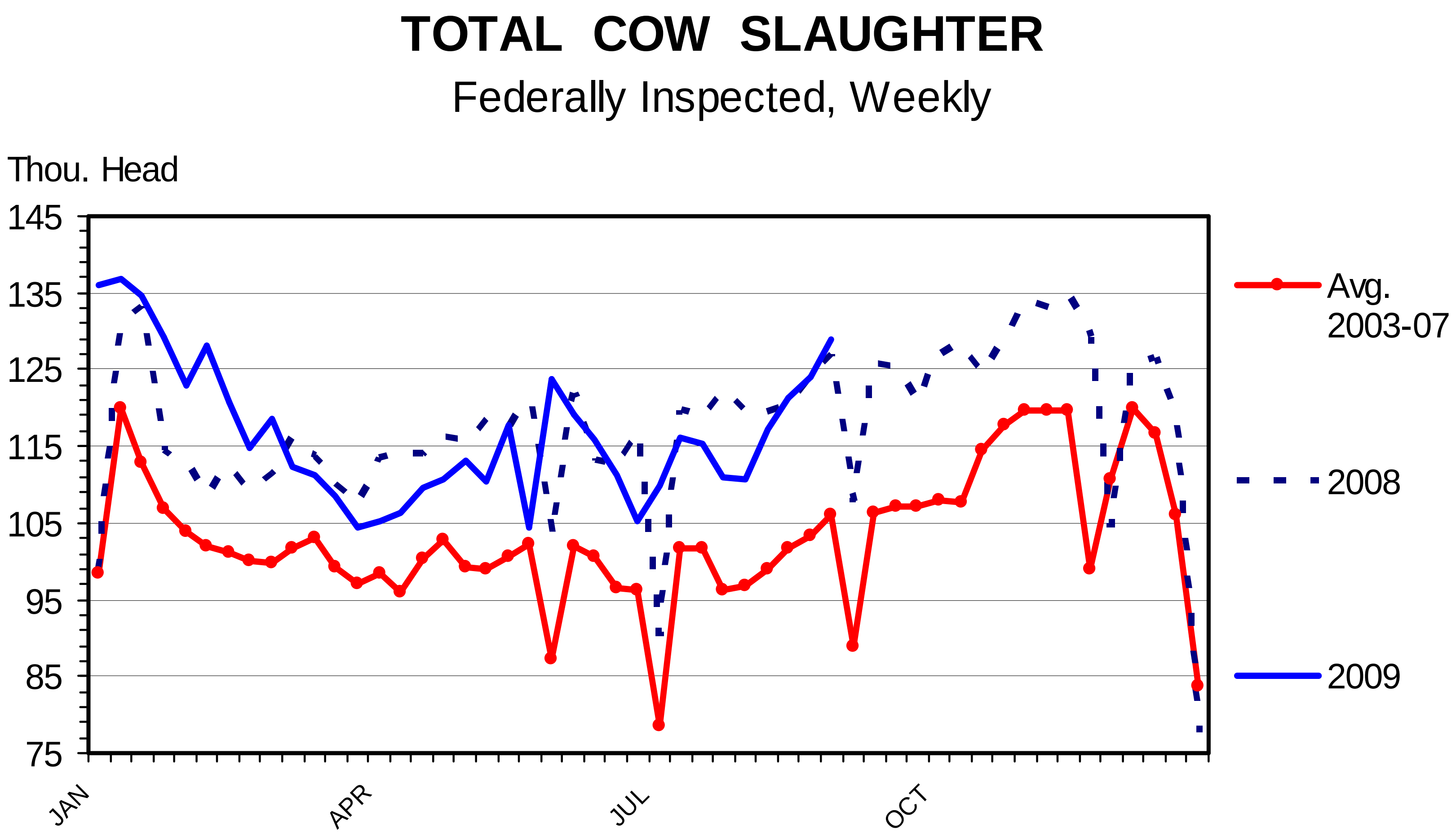
# HEIFERS HELD AS BEEF COW REPLACEMENTS

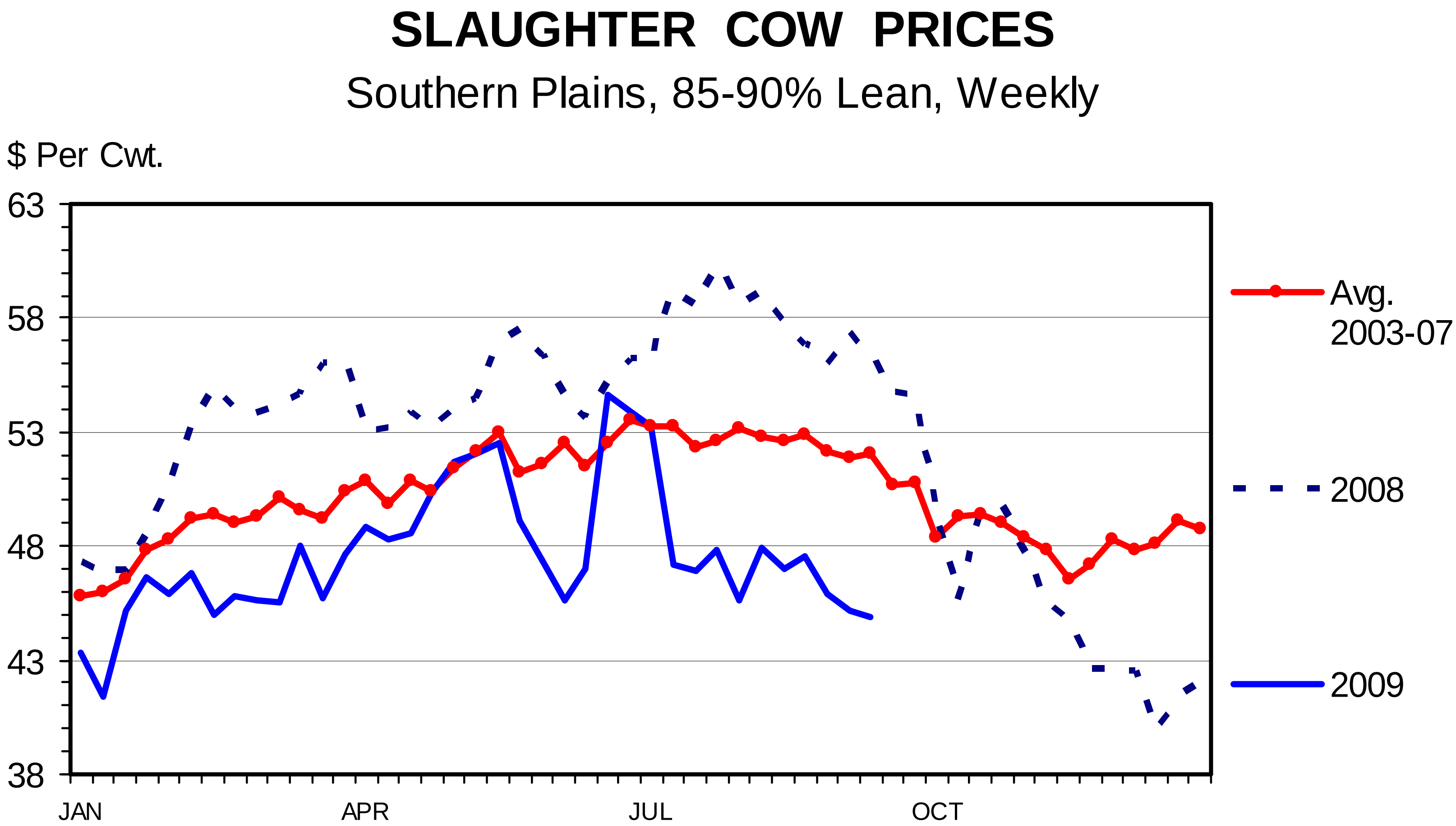
July 1, U.S.

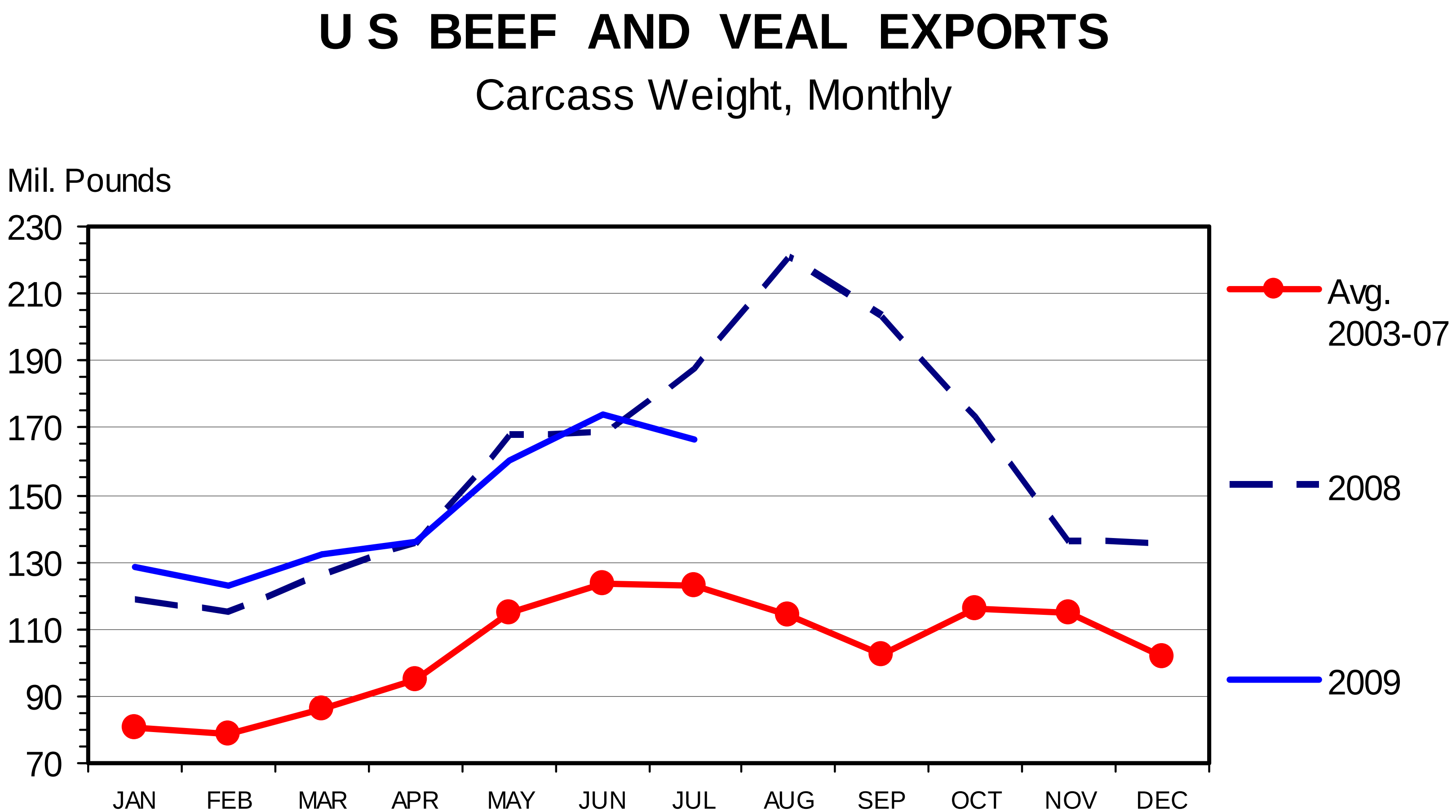



BEEF COW SLAUGHTER
Federally Inspected, Weekly
Thou. Head
85
80
75
70
65
60
55
50
45
40
JAN
APR
JUL
OCT
Avg. 2003-07
2008
2009


DAIRY COW SLAUGHTER
Federally Inspected, Weekly
Thou. Head
75
70
65
60
55
50
45
40
35
30
JAN
APR
JUL
OCT
Avg. 2003-07
2008
2009

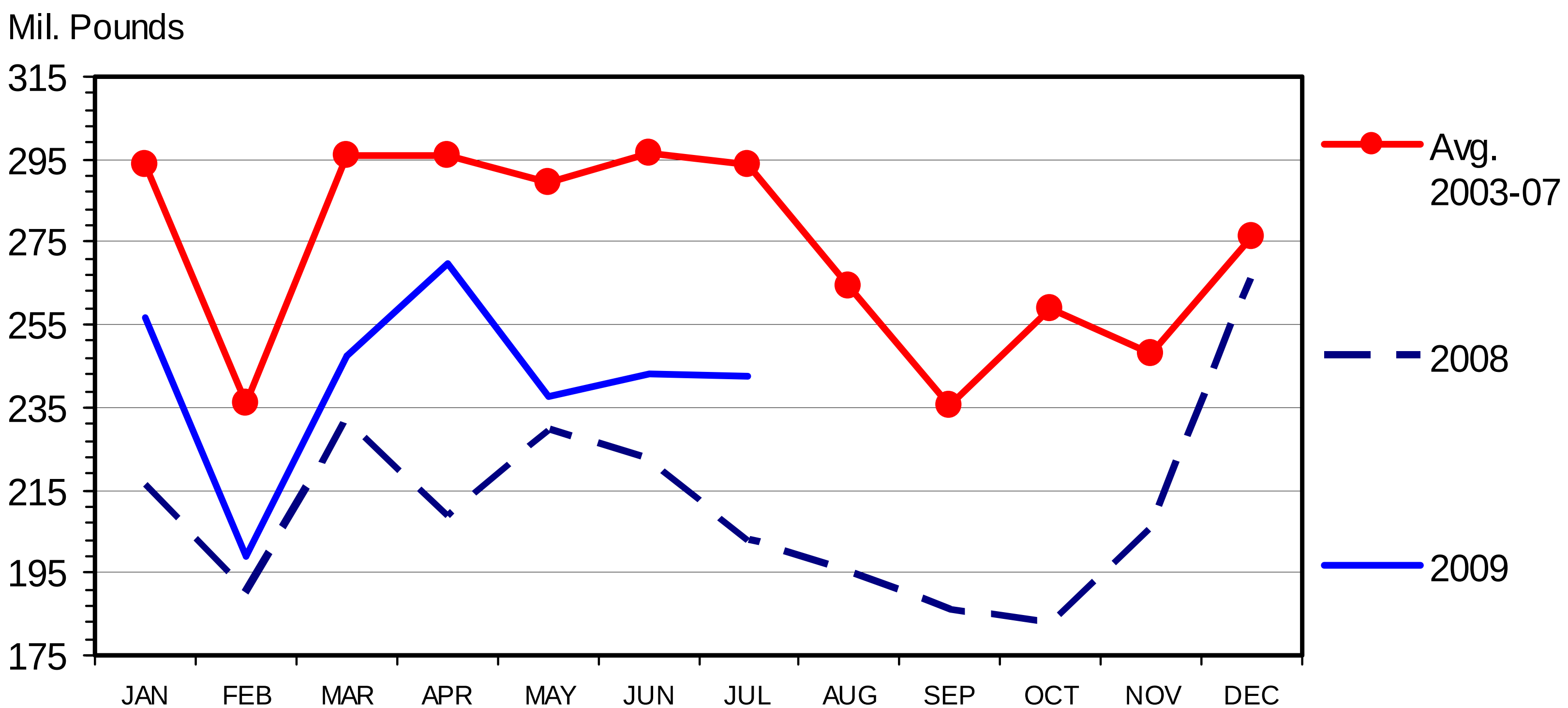

TOTAL COW SLAUGHTER
Federally Inspected, Weekly
Thou. Head
145
135
125
115
105
95
85
75
JAN
APR
JUL
OCT
Avg. 2003-07
2008
2009

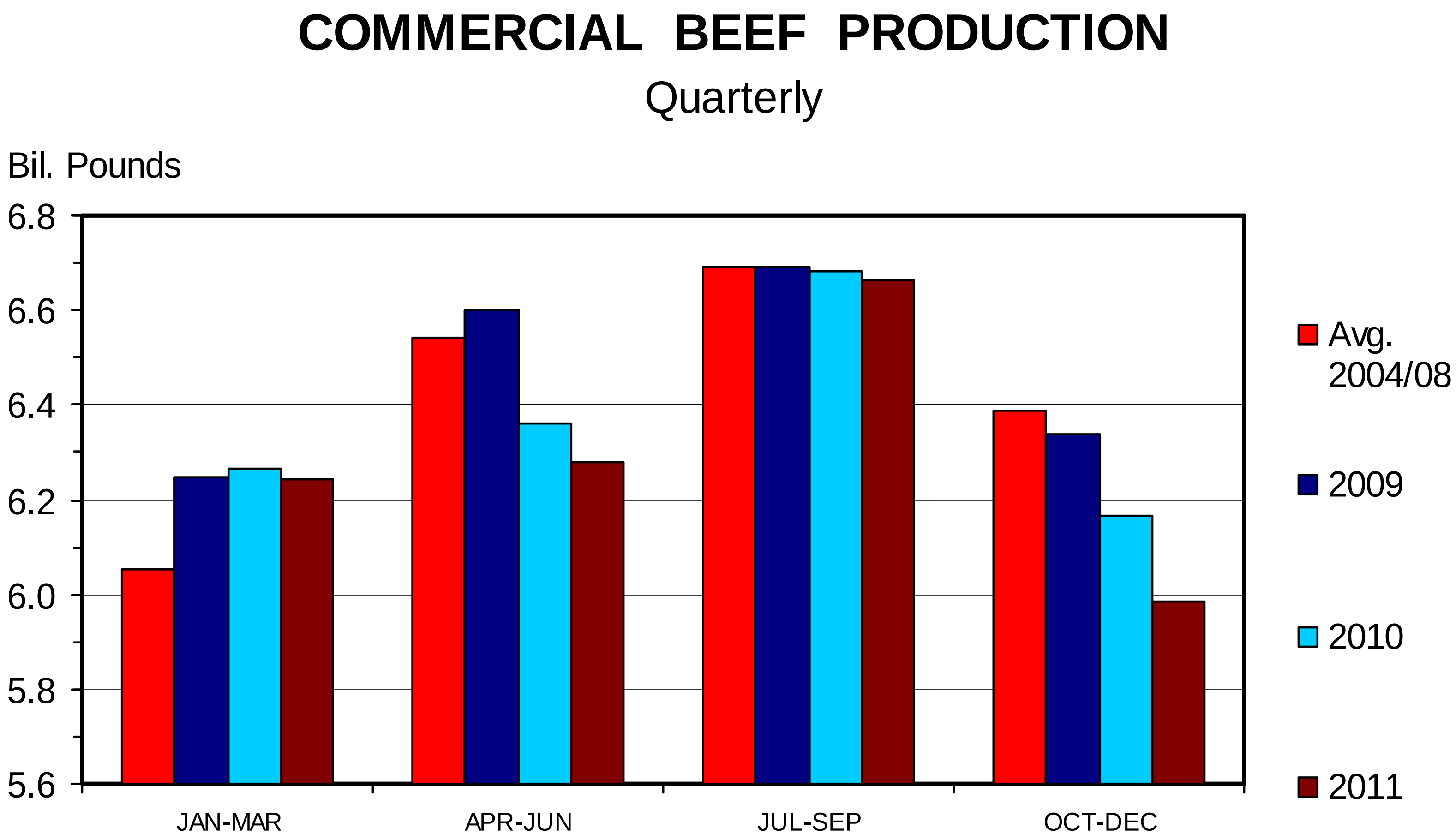

SLAUGHTER COW PRICES
Southern Plains, 85-90% Lean, Weekly
$ Per Cwt.
63
58
53
48
43
38
JAN
APR
JUL
OCT
Avg. 2003-07
2008
2009


U S BEEF AND VEAL EXPORTS
Carcass Weight, Monthly
Mil. Pounds
230
210
190
170
150
130
110
90
70
JAN
FEB
MAR
APR
MAY
JUN
JUL
AUG
SEP
OCT
NOV
DEC
Avg. 2003-07
2008
2009

# U S BEEF AND VEAL IMPORTS

Carcass Weight, Monthly




COMMERCIAL BEEF PRODUCTION
Quarterly
Bil. Pounds
6.8
6.6
6.4
6.2
6.0
5.8
5.6
JAN-MAR
APR-JUN
JUL-SEP
OCT-DEC
Avg. 2004/08
2009
2010
2011

# Projected Prices for 2008-2011

| | 11-1300 | 7-800 | 5-600 |
|---|---|---|---|
| **2008** | 92.78 | 104.99 | 115.81 |
| **2009 I** | 82.18 | 93.86 | 109.42 |
| **II** | 84.47 | 99.63 | 115.56 |
| **III** | 82-84 | 101.67 | 110.23 |
| **IV** | 85-87 | 98-101 | 108-112 |
| **2010 I** | 84-88 | 95-100 | 108-113 |
| **II** | 87-92 | 100-106 | 112-119 |
| **III** | 84-89 | 104-111 | 114-122 |
| **IV** | 88-94 | 104-112 | 111-121 |
| **2011 I** | 89-95 | 101-110 | 113-123 |
| **II** | 90-97 | 105-114 | 117-128 |
| **III** | 85-93 | 107-118 | 117-130 |
| **IV** | 89-97 | 105-114 | 111-126 |

# Summary

- Need Economic Growth
  - Boost demand
  - Need recovery in feeding industry
- Supplies Tightening Cyclically
  - Opportunity for better prices
- Prices Affected by Other Events
  - Corn prices
  - Trade
  - Economy

# Summary Continued

- Market Signaling Retained Ownership
  - Lost equity in feeders
  - Lower calf and feeder prices
- Increased Seasonality
  - Especially fed cattle

# Contact

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# Tri-State Cow/Calf Conference

The conference is presented under a grant from the Southern Region Risk Management Education Center with additional support from the University of Tennessee Extension, Virginia Cooperative Extension and North Carolina Cooperative Extension.

UT Extension
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NC State University A&T State University Cooperative Extension
Tennessee State University
Virginia State University

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