Cattle Market Outlook

Tri-State Beef Conference
Abingdon, VA

August 4, 2016

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Professor and Extension Economist
Overview

• Price Correction
• Increasing Beef Supply
• Demand
• Competition
SLAUGHTER STEER PRICES
5 Market Weighted Average, Weekly

Data Source: USDA-AMS
Livestock Marketing Information Center
MED. & LRG. #1 STEER CALF PRICES
500-600 Pounds, Southern Plains, Weekly

$ Per Cwt.

Data Source: USDA-AMS, Compiled & Analysis by LMIC
Livestock Marketing Information Center
FEEDER STEER vs FED STEER PRICES
700-800 Lbs. Minus Slaughter Steer, S. Plains, Weekly

Data Source: USDA-AMS, Compiled & Analysis by LMIC
Livestock Marketing Information Center
JANUARY 1 COW INVENTORY
U.S., Annual

2016 = 30.3 Million Head
+3.5 Percent

2016 = 9.3 Million Head
+0.1 Percent

Data Source: USDA-NASS
Livestock Marketing Information Center
CENTRAL ILLINOIS SOYBEAN MEAL (48%) PRICES

Weekly

$ Per Ton

Data Source: USDA-AMS
Livestock Marketing Information Center
Short Term Supplies
CATTLE ON FEED
US Total, Monthly

Data Source: USDA-NASS
Livestock Marketing Information Center
STEER DRESSED WEIGHT
Federally Inspected, Weekly

Pounds

Data Source: USDA-AMS & USDA-NASS
Livestock Marketing Information Center
BEEF PRODUCTION
Federally Inspected, Weekly

Mil. Pounds

Data Source: USDA-AMS & USDA-NASS
Livestock Marketing Information Center
Brazil

• Tariff Rate Quotas
  – Imports at a lower tariff
  – Higher tariff to over quota imports

• Ongoing Process
  – Inspect and approve individual plants for export
  – GAO still reviewing the methodology used to change status

• Market Impacts
  – Not much, short term
  – 90% Lean, cull cows
MAJOR US BEEF IMPORT SOURCES
Carcass Weight, Annual

Data Source: USDA-ERS & USDA-FAS, Compiled & Analysis by LMIC
Livestock Marketing Information Center
US BEEF AND VEAL EXPORTS
Carcass Weight, Monthly

Data Source: USDA-ERS & USDA-FAS
Livestock Marketing Information Center
BEEF IN COLD STORAGE
End of the Month

Data Source: USDA/NASS
Livestock Marketing Information Center
SLAUGHTER COW PRICES
Southern Plains, 85-90% Lean, Weekly

Data Source: USDA-AMS
Livestock Marketing Information Center
Short Term Supply

• Sharply Lower Cattle Prices
  – More beef than a year ago
  – Slaughter and weights
  – Increased domestic production
  – Improving trade

• Packing Capacity
Demand
RETAIL ALL FRESH BEEF DEMAND INDEX
First Quarter, Using CPI 1990=100

Data Source: Bureau of Labor Statistics, USDA-ERS, Compiled & Analysis by LMIC
Livestock Marketing Information Center
CHOICE MINUS SELECT BEEF PRICES
Carcass Cutout Value 600-900 Lbs., Weekly

$ Per Cwt.

Data Source: USDA-AMS, Compiled & Analysis by LMIC
Livestock Marketing Information Center
BEEF GRADED CHOICE
As a Percent of Beef Graded

Data Source: USDA-AMS
Livestock Marketing Information Center
WHOLESALE BEEF LOIN STRIP PRICES
Boneless 0x1, Weekly

Cents Per Pound

Data Source: USDA-AMS
Livestock Marketing Information Center
Competition
RETAIL PRICE COMPARISON

Monthly

Cents Per Pound

Jan-04 Jan-05 Jan-06 Jan-07 Jan-08 Jan-09 Jan-10 Jan-11 Jan-12 Jan-13 Jan-14 Jan-15 Jan-16

Data Source: Bureau of Labor Statistics & USDA-ERS
Livestock Marketing Information Center
COMMERCIAL MEAT & POULTRY PRODUCTION
By Type of Meat, Annual

Bil. Pounds


Beef  Pork  Lamb & Veal  Chicken  Turkey

Data Source: USDA-NASS, Compiled & Analysis by LMIC
Livestock Marketing Information Center
## Prices for 2014-2017

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<th>7-800</th>
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<td>154.56</td>
<td>218.26</td>
<td>237.26</td>
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<td>2015 I</td>
<td>162.43</td>
<td>209.42</td>
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<td>II</td>
<td>158.11</td>
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<td>2017 I</td>
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Texas Combined Auction for 5-600 and 7-800