Cattle Market Outlook

Tri-State Beef Conference
Abingdon, VA

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Oklahoma State University
2015 Market Setting

- Global
- U.S. Economy
- Agriculture
- Cattle Industry
Major Beef Market Factors

- Cattle Inventory and Beef Production
- Beef Demand
- International Trade
- Feed and Input Markets
- Forage Conditions
2015 Market Impacts

- Improved U.S. forage conditions
- Exchange rates
- West Coast dock strike
- (lack of) PEDv
- Feedlot and packer margins
- Avian Influenza
- Continued Australian drought
JANUARY 1 BEEF COW INVENTORY
U.S., Annual

Analysis by Derrell Peel
Data Source: USDA-NASS
FED, FEEDER AND CALF PRICES
Weekly

$ Per Cwt.


Fed 775 lb. Steers 475 lb. Steers

OK Combined and 5-MKT Fed
ESTIMATED AVERAGE COW CALF RETURNS
Returns Over Cash Cost (Includes Pasture Rent), Annual

Data Source: USDA-AMS, Compiled and Analysis by LMIC
Livestock Marketing Information Center

05/14/15
Regional Share of Beef Cow Herd
January 1, 2015

U.S. 29.7 million head
## U.S. Cattle Inventory
### July 1

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>1000 Head</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All Cattle and Calves</td>
<td>96300</td>
<td>98400</td>
<td>+2.2</td>
</tr>
<tr>
<td>Beef Cows</td>
<td>29750</td>
<td>30500</td>
<td>+2.5</td>
</tr>
<tr>
<td>Dairy Cows</td>
<td>9250</td>
<td>9300</td>
<td>+0.5</td>
</tr>
<tr>
<td>Beef Replacements</td>
<td>4600</td>
<td>4900</td>
<td>+6.5</td>
</tr>
<tr>
<td>Dairy Replacements</td>
<td>4100</td>
<td>4200</td>
<td>+2.4</td>
</tr>
<tr>
<td>Other Heifers (500+ lbs.)</td>
<td>6900</td>
<td>6800</td>
<td>-1.4</td>
</tr>
<tr>
<td>Steers (500+ lbs.)</td>
<td>13700</td>
<td>14100</td>
<td>+2.9</td>
</tr>
<tr>
<td>Bulls (500+ lbs.)</td>
<td>1900</td>
<td>1900</td>
<td>0.0</td>
</tr>
<tr>
<td>Calves (&lt;500 lbs.)</td>
<td>26100</td>
<td>26700</td>
<td>+2.3</td>
</tr>
<tr>
<td>Calf Crop</td>
<td>33900</td>
<td>34300</td>
<td>+1.2</td>
</tr>
<tr>
<td>Cattle on Feed</td>
<td>11900</td>
<td>12100</td>
<td>+1.7</td>
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<tr>
<td>Feeder Supply</td>
<td>34871</td>
<td>35500</td>
<td>+1.8</td>
</tr>
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</table>
HEIFERS HELD AS BEEF COW REPLACEMENTS
July 1, U.S.

Mil. Head


Data Source: USDA-NASS
Livestock Marketing Information Center

C-N-37
07/24/15

+6.5 %
CATTLE ON FEED
US Total, Monthly

Mil. Head

JAN FEB MAR APR MAY JUN JUL AUG SEP OCT NOV DEC

Data Source: USDA-NASS
Livestock Marketing Information Center
Monthly Placements and F.I. Steer and Heifer Slaughter
12 Month Moving Ave.
## Cattle Slaughter
Federally Inspected, 1000 Head

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>% Change 2013 to 2014</th>
<th>% Change YTD 2014 to 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Steers</td>
<td>15378</td>
<td>-3.9</td>
<td>-4.3</td>
</tr>
<tr>
<td>Heifers</td>
<td>8378</td>
<td>-8.3</td>
<td>-11.3</td>
</tr>
<tr>
<td>Dairy Cows</td>
<td>2816</td>
<td>-9.9</td>
<td>+4.0</td>
</tr>
<tr>
<td>Beef Cows</td>
<td>2565</td>
<td>-18.1</td>
<td>-17.3</td>
</tr>
<tr>
<td>Bulls</td>
<td>548</td>
<td>-1.7</td>
<td>-16.2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>29684</td>
<td>-7.1</td>
<td>-6.9</td>
</tr>
</tbody>
</table>
CHOICE STEER PRICE vs BREAKEVEN
Cattle Feeding, S. Plains, Monthly

Latest Data: July 2015

$ Per Cwt

 Cousins Feeding, S. Plains, Monthly

Data Source: USDA-AMS & USDA-NASS, Compiled & Analysis by LMIC
Livestock Marketing Information Center
AVGARAGE RETURNS TO CATTLE FEEDERS
Feeding 725 Lb. Steers. S. Plains, Monthly

Data Source: USDA-AMS & USDA-NASS, Compiled & Analysis by LMIC
Livestock Marketing Information Center

Latest Data: July 2015
KSU Feedlot Weights
12 Month Moving Ave.

Beginning weight 5 months prior
KANSAS FEEDLOT CLOSEOUTS
Avg. Days on Feed, Steers

Days

Data Source: KSU Focus on Feedlots, Compiled by LMIC
Livestock Marketing Information Center
KANSAS FEEDLOT CLOSEOUTS
Avg. Daily Gain, Steers

Pounds

Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec


Data Source: KSU Focus on Feedlots, Compiled by LMIC
Livestock Marketing Information Center
KANSAS FEEDLOT CLOSEOUTS

Pounds of Feed (Dry Basis)
Per Pound of Gain, Steers

Data Source: KSU Focus on Feedlots, Compiled by LMIC
Livestock Marketing Information Center
STEER DRESSED WEIGHT
Federally Inspected, Weekly

Pounds

Data Source: USDA-AMS & USDA-NASS
Livestock Marketing Information Center
Steer Dressed Weights
Monthly, Federally Inspected

Pounds


Monthly 12 mo MA
Steer Carcass Weight
Federally Inspected

Pounds

COMMERCIAL BEEF PRODUCTION
US, Quarterly

Data Source: USDA-NASS, Compiled & Analysis by LMIC
Livestock Marketing Information Center
# Meat Production and Consumption

<table>
<thead>
<tr>
<th></th>
<th>Production</th>
<th>Consum. Per Capita</th>
<th>Consum. Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Million lbs.</td>
<td>Million lbs.</td>
<td>Million lbs.</td>
</tr>
<tr>
<td>Beef</td>
<td>25720</td>
<td>24252</td>
<td>23782</td>
</tr>
<tr>
<td>Pork</td>
<td>23187</td>
<td>22843</td>
<td>24448</td>
</tr>
<tr>
<td>Broilers</td>
<td>37425</td>
<td>38137</td>
<td>39968</td>
</tr>
</tbody>
</table>
Livestock Marketing Information Center

Data Source: USDA-AMS & USDA-NASS, Compiled & Analysis by LMIC
RETAIL PRICE RATIOS
Monthly

Livestock Marketing Information Center
Data Source: USDA-AMS & USDA-NASS, Compiled & Analysis by LMIC
BOXED BEEF CUTOUT VALUE
Choice 600-900 Lbs., Carcass, Weekly

$ Per Cwt.

Data Source: USDA-AMS
Livestock Marketing Information Center
## U.S. Beef Exports

<table>
<thead>
<tr>
<th></th>
<th>2014 (1000 lbs.)</th>
<th>% Change 2013 to 2014</th>
<th>% Change YTD 2014 to 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>662460</td>
<td>-1.3</td>
<td>-1.3</td>
</tr>
<tr>
<td>Mexico</td>
<td>435137</td>
<td>+7.9</td>
<td>-23.4</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>415895</td>
<td>+16.0</td>
<td>-24.2</td>
</tr>
<tr>
<td>Canada</td>
<td>364374</td>
<td>-22.2</td>
<td>-12.9</td>
</tr>
<tr>
<td>S. Korea</td>
<td>301257</td>
<td>+19.2</td>
<td>+3.1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2572740</strong></td>
<td><strong>-0.7</strong></td>
<td><strong>-9.5</strong></td>
</tr>
</tbody>
</table>
# U.S. Beef Imports

<table>
<thead>
<tr>
<th></th>
<th>2014 (1000 lbs.)</th>
<th>% Change 2013 to 2014</th>
<th>% Change YTD 2014 to 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>1082554</td>
<td>+73.5</td>
<td>+64.8</td>
</tr>
<tr>
<td>Canada</td>
<td>602063</td>
<td>+11.9</td>
<td>+4.5</td>
</tr>
<tr>
<td>New Zealand</td>
<td>596939</td>
<td>+13.5</td>
<td>+22.7</td>
</tr>
<tr>
<td>Mexico</td>
<td>310236</td>
<td>+23.3</td>
<td>+38.7</td>
</tr>
<tr>
<td>Nicaragua</td>
<td>139028</td>
<td>+52.1</td>
<td>+17.5</td>
</tr>
<tr>
<td>Total</td>
<td>2946827</td>
<td>+31.0</td>
<td>+37.3</td>
</tr>
</tbody>
</table>
United States: Beef Trade
2015-2016 Projected
STEER HIDE AND OFFAL VALUE
Live Animal Basis, Weekly

$ Per Cwt.

Data Source: USDA-AMS
Livestock Marketing Information Center
CATTLE IMPORTS FROM CANADA AND MEXICO

Thou. Head

Annual


Mexico
Canada

Data Source: USDA-ERS & USDA-FAS, Compiled & Analysis by LMIC

Livestock Marketing Information Center
BEEF PRODUCTION
vs. BEEF COW INVENTORY
Inventory on January 1, U.S.

Livestock Marketing Information Center

Data Source: USDA-NASS, Compiled & Analysis by LMIC and Derrell Peel

2015-2017 Forecast
Market Factors to Watch into 2016

• Larger feeder supplies
  – Rate of heifer retention
  – Cattle imports
• Domestic beef supplies
  – Carcass weights
• Improving beef trade balance
• Pork and poultry supplies
  – Avian influenza?
• U.S. and global economy
  – Exchange rates
Management and Marketing Considerations

• Prepare for lower prices
  – Careful budgeting
  – Risk management

• Cost management
  – Best opportunity to maintain returns
  – Strategic investment to maintain/enhance productivity
AVERAGE ANNUAL CATTLE PRICES
Southern Plains

Data Source: USDA-AMS, Compiled and Analysis by LMIC
Livestock Marketing Information Center
The Weekly Email Newsletter
From OSU Animal Science and Agricultural Economics

• Send Email to derrell.peel@okstate.edu
THANK YOU!

OKLAHOMA STATE UNIVERSITY
AGRICULTURE