

Cattle Market Outlook

Tri-State Beef Conference
Abingdon, VA

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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

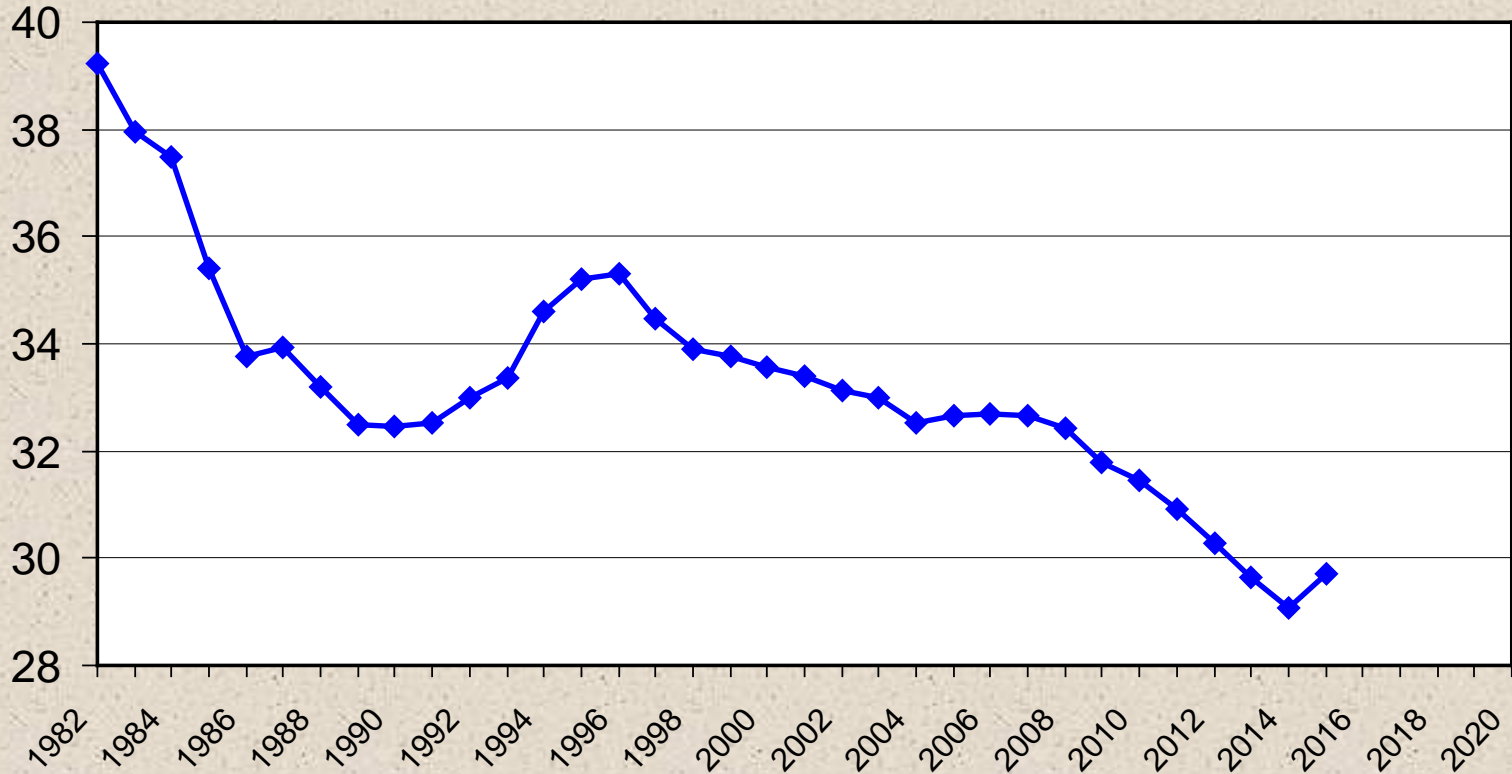
2015 Market Impacts

- 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

Mil. Head



Analysis by Derrell Peel

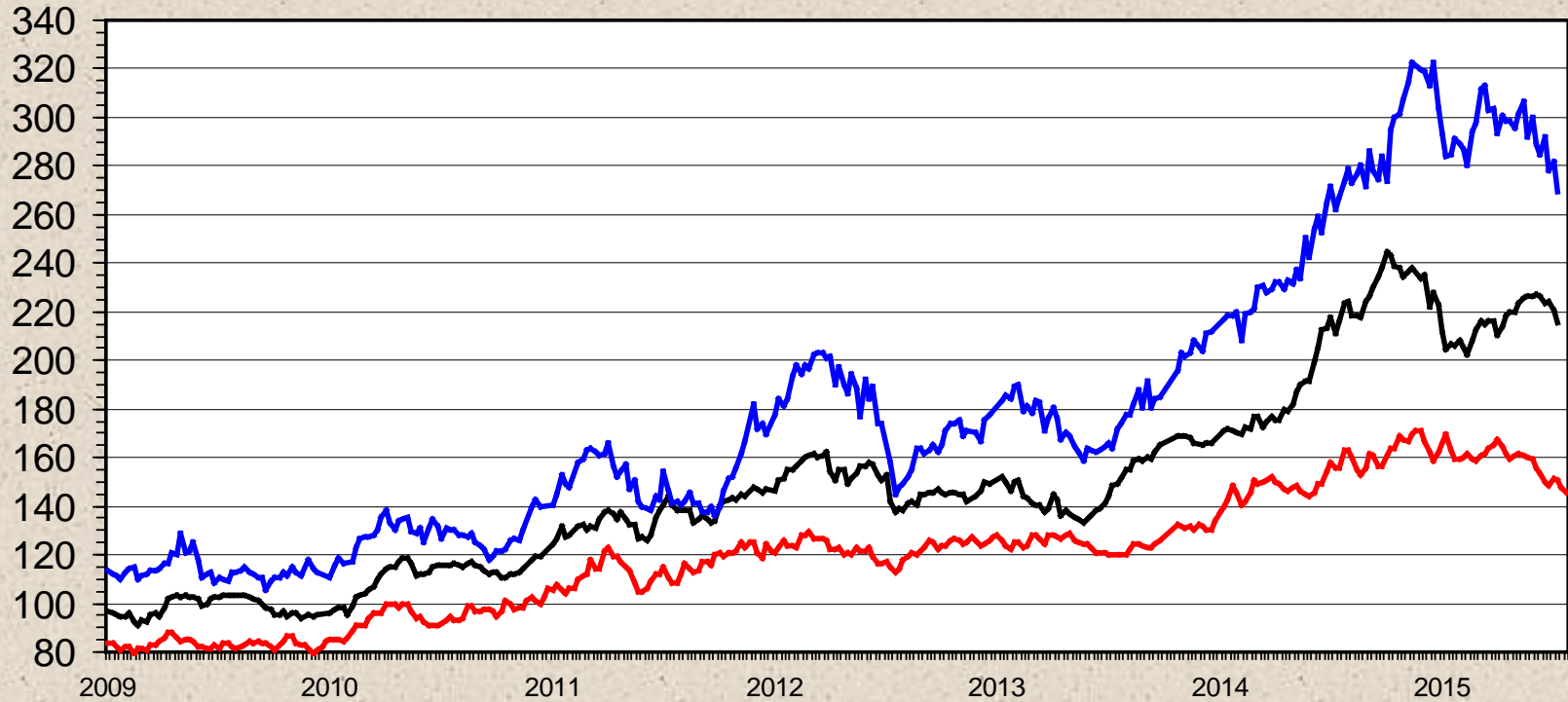
Data Source: USDA-NASS

24 Dec 2014

FED, FEEDER AND CALF PRICES

Weekly

\$ Per Cwt.



— Fed — 775 lb. Steers — 475 lb. Steers

OK Combined and 5-MKT Fed

BONING COW PRICES, Weekly OKC

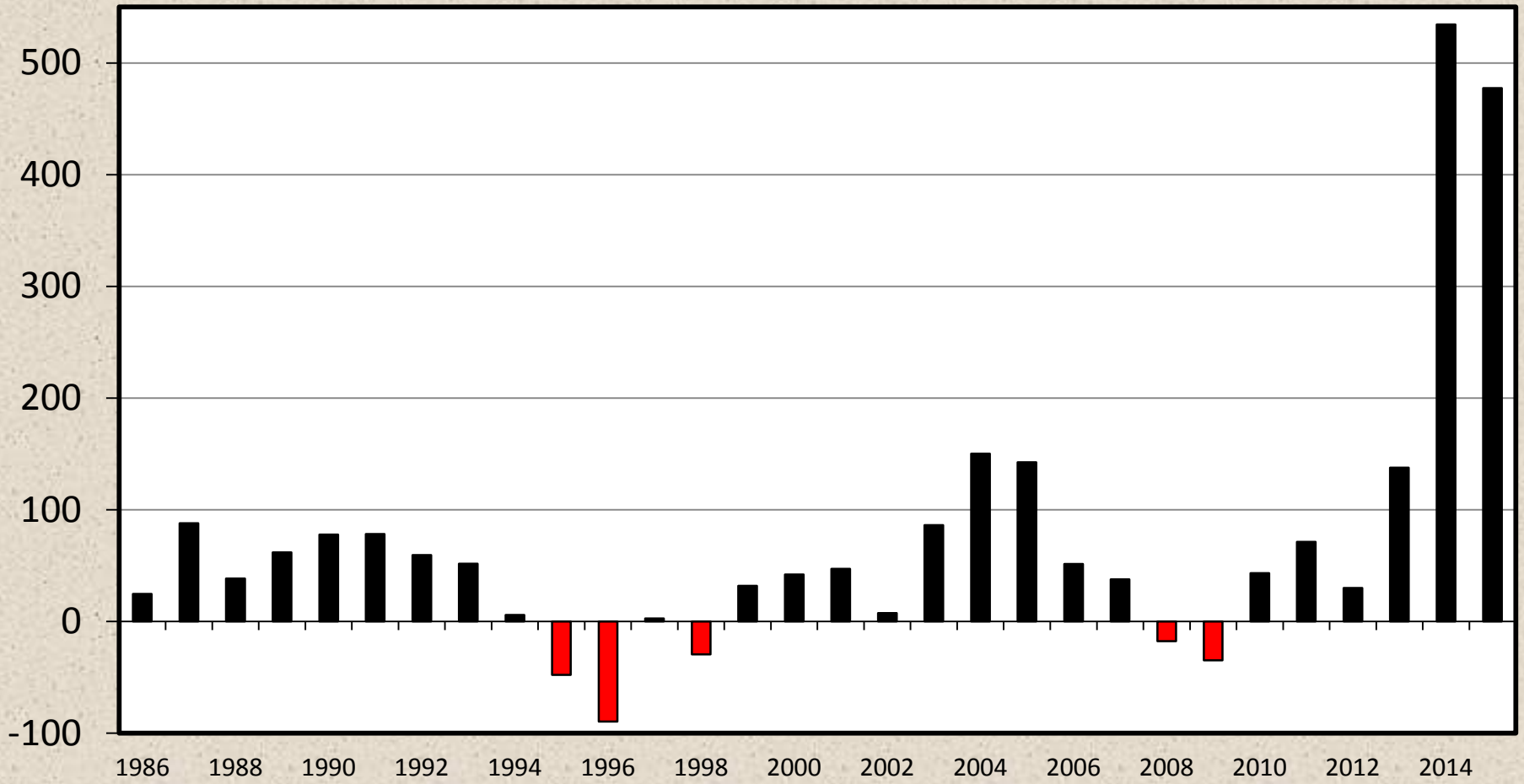
\$ Per Cwt.



ESTIMATED AVERAGE COW CALF RETURNS

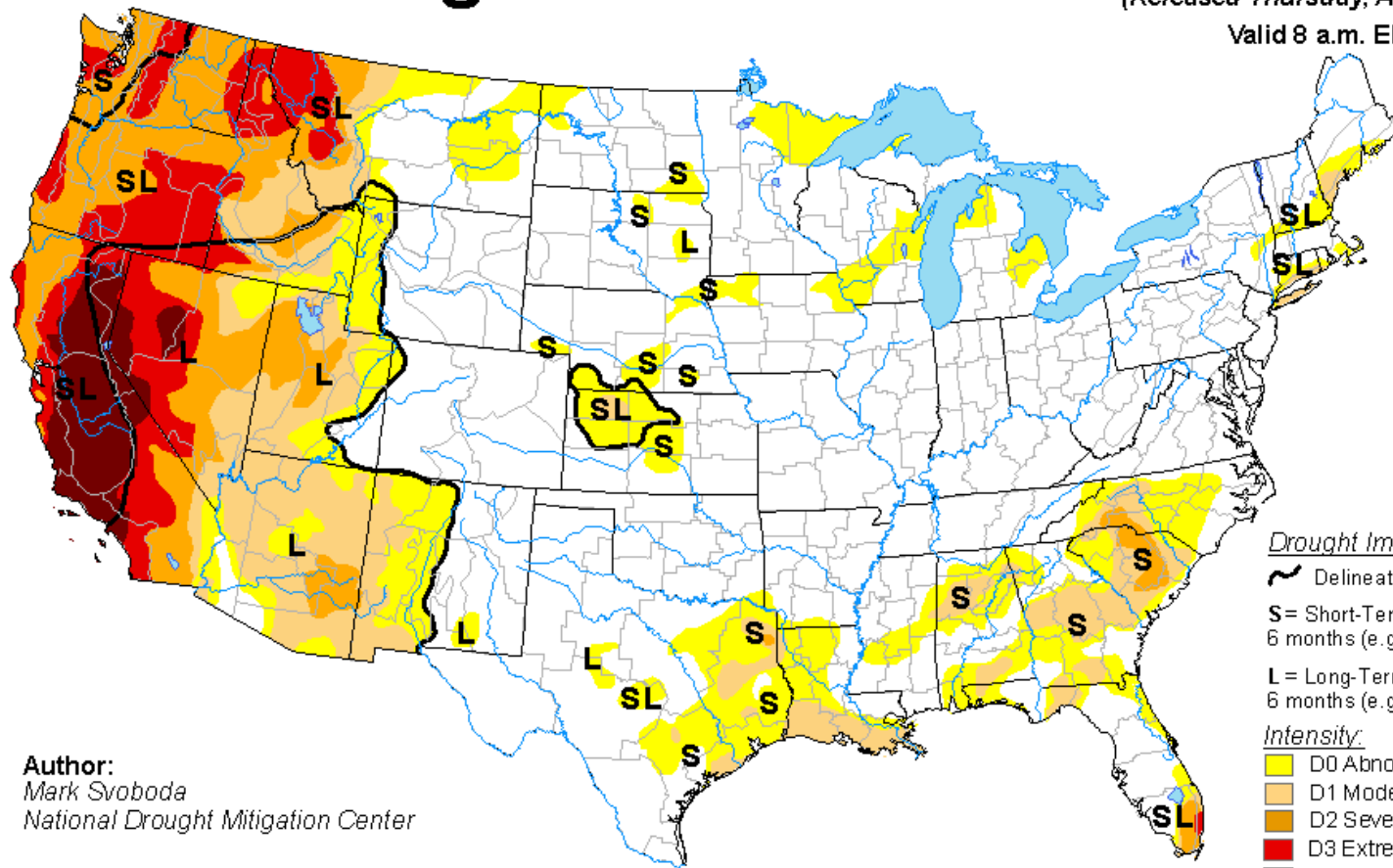
Returns Over Cash Cost (Includes Pasture Rent), Annual

\$ Per Cow



U.S. Drought Monitor

August 4, 2015
 (Released Thursday, Aug. 6, 2015)
 Valid 8 a.m. EDT



Drought Impact Types:

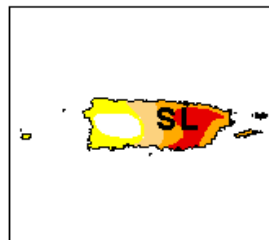
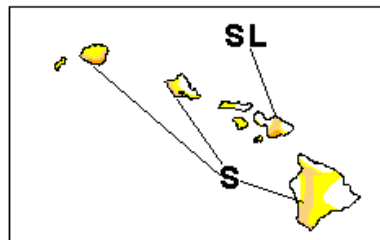
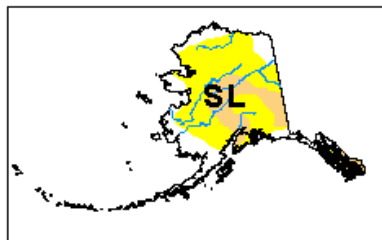
- ~ Delineates dominant impacts
- S= Short-Term, typically less than 6 months (e.g. agriculture, grasslands)
- L= Long-Term, typically greater than 6 months (e.g. hydrology, ecology)

Intensity:

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

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

Author:
 Mark Svoboda
 National Drought Mitigation Center



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

U.S. Cattle Inventory

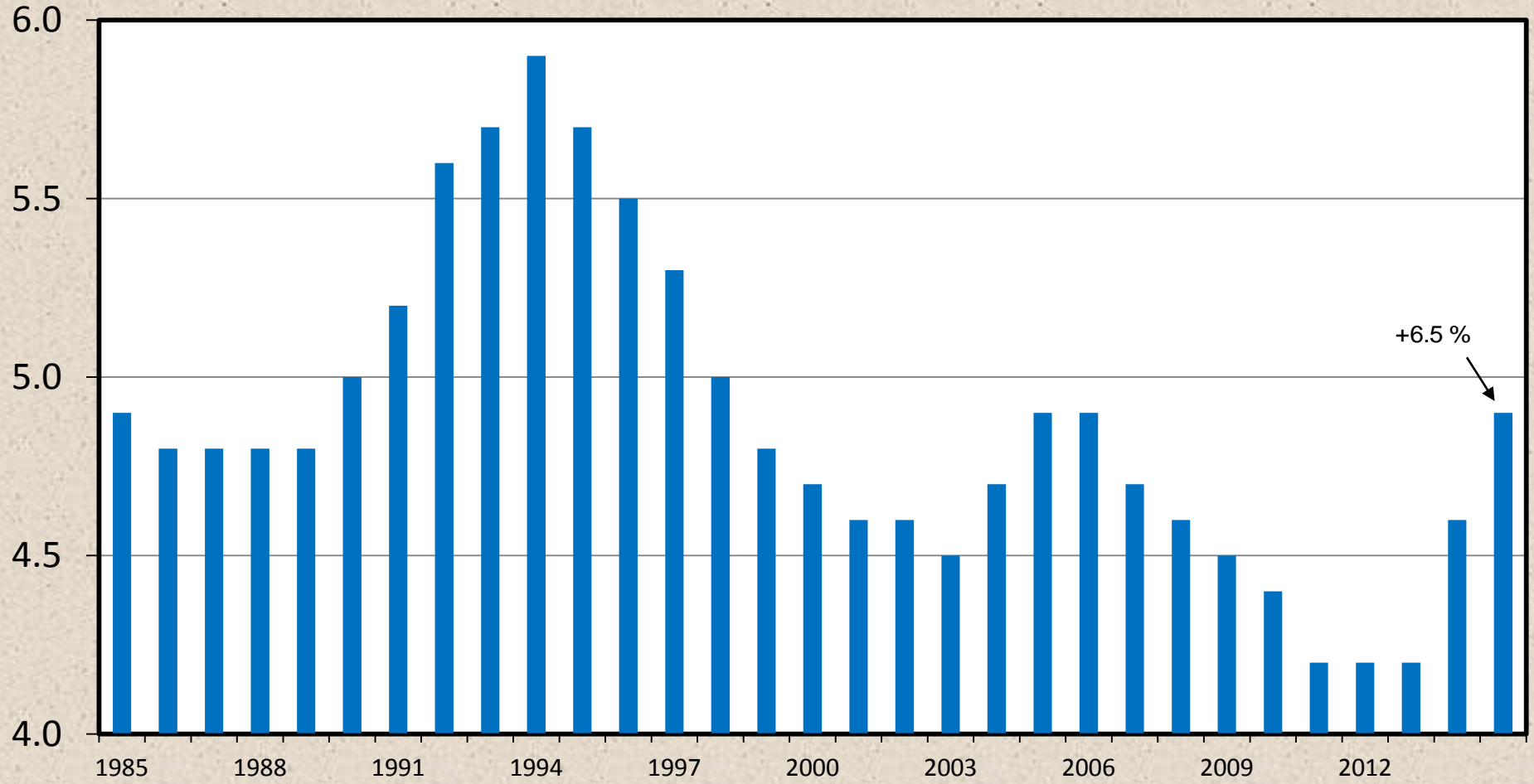
July 1

	2014	2015	% Change
	1000 Head	1000 Head	
All Cattle and Calves	96300	98400	+2.2
Beef Cows	29750	30500	+2.5
Dairy Cows	9250	9300	+0.5
Beef Replacements	4600	4900	+6.5
Dairy Replacements	4100	4200	+2.4
Other Heifers (500+ lbs.)	6900	6800	-1.4
Steers (500+ lbs.)	13700	14100	+2.9
Bulls (500+ lbs.)	1900	1900	0.0
Calves (<500 lbs.)	26100	26700	+2.3
Calf Crop	33900	34300	+1.2
Cattle on Feed	11900	12100	+1.7
Feeder Supply	34871	35500	+1.8

HEIFERS HELD AS BEEF COW REPLACEMENTS

July 1, U.S.

Mil. Head



+6.5%



Data Source: USDA-NASS

Livestock Marketing Information Center

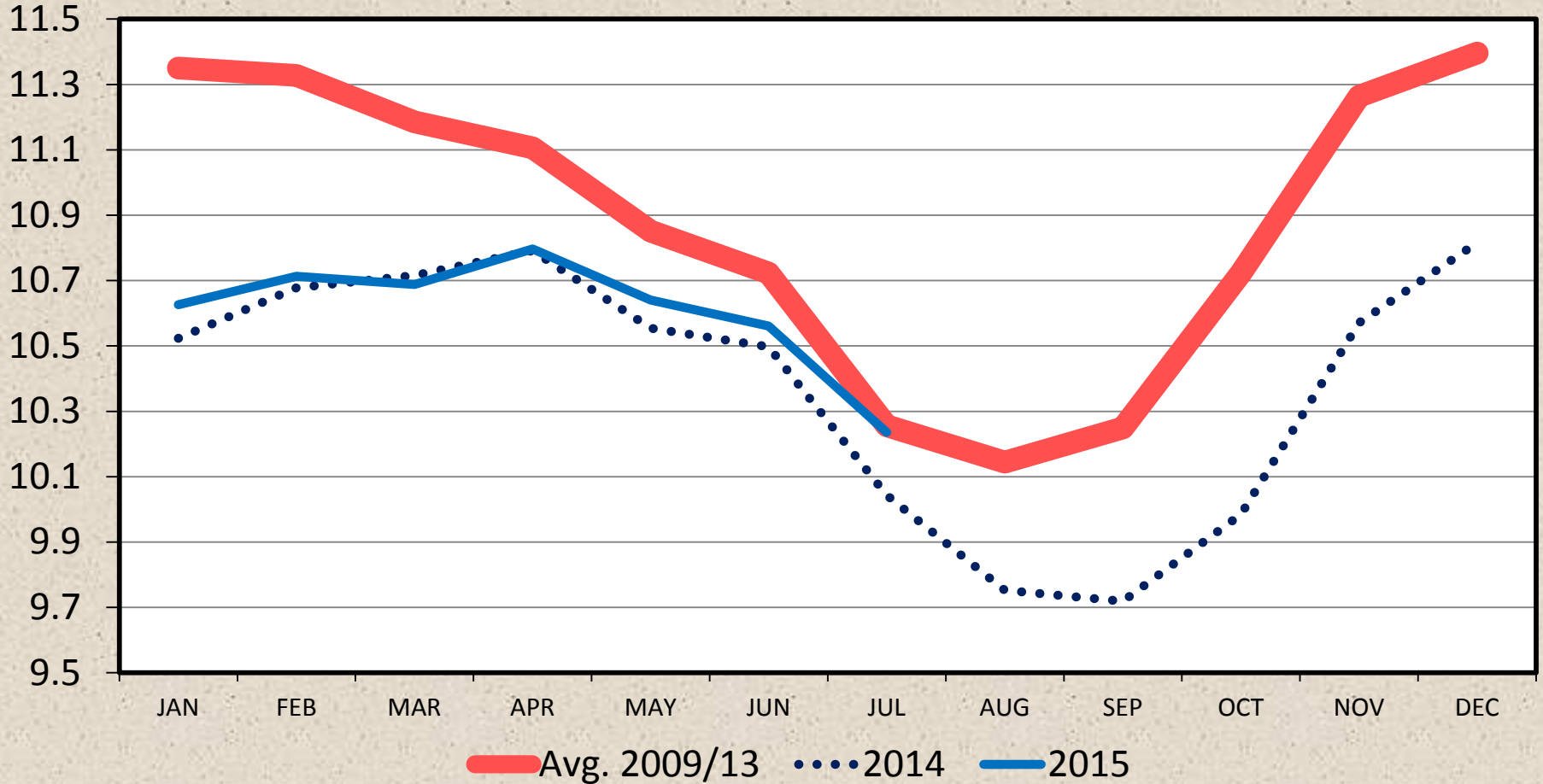
C-N-37

07/24/15

CATTLE ON FEED

US Total, Monthly

Mil. Head



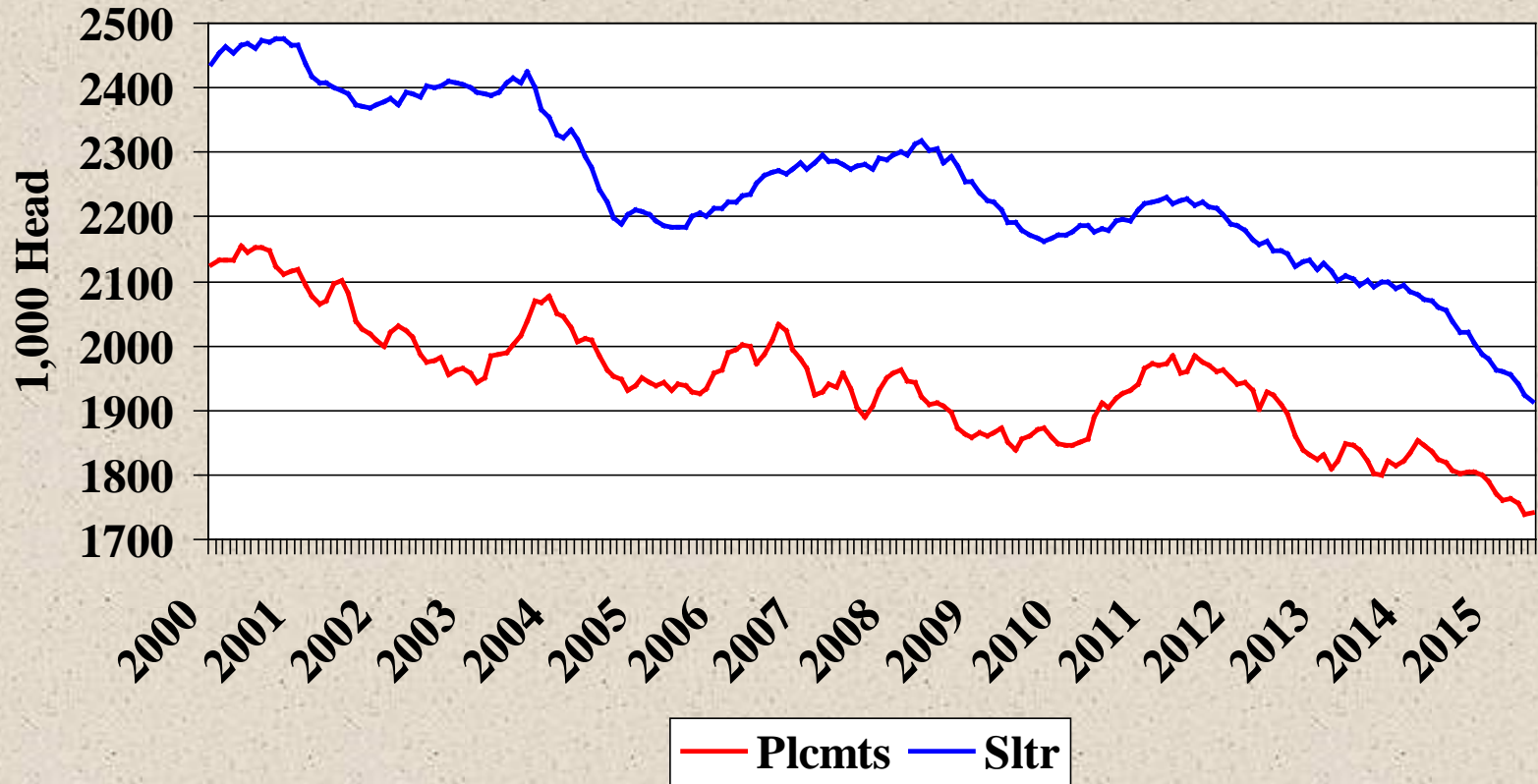
Data Source: USDA-NASS

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C-N-10
07/24/15

Monthly Placements and F.I. Steer and Heifer Slaughter

12 Month Moving Ave.



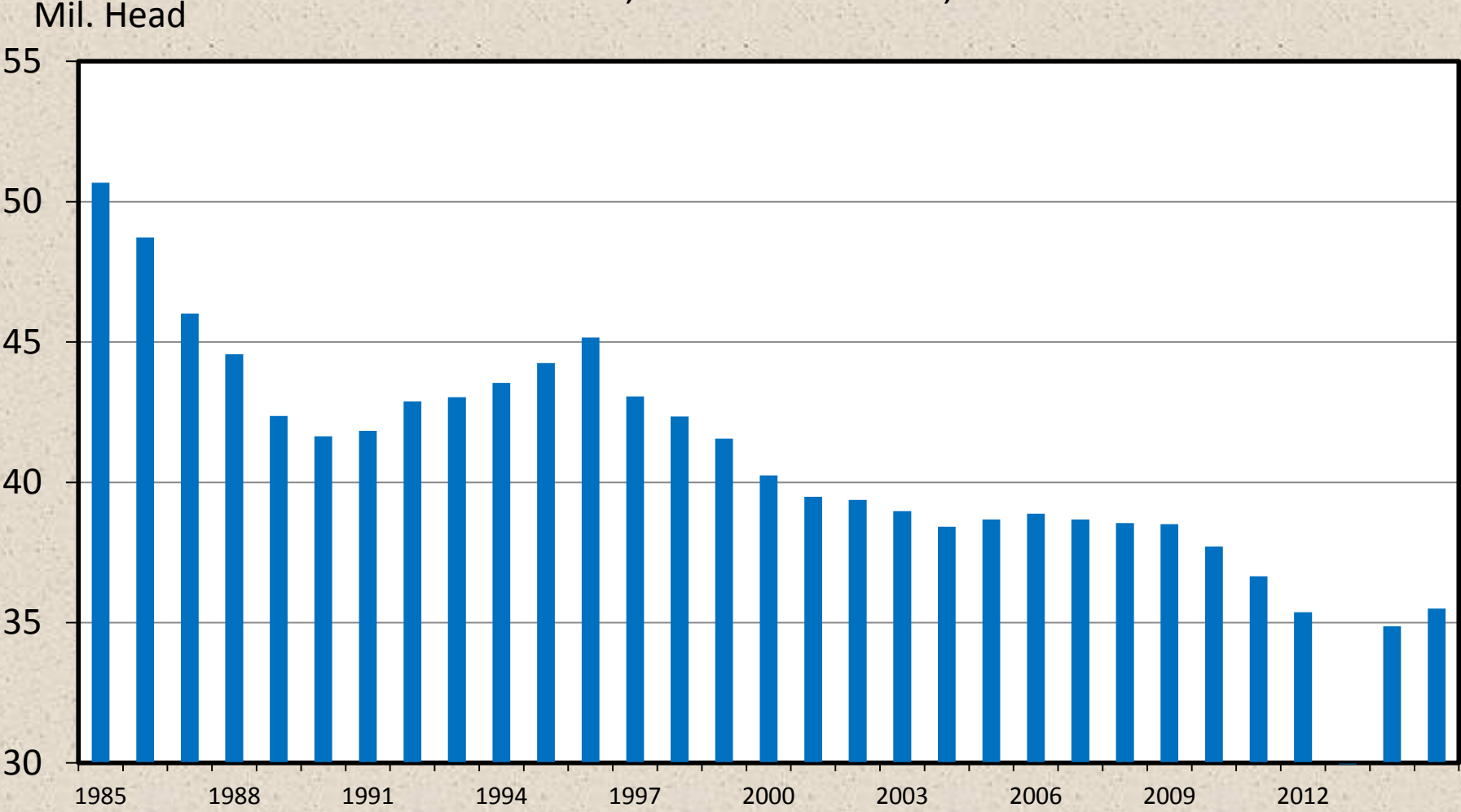
Cattle Slaughter

Federally Inspected, 1000 Head

	2014	% Change 2013 to 2014	% Change YTD 2014 to 2015
Steers	15378	-3.9	-4.3
Heifers	8378	-8.3	-11.3
Dairy Cows	2816	-9.9	+4.0
Beef Cows	2565	-18.1	-17.3
Bulls	548	-1.7	-16.2
Total	29684	-7.1	-6.9

JULY 1 FEEDER CATTLE SUPPLIES

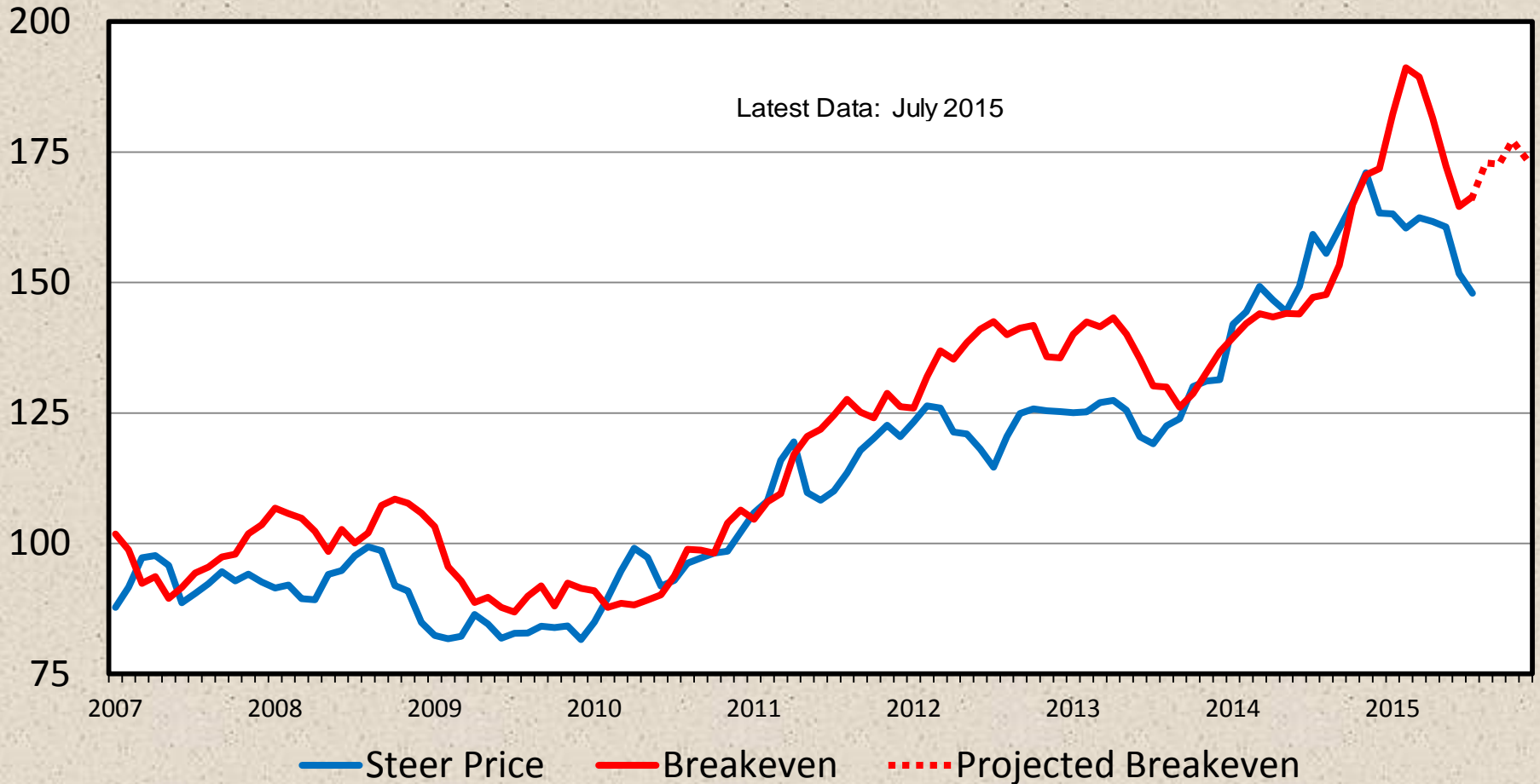
Residual, Outside Feedlots, U.S.



CHOICE STEER PRICE vs BREAKEVEN

Cattle Feeding, S. Plains, Monthly

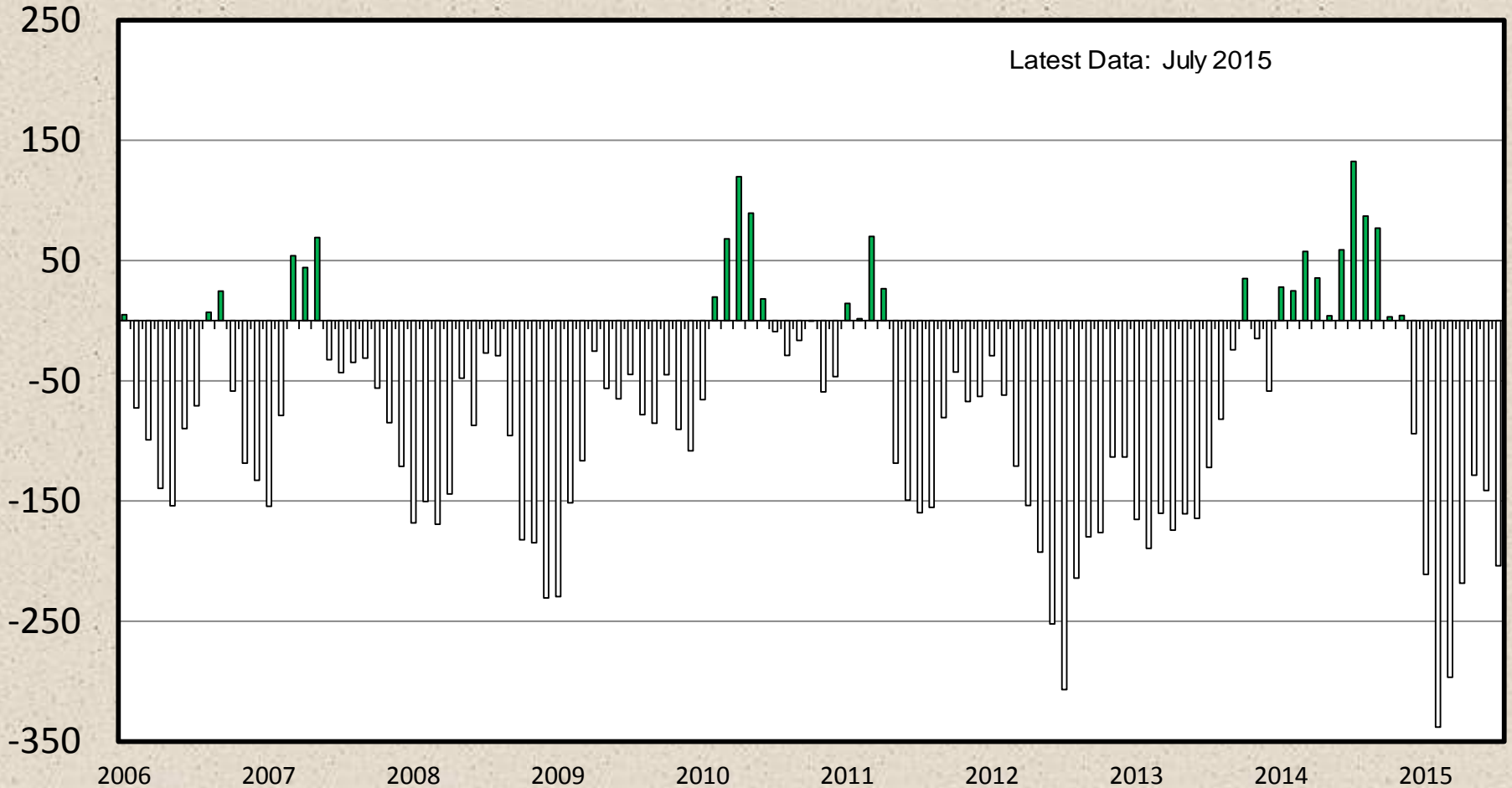
\$ Per Cwt



AVERAGE RETURNS TO CATTLE FEEDERS

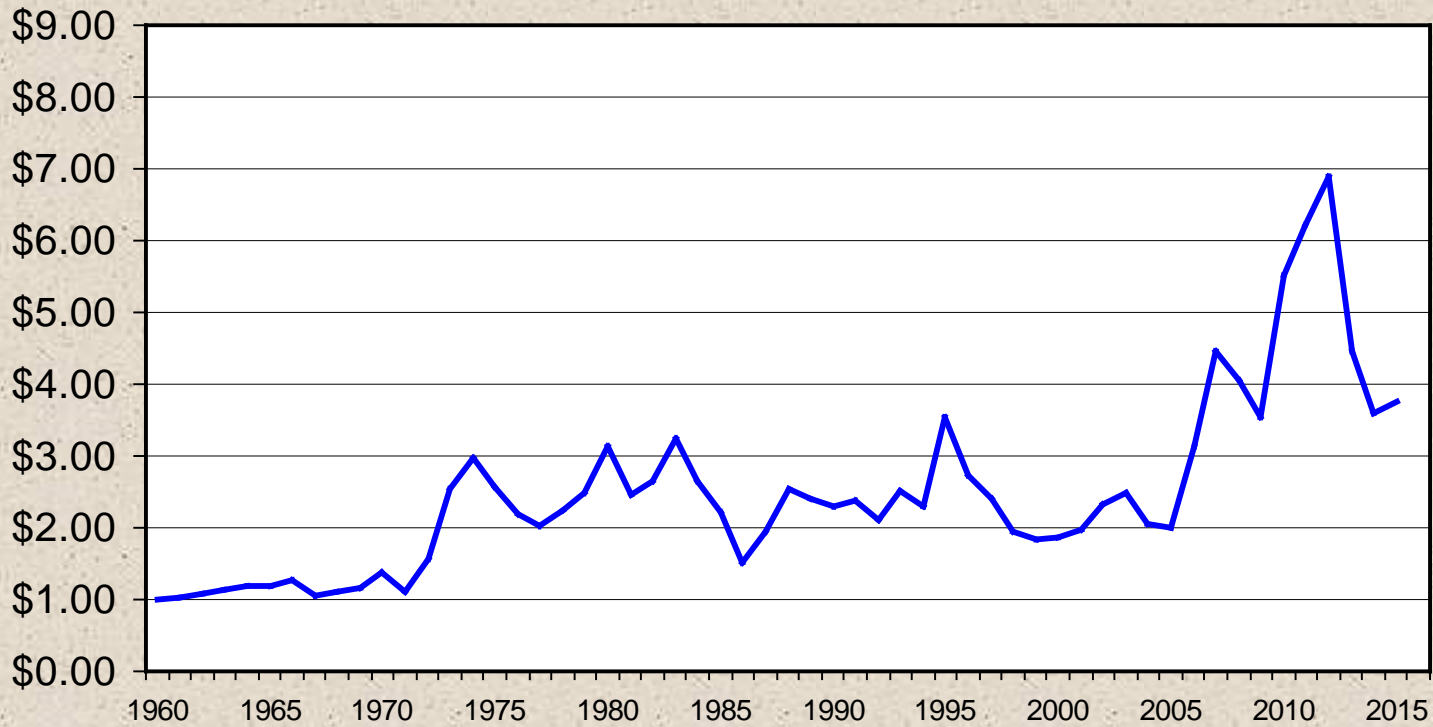
Feeding 725 Lb. Steers. S. Plains, Monthly

\$ Per 1000 lbs

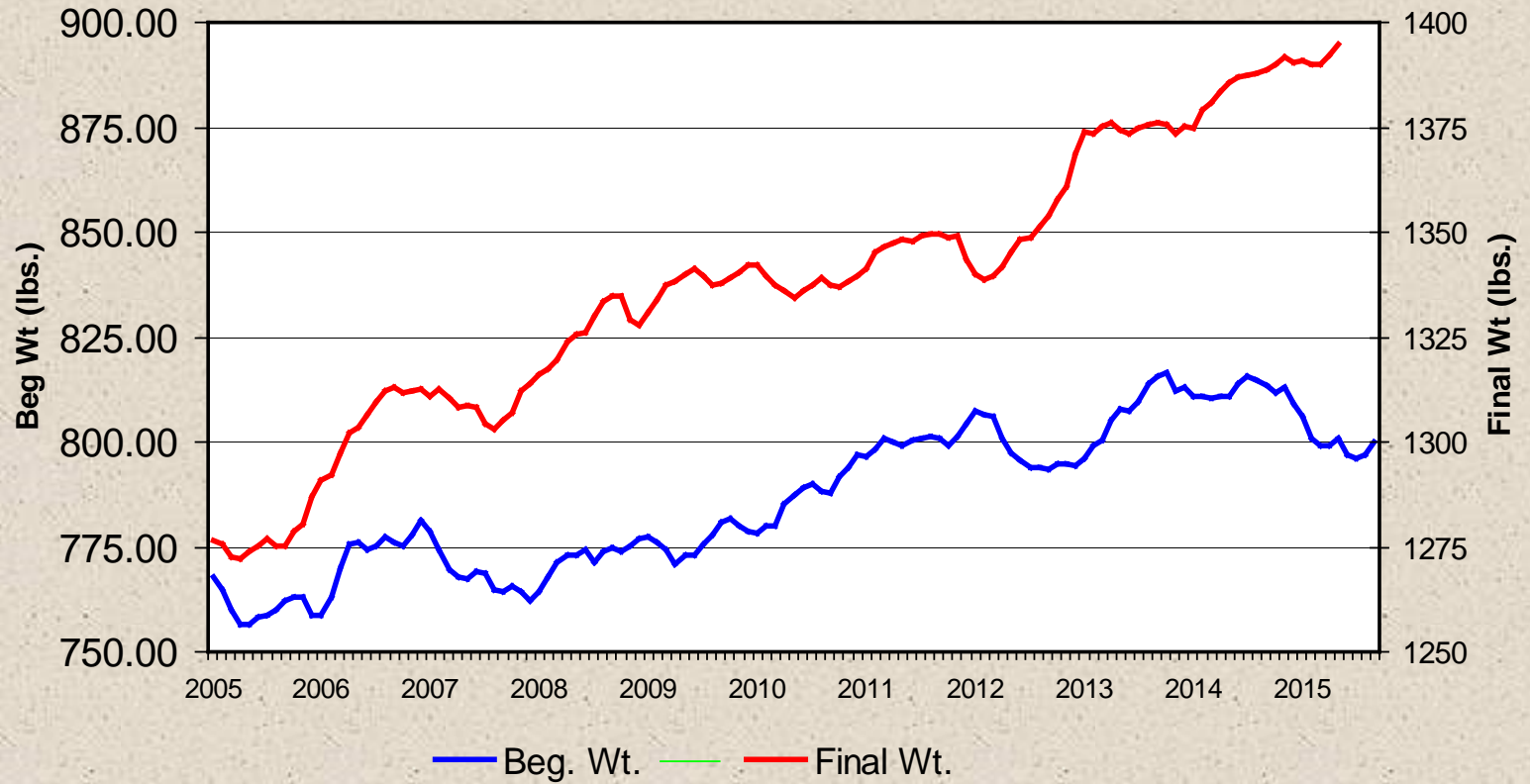


Corn Price

Crop Year Average, 1960-2015



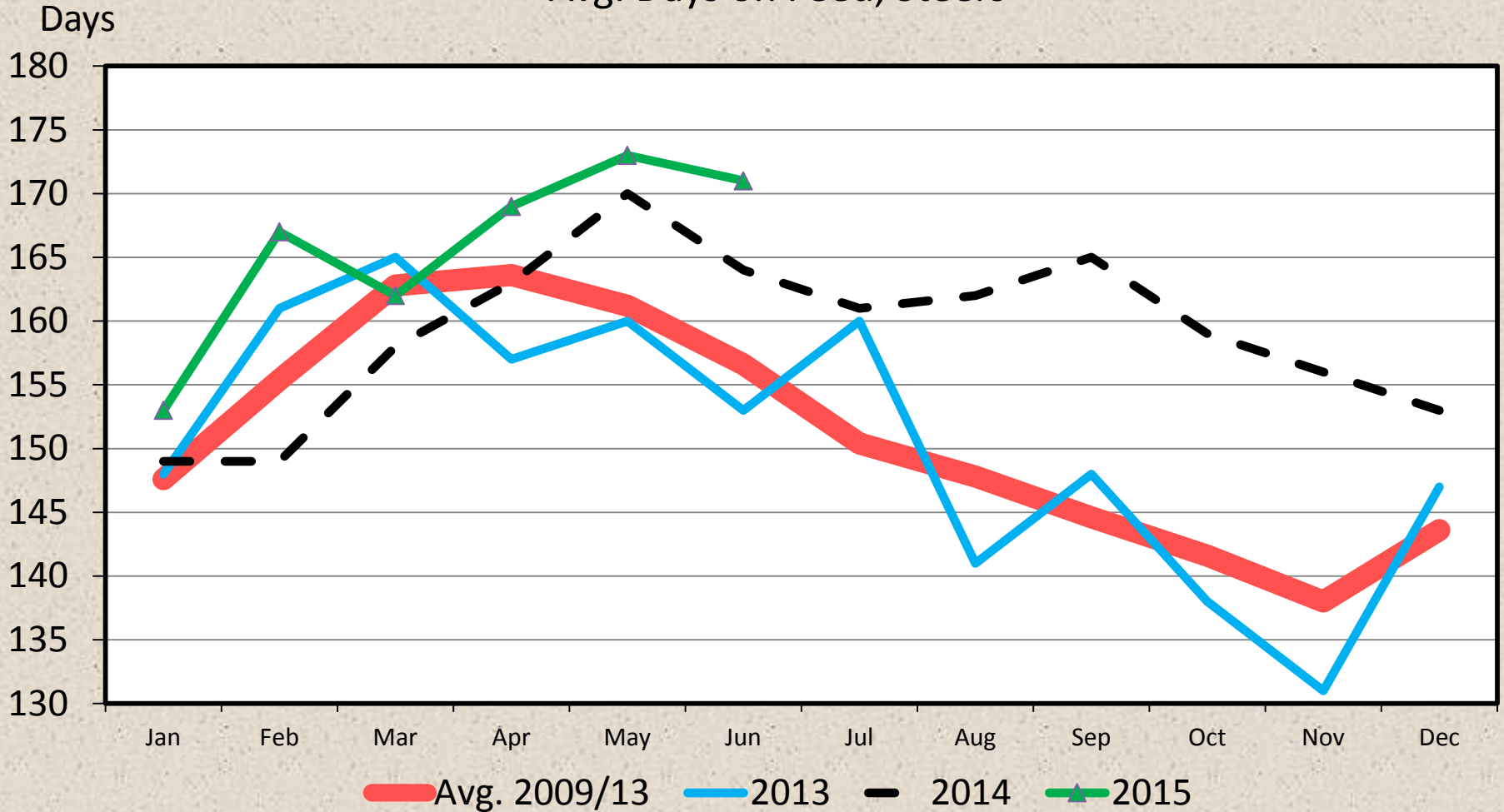
KSU Feedlot Weights 12 Month Moving Ave.



Beginning weight 5 months prior

KANSAS FEEDLOT CLOSEOUTS

Avg. Days on Feed, Steers



Data Source: KSU Focus on Feedlots, Compiled by LMIC

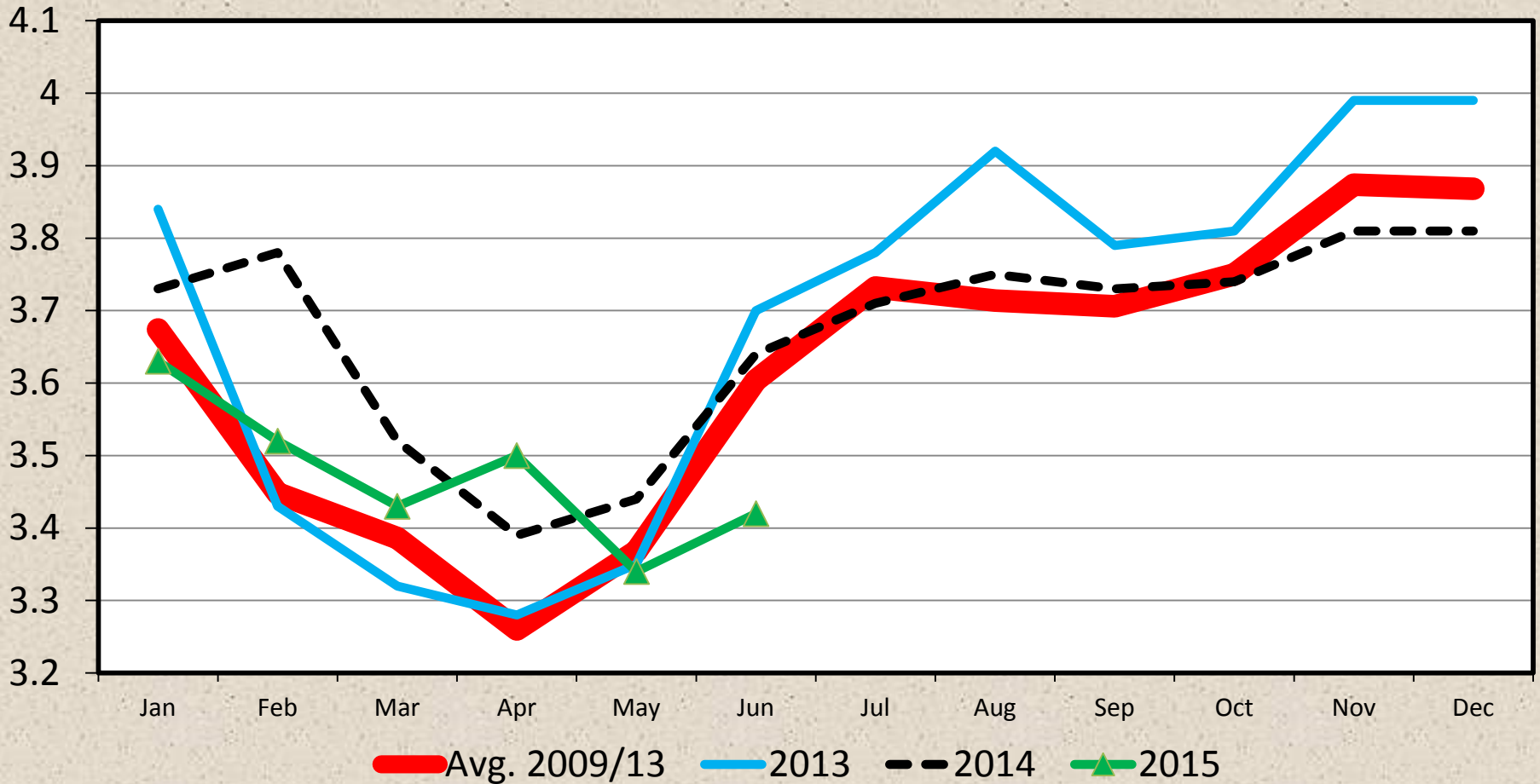
Livestock Marketing Information Center

05/28/15

KANSAS FEEDLOT CLOSEOUTS

Avg. Daily Gain, Steers

Pounds



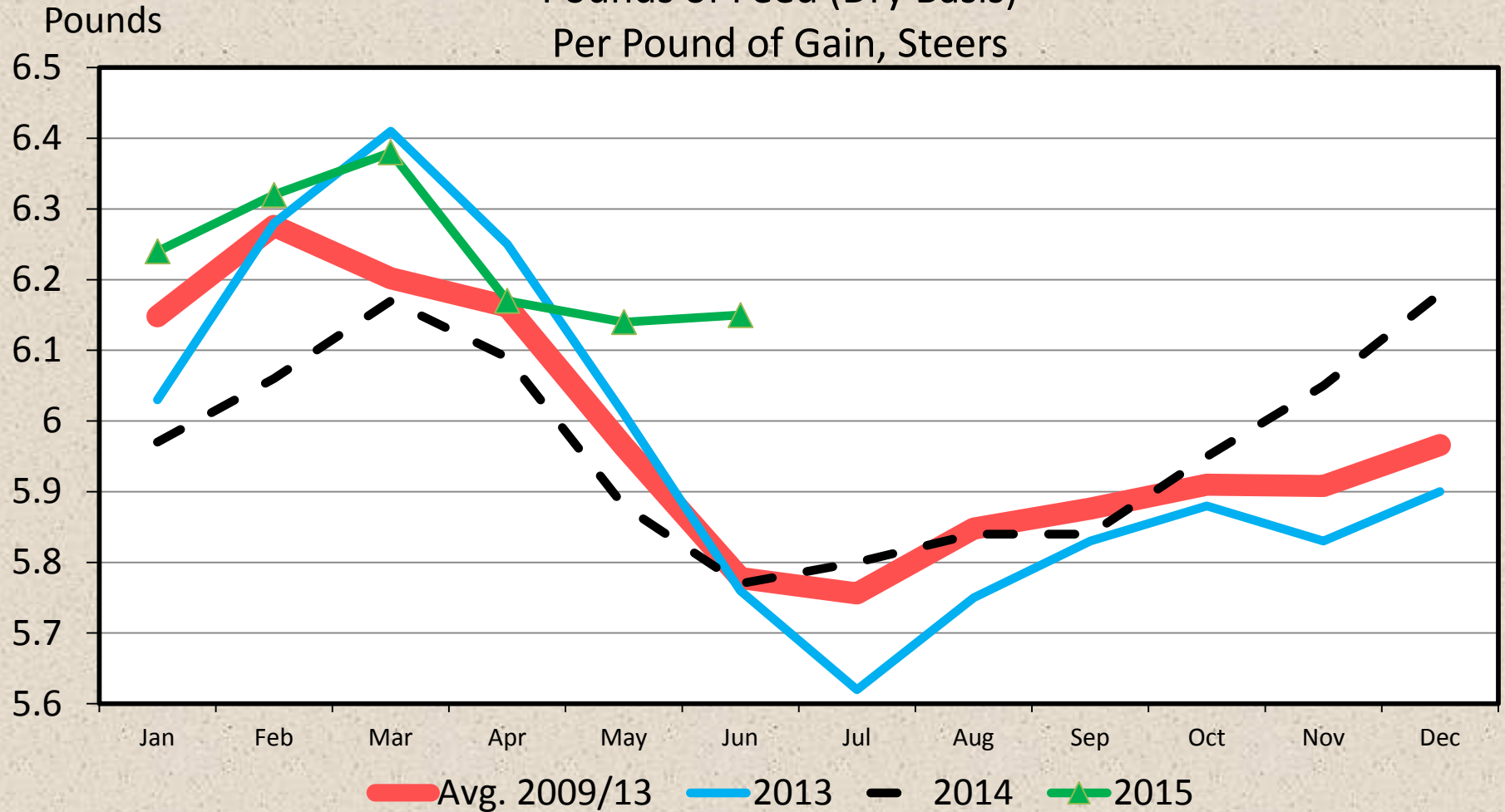
Data Source: KSU Focus on Feedlots, Compiled by LMIC

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KANSAS FEEDLOT CLOSEOUTS

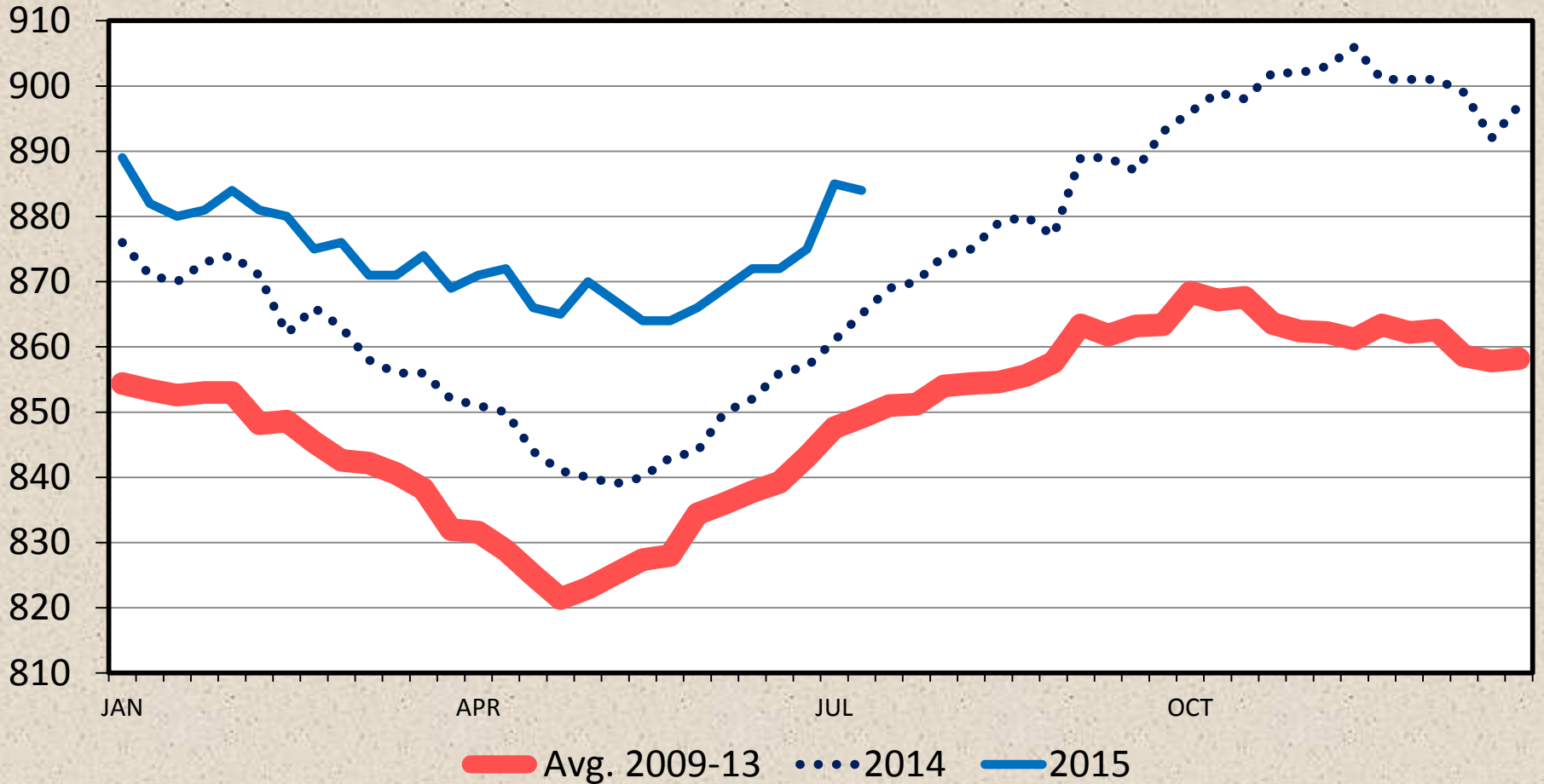
Pounds of Feed (Dry Basis)
Per Pound of Gain, Steers



STEER DRESSED WEIGHT

Federally Inspected, Weekly

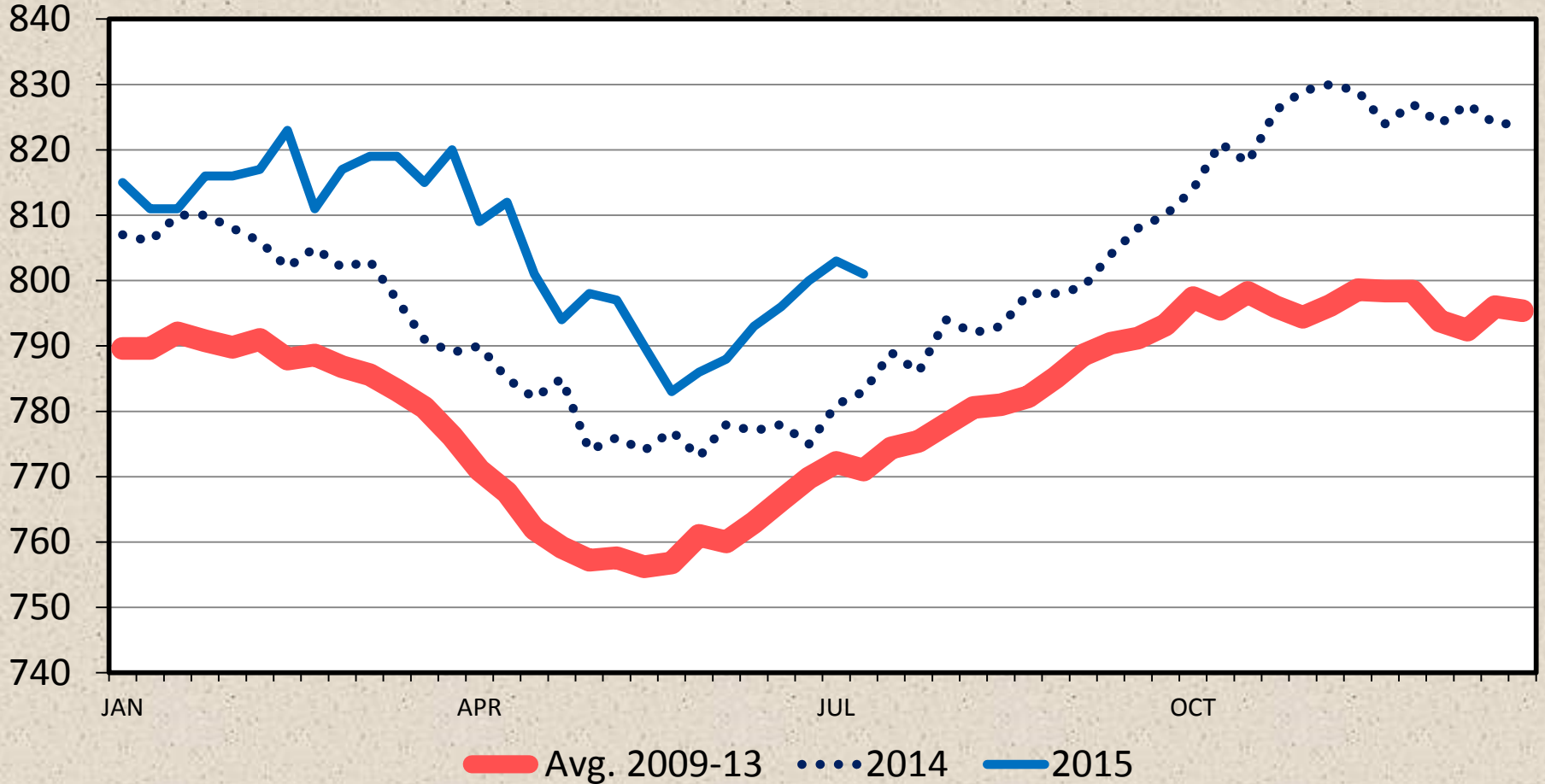
Pounds



HEIFER DRESSED WEIGHT

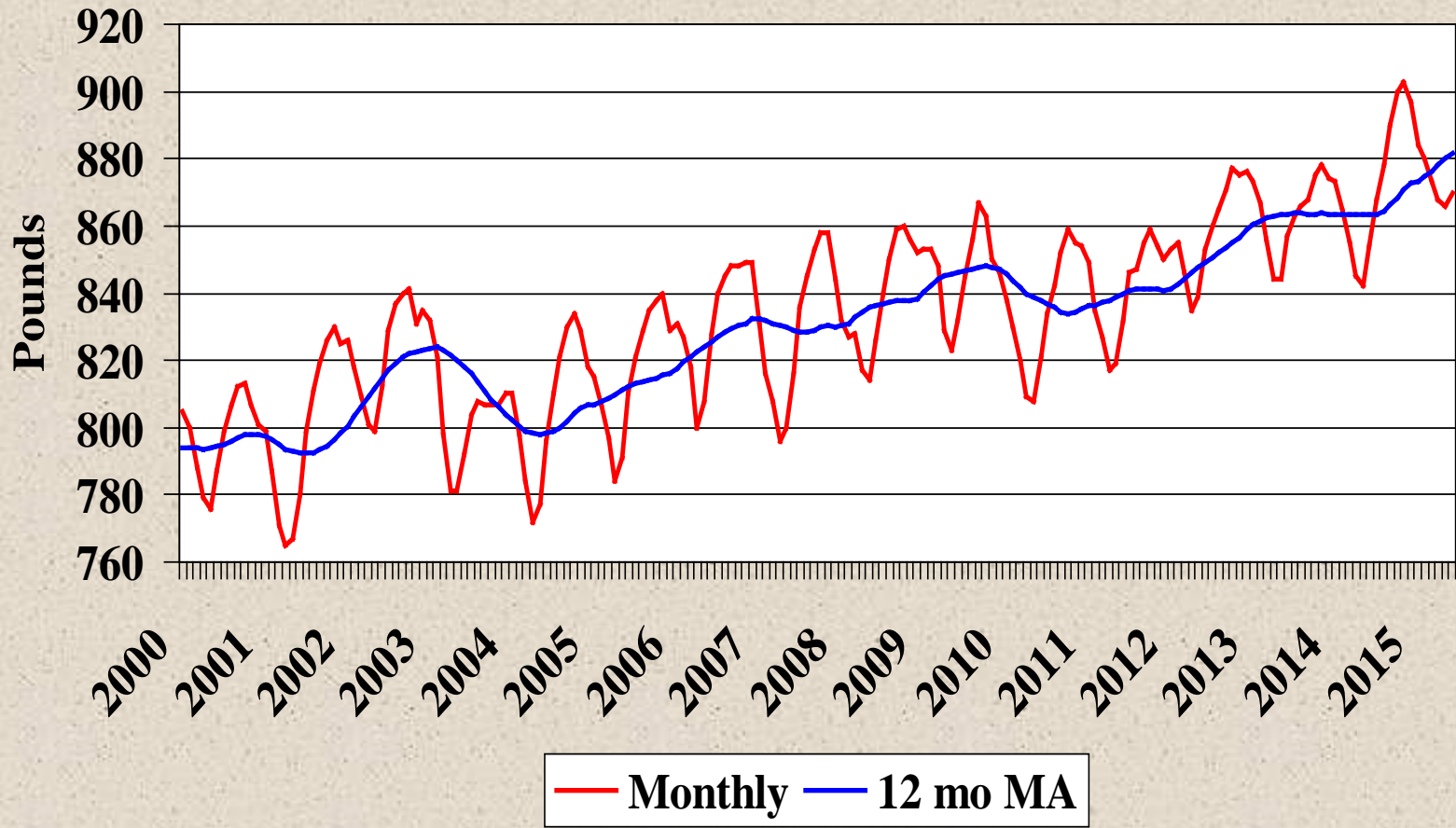
Federally Inspected, Weekly

Pounds

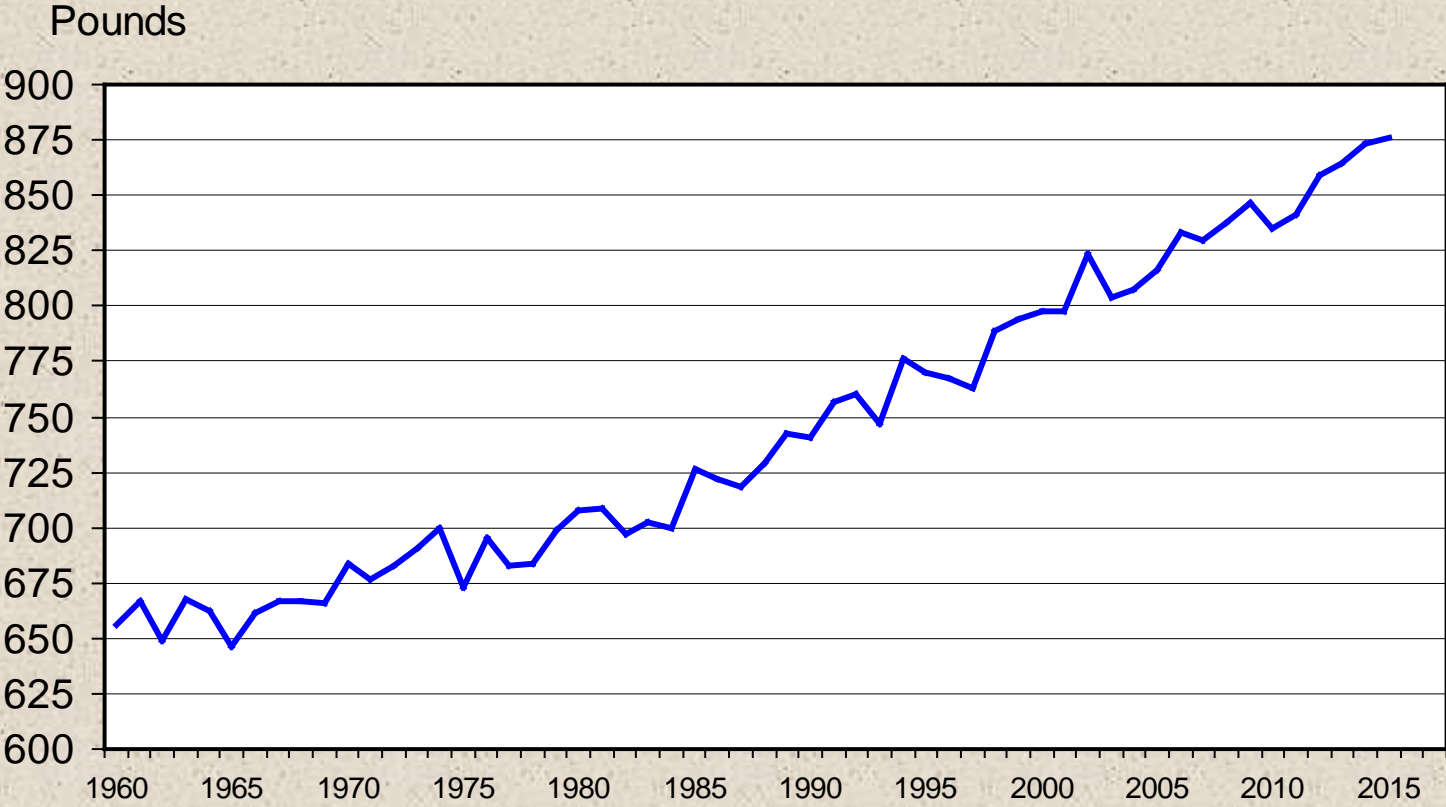


Steer Dressed Weights

Monthly, Federally Inspected



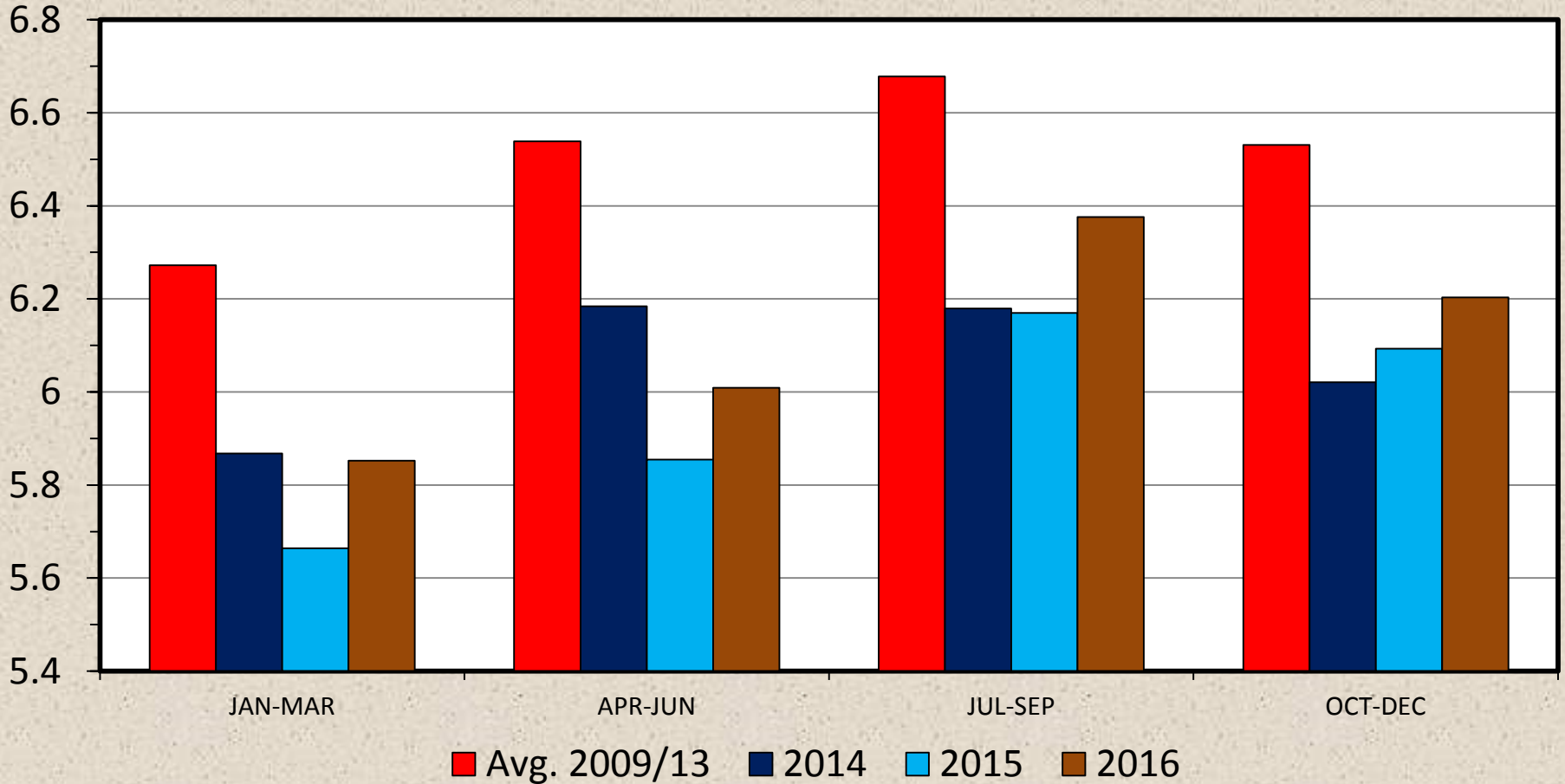
Steer Carcass Weight Federally Inspected



COMMERCIAL BEEF PRODUCTION

US, Quarterly

Bil. Pounds



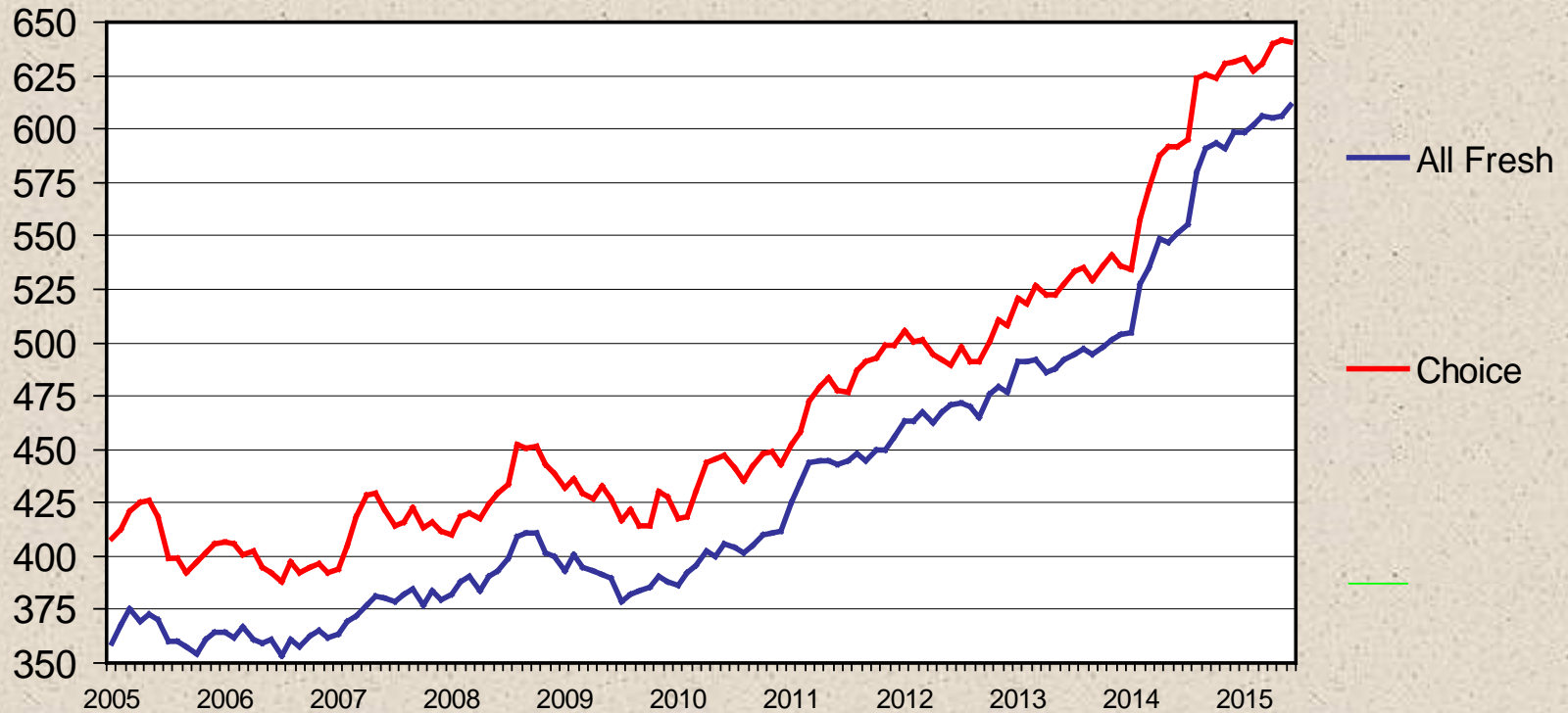
Meat Production and Consumption

	Production						Consum. Per Capita	Consum. Change
	2013	2014	2015	2014- 2015	2016	2015- 2016	2015	2014- 2015
	Million lbs.	Million lbs.	Million lbs.	% Change	Million lbs.	% Change	Retail Lbs.	%
Beef	25720	24252	23782	-1.9	24440	+2.8	54.2	0.0
Pork	23187	22843	24448	+7.0	24406	-0.2	49.2	+6.0
Broilers	37425	38137	39968	+4.8	41521	+3.9	88.1	+5.6

RETAIL BEEF PRICE

Monthly

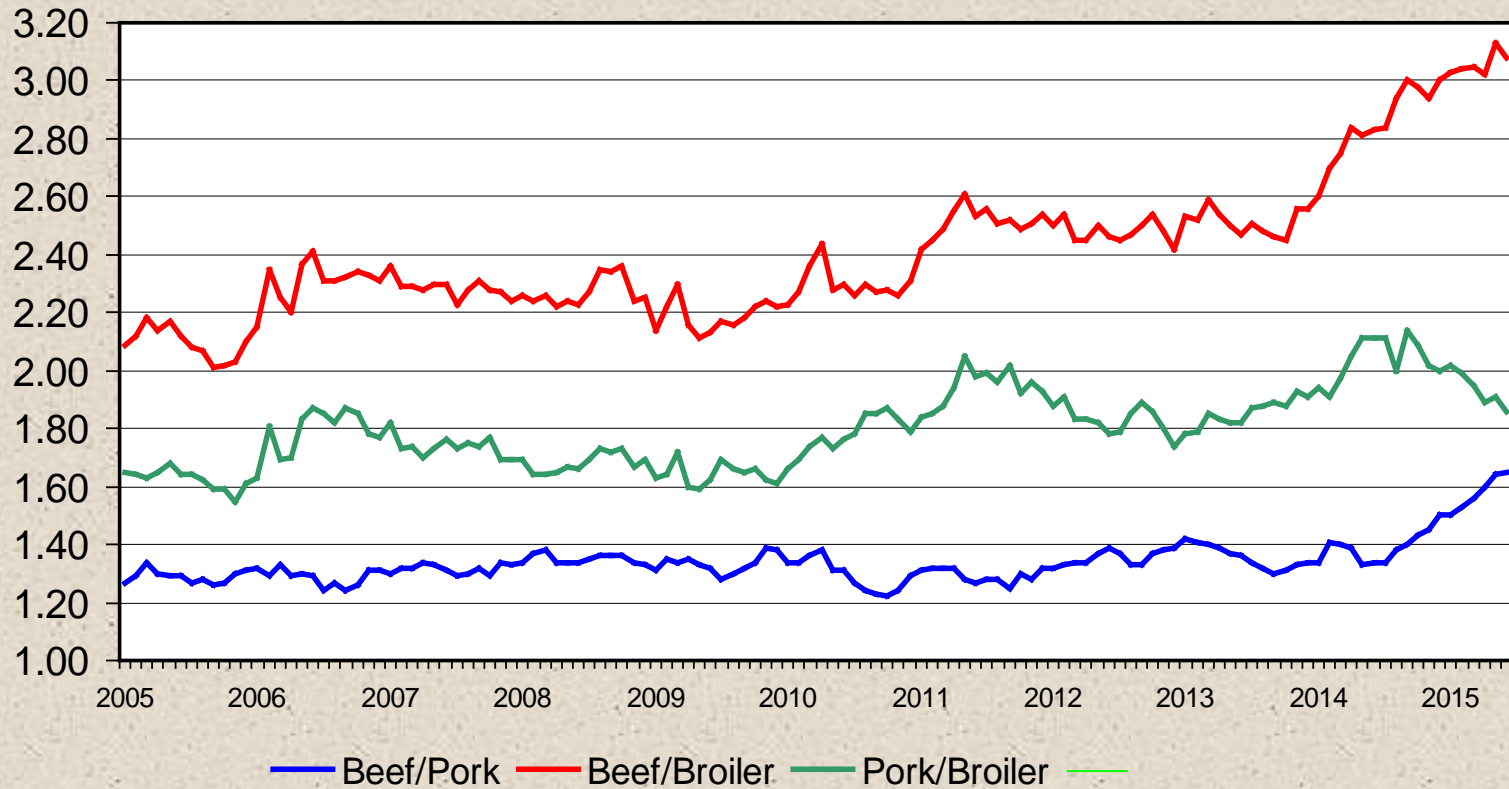
\$ Per Cwt



Livestock Marketing Information Center

Data Source: USDA-AMS & USDA-NASS, Compiled & Analysis by LMIC

RETAIL PRICE RATIOS Monthly



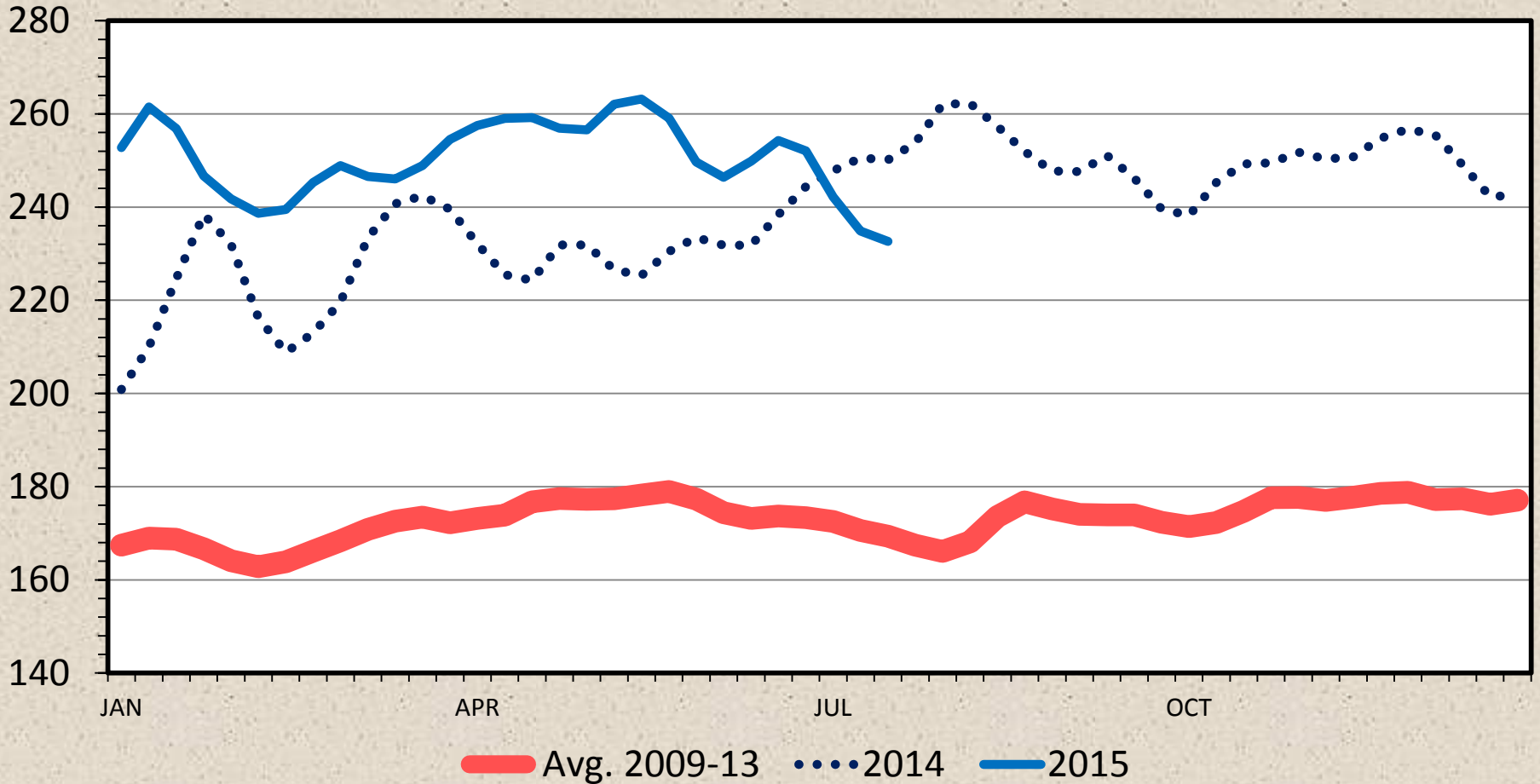
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Data Source: USDA-AMS & USDA-NASS, Compiled & Analysis by LMIC

BOXED BEEF CUTOUT VALUE

Choice 600-900 Lbs., Carcass, Weekly

\$ Per Cwt.



INTERNATIONAL TRADE



U.S. Beef Exports

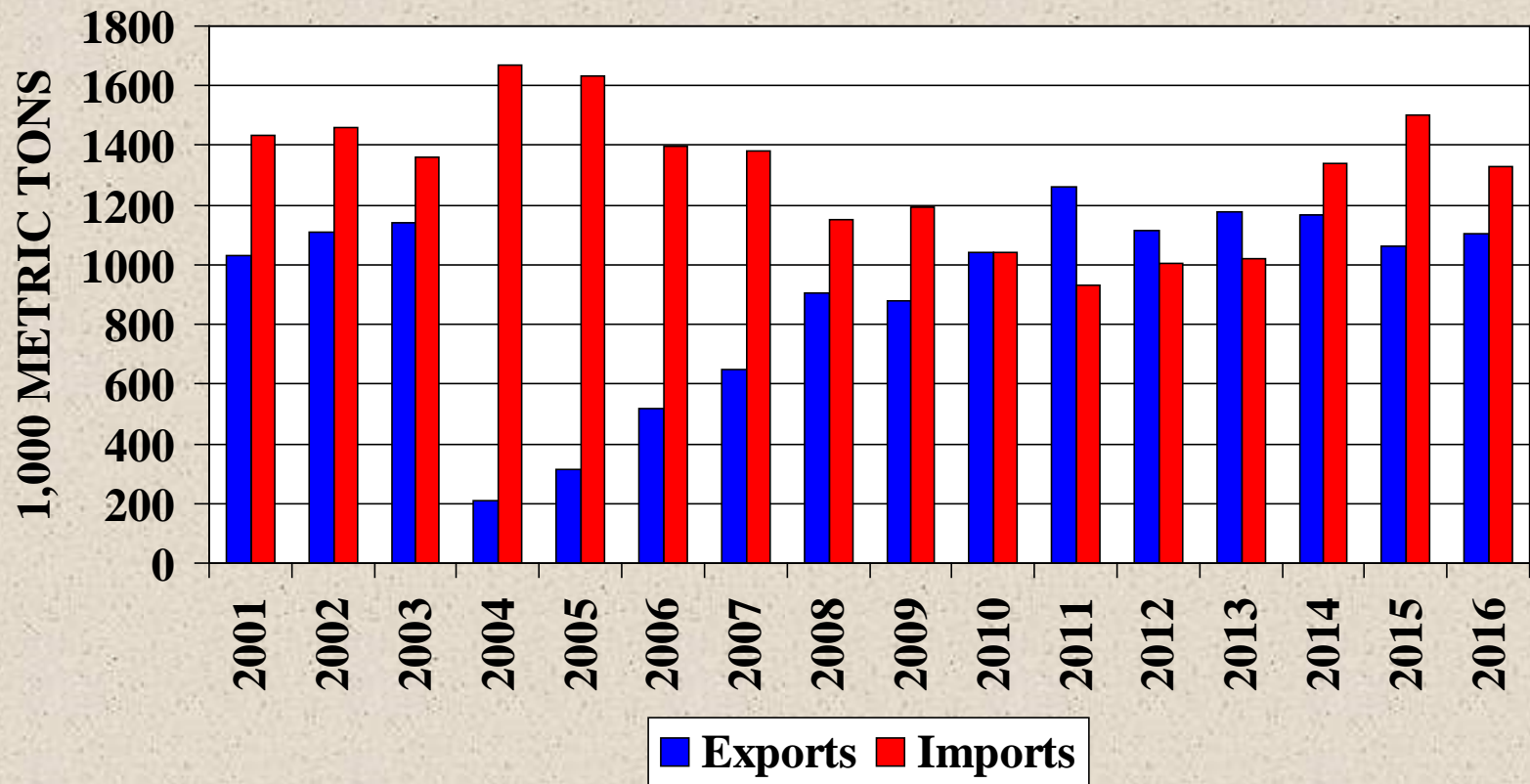
	2014 (1000 lbs.)	% Change 2013 to 2014	% Change YTD 2014 to 2015
Japan	662460	-1.3	-1.3
Mexico	435137	+7.9	-23.4
Hong Kong	415895	+16.0	-24.2
Canada	364374	-22.2	-12.9
S. Korea	301257	+19.2	+3.1
Total	2572740	-0.7	-9.5

U.S. Beef Imports

	2014 (1000 lbs.)	% Change 2013 to 2014	% Change YTD 2014 to 2015
Australia	1082554	+73.5	+64.8
Canada	602063	+11.9	+4.5
New Zealand	596939	+13.5	+22.7
Mexico	310236	+23.3	+38.7
Nicaragua	139028	+52.1	+17.5
Total	2946827	+31.0	+37.3

United States: Beef Trade

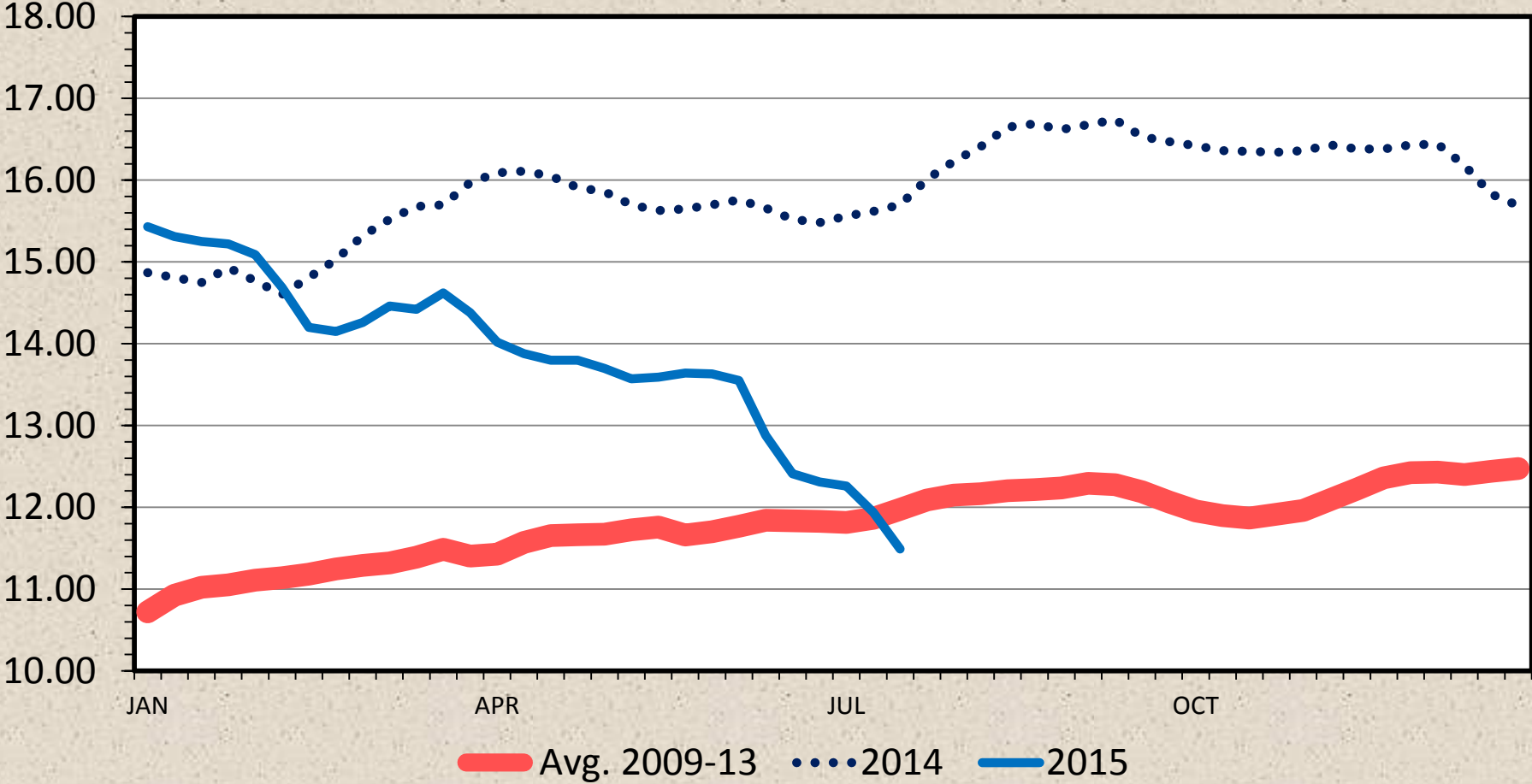
2015-2016 Projected



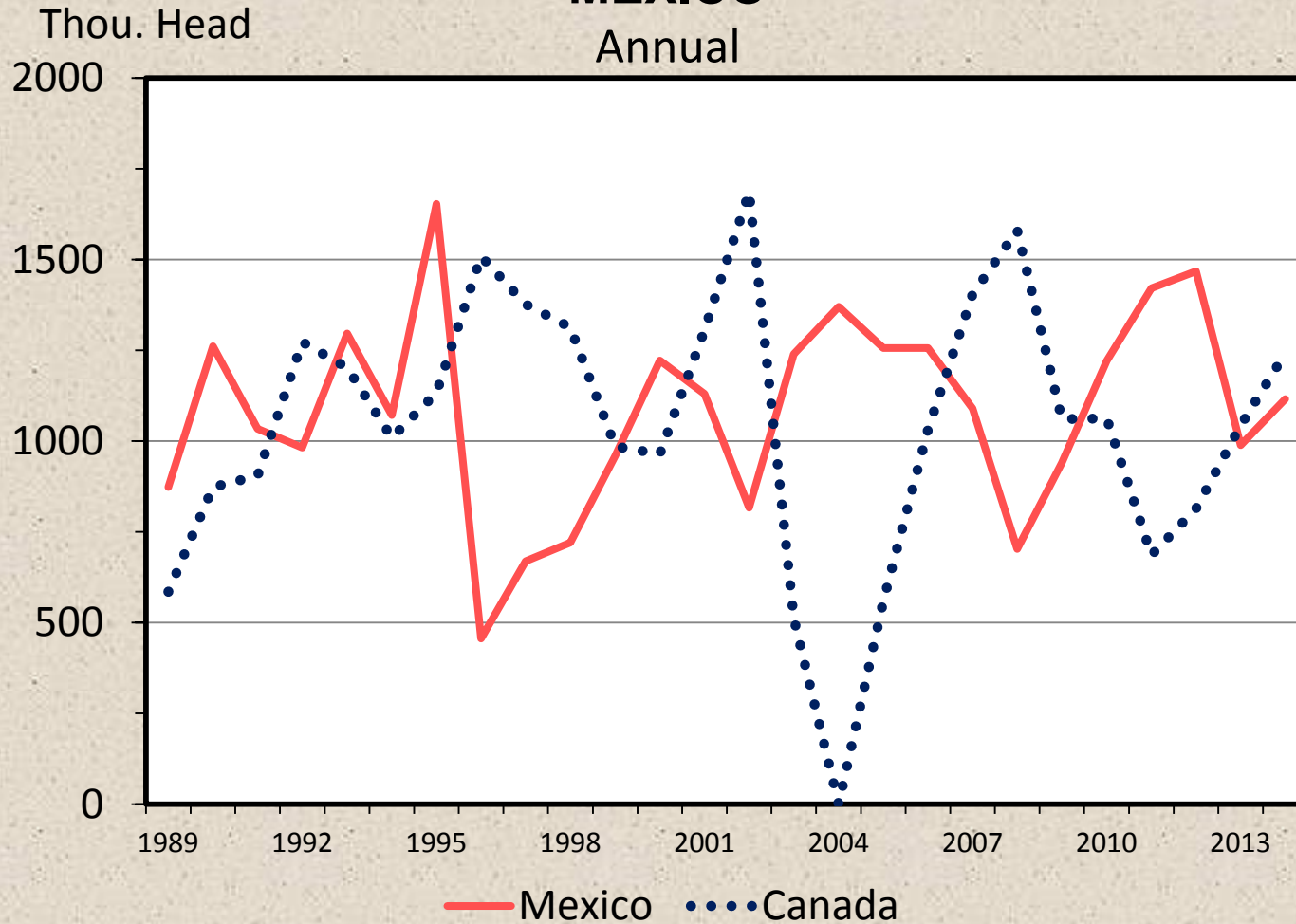
STEER HIDE AND OFFAL VALUE

Live Animal Basis, Weekly

\$ Per Cwt.



CATTLE IMPORTS FROM CANADA AND MEXICO



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

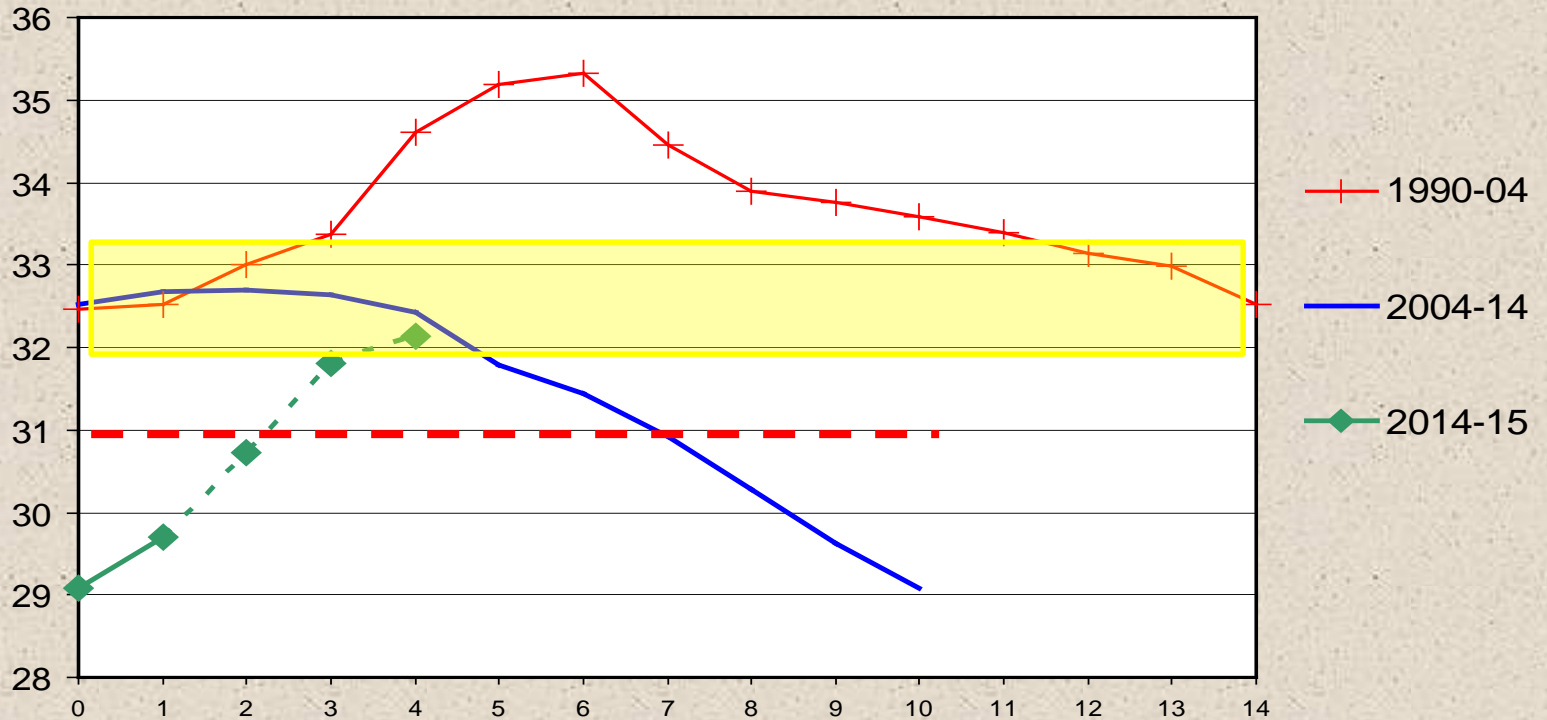
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Beef Cow Inventory by Cycle

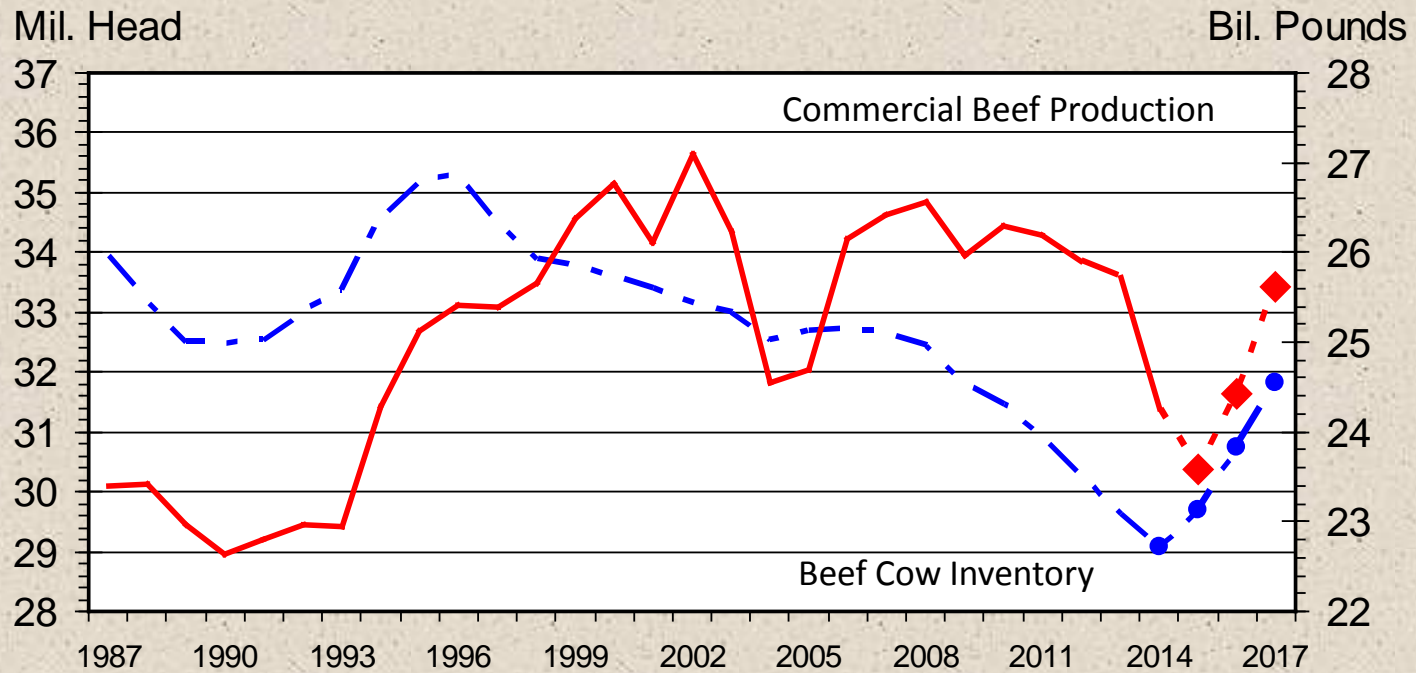
U.S., January 1

Mil. Head



BEEF PRODUCTION vs. BEEF COW INVENTORY

Inventory on January 1, U.S.



Livestock Marketing Information Center

2015-2017 Forecast

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

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

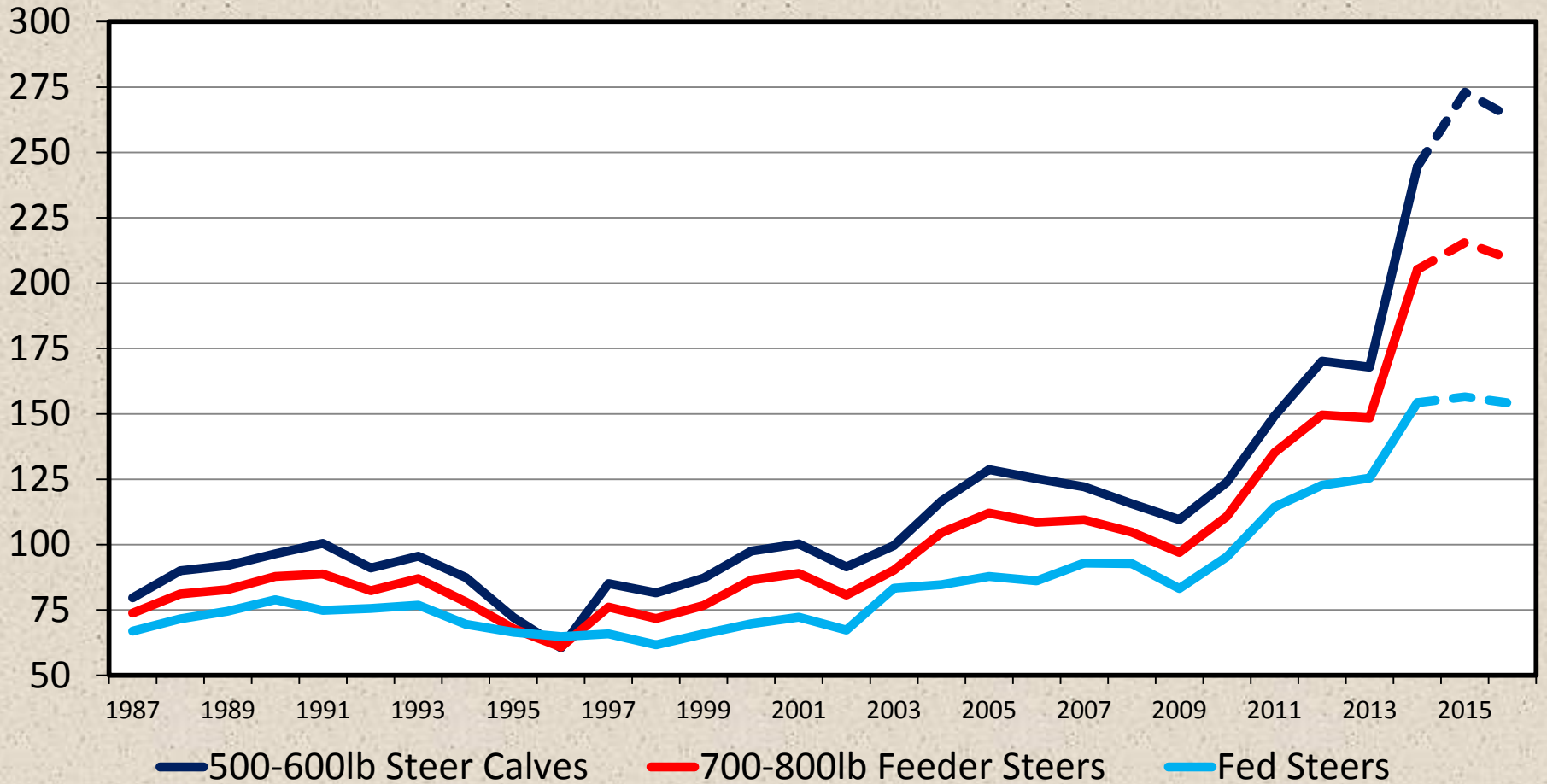
Management and Marketing Considerations

- 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

\$ Per Cwt





Cow-Calf Corner

The Weekly Email Newsletter

From OSU Animal Science and Agricultural Economics



- Send Email to derrell.peel@okstate.edu

THANK YOU!

