

# Economic Outlook of Beef Cattle

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University of Florida Beef Cattle Short Course

Gainesville, Florida

May 4, 2016

***“Experts often possess more data  
than judgement.”***



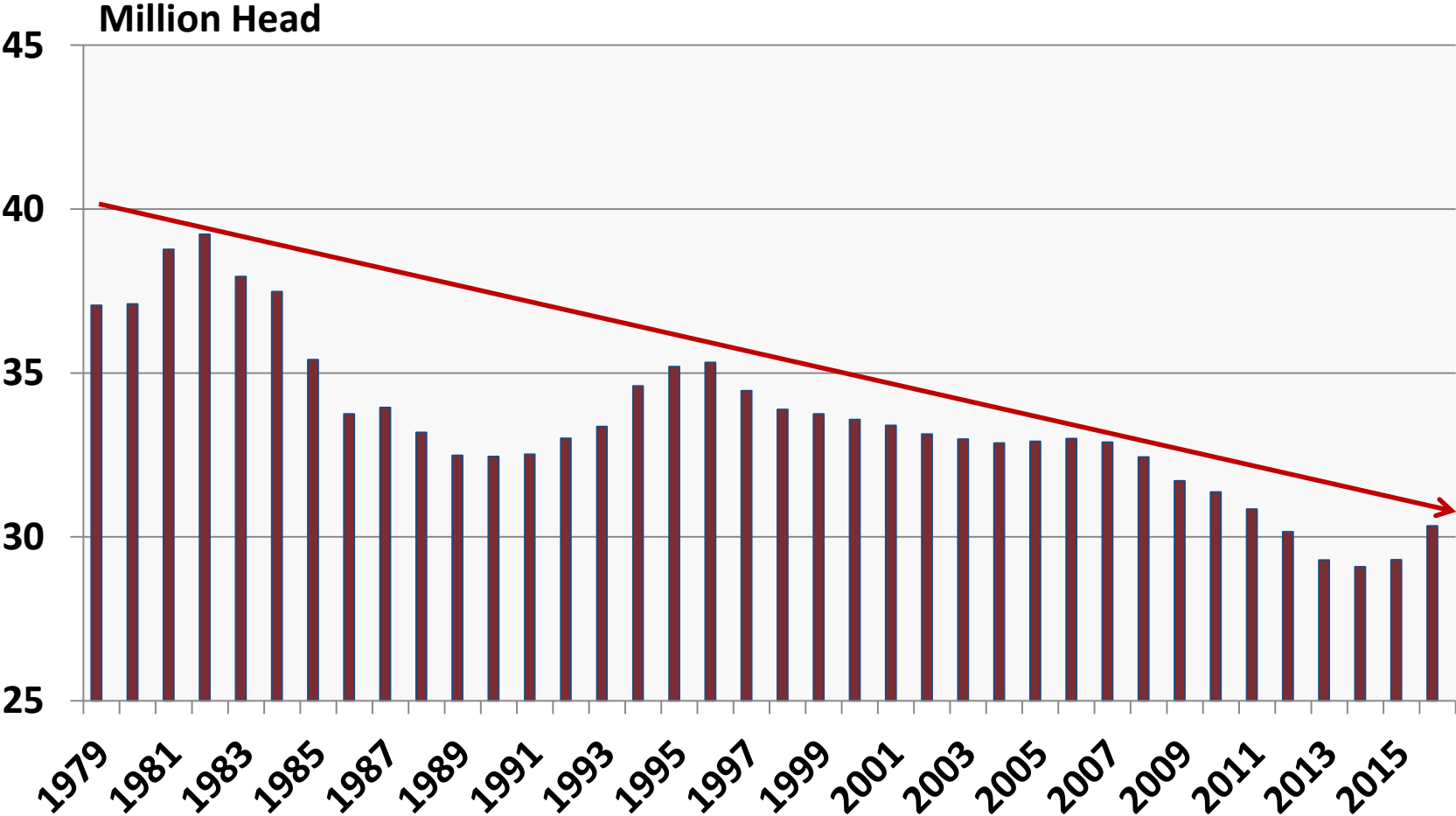
**Mr. Colin Powell  
Former US Secretary of State  
Retired Four Star General, US Army  
Statesman and author**

# 30,000 Foot View of the Industry

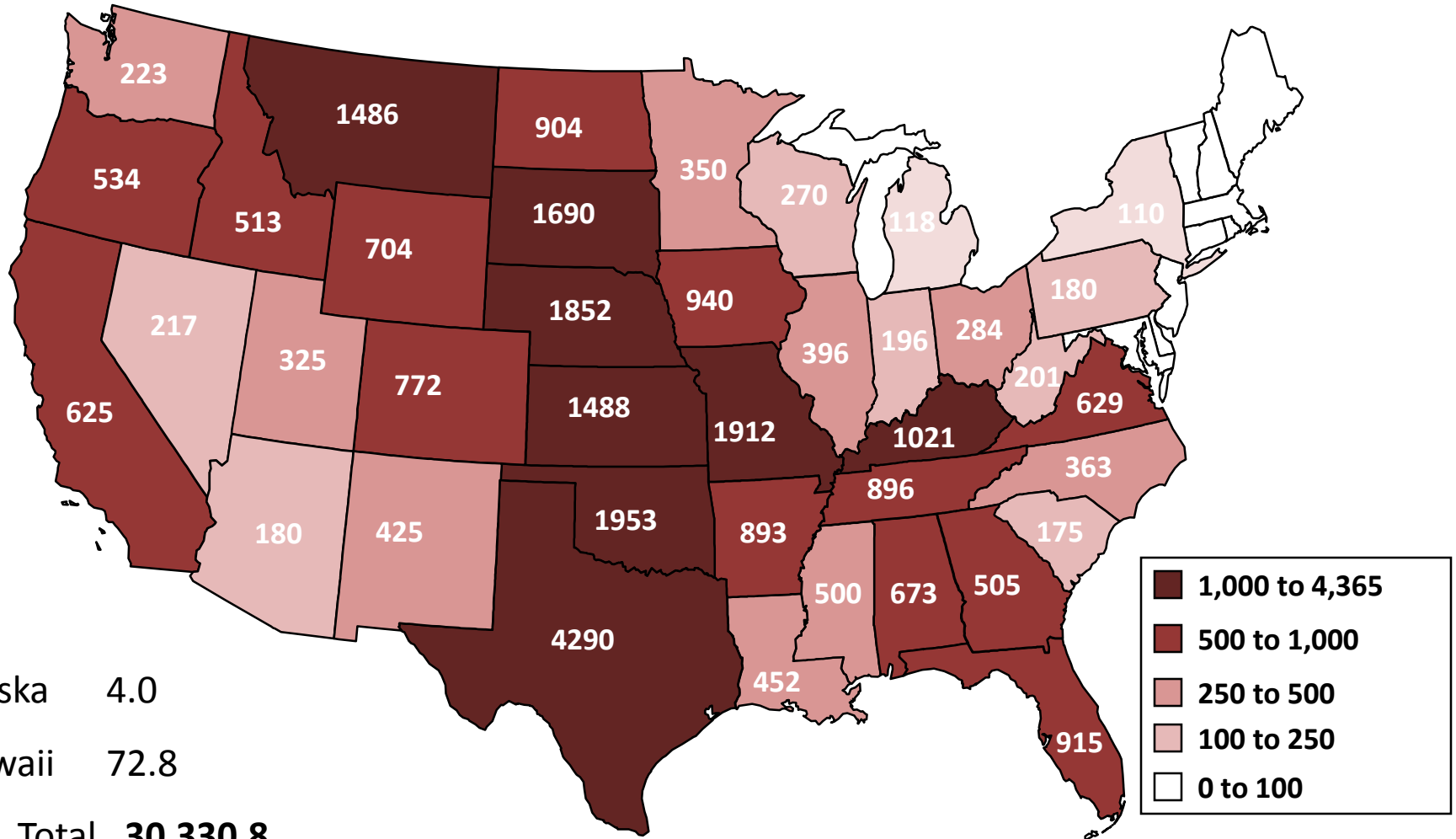


# U.S. Beef Cow Inventory

January 1



# BEEF COWS THAT HAVE CALVED JANUARY 1, 2016 (1000 Head)

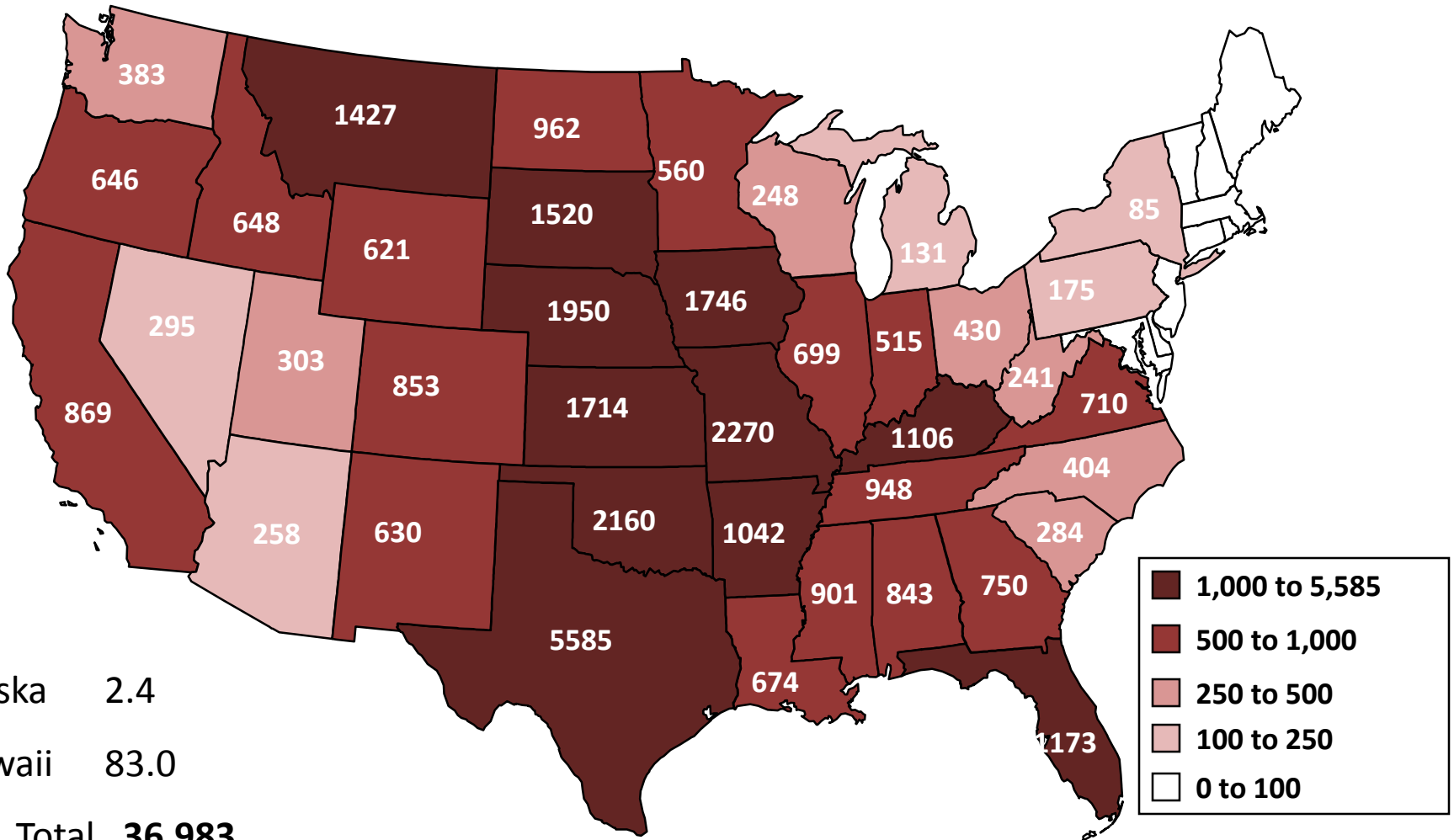


Alaska 4.0

Hawaii 72.8

U.S. Total **30,330.8**

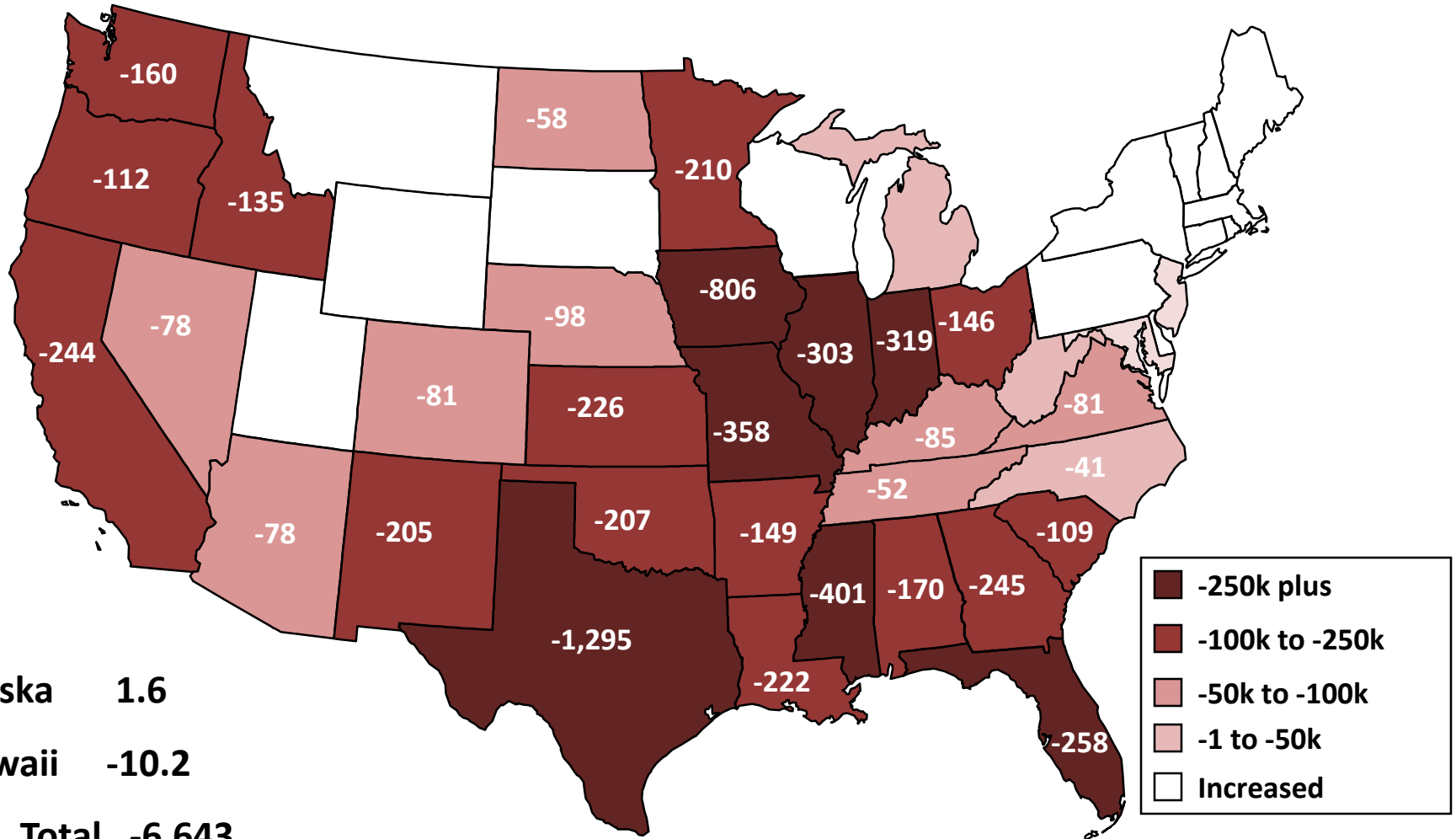
# BEEF COWS THAT HAVE CALVED JANUARY 1, 1980 (1000 Head)



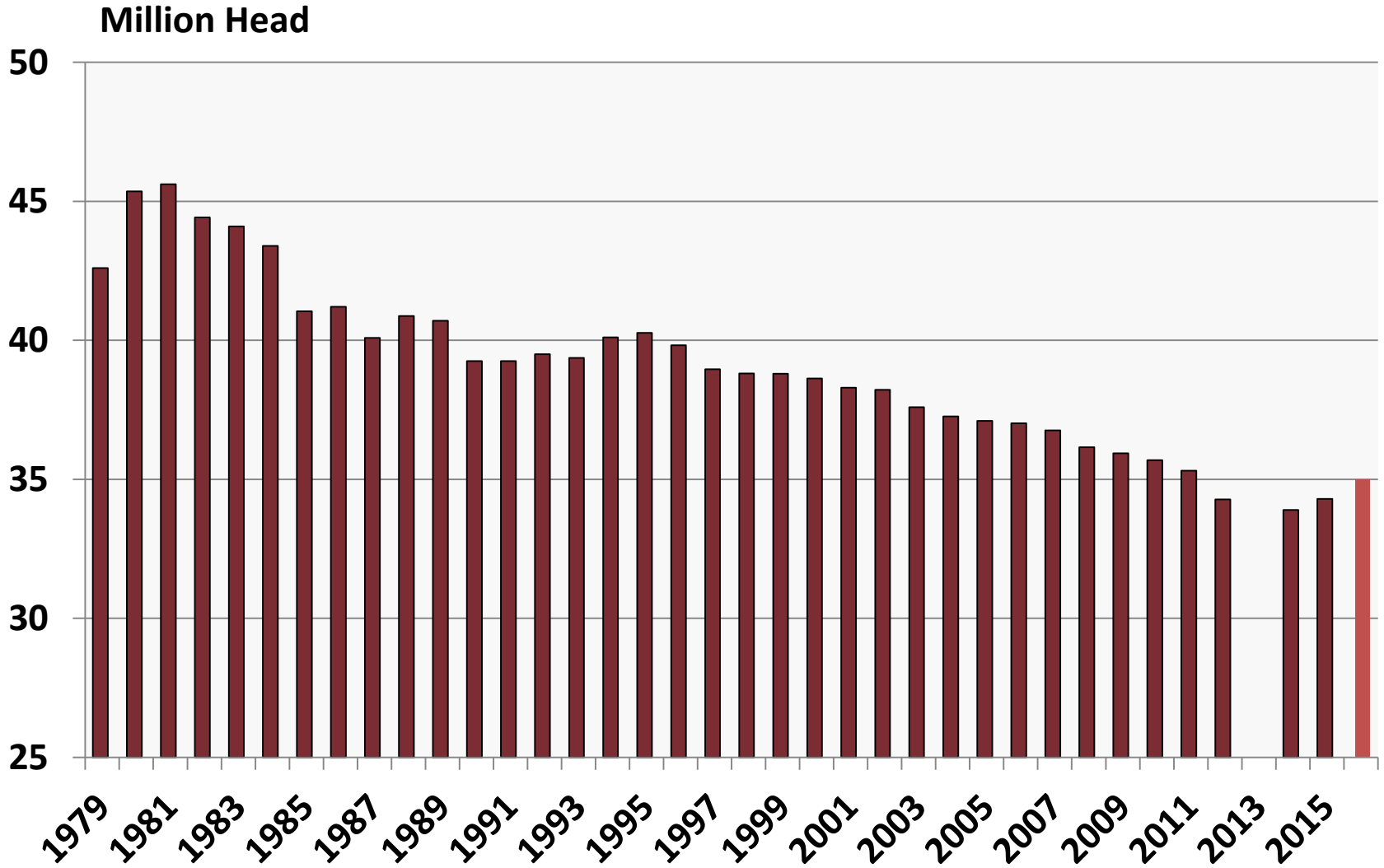
# CHANGE IN BEEF COW INVENTORY

JANUARY 1, 1980 TO JANUARY 1, 2016

(1000 Head)



# U.S. Calf Crop



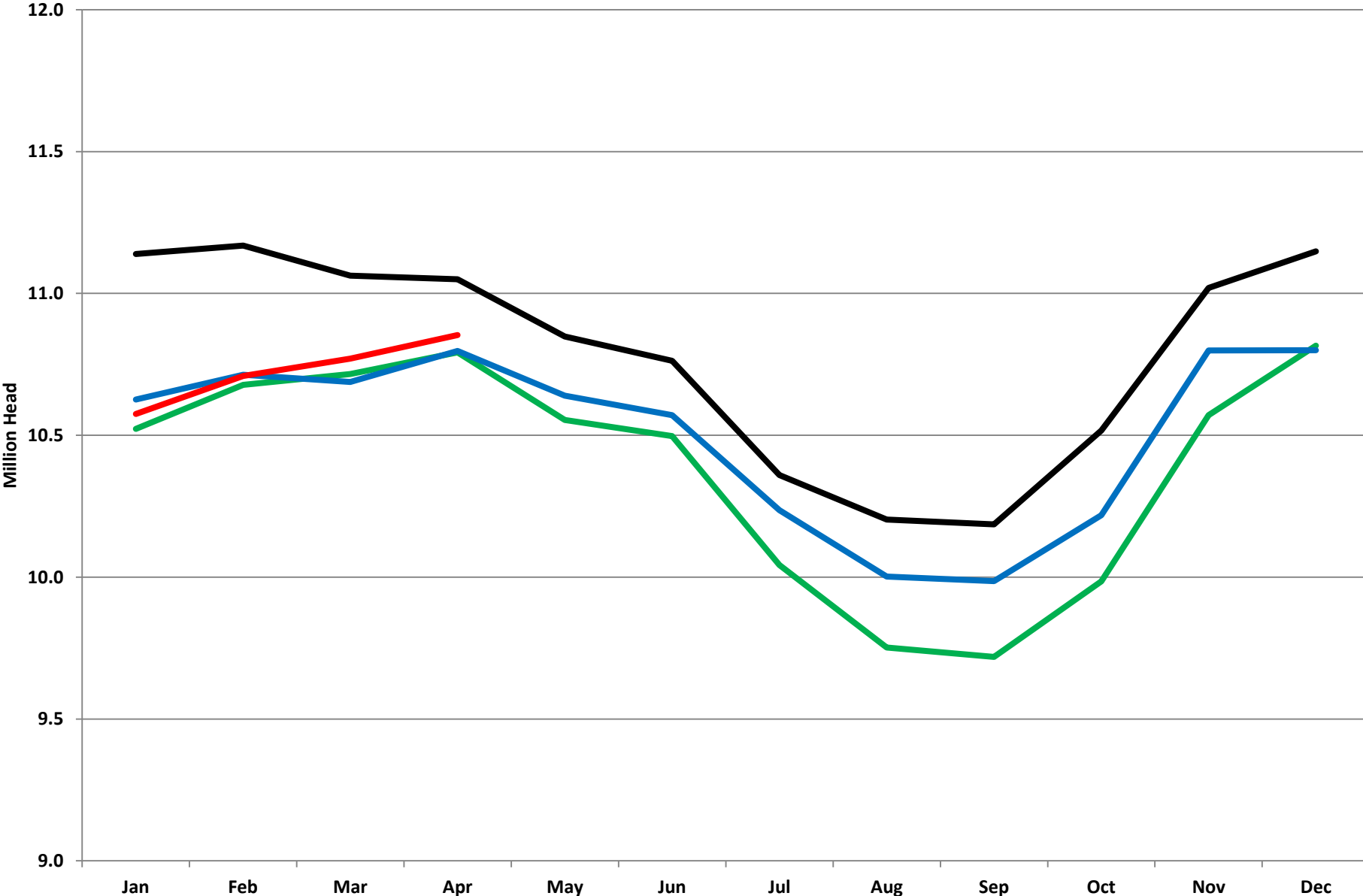


# So Then, What Happened to Lower Feedlot Numbers and Being Current?



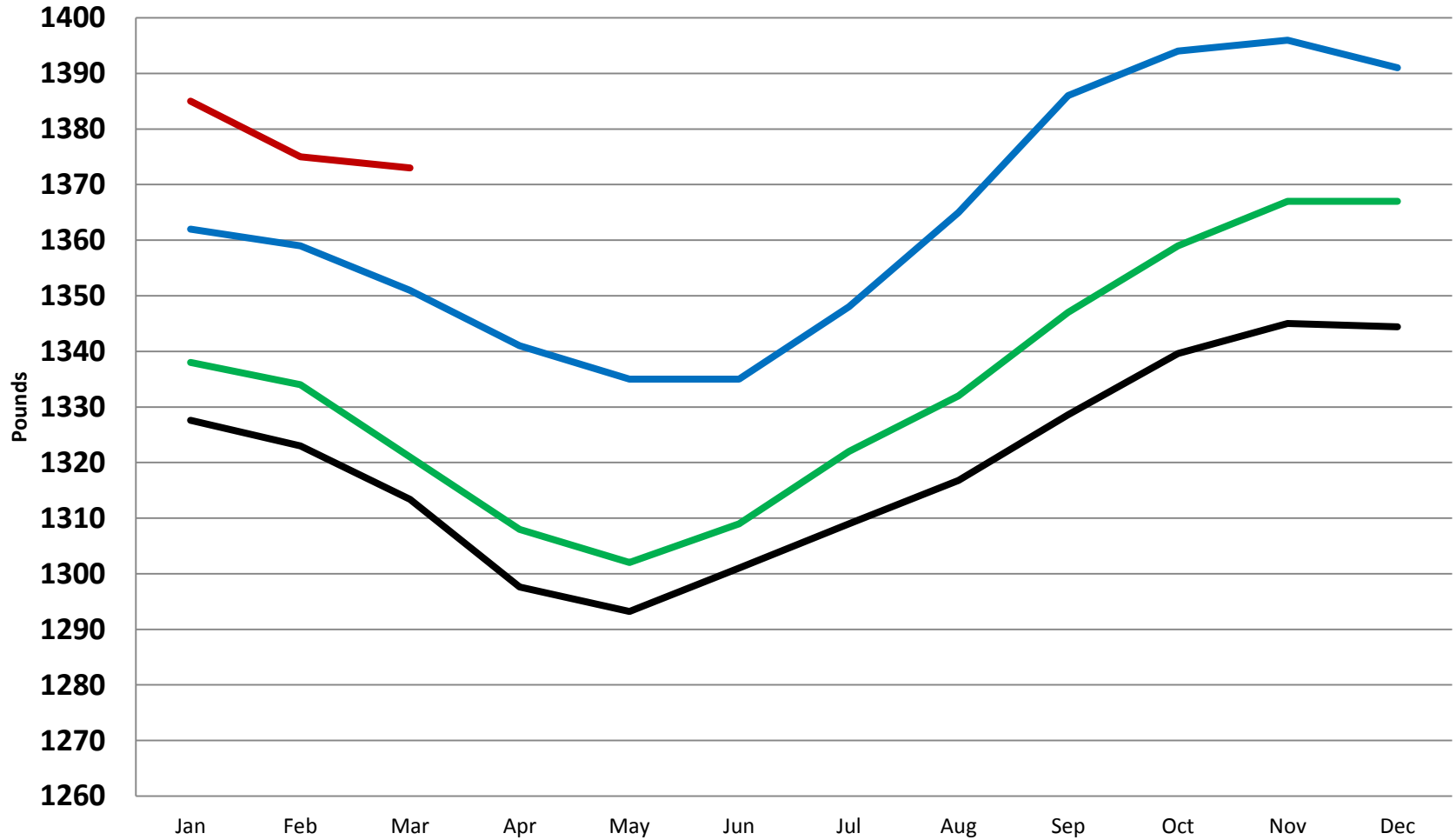
# Cattle on Feed

2014 2015 2016 2011-15



# FI Slaughter Weights

2014 2015 2016 2011-15

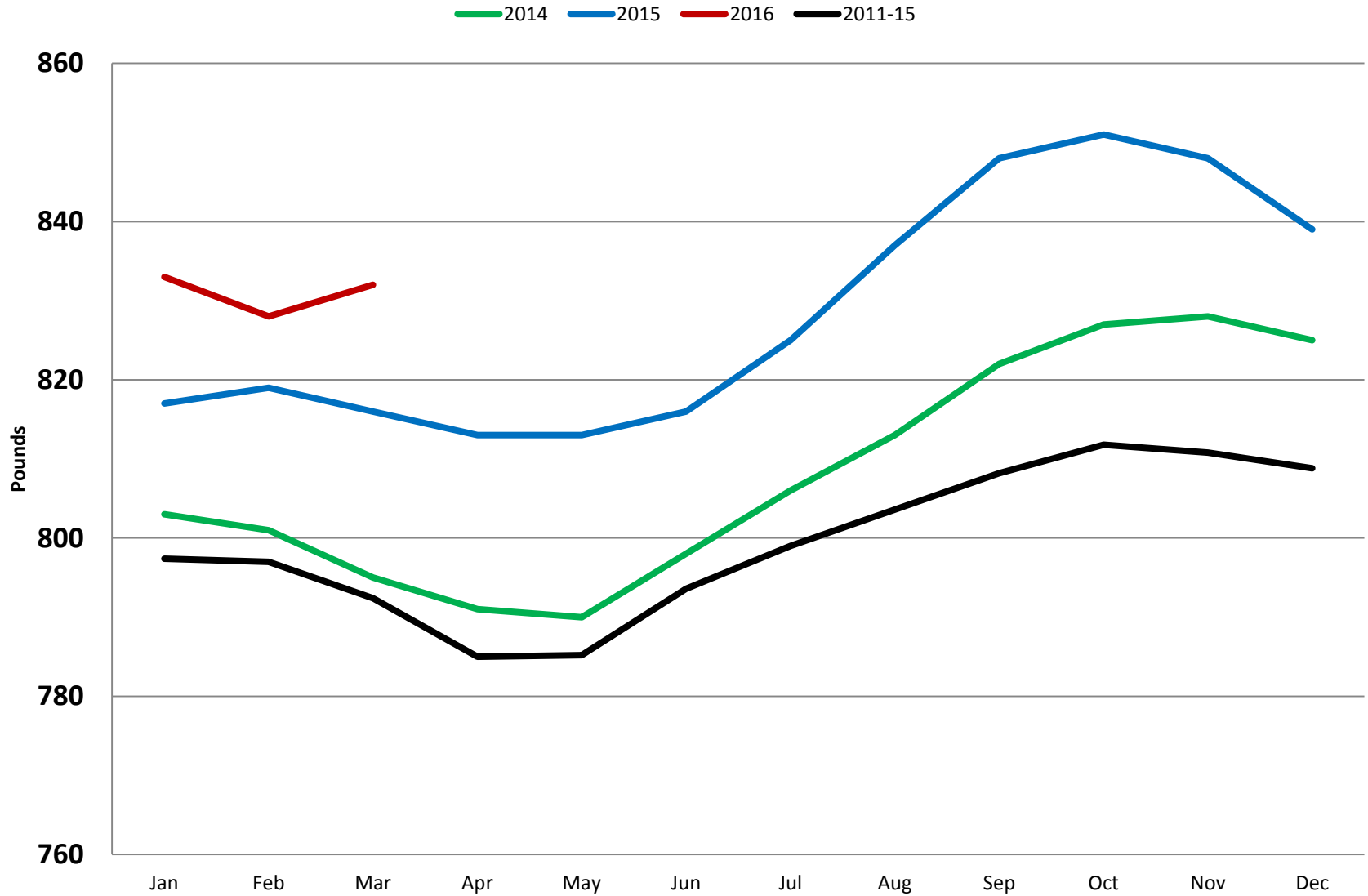


# Daily Livestock Report,

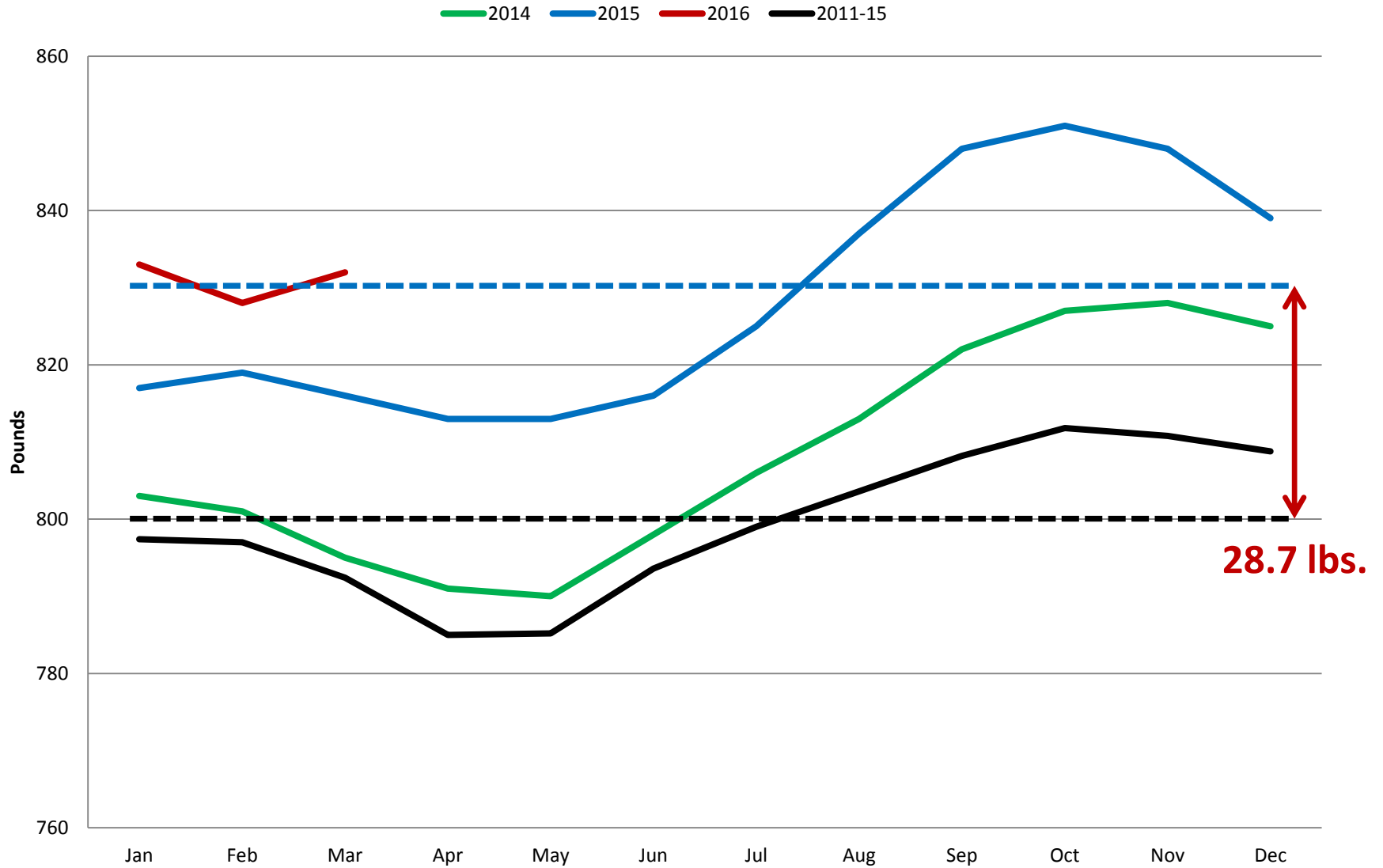
November 12, 2015

		8/2/2015		9/6/2015		10/4/2015		11/8/2015	
		Live Wt.	Price \$/cwt	Live Wt.	Price \$/cwt	Live Wt.	Price \$/cwt	Live Wt.	Price \$/cwt
<b>5 Mkt Ave</b>	Steers	1435	147.37	1459	141.75	1498	117.71	1489	130.41
	Heifers	1267	147.73	1290	142.53	1309	119.81	1321	131.99
<b>KS</b>	Steers	1375	147.02	1371	142.97	1419	120.14	1436	133.49
	Heifers	1228	147.14	1240	143.00	1246	121.94	1275	133.37
<b>IA-S. Minn</b>	Steers	1458	147.15	1484	140.78	1543	116.28	1511	129.39
	Heifers	1270	147.26	1293	140.97	1361	117.30	1311	129.54
<b>TX-OK-NM</b>	Steers	1321	147.00	1422	143.00	1403	121.31	1363	133.85
	Heifers	1185	147.30	1150	143.00	1320	120.00	1228	133.17
<b>NE</b>	Steers	1446	147.63	1461	142.58	1513	117.06	1470	129.58
	Heifers	1304	148.09	1319	142.69	1335	119.46	1375	132.57

# FI Carcass Weights

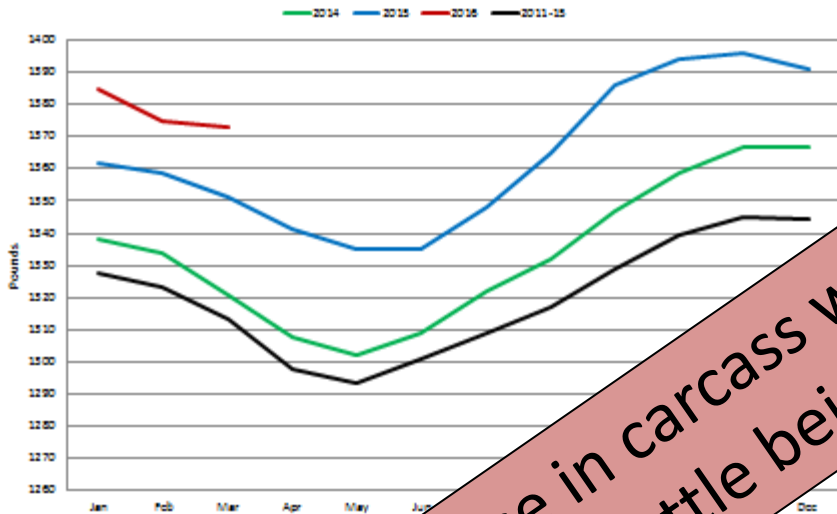


# FI Carcass Weights

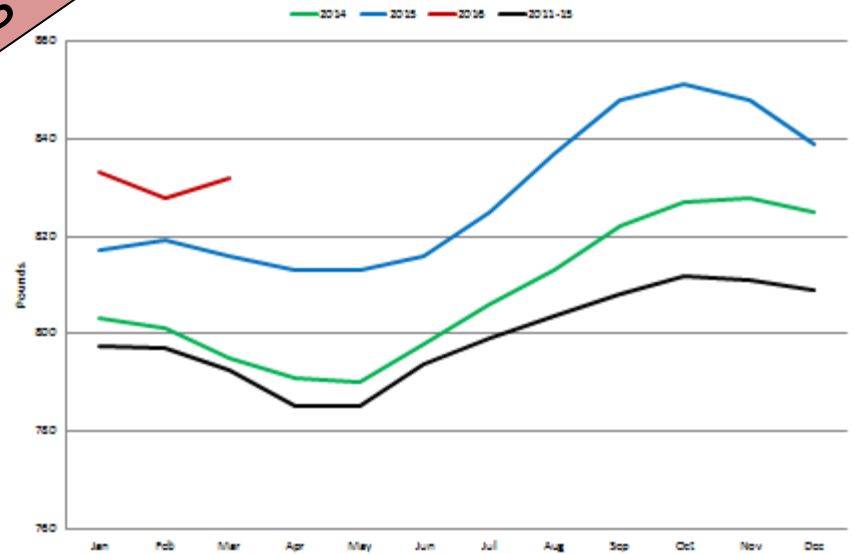


# Cattle Slaughter/Carcass Weights

## FI Slaughter Weights

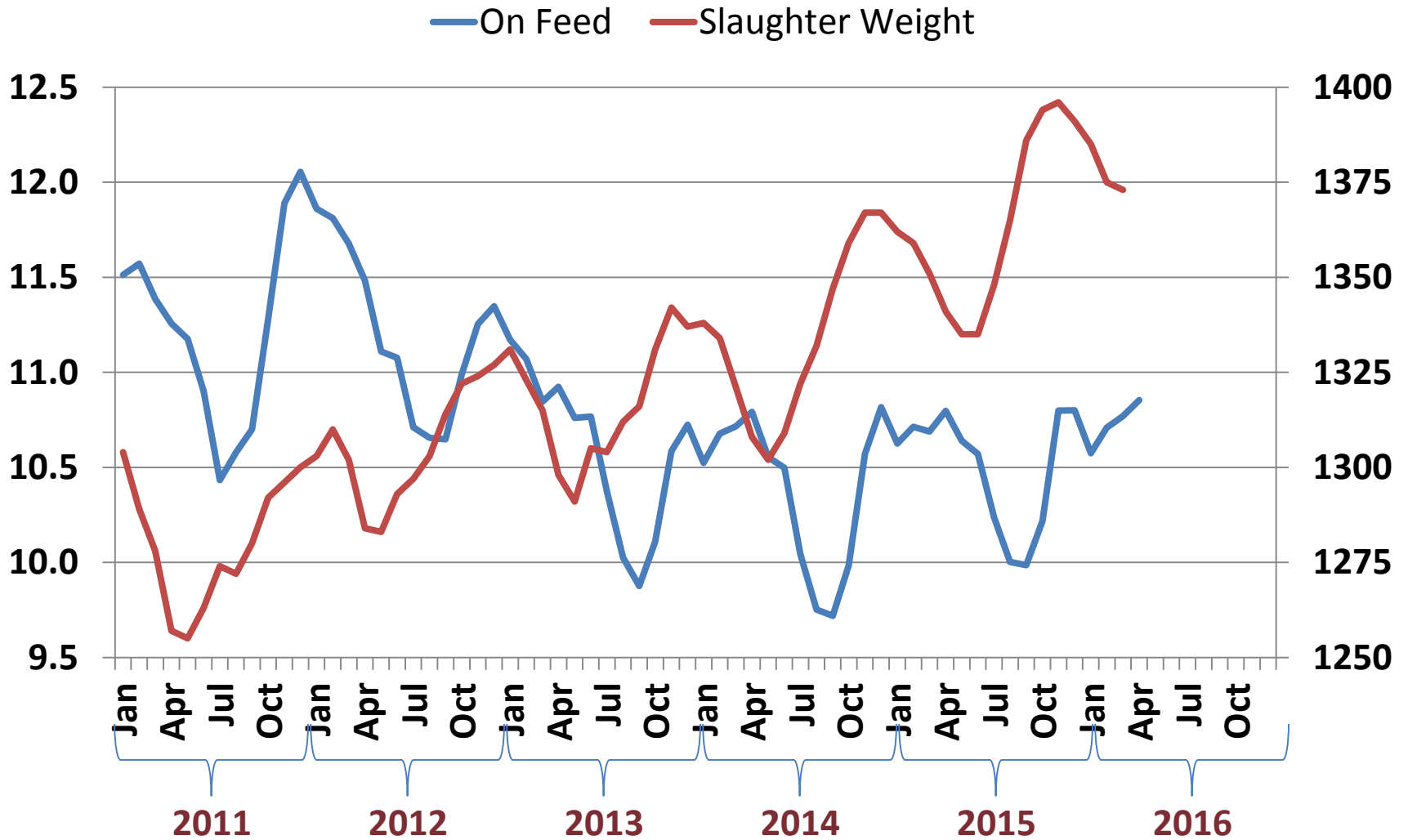


## FI Carcass Weights



A 10 pound increase in carcass weights is equal to an additional 8,000 head of cattle being slaughtered each week.

# On Feed Inventories & Slaughter Weights





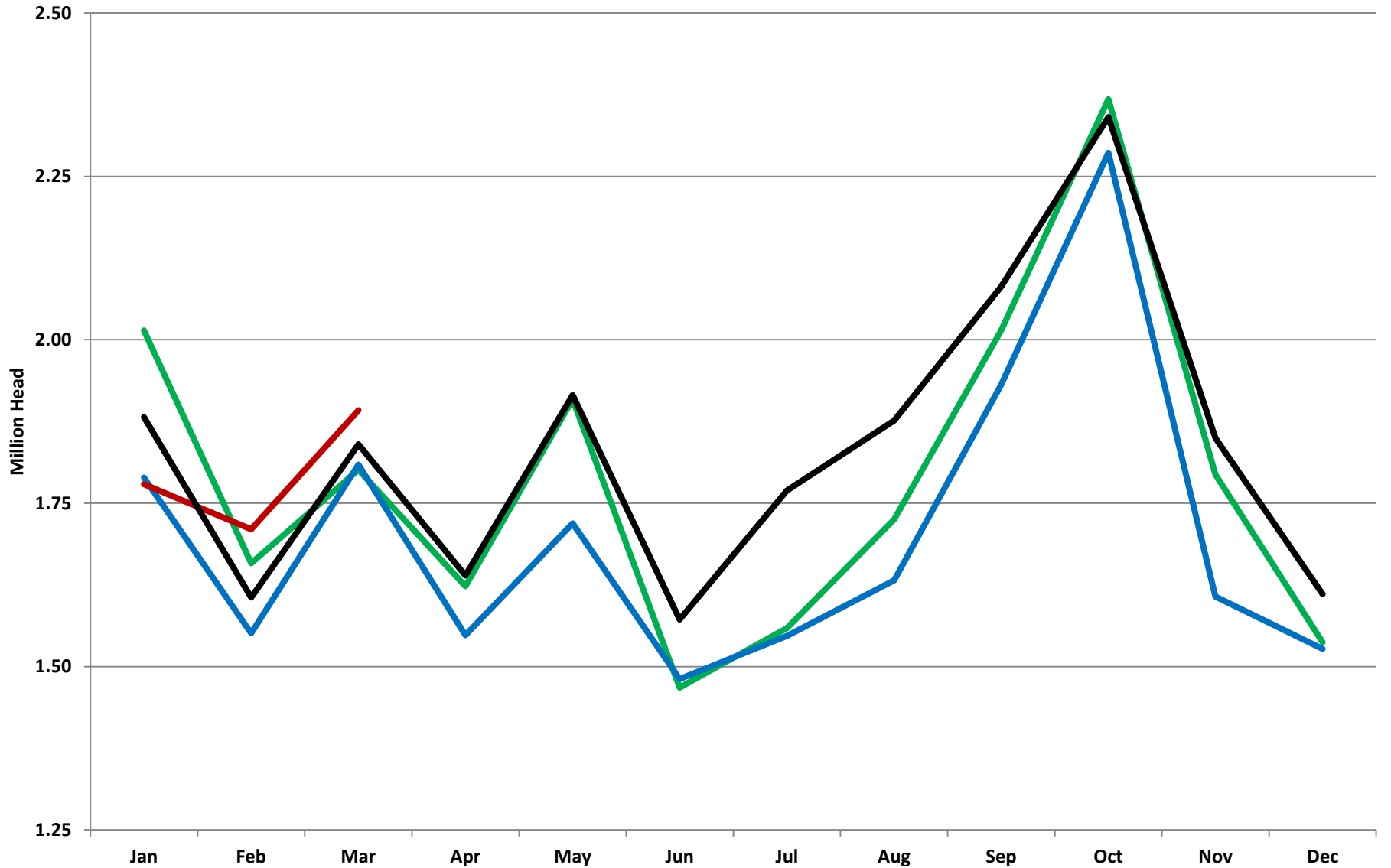
# What Happened to Lower Feedlot Numbers and Being Current?

- It's not a loss until you sell
- Renegotiation of bank loans
- Cost of gains were cheap in the MW
- Cost to maintain a high occupancy rate



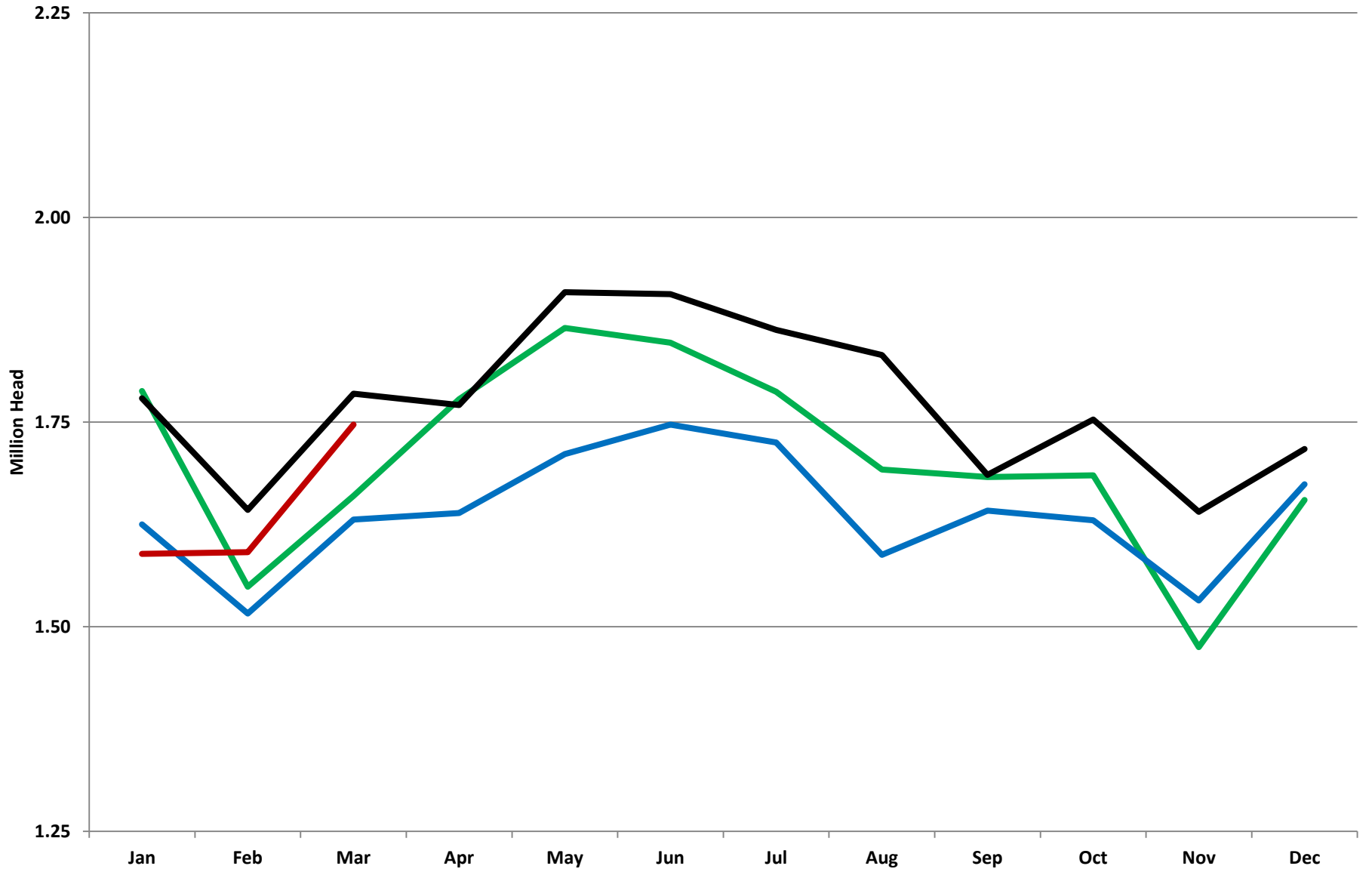
# Cattle on Feed - Placements

2014 2015 2016 2011-2015



# Cattle on Feed - Marketings

2014 2015 2016 2011-15

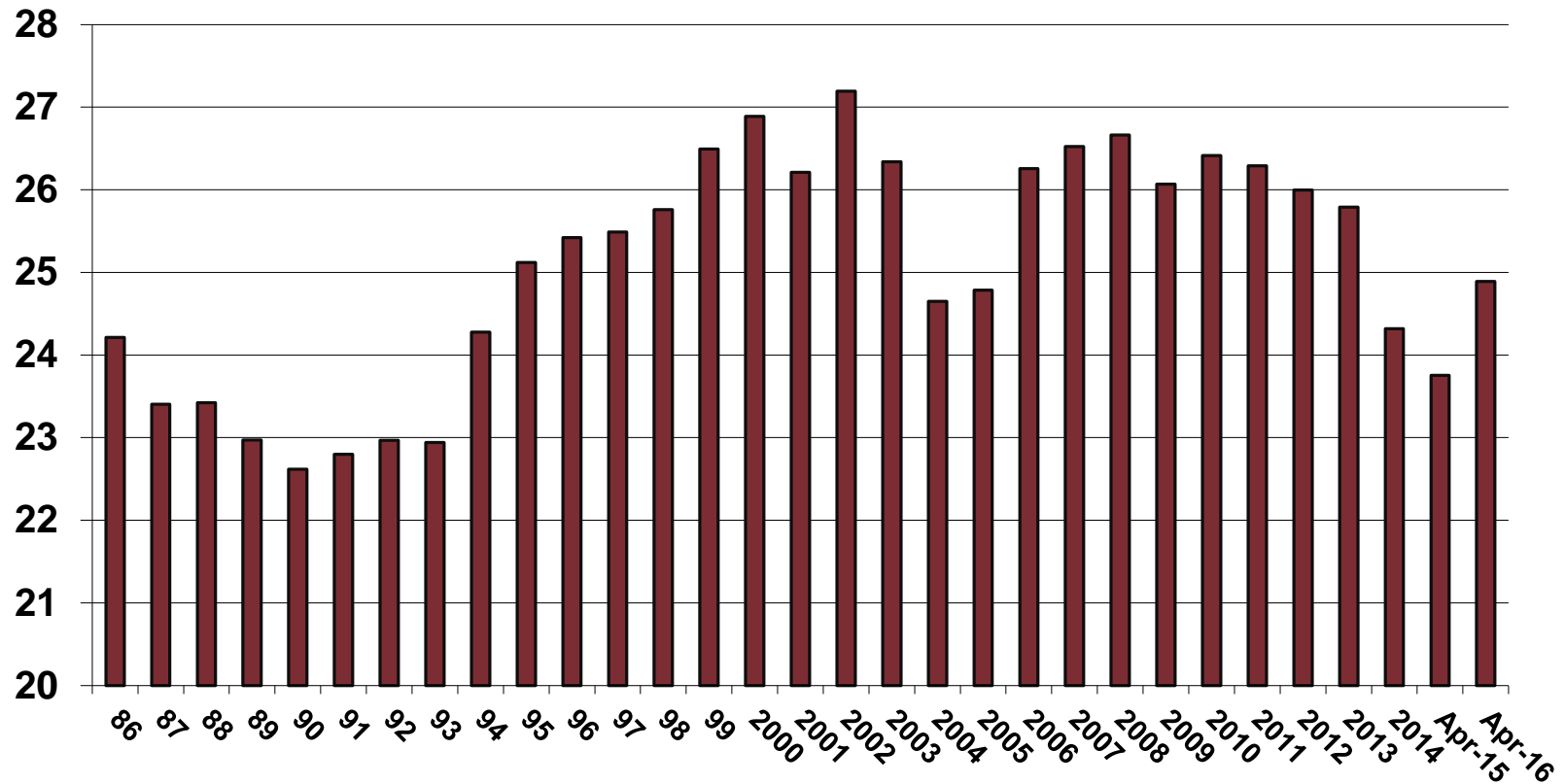


# Total Meat Supplies



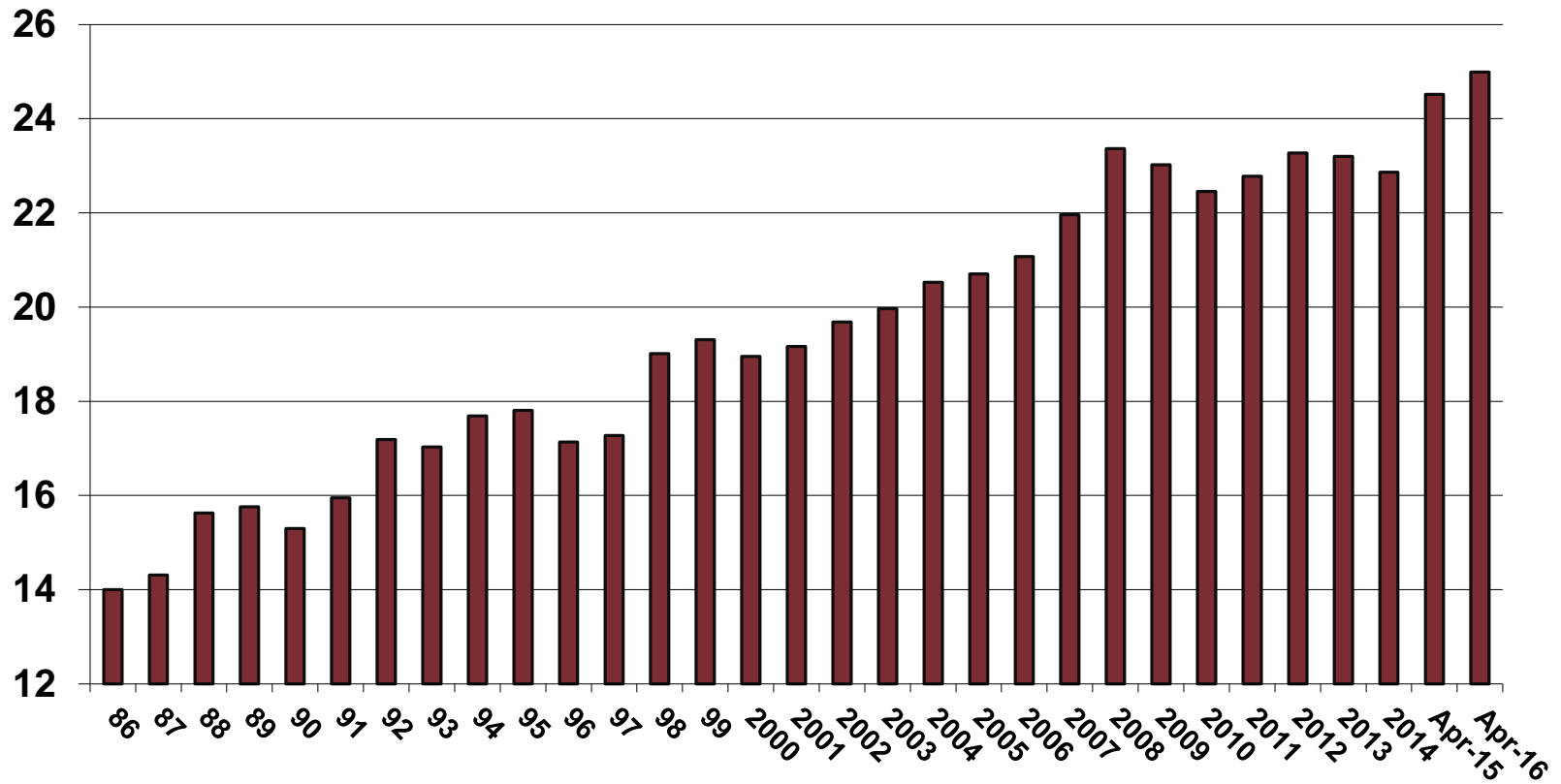
# U.S. Commercial Beef Production

## Billions Pounds



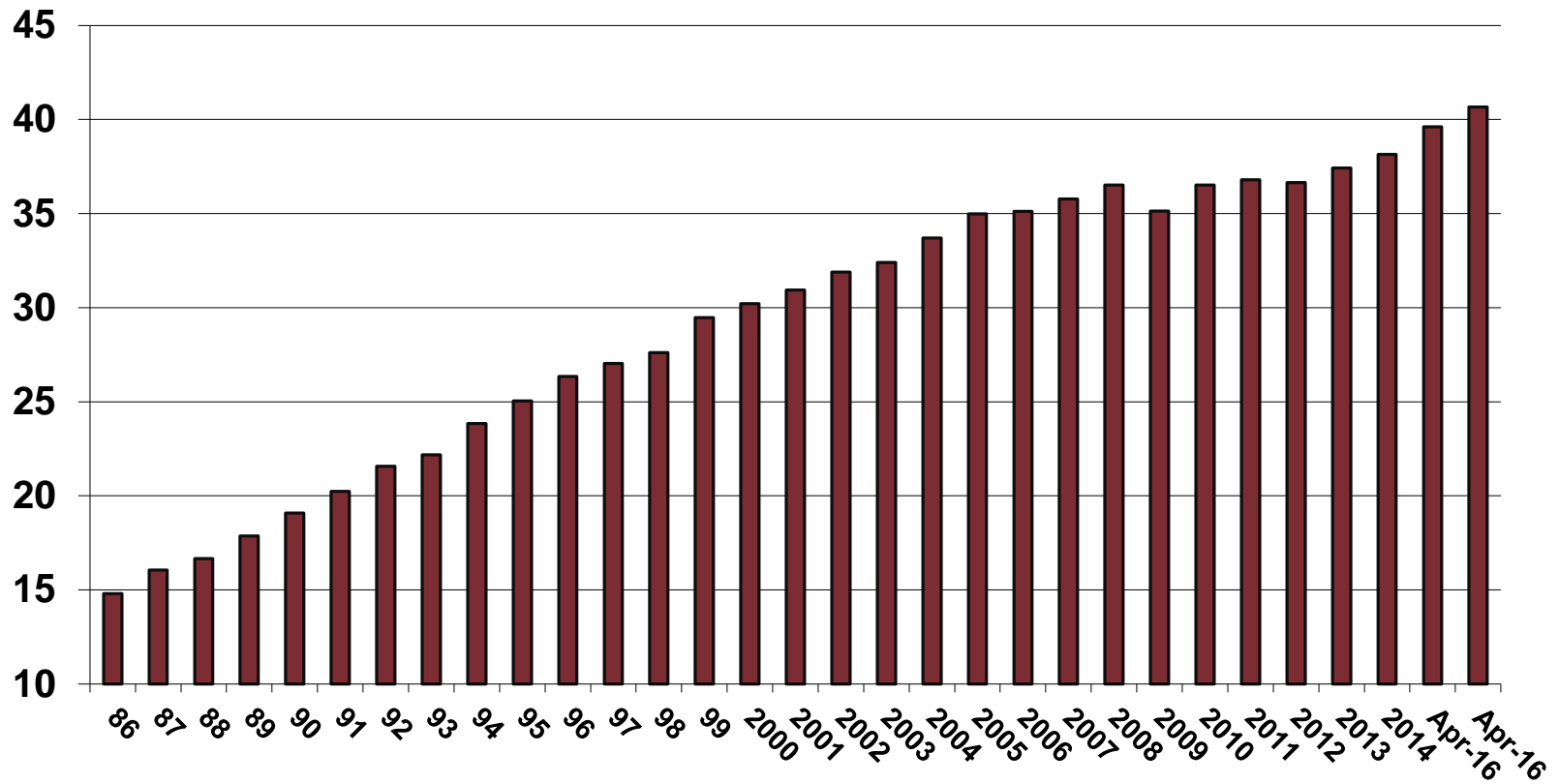
# U.S. Commercial Pork Production

## Billions Pounds



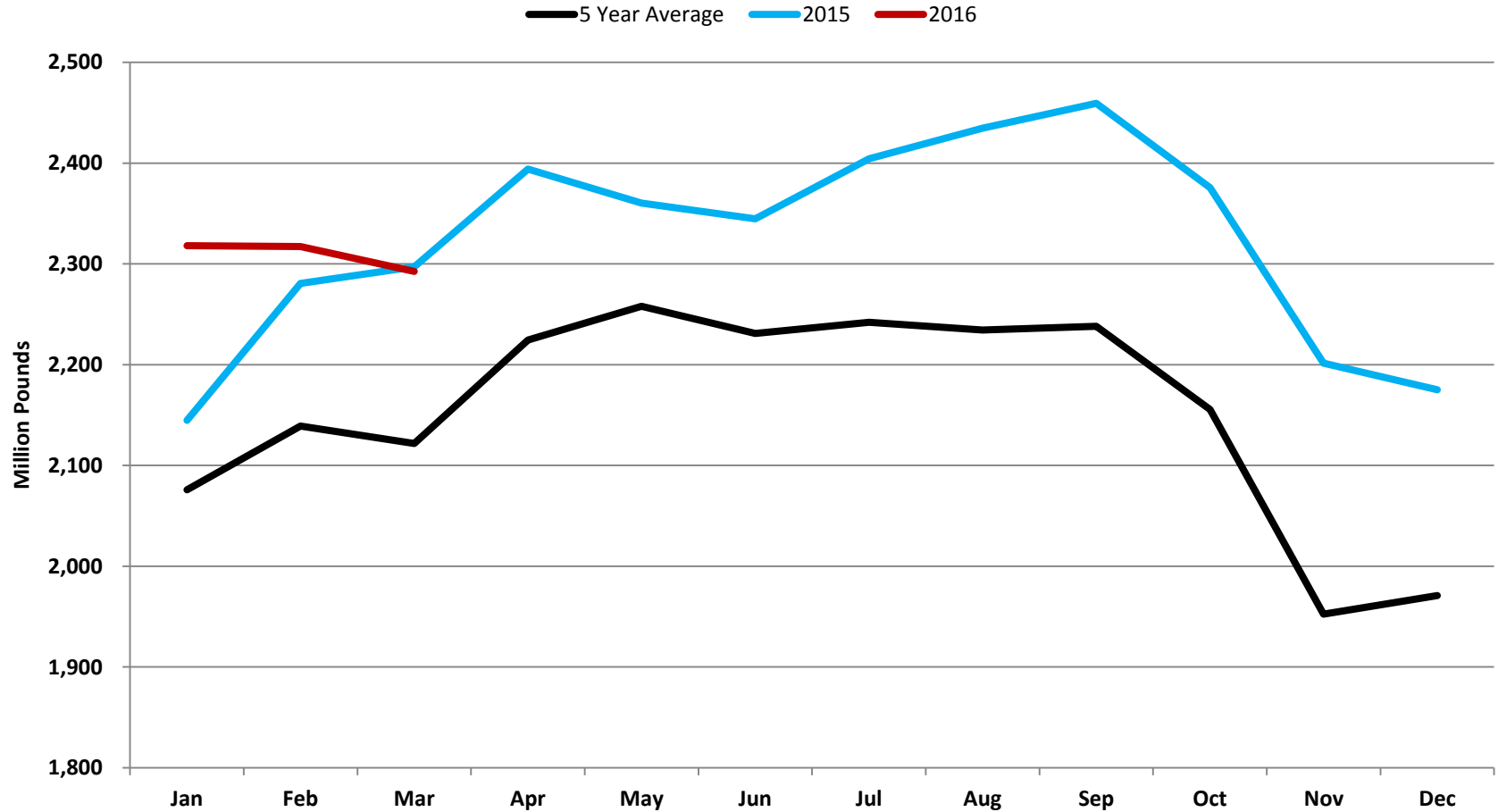
# U.S. F.I. Broiler Production

## Billion Pounds



# Red Meat and Poultry in Cold Storage

Combined in Refrigerated Warehouses



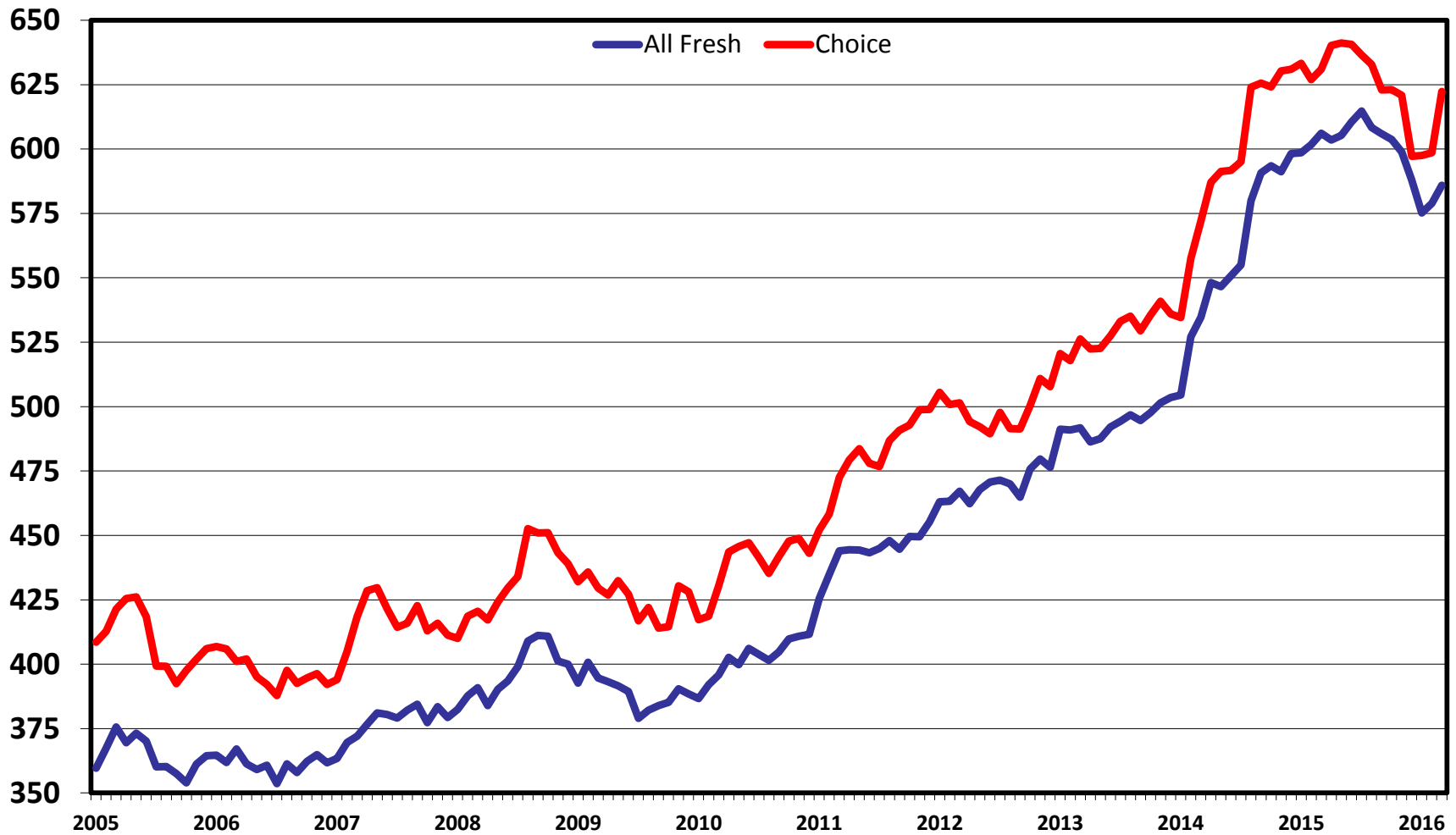


# Demand for Beef



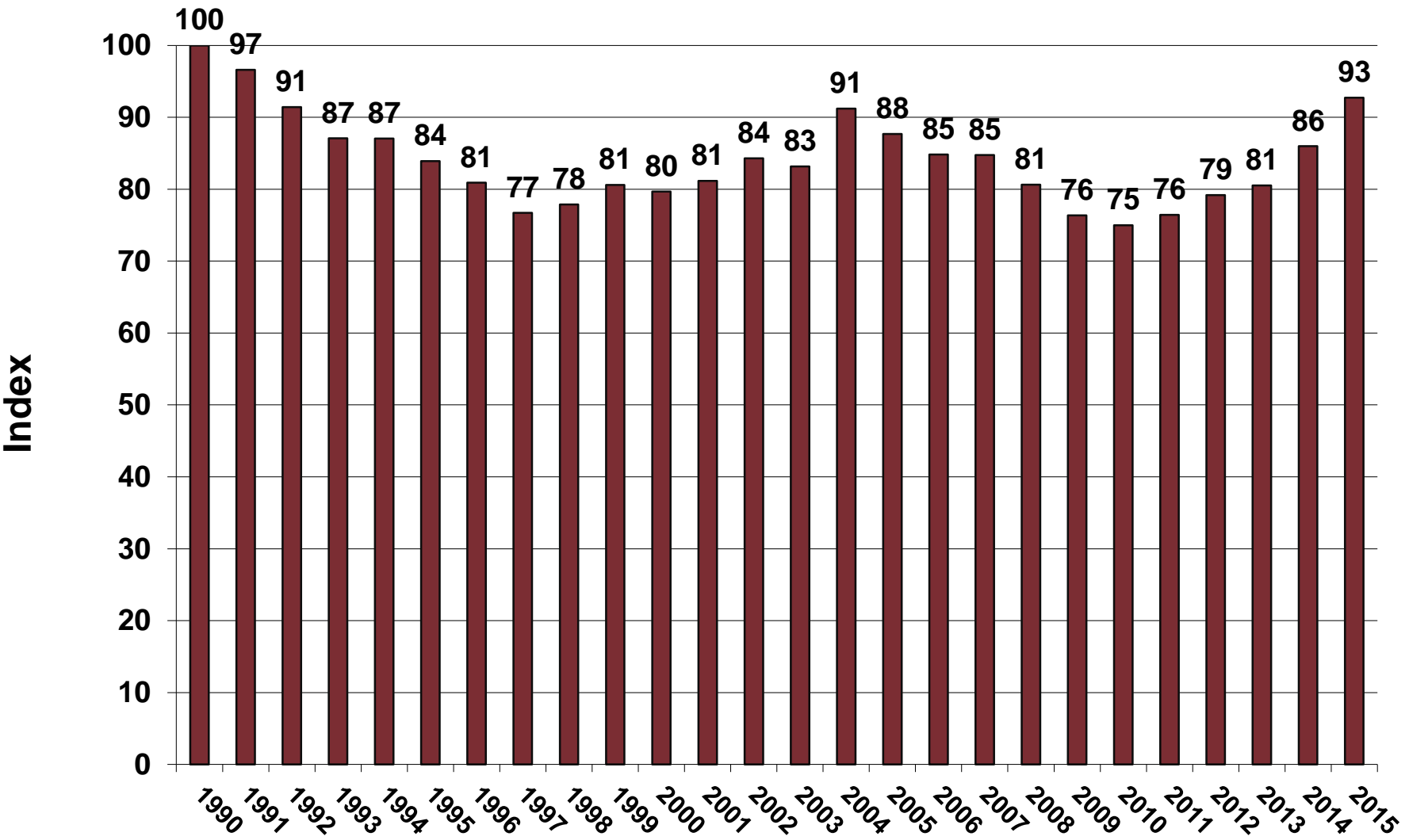
# Retail Beef Prices (Monthly)

\$ Per Cwt



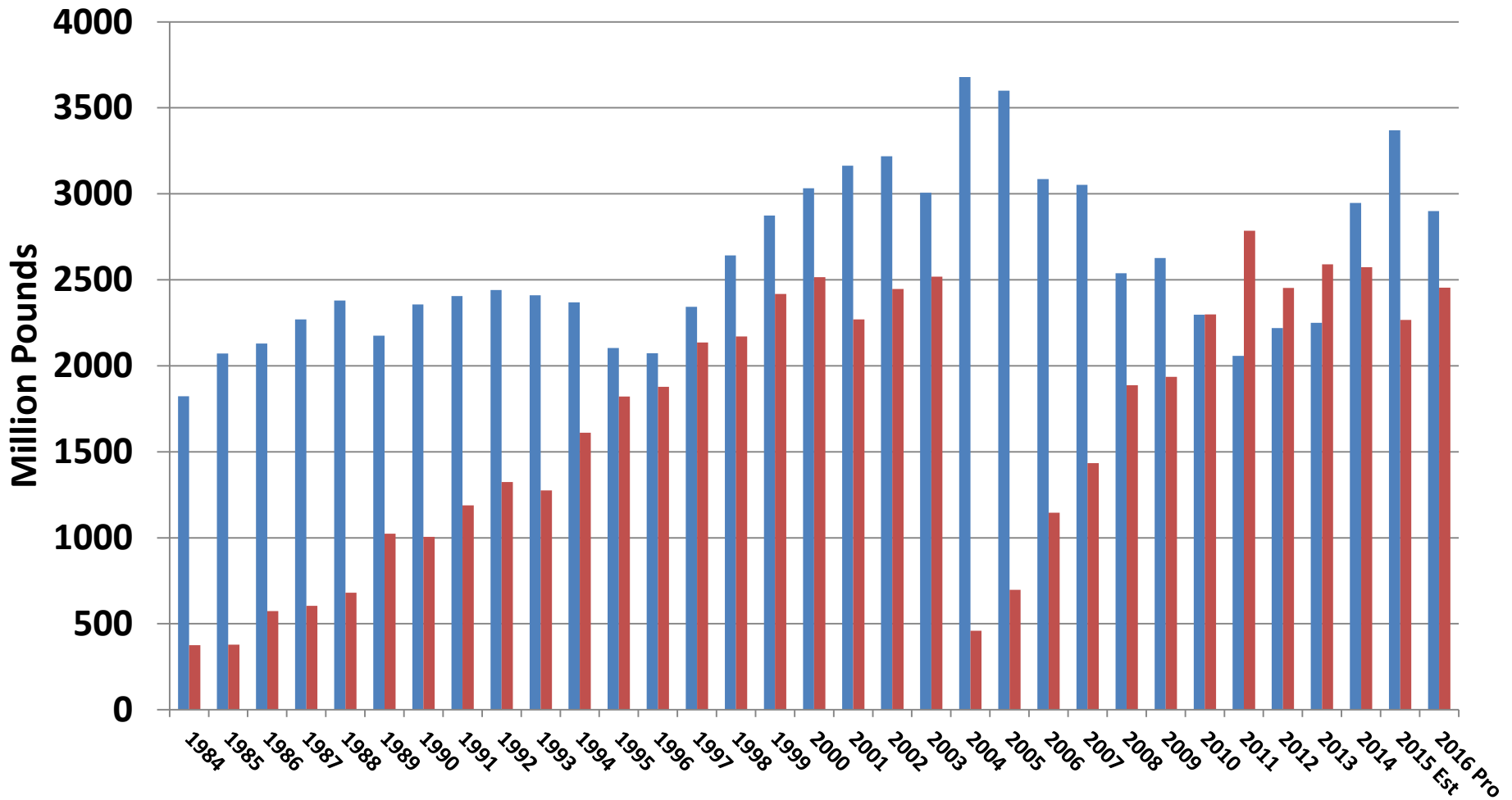
# Annual Retail All Fresh Beef Domestic Demand Index

1990-2015

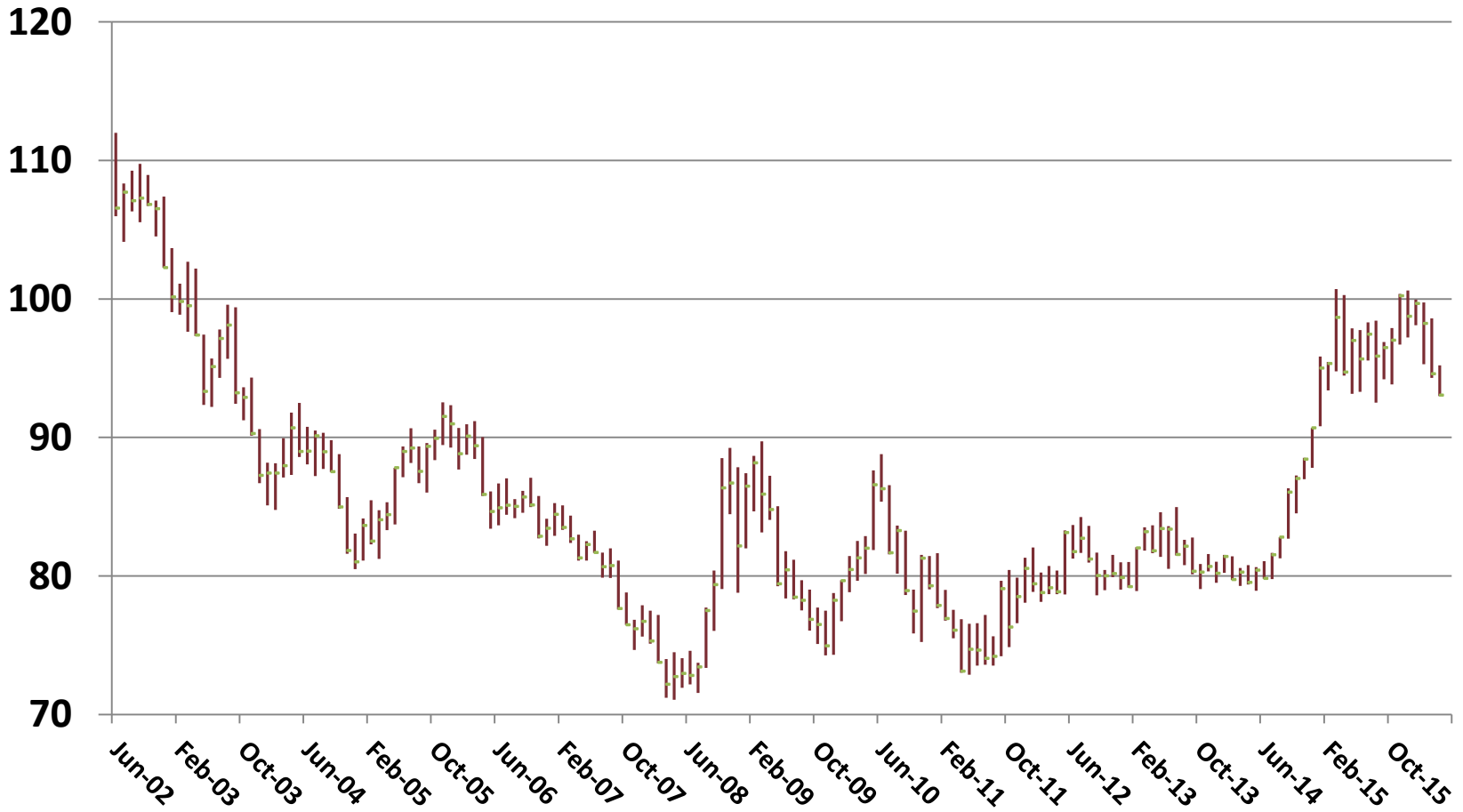


# Beef Imports/Exports

Imports Exports



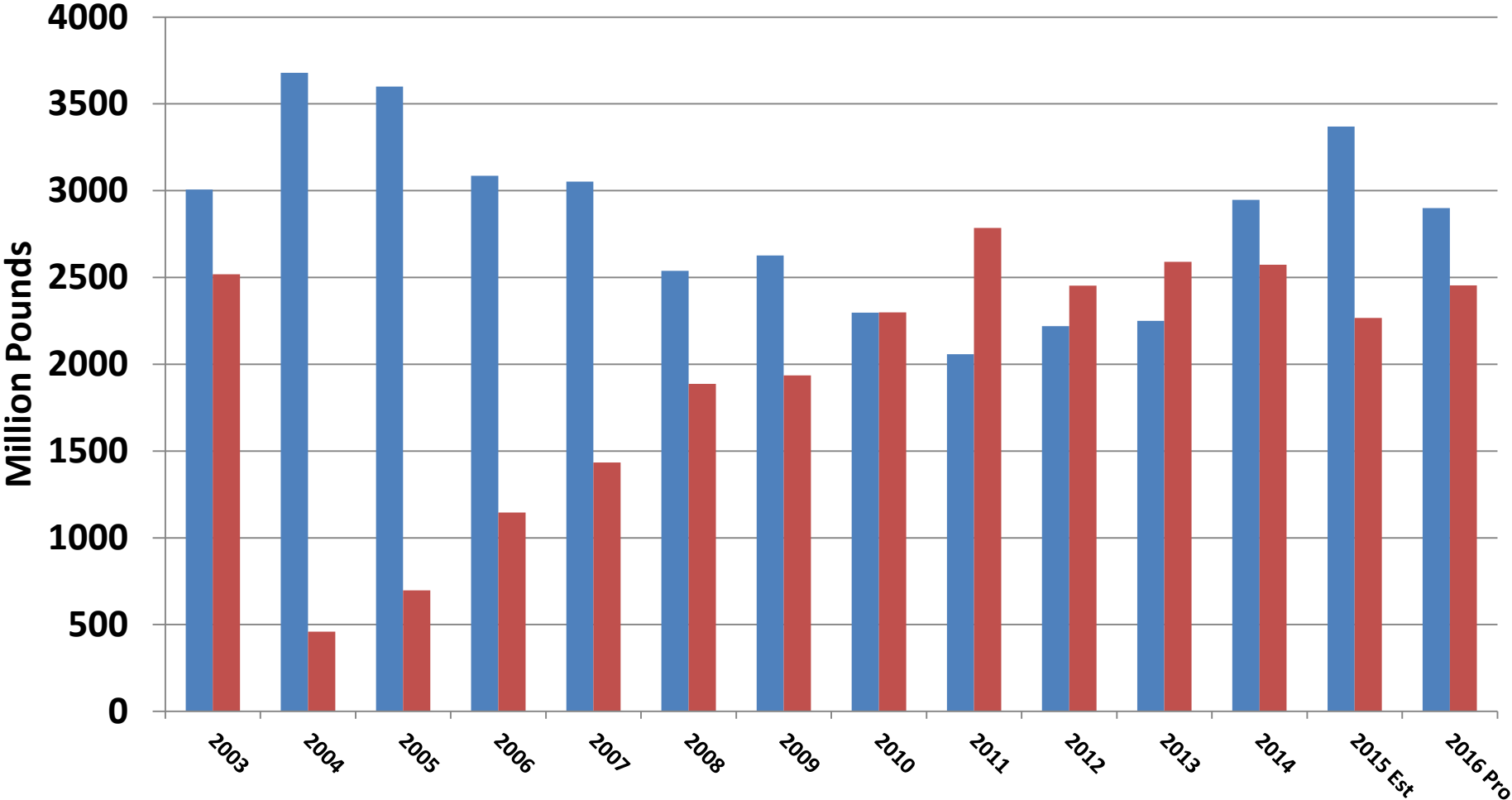
# US Dollar Index



# Beef Imports/Exports

## Since 2003 BSE

Imports Exports



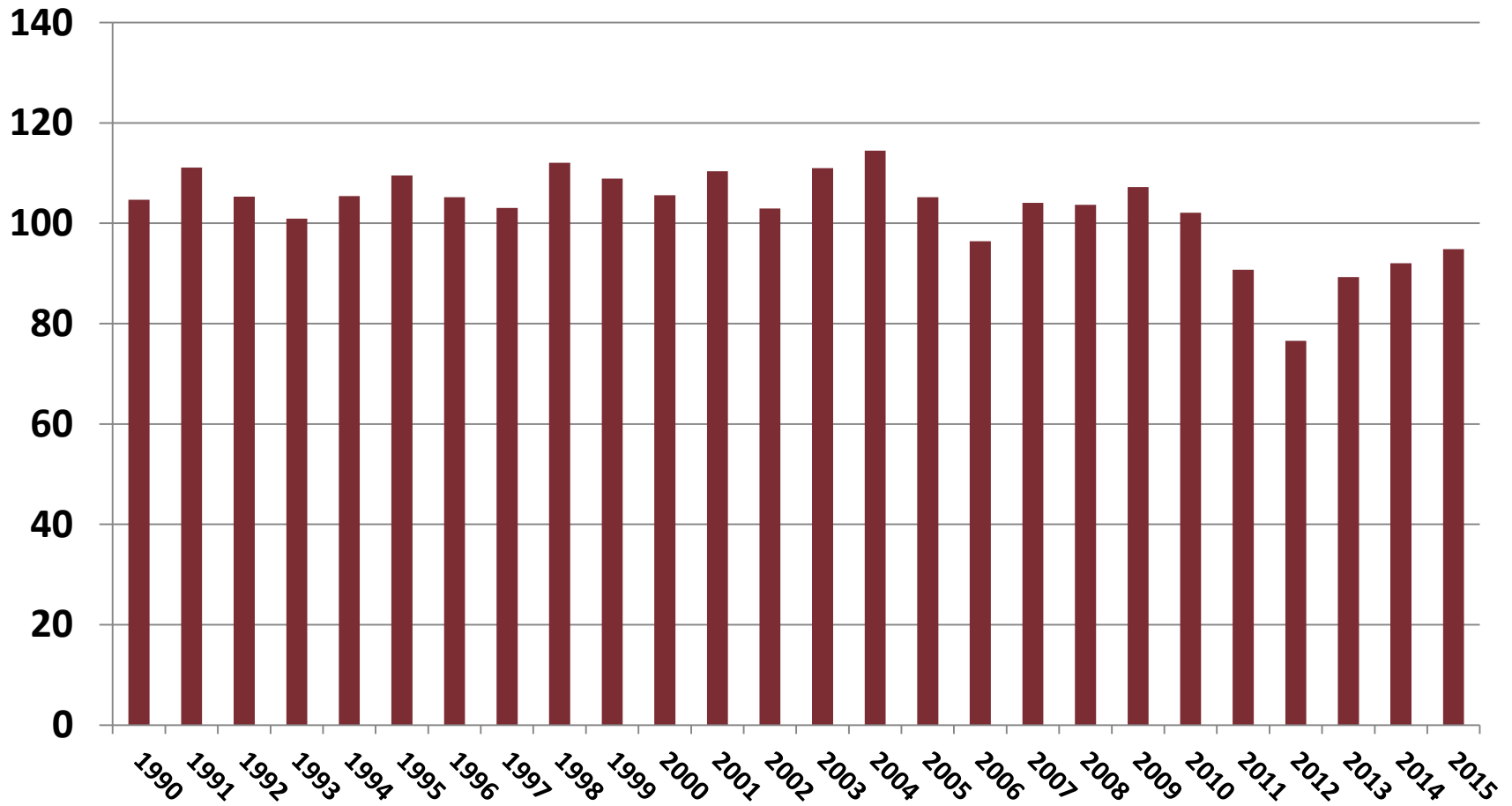


# Feed Costs



# US Hay Stocks (on Dec. 1)

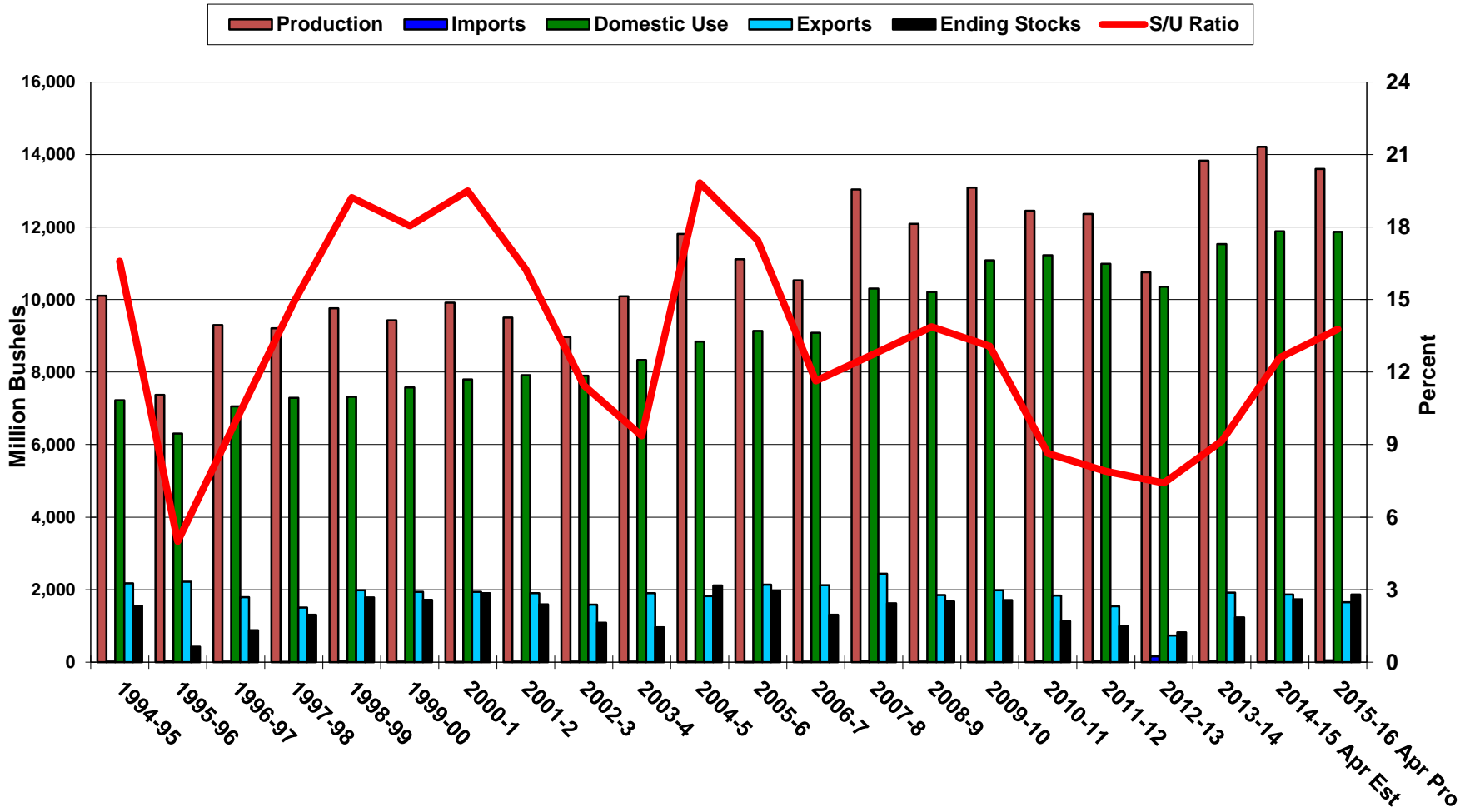
Million tons





# US Corn Supply & Demand

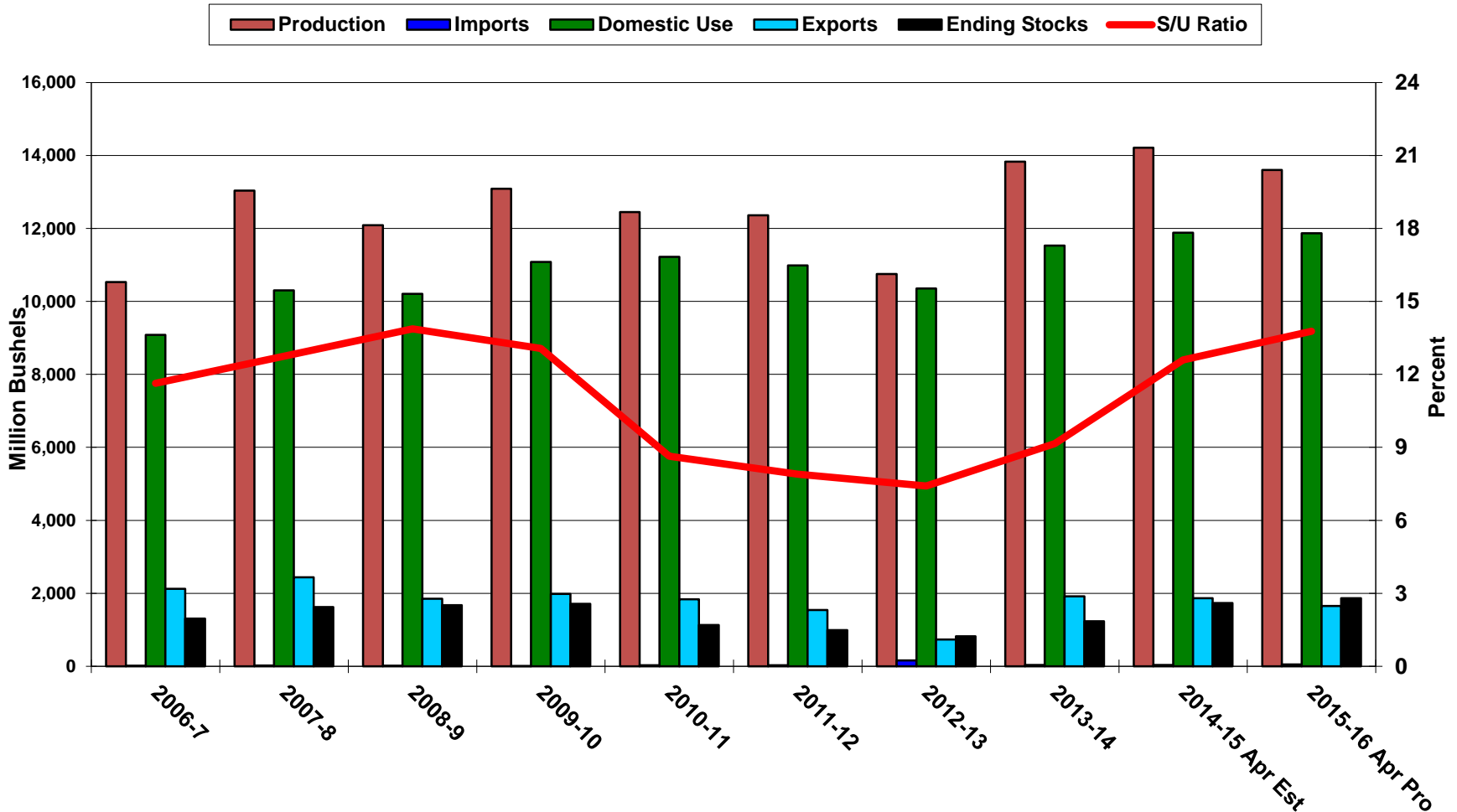
Ten Year Average = 1.418; 2015/16 Projections = 1.862



As of April 12, 2016, USDA-WAOB

# US Corn Supply & Demand

Ten Year Average = 1.418; 2015/16 Projections = 1.862

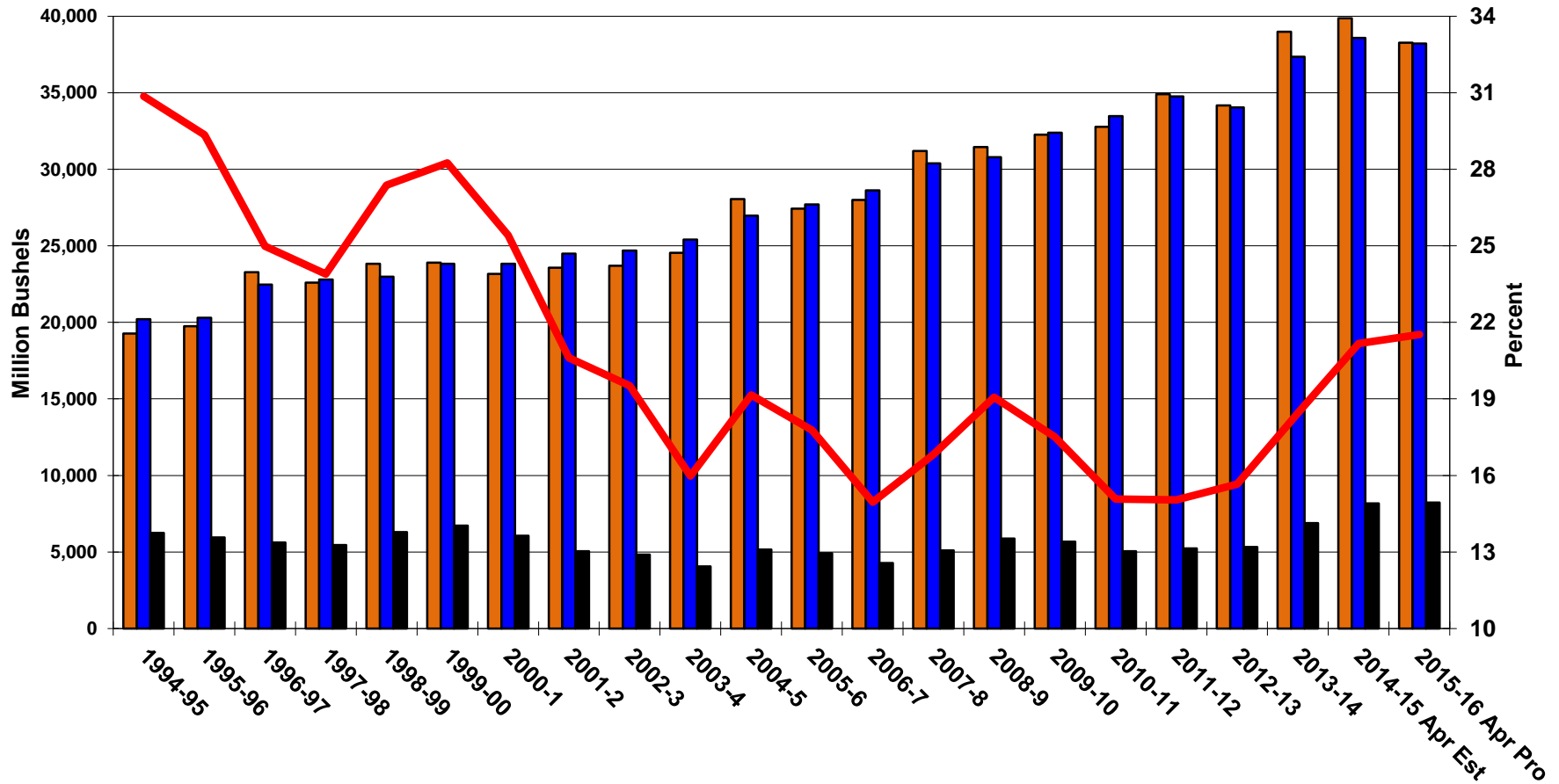


As of April 12, 2016, USDA-WAOB

# World Corn Supply & Demand

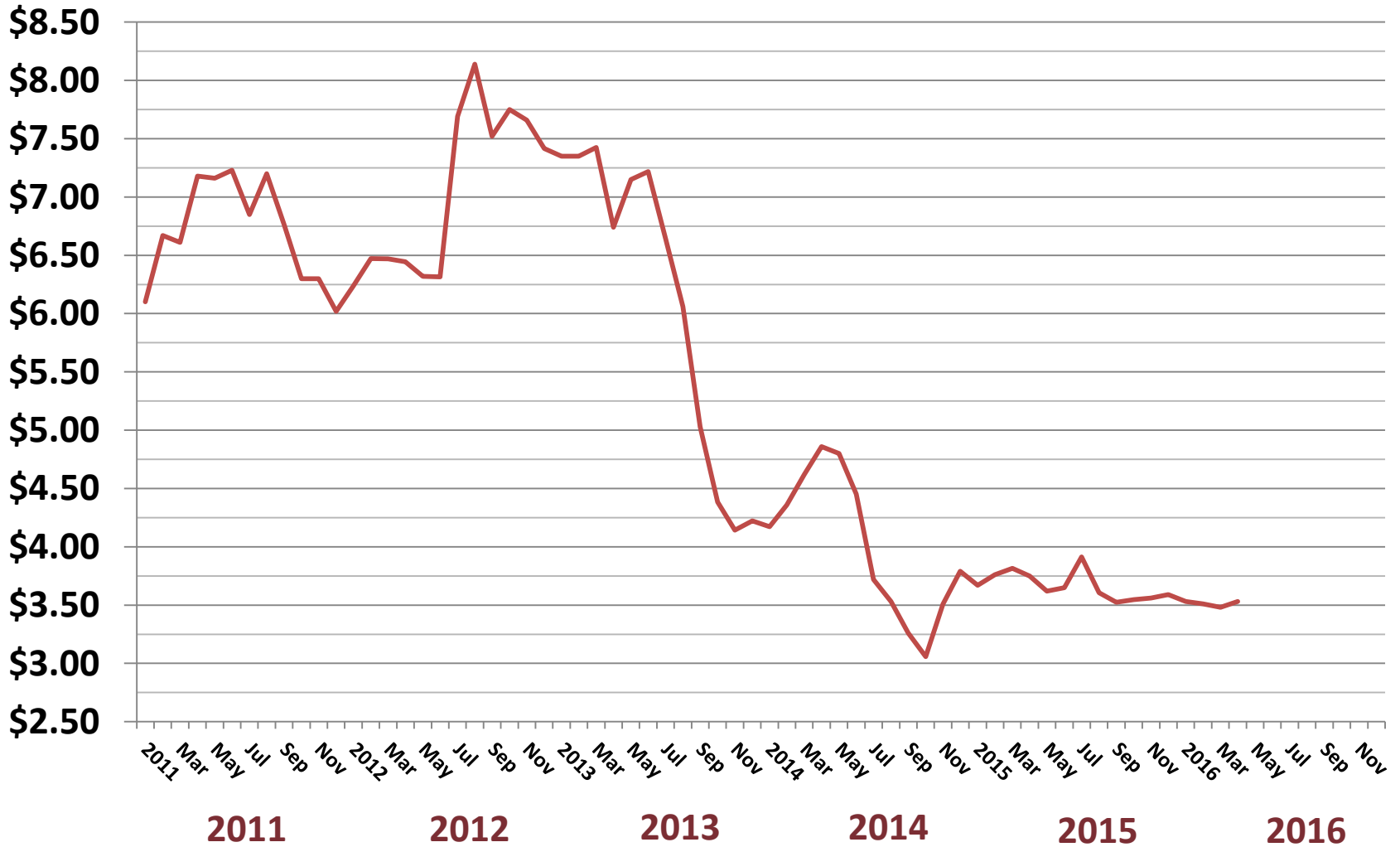
Ten Year Average = 5.653; 2015/16 Projections = 8.224

Production Use Ending Stocks S/U Ratio



As of April 12, 2016, USDA-WAOB

# Cash Corn Price

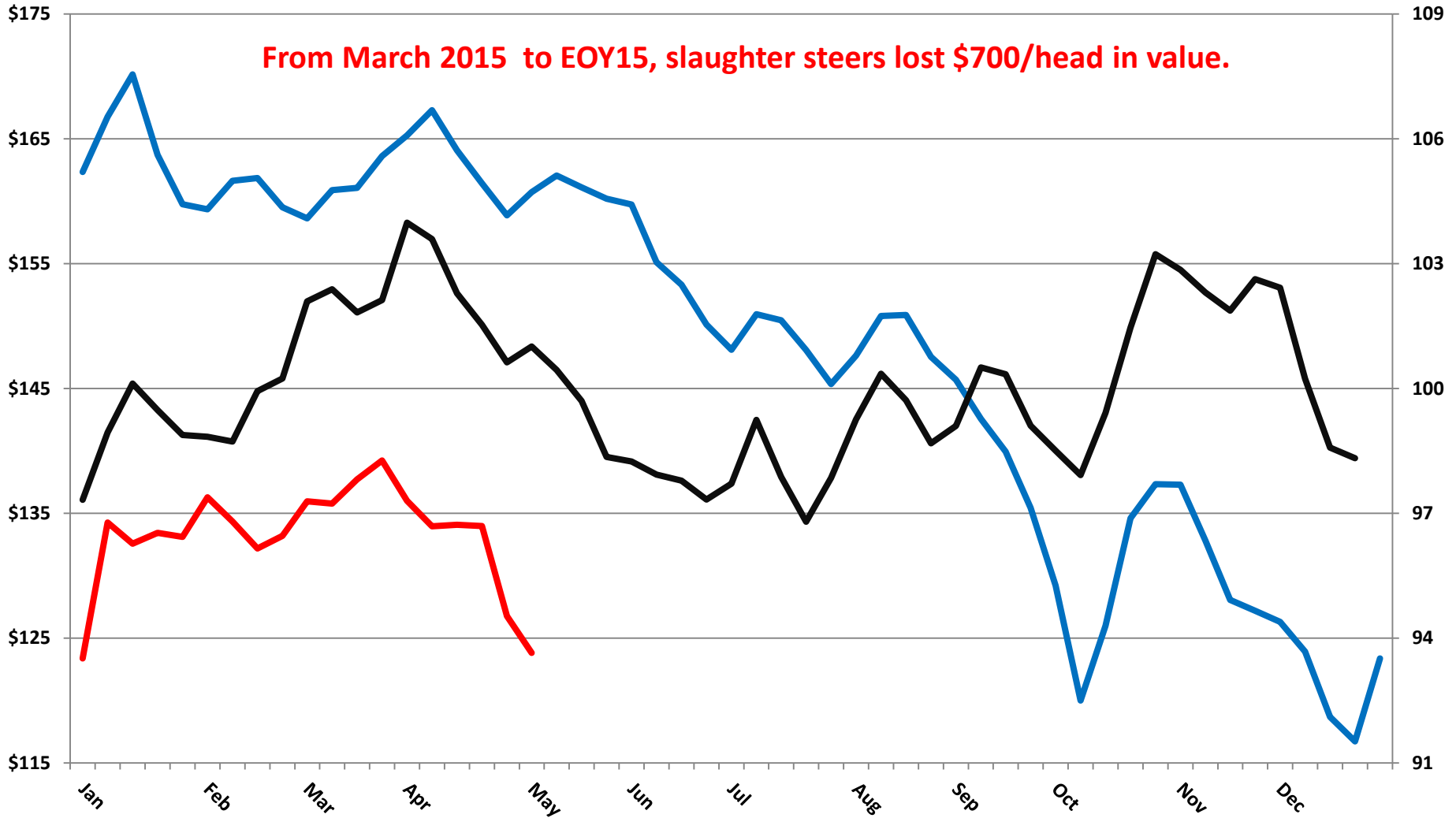


# Cattle & Beef Prices



# Slaughter Steer Prices

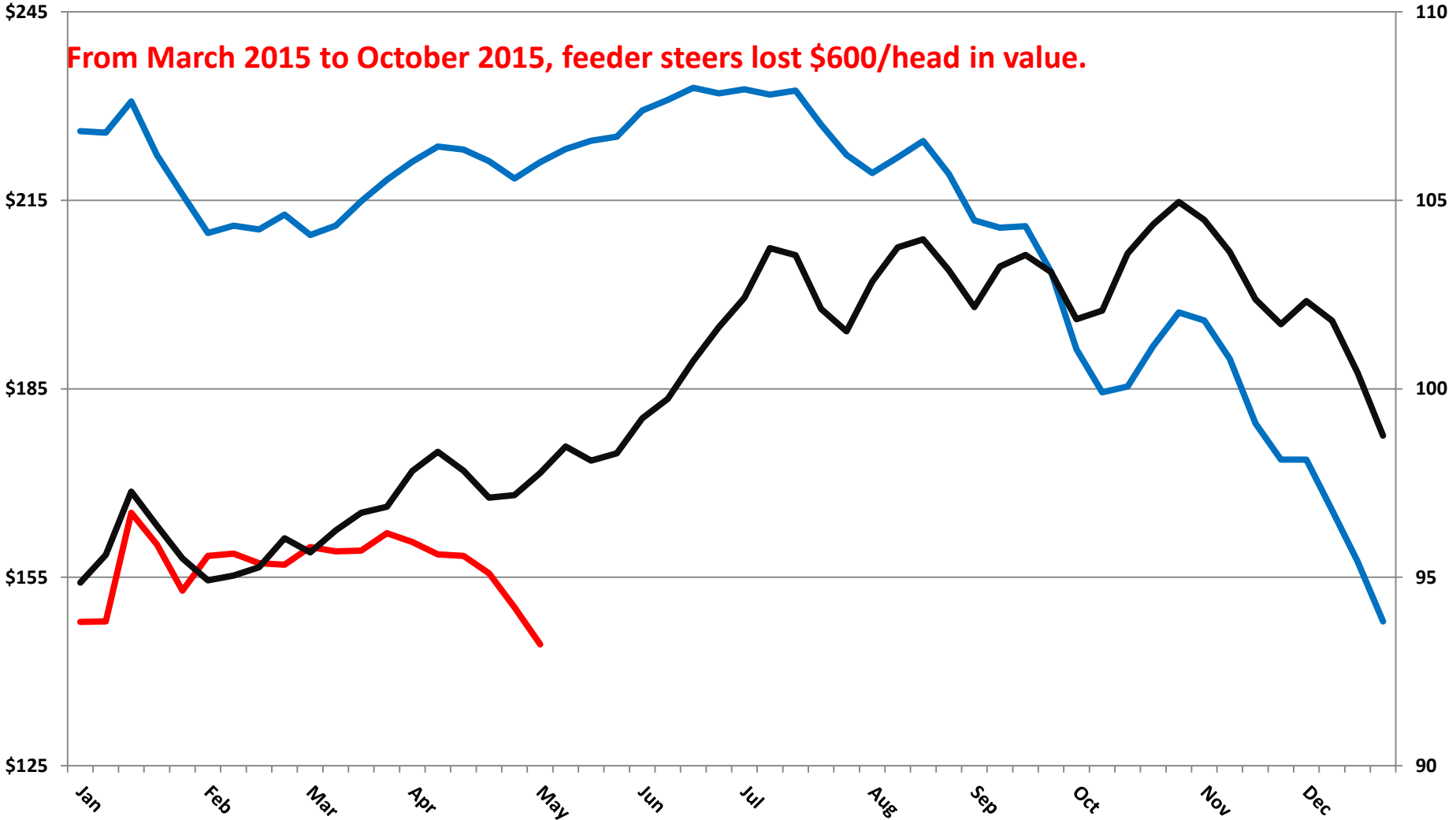
— 2015 — 2016 — 5year — 2014



From March 2015 to EOY15, slaughter steers lost \$700/head in value.

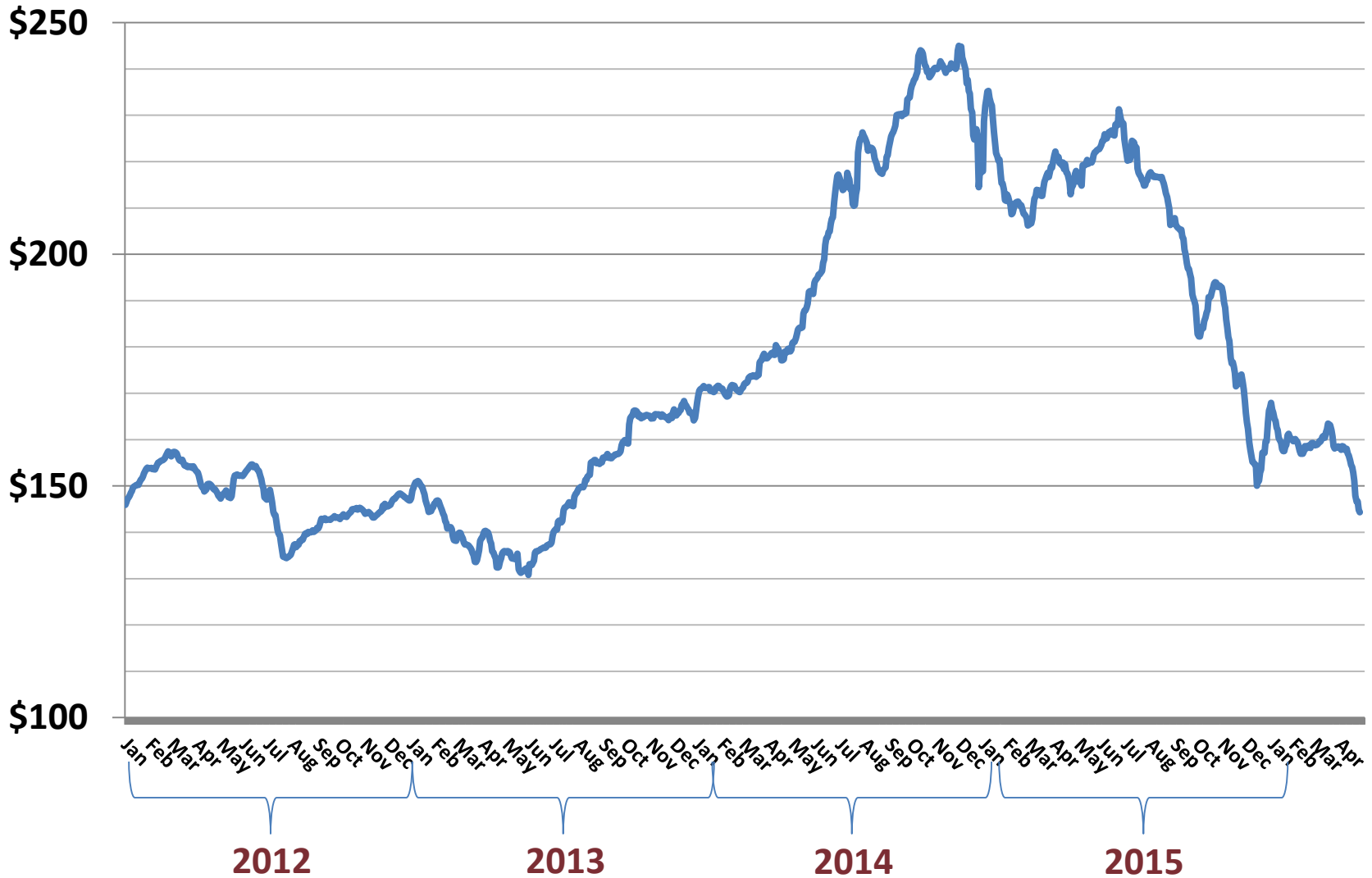
# 750 Lbs Steer Prices

— 2015 — 2016 — 5 Year



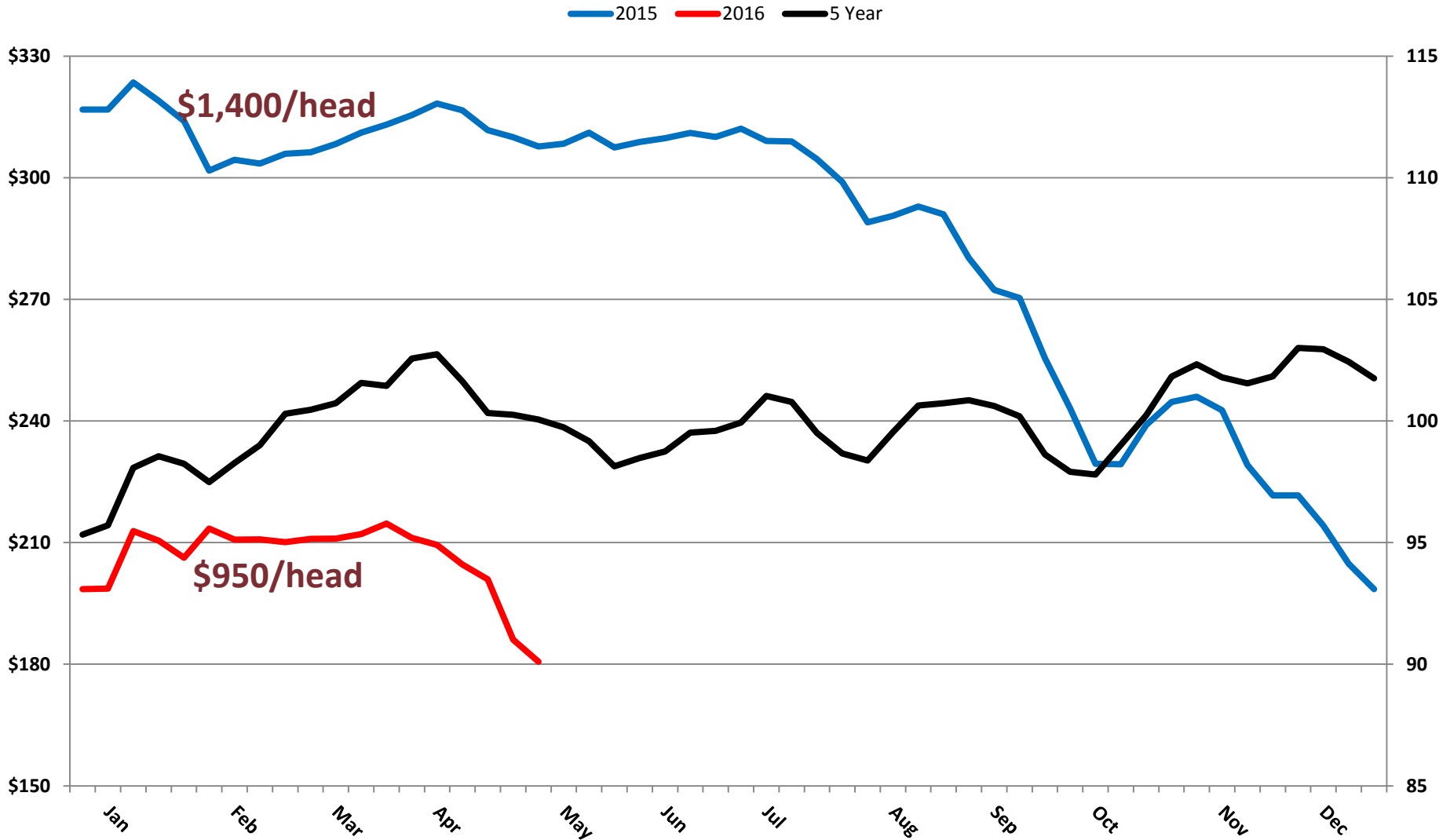
# CME Feeder Cattle Index

650 – 849 pound steers

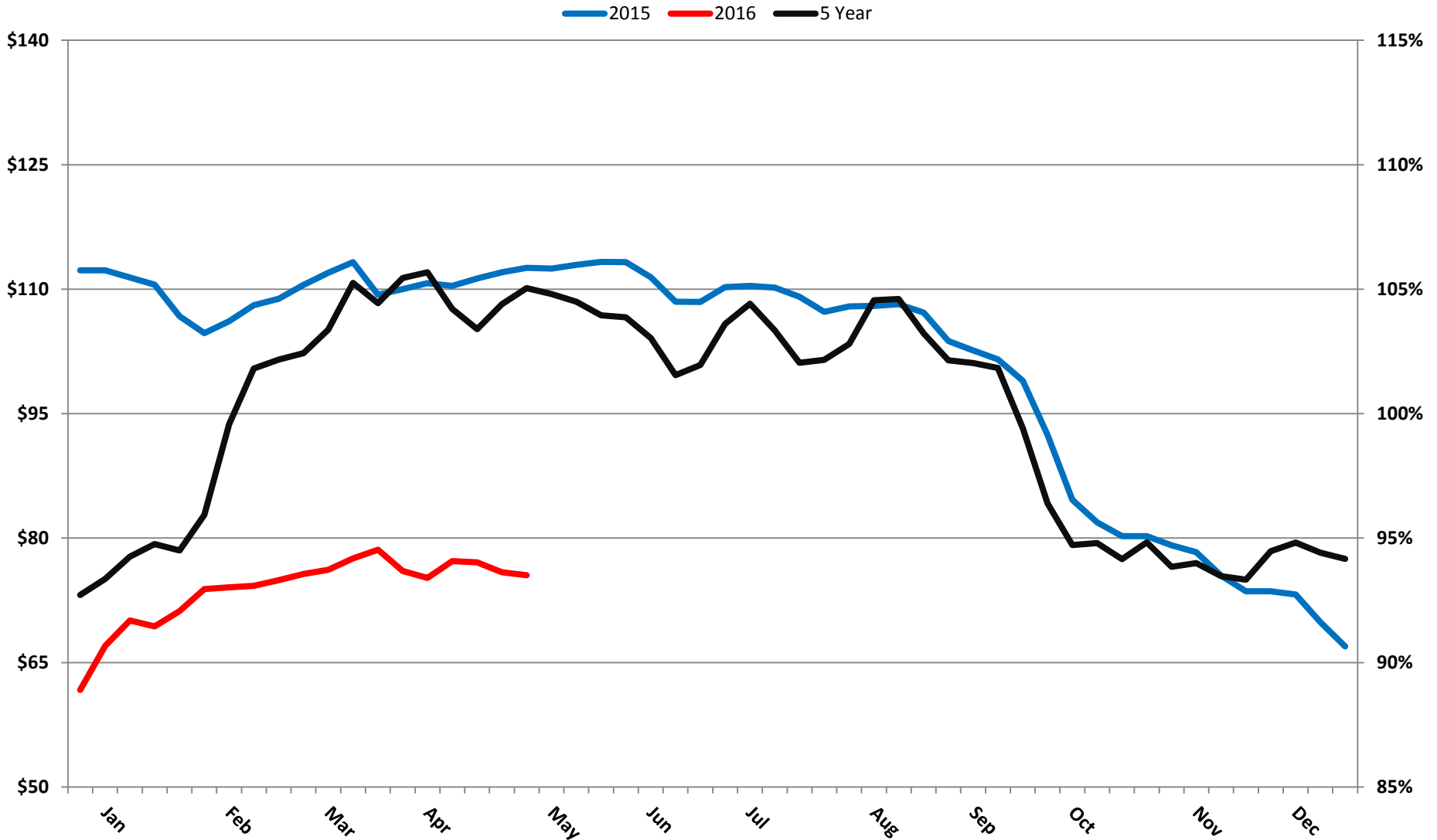




# 450 Lbs Steer Prices

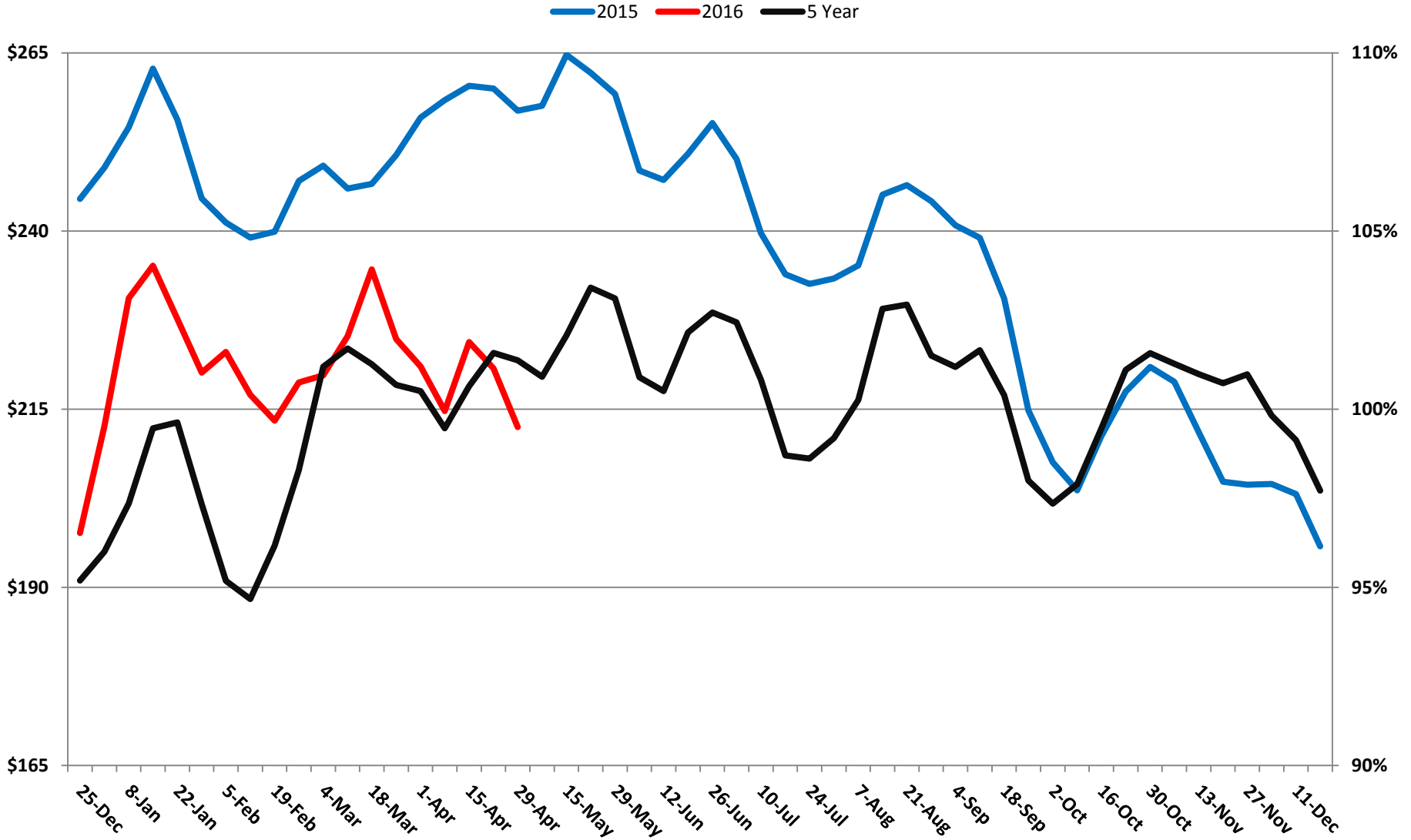


# Utility Cow Prices



Cattle Fax Data

# Boxed Beef Prices

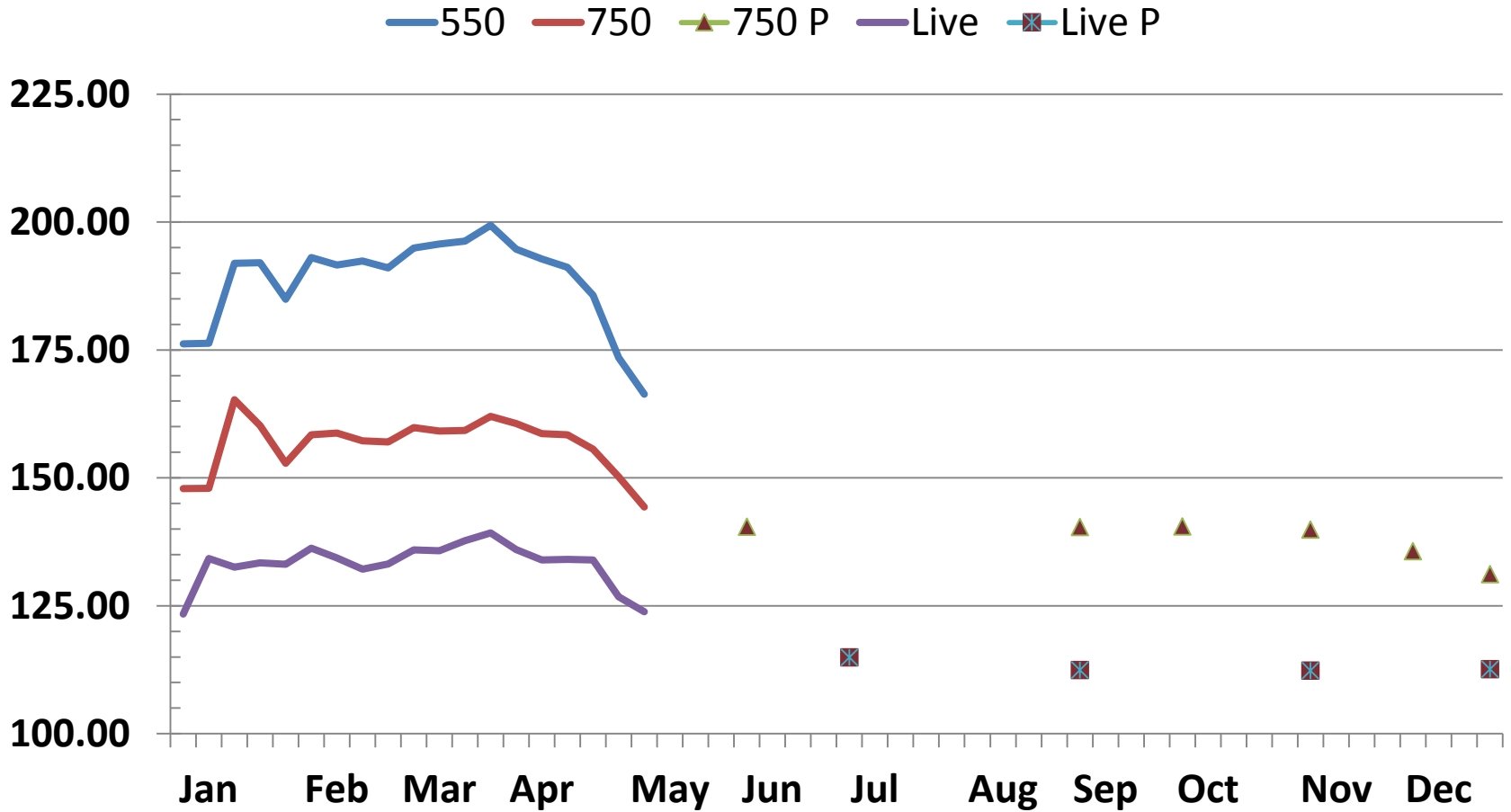


Cattle Fax Data

# What Does All of This Mean to You?



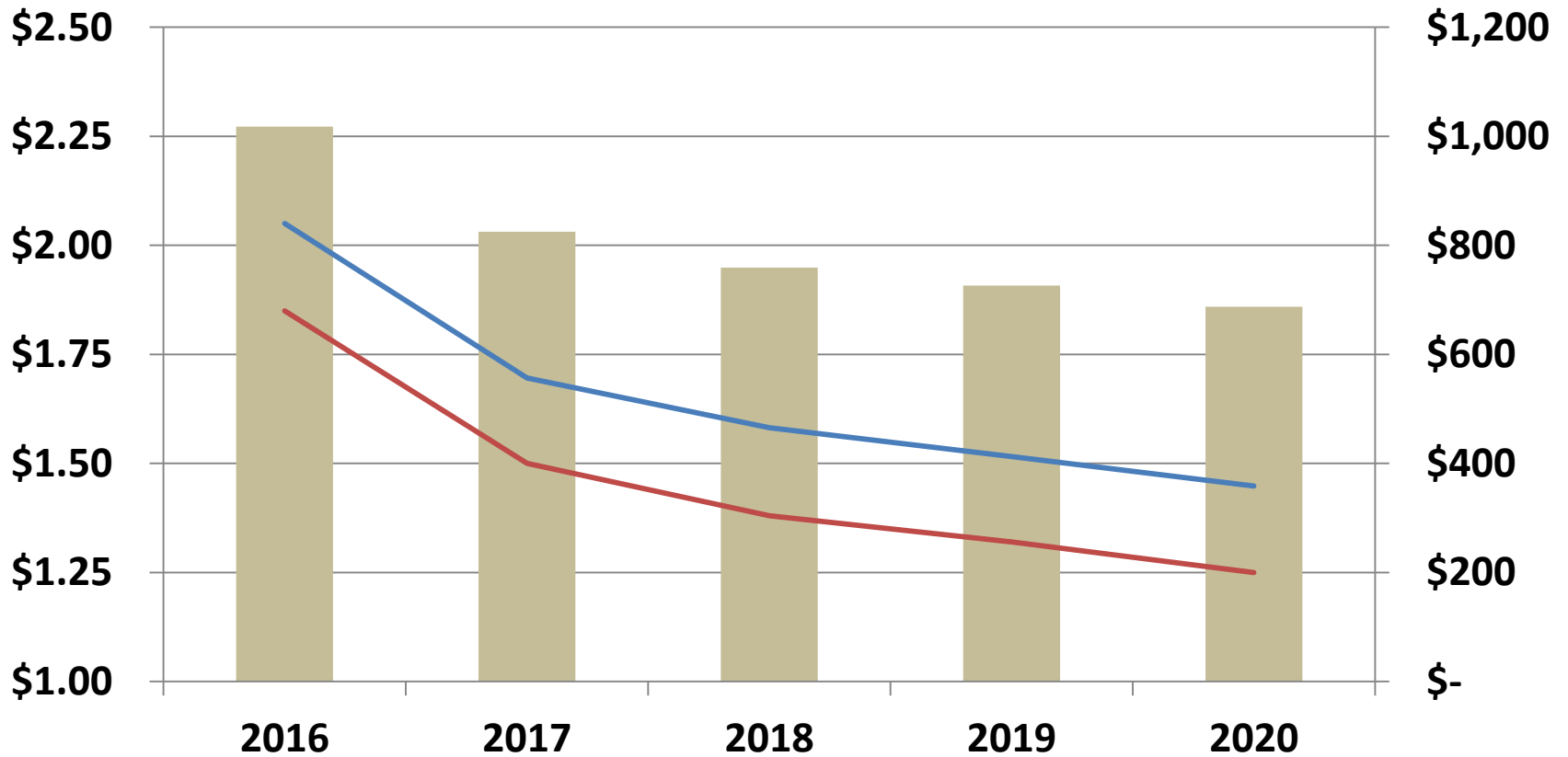
# 2016 Actual/Futures Prices



# Cattle Price Projections

## USDA 2016 Agricultural Outlook Conference Long Term Projections

■ Per Head    — Local Weaned Calves    — 600-650 OKC Steers



# Summary

- Peak prices in 2014.
- Expected prices to slowly decline beginning in 2015;
  - However, October 2015 through April 2016 was very problematic.
  - Beef market continues to work itself out of this
- Feed (corn & hay) should be plentiful.
- Beef demand continues to be strong
- Beef exports being hampered by strength of the US dollar, but may be changing.
- Longer term, expect lower prices for the next three years; question is where is the bottom?



# Questions/Comments



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