

# Cattle and Beef Markets: Short and Long Run Challenges and Opportunities



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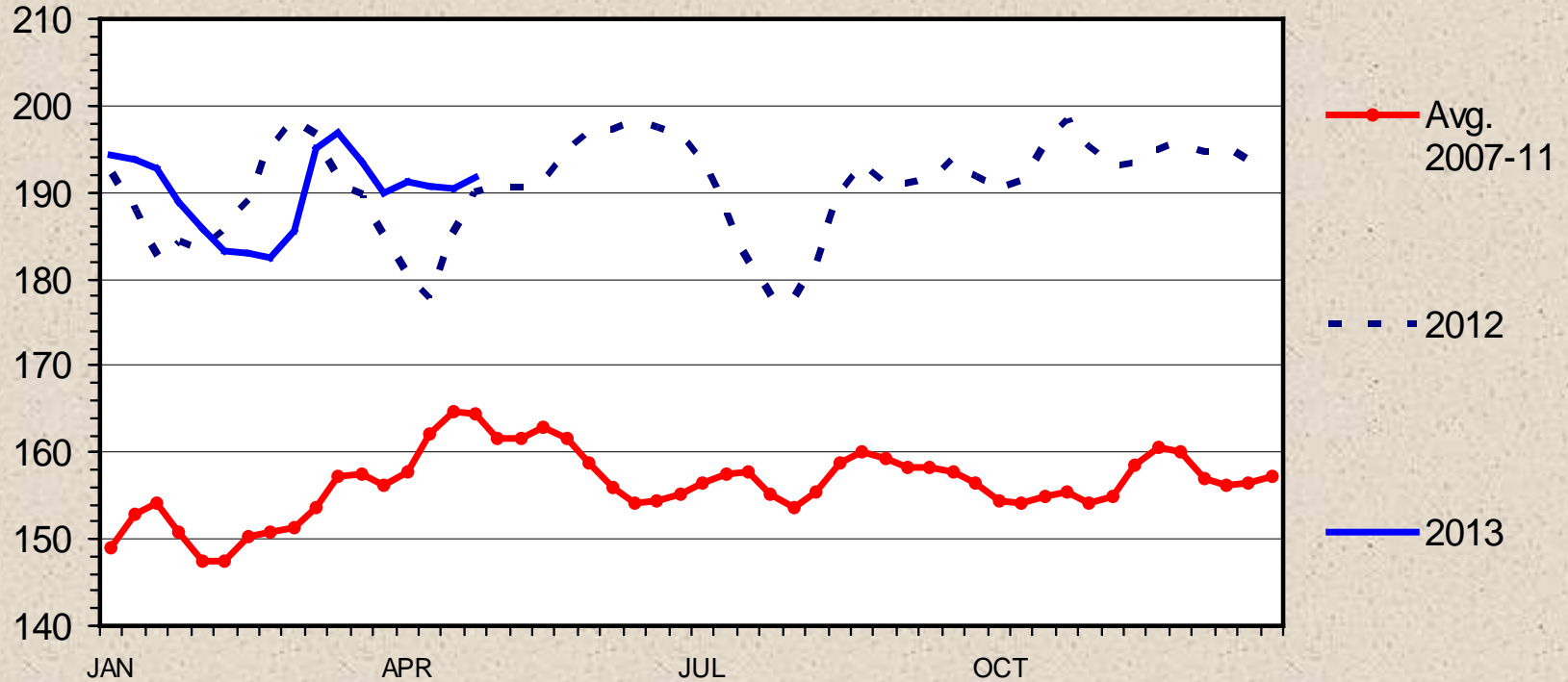
# Major Beef Market Factors

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

# BOXED BEEF CUTOUT VALUE

Choice 600-900 Lbs. Carcass, Weekly

\$ Per Cwt.



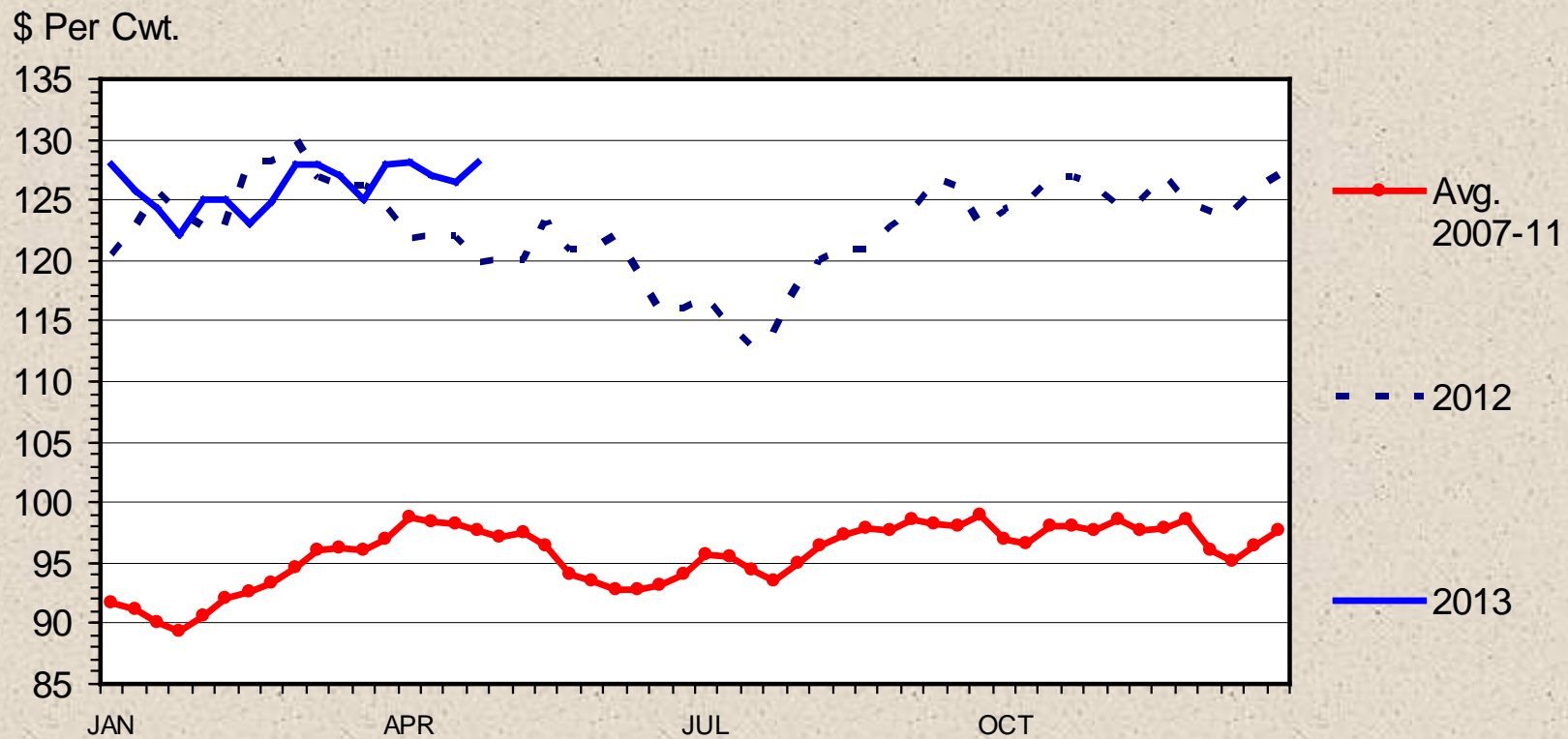
Livestock Marketing Information Center

Data Source: USDA-AMS

C-P-62  
04/29/13

# SLAUGHTER STEER PRICES

## Southern Plains, Weekly



Livestock Marketing Information Center

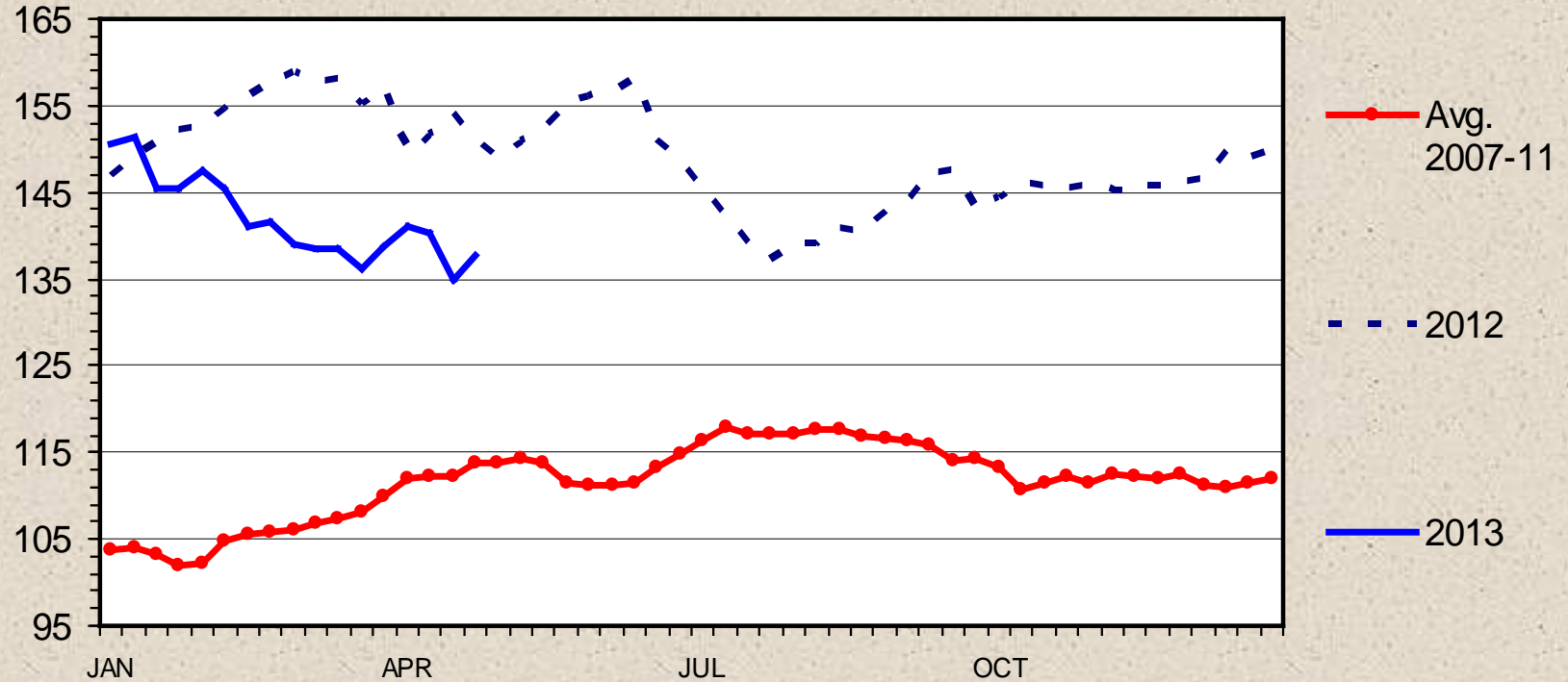
Data Source: USDA-AMS

C-P-52  
04/29/13

# MED. & LRG. #1 FEEDER STEER PRICES

700-800 Pounds, Southern Plains, Weekly

\$ Per Cwt.



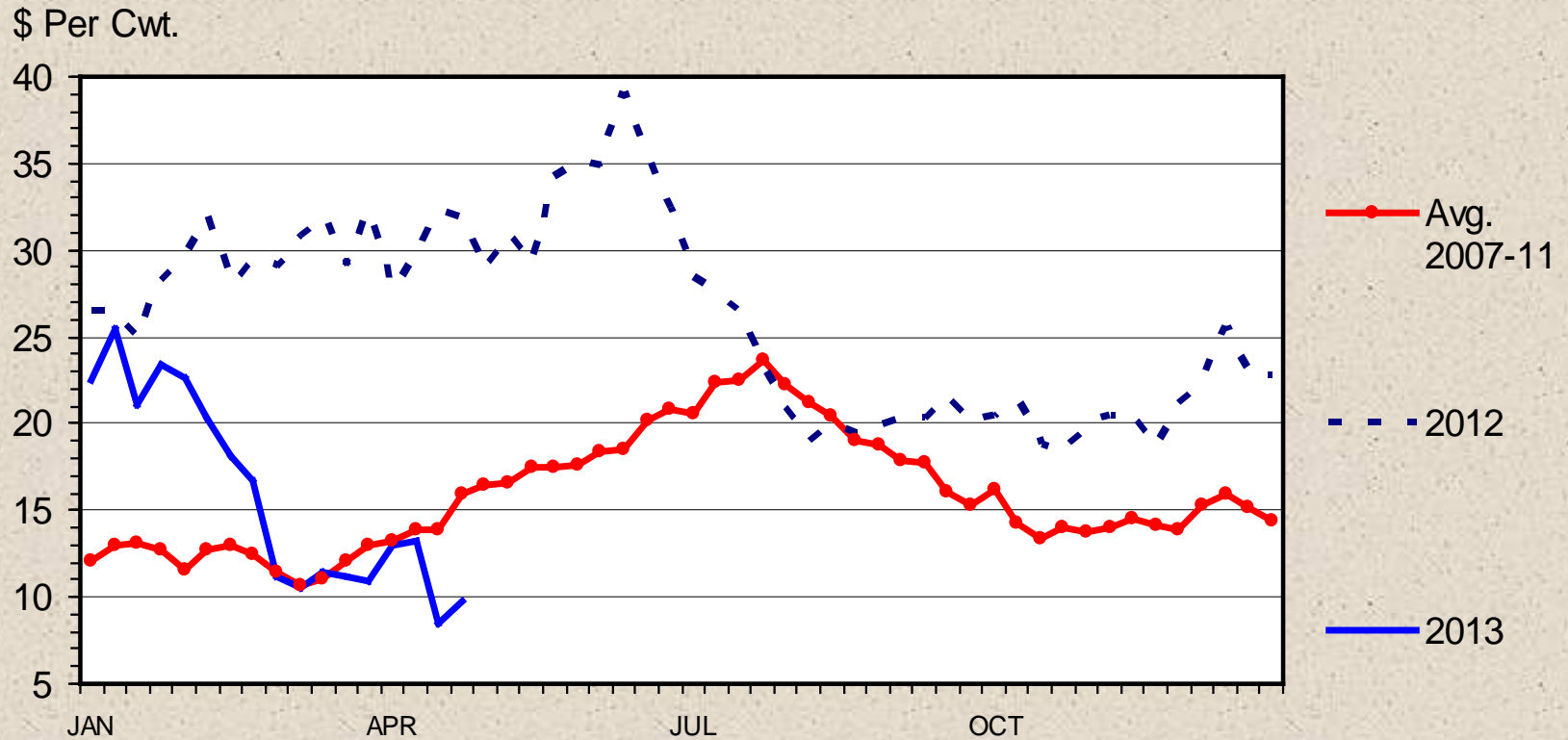
Livestock Marketing Information Center

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

C-P-49  
04/29/13

# FEEDER STEER vs FED STEER PRICES

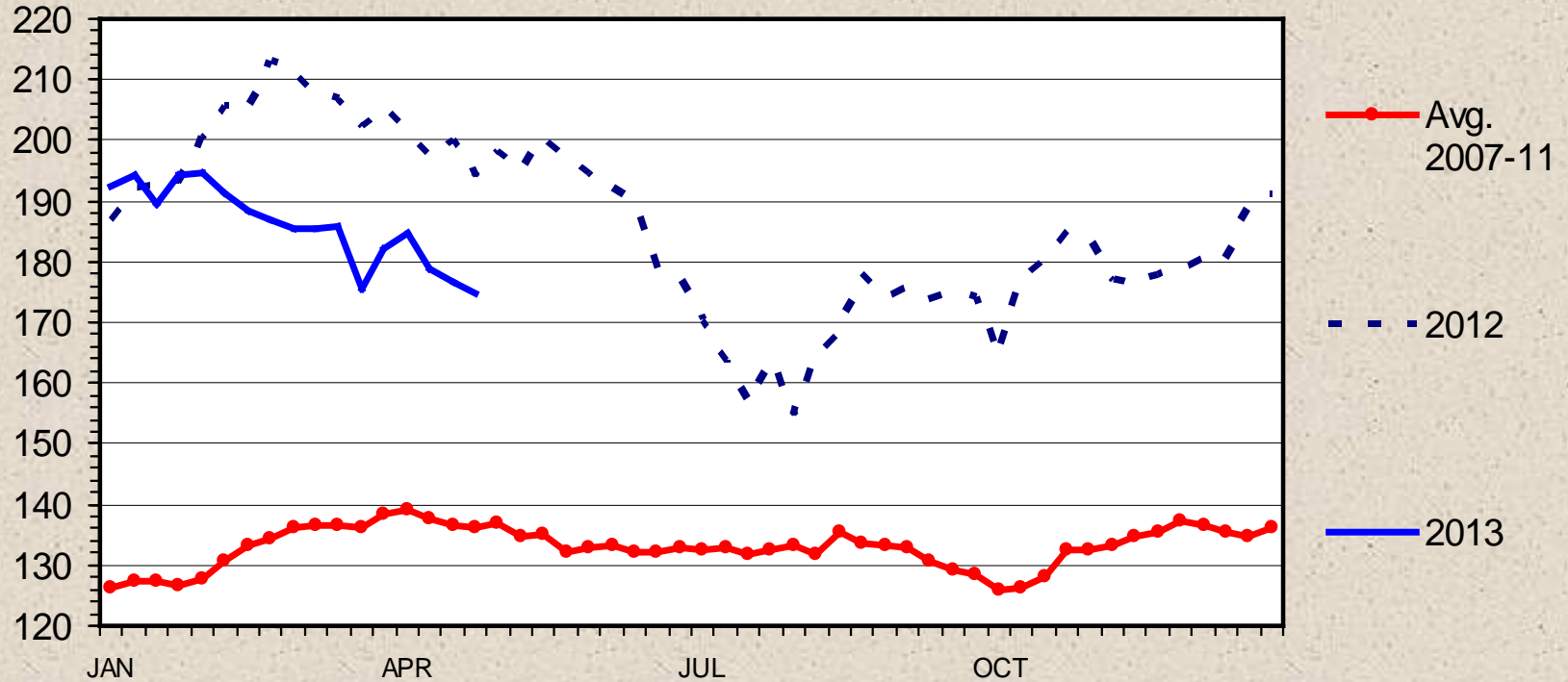
700-800 Lbs. Minus Slaughter Steer, S. Plains, Weekly



# MED. & LRG. #1 STEER CALF PRICES

400-500 Pounds, Southern Plains, Weekly

\$ Per Cwt.



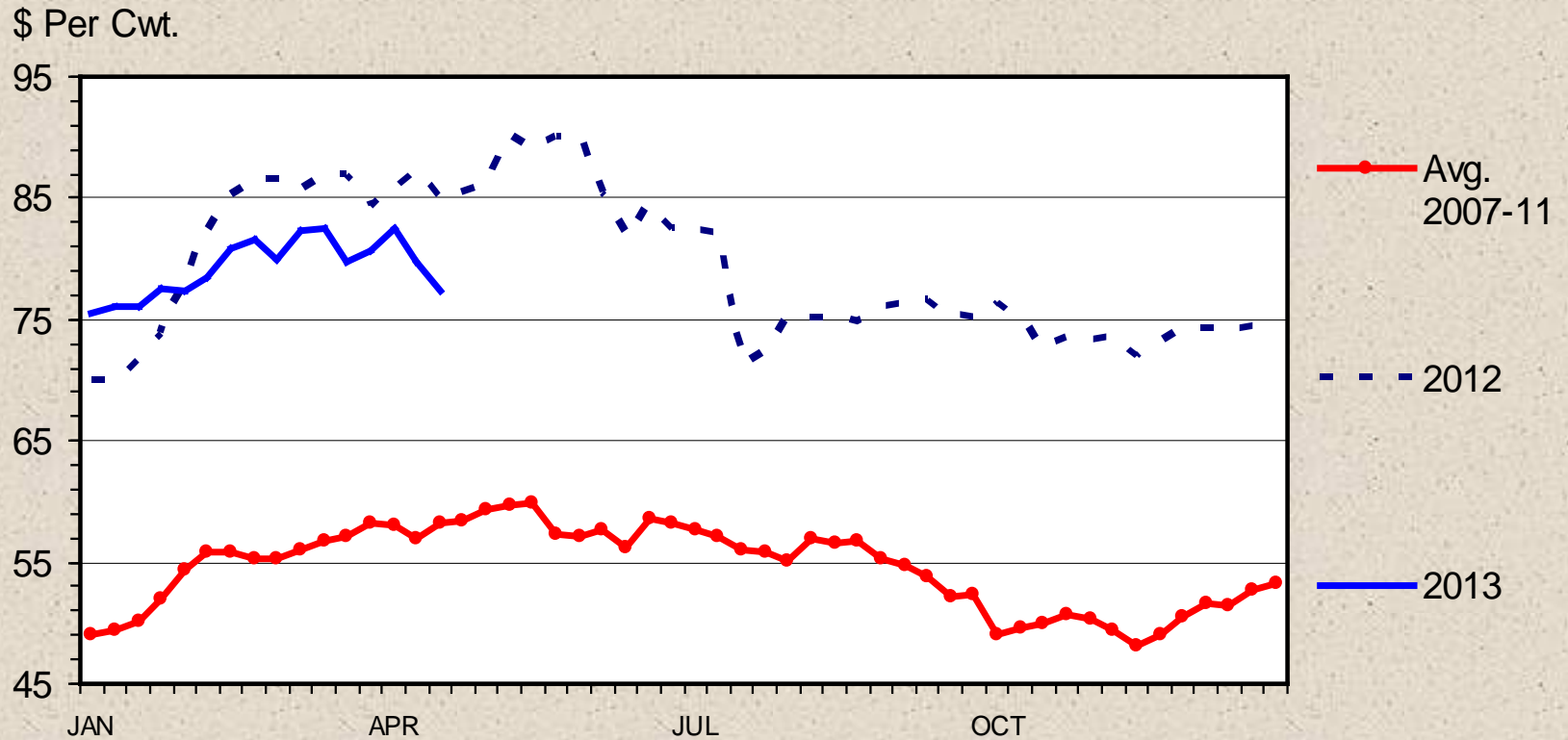
Livestock Marketing Information Center

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

C-P-49A  
04/29/13

# SLAUGHTER COW PRICES

## Southern Plains, 85-90% Lean, Weekly



Livestock Marketing Information Center

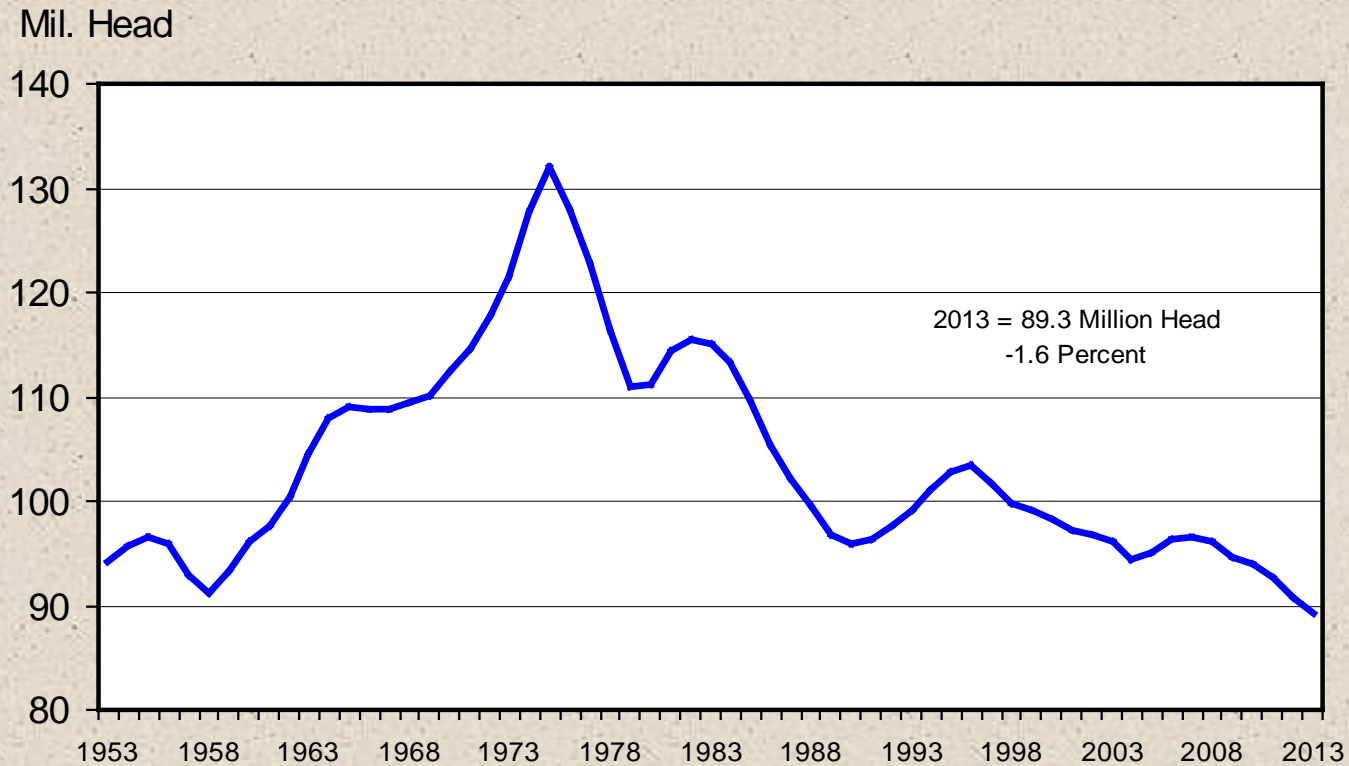
Data Source: USDA-AMS

C-P-35  
04/29/13



# JANUARY 1 TOTAL CATTLE INVENTORY

## U.S., Annual



Livestock Marketing Information Center

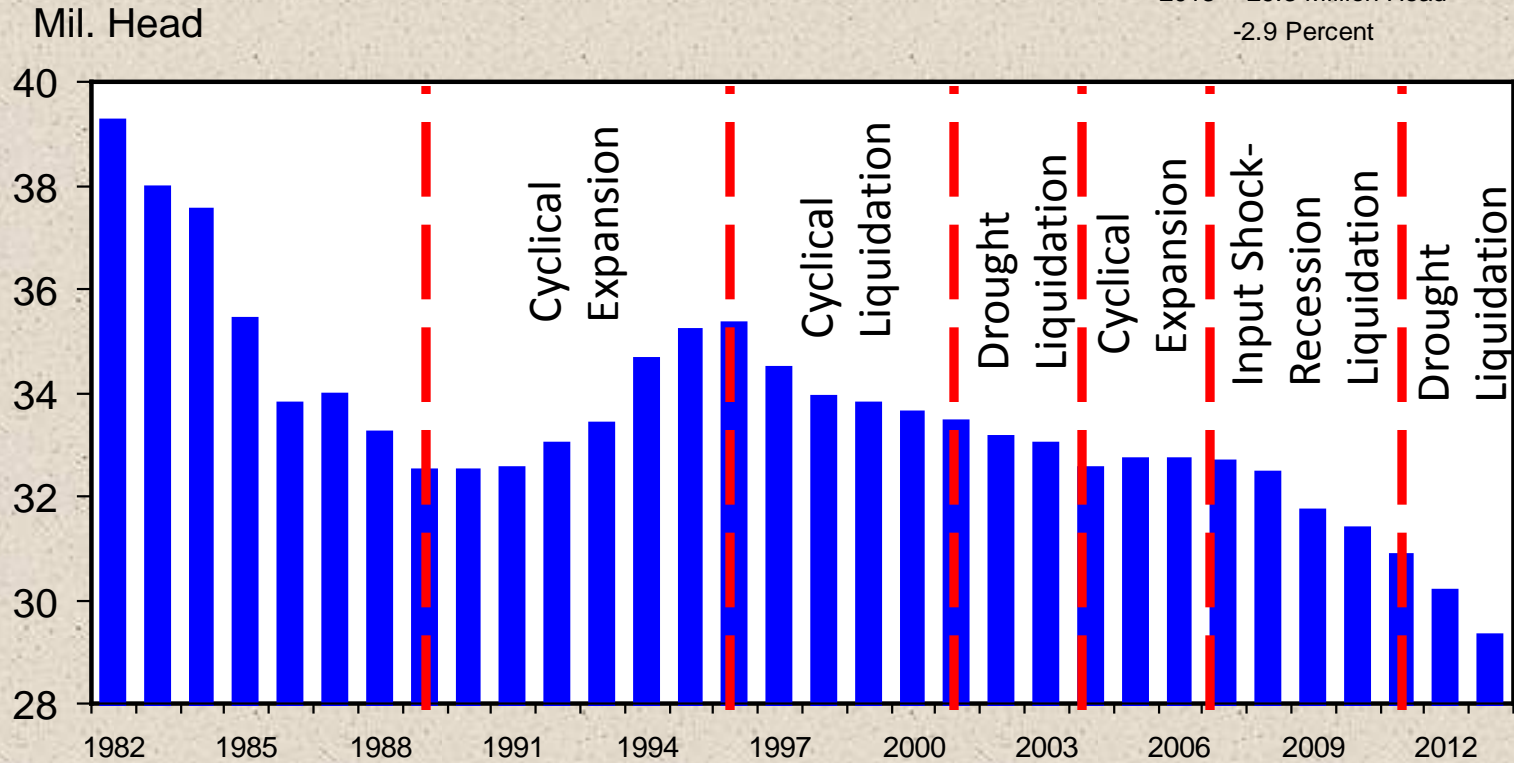
Data Source: USDA-NASS

C-N-01  
02/04/13

# JANUARY 1 BEEF COW INVENTORY

U.S., Annual

2013 = 29.3 Million Head  
-2.9 Percent



Livestock Marketing Information Center

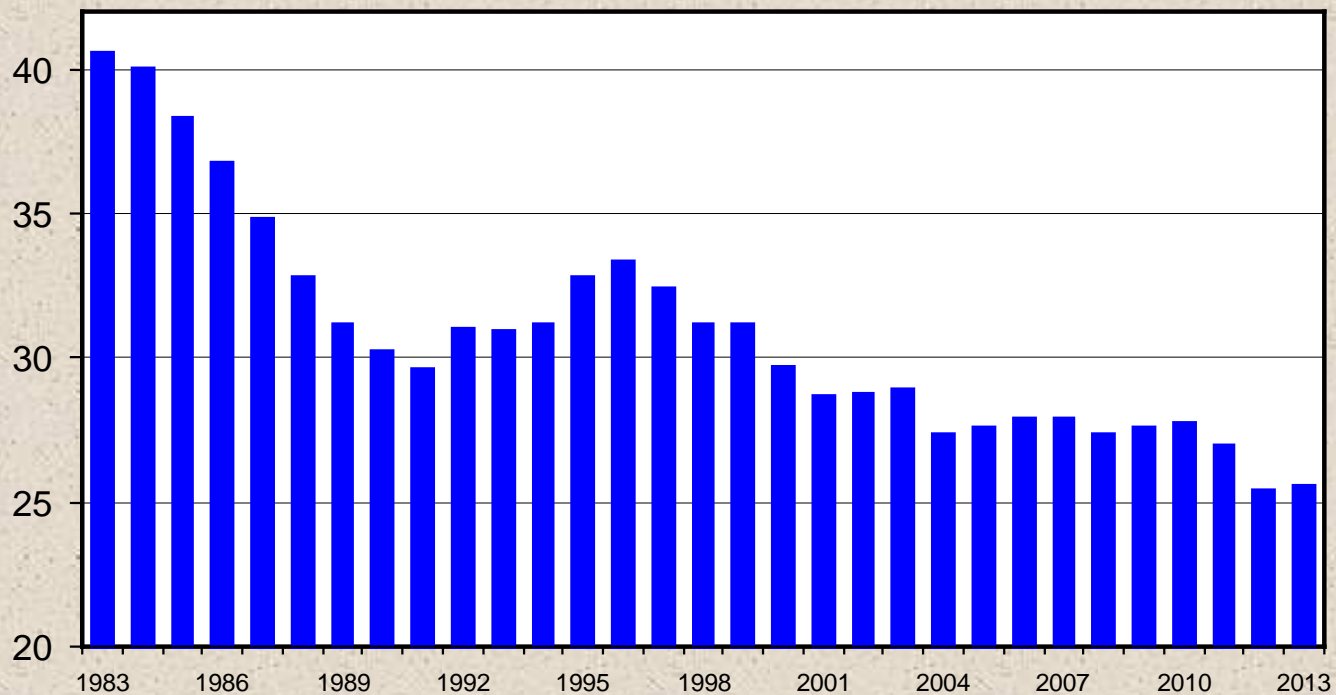
Data Source: USDA-NASS

C-N-02  
01/29/12

# JANUARY 1 FEEDER CATTLE SUPPLIES

Residual, Outside Feedlots, U.S.

Mil. Head



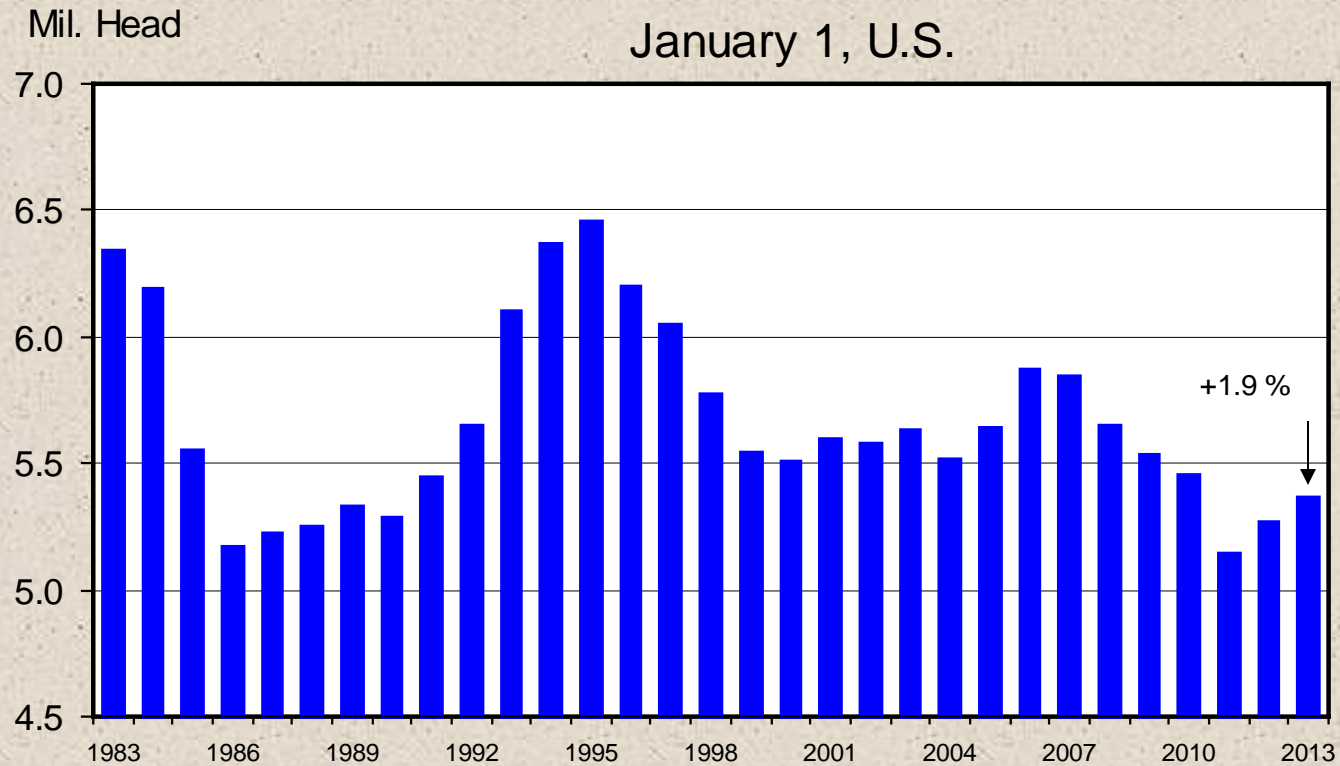
Livestock Marketing Information Center

Data Source: USDA-NASS

C-N-30  
02/04/13

# HEIFERS HELD AS BEEF COW REPLACEMENTS

January 1, U.S.



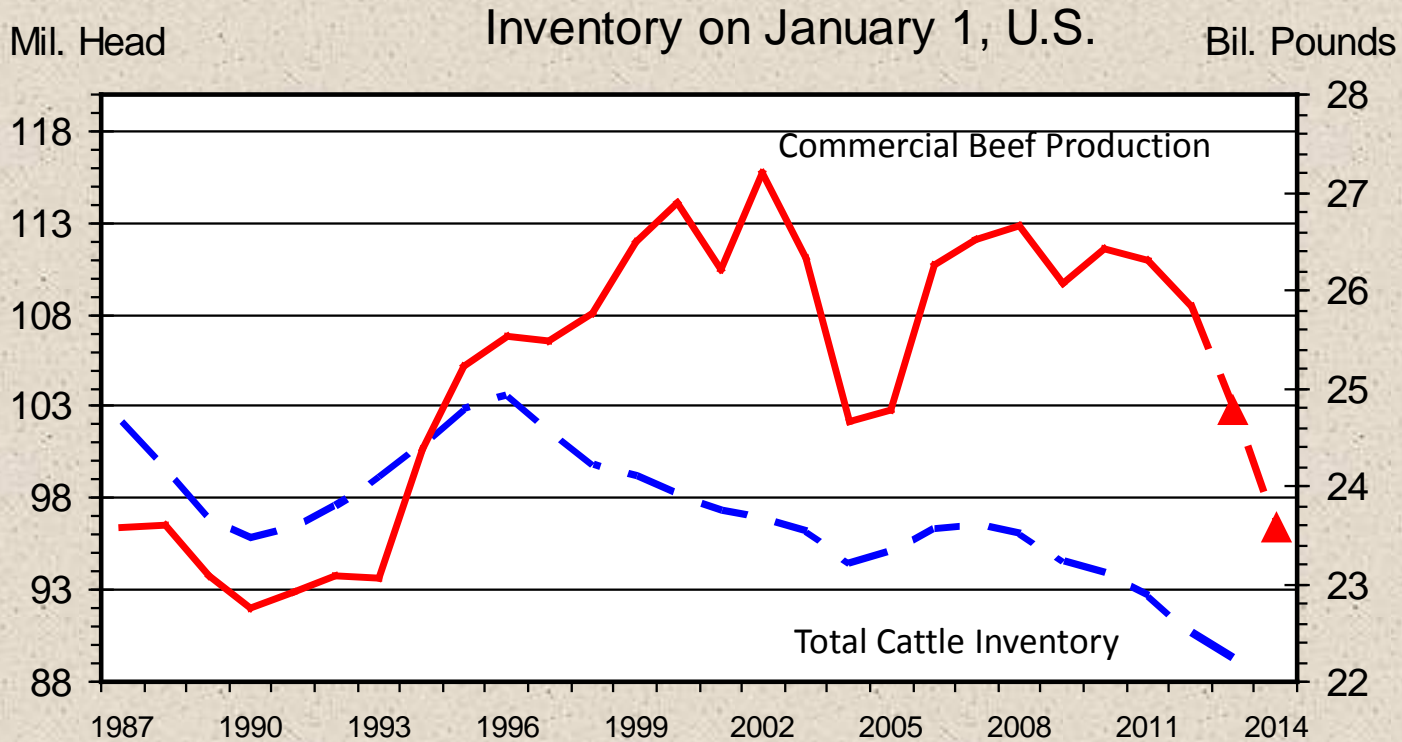
+1.9 %

C-N-38  
02/04/13

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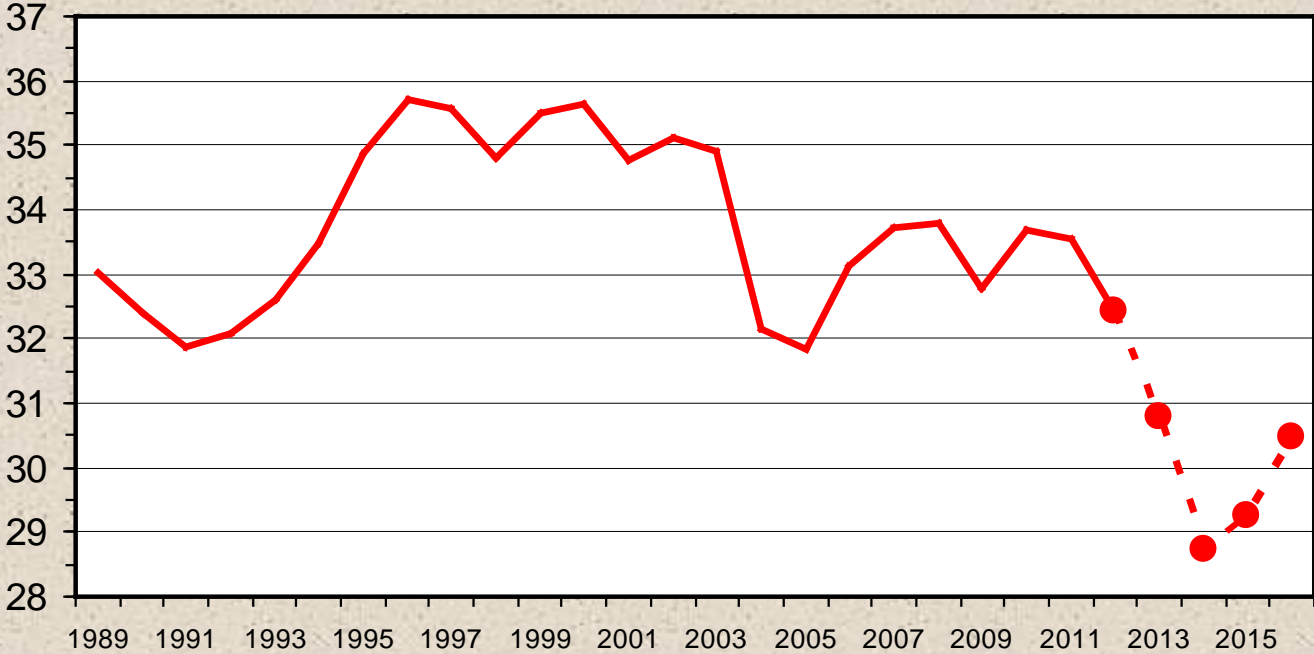
Data Source: USDA-NASS

# BEEF PRODUCTION vs. CATTLE INVENTORY



# Cattle Slaughter, Annual

Million Head



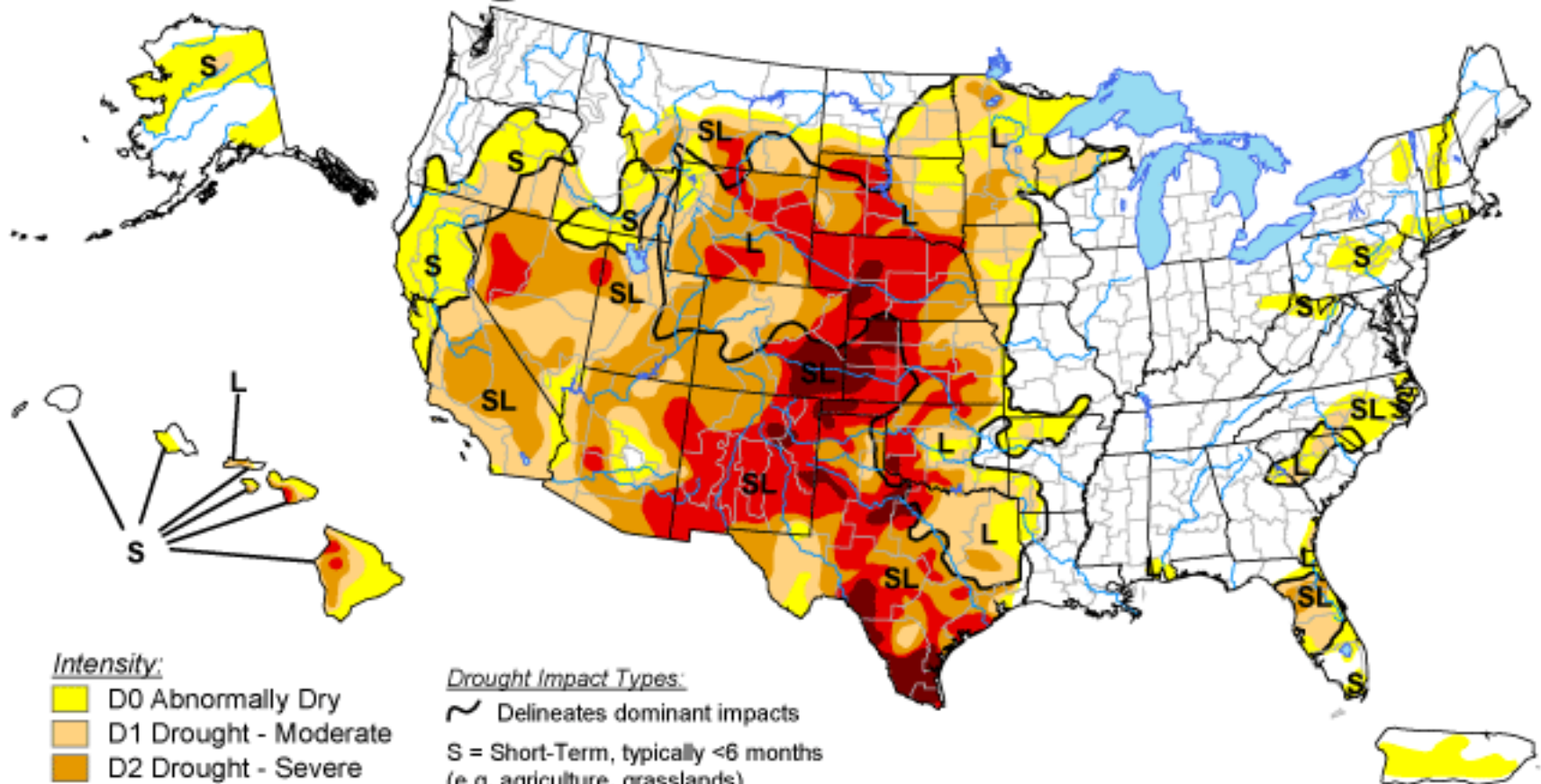
Livestock Marketing Information Center

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






M-S-03A  
01/29/13

# U.S. Drought Monitor


April 23, 2013  
Valid 7 a.m. EDT



## Intensity:

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

## Drought Impact Types:

-  Delineates dominant impacts
- S = Short-Term, typically <6 months (e.g. agriculture, grasslands)
- L = Long-Term, typically >6 months (e.g. hydrology, ecology)

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

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

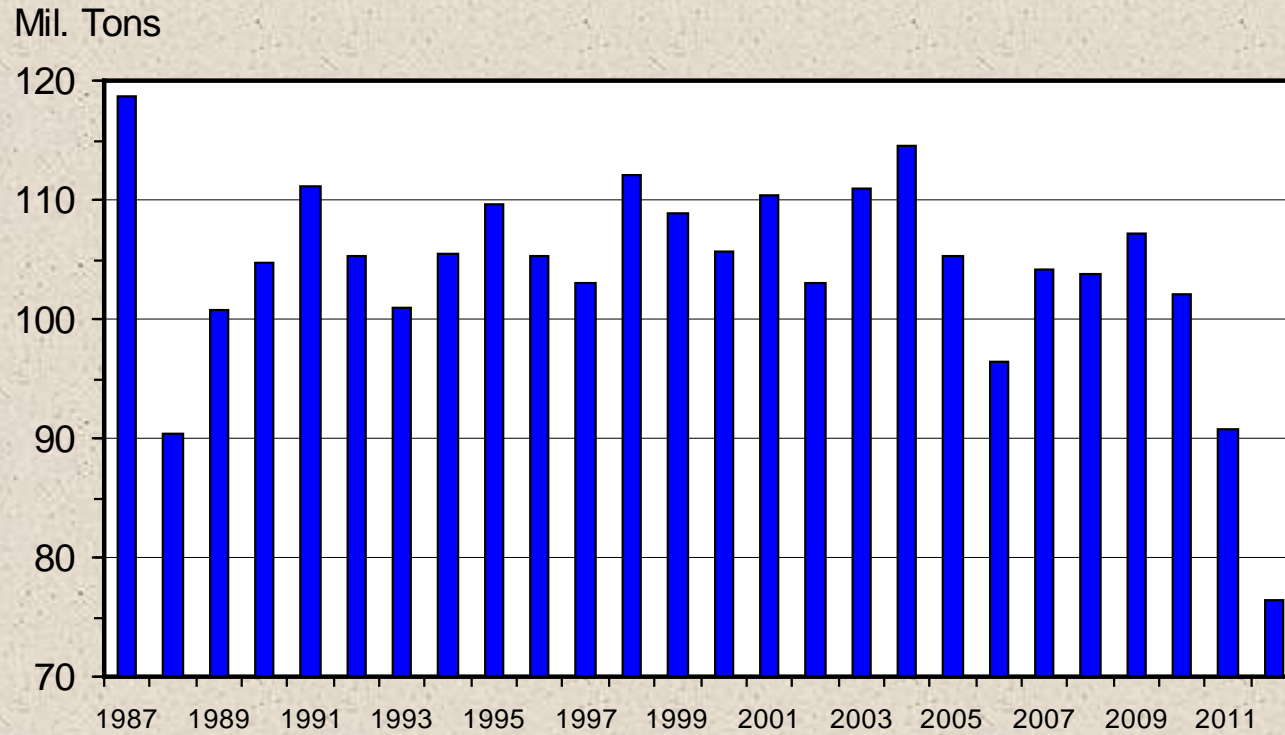


**Released Thursday, April 25, 2013**

**Author: Eric Luebehusen, U.S. Department of Agriculture**

# U S ALL HAY STOCKS

December 1



Livestock Marketing Information Center

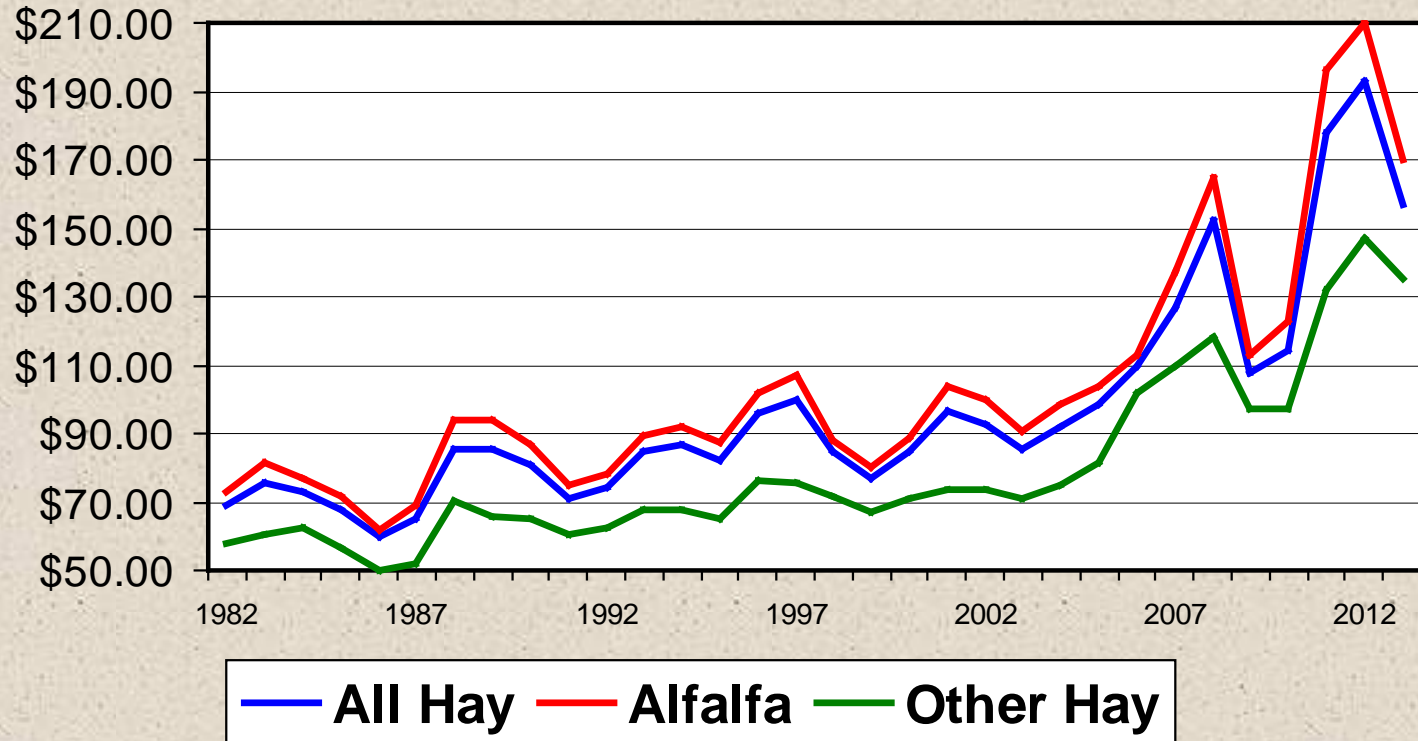
Data Source: USDA-NASS, Compiled & Forecasts by LMIC

G-NP-22

01/11/13

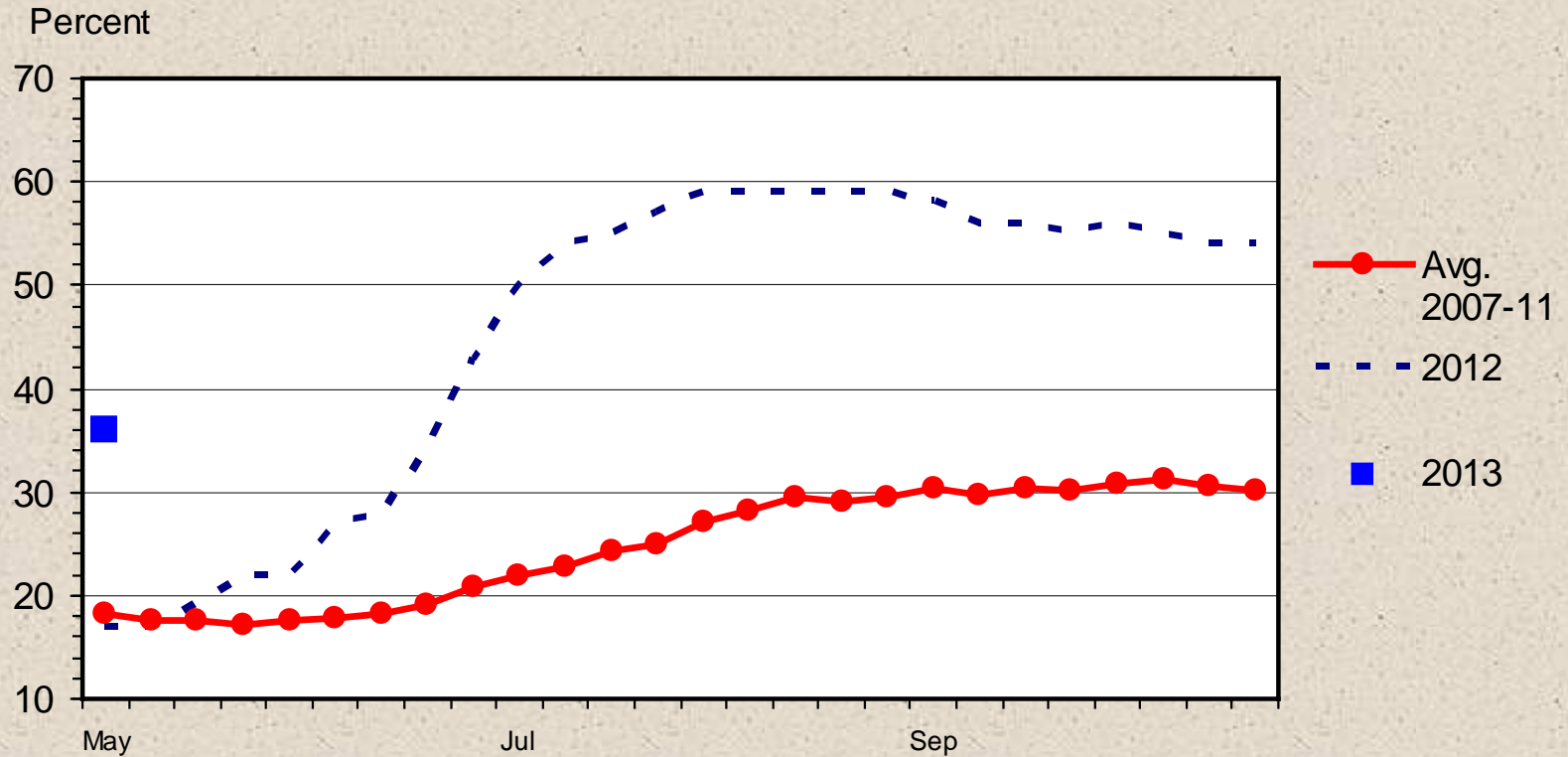


# Hay Price, \$/ton



# US RANGE AND PASTURE CONDITION

Percent Poor and Very Poor, Weekly

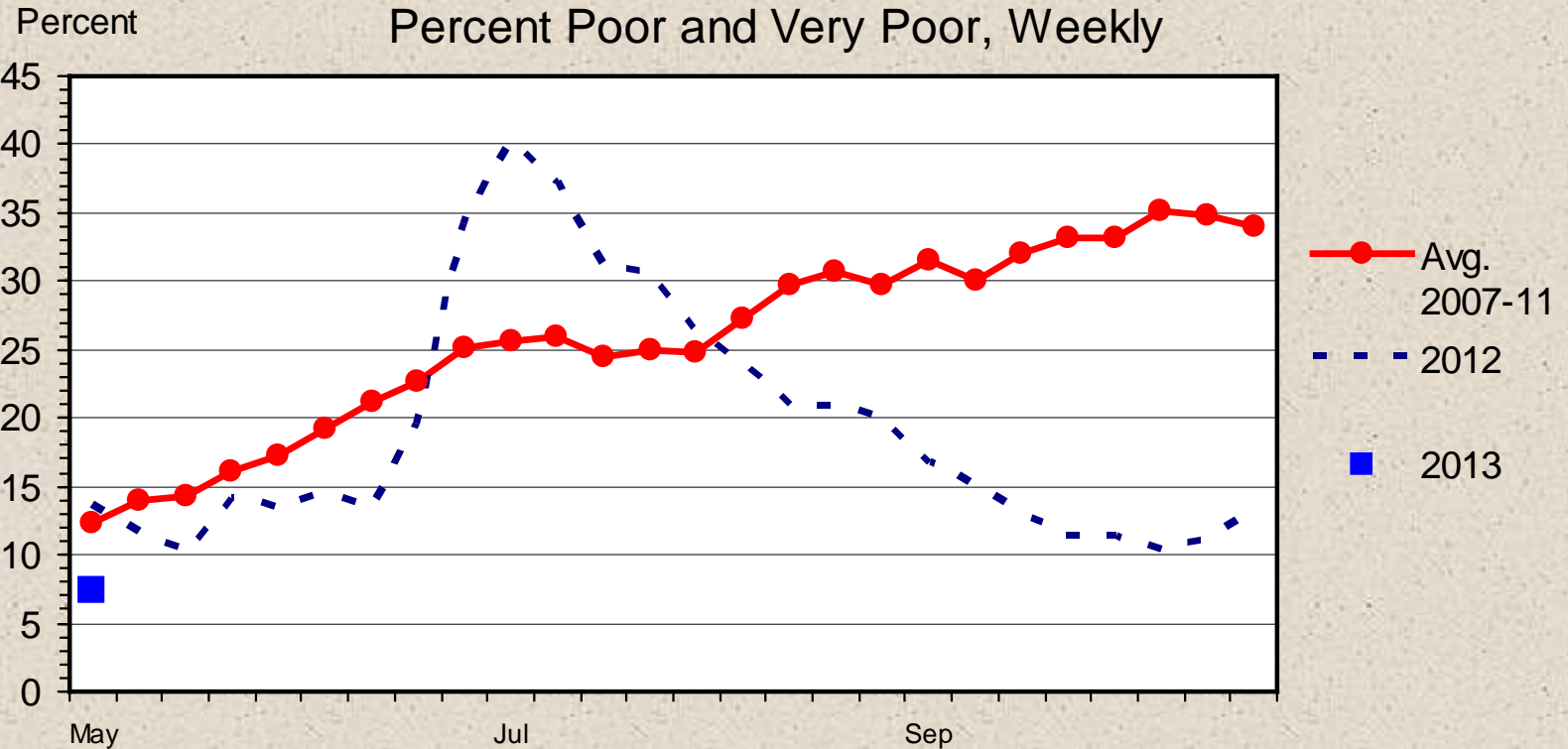


G-NP-30  
05/06/13

Livestock Marketing Information Center

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

# SOUTHEAST REGION RANGE AND PASTURE CONDITION

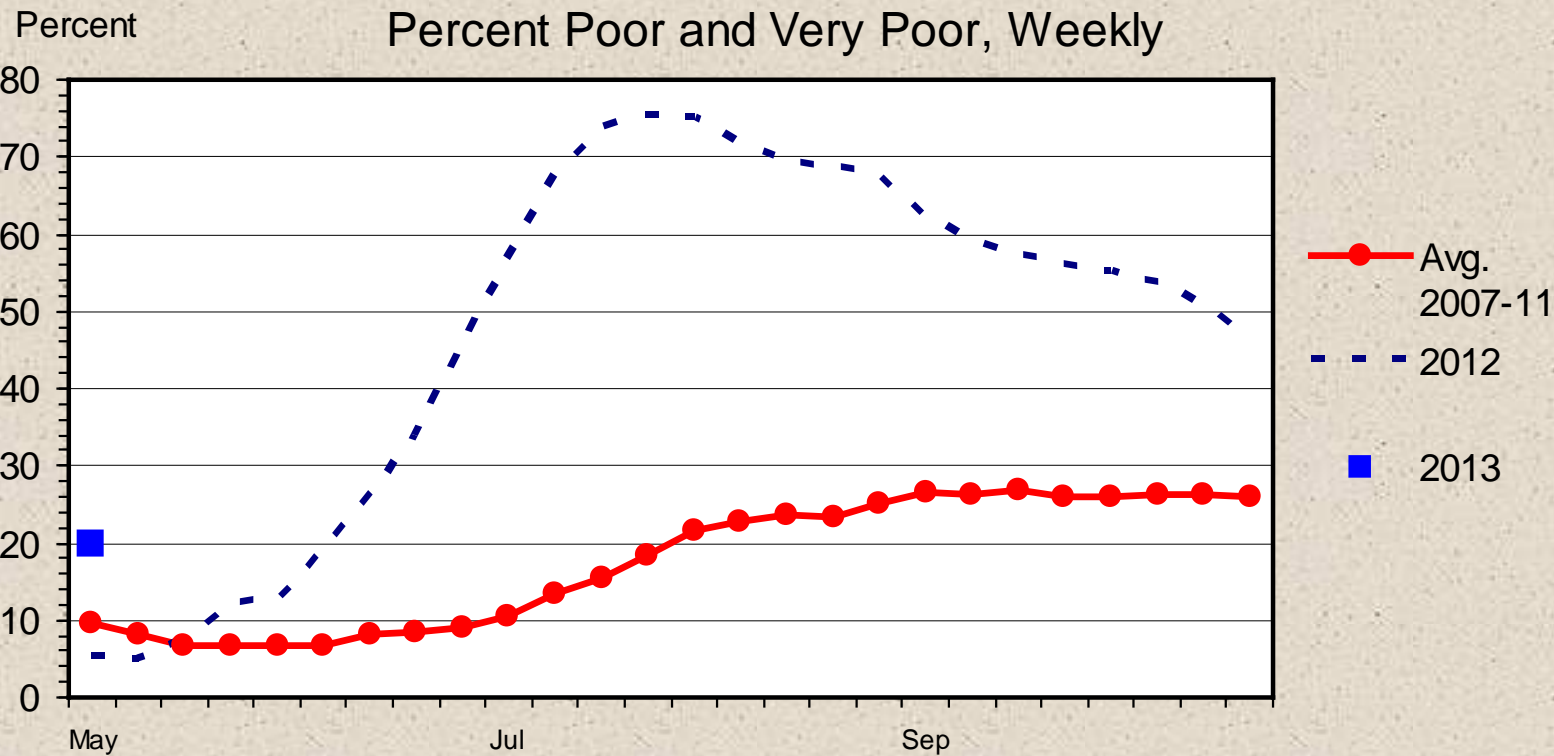


G-NP-36  
05/06/13

Livestock Marketing Information Center

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

# CORNBELT REGION RANGE AND PASTURE CONDITION



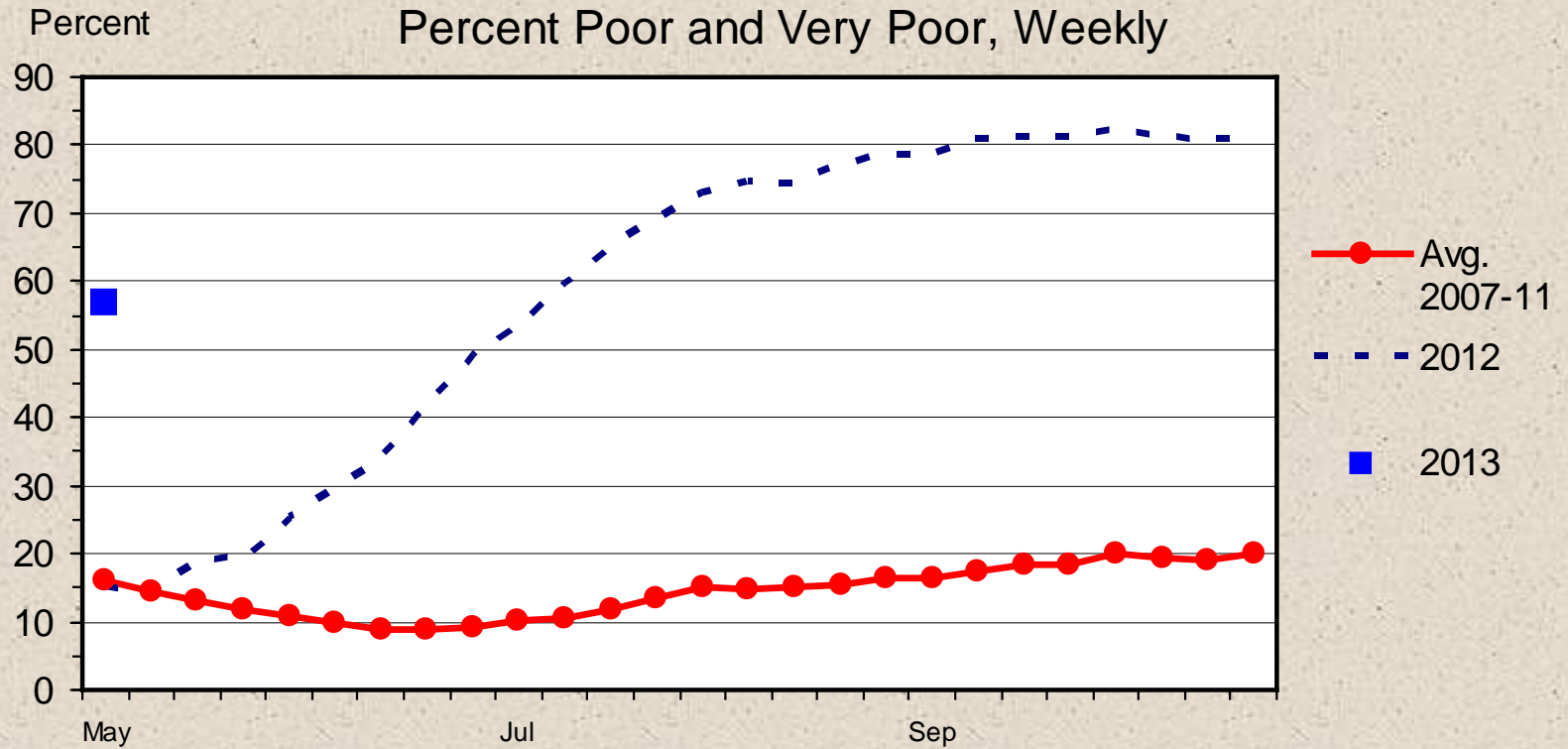
G-NP-34  
05/06/13

Livestock Marketing Information Center

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

# GREAT PLAINS REGION RANGE AND PASTURE CONDITION

Percent Poor and Very Poor, Weekly



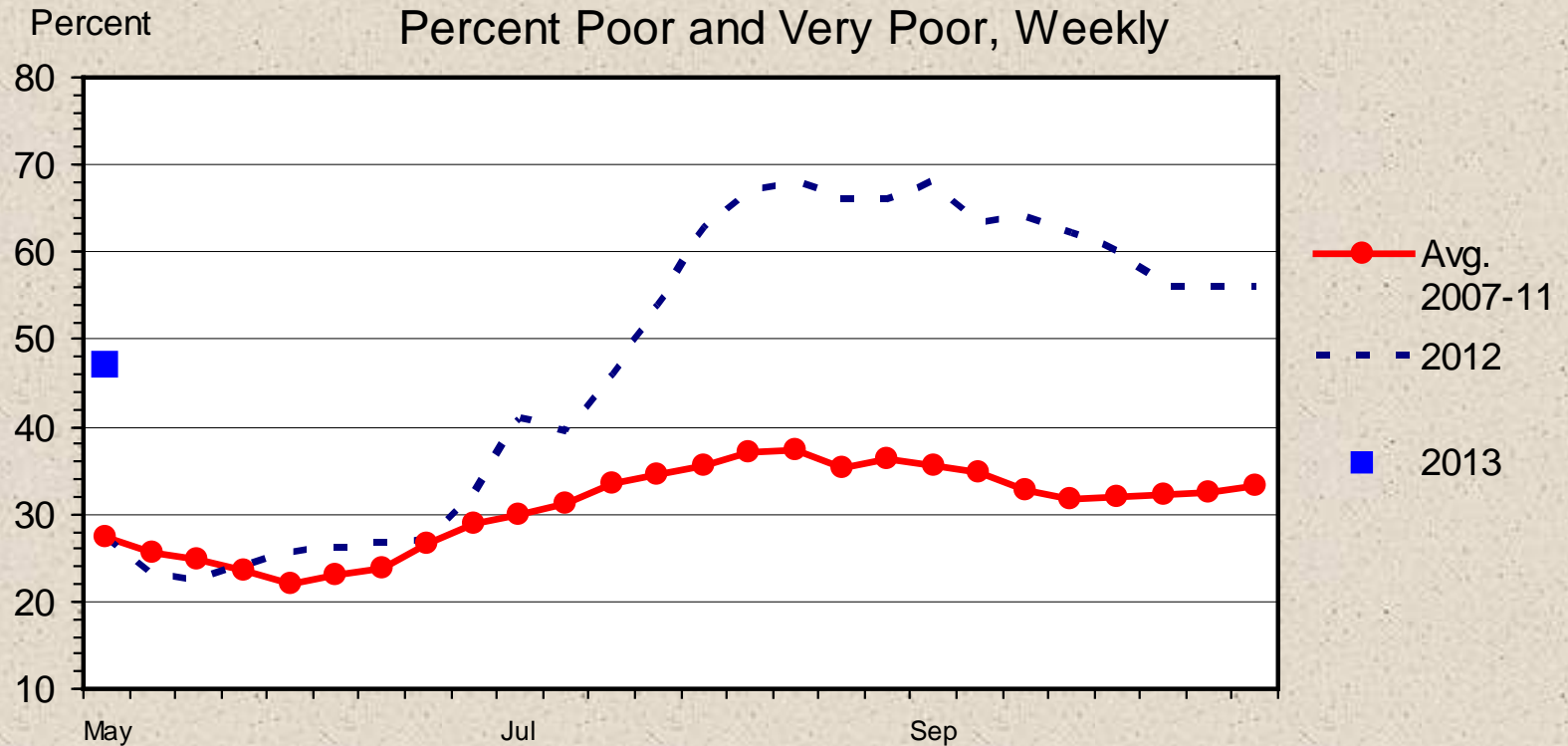
G-NP-32  
05/06/13

Livestock Marketing Information Center

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

# SOUTHERN PLAINS REGION RANGE AND PASTURE CONDITION

Percent Poor and Very Poor, Weekly



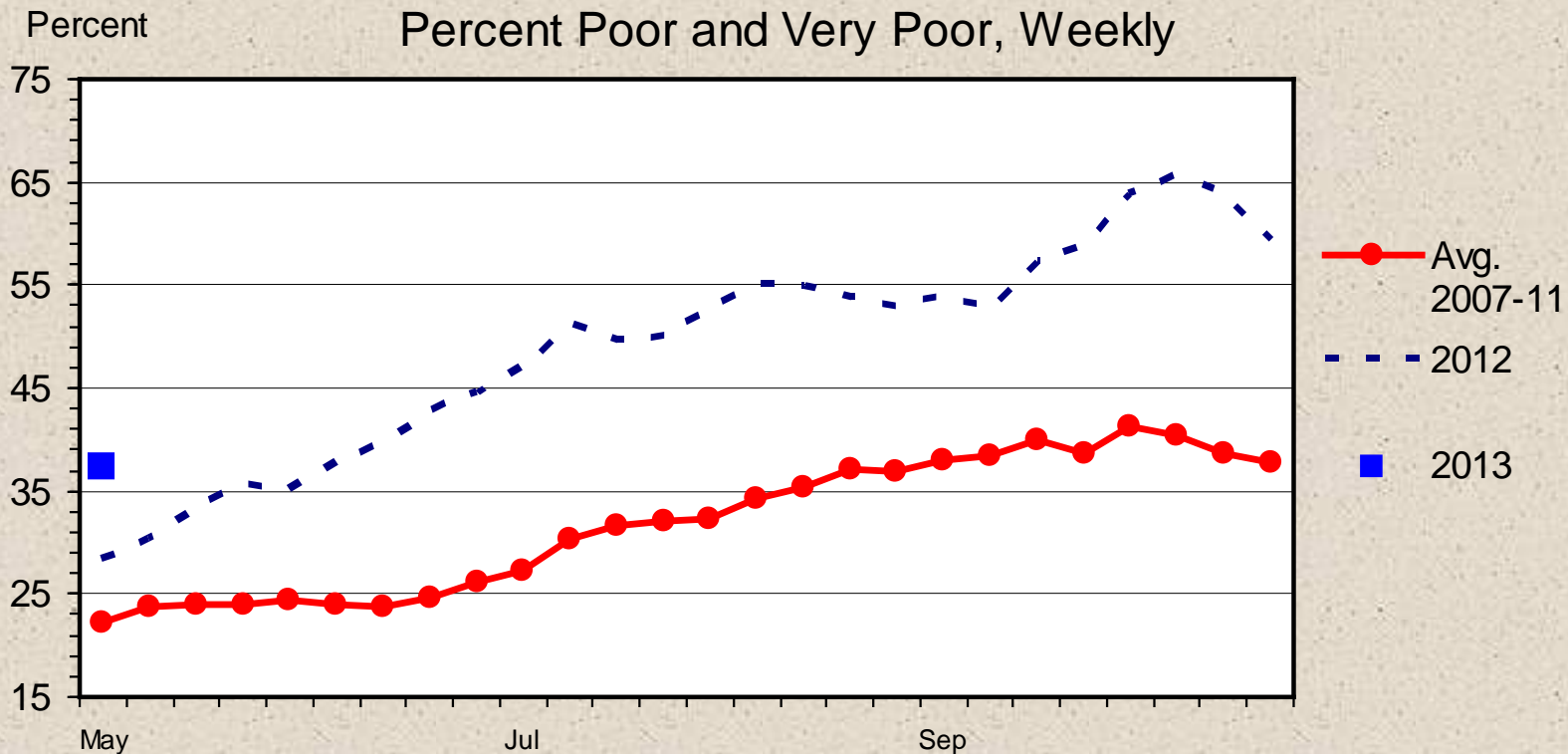
G-NP-33  
05/06/13

Livestock Marketing Information Center

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

# WESTERN REGION RANGE AND PASTURE CONDITION

Percent Poor and Very Poor, Weekly



G-NP-31  
05/06/13

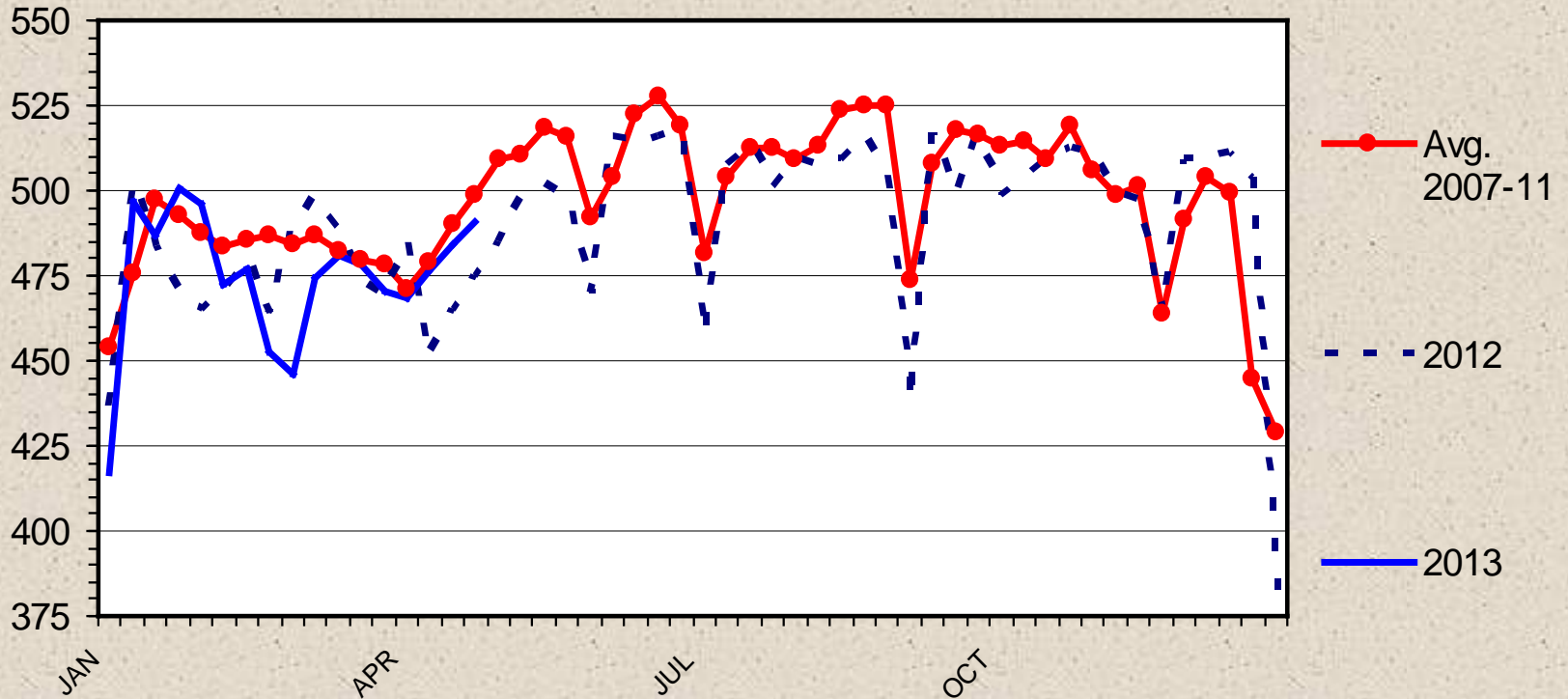
Livestock Marketing Information Center

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

# BEEF PRODUCTION

## Federally Inspected, Weekly

Mil. Pounds



Livestock Marketing Information Center

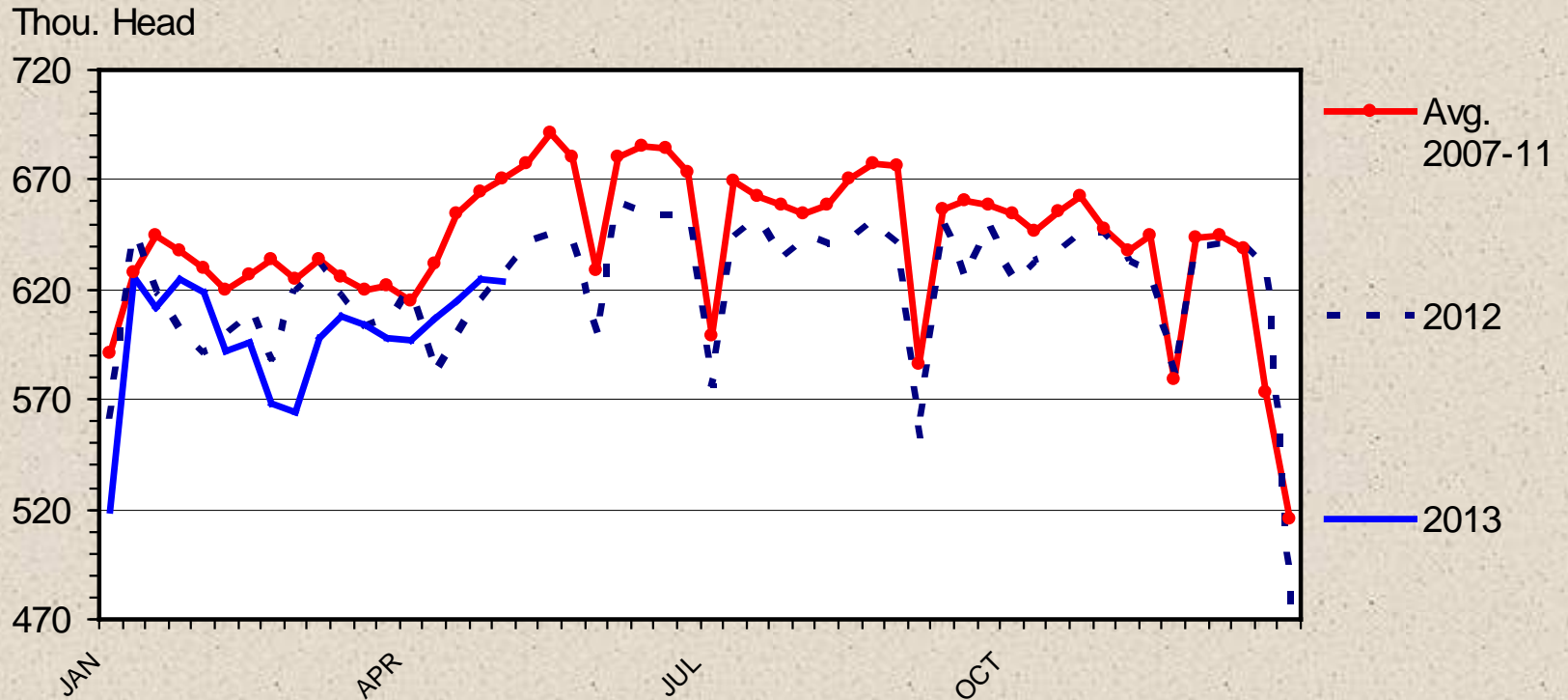
Data Source: USDA-AMS & USDA-NASS

M-S-18  
04/29/13



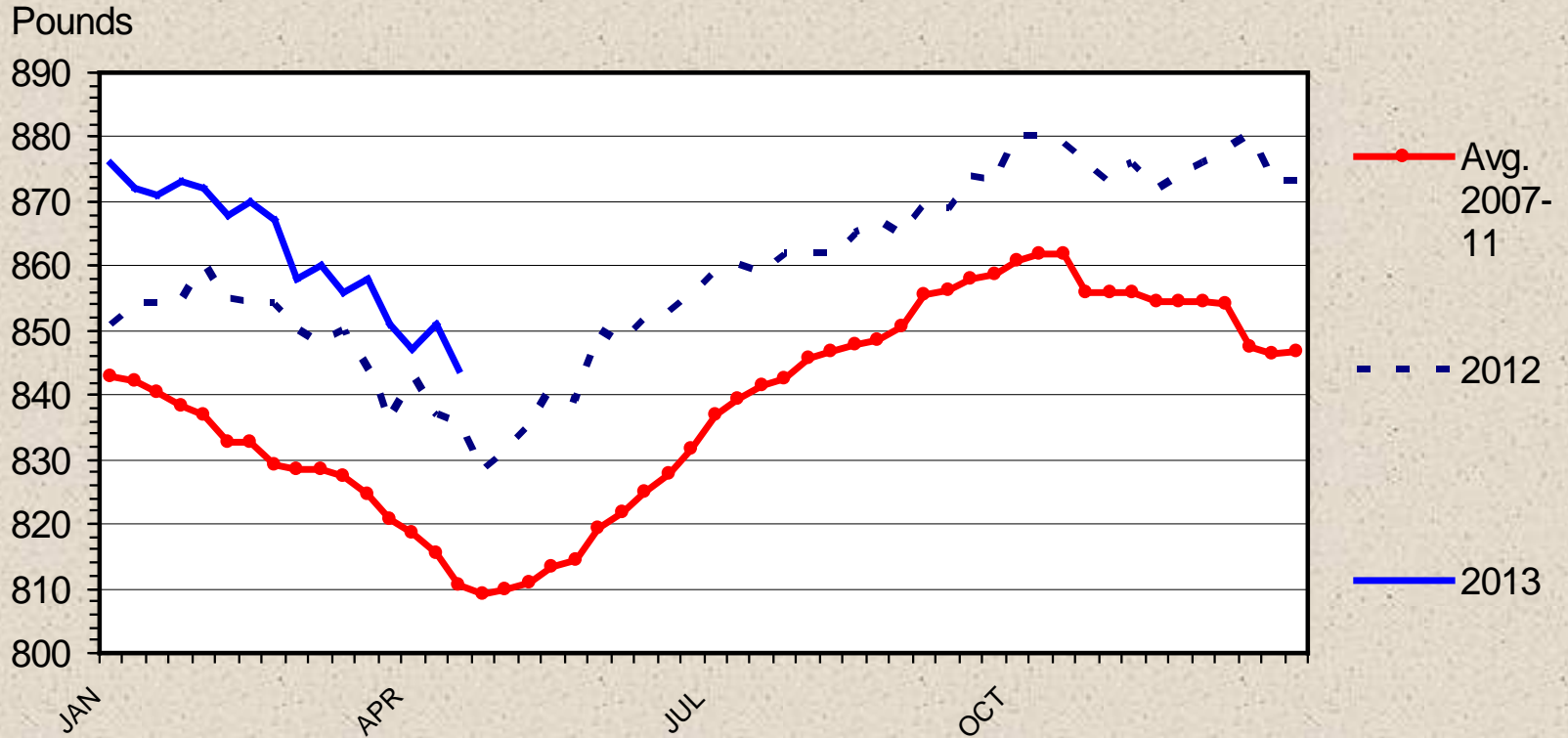
# CATTLE SLAUGHTER

Federally Inspected, Weekly



# STEER DRESSED WEIGHT

## Federally Inspected, Weekly



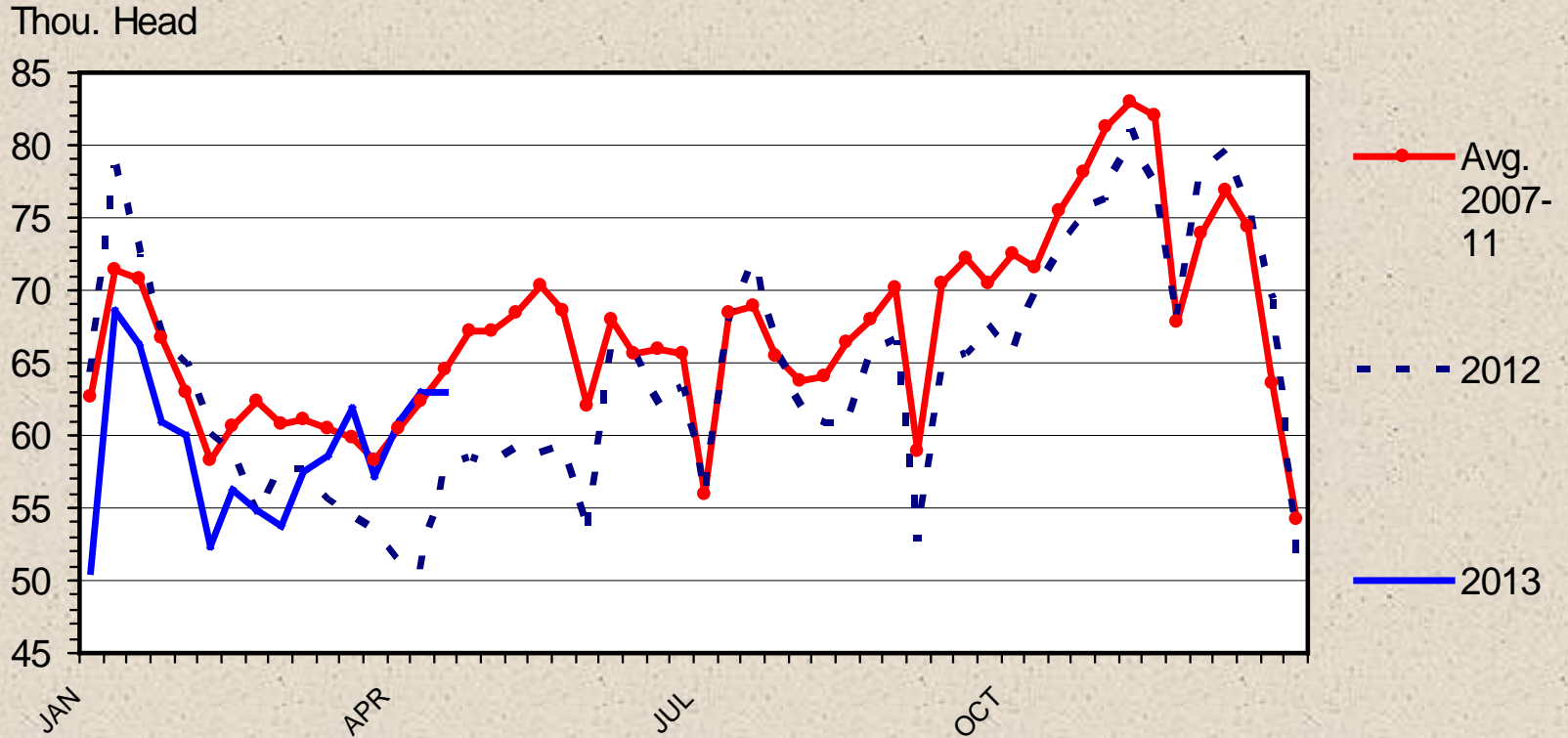
Livestock Marketing Information Center

Data Source: USDA-AMS & USDA-NASS

C-S-18  
05/03/13

# BEEF COW SLAUGHTER

## Federally Inspected, Weekly



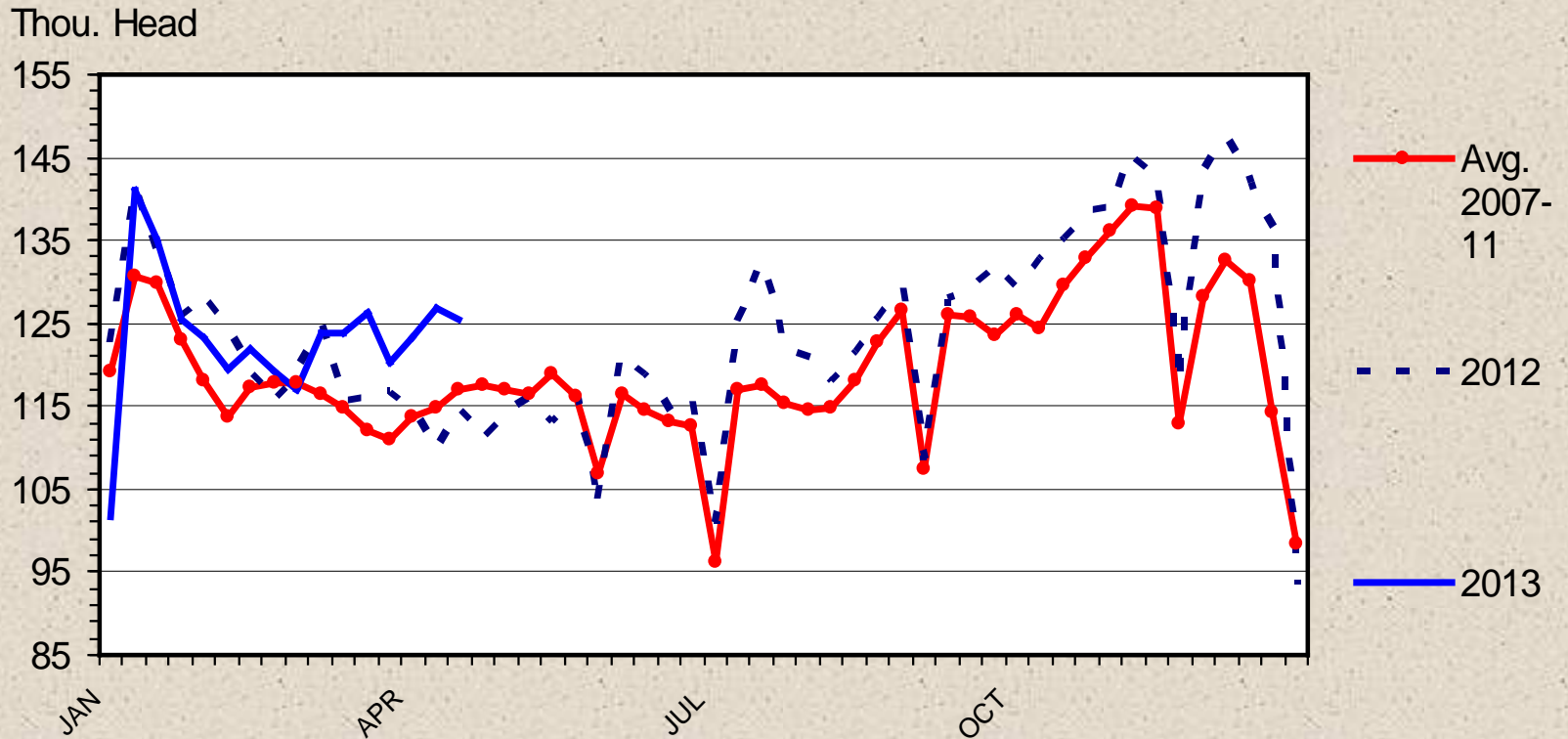
Livestock Marketing Information Center

Data Source: USDA-AMS & USDA-NASS

C-S-34  
05/03/13

# TOTAL COW SLAUGHTER

## Federally Inspected, Weekly



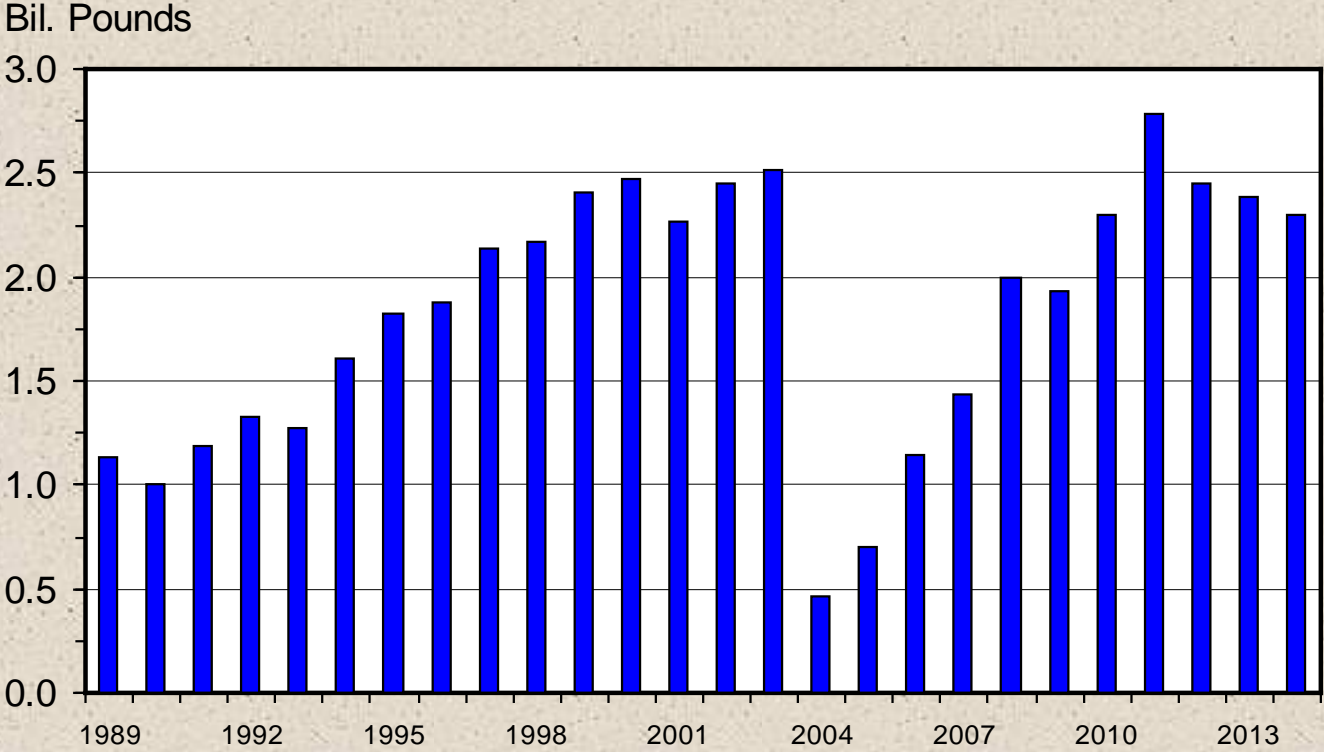
Livestock Marketing Information Center

Data Source: USDA-AMS & USDA-NASS

C-S-14  
05/03/13

# U S BEEF AND VEAL EXPORTS

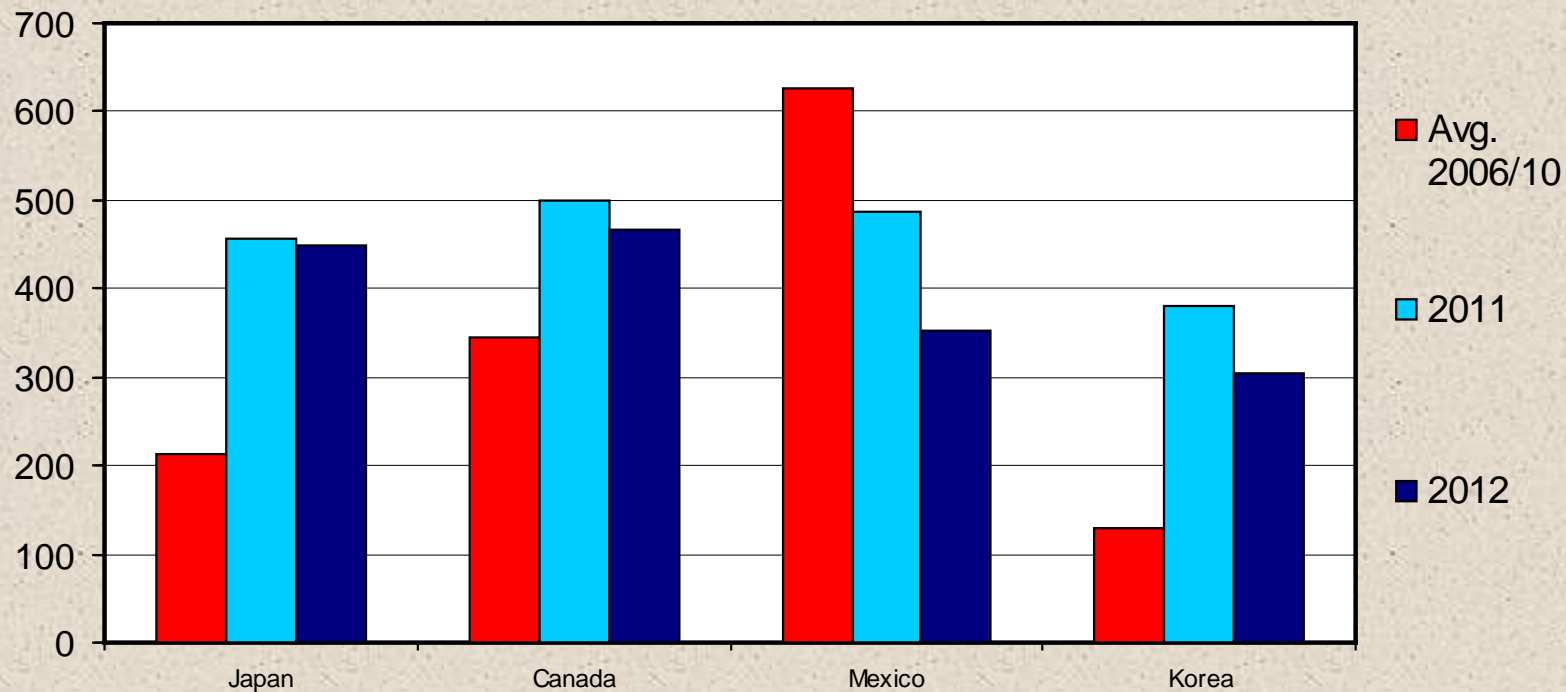
## Carcass Weight, Annual



# MAJOR U S BEEF EXPORT MARKETS

Carcass Weight, Annual

Mil. Pounds



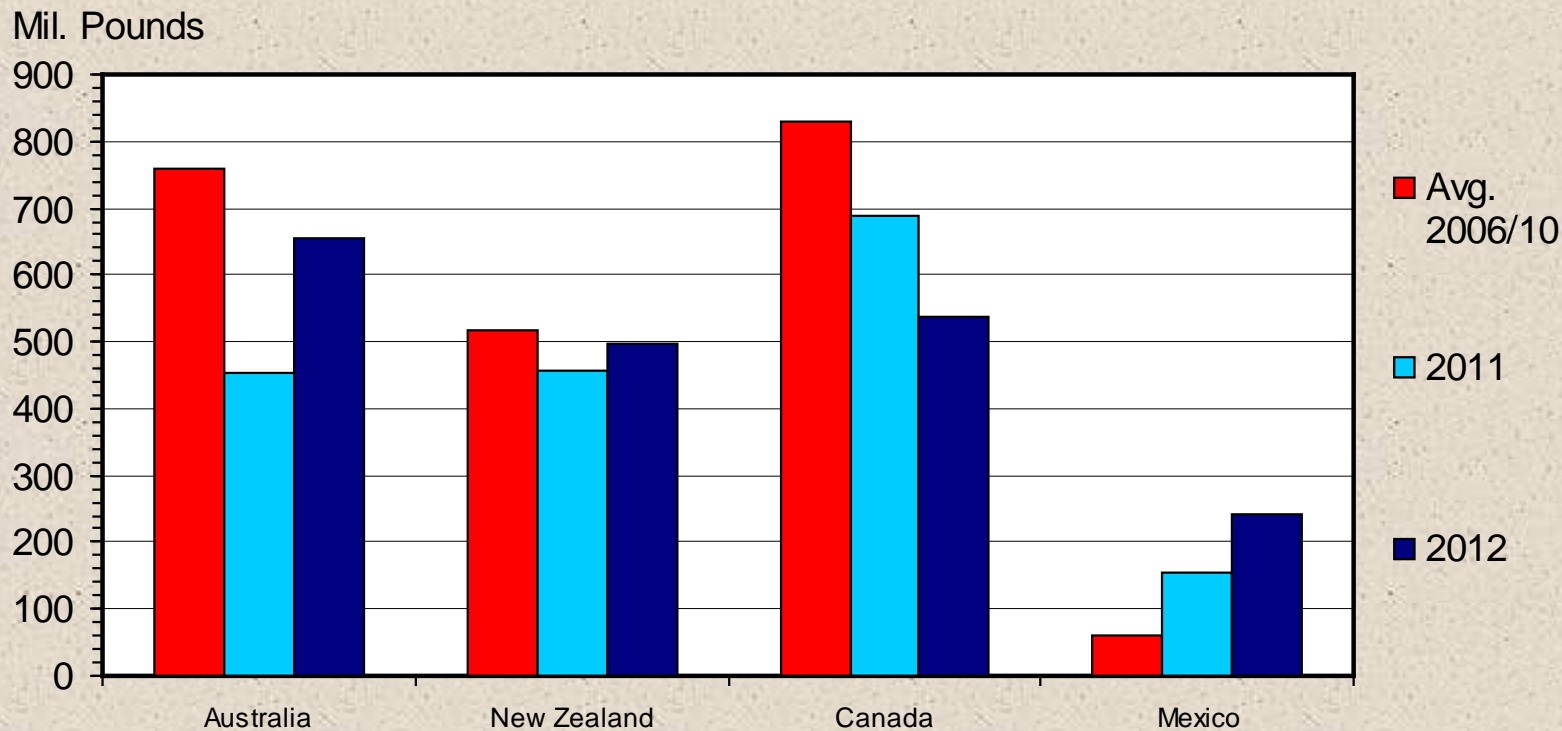
Livestock Marketing Information Center

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

I-N-18  
05/01/13

# MAJOR U S BEEF IMPORT SOURCES

Carcass Weight, Annual



Livestock Marketing Information Center

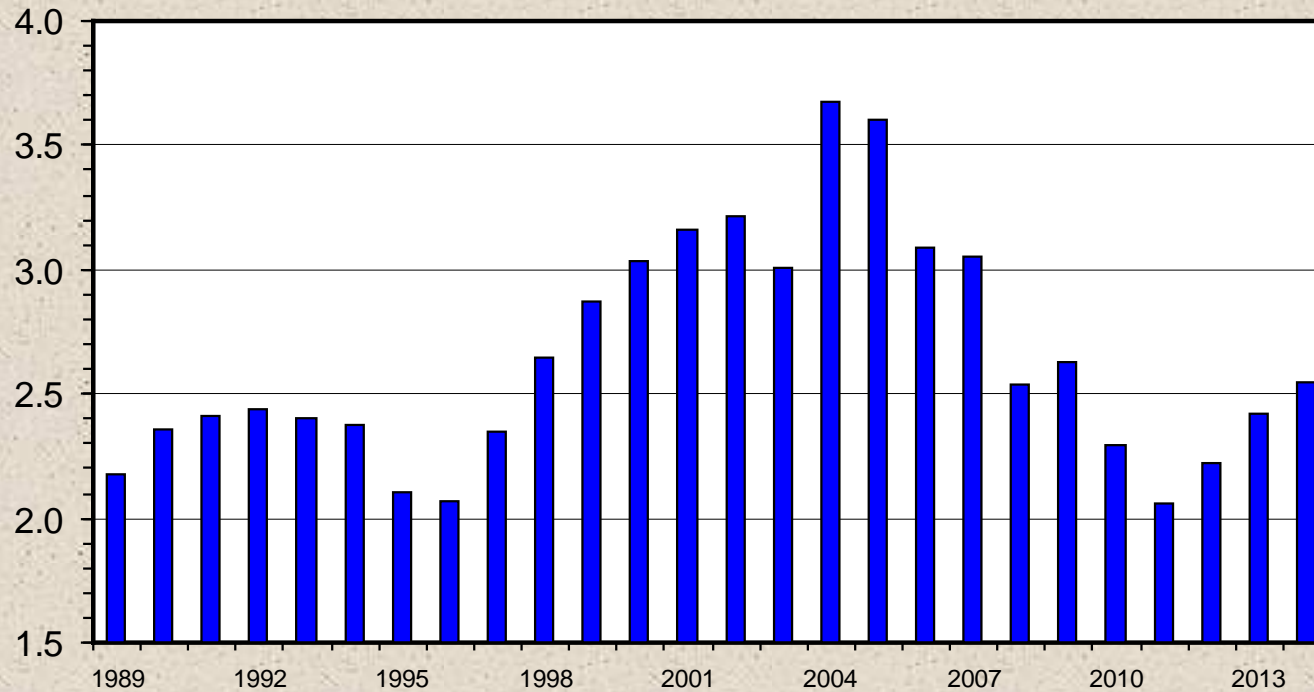
Data Source: USDA-ERS & USDA-FAS, Compiled & Analysis by LMIC

I-N-36  
05/01/13

# U S BEEF AND VEAL IMPORTS

## Carcass Weight, Annual

Bil. Pounds



Livestock Marketing Information Center

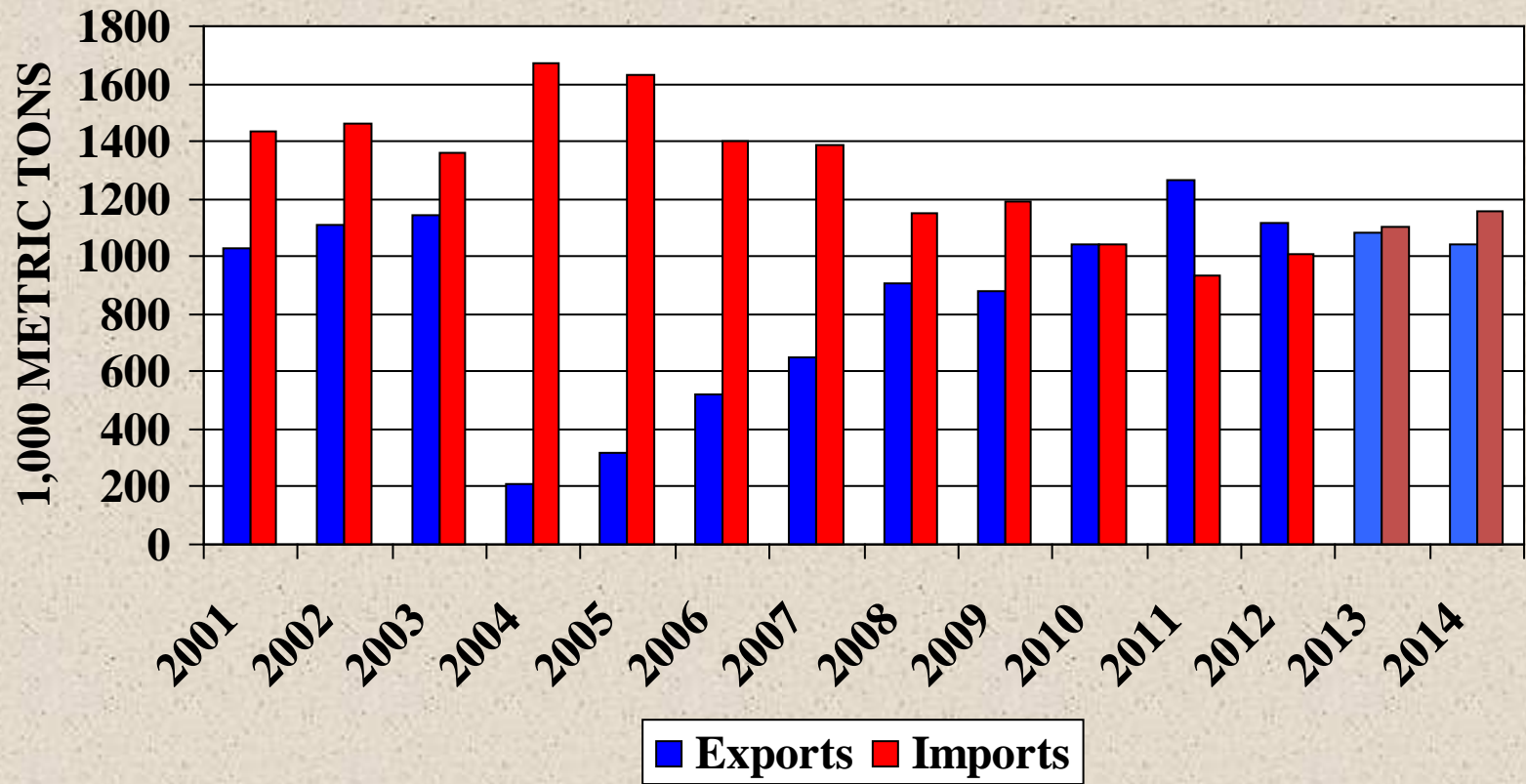
Data Source: USDA-ERS & USDA-FAS, Compiled & Analysis by LMIC

I-N-12  
04/28/13



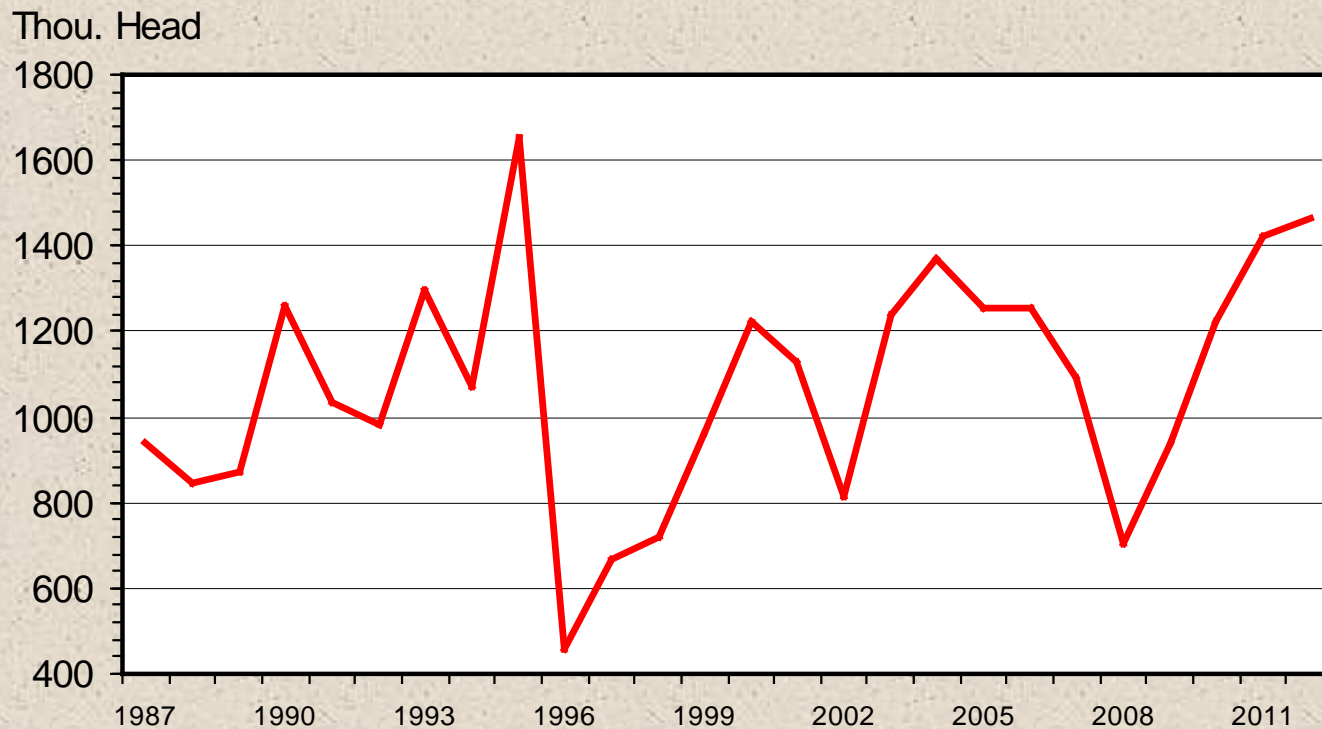
# United States: Beef Trade

2013-2014 Projected



# CATTLE IMPORTS FROM MEXICO

## Annual



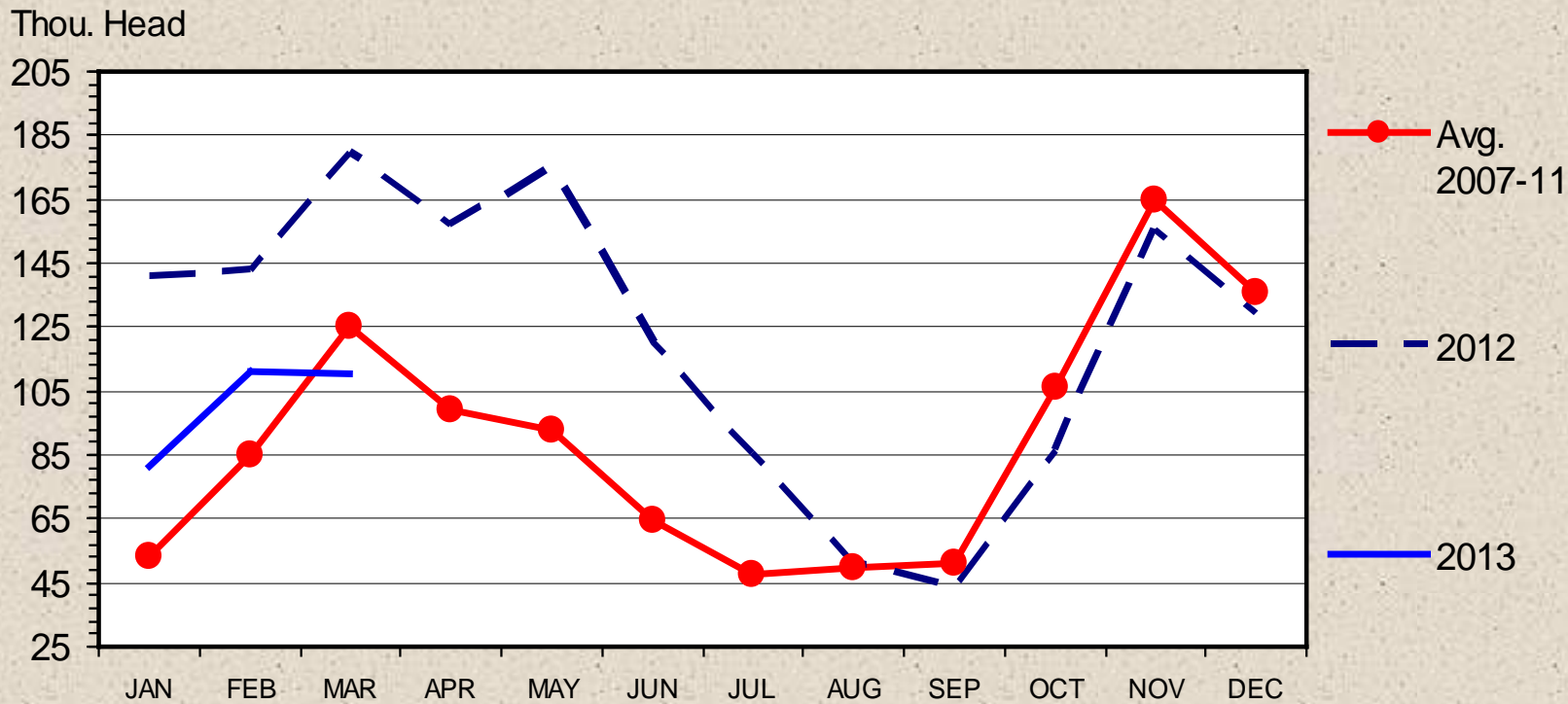
Livestock Marketing Information Center

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

I-N-17  
05/01/13

# U S CATTLE IMPORTS FROM MEXICO

## Monthly

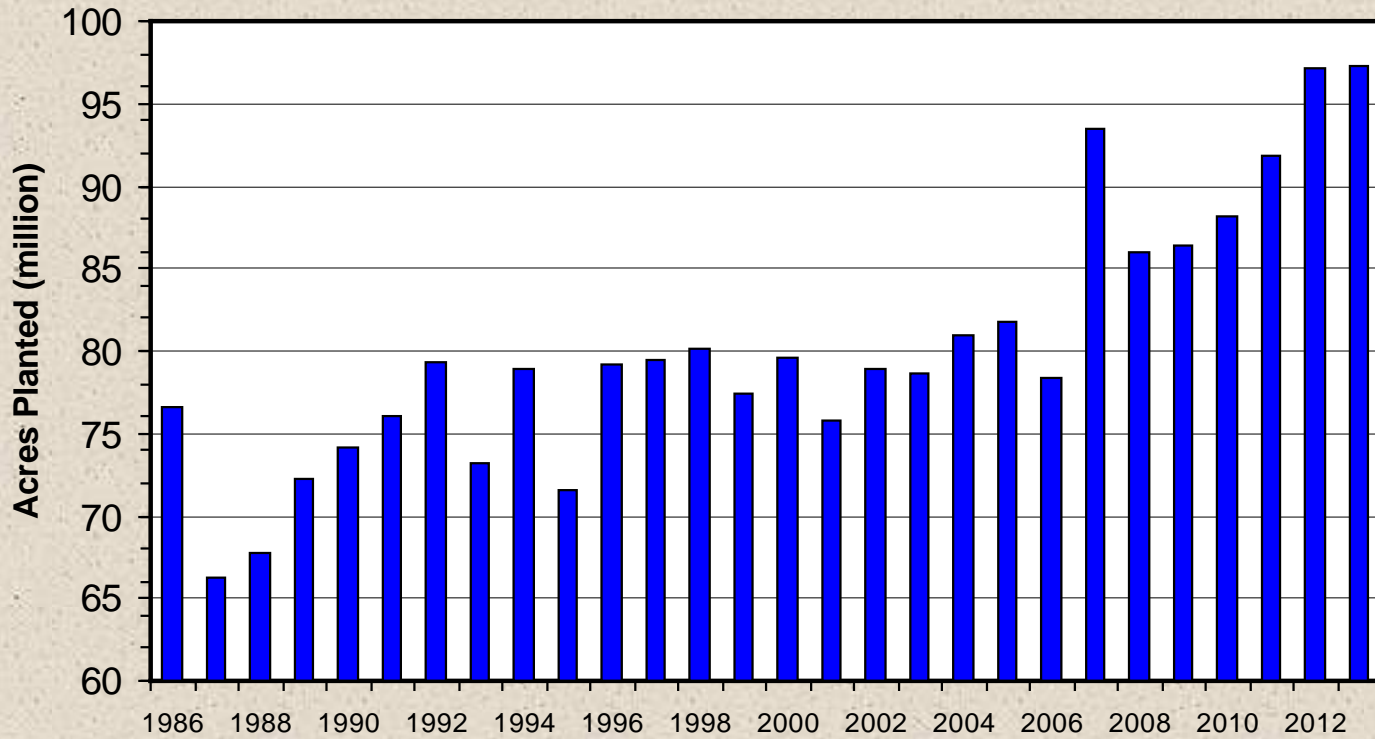


Livestock Marketing Information Center

Data Source: USDA-ERS & USDA-FAS

I-N-03  
05/03/13

# CORN ACREAGE



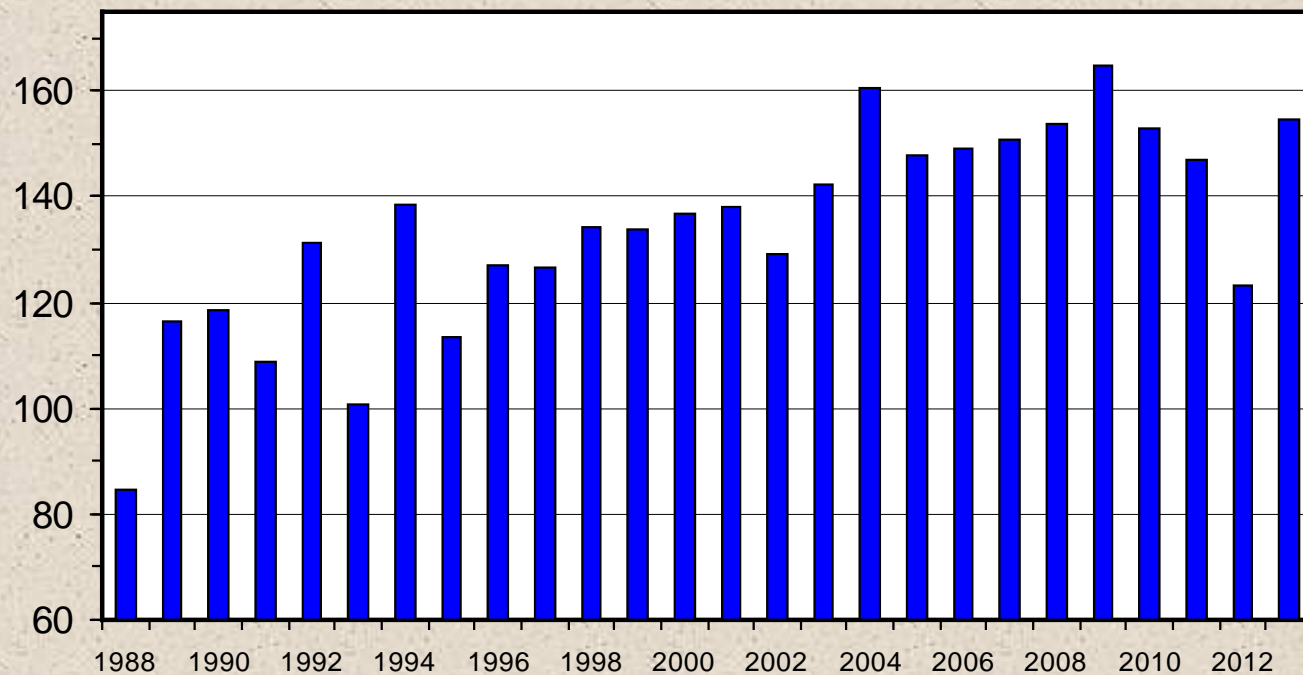
Livestock Marketing Information Center

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

# NATIONAL AVERAGE CORN YIELD

## Crop Year

Bu. Per Acre



Livestock Marketing Information Center

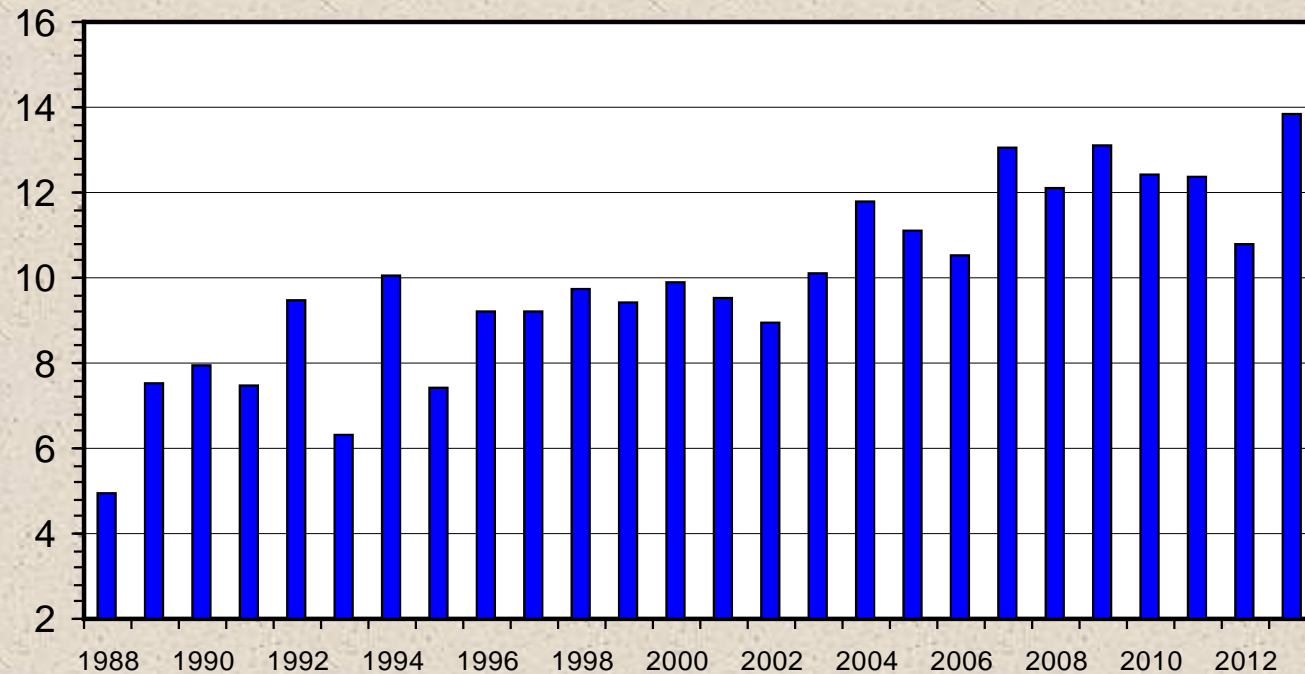
Data Source: USDA-NASS, Compiled & Forecasts by LMIC

G-NP-04  
03/28/13

# U S ANNUAL CORN PRODUCTION

## Crop Year

Bil. Bushels



Livestock Marketing Information Center

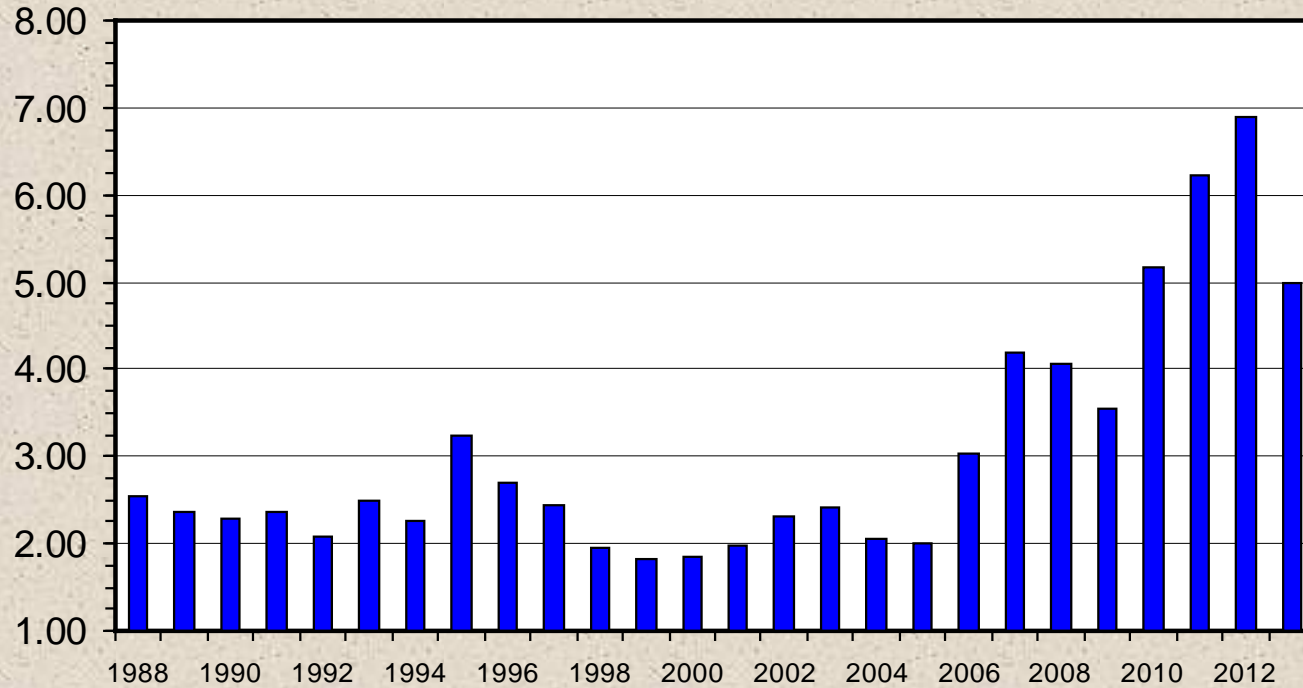
Data Source: USDA-NASS, Compiled & Forecasts by LMIC

G-NP-07  
03/28/13

# NATIONAL AVERAGE CORN PRICE

## Crop Year, Received by Farmers

\$ Per Bushel



Livestock Marketing Information Center

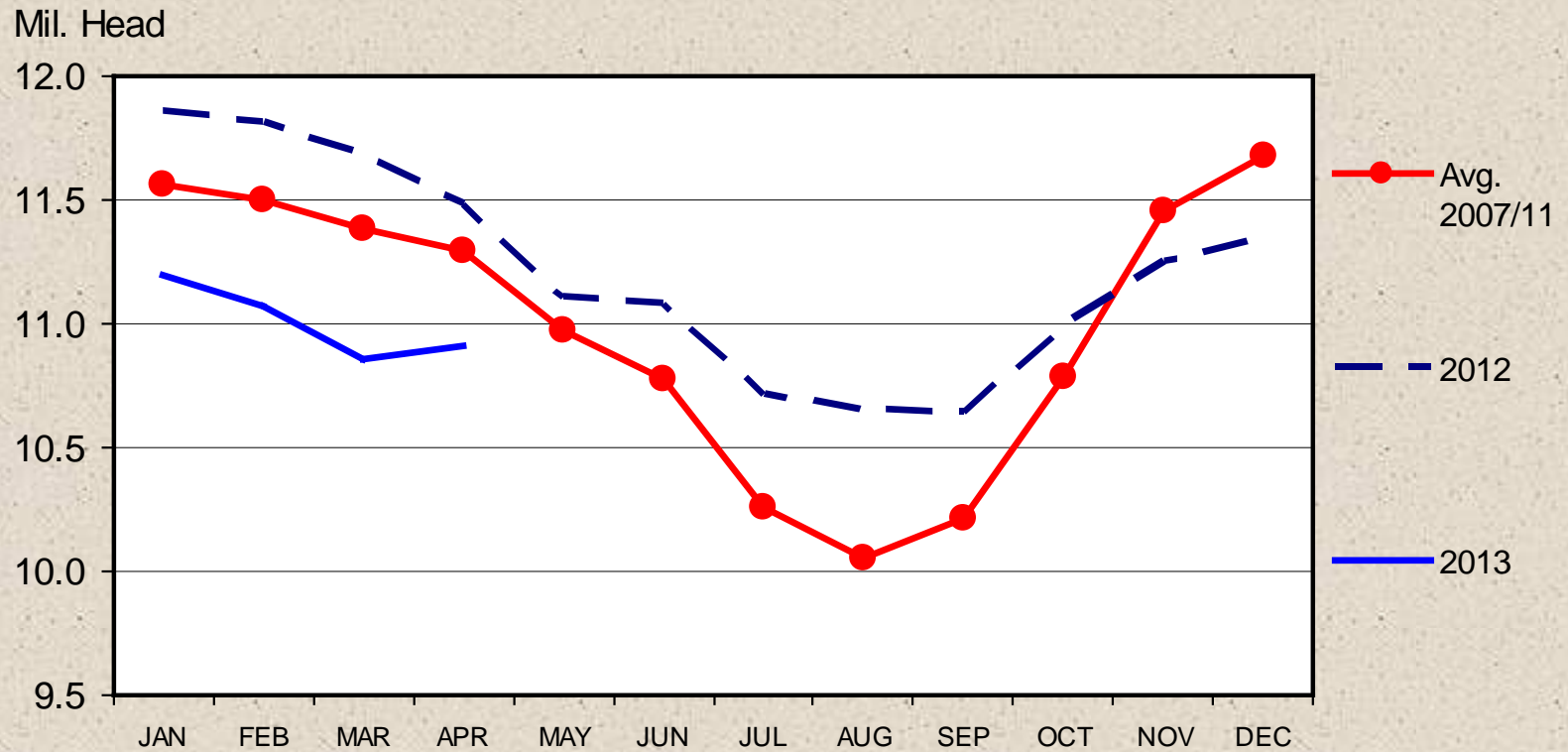
Data Source: USDA-NASS, Compiled & Forecasts by LMIC

G-NP-03

03/28/13

# CATTLE ON FEED

## US Total, Monthly



Livestock Marketing Information Center

Data Source: USDA-NASS

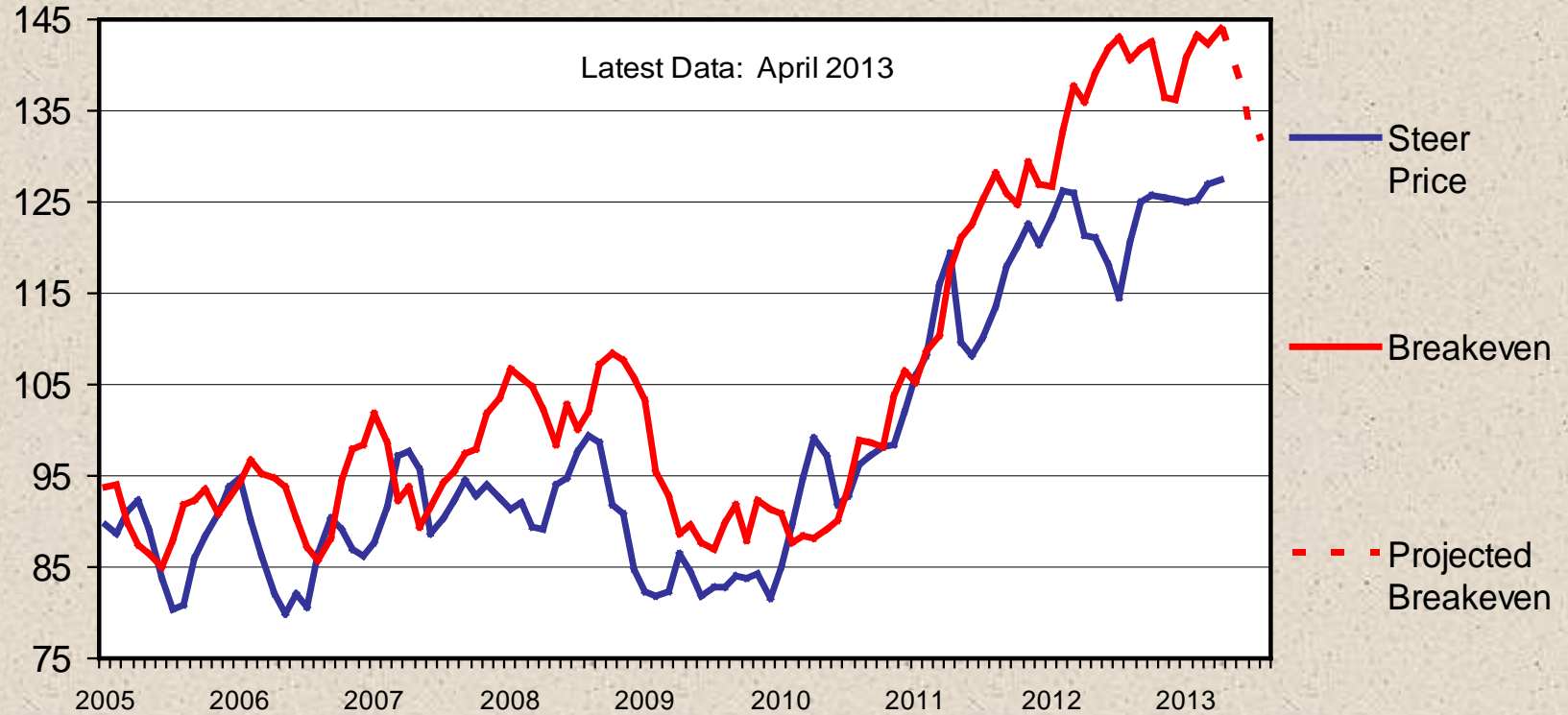
C-N-10  
04/19/13



# CHOICE STEER PRICE vs BREAKEVEN

Cattle Feeding, S. Plains, Monthly

\$ Per Cwt



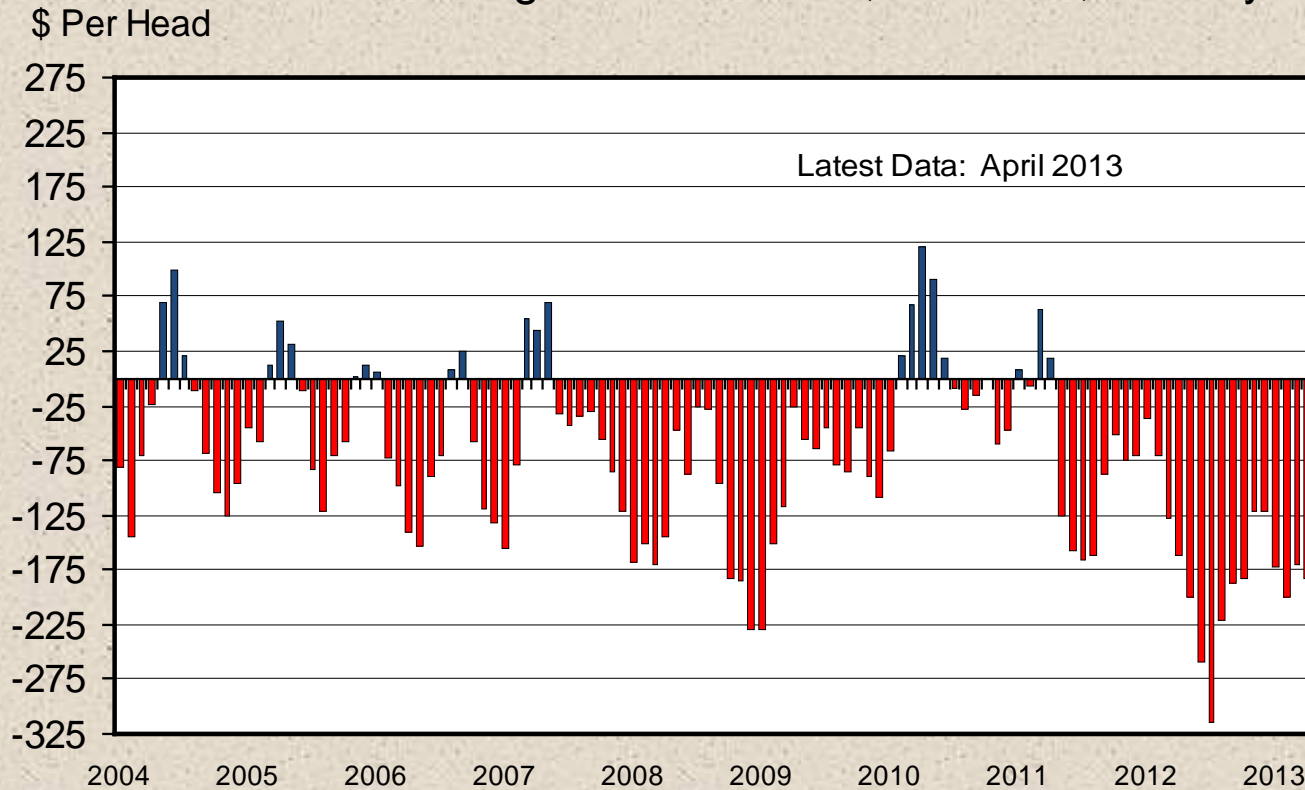
Livestock Marketing Information Center

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

C-P-21  
05/06/13

# AVERAGE RETURNS TO CATTLE FEEDERS

Feeding 725 Lb. Steers, S. Plains, Monthly



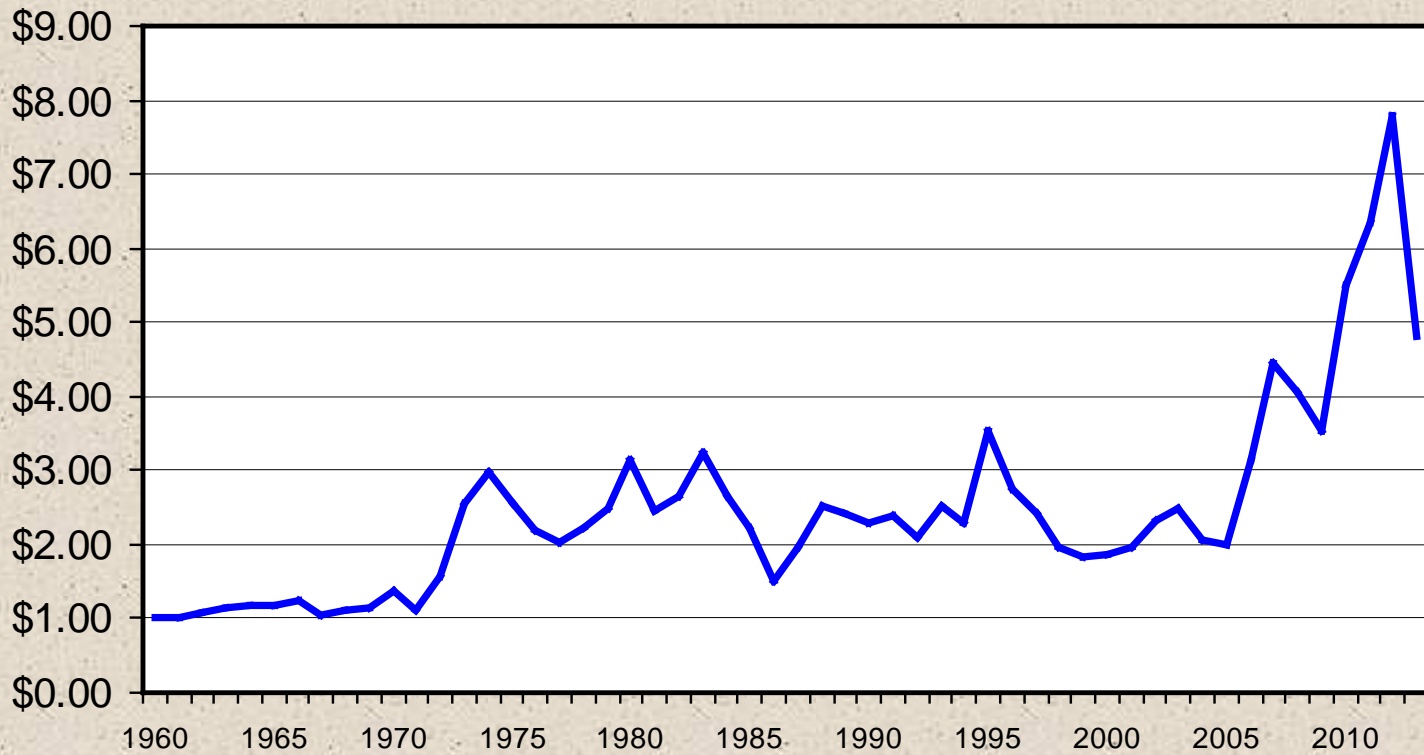
C-P-22  
05/06/13

# 2013 Cattle Market Expectations

- Cattle and beef prices pushed higher by limited supplies
  - Beef production down by 4.0-4.5%
- Beef demand will limit price increases
- Question is “How much higher?”
- Moderation in feed prices
- Higher cow and heifer prices (if no drought)
  - Breeding cow and heifer demand

# Corn Price

Crop year average, 1960-2013



2012, 2013 Projected

It is often said:

*“The Beef Industry Can Survive High Corn Prices Better Than the Pork and Poultry Industries”*

- True statement?
- What are the implications for the beef industry?

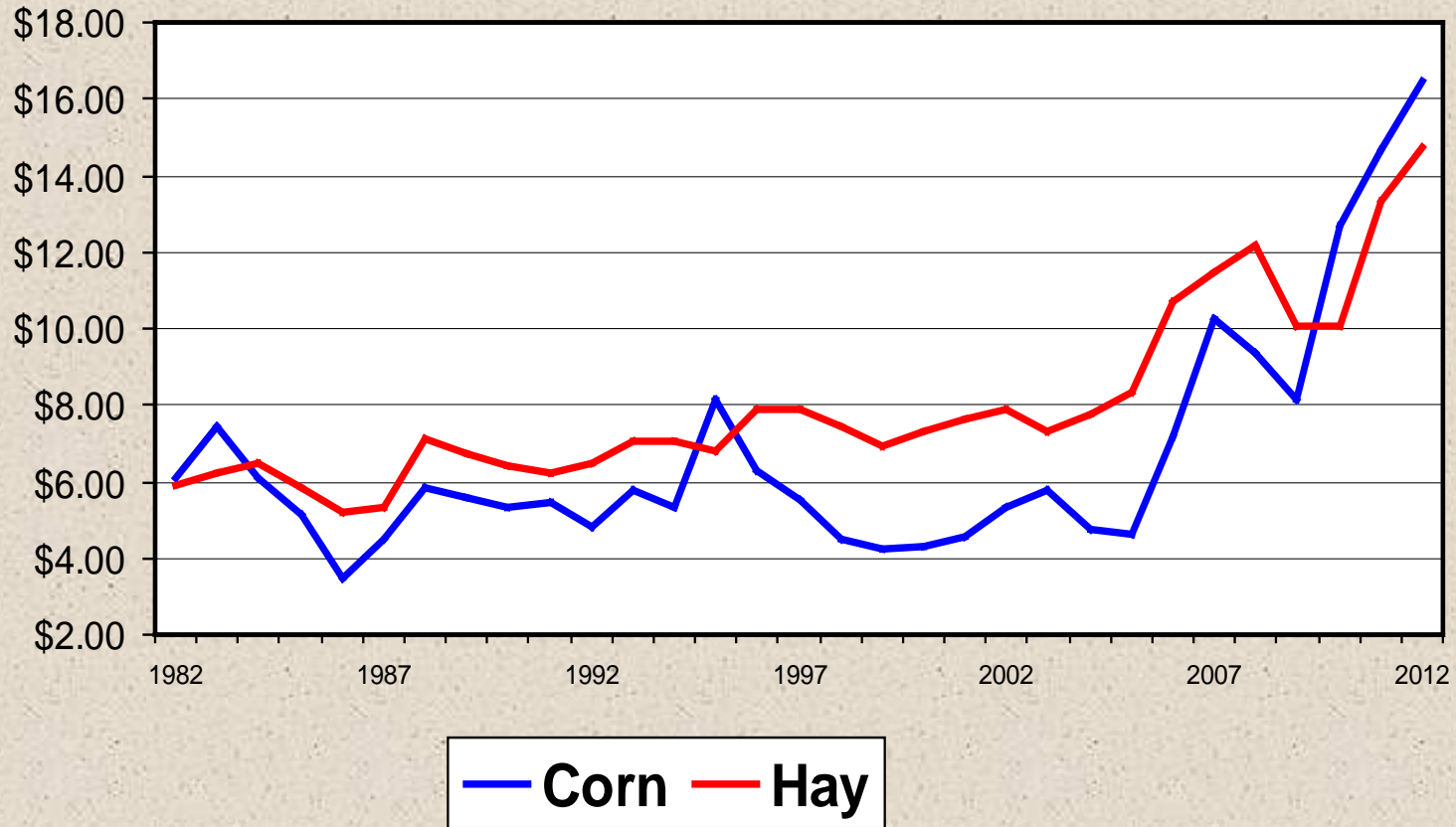


# Feedlot Cost of Gain

## Kansas, \$/cwt.



# Cost per Pound of TDN, Cents/lb.



Source: Nevil Speer. Based on corn at 88% and hay at 55% TDN

# Permanently Higher Grain Prices is a Game Changer for the Beef Industry

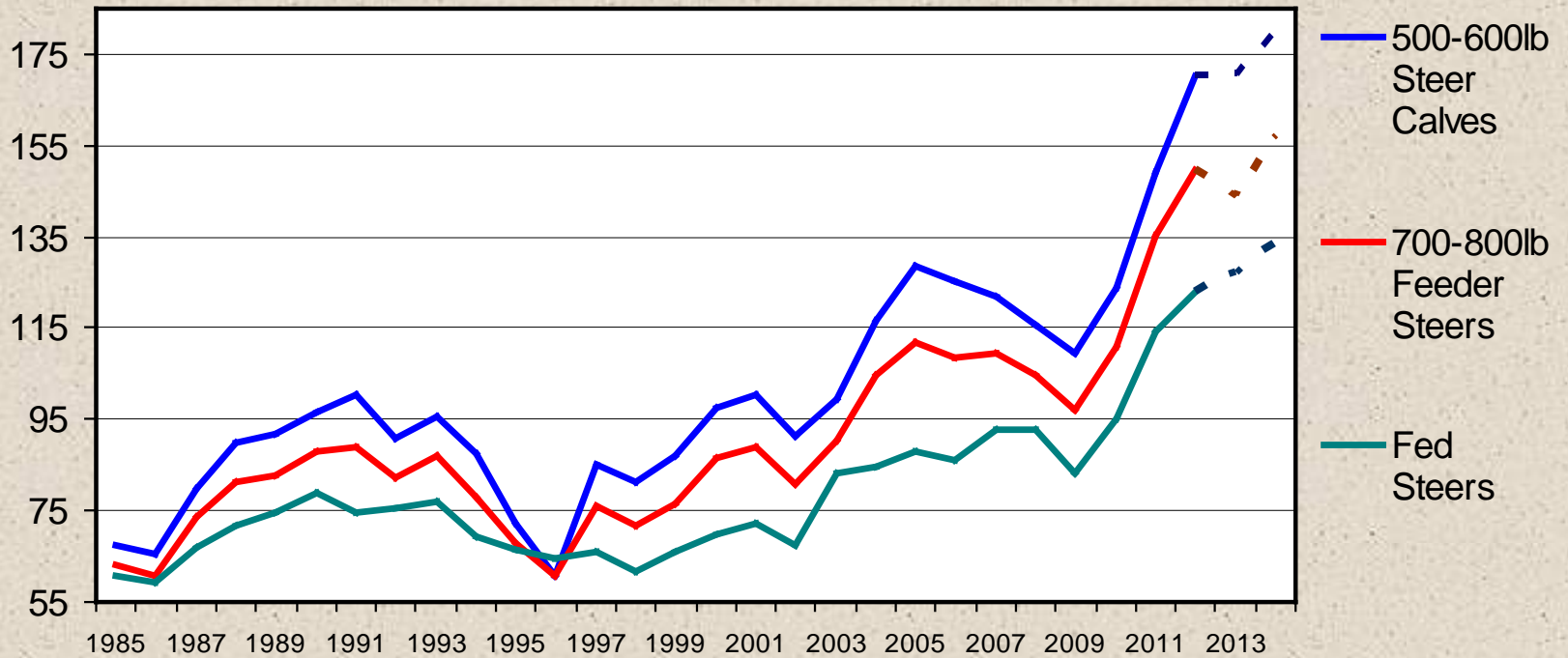
- Change from grain intensive to forage intensive to maintain competitiveness
  - Must emphasize ruminant advantages
  - Enhanced role for stocker production
- Influence on production systems
  - Animal genetics (change animal size?)
  - Type and use of technology?
  - Better forage management
  - New forages?
  - New forage systems?
- Industry infrastructure (location and capacity)
  - Different feeding industry?
  - Regional shifts in cattle feeding, cow-calf and stocker production



# ANNUAL AVERAGE CATTLE PRICES

## Southern Plains

\$ Per Cwt



# Cattle Sector Implications

- Cow-calf
  - Good profit potential; cost management key
  - Rebuilding strategy and costs
  - Producer transition
- Stocker
  - Good value of gain
- Feedlots and packers will continue to struggle
  - Loss of capacity likely
- Production challenges bigger than marketing challenges



# *Cow-Calf Corner*

The Weekly Email Newsletter

From OSU Animal Science and Agricultural Economics

Send Email to

[derrell.peel@okstate.edu](mailto:derrell.peel@okstate.edu)



**THANK YOU!**

