



# Beef Cattle Market Outlook

## May 7, 2014

John J. VanSickle, Professor

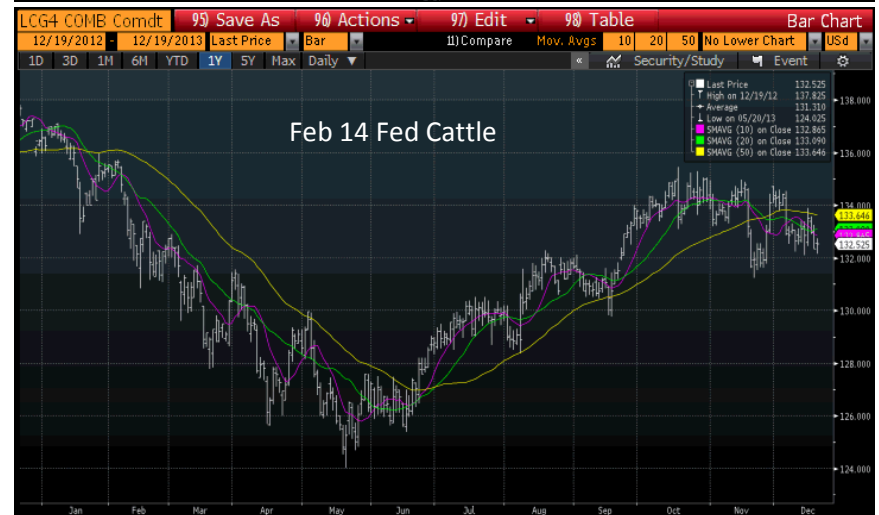
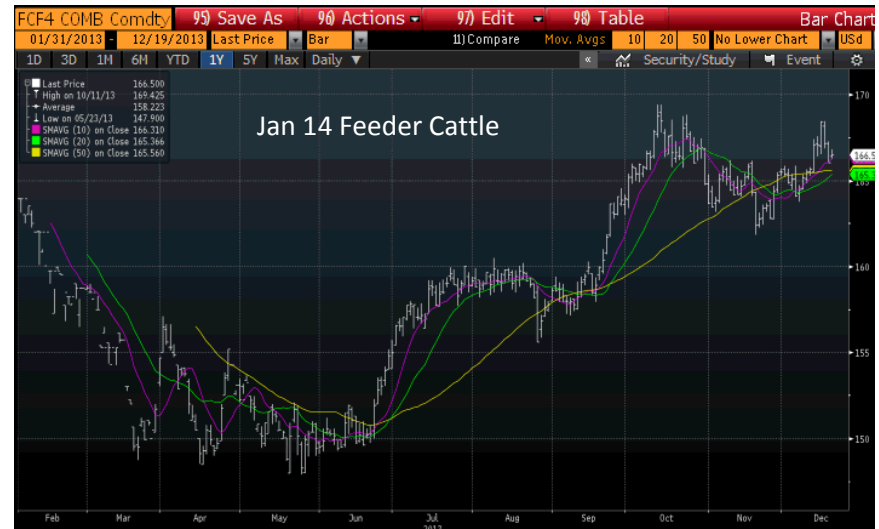
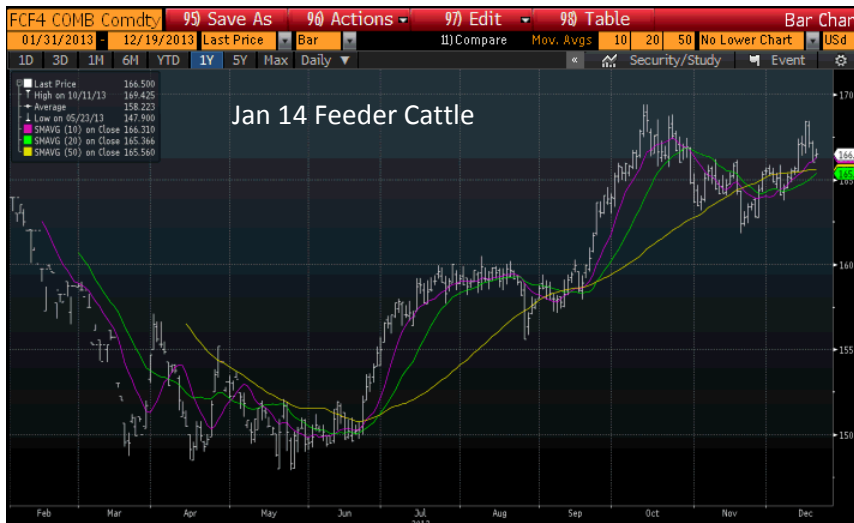
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# Feeder Cattle, Fed Cattle and Corn price, 12/19/12 to 12/18/13



# Nearby Corn 11/7/1994 to 5/6/2014



# Nearby Corn (11/7/1994 to 5/6/14) and Fundamentals for 2011/12 and 2012/13 Crops



Apr 2014 WASDE (11crop/12crop/Chg)

M HarvAcres \_\_\_\_\_ 84.0/87.4/+3.4

Yld bu/acre \_\_\_\_\_ 147.2/123.4/-23.8

Beginning Stocks MB \_\_\_\_\_ 1,128/989/-139

Production MB \_\_\_\_\_ 12,360/10,780/-1,580

Imports MB \_\_\_\_\_ 29/162/+133

**Tot Supplies MB \_\_\_\_\_ 13,517/11,932/-1,585**

Feed&Res MB \_\_\_\_\_ 4,557/4,333/-224

Food,Seed&Ind MB \_\_\_\_\_ 6,428/6,046/-382

Ethanol&by-prod MB \_\_\_\_\_ 5,000/4,648/-352

**Dom Use MB \_\_\_\_\_ 10,985/10,379/-606**

Exports MB \_\_\_\_\_ 1,543/731/-812

**Total Use MB \_\_\_\_\_ 12,528/11,111/-1,417**

Ending Stocks MB \_\_\_\_\_ 989/821/-168

Stocks/Use \_\_\_\_\_ 7.89%/7.39%/-0.5%

Price \$/bu \_\_\_\_\_ 6.22/6.89/+0.67

# July 14 Corn (5/6/2013 to 5/6/2014) and Fundamentals for 2012/13 and 2013/14(projected) crops



Apr 2014 WASDE (12crop/13crop/Chg)

M HarvAcres \_\_\_\_\_ 87.4/87.7/+0.3

Yld bu/acre \_\_\_\_\_ 123.4/158.8/+35.4

Beginning Stocks MB \_\_\_\_\_ 989/821/-168

Production MB \_\_\_\_\_ 10,780/13,925/+3,145

Imports MB \_\_\_\_\_ 162/35/-127

**Tot Supplies MB\_ 11,932/14,781/+2,849**

Feed&Res MB \_\_\_\_\_ 4,333/5,300/+967

Food,Seed&Ind MB \_\_\_\_\_ 6,046/6,400/+354

Ethanol&by-prod MB \_\_\_\_\_ 4,648/5,000/+352

**Dom Use MB\_ 10,379/11,700/+1,321**

Exports MB \_\_\_\_\_ 731/1,750/+1,019

**Total Use MB\_ 11,111/13,450/+2,189**

Ending Stocks MB \_\_\_\_\_ 821/1,311/+490

Stocks/Use \_\_\_\_\_ 7.39%/9.75%/+2.36%

Price \$/bu \_\_\_\_\_ 6.89/4.60/-2.29

# Corn prices 2008-14



# What to expect in 2014 for corn

- Global issues (Europe/China/Argentina/Brazil/FSU) are still weighing over the market.
  - **2012/13 Exports at 731 MB were 6.6% of 2012/13 total use for corn, 812 MB lower than in 2011/12 (1,543 million)**
  - **Feed and Residual Use of 4,333 MB in 2012/13 was 224 MB less than 2011/12.**
- **Fundamentals for 2013/14**
  - **Exports** forecast at 1,750 MB for 2013/14, an increase of 1,019 MB over 2012/13.
  - **Feed and Residual Use** forecast at 5,300 MB, an increase of 967 MB over 2012/13.
  - **Food, Seed and Industrial Use** forecast at 6,400 MB, an increase of 354 MB over 2012/13.
  - **Year end stocks** projected at 1,331 MB in 2014, indicating **stocks/use for corn is 9.9%** (\$4.60), compared to 7.39% in 2013 (\$6.89) and 7.89% in 2012 (\$6.22).

# Nearby Soybean prices, 5/6/1994 to 5/6/2014





# Nearby Soybeans 5/6/13 to 5/6/14



# Nearby Soy Meal Prices, 5/6/13 – 5/6/14



# Nearby SoyMeal price chart, and Fundamentals for 2011/12 and 2012/13 Soybean Crops



[Apr14 WASDE](#) (11crop/12crop/Chg)

Mill HarvAcres \_\_\_\_\_ 73.8/76.2/+2.4

Yld bu/acre \_\_\_\_\_ 41.9/39.8/-2.1

Beginning Stocks MB \_\_\_\_\_ 215/169/-46

Production MB \_\_\_\_\_ 3,094/3,034/-60

Imports MB \_\_\_\_\_ 16/36/+20

**Total Supply MB \_\_\_\_\_ 3,325/3,239/-86**

-Crushings MBu \_\_\_\_\_ 1,703/1,689/-14

-Exports MBu \_\_\_\_\_ 1,365/1,320/-45

-Other Use MBu \_\_\_\_\_ 88/90/+2

**Total Use MBu \_\_\_\_\_ 3,155/3,099/-56**

Ending Stocks MB \_\_\_\_\_ 169/141/-28

Stocks/Use \_\_\_\_\_ 5.36%/4.55%/-0.81%

Price (\$/bu) \_\_\_\_\_ \$12.50/\$14.40/+1.90

Meal Price(\$/ton) \_\_\_\_\_ 393.53/468.11/+74.58

# July 2014 Soy Meal price chart with fundamentals for 2012/13 and 2013/14(projected) Soybean Crops



Apr14 [WASDE](#) (12crop/13crop/Chg)

Mill HA \_\_\_\_\_ 76.2/75.9/-0.3

Yld bu/acre \_\_\_\_\_ 39.8/43.3/+3.5

Beginning Stocks MB\_\_ 169/141/-28

Production MB\_\_ 3,034/3,289/+255

Imports MB \_\_\_\_\_ 36/65/+29

**Tot Supply MB \_\_ 3,239/3,494/+255**

-Crushings MB \_\_\_\_\_ 1,689/1,685/-4

-Exports MB \_\_\_\_\_ 1,320/1,580/+260

-Other Use MB \_\_\_\_\_ 90/95/+4

**Total Use MB \_\_\_\_\_ 3,099/3,360/+261**

Ending Stocks MB \_\_\_\_\_ 141/135/-6

Stocks/Use \_\_\_\_\_ 4.55%/4.02%/-0.53%

Price \_\_\_\_\_ \$14.40/\$13.00/-1.40

**Soy Meal Price \_\_ \$468.11/\$475/+6.89**

**The initial June 2013 WASDE forecast price for SM from the 2013/14 crop was \$350/ton (335 – 365)**

**The Apr forecast was \$475/ton**

# Soybean Meal prices 2009 to 2013,



## What to expect in 2014 for Soybeans

- Global issues (EU/China/Argentina/Brazil) still weigh over the market. This supports added volatility in the market.
  - **Exports 42.6% of 2012/13 total soybean use**, down 45 million bushels from 1,365 million bushels in 2011/12 to 1,320 million bushels in 2012/13
- Fundamentals for 2014
  - Exports forecast at 1,580 MB (an increase of 260 MB over 2012/13), 47.0% of total supply
  - Year end Projected **stocks of 135 MB, giving Stocks/Use for soybeans 4.02%** (\$13.00) compared to 4.55% in 2013 (\$14.40) and 5.36% in 2012 (\$12.50). For perspective, it was 18.6% in 2007 (\$6.43)

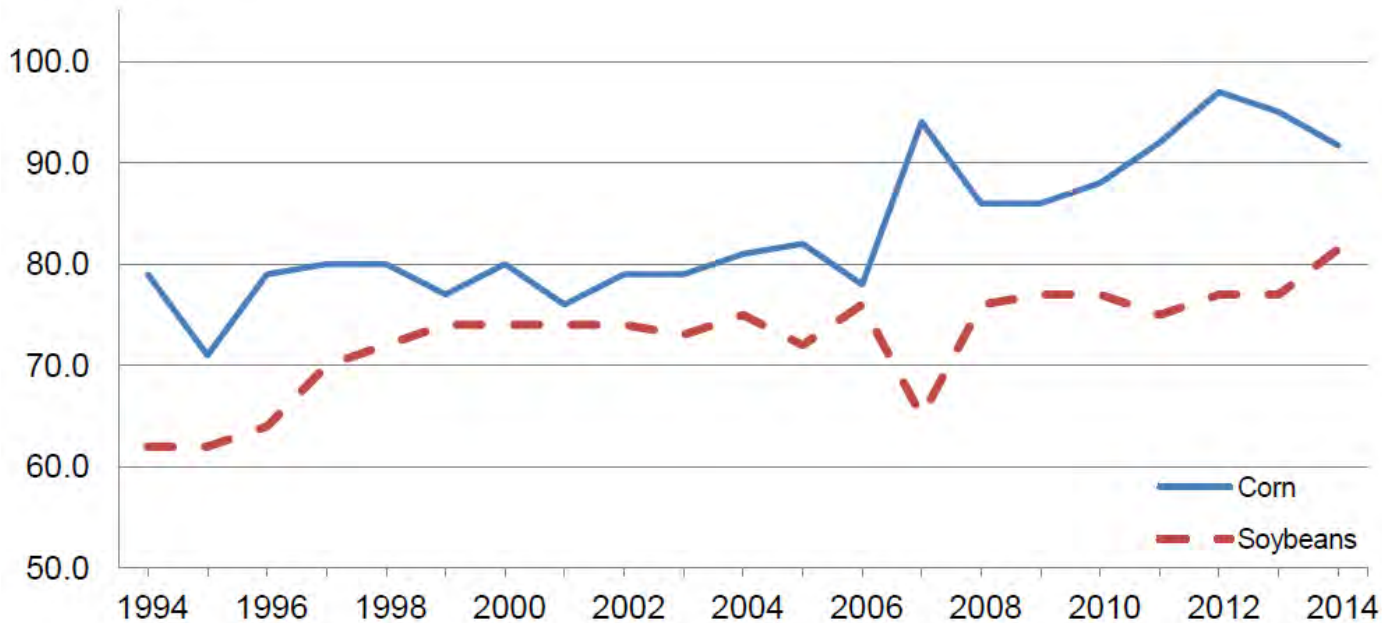
# Remaining Questions

- How many acres will end up being planted?
- How will weather impact planting and production of each crop?

2014 Corn projected acres 91.691 million acres  
compared to 95.365 million acres in 2013

**Corn and Soybean Planted Acreage - United States**

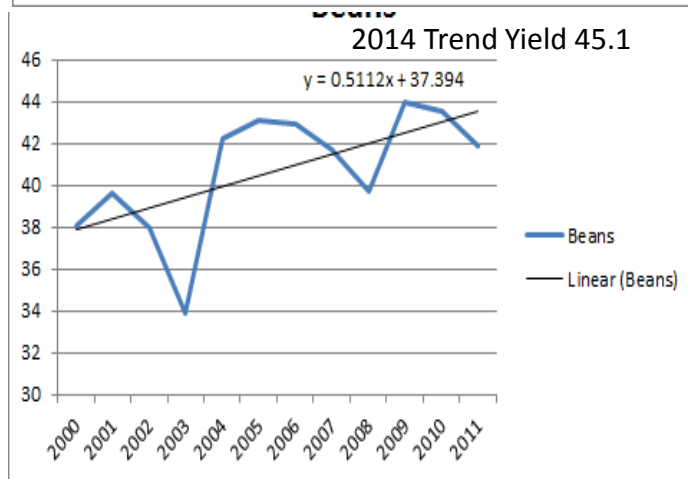
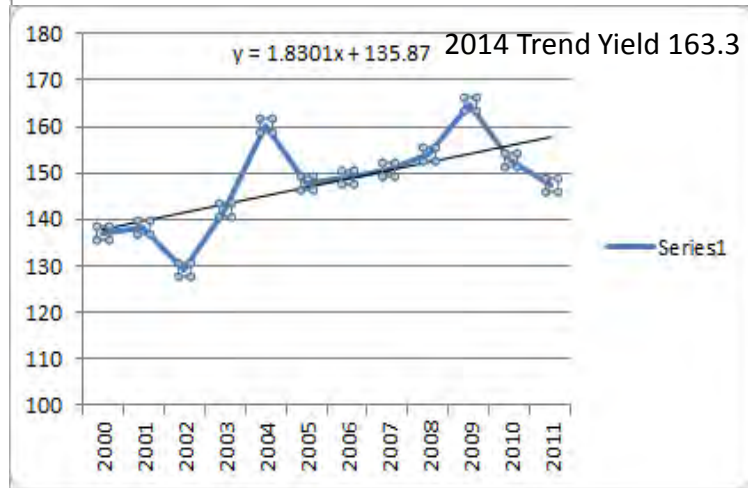
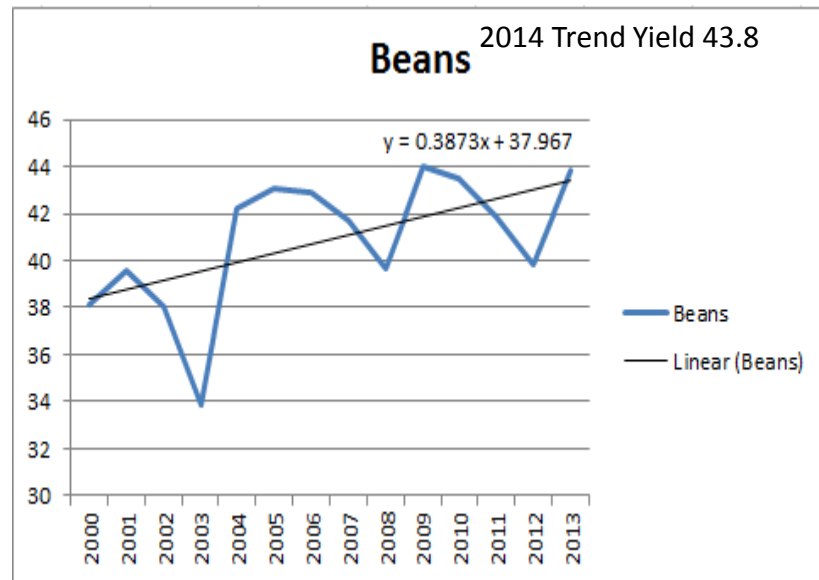
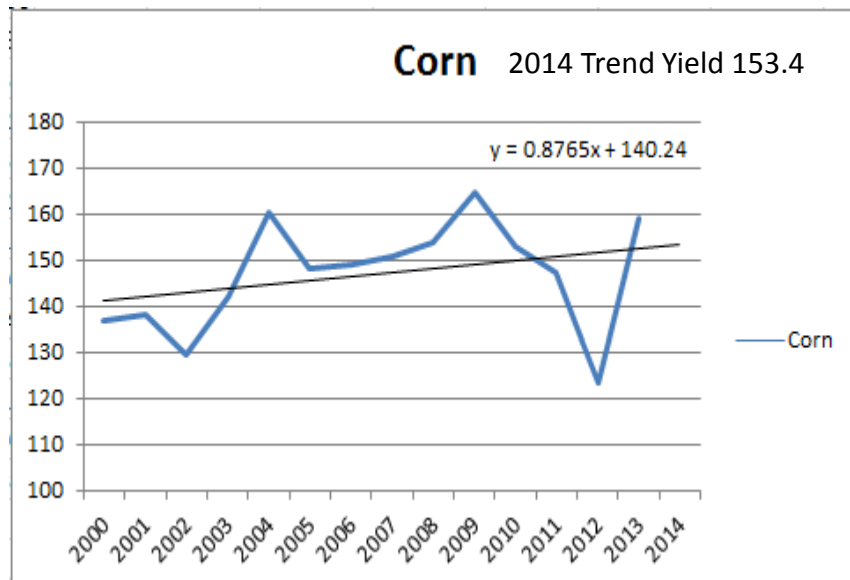
Million acres



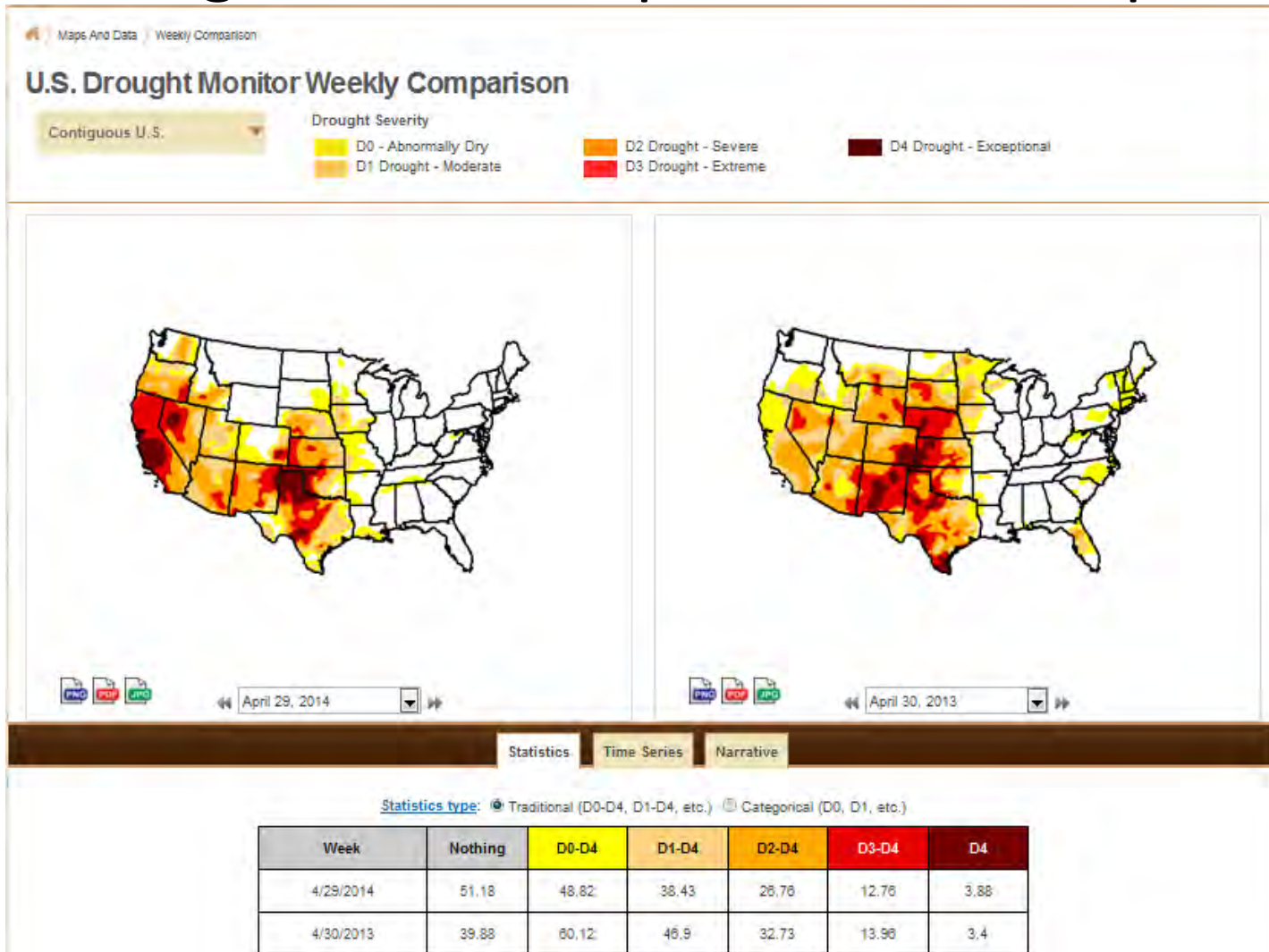
2014 Soybean projected acres 81.493 million acres  
compared to 76.533 million acres in 2013



# Yield trends for corn and soybeans



# U.S. Drought Monitor April, 2014 and April, 2013

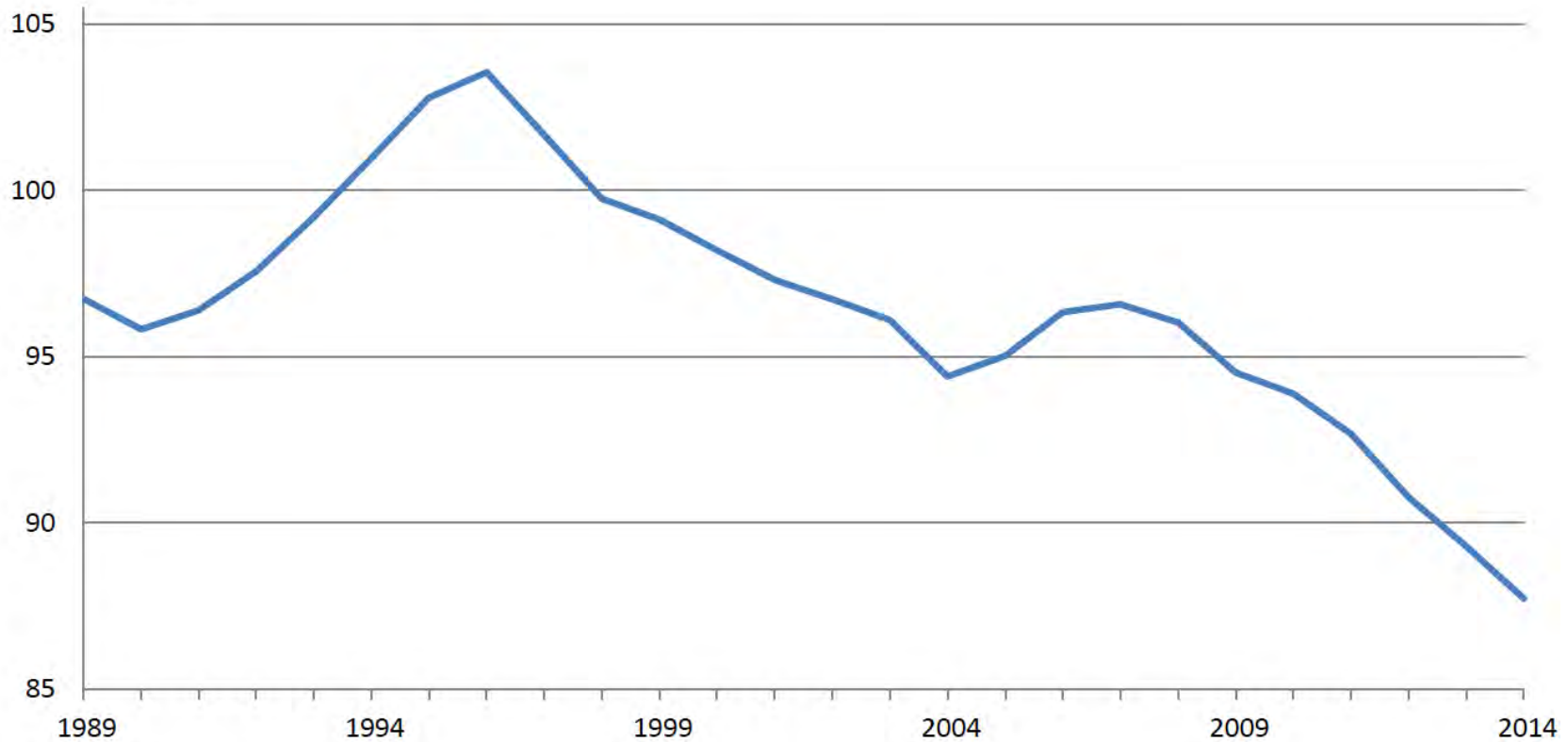


# Beef and Cattle Prices

- Fed Steer prices for 2013 are estimated at \$125.89/cwt, compared to \$122.86 in 2012 \$114.73/cwt in 2011 and \$95.38/cwt in 2010
- Fed Steer prices for 2014 are forecast at \$144-\$151/cwt (a \$147.50/cwt midpoint estimate), an increase over 2013 of \$21.61/cwt or 17.16% (last updated 4/11/14)
- OK City Feeder Calf prices for 2013 are estimated at \$147.06/cwt, compared to \$146.39 in 2012, \$133.74 in 2011 and \$109.51 in 2010.
- OK City Feeder Calf prices in 2014 are forecast at \$166.00 - \$173.00/cwt in 2014 (a \$169.50/cwt midpoint estimate), an increase of \$22.44/cwt or 15.25% (last updated 3/14/14)

# Cattle Inventory – United States: January 1

Million head

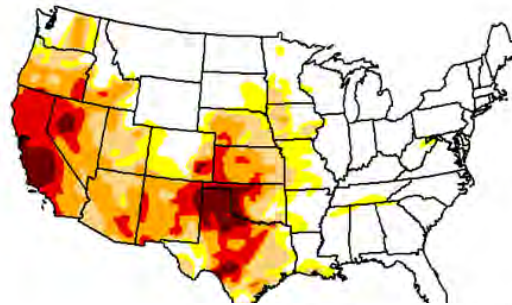


Source: USDA NASS. "Cattle." ISSN: 1948-9099. January 31, 2014

All cattle and calves in the United States as of January 1, 2014 totaled 87.7 million head, 2 percent below the 89.3 million on January 1, 2013. This is the lowest January 1 inventory of all cattle and calves since the 82.1 million on hand in 1951.

# U.S. Drought Monitor CONUS

**April 29, 2014**  
(Released Thursday, May 1, 2014)  
Valid 8 a.m. EDT



Drought Conditions (Percent Area)

	None	D0-D4	D1-D4	D2-D4	D3-D4	D4
<b>Current</b>	51.18	48.82	38.43	26.76	12.76	3.89
<b>Last Week</b> 4/22/2014	49.83	50.17	38.43	26.20	11.48	3.26
<b>3 Months Ago</b> 1/26/2014	43.75	56.25	36.49	20.76	7.24	0.83
<b>Start of Calendar Year</b> 12/01/2013	48.24	51.76	30.95	18.67	3.96	0.37
<b>Start of Water Year</b> 10/01/2013	39.57	60.43	41.21	20.70	3.06	0.29
<b>One Year Ago</b> 4/02/2013	39.88	60.12	46.90	32.73	13.96	3.40

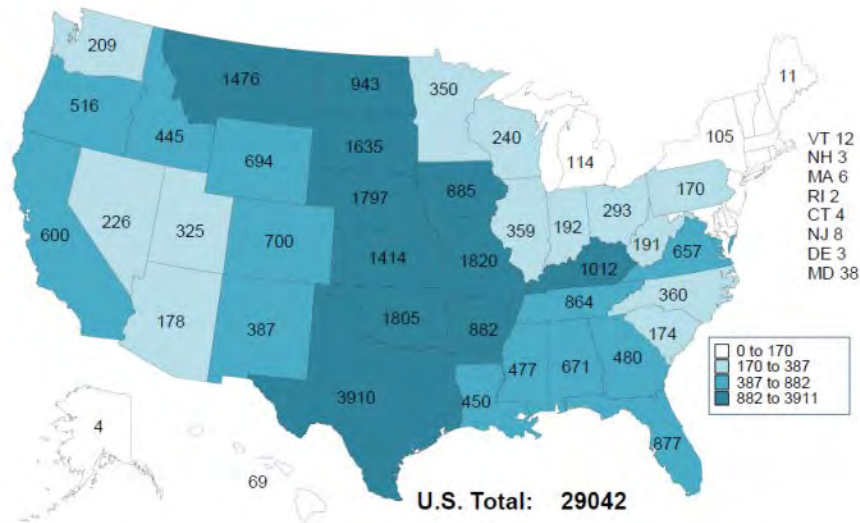
*Intensity:*

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

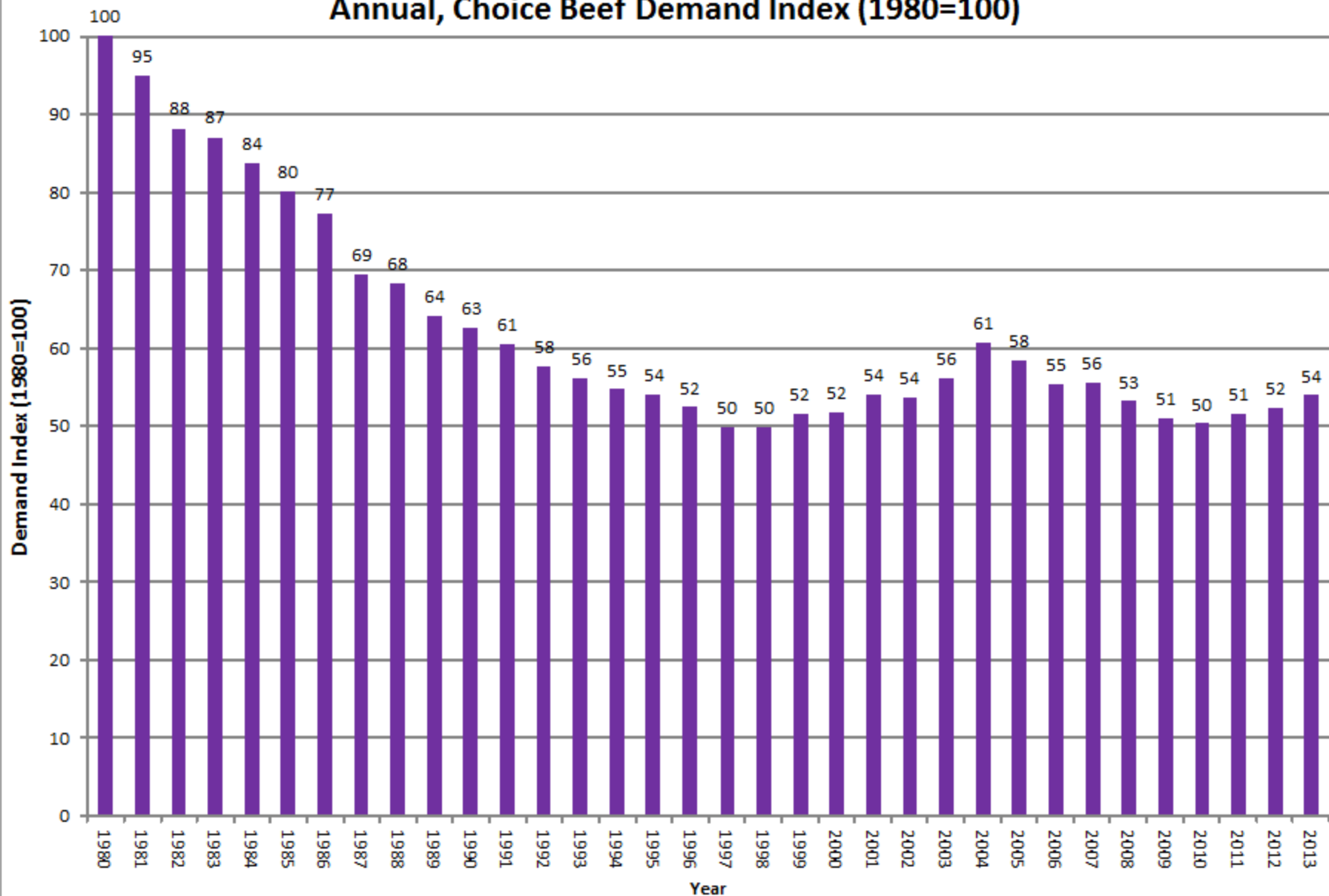
*The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.*

Author(s):

## BEEF COWS THAT CALVED JANUARY 1, 2014 (1000 Head)



## Annual, Choice Beef Demand Index (1980=100)



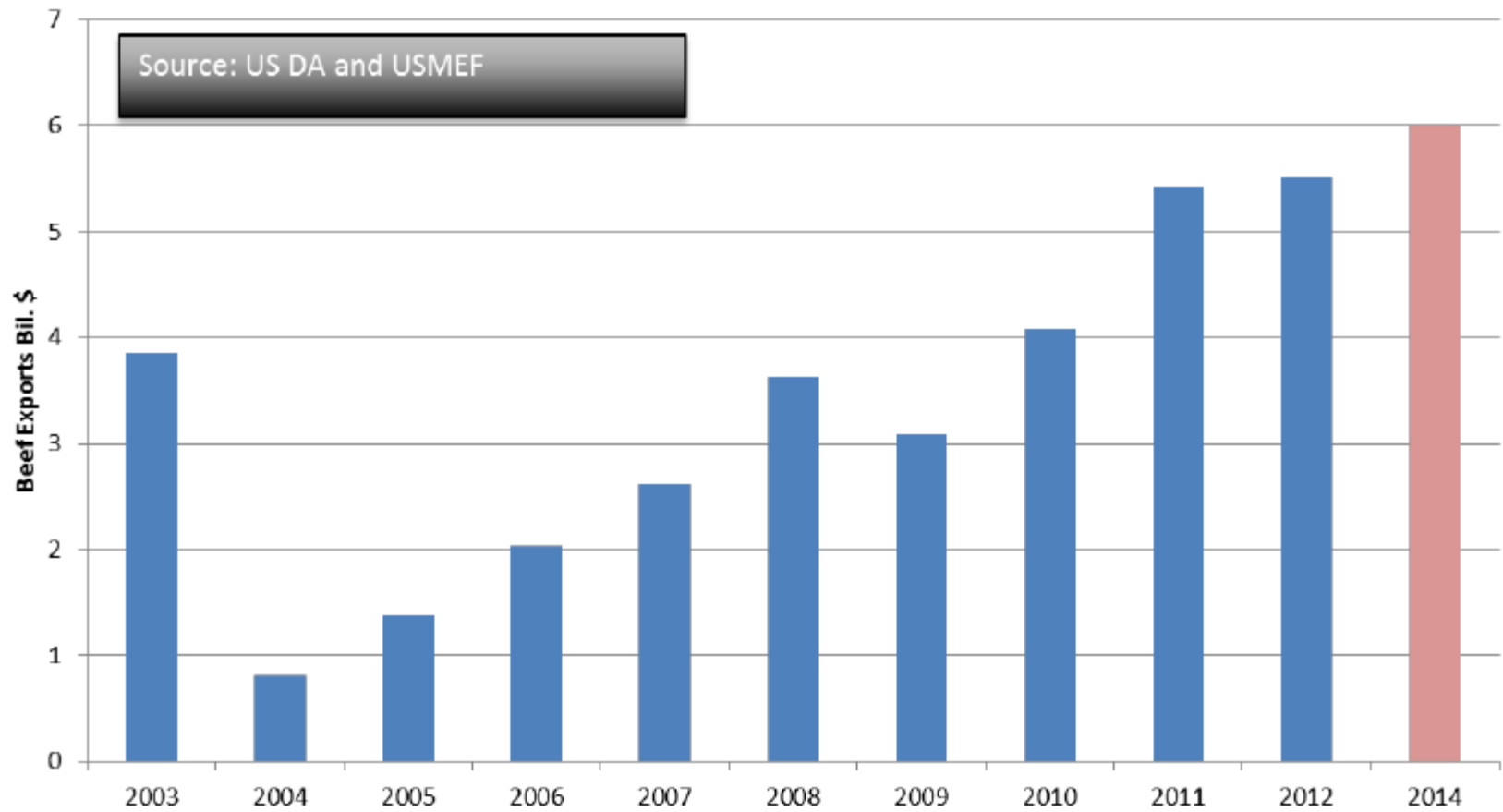
Source: Glynn T. Tonsor, Kansas State University, Jan. 2014

# U.S. Meat Supplies (billion #)

Commodity	2012	2013	2014 proj
Beef	28.81	28.65	27.55
Pork	24.61	24.71	24.31
<b>Total Red Meat</b>	<b>53.89</b>	<b>53.85</b>	<b>52.31</b>
Broilers	37.34	38.19	38.86
<b>Total Poultry</b>	<b>43.98</b>	<b>44.77</b>	<b>45.34</b>
<b>Tot Red Meat &amp; Poultry</b>	<b>97.87</b>	<b>98.62</b>	<b>97.66</b>

Source: USDA. World Agricultural Supply and Demand Estimates, WASDE-528. (April 9, 2014)

# US Beef Export Values





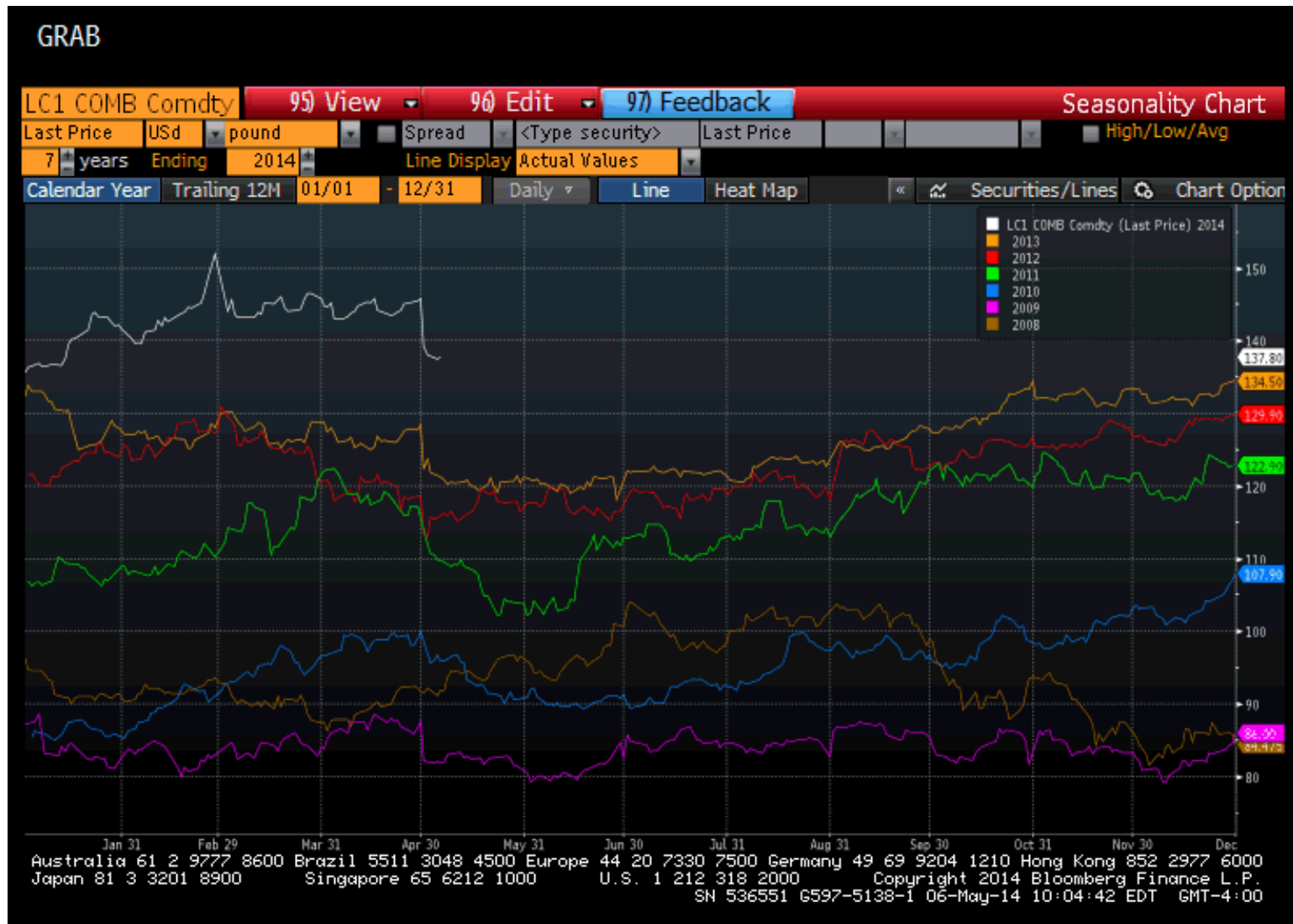
# Nearby Live Cattle 1994 - 2013



# June 2014 Live Cattle 5/6/13 – 5/6/14



# Live Cattle Prices 2008 - 2014



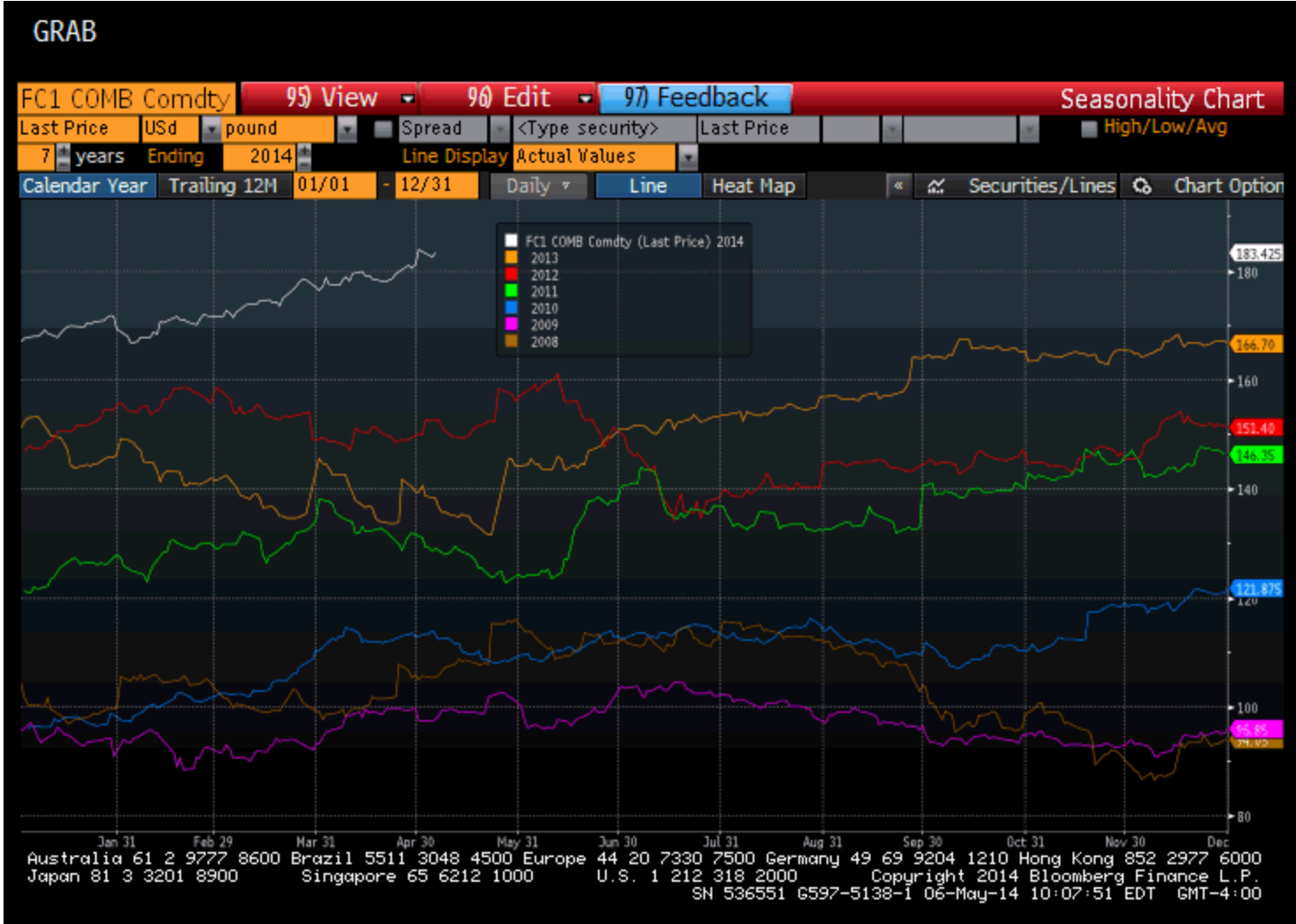
# Nearby Feeder Cattle, 1994 - 2014



# August 2014 Feeder Cattle, 5/6/13 – 5/6/14



# Feeder Cattle Prices 2008-2014



# Choice Steers Market Prices (\$/cwt) 2010 – 2013 and Outlook for 2014

	1 <sup>st</sup> Qtr	2 <sup>nd</sup> Qtr	3 <sup>rd</sup> Qtr	4 <sup>th</sup> Qtr	Annual
2010	89.44	96.33	95.47	100.28	95.38
2011	110.07	112.79	114.05	121.99	114.73
2012	125.29	120.91	119.69	125.54	122.86
2013	125.52	124.95	122.30	130.77	125.89
2014*	146.34	146-152	141-151	142-152	144-151

Source: USDA ERS. Livestock, Dairy, and Poultry Outlook. LDP-M-238. April 14, 2014.

\* Indicates forecasted values

# Feeder Steers Market Prices (Okl City, \$/cwt) 2010 – 2013 and Outlook for 2014

	1 <sup>st</sup> Qtr	2 <sup>nd</sup> Qtr	3 <sup>rd</sup> Qtr	4 <sup>th</sup> Qtr	Annual
2010	98.73	112.65	112.29	113.55	109.30
2011	127.20	131.09	134.74	141.95	133.74
2012	152.81	150.05	139.31	143.40	146.39
2013	141.36	133.10	152.08	161.69	147.06
2014*	167.49	167-173	162-172	168-180	166-173

Source: USDA ERS. Livestock, Dairy, and Poultry Outlook. LDP-M-238. April 14, 2014.

\* Indicates forecasted values



## Beef and Feed Prices, 2010-2013, and 2014 forecasts

Year	Fed Cattle	Feeder Cattle	Corn	Soybeans	Soy Meal
2010	95.38	109.31	3.55	9.59	311.27
2011	114.73	133.74	5.18	11.30	345.00
2012	122.86	146.39	6.22	12.50	393.53
2013	125.89	147.06	6.89	14.40	468.11
2014Apr	147.50	169.50	4.60	13.00	475.00



# Beef and Dairy Outlook

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