

Bigfoots, Super Models, and a Soft Landing in the Cattle Market: A Look at Prices and Costs

Beef Cattle Marketing Symposium

Alice, TX

October 4, 2018

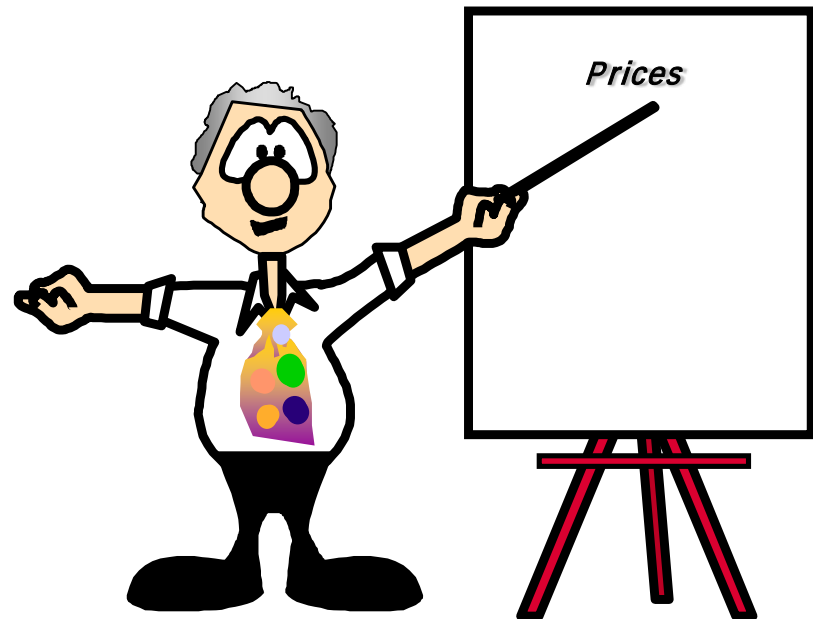
David P. Anderson

Professor and Extension Economist



Overview

- Overriding Themes
- Trade
- More Beef Coming
- Soft Landing?



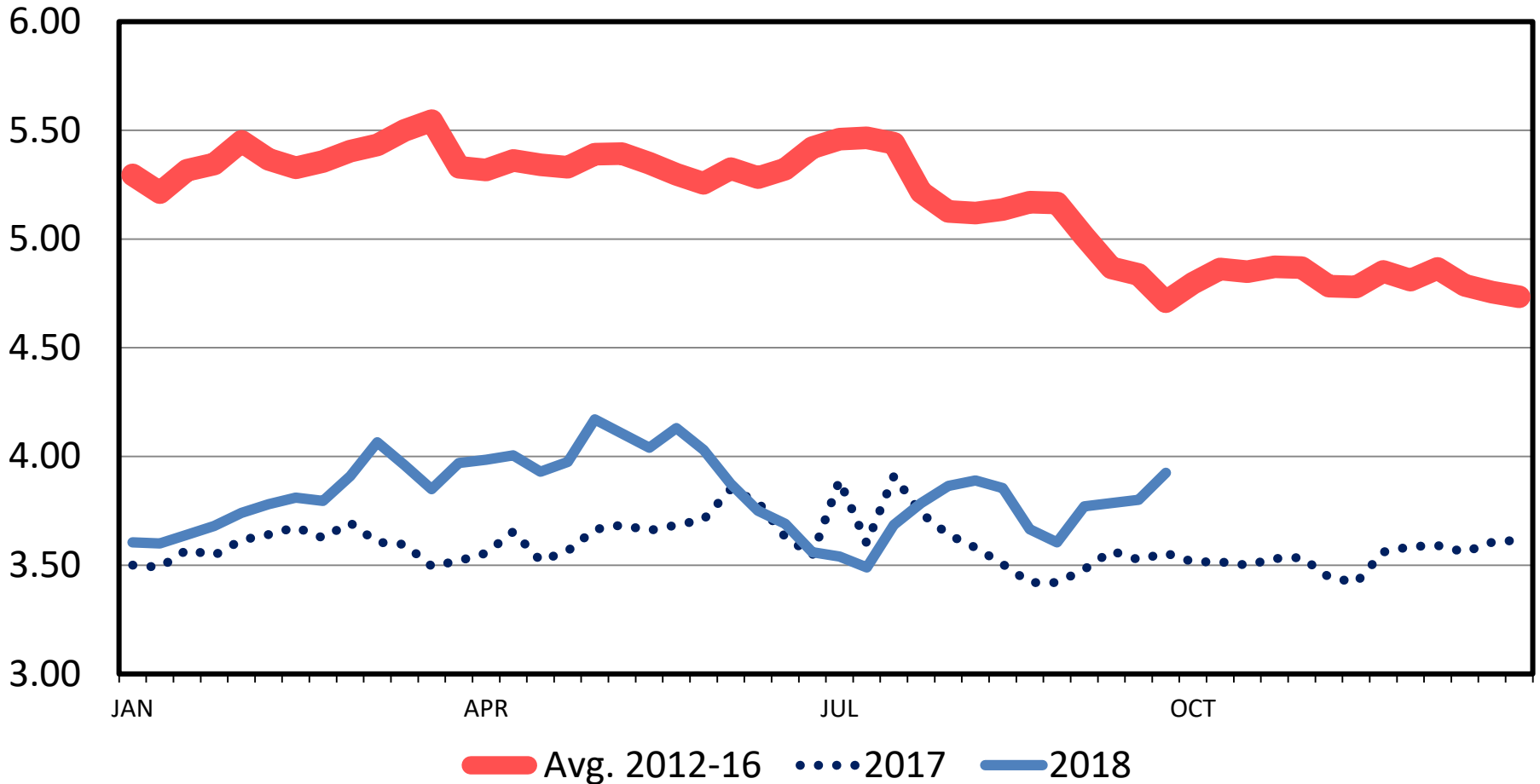
Overriding Themes

- Period of Low Feed Costs
- Record Meat Production
 - Record beef production
- Drought
- Trade - Tariffs

SOUTHERN PLAINS CORN PRICES

Weekly

\$ Per Bu.



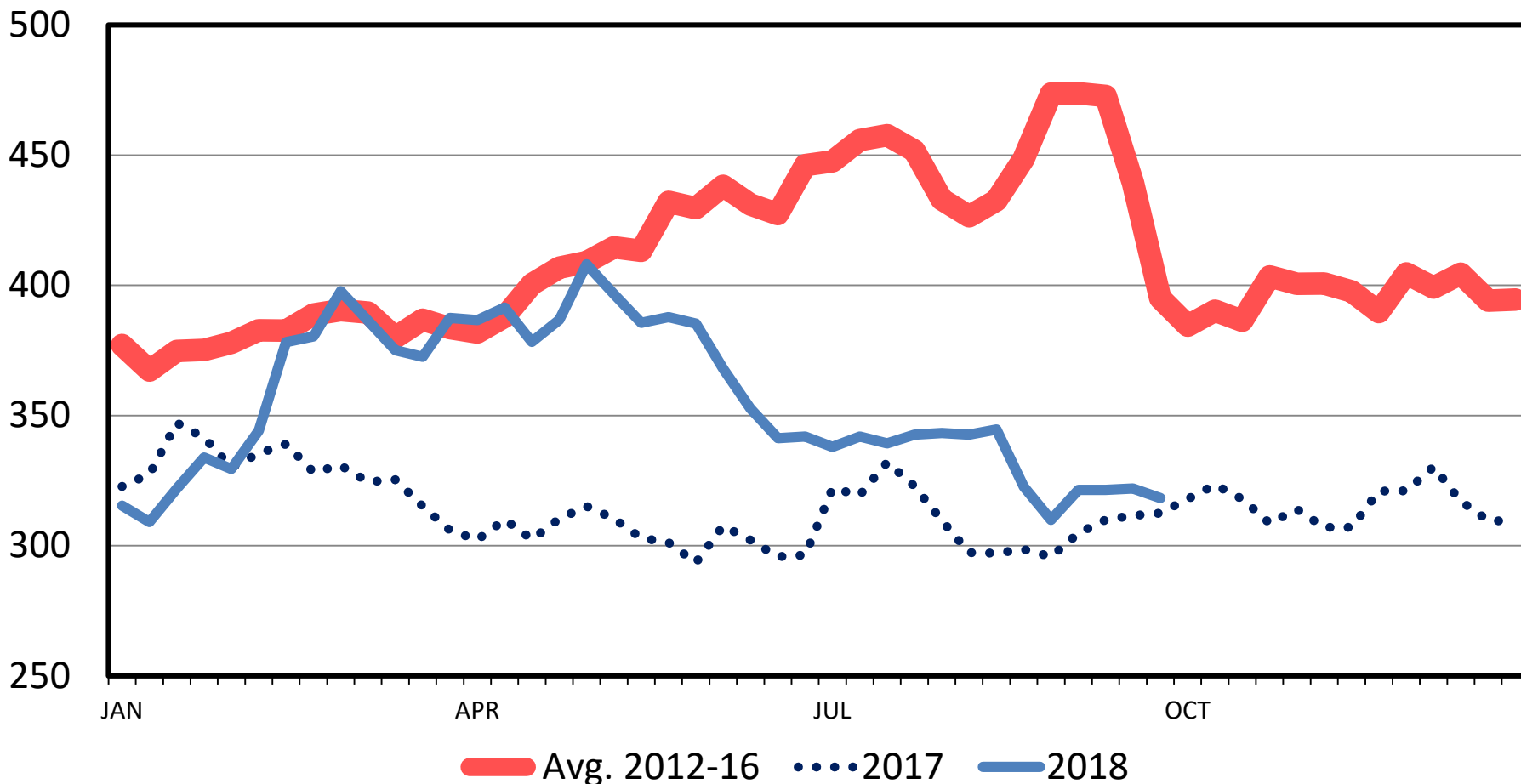
Data Source: USDA-AMS

Livestock Marketing Information Center

CENTRAL ILLINOIS SOYBEAN MEAL (48%) PRICES

Weekly

\$ Per Ton



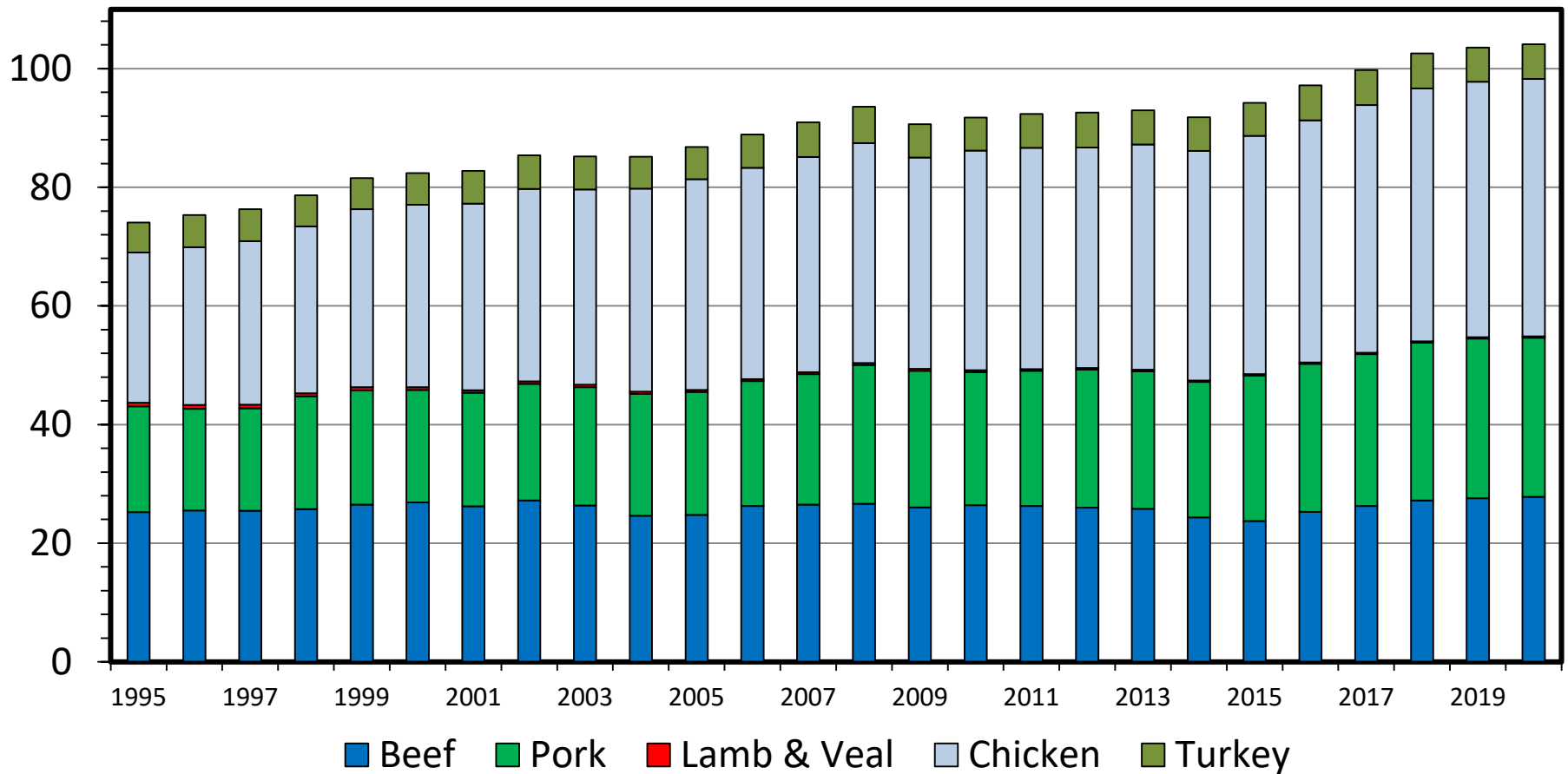
Data Source: USDA-AMS

Livestock Marketing Information Center

COMMERCIAL MEAT & POULTRY PRODUCTION

By Type of Meat, Annual

Bil. Pounds



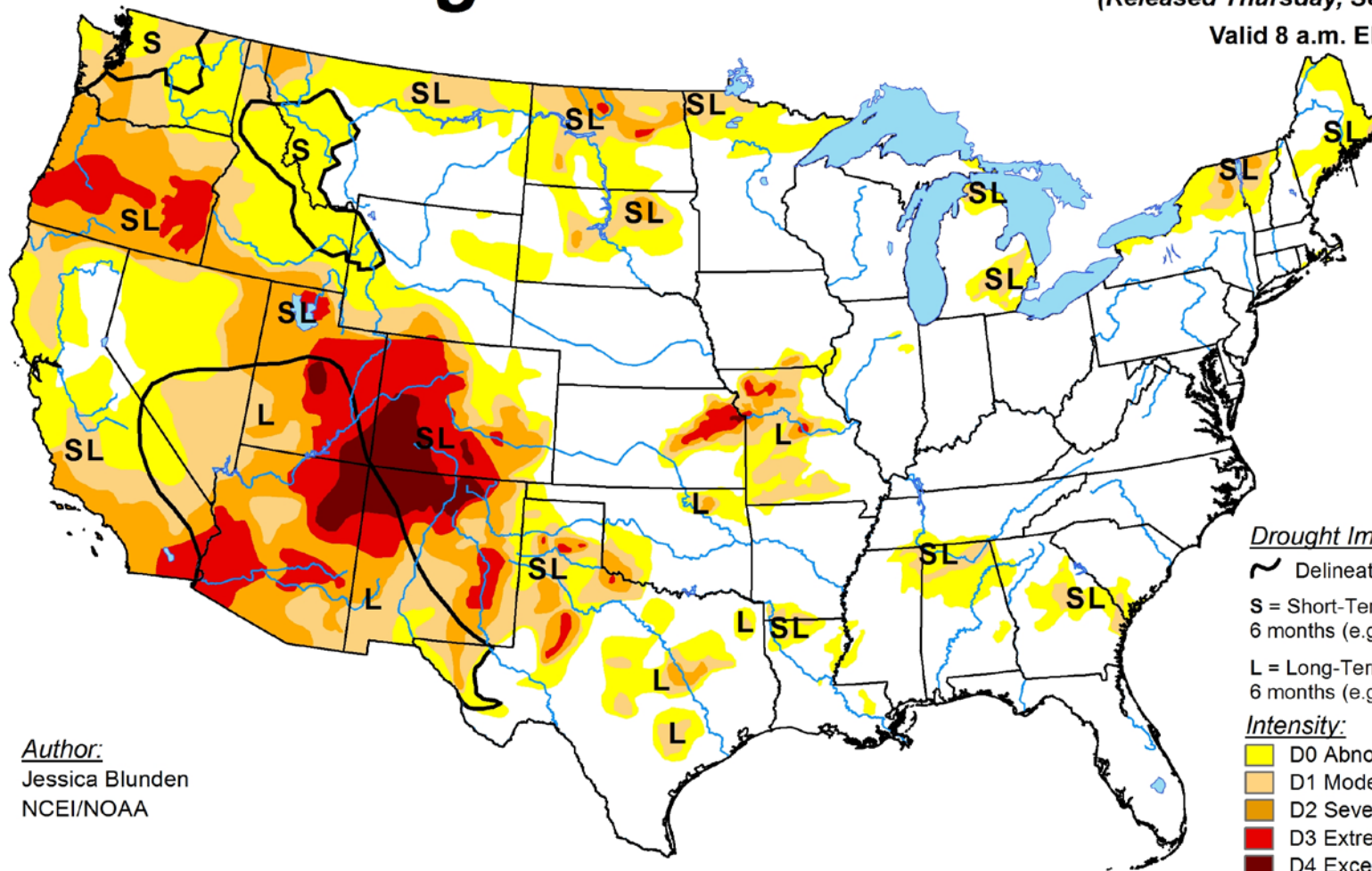
**Data Source: USDA-NASS, Compiled & Forecasts by
LMIC**

Livestock Marketing Information Center

U.S. Drought Monitor

September 25, 2018
(Released Thursday, Sep. 27, 2018)

Valid 8 a.m. EDT



Author:

Jessica Blunden
NCEI/NOAA

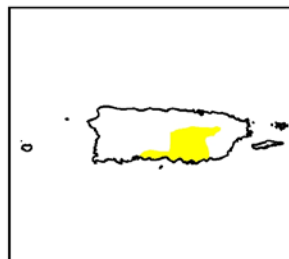
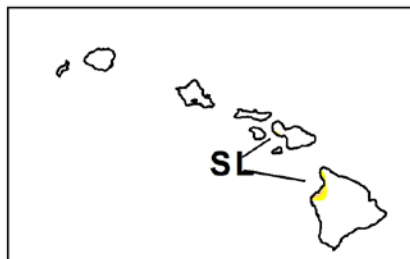
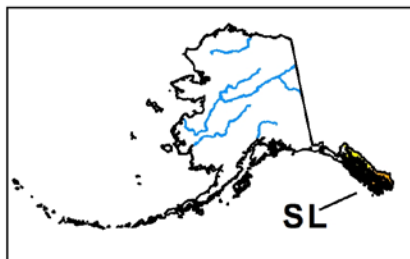
Drought Impact Types:

- ~ 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:

- Yellow: D0 Abnormally Dry
- Light Orange: D1 Moderate Drought
- Orange: D2 Severe Drought
- Red: D3 Extreme Drought
- Dark Red: D4 Exceptional Drought

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



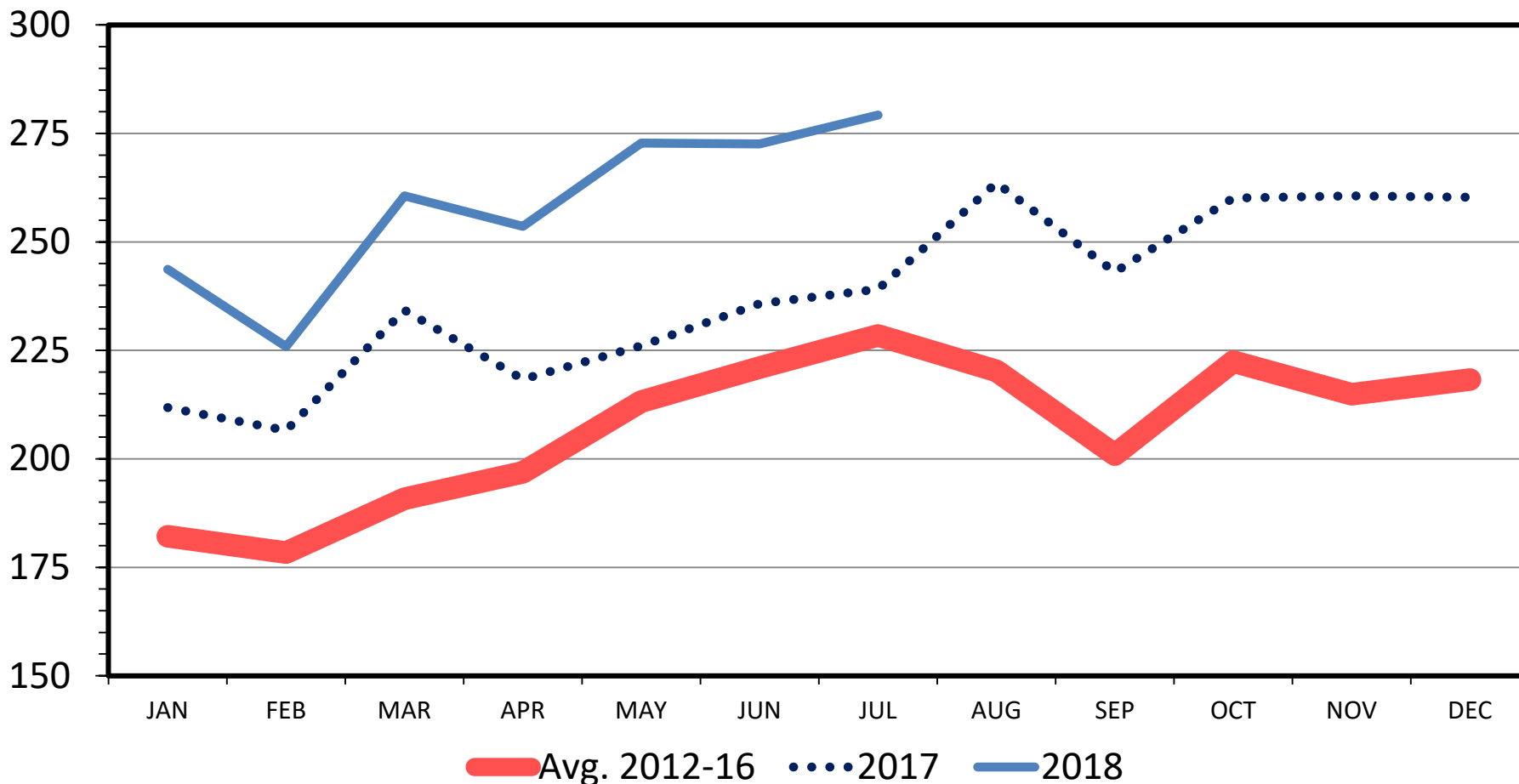
<http://droughtmonitor.unl.edu/>

Demand

US BEEF AND VEAL EXPORTS

Carcass Weight, Monthly

Mil. Pounds



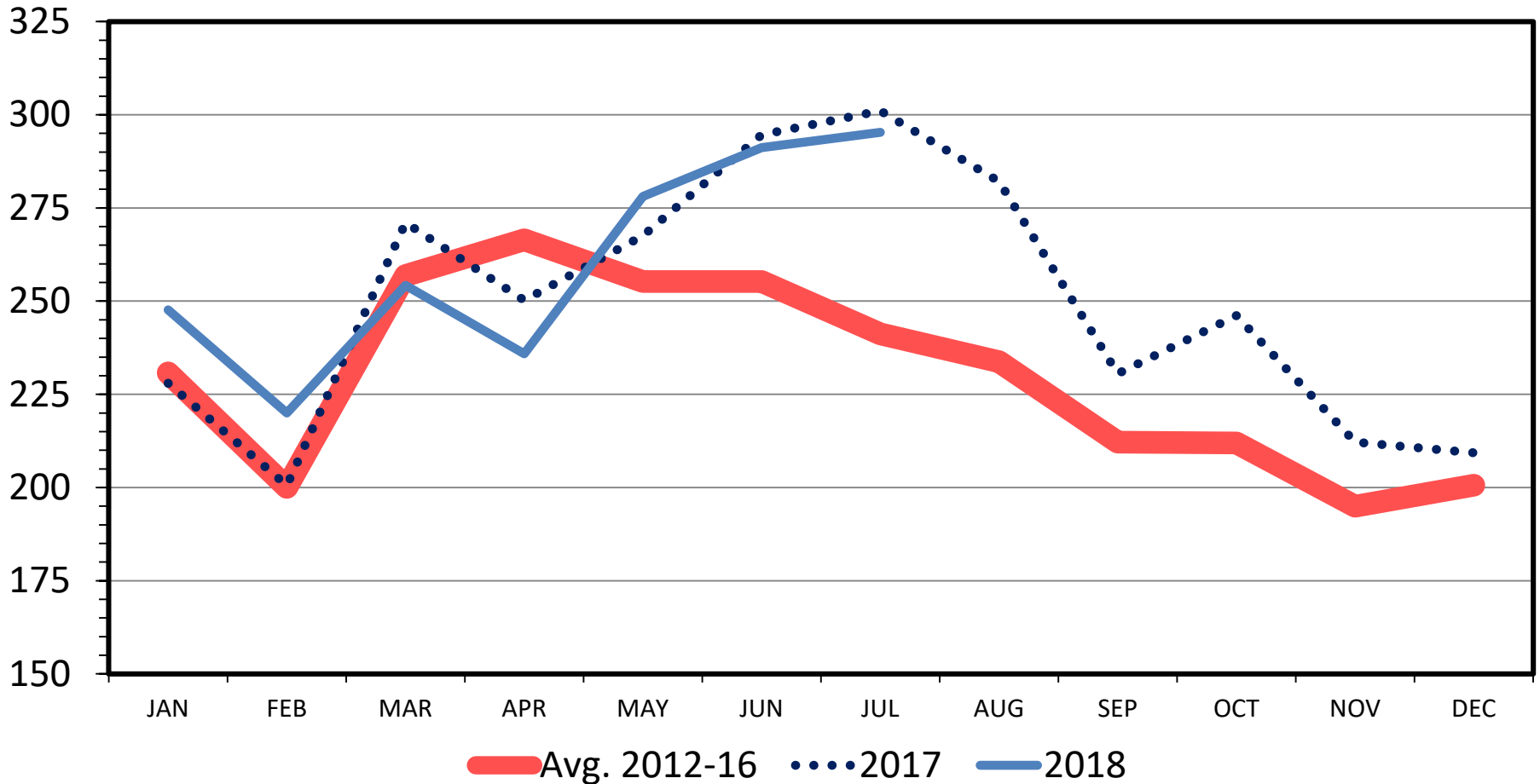
Data Source: USDA-ERS & USDA-FAS

Livestock Marketing Information Center

US BEEF AND VEAL IMPORTS

Carcass Weight, Monthly

Mil. Pounds

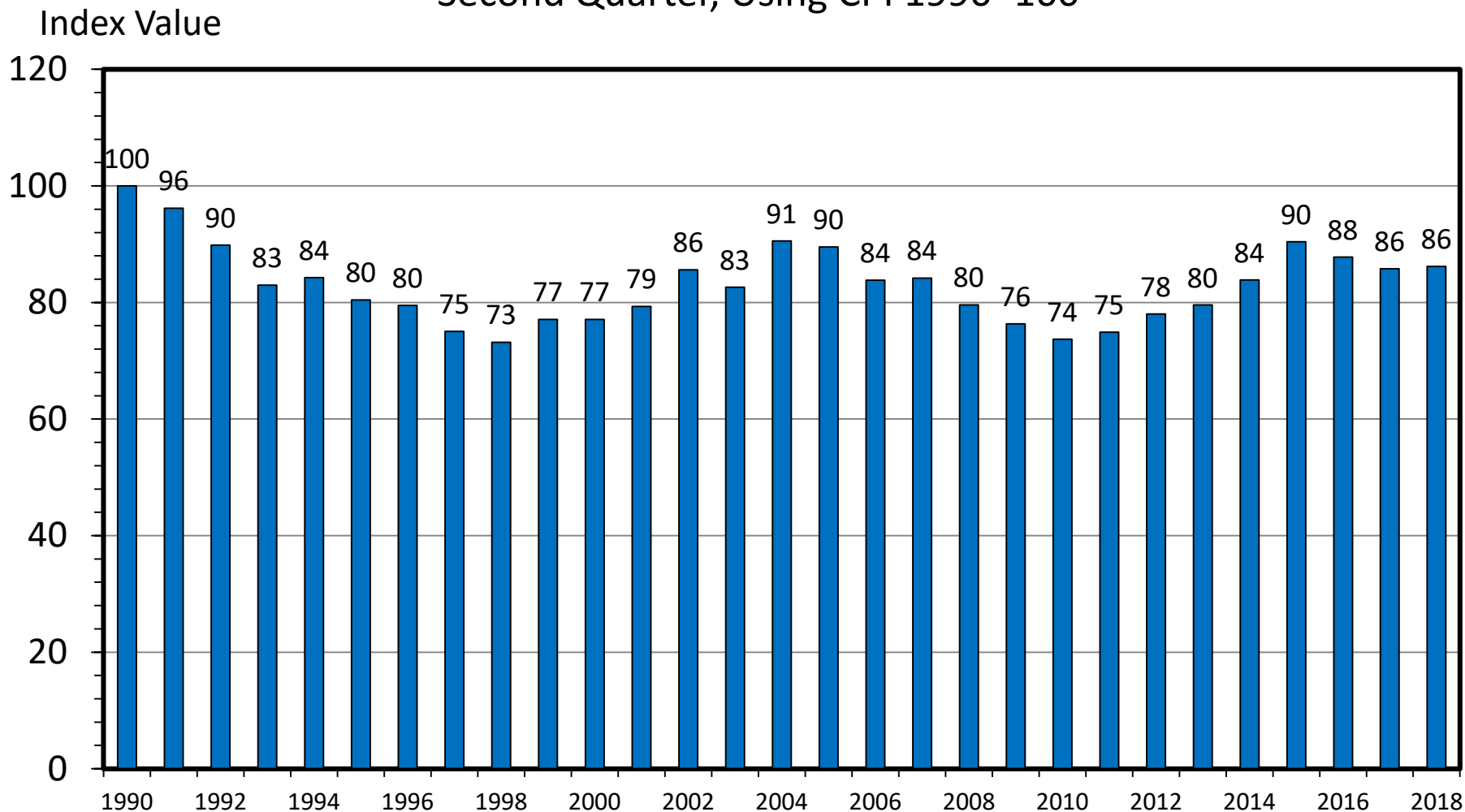


Data Source: USDA-ERS & USDA-FAS

Livestock Marketing Information Center

RETAIL ALL FRESH BEEF DEMAND INDEX

Second Quarter, Using CPI 1990=100

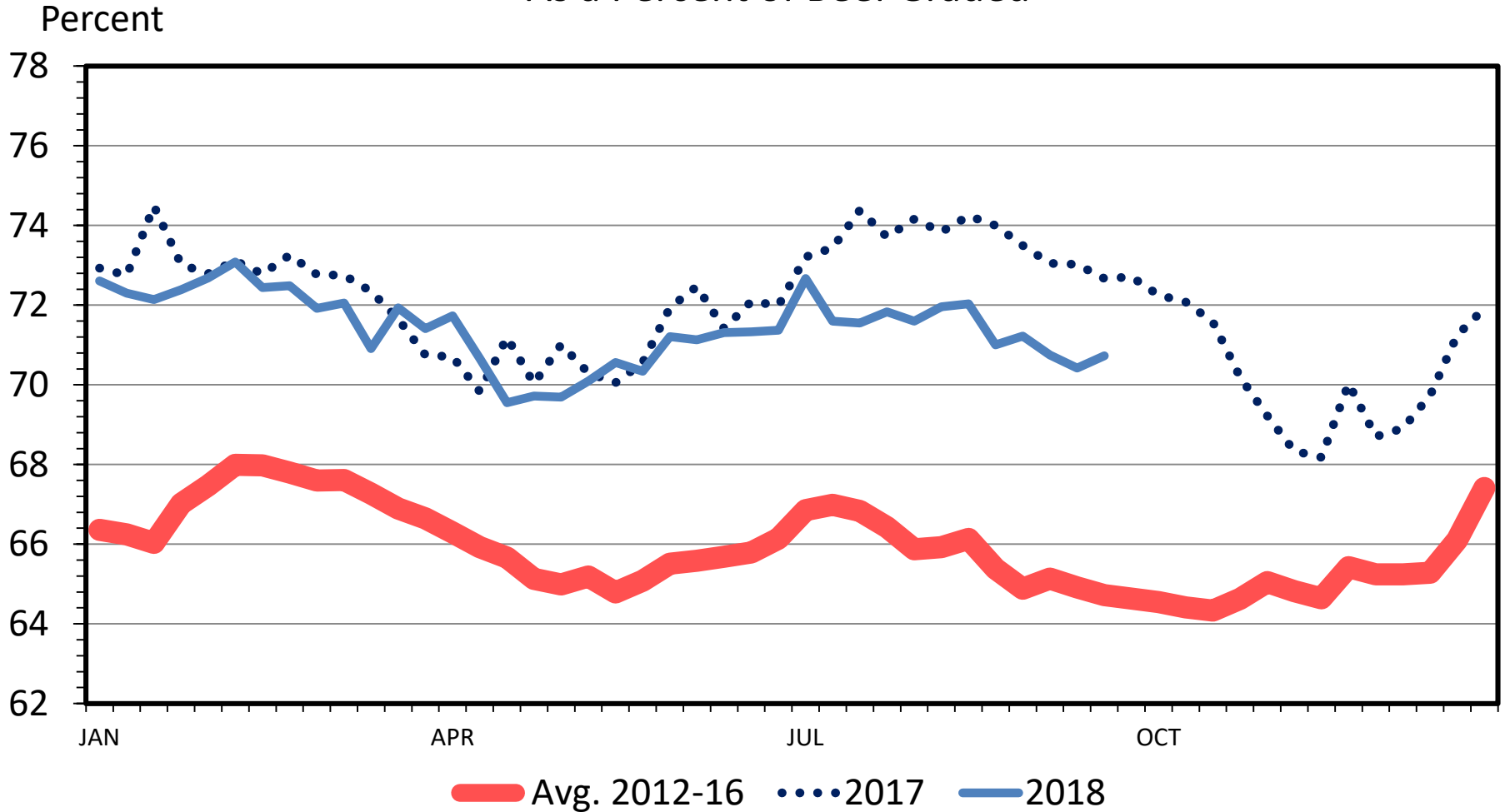


**Data Source: Bureau of Labor Statistics, USDA-ERS, Compiled &
Analysis by LMIC**

Livestock Marketing Information Center

BEEF GRADED CHOICE

As a Percent of Beef Graded

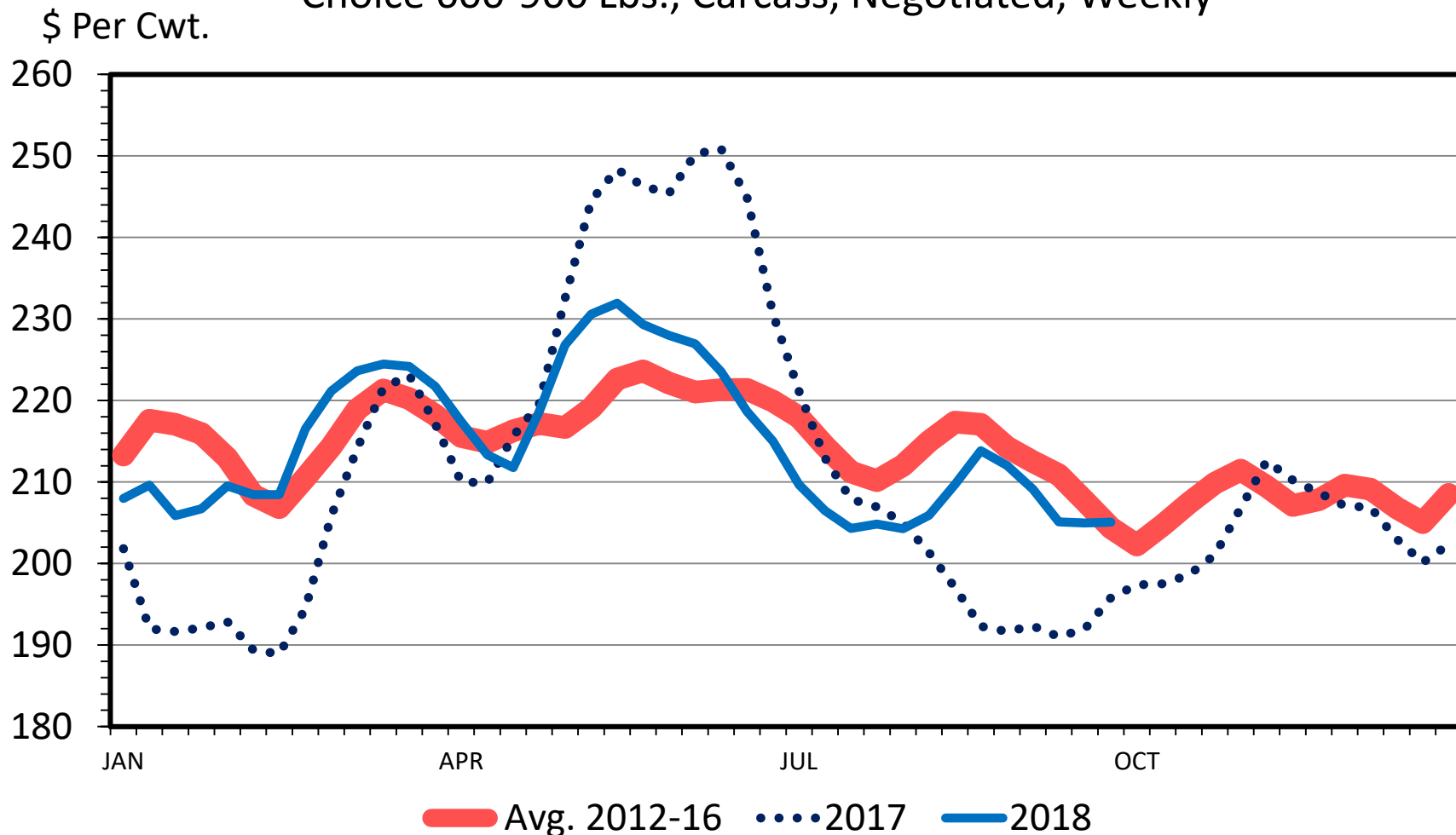


Data Source: USDA-AMS

Livestock Marketing Information Center

BOXED BEEF CUTOUT VALUE

Choice 600-900 Lbs., Carcass, Negotiated, Weekly



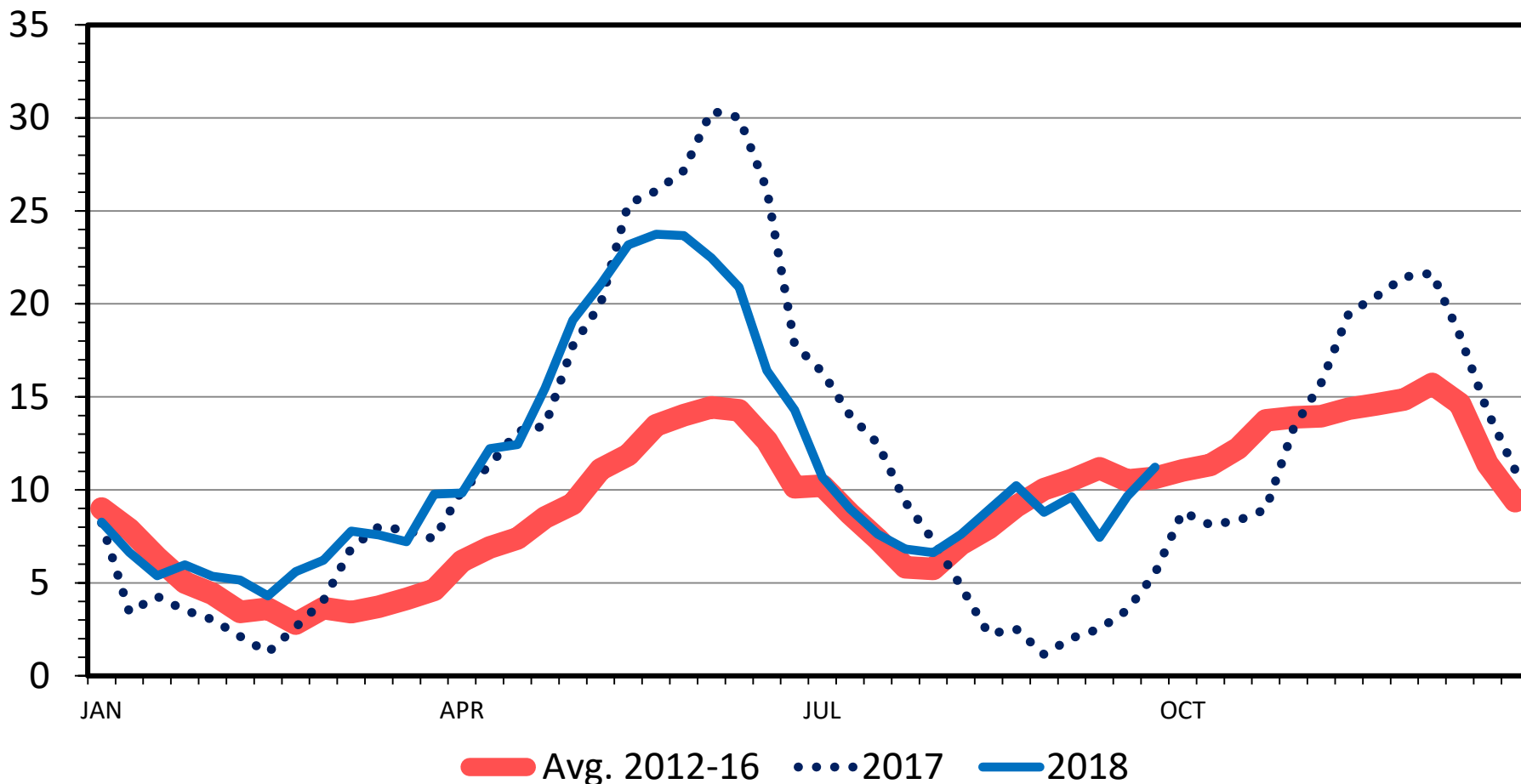
Data Source: USDA-AMS

Livestock Marketing Information Center

CHOICE MINUS SELECT BEEF PRICES

Carcass Cutout Value 600-900 Lbs., Negotiated, Weekly

\$ Per Cwt.



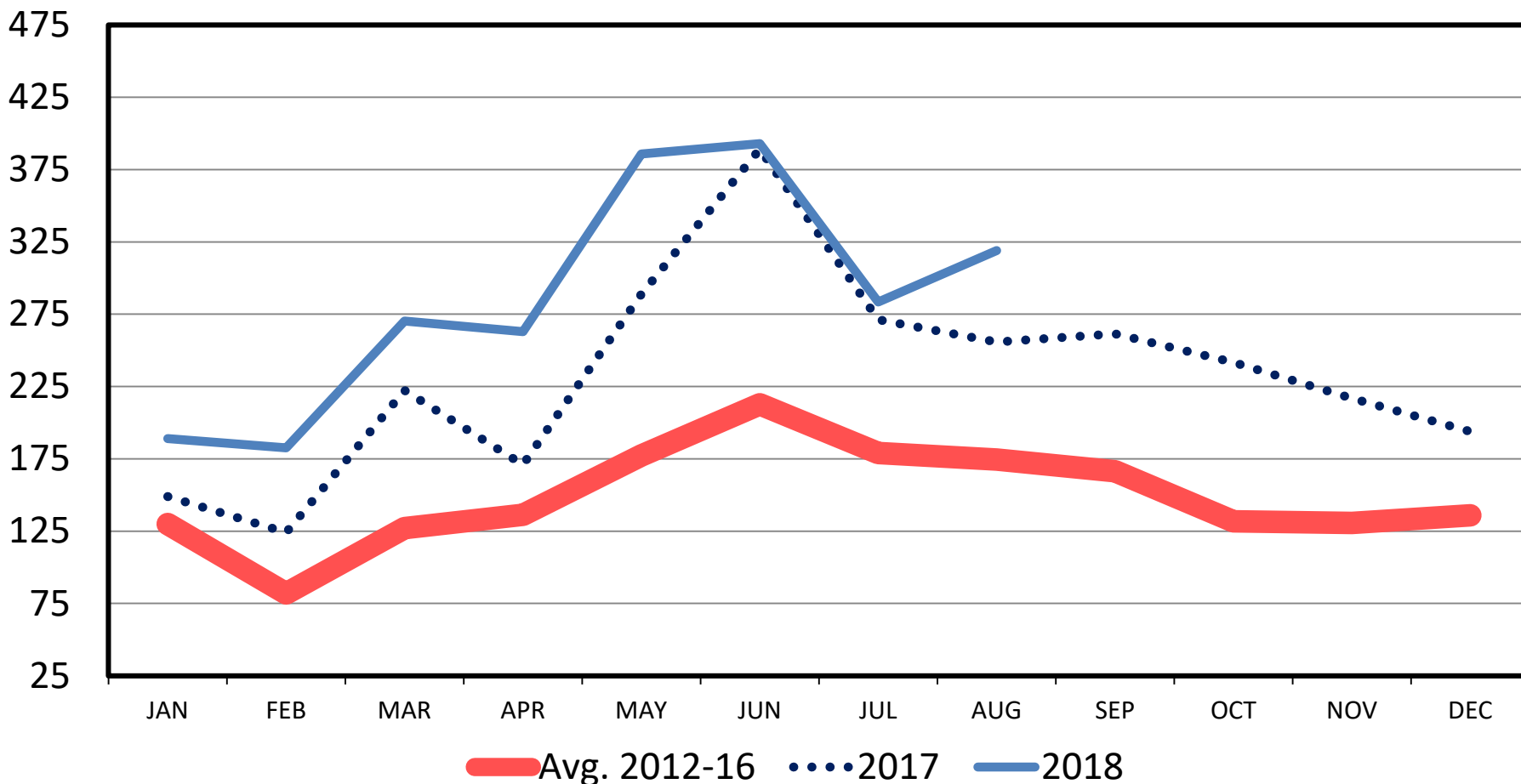
**Data Source: USDA-AMS, Compiled by
LMIC**

Livestock Marketing Information Center

LIVE TO CUTOUT BEEF PRICE SPREAD

Monthly

\$ Per 1000 lbs



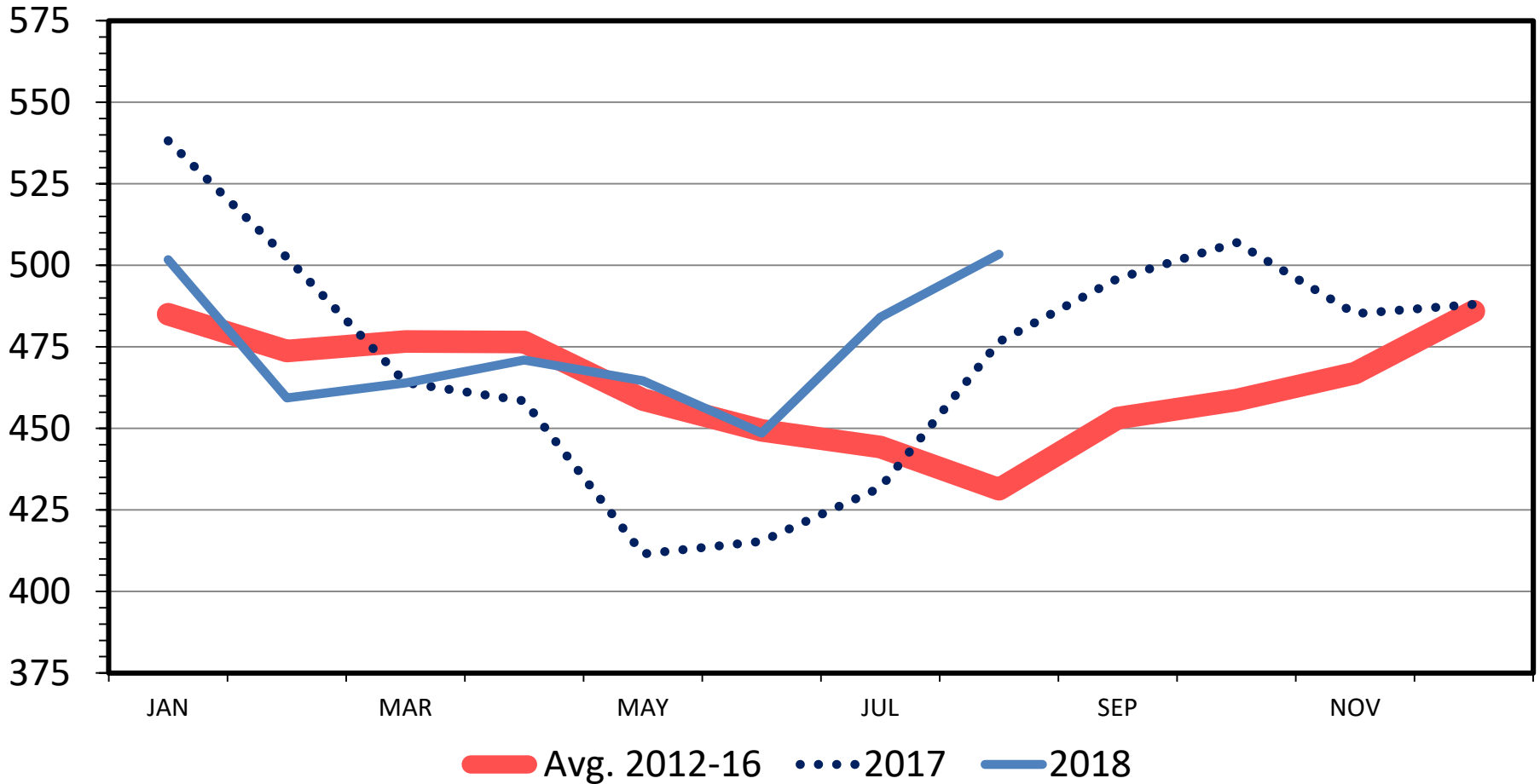
**Data Source: USDA-AMS & USDA-ERS, Compiled & Analysis
by LMIC**

Livestock Marketing Information Center

BEEF IN COLD STORAGE

End of the Month

Mil. Pounds



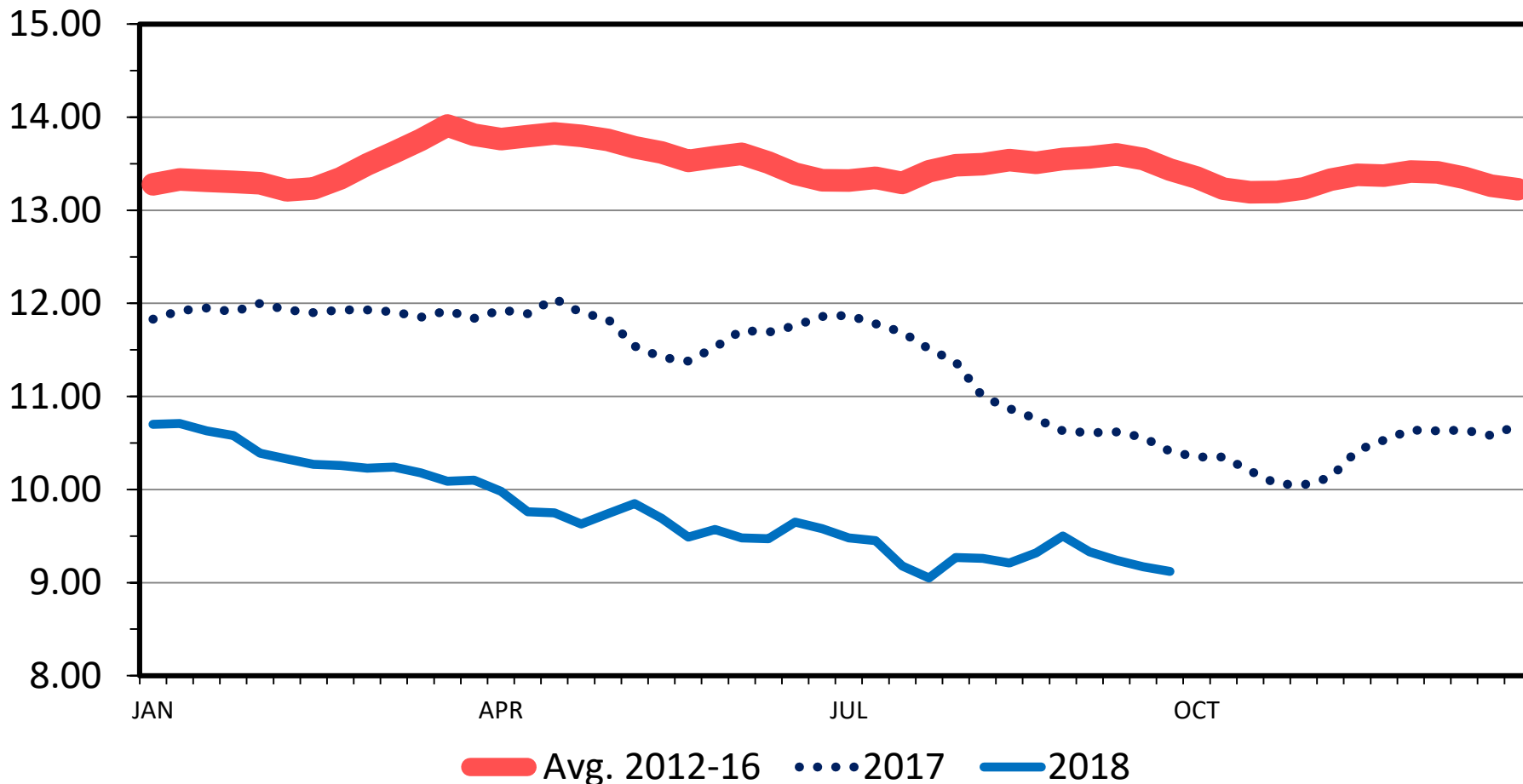
Data Source: USDA-NASS

Livestock Marketing Information Center

STEER HIDE AND OFFAL VALUE

Live Animal Basis, Weekly

\$ Per Cwt.



Data Source: USDA-AMS

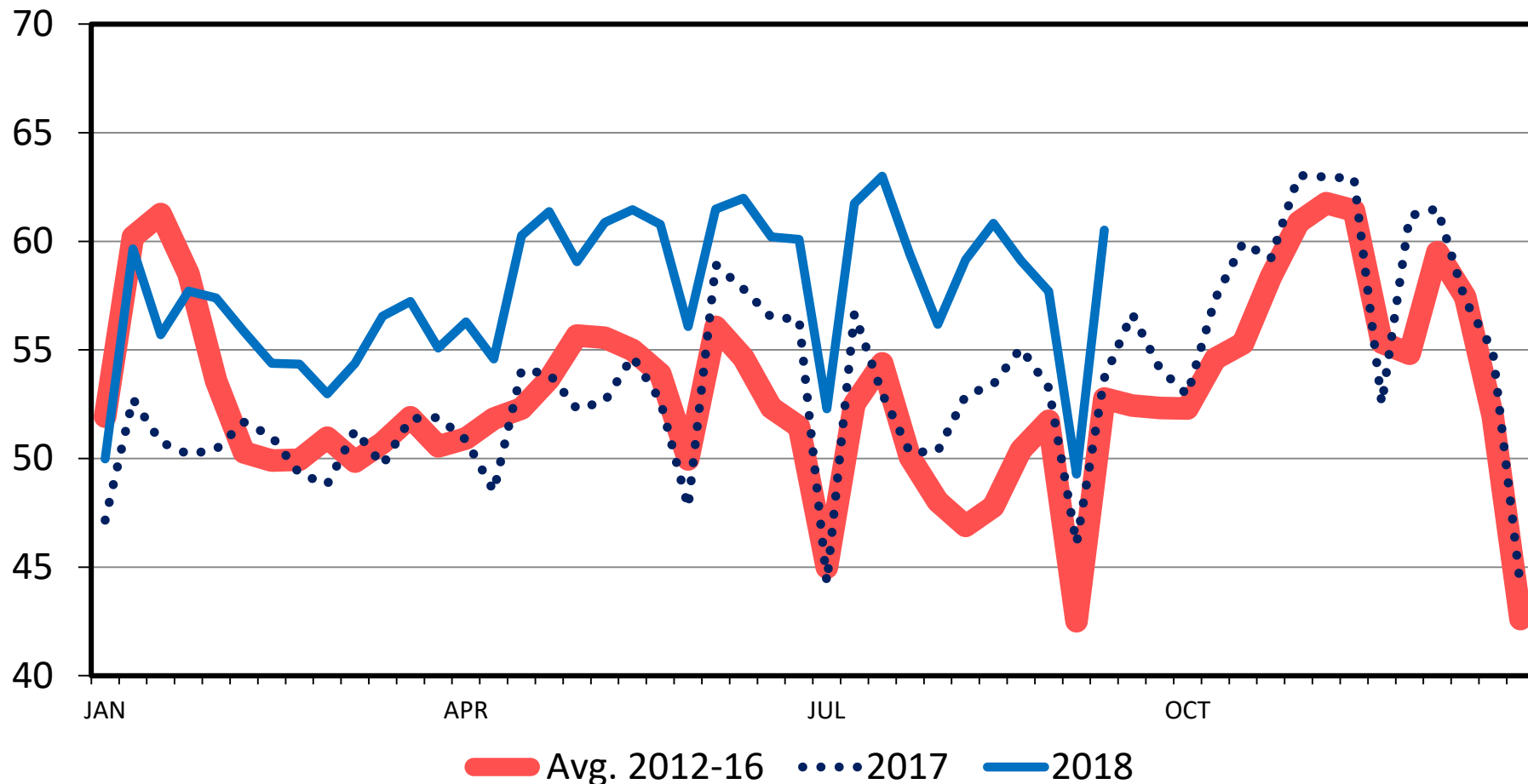
Livestock Marketing Information Center

More Beef Coming

BEEF COW SLAUGHTER

Federally Inspected, Weekly

Thou. Head



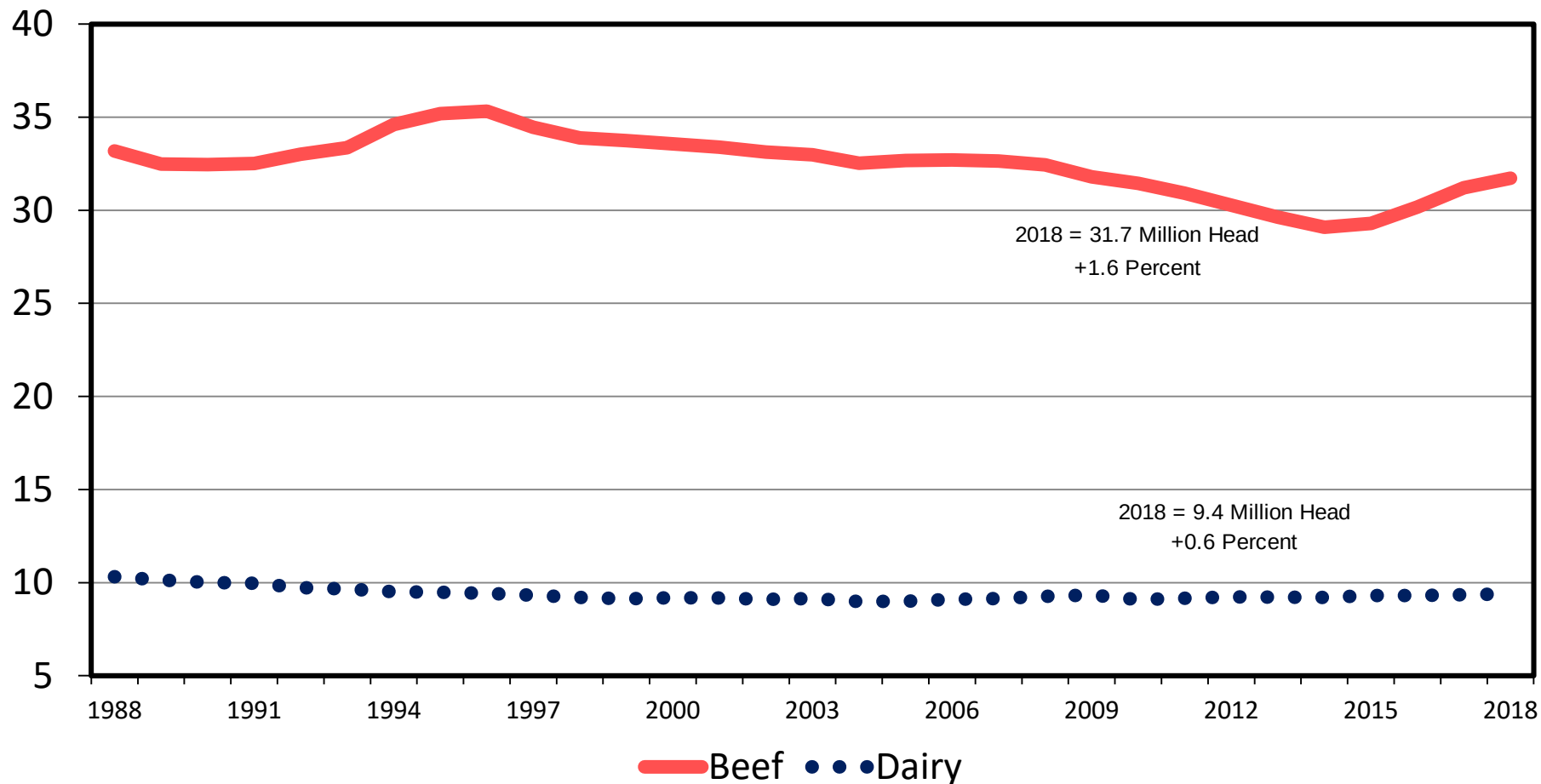
Data Source: USDA-AMS & USDA-NASS

Livestock Marketing Information Center

JANUARY 1 COW INVENTORY

U.S., Annual

Mil. Head

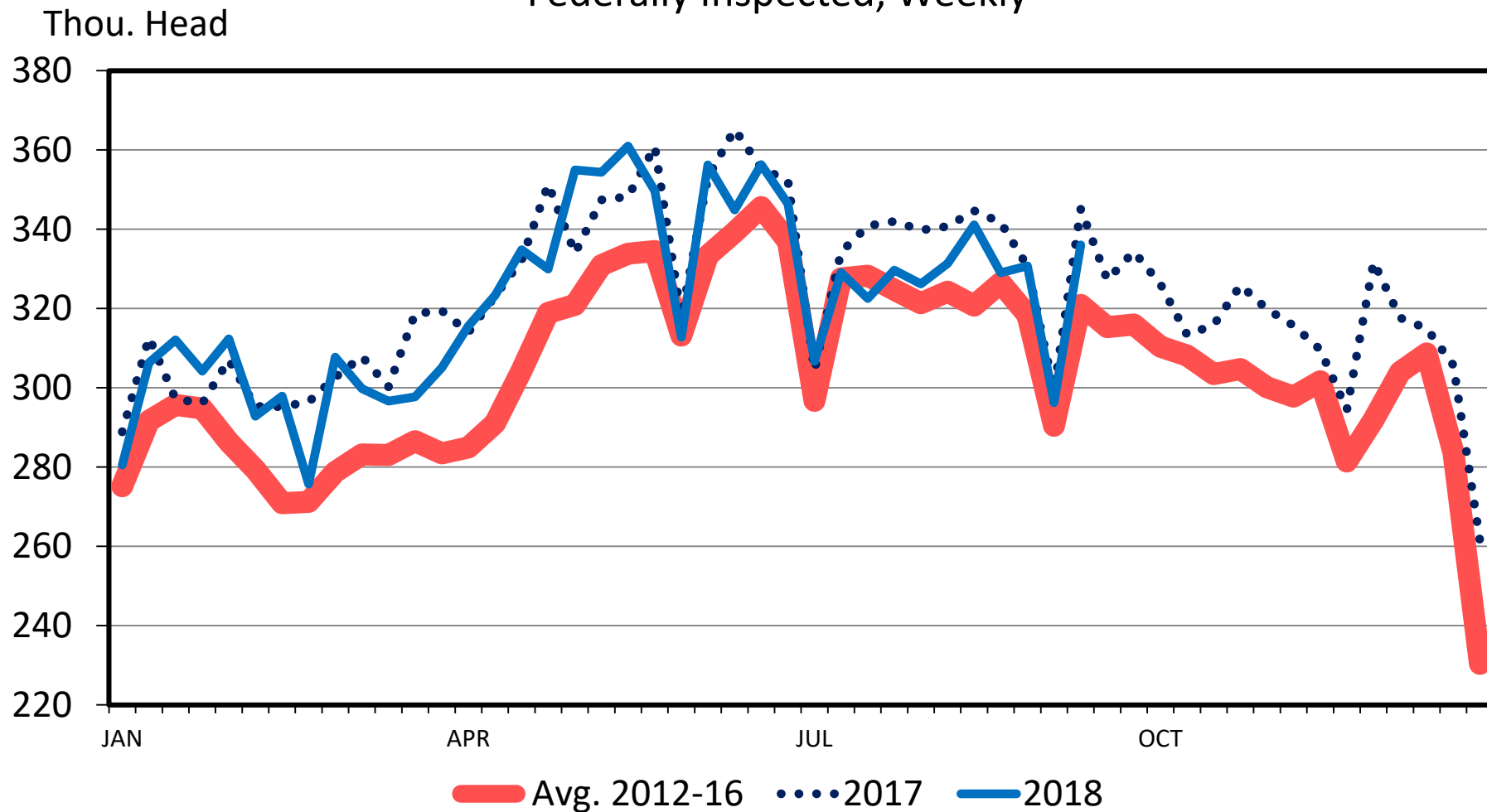


Data Source: USDA-NASS

Livestock Marketing Information Center

STEER SLAUGHTER

Federally Inspected, Weekly

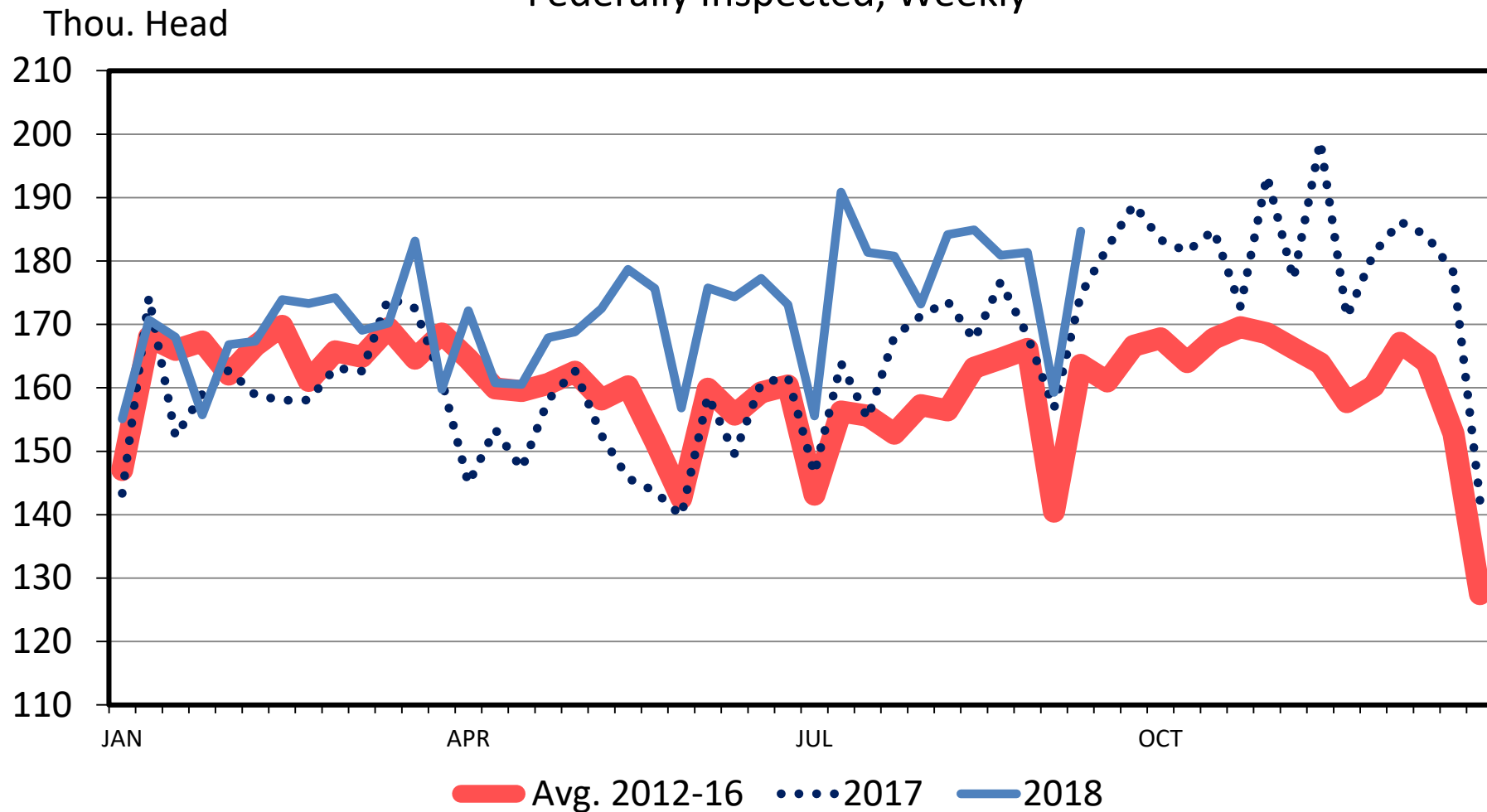


Data Source: USDA-AMS & USDA-NASS

Livestock Marketing Information Center

HEIFER SLAUGHTER

Federally Inspected, Weekly



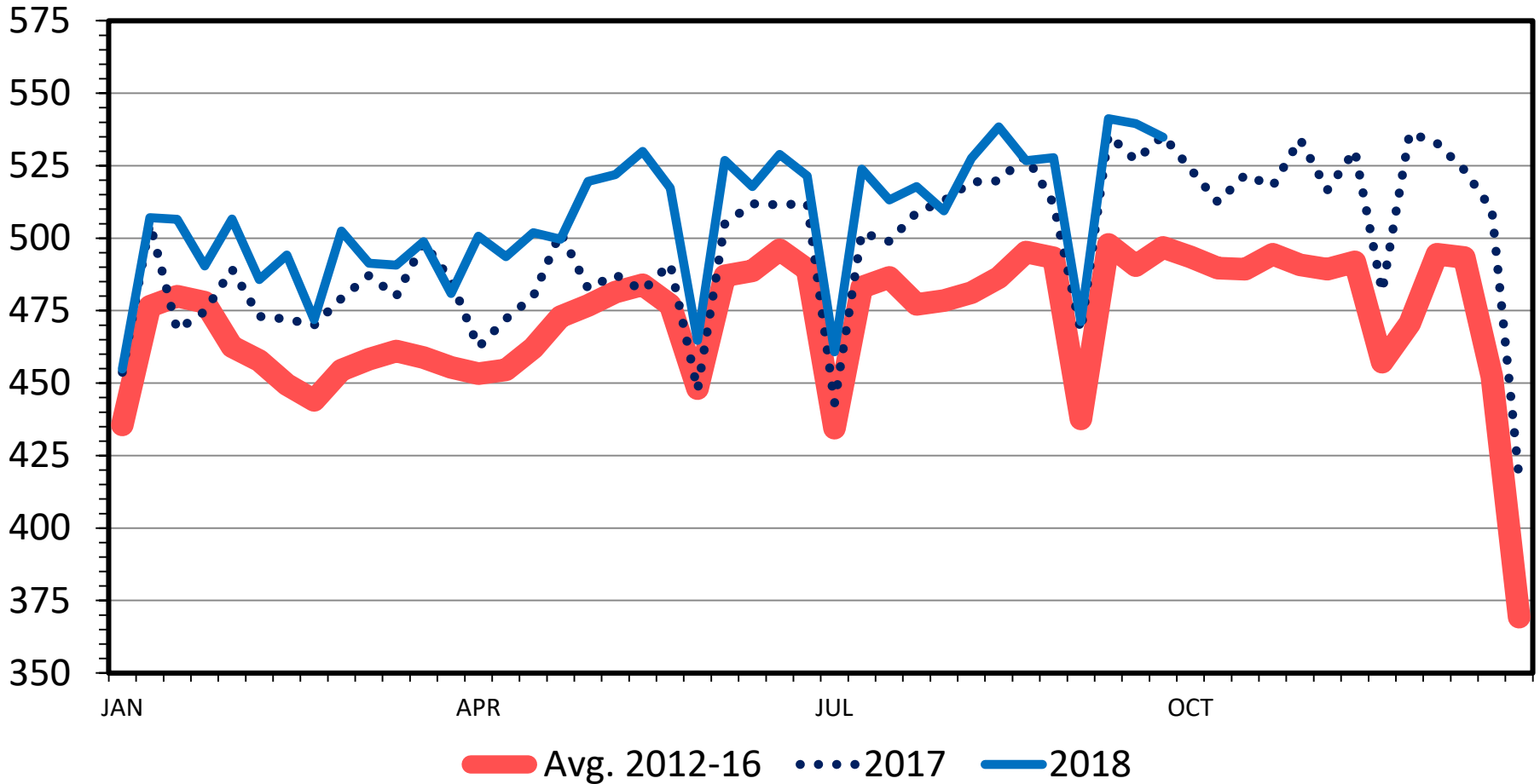
Data Source: USDA-AMS & USDA-NASS

Livestock Marketing Information Center

BEEF PRODUCTION

Federally Inspected, Weekly

Mil. Pounds

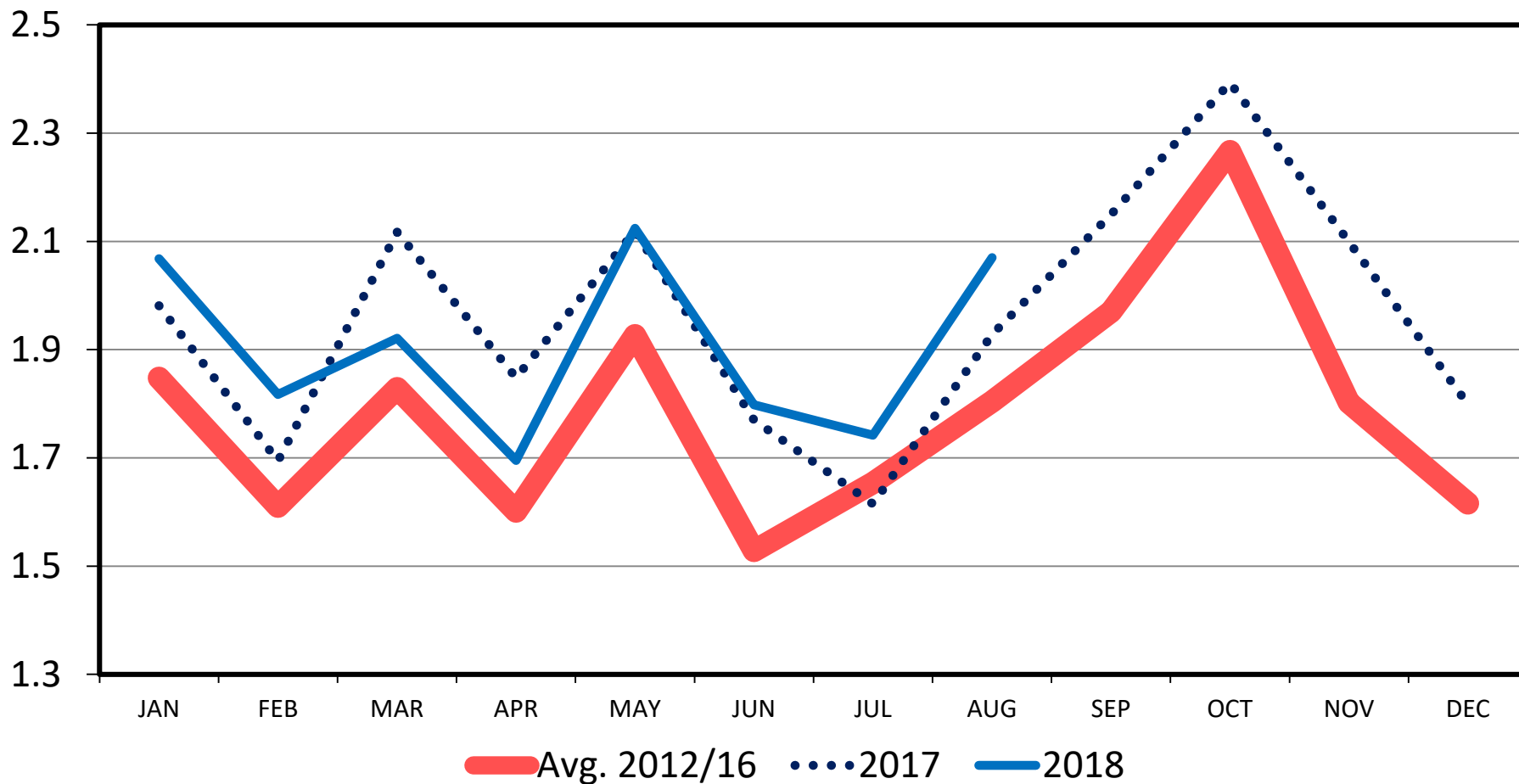


Data Source: USDA-AMS & USDA-NASS
Livestock Marketing Information Center

FEEDLOT PLACEMENTS

US Total, Monthly

Mil. Head



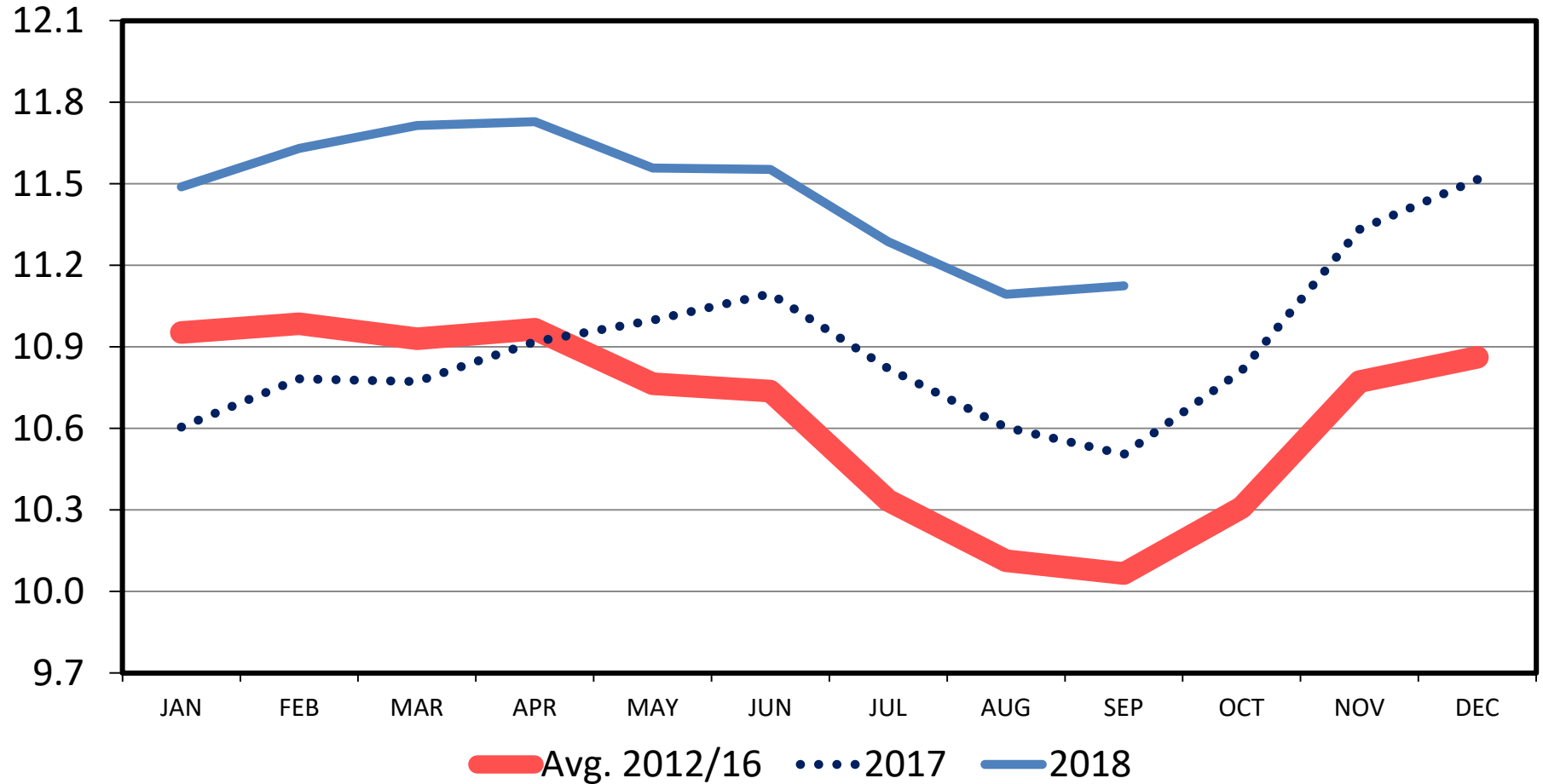
Data Source: USDA-NASS

Livestock Marketing Information Center

CATTLE ON FEED

US Total, Monthly

Mil. Head



Data Source: USDA-NASS

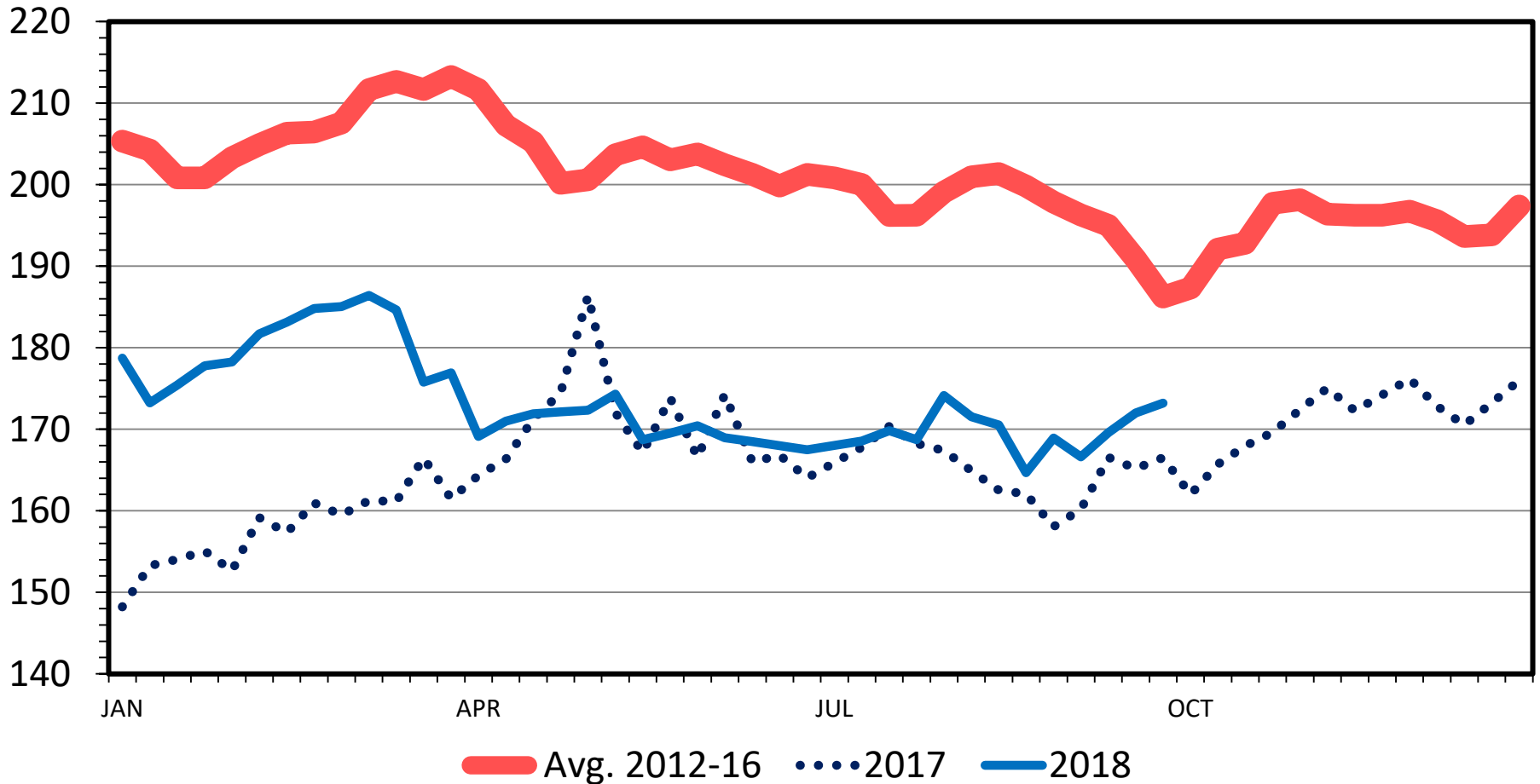
Livestock Marketing Information Center

Soft Landing?

MED. & LRG. #1 STEER CALF PRICES

500-600 Pounds, Southern Plains, Weekly

\$ Per Cwt.



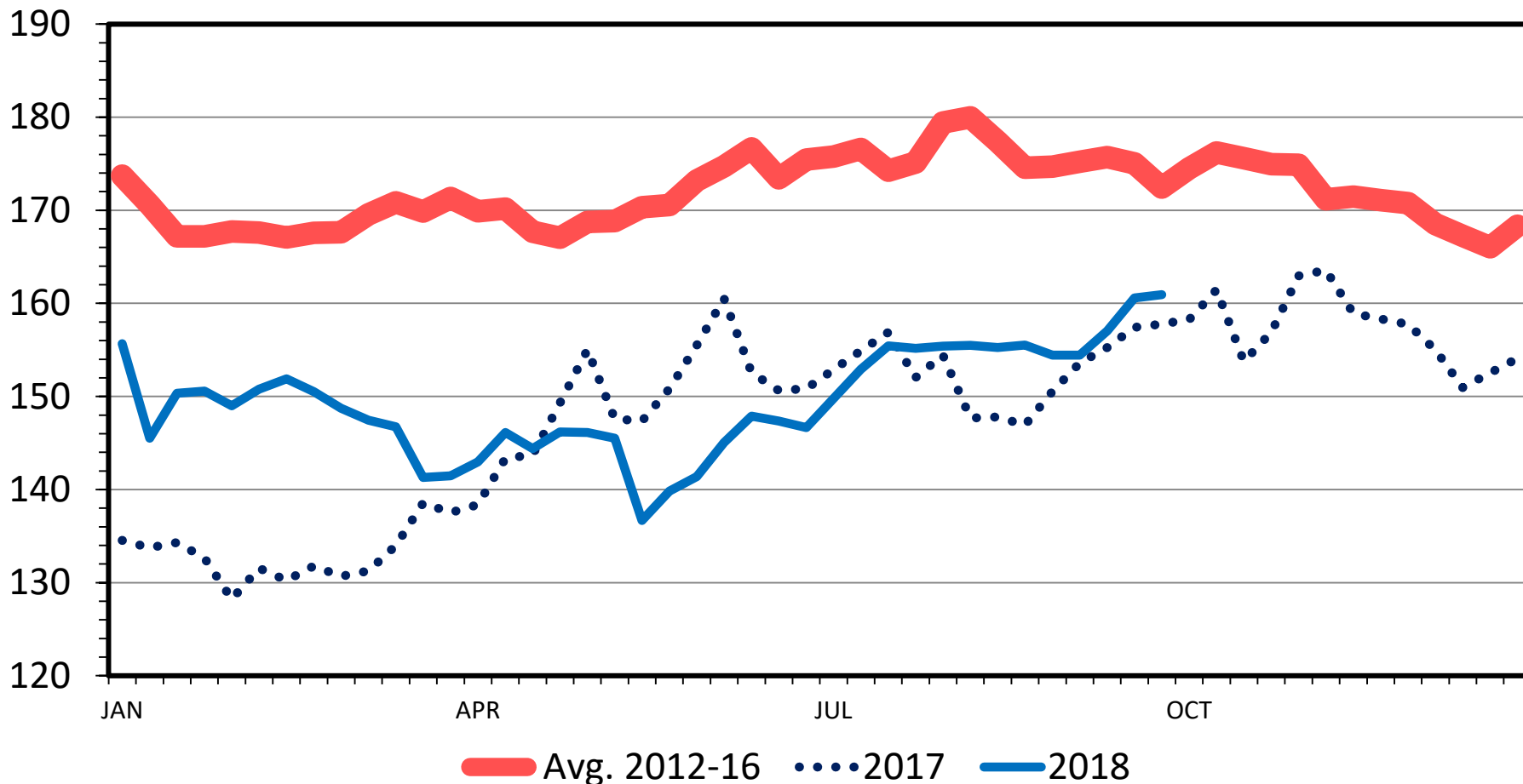
Data Source: USDA-AMS

Livestock Marketing Information Center

MED. & LRG. #1 FEEDER STEER PRICES

700-800 Pounds, Southern Plains, Weekly

\$ Per Cwt.



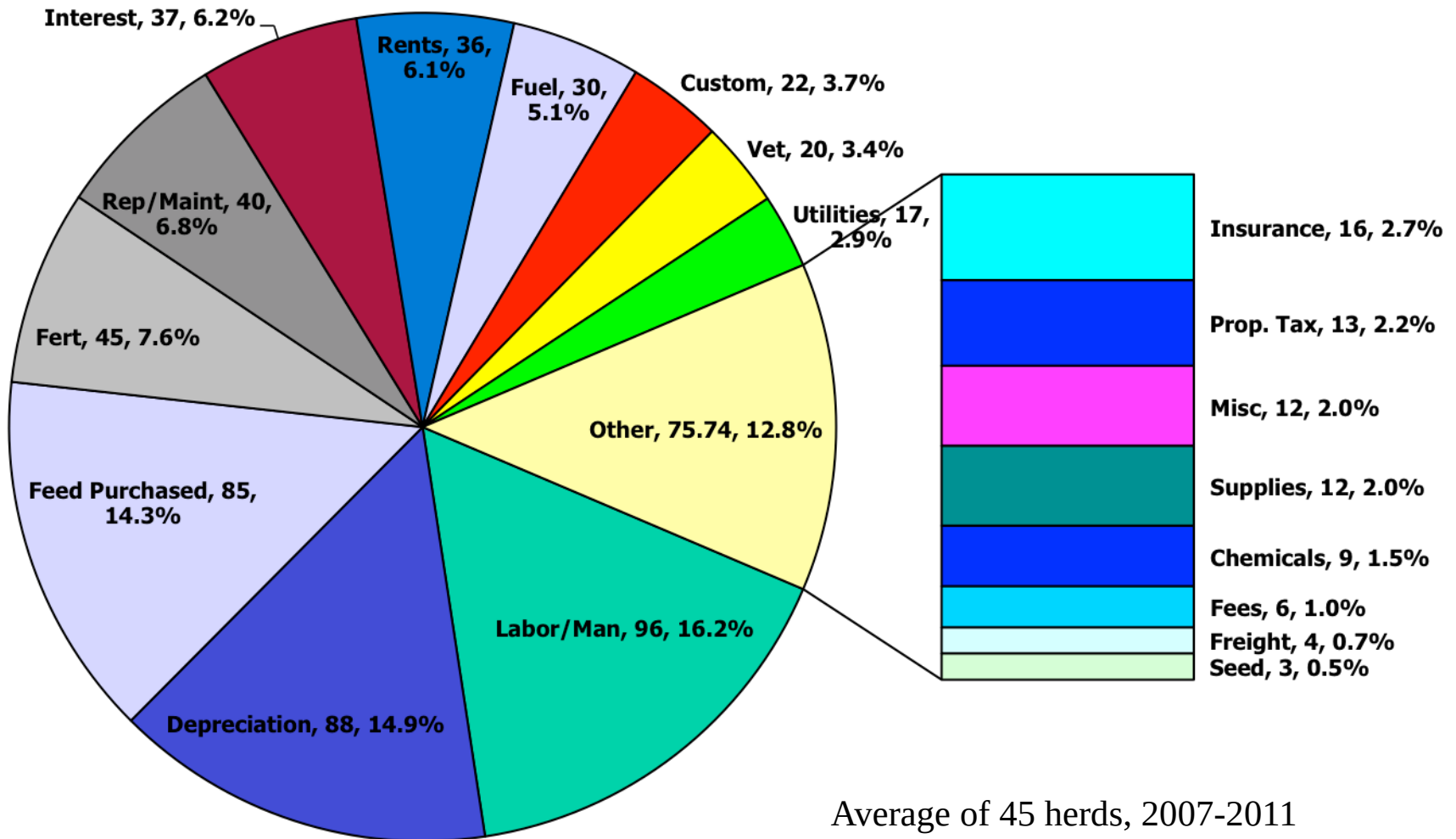
Data Source: USDA-AMS

Livestock Marketing Information Center

Texas SPA

Expense Breakdown per Female

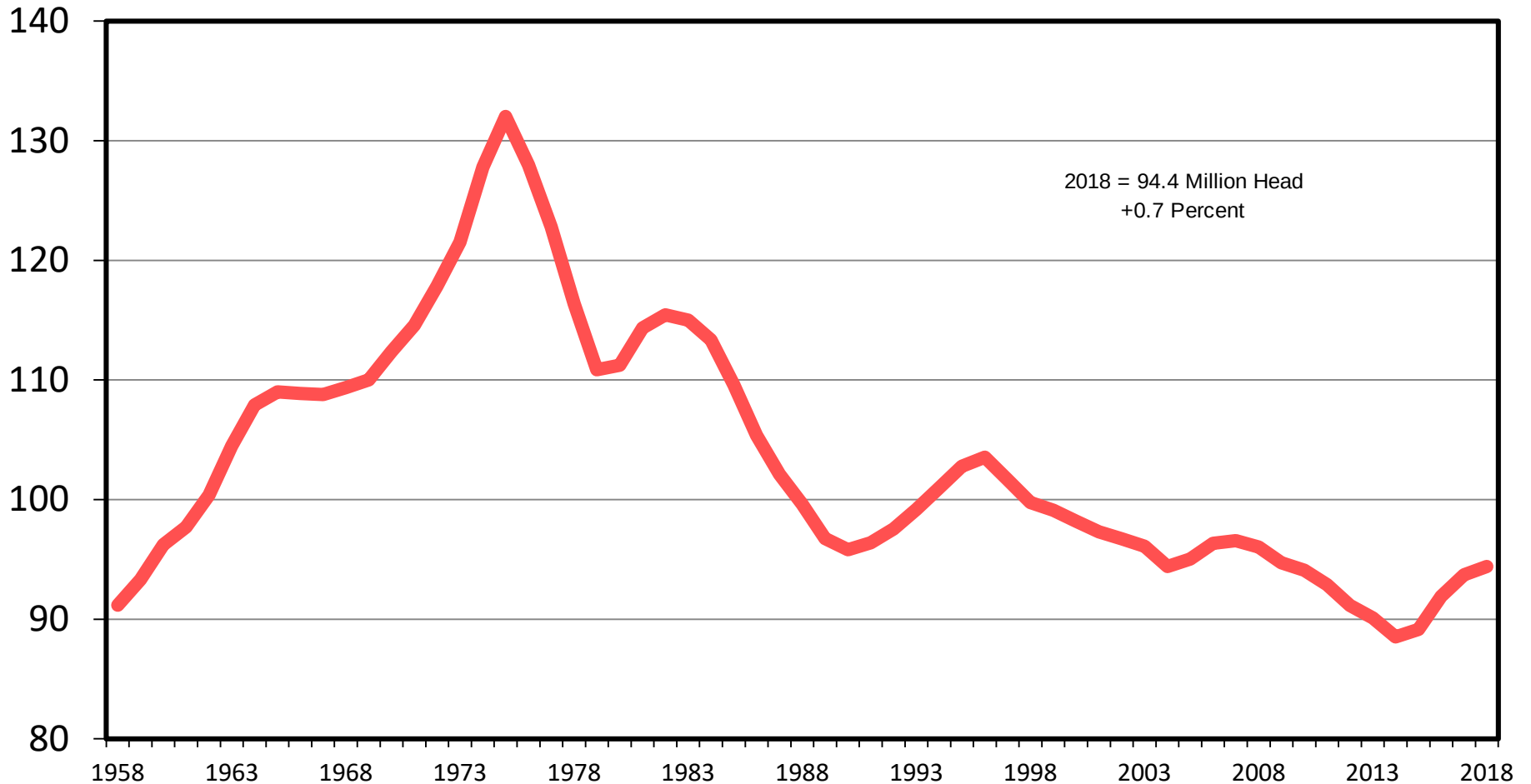
Average Total Cost per Female = \$600.21



JANUARY 1 TOTAL CATTLE INVENTORY

U.S., Annual

Mil. Head



Data Source: USDA-NASS

Livestock Marketing Information Center

Overall

- Good Domestic, Export Demand
 - Packer profits
- Good Demand Supporting Prices
 - In spite of larger production
- But, Growing Supplies
 - Record production

Prices for 2016-2019

	11-1300	7-800	5-600
2016	120.85	145.61	166.29
2017 I	122.96	131.84	149.82
II	132.76	146.13	161.80
III	112.47	148.77	156.32
IV	117.88	152.88	159.48
2018 I	125.61	146.99	166.68
II	116.72	141.33	160.16
III	110-111	150-151	161-162
IV	111-116	146-150	152-156
2019 I	117-122	143-146	157-161
II	115-120	143-149	159-164
III	104-108	141-146	157-161
IV	108-113	140-150	149-153

Texas Combined
Auction for 5-600
and 7-800

Contact

danderson@tamu.edu

<http://livestock-marketing.tamu.edu>

@LivestockEcon

One Big Thing in Livestock Markets

(979) 845-4351