Market Outlook Cattle Prices and Drivers

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Market Outlook
Cattle Prices and Drivers
Range Beef Cow Symposium XXIV
November 17, 2015

Jimm Robb, LMIC Market Outlook

Topics: Price Drivers and ...
- Cattle Prices and Forecasts
- Dimensions of Beef Demand
  - The Domestic Consumer
  - Foreign Markets and Competition
- Some Corn Comments
- Poultry and Pork Production
- More Cattle Comments
  - Cattle Inventory
  - Cost and Return Prospects
- Economic Environment and Planning

USDA Data Sources – NASS, AMS, FAS, and ERS
Forecasts – LMIC

SLAUGHTER STEER PRICES
5 Market Weighted Average, Weekly

Data Source: USDA-AMS
Livestock Marketing Information Center

MED. & LRG. #1 FEEDER STEER PRICES
700-800 Pounds, Southern Plains, Weekly

Data Source: USDA-AMS
Livestock Marketing Information Center

MED. & LRG. #1 STEER CALF PRICES
500-600 Pounds, Southern Plains, Weekly

Data Source: USDA-AMS
Livestock Marketing Information Center

28 Land Grant Universities:
USDA Members:
ERS
APHIS
GIPSA
AMS

Associate Members:
AFBF
ASI
NCBA
NPB
CME-Group
Canadian Consortium
Noble Foundation
CoBank
TCFA
CWB
TCU
NWFCS
DLR

2015 Range Beef Cow Symposium,
Loveland, Colo.
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2015 Range Beef Cow Symposium, Loveland, Colo.
US TOTAL CORN SUPPLY AND PRICE

Crop Year

Supply | Price

2001 | 1.00
2002 | 1.50
2003 | 2.00
2004 | 2.50
2005 | 3.00
2006 | 3.50
2007 | 4.00
2008 | 4.50
2009 | 5.00
2010 | 5.50
2011 | 6.00
2012 | 6.50
2013 | 7.00
2014 | 7.50
2015 | 8.00

Data Source: USDA-NASS, Compiled & Forecasts by LMIC
Livestock Marketing Information Center

WHOLESALE CHICKEN BREAST PRICES

Skinless/Boneless, Northeast, Truckload, Weekly

Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec


Data Source: USDA-AMS
Livestock Marketing Information Center

US BROILER EXPORTS

RTC Weight, Monthly

Jun | Jul | Aug | Sep | Oct | Nov | Dec


Data Source: USDA-ERS & USDA-FAS
Livestock Marketing Information Center

RTC BROILER PRODUCTION

Quarterly

Jan | Apr | Jul | Oct

2010/14 | 2015 | 2016 | 2017

Data Source: USDA-NASS, Compiled & Forecasts by LMIC
Livestock Marketing Information Center

PORK CUTOUT VALUE

(Voluntary data prior to 2013), Weekly

Jun | Jul | Aug | Sep | Oct | Nov | Dec


Data Source: USDA-AMS
Livestock Marketing Information Center

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Economic Environment …

- Domestic Consumer Meat Demand Strong, But ?
- Foreign Demand ???
- Feedstuffs ??
- Chicken and Pork Output Ramping-Up
- Summer of 2014 Began Cyclical Turn-up in U.S. Cattle Numbers
- Quarterly Cattle Price Peak: 4th Quarter 2014
- Producer Profitability in 2015 Compared to 2014:
  - Record Profits for Cattle Breeding Stock Providers
  - Very Profitable — 2nd Highest Ever: Cow-calf
  - Profitable, But Well Less: Hogs, Chicken, and Dairy.
  - Breakeven If Done Right: Summer Stockers

Planning …

- Biggest Potential Price Drops and Volatility is Heavy Yearlings
- Cyclically Eroding Cattle Prices Likely At Least Through 2018
- Expect More Normal Price Seasonality
- Price Calves Realistically, Set Acceptable Bids Early
- Invest 2015 Profits Wisely (A Sound Business Investment Might Be Pasture Improvement)
- Cattle Feeding Business Has and Will Continue to Change
- Know Potential of Your Calves and Costs
- Recognizing and Dealing With Market Price Downdrafts

Thank You!

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