Market Outlook Cattle Prices and Drivers

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

James G. Robb
Director

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

28 Land Grant Universities:

USDA Members:
ERS
APHIS
GIPSA
AMS

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

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

2015 Range Beef Cow Symposium,
Loveland, Colo.
STEER HIDE AND OFFAL VALUE
Live Animal Basis, Weekly

Data Source: USDA-AMS
Livestock Marketing Information Center

US BEEF AND VEAL EXPORTS
Carcass Weight, Monthly

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

US BEEF AND VEAL IMPORTS
Carcass Weight, Annual

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

International Perspective - Beef

Feedstuffs -- Corn
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