

NDSU

EXTENSION

EXTENDING KNOWLEDGE >> CHANGING LIVES



Cattle Situation and Outlook

Tim Petry, Livestock Marketing Economist

www.ndsu.edu/livestockeconomics

JANUARY 2021

Agribusiness and
Applied Economics

Outlook 1-14-2021.pptx

Livestock Fundamental Highlights



Record beef, pork, chicken, total meat production in 2020, 21

Prices for fed cattle lower than last year- **COVID-19**

Calf prices about same as 2020-less supply/increasing corn prices

Good demand for feeder cattle

Cow prices same as 2020 increasing seasonally



Hog prices up-ASF/chicken prices strengthening



Beef cow herd expansion peaked in 2018, declined in 2019, 20, **21?**

Smaller calf crop supportive to prices, but **COVID-19** and **corn?**

Beef demand??



US economy-**COVID-19**, unemployment, stimulus?

Beef and pork exports supportive but??



Volatile prices-**COVID-19**, corn, weather, and economic uncertainty??



World Agricultural Supply and Demand Estimates

U.S Meat Production and Prices

	2014	2015	2016	2017	2018	2019	2020	2021 Forecast
Production	<i>Billion Pounds</i>		<i>Pounds</i>	<i>Pounds</i>	<i>Pounds</i>	<i>Pounds</i>	<i>Pounds</i>	<i>Pounds</i>
Beef	24.25	23.70	25.22	26.19	26.87	27.15	27.16	27.19
Pork	22.84	24.50	24.94	25.58	26.31	27.64	28.30	28.57
Broilers	38.55	40.05	40.7	41.66	42.60	43.91	44.55	44.87
Turkey	5.76	5.63	5.98	5.98	5.88	5.82	5.71	5.73
Total meat	92.17	94.63	97.6	100.17	102.43	105.26	106.46	107.10
Prices	<i>Dollars/cwt</i>		<i>Dollars/cwt.</i>				<i>Dollars/cwt.</i>	
Steers	154.56	148.12	120.85	121.52	117.12	116.78	108.51	115.25
Hogs	76.03	50.23	46.16	50.48	45.93	47.95	43.18	49.50
	<i>Cents/lb.</i>		<i>Cents/lb.</i>				<i>Cents/lb.</i>	
Broilers	104.9	90.5	84.3	93.5	97.8	88.6	73.20	81
Turkey	107.6	116.2	117.1	96.1	80.2	89.2	106.5	107.3

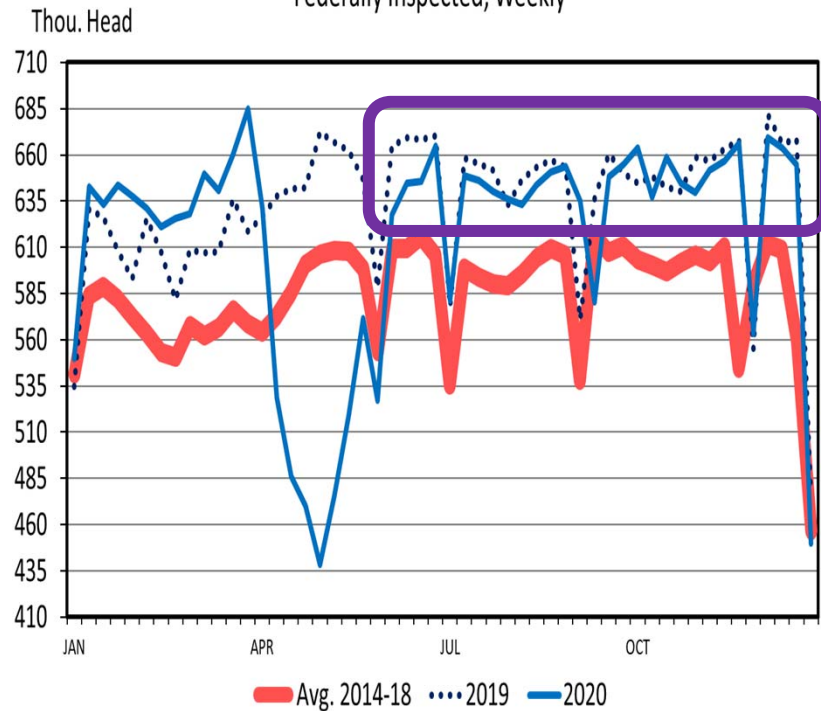
 record high

Jan. 12, 2021

COVID-19 CHAOS TO NORMAL?

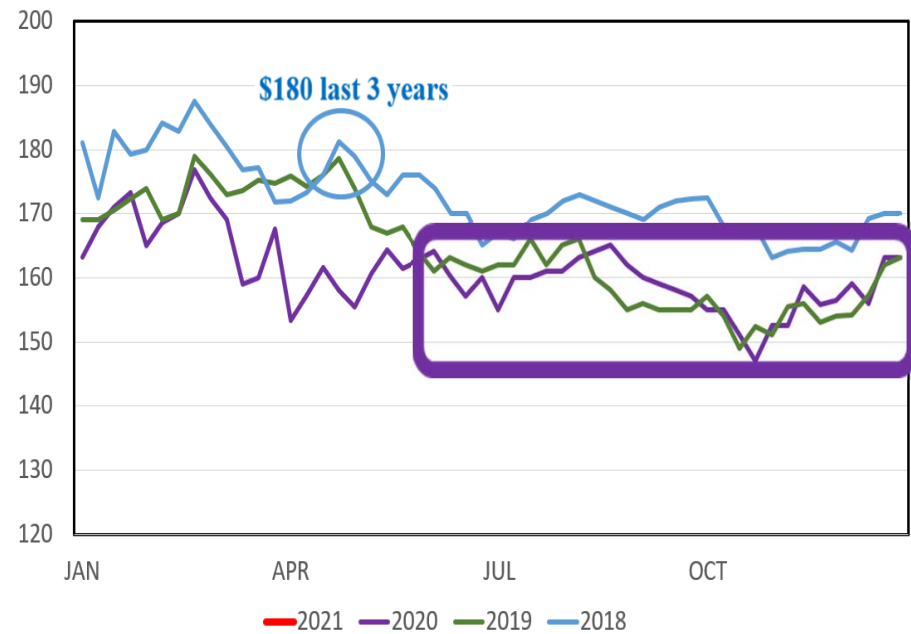
CATTLE SLAUGHTER

Federally Inspected, Weekly

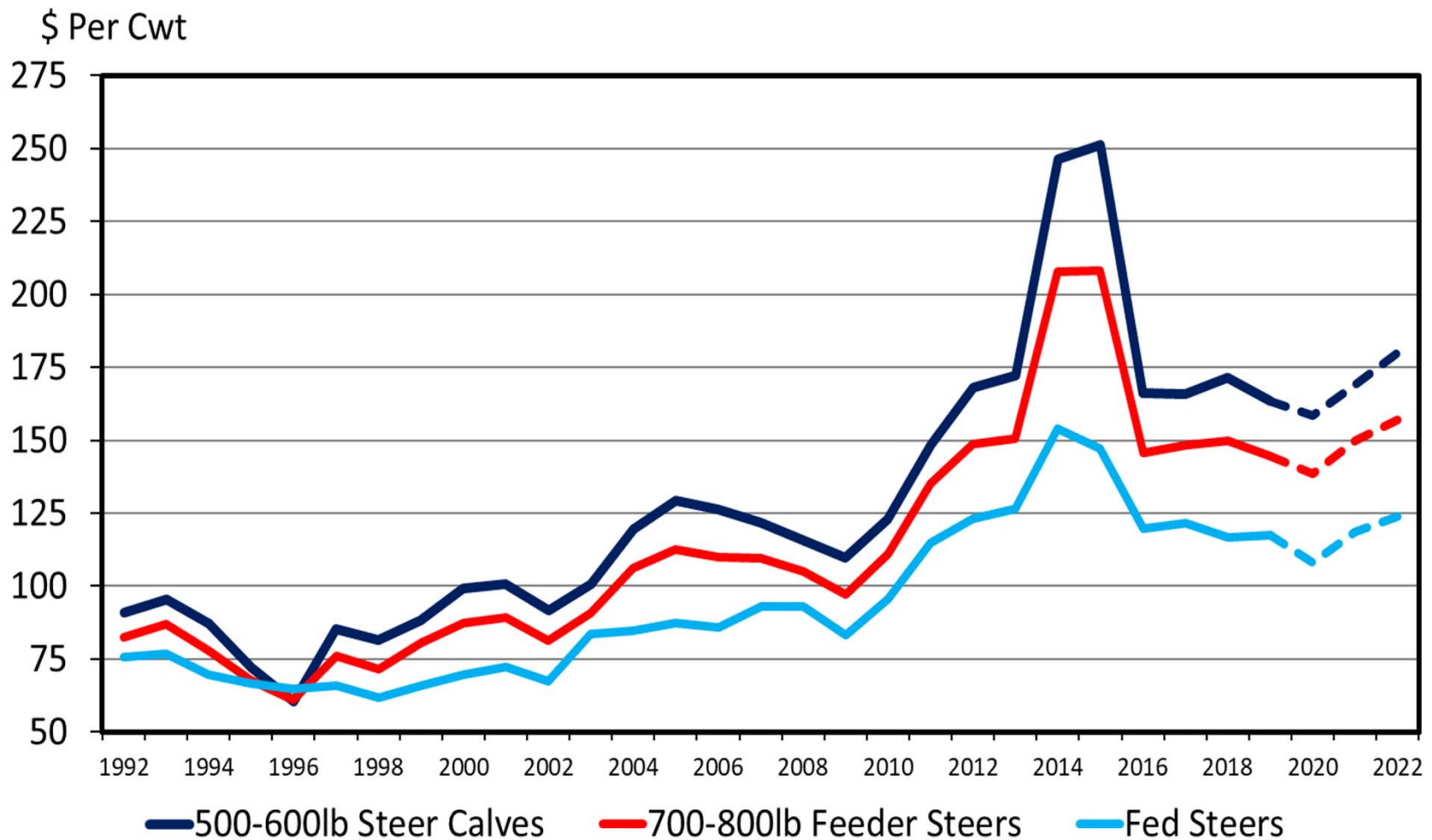


MED. FRAME #1 STEER CALF PRICES

550-600 Pounds, N.D., Weekly



2021 CATTLE PRICES BACK TO 2018 LEVELS AND INCREASING AVERAGE ANNUAL CATTLE PRICES



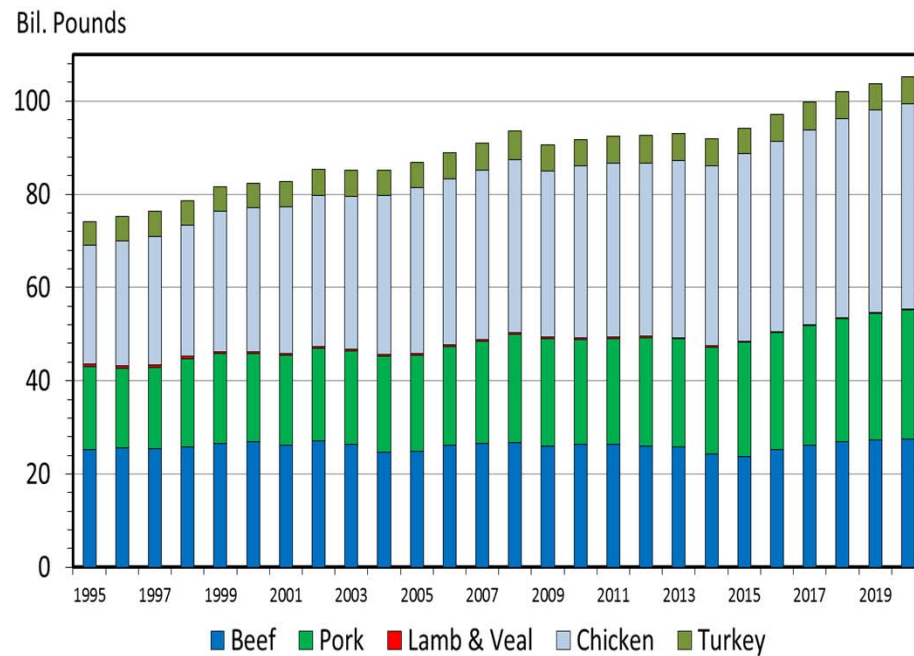
Data Source: USDA-AMS Forecasts by LMIC

Mountains of Meat



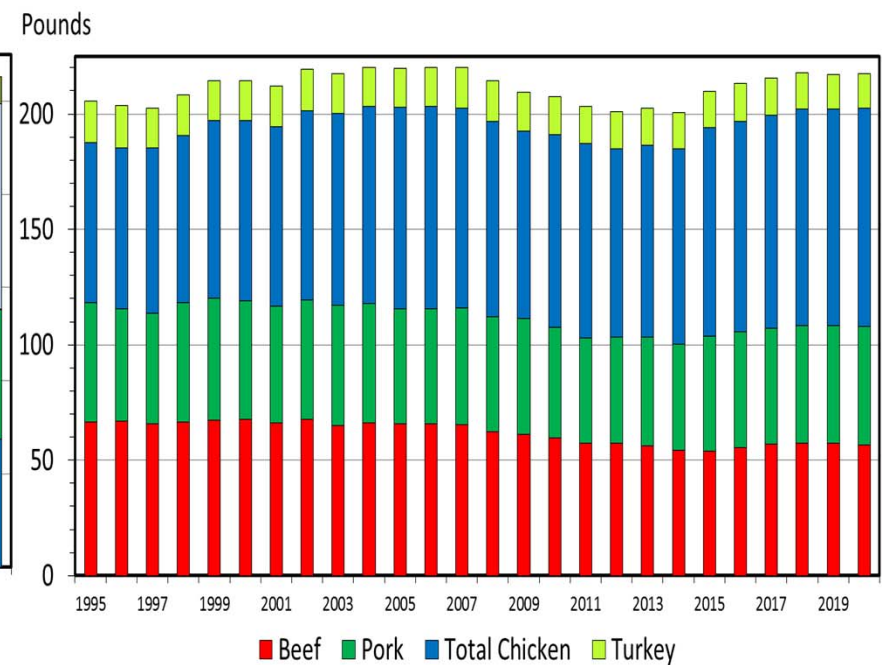
COMMERCIAL MEAT & POULTRY PRODUCTION

By Type of Meat, Annual



US RED MEAT & POULTRY CONSUMPTION

Per Capita, Retail Weight, Annual



Data Source: USDA/NASS, Livestock Marketing Information Center

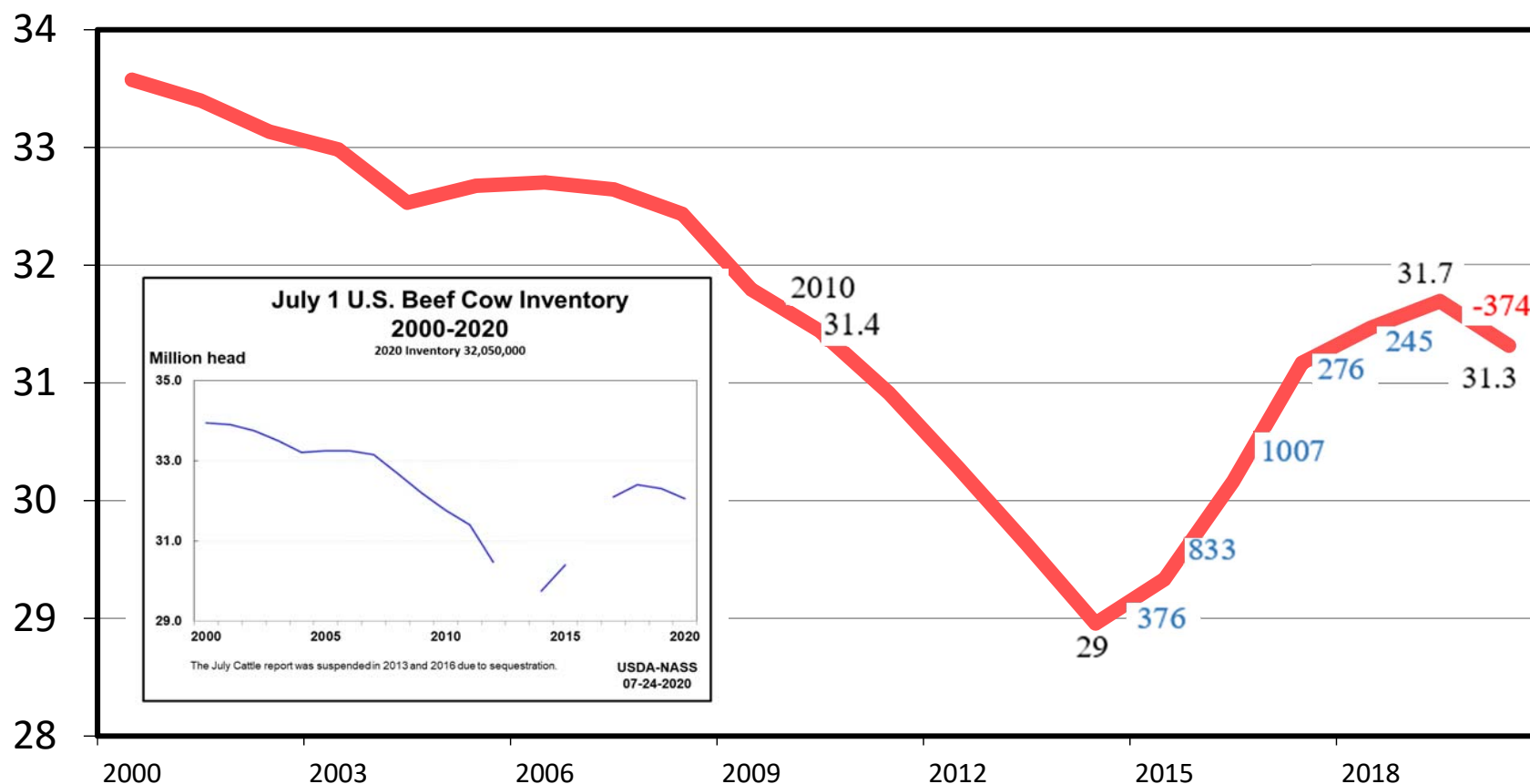


United States Department of Agriculture
National Agricultural Statistics Service

JANUARY 1 BEEF COW INVENTORY

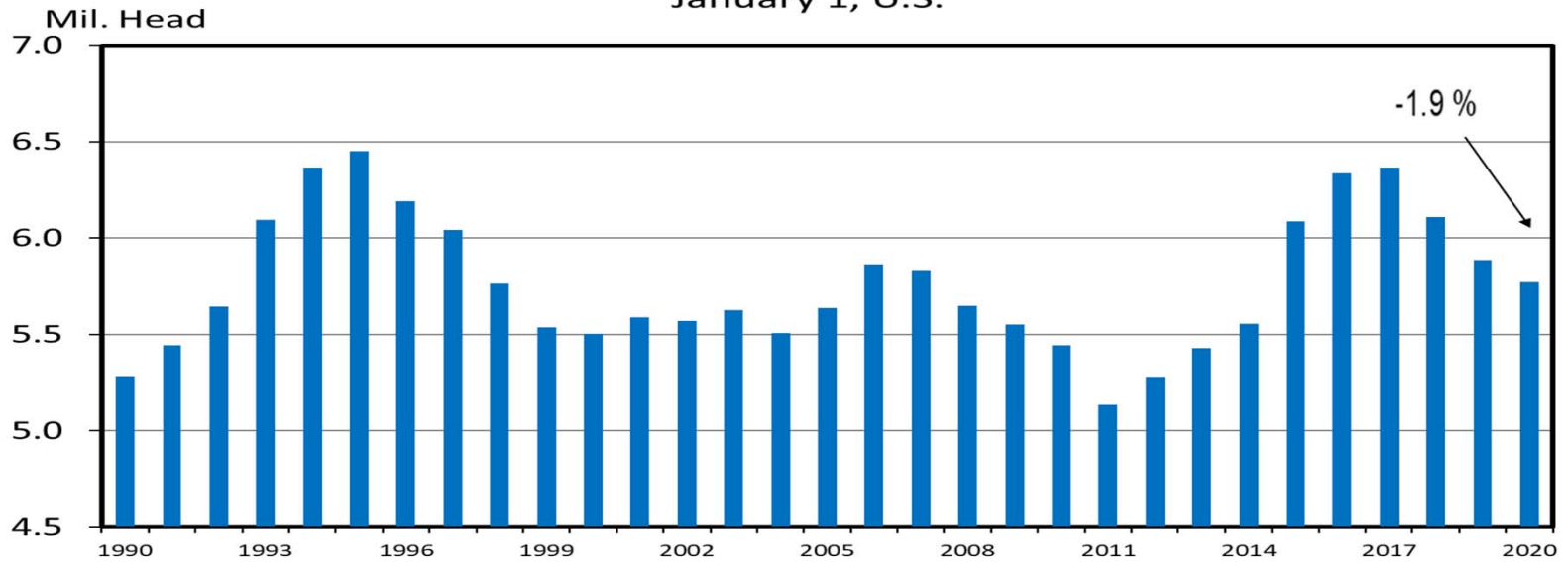
Mil. Head

U.S., Annual



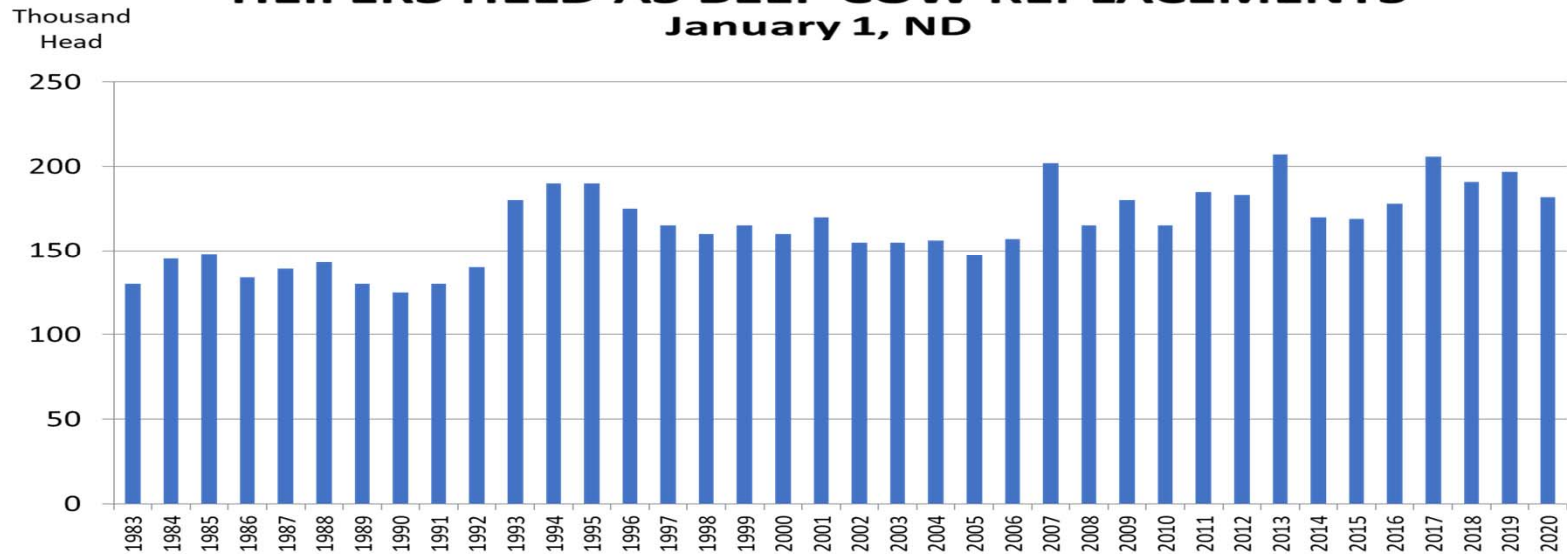
HEIFERS HELD AS BEEF COW REPLACEMENTS

January 1, U.S.



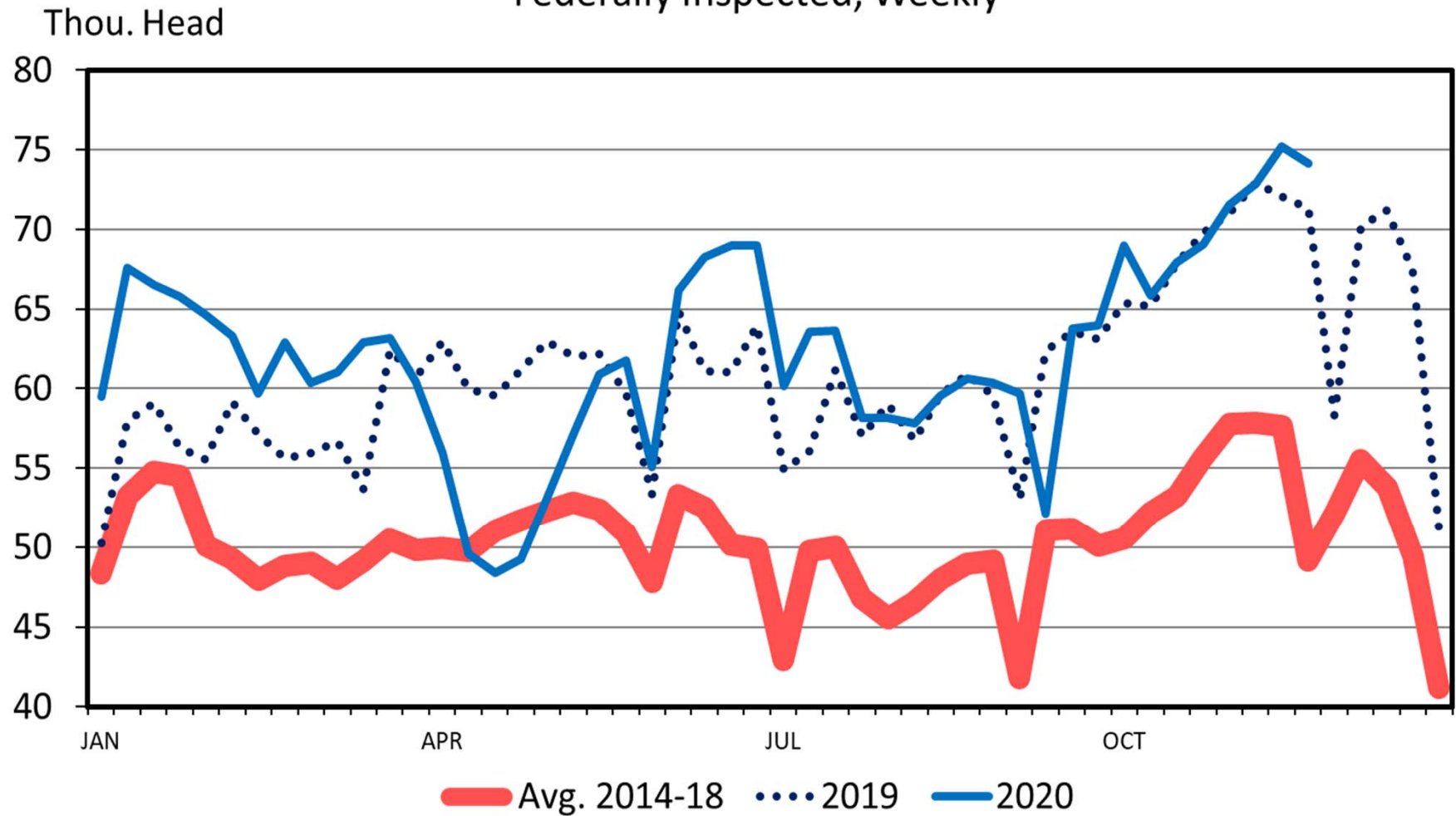
HEIFERS HELD AS BEEF COW REPLACEMENTS

January 1, ND



BEEF COW SLAUGHTER

Federally Inspected, Weekly

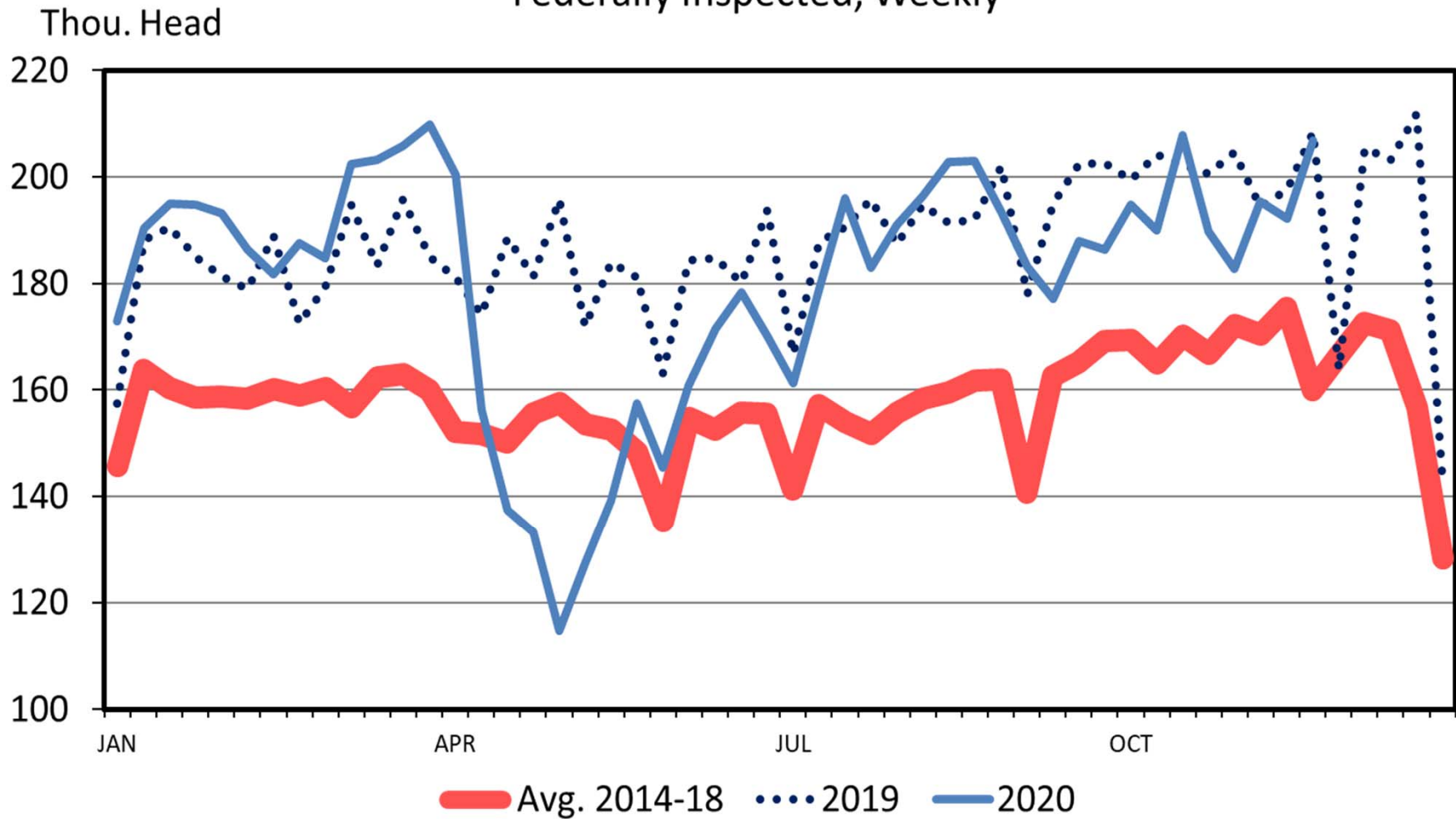


Data Source: USDA-AMS & USDA-NASS

Livestock Marketing Information Center

HEIFER SLAUGHTER

Federally Inspected, Weekly

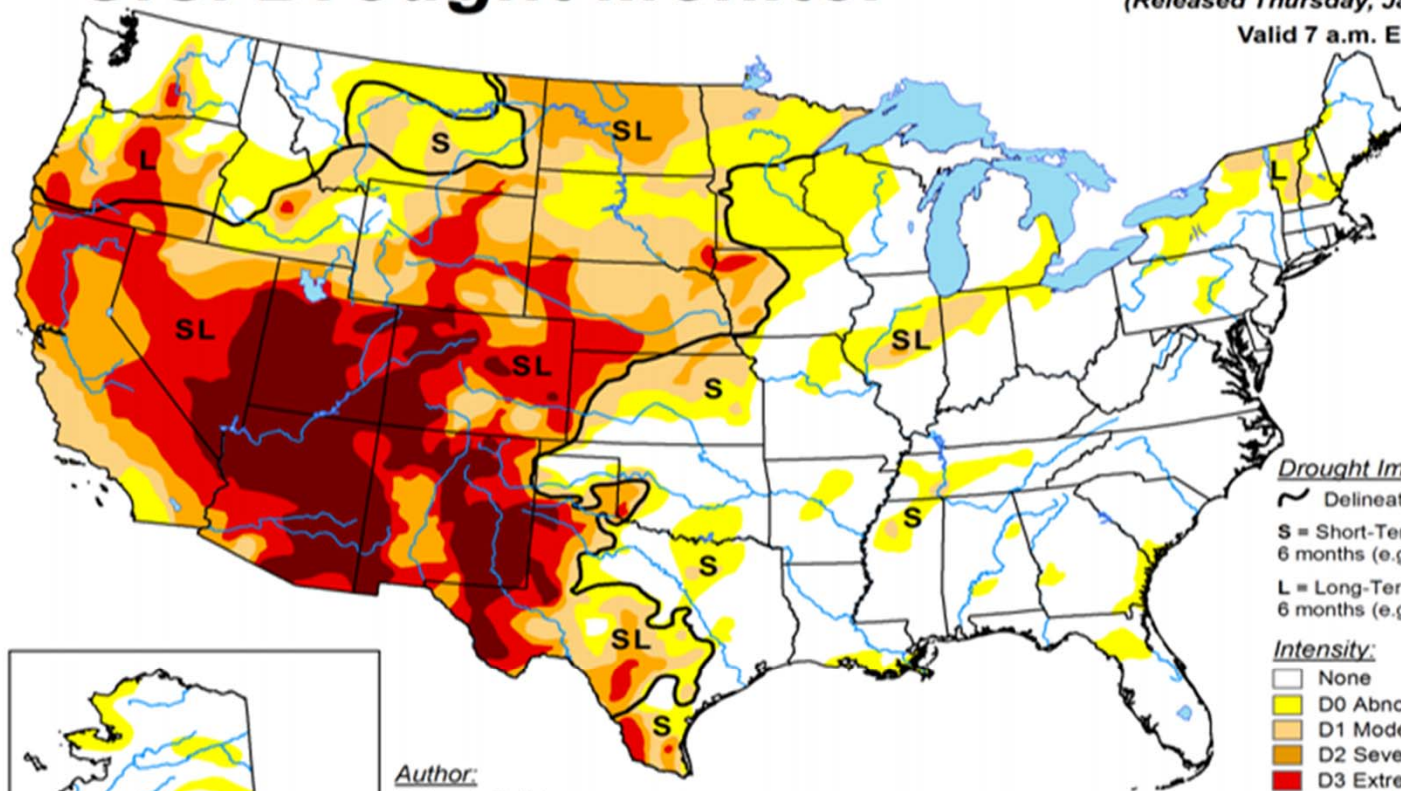


Data Source: USDA-AMS & USDA-NASS

Livestock Marketing Information Center

U.S. Drought Monitor

January 12, 2021
(Released Thursday, Jan. 14, 2021)
Valid 7 a.m. EST

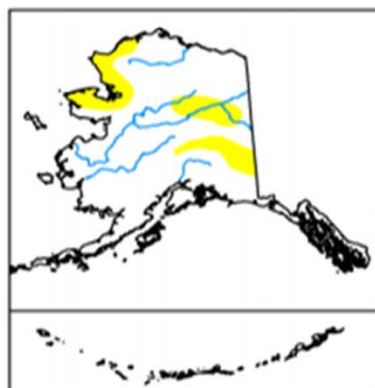


Drought Impact Types:

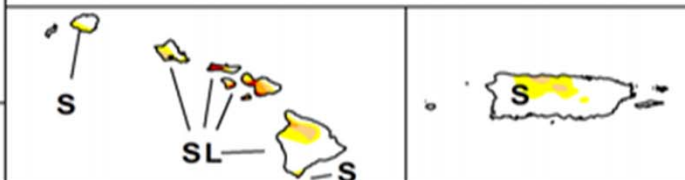
- ~ Delineates dominant impacts
- S = Short-Term, typically less than 6 months (e.g. agriculture, grasslands)
- L = Long-Term, typically greater than 6 months (e.g. hydrology, ecology)

Intensity:

- None
- D0 Abnormally Dry
- D1 Moderate Drought
- D2 Severe Drought
- D3 Extreme Drought
- D4 Exceptional Drought



Author:
Deborah Bathke
National Drought Mitigation Center



The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. For more information on the Drought Monitor, go to <https://droughtmonitor.unl.edu/About.aspx>



droughtmonitor.unl.edu

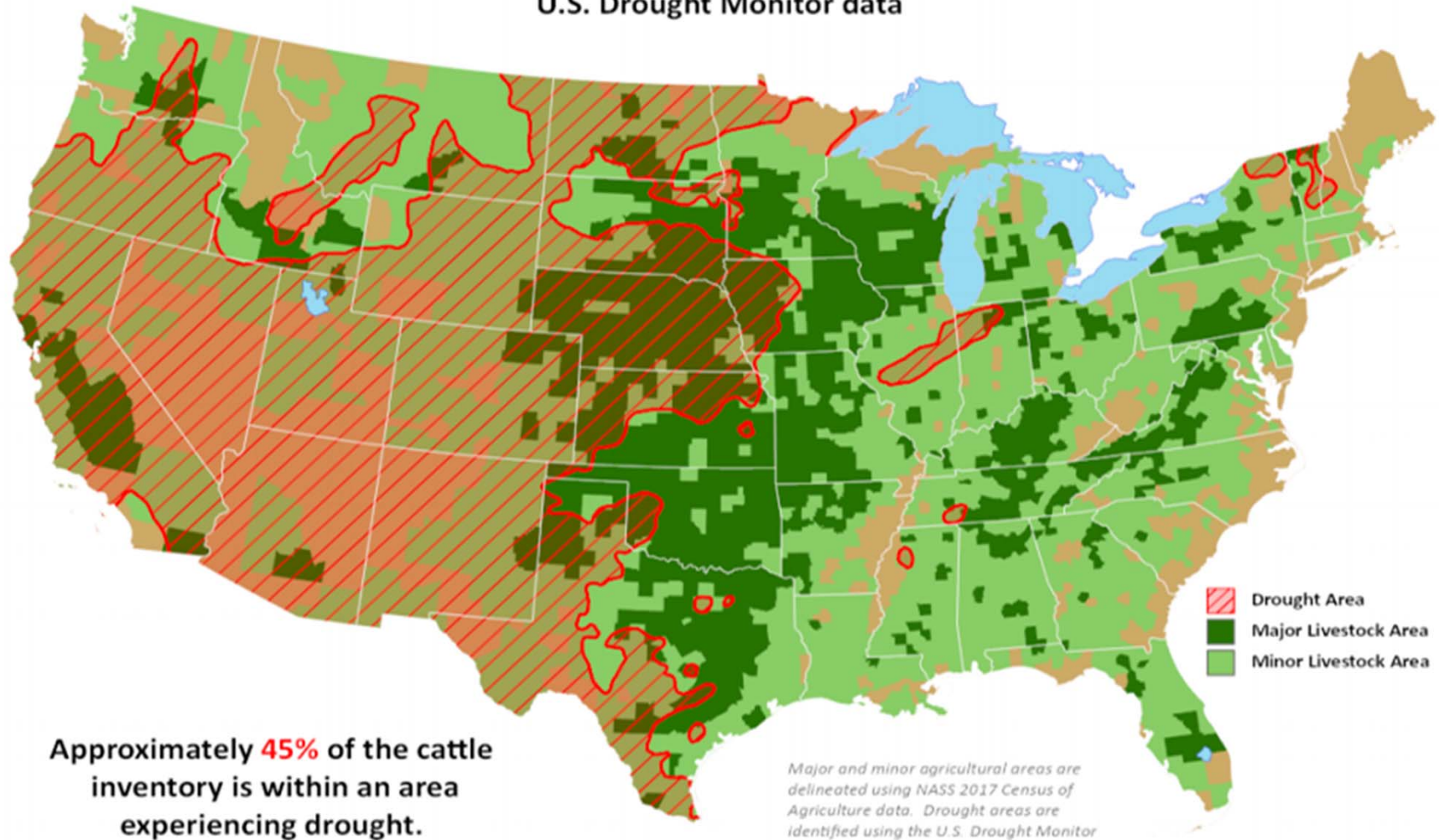


United States
Department of
Agriculture

*This product was prepared by the
USDA Office of the Chief Economist (OCE)
World Agricultural Outlook Board (WAOB)*

Cattle Areas in Drought

Reflects **January 12, 2021**
U.S. Drought Monitor data

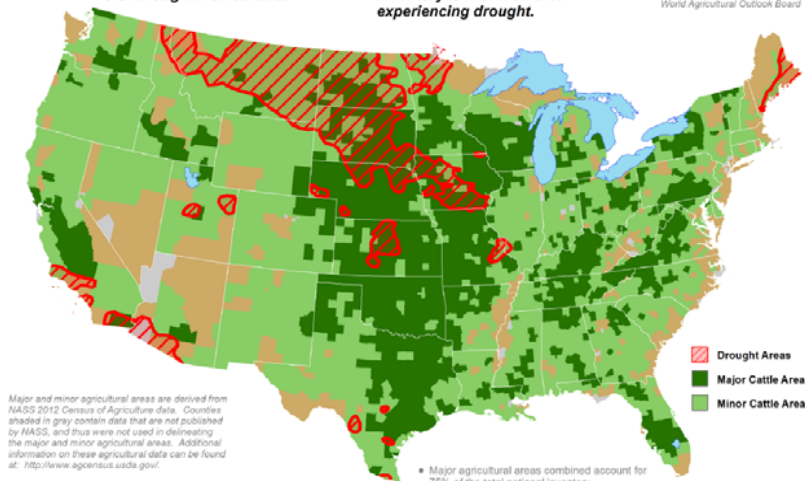


U.S. Cattle Areas Experiencing Drought

Reflects **August 15, 2017**
U.S. Drought Monitor data

Approximately **13%** of cattle inventory is within an area experiencing drought.

USDA United States Department of Agriculture
This product was prepared by the USDA Office of the Chief Economist World Agricultural Outlook Board



U.S. Cattle Areas Experiencing Drought

Reflects **August 7, 2018**
U.S. Drought Monitor data

Approximately **30%** of cattle inventory is within an area experiencing drought.

USDA United States Department of Agriculture
This product was prepared by the USDA Office of the Chief Economist World Agricultural Outlook Board

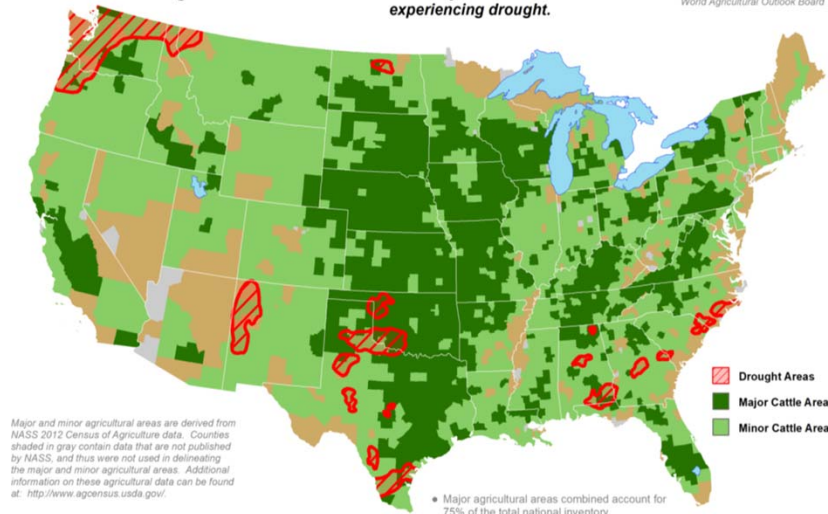


U.S. Cattle Areas Experiencing Drought

Reflects **August 6, 2019**
U.S. Drought monitor data

Approximately **2%** of cattle inventory is within an area experiencing drought.

USDA United States Department of Agriculture
This product was prepared by the USDA Office of the Chief Economist World Agricultural Outlook Board

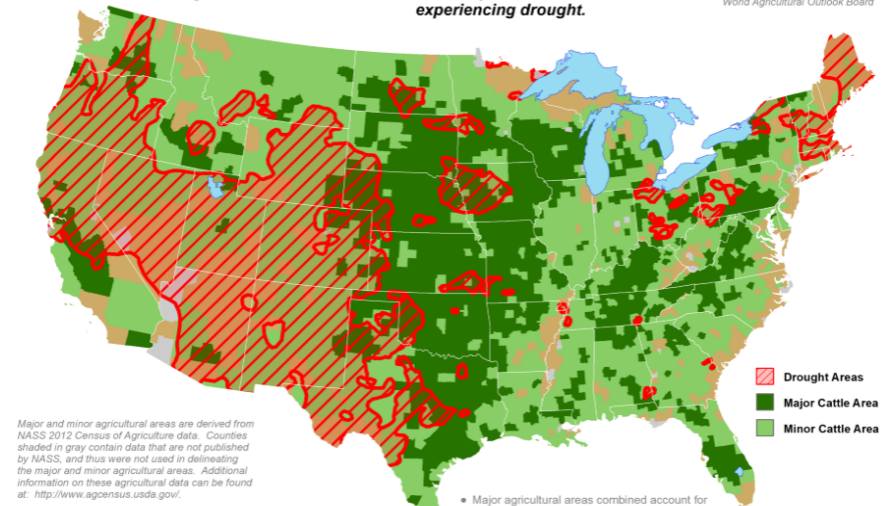


U.S. Cattle Areas Experiencing Drought

Reflects **August 11, 2020**
U.S. Drought monitor data

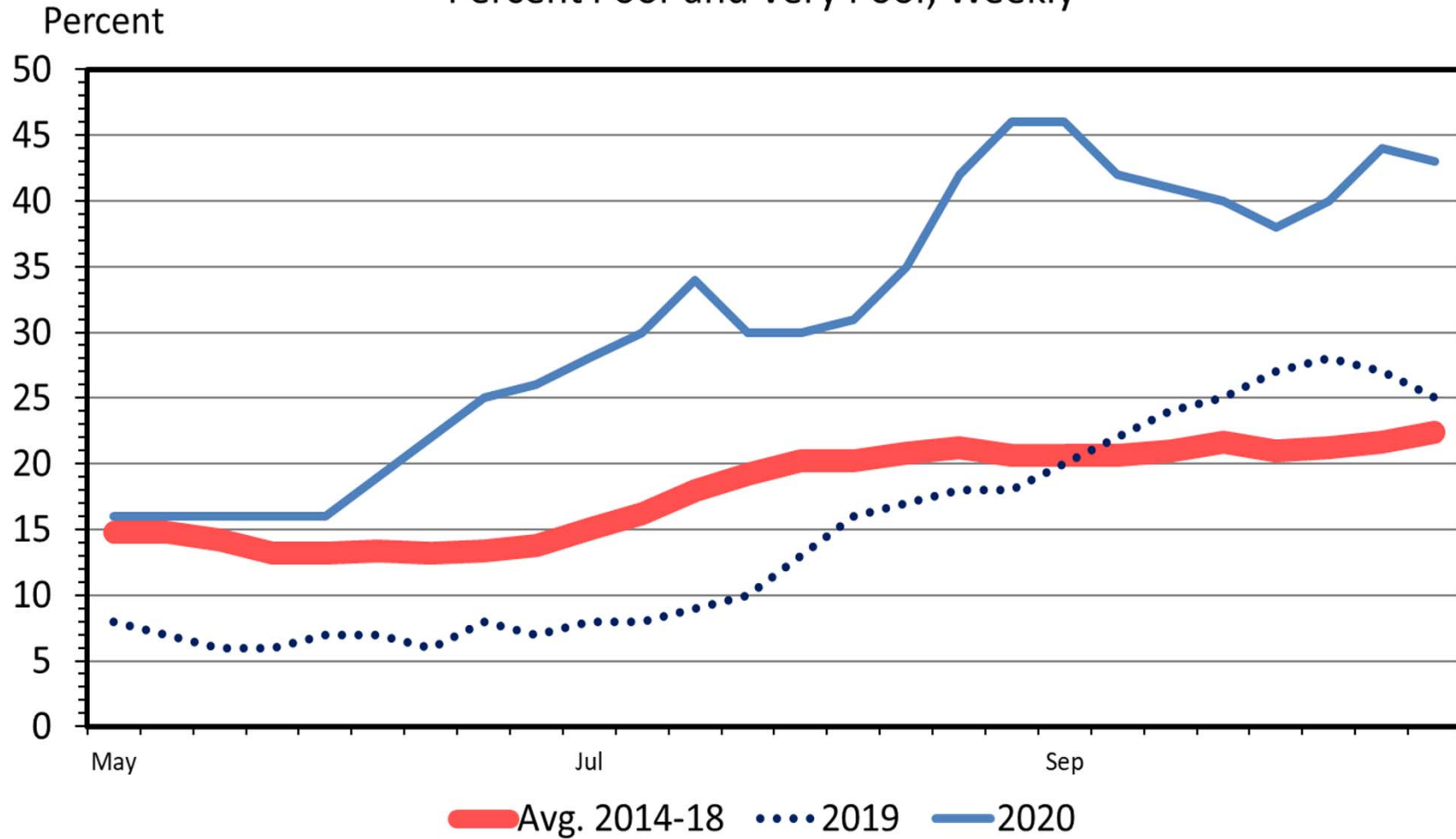
Approximately **27%** of cattle inventory is within an area experiencing drought.

USDA United States Department of Agriculture
This product was prepared by the USDA Office of the Chief Economist World Agricultural Outlook Board



US RANGE AND PASTURE CONDITION

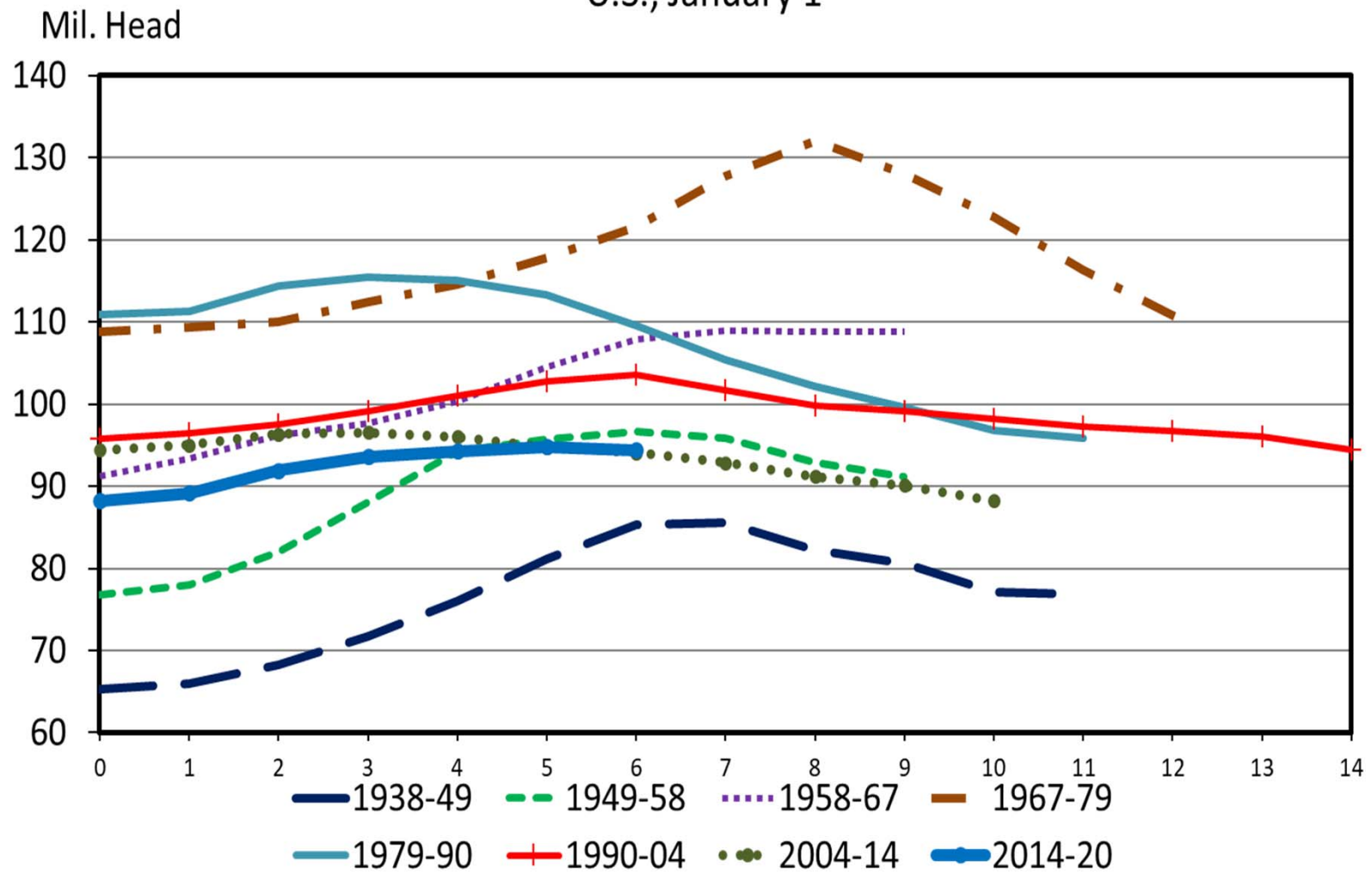
Percent Poor and Very Poor, Weekly



Livestock Marketing Information Center
Data Source: USDA-NASS

TOTAL CATTLE INVENTORY BY CYCLE

U.S., January 1

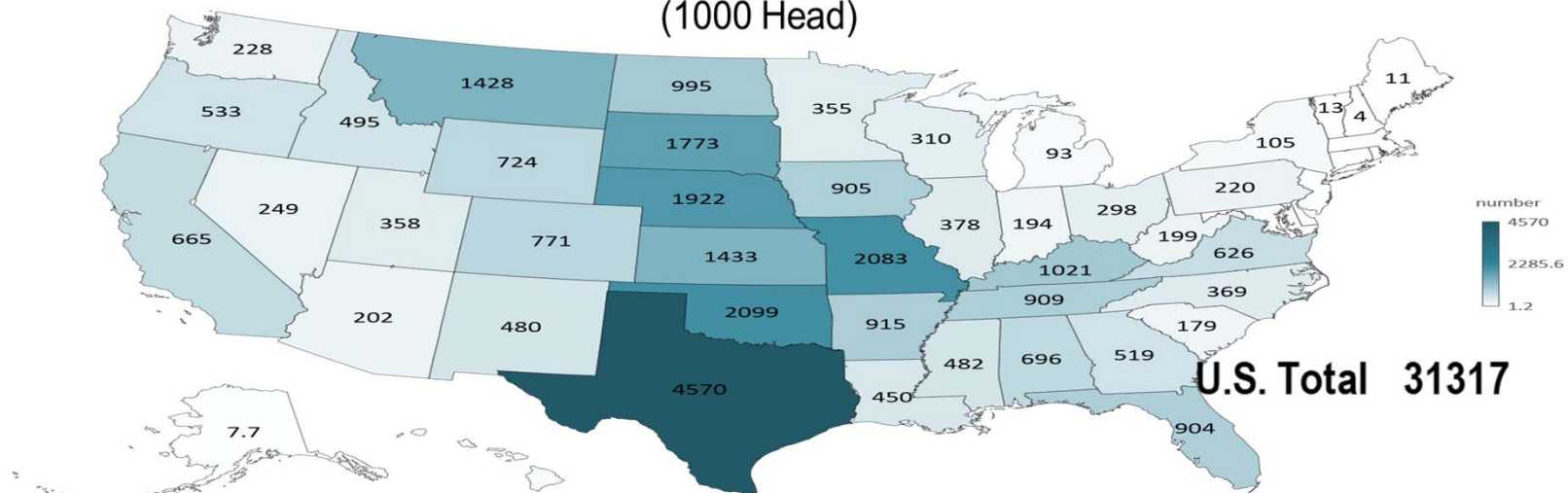


Data Source: USDA-NASS

Livestock Marketing Information Center

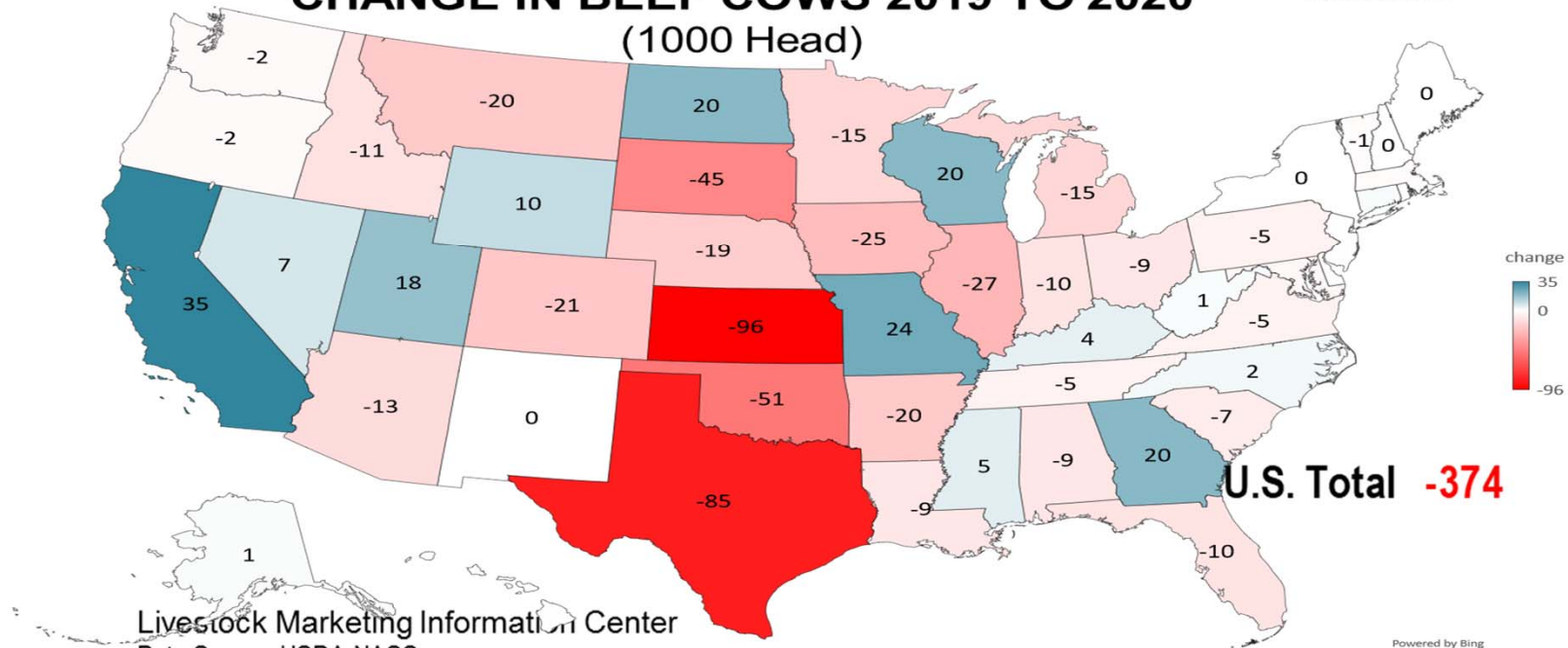
BEEF COWS THAT CALVED JANUARY 1, 2020

(1000 Head)



CHANGE IN BEEF COWS 2019 TO 2020

(1000 Head)

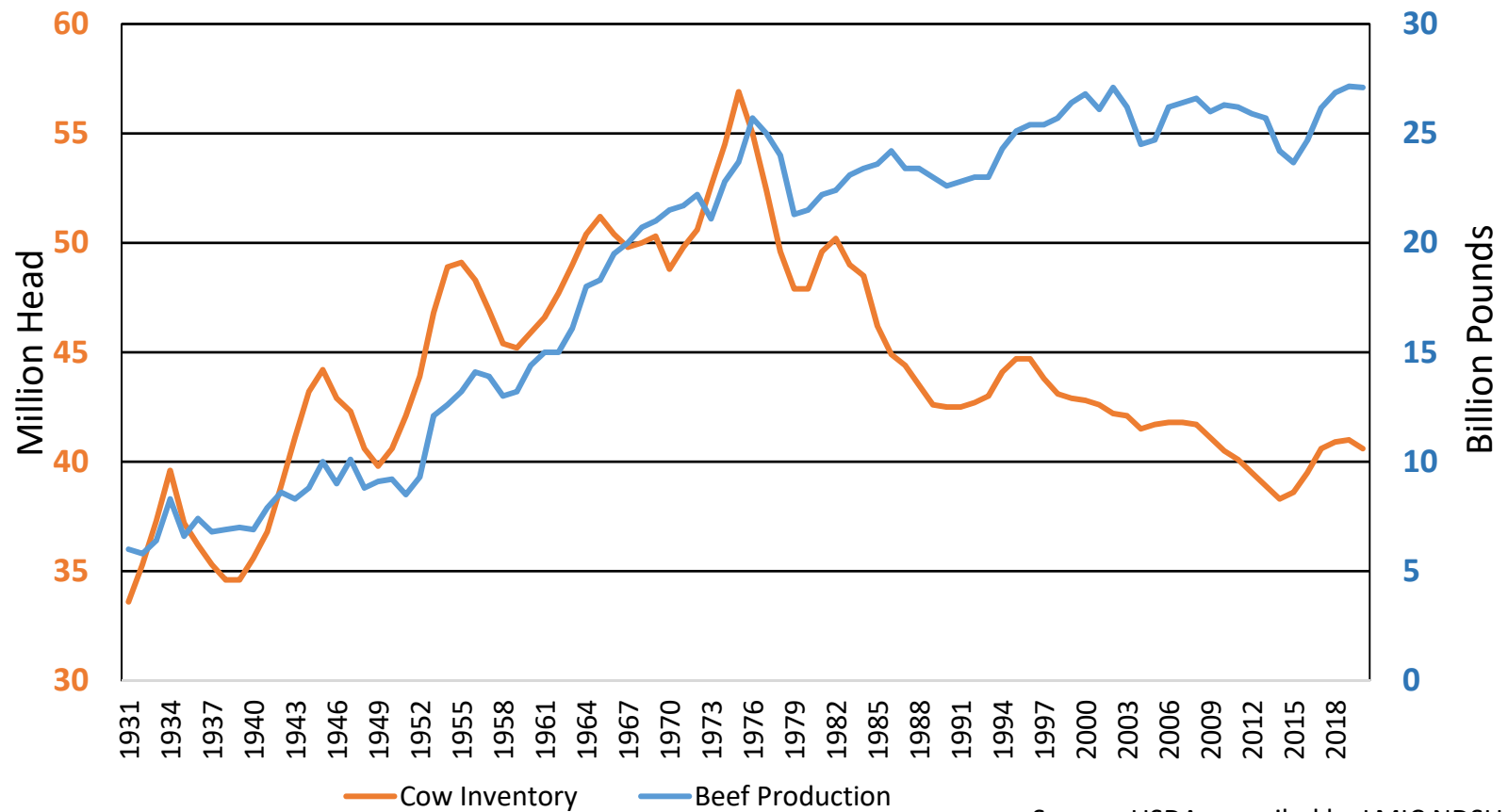


Livestock Marketing Information Center
Data Source: USDA-NASS

Powered by Bing
© GeoNames, HERE, MSFT

How much expansion is needed?

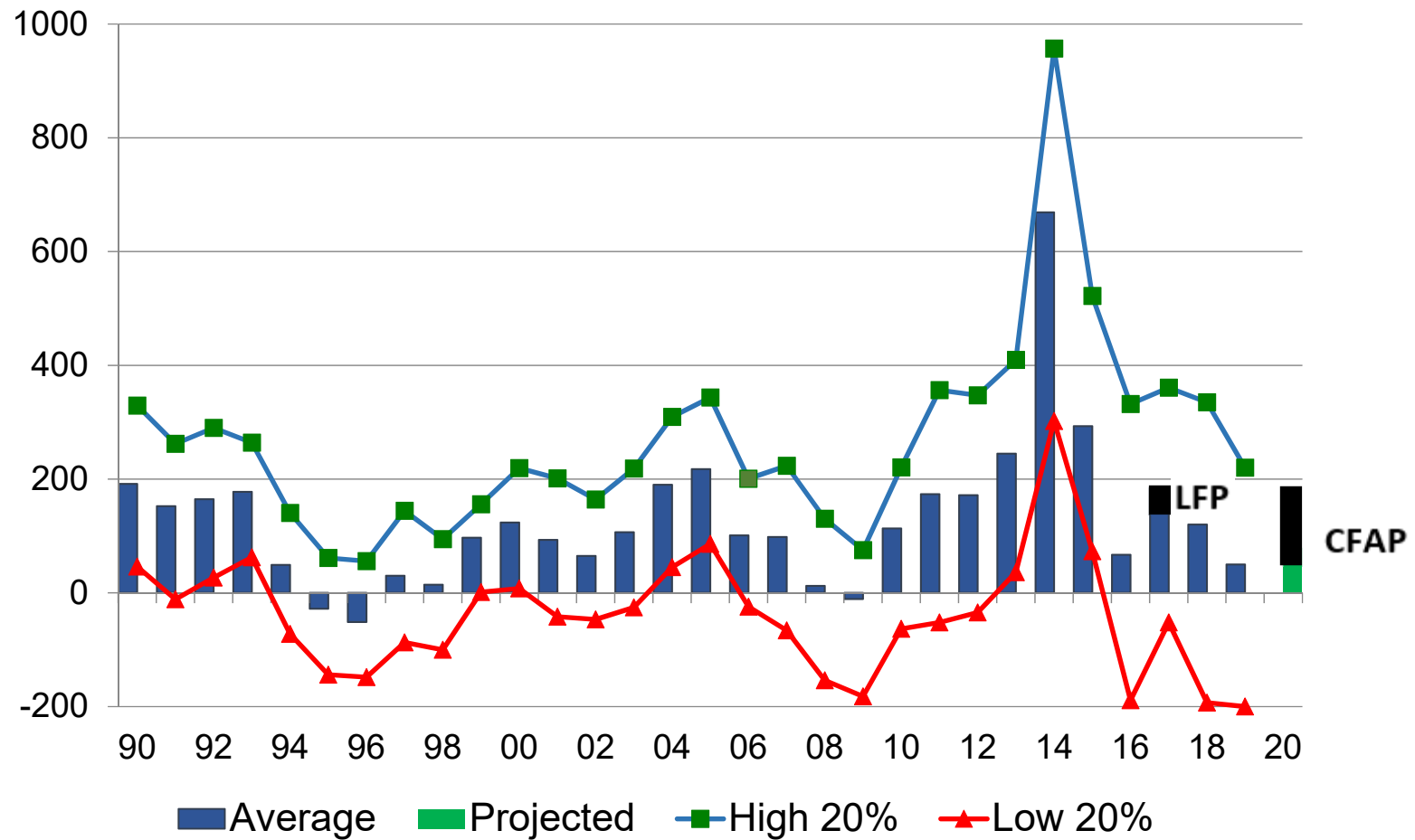
Cow Inventory and Beef Production



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Average Net Return to Labor and Management Per Beef Cow N.D. Farm Business Mgmt., Excluding Red River Valley

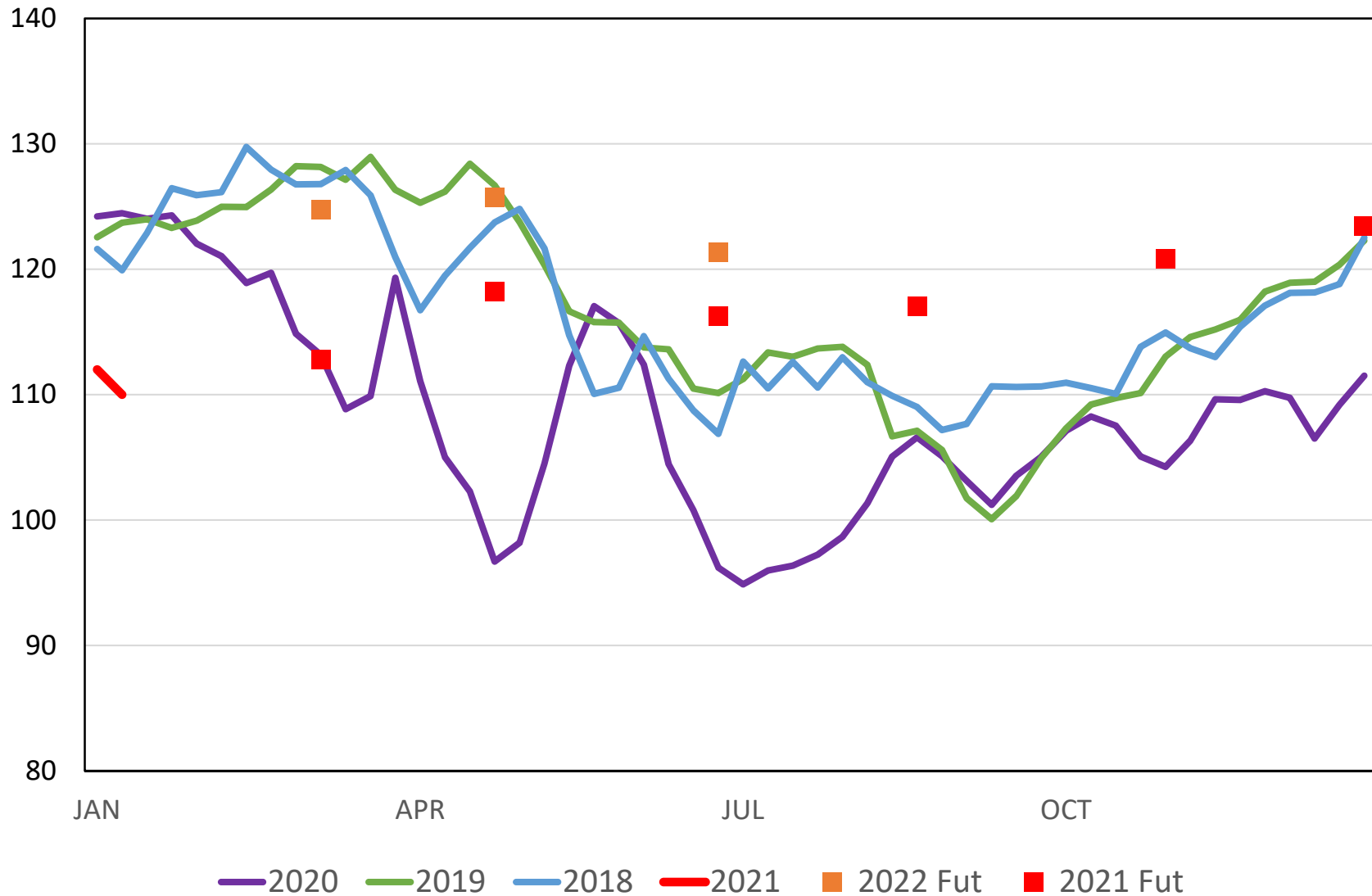


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SLAUGHTER STEER PRICES

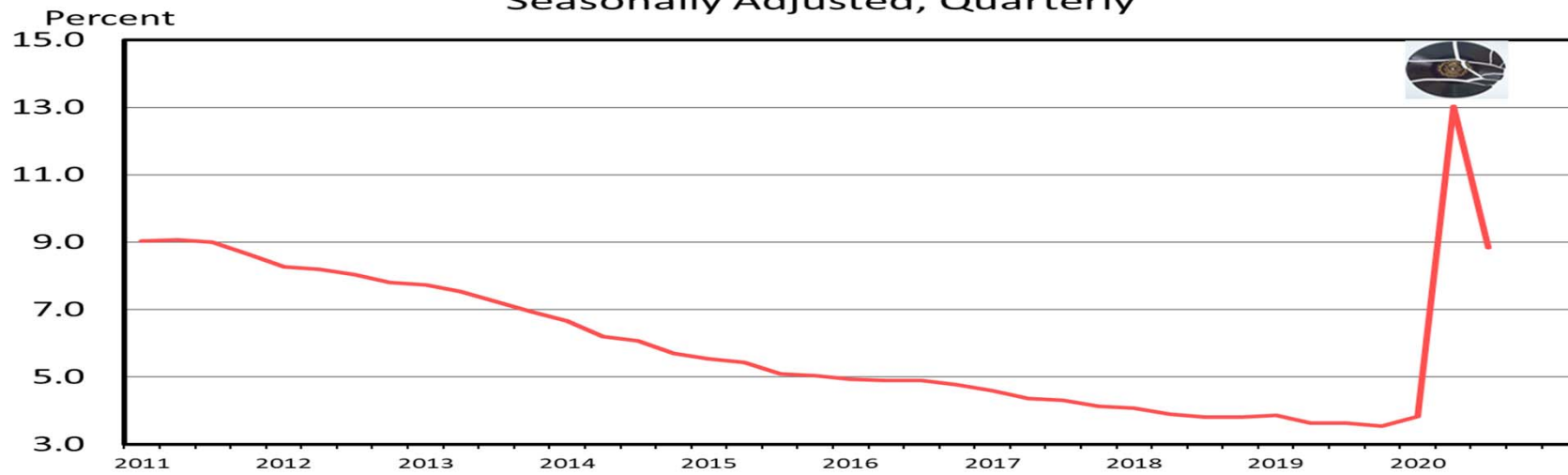
5 Market Weighted Average, Weekly



US ECONOMY?



U.S. UNEMPLOYMENT RATE
Seasonally Adjusted, Quarterly

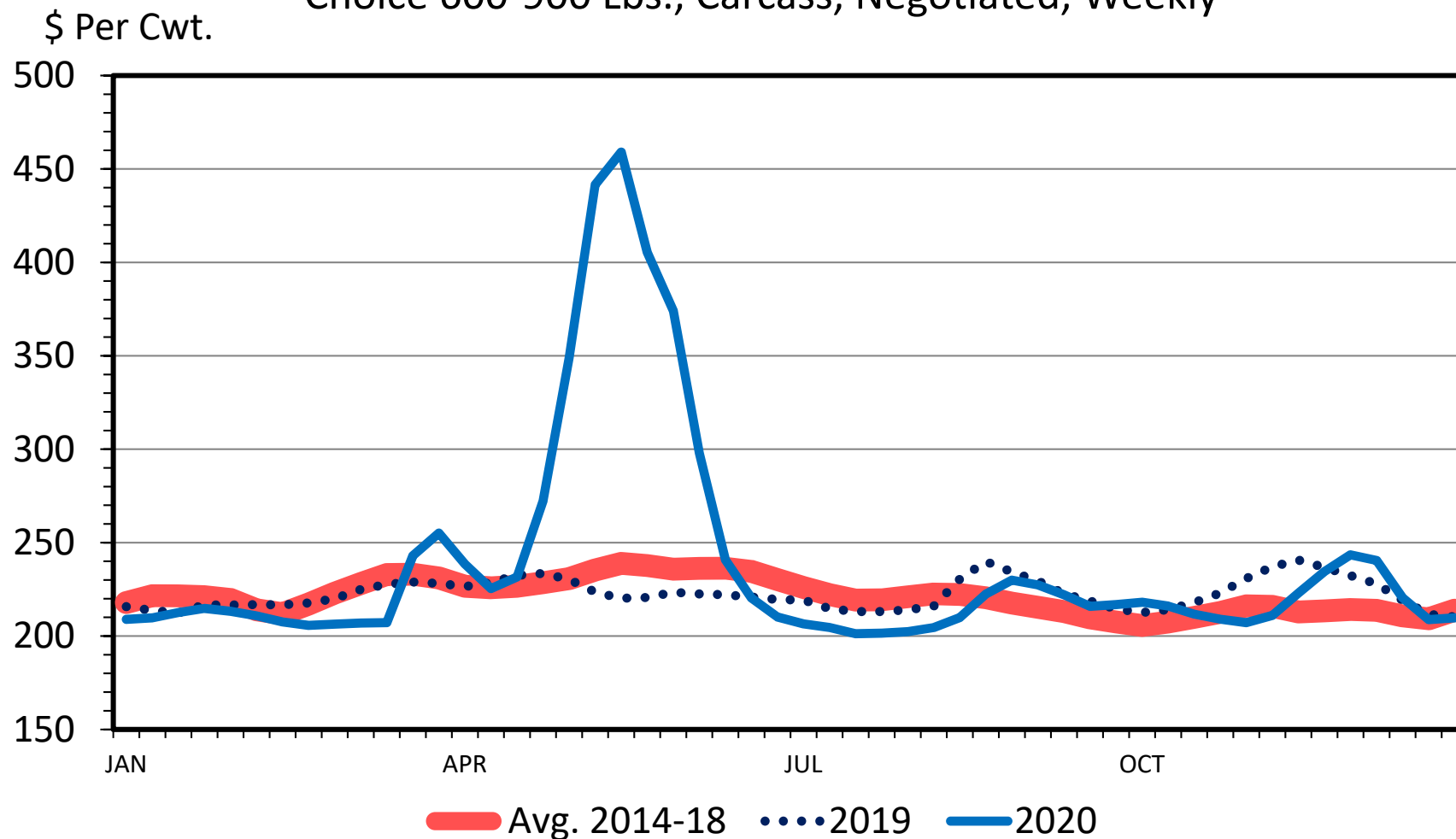


Dow Jones Industrial Average



BOXED BEEF CUTOUT VALUE

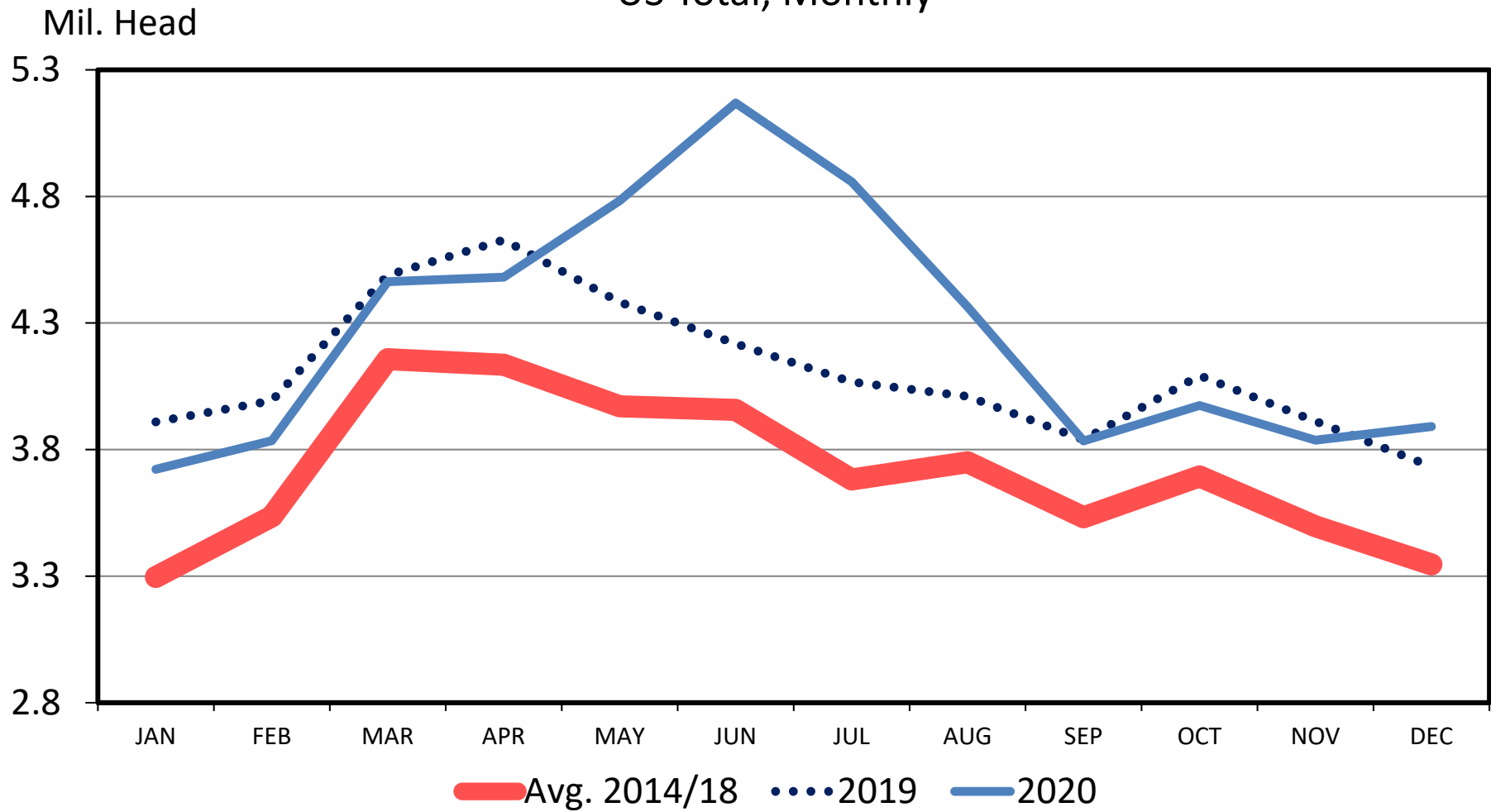
Choice 600-900 Lbs., Carcass, Negotiated, Weekly



USDA-AMS, Compiled & Analysis by LMIC

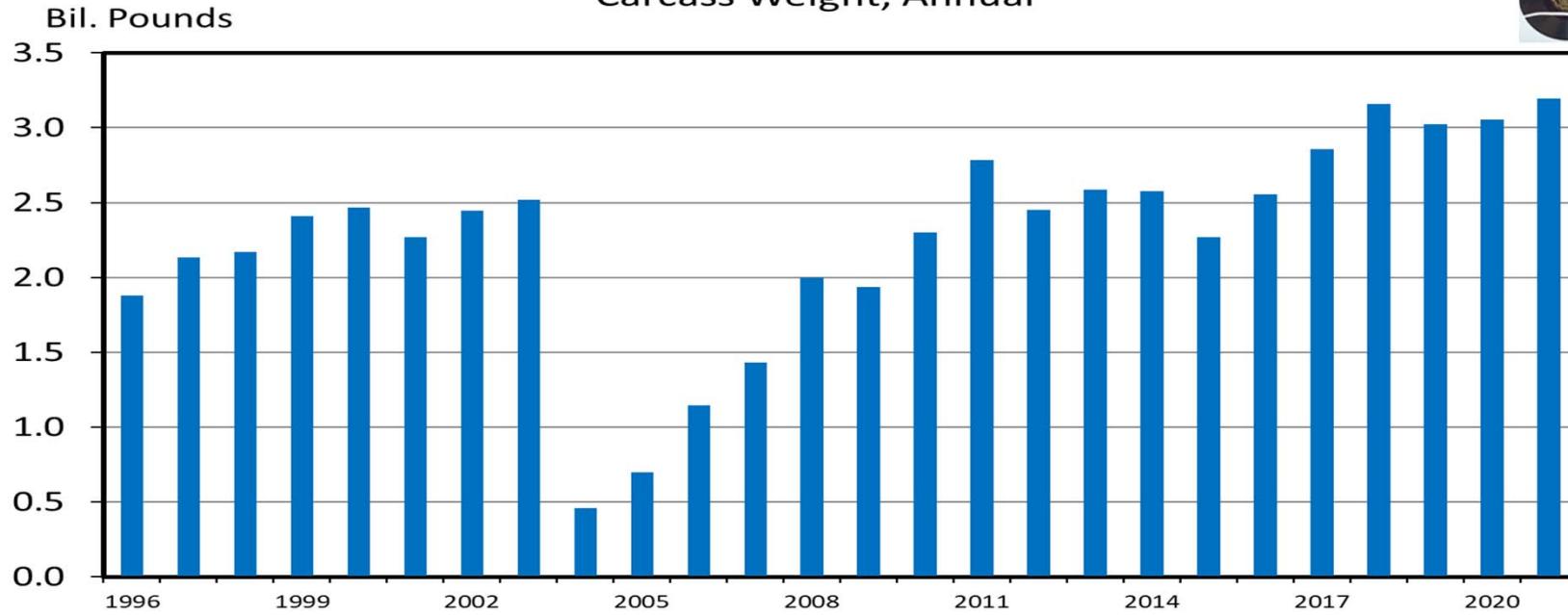
CATTLE ON FEED OVER 120 DAYS

US Total, Monthly



U.S. BEEF AND VEAL EXPORTS

Carcass Weight, Annual

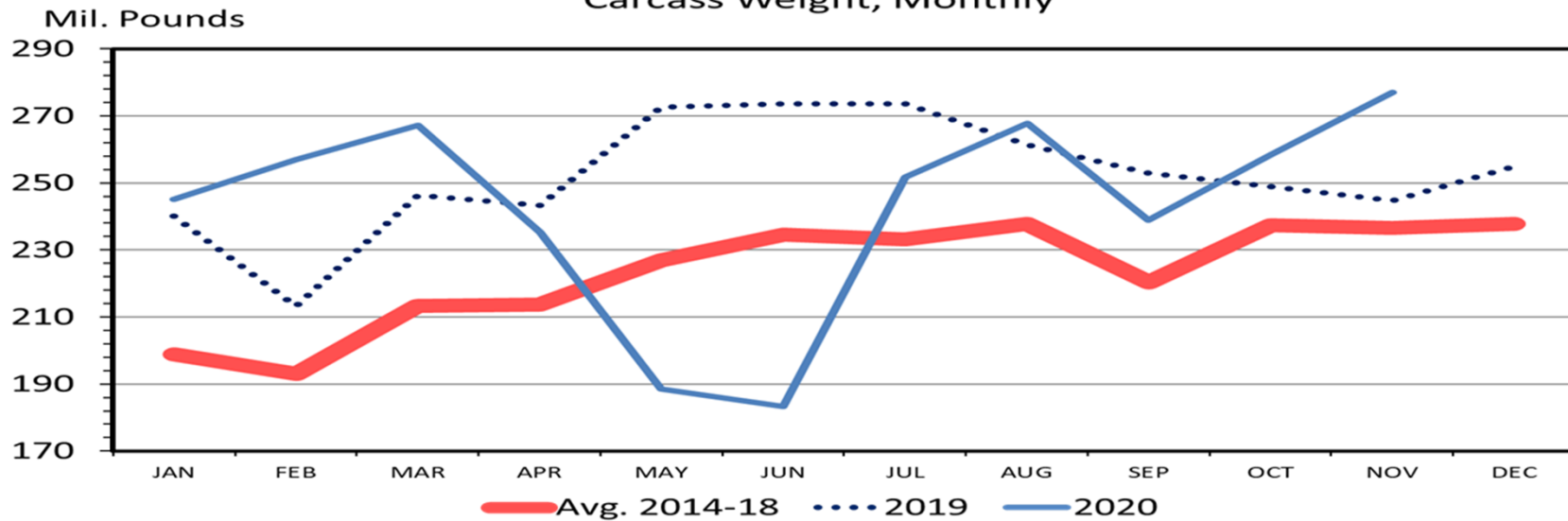


Data Source: USDA-ERS & USDA-FAS

Livestock Marketing Information Center

US BEEF AND VEAL EXPORTS

Carcass Weight, Monthly



U.S. Ranking in World



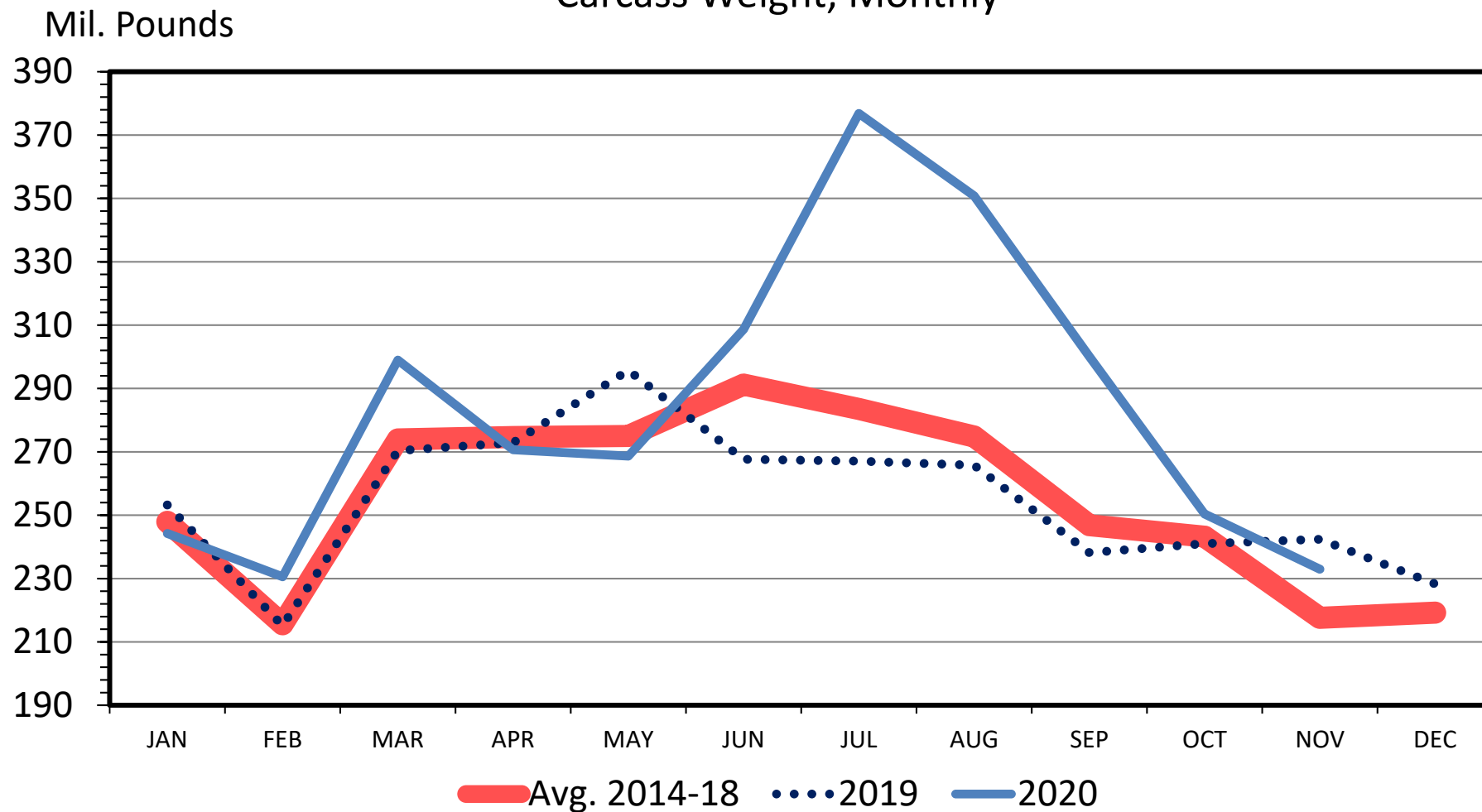
Major U.S. Meat Export Customers

BEEF	PORK	CHICKEN
Japan	Mexico	Mexico
Korea	Japan	Canada
Mexico	Canada	Cuba
Canada	China	Hong Kong
Hong Kong	Korea	Taiwan
China?	Australia	China Ø



US BEEF AND VEAL IMPORTS

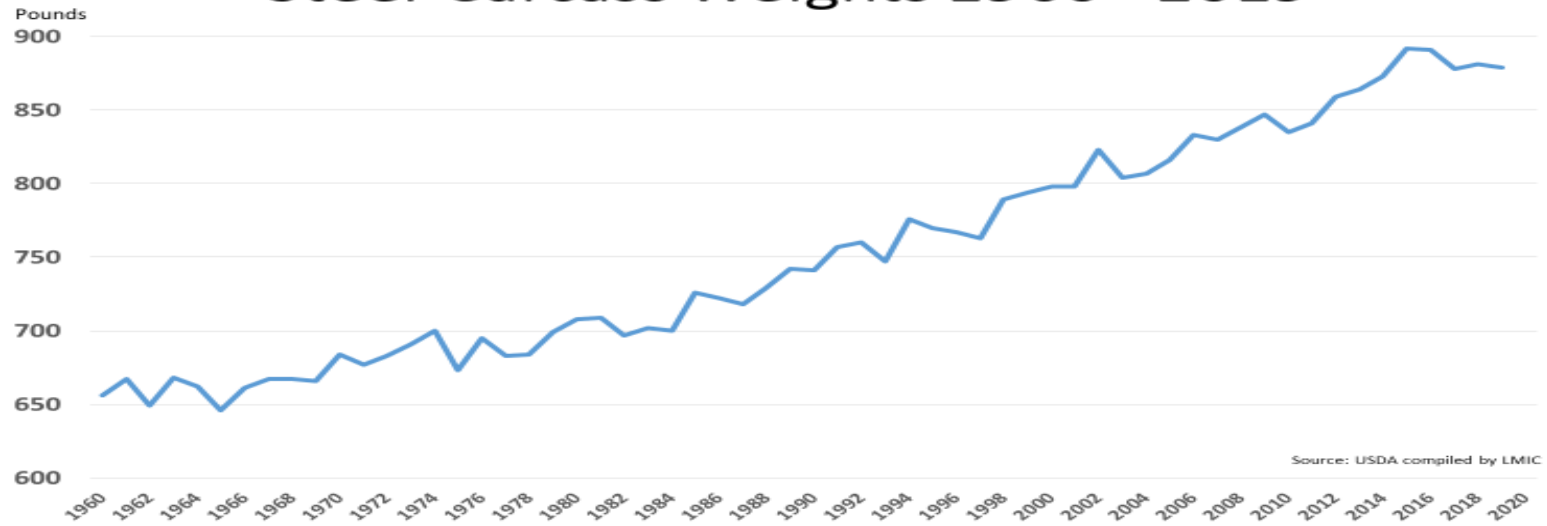
Carcass Weight, Monthly



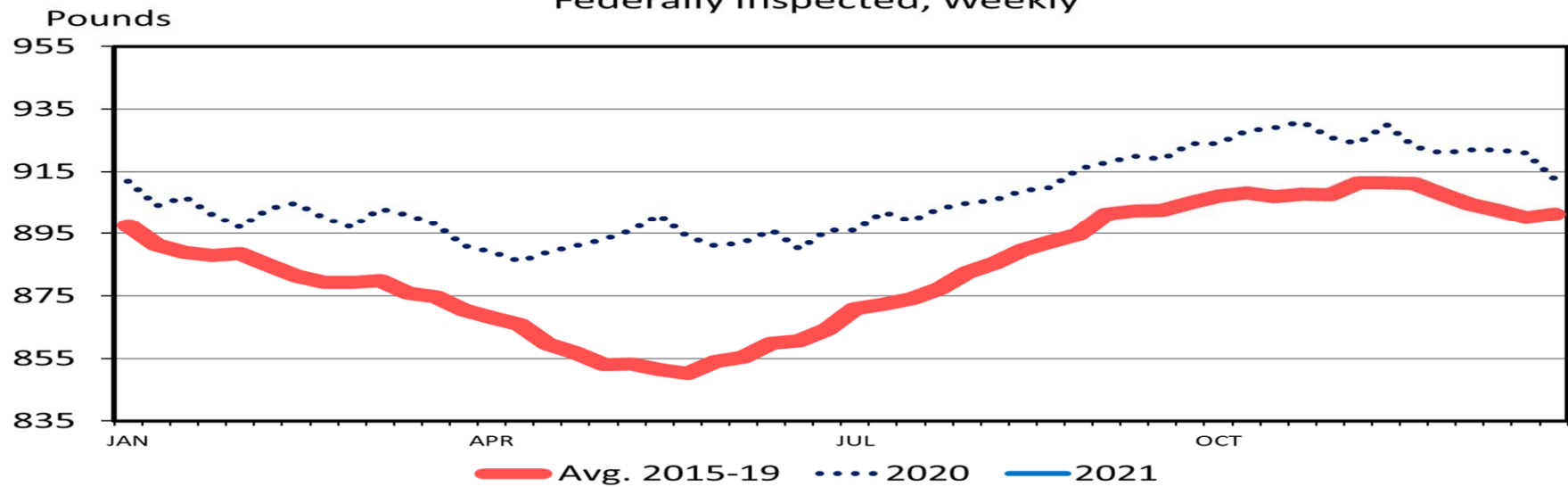
Data Source: USDA-ERS & USDA-FAS

Livestock Marketing Information Center

Steer Carcass Weights 1960 - 2019



STEER DRESSED WEIGHT Federally Inspected, Weekly

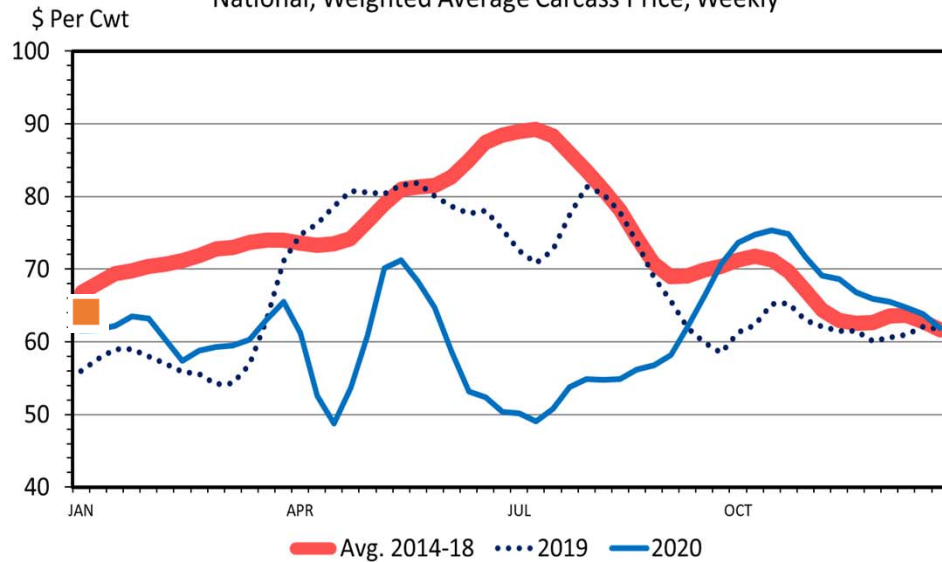


Data Source: USDA-AMS & USDA-NASS - Livestock Marketing Information Center

Other Livestock

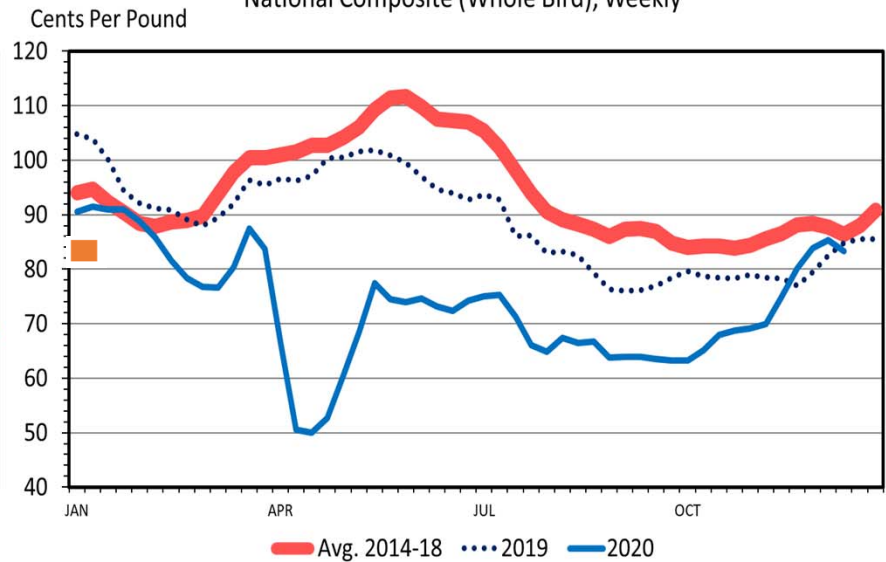
BASE SLAUGHTER HOG PRICES

National, Weighted Average Carcass Price, Weekly



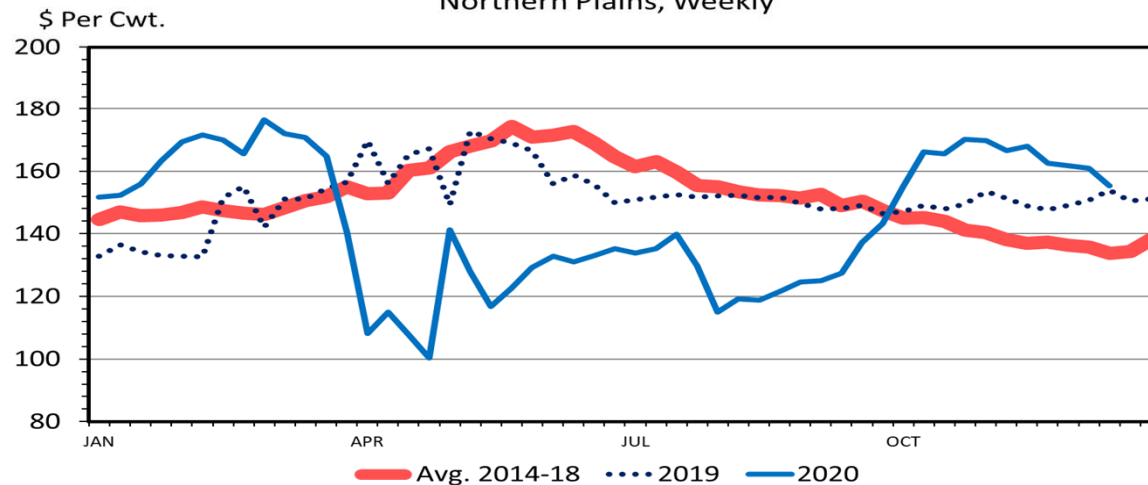
BROILER PRICES

National Composite (Whole Bird), Weekly



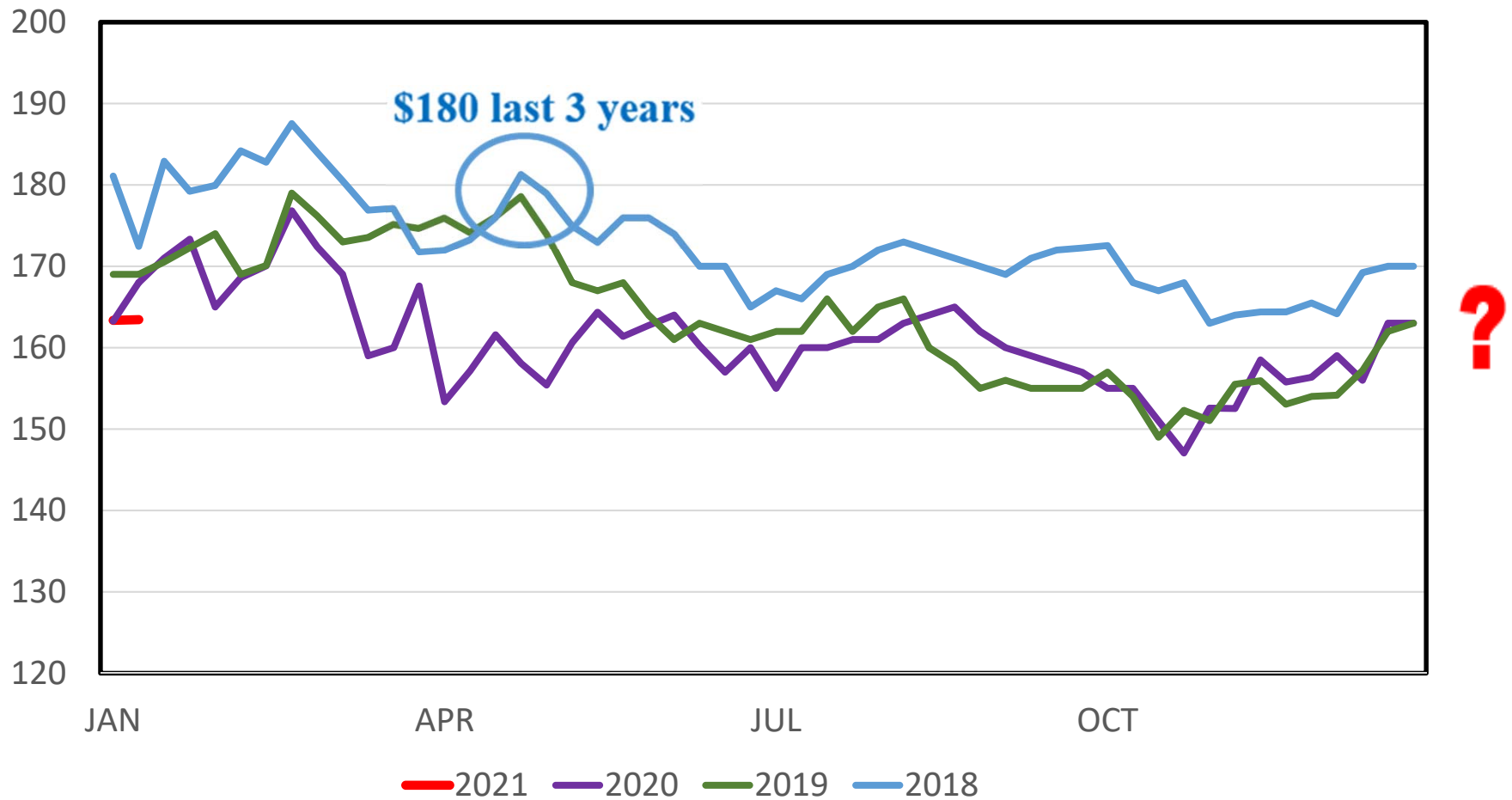
SLAUGHTER LAMB PRICES

Northern Plains, Weekly



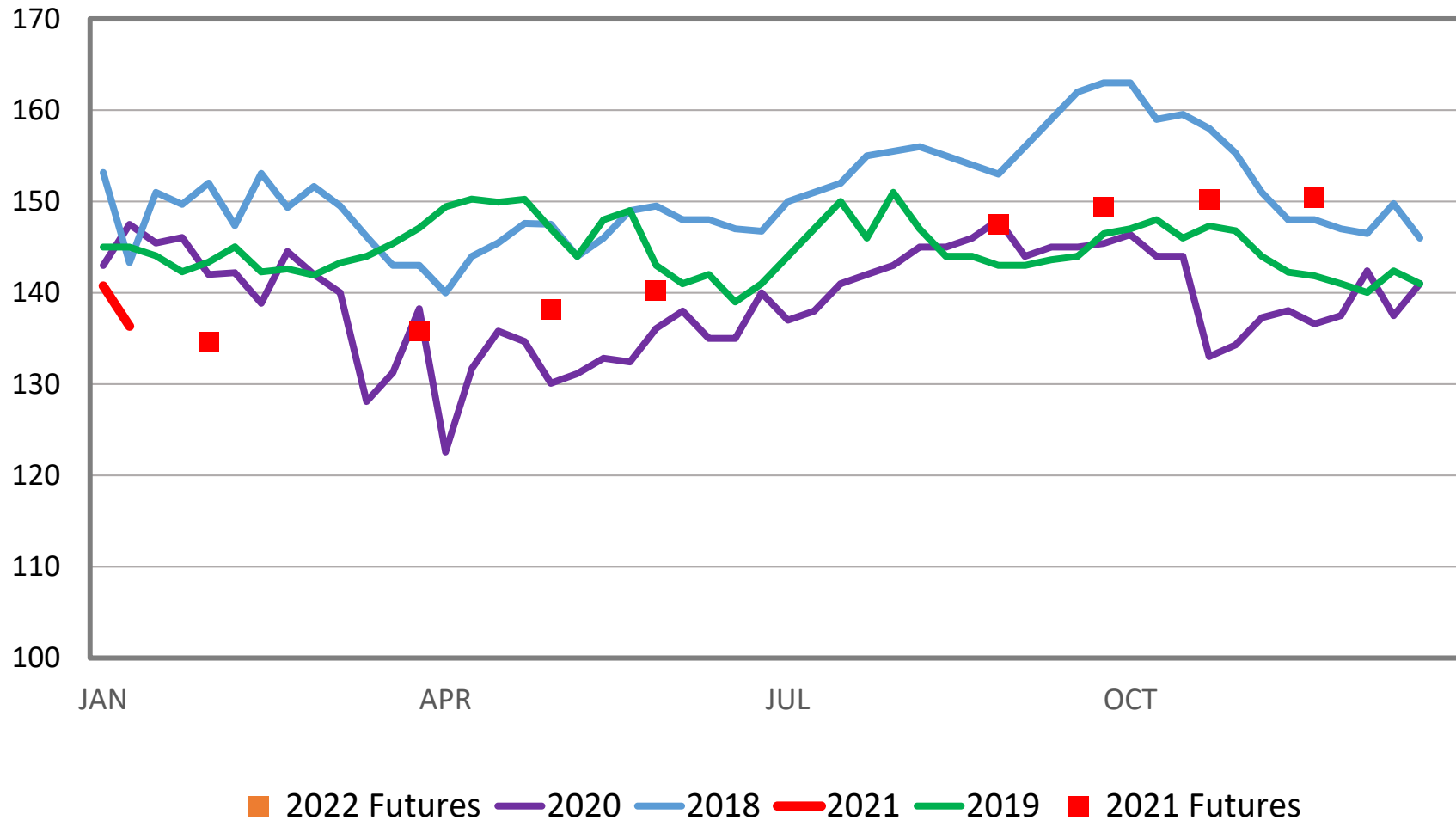
Data Source: USDA-AMS; Livestock Marketing Information Center

MED. FRAME #1 STEER CALF PRICES 550-600 Pounds, N.D., Weekly



MED. & LRG. #1 FEEDER STEER PRICES

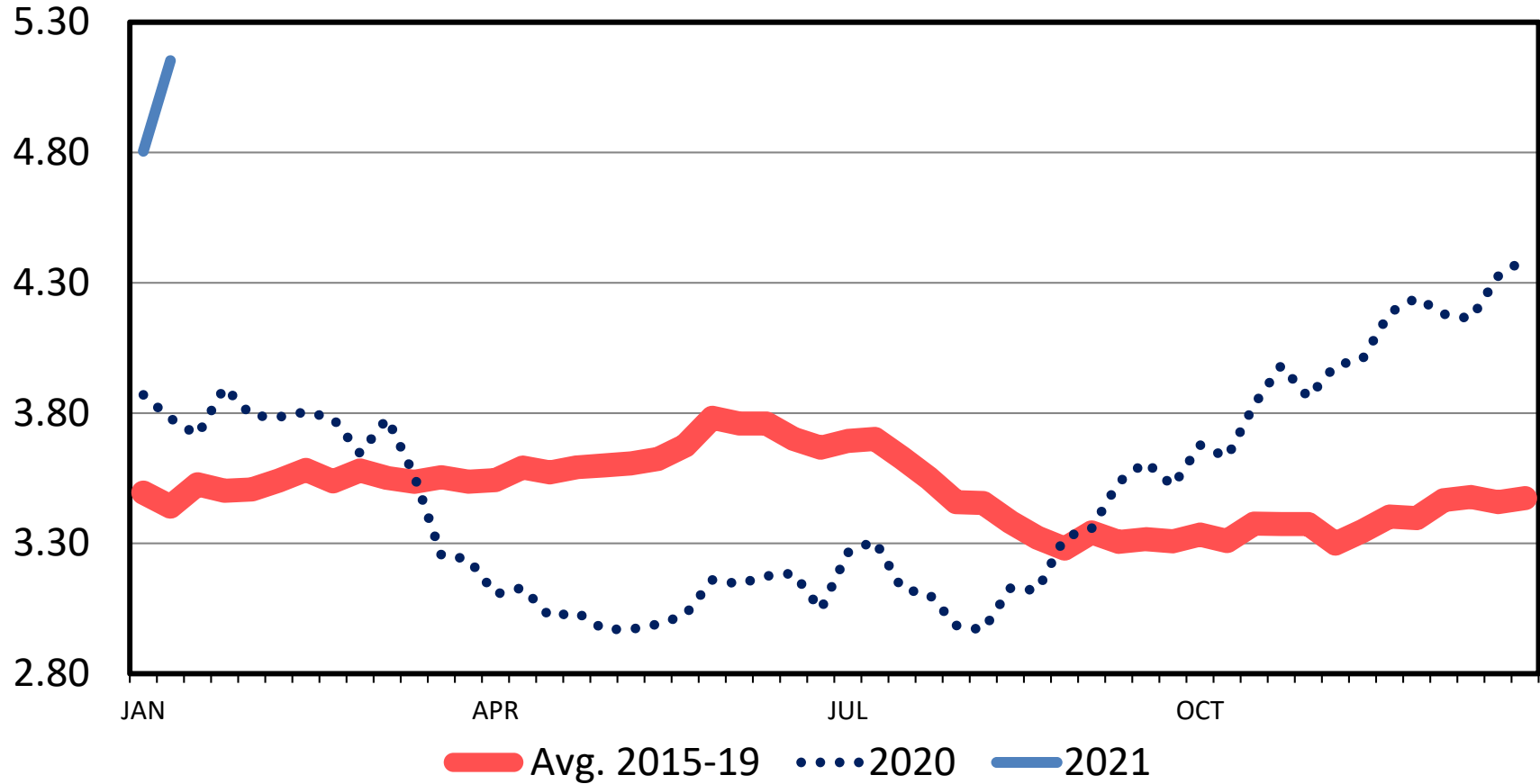
750-800 Pounds, N.D., Weekly



OMAHA CORN PRICES

Weekly

\$ Per Bu.

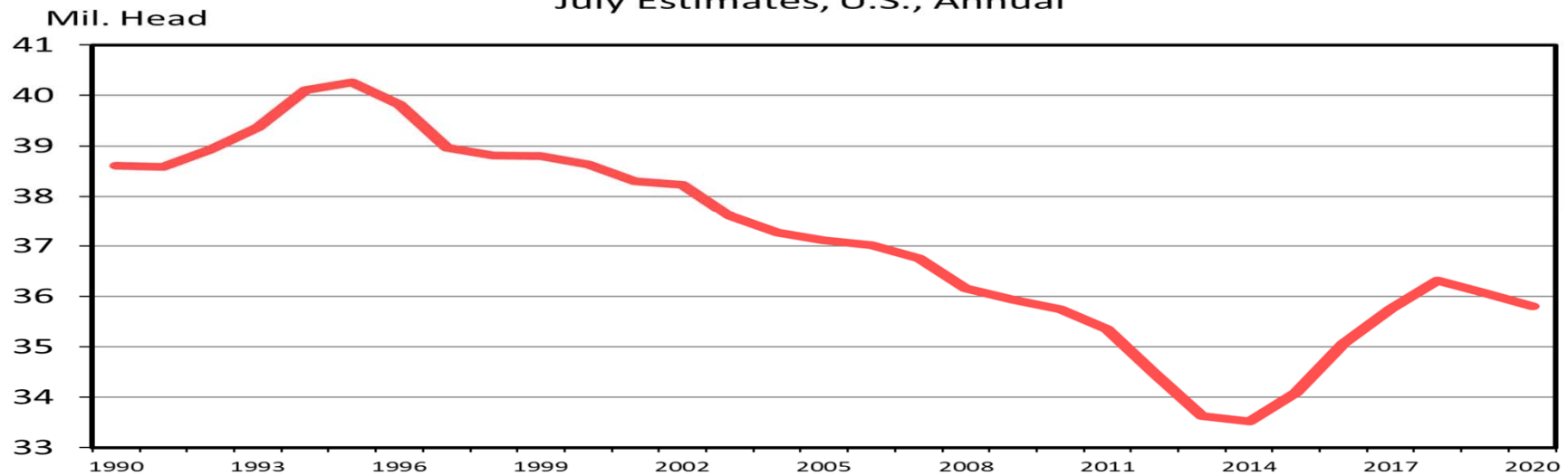


Data Source: USDA-AMS

Livestock Marketing Information Center

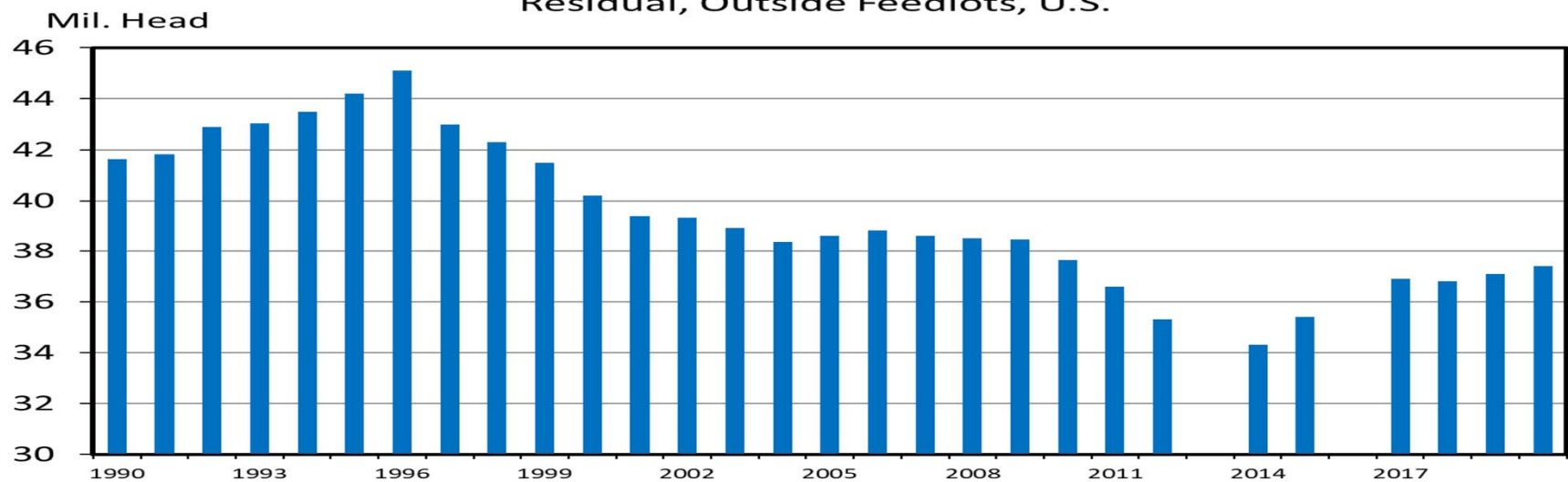
CALF CROP

July Estimates, U.S., Annual



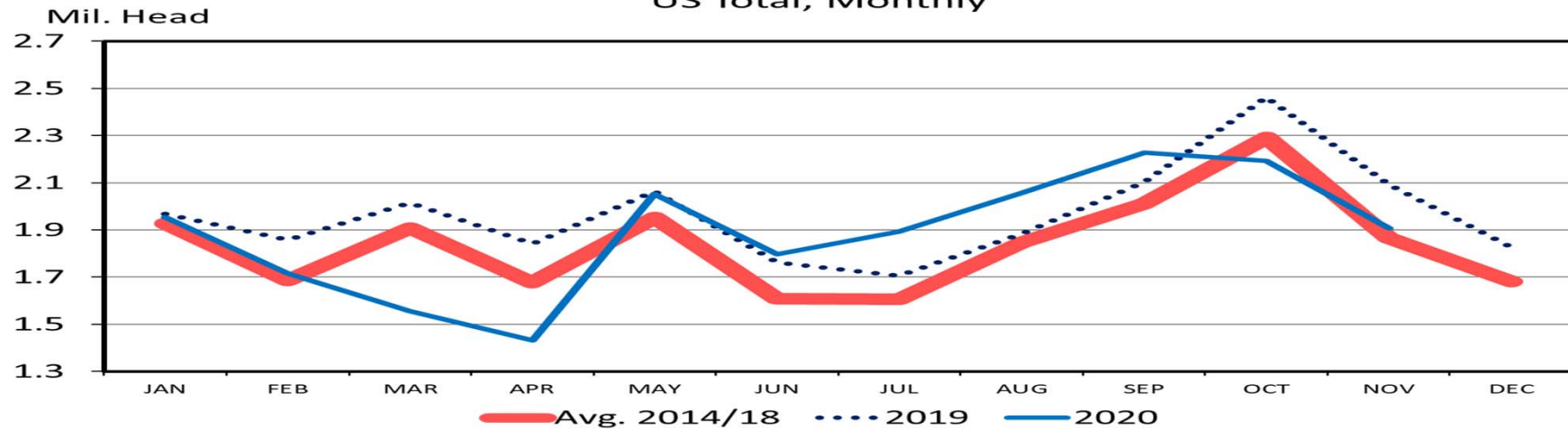
JULY 1 FEEDER CATTLE SUPPLIES

Residual, Outside Feedlots, U.S.

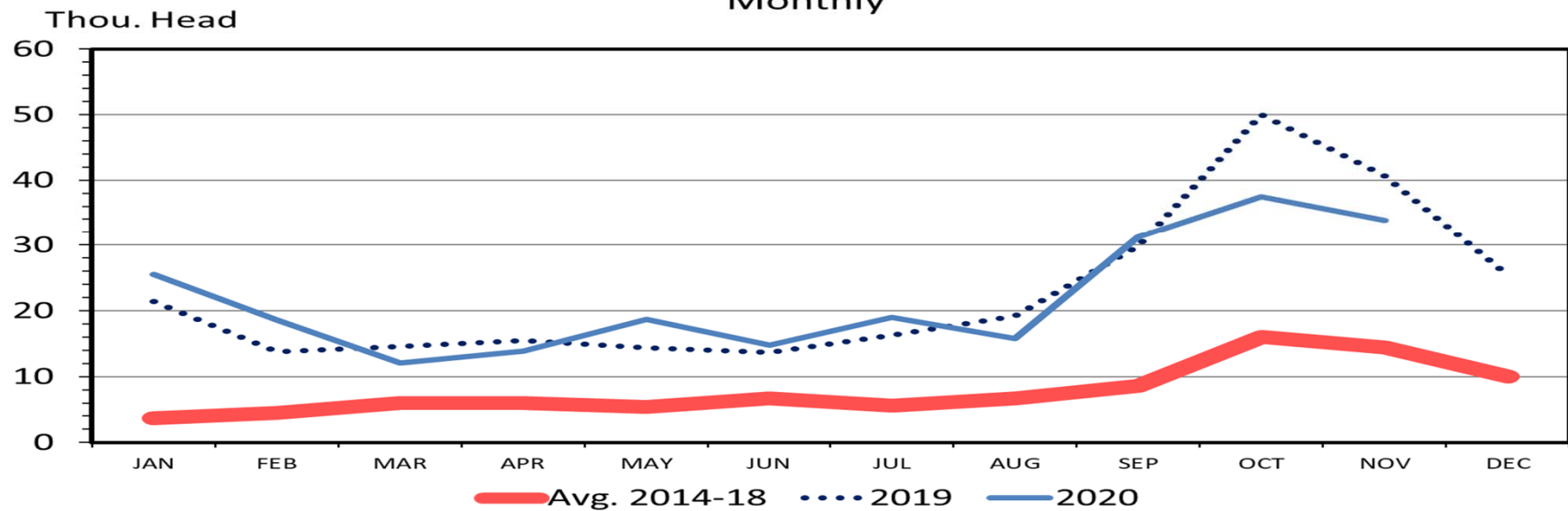


Data Source: USDA-NASS Livestock Marketing Information Center

FEEDLOT PLACEMENTS US Total, Monthly



US FEEDER CATTLE EXPORTS TO CANADA Monthly



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



North Dakota Weekly Cattle Auction Summary
AMS Livestock, Poultry, & Grain Market News
North Dakota Dept of Ag Mrkt News

Mon Jan 11, 2021

STEERS - Medium and Large 1 (Per Cwt / Actual Wt)

<u>Head</u>	<u>Wt Range</u>	<u>Avg Wt</u>	<u>Price Range</u>	<u>Avg Price</u>
16	390	390	186.00	186.00
6	425	425	184.00	184.00
95	466-496	483	167.00-183.00	174.58
141	509-539	518	170.00-183.00	178.33
417	551-599	576	151.00-170.75	163.36
661	605-649	629	140.00-164.75	156.45
470	650-696	672	135.50-159.25	145.10
1065	700-746	723	129.00-148.50	141.73
817	750-797	775	130.25-147.50	140.75
28	798	798	123.50	123.50
687	802-849	826	127.00-140.00	136.17
493	855-896	878	124.00-138.00	134.01
613	901-932	915	128.75-134.75	132.27
33	972	972	128.50	128.50
56	1043	1043	126.75	126.75

Fleshy

HEIFERS - Medium and Large 1 (Per Cwt / Actual Wt)

<u>Head</u>	<u>Wt Range</u>	<u>Avg Wt</u>	<u>Price Range</u>	<u>Avg Price</u>
6	336	336	157.55	157.55
10	353-393	373	156.00-167.00	161.79
45	411-447	427	152.00-161.50	156.20
93	461-496	477	142.00-157.00	149.98
265	500-549	528	139.00-154.00	145.84
284	551-598	577	130.00-152.00	139.62
538	608-649	628	126.00-138.00	133.29
370	653-699	676	126.00-136.50	132.58
494	701-746	726	123.00-133.00	128.27
447	756-795	774	116.00-130.00	126.23
278	807-840	831	120.00-126.50	123.59
202	851-899	874	110.00-125.50	122.12
39	903-935	919	120.00-126.00	123.55
113	952-997	967	120.00-124.50	121.71

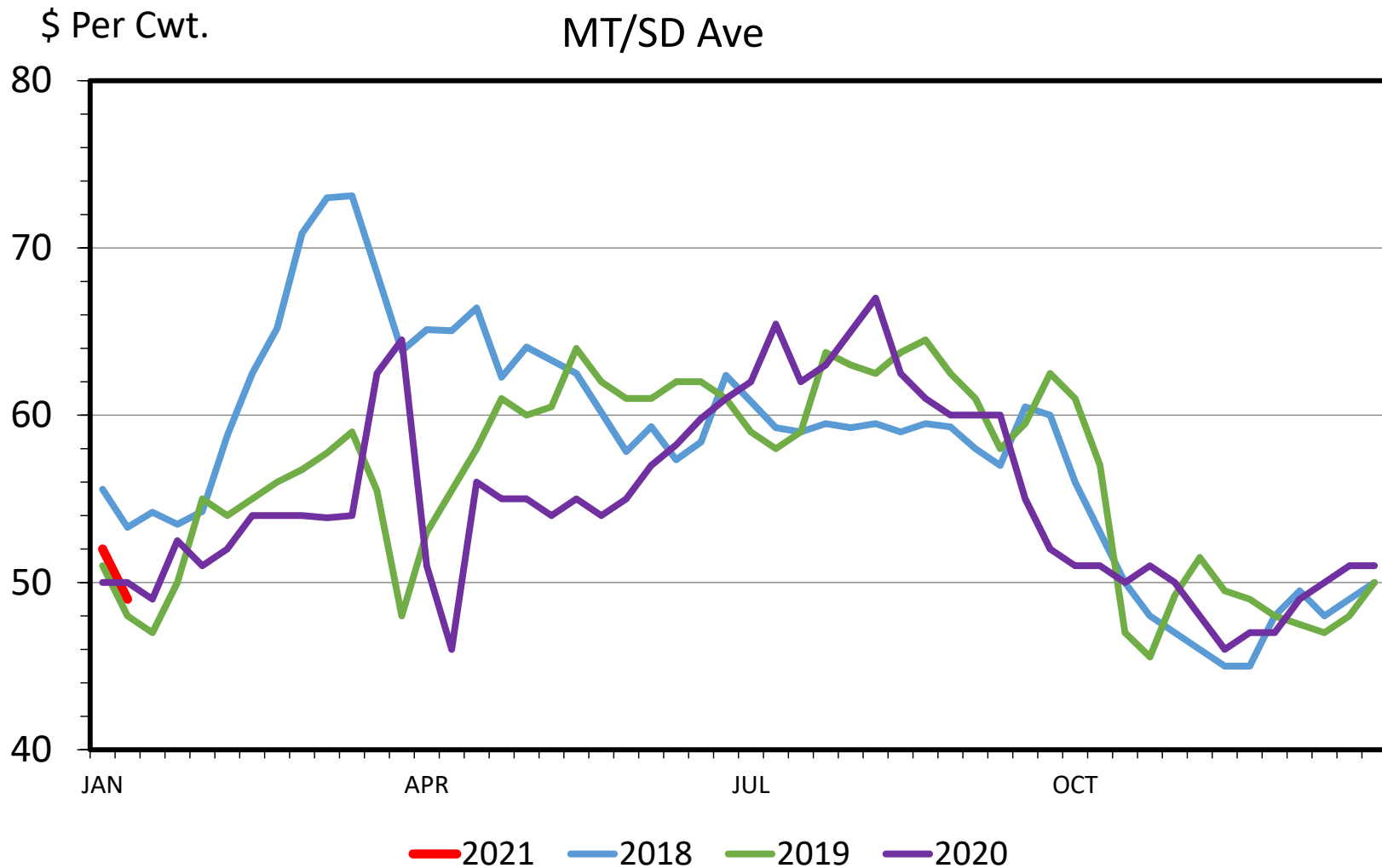
Adding Value To Calves

- Weaned
 - Verified vaccination program
 - Source/age verified/no implants
 - Natural (no antibiotics or implants)
 - Bovine Viral Diarrhea persistently infected (BVD-PI) tested negative
 - Beef Quality Assurance (BQA) – packers requiring
 - Replacement quality heifers
- * *The more information you provide the better*
- * *Check with your market before selling*

BEEF CULL COW PRICES

Average 85-90% Lean, Weekly

MT/SD Ave



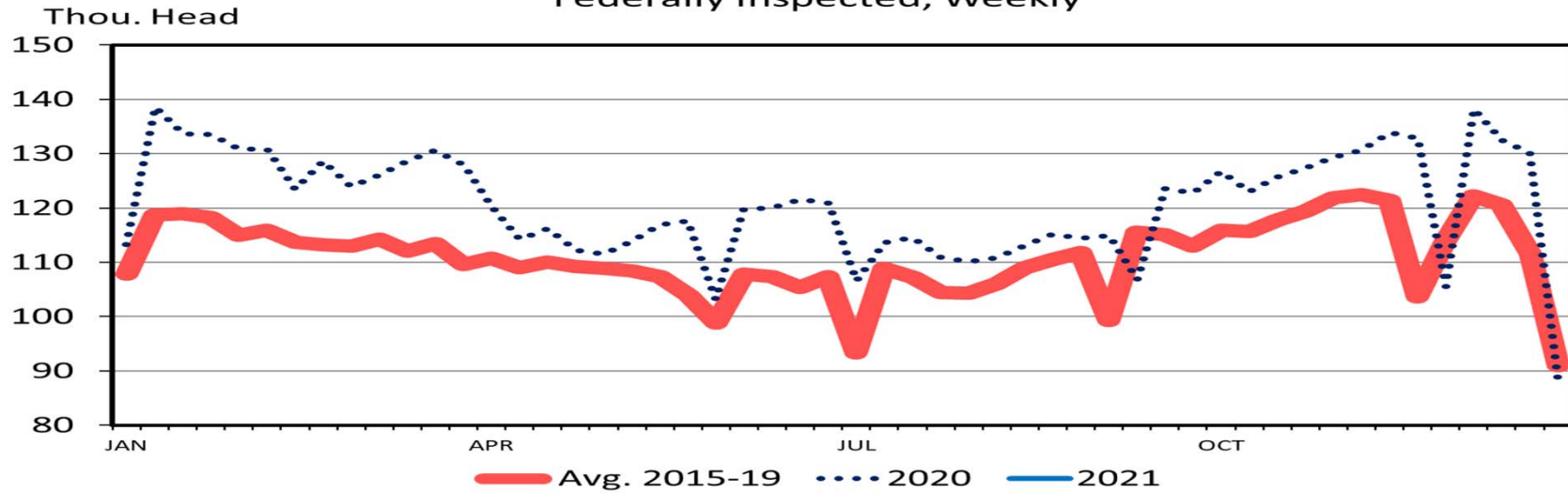
USDA-AMS, Compiled & Analysis by

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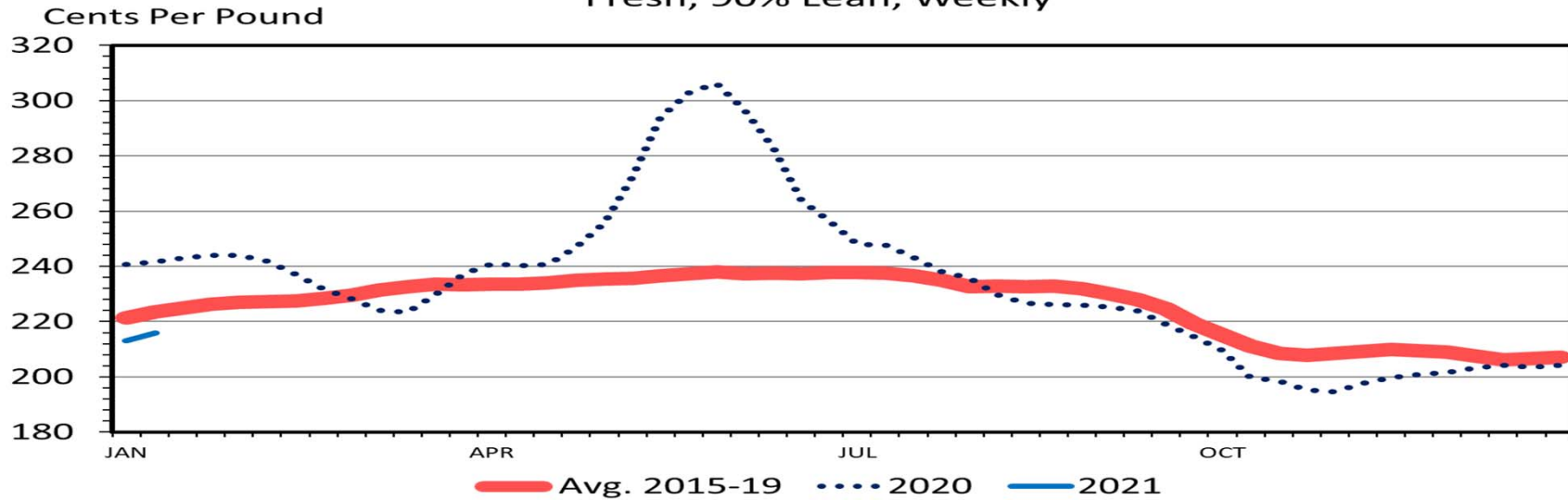
TOTAL COW SLAUGHTER

Federally Inspected, Weekly



WHOLESALE BONELESS BEEF PRICES

Fresh, 90% Lean, Weekly



Data Source: USDA-AMS - Livestock Marketing Information Center

Price Risk Management Tools

- Cash forward contract
- Video and internet auctions
- CME futures
- CME options
- Livestock Risk Protection (LRP)
- Which one or combination fits your marketing plan?
- **“If you don’t manage risk, risk will manage you”**

CALF PRICES FROM COVID-19 TO CORN PRICES

JAN FDR CAT and MAR CORN



NEW LRP Premium Subsidy Rates

Coverage Level %

Subsidy Rate %

95-100

35

90-94.99

40

85-89.99

45

80-84.99

50

70-79.99

55

 **Effective 9-14-2020/Retroactive to 7-1-2020**

Over 600 lb. Feeder Steers



35% Subsidy

LRP Coverage Prices, Rates, and Actual Ending Values - Report for 01/11/2021

X.65

State	County	Endorsement Length	Commodity	Type	Practice	Crop Year	Exp. End Value	Coverage Price	Coverage Level	Rate	Cost Per CWT	End Date
38 North Dakota	998 All Counties	13	0801 Feeder Cattle	810 Steers Weight 2	204 Endorsement Ending in April Yr1	2021	138.523	\$137.500	0.992600	0.039898	5.486	04/12/2021
											3.57	
38 North Dakota	998 All Counties	13	0801 Feeder Cattle	810 Steers Weight 2	204 Endorsement Ending in April Yr1	2021	138.523	\$135.500	0.978200	0.033166	4.494	04/12/2021
											2.92	
38 North Dakota	998 All Counties	13	0801 Feeder Cattle	810 Steers Weight 2	204 Endorsement Ending in April Yr1	2021	138.523	\$133.500	0.963700	0.027161	3.626	04/12/2021
											2.36	
38 North Dakota	998 All Counties	13	0801 Feeder Cattle	810 Steers Weight 2	204 Endorsement Ending in April Yr1	2021	138.523	\$131.500	0.949300	0.022205	2.920	04/12/2021
									40%		1.75	
38 North Dakota	998 All Counties	13	0801 Feeder Cattle	810 Steers Weight 2	204 Endorsement Ending in April Yr1	2021	138.523	\$129.500	0.934900	0.018069	2.340	04/12/2021
											1.40	

APR FDR CAT Futures - \$139.025/CME FC INDEX-\$136.16

<https://public.rma.usda.gov/livestockreports/main.aspx>

2021: COVID, Weather, Corn, and Economy?
Causing Volatility and Risk , especially on
seasonal basis. Flexible marketing plans
should include risk management tools

