

NDSU

EXTENSION

EXTENDING KNOWLEDGE >> CHANGING LIVES



Cattle Situation and Outlook

Tim Petry, Livestock Marketing Economist

www.ndsu.edu/livestockeconomics

SEP 2019

Agribusiness and
Applied Economics

Outlook 9-12-2019.pptx

Livestock Fundamental Highlights

Record pork, chicken, total meat production in 2019

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

Prices for fed cattle lower than last year – Tyson  **fire**

Feeder cattle prices lower- lower fed cattle

Cow prices higher- higher slaughter but good demand

Hog & chicken prices little lower than last year-record production and trade issues

Beef cow herd expansion rate moderating – peak 2020?

2018 US calf crop up 645,000, 2019 down 103,000?

Beef demand robust

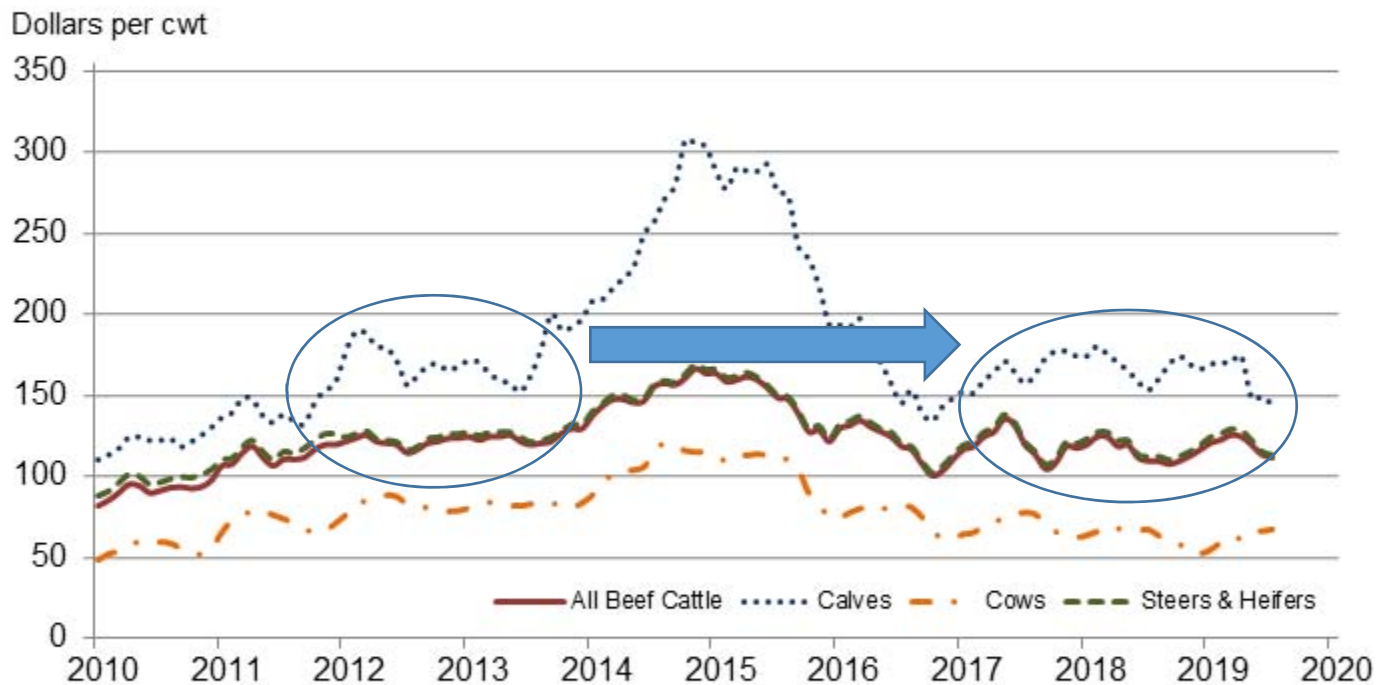
US economy strong

Record beef exports in 2017,18, but 2019?

Top 4 US beef customers (Japan, S. Korea, Mexico, Canada) in trade negotiations causing price volatility

Back to the Future?

Prices Received for Cattle by Month – United States



USDA – NASS
08/30/2019



World Agricultural Supply and Demand Estimates

U.S Meat Production and Prices

	2014	2015	2016	2017	2018	2019 Forecast	Change From 2018	2020 Forecast
Production	<i>Billion Pounds</i>		<i>Pounds</i>	<i>Pounds</i>	<i>Pounds</i>	<i>Pounds</i>	<i>Percent</i>	<i>Pounds</i>
Beef	24.25	23.70	25.22	26.19	26.87	26.95	.3	27.67
Pork	22.84	24.50	24.94	25.58	26.31	27.58	4.8	28.41
Broilers	38.55	40.05	40.7	41.66	42.60	43.47	2	43.44
Turkey	5.76	5.63	5.98	5.98	5.88	5.87	0	5.93
Total meat	92.17	94.63	97.6	100.17	102.43	104.60	2.1	106.78
Prices	<i>Dollars/cwt</i>		<i>Dollars/cwt.</i>					<i>Dollars/cwt.</i>
Steers	154.56	148.12	120.85	121.52	117.12	113.52	-3	115.25
Hogs	76.03	50.23	46.16	50.48	45.93	49.41	7.6	58.5
	<i>Cents/lb.</i>		<i>Cents/lb.</i>			<i>Cents/lb.</i>		<i>Cents/lb.</i>
Broilers	104.9	90.5	84.3	93.5	97.8	87.2	-10.8	92
Turkey	107.6	116.2	117.1	96.1	80.2	88.3	10	90.3

record high

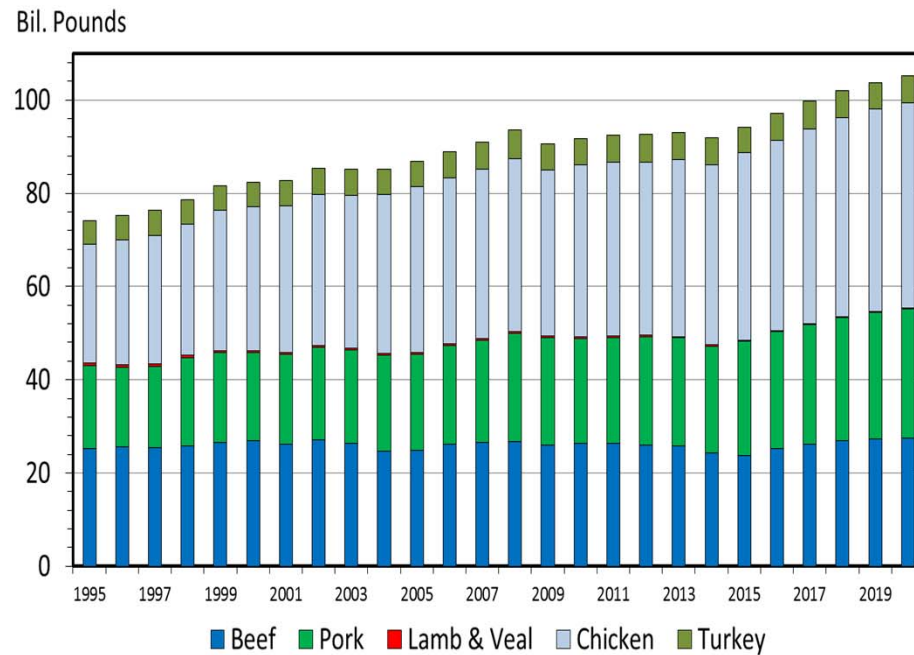
SEP 12, 2019

Mountains of Meat



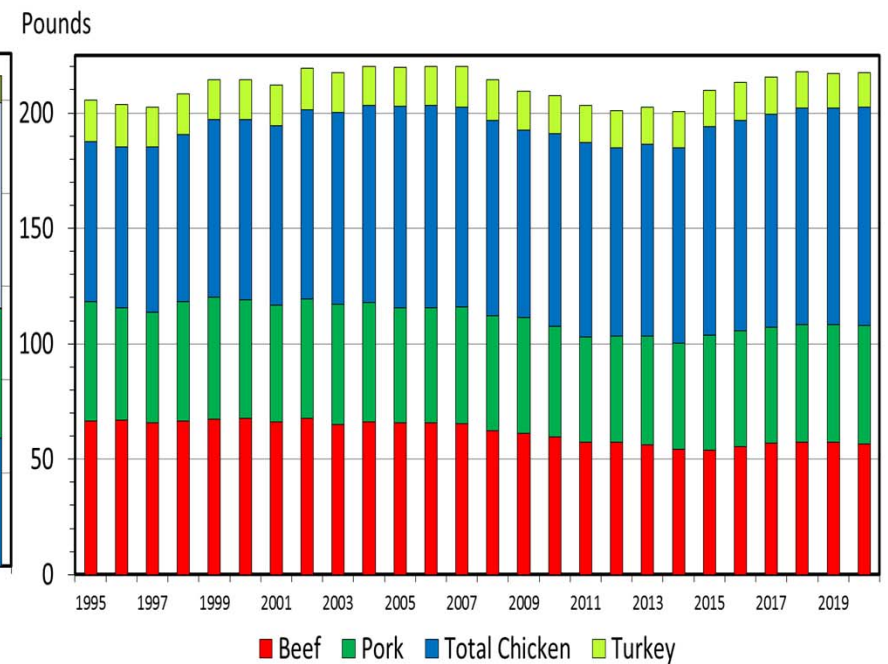
COMMERCIAL MEAT & POULTRY PRODUCTION

By Type of Meat, Annual



US RED MEAT & POULTRY CONSUMPTION

Per Capita, Retail Weight, Annual

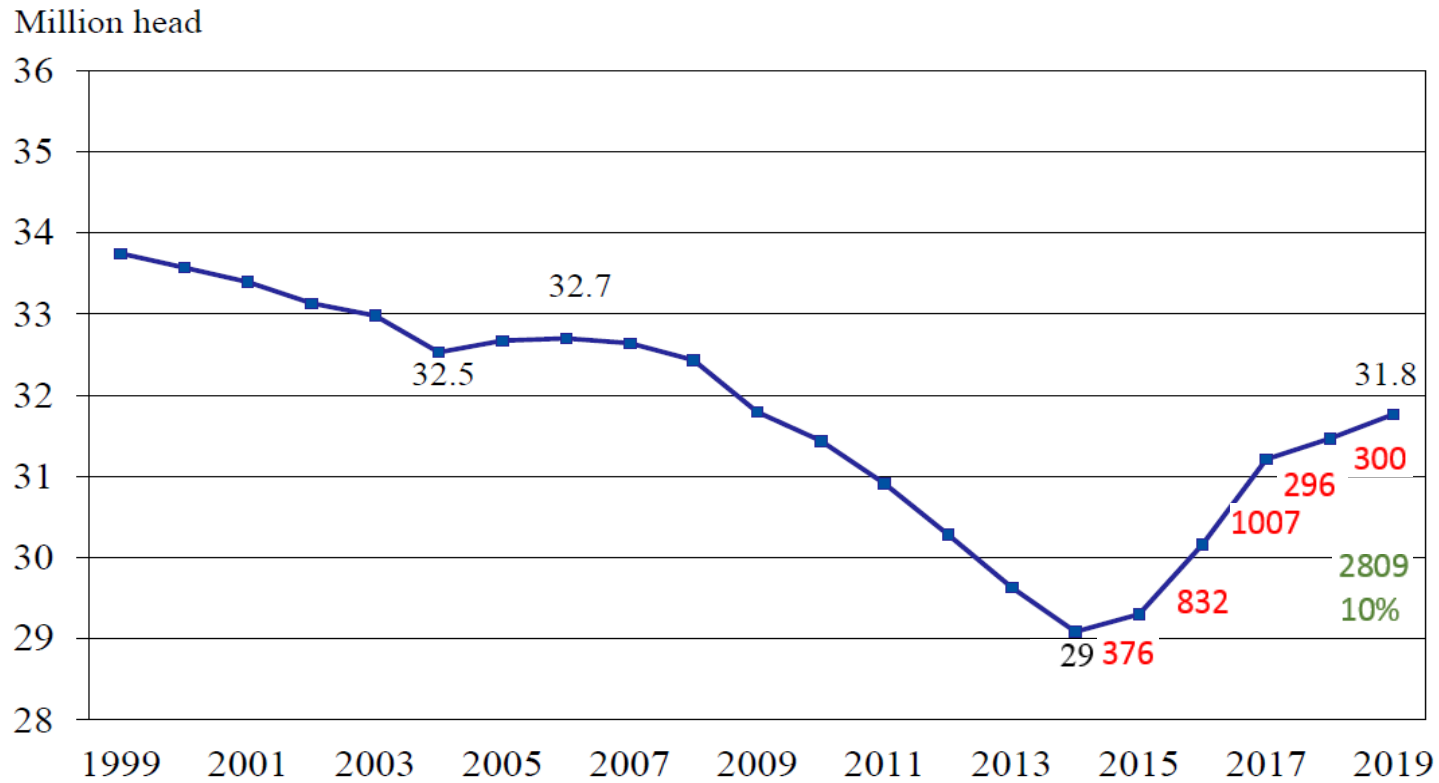


Data Source: USDA/NASS, Livestock Marketing Information Center



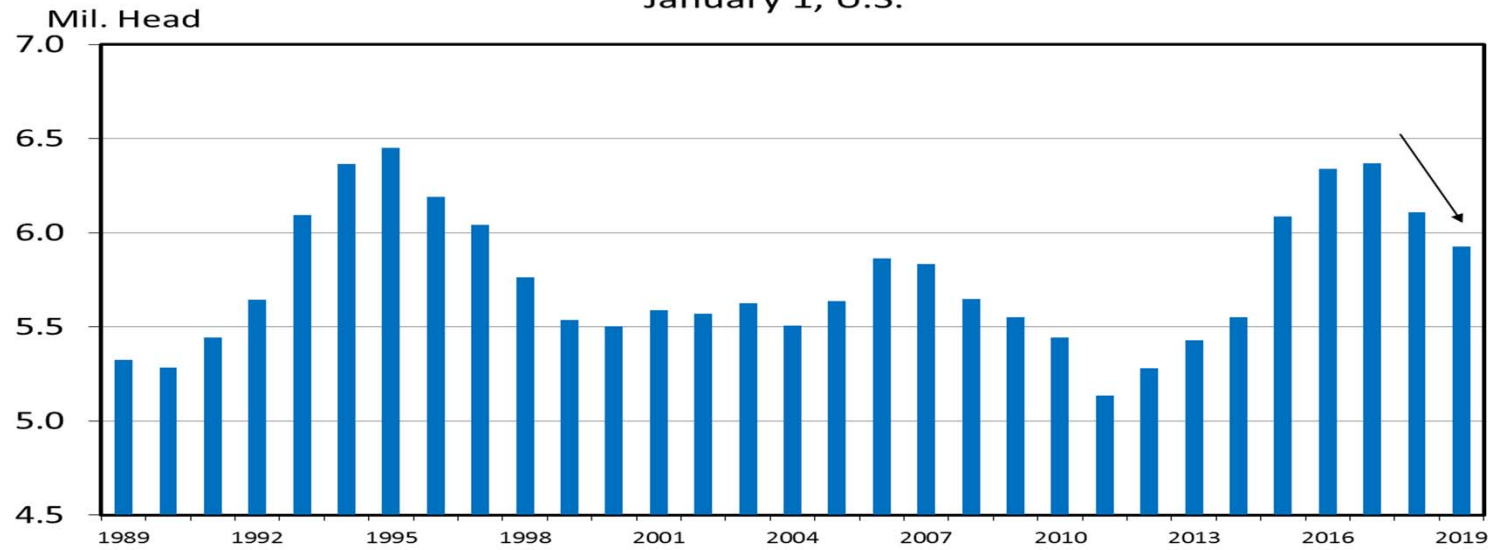
U.S. Beef Cows

January 1, 1999 - 2019



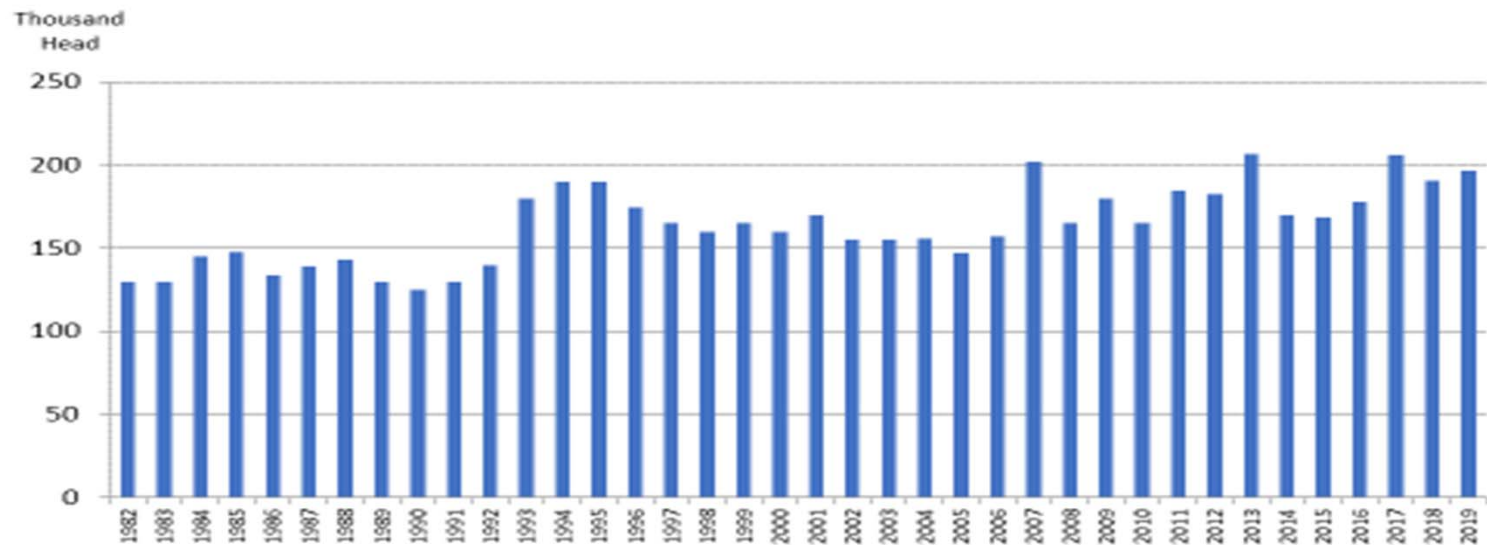
HEIFERS HELD AS BEEF COW REPLACEMENTS

January 1, U.S.



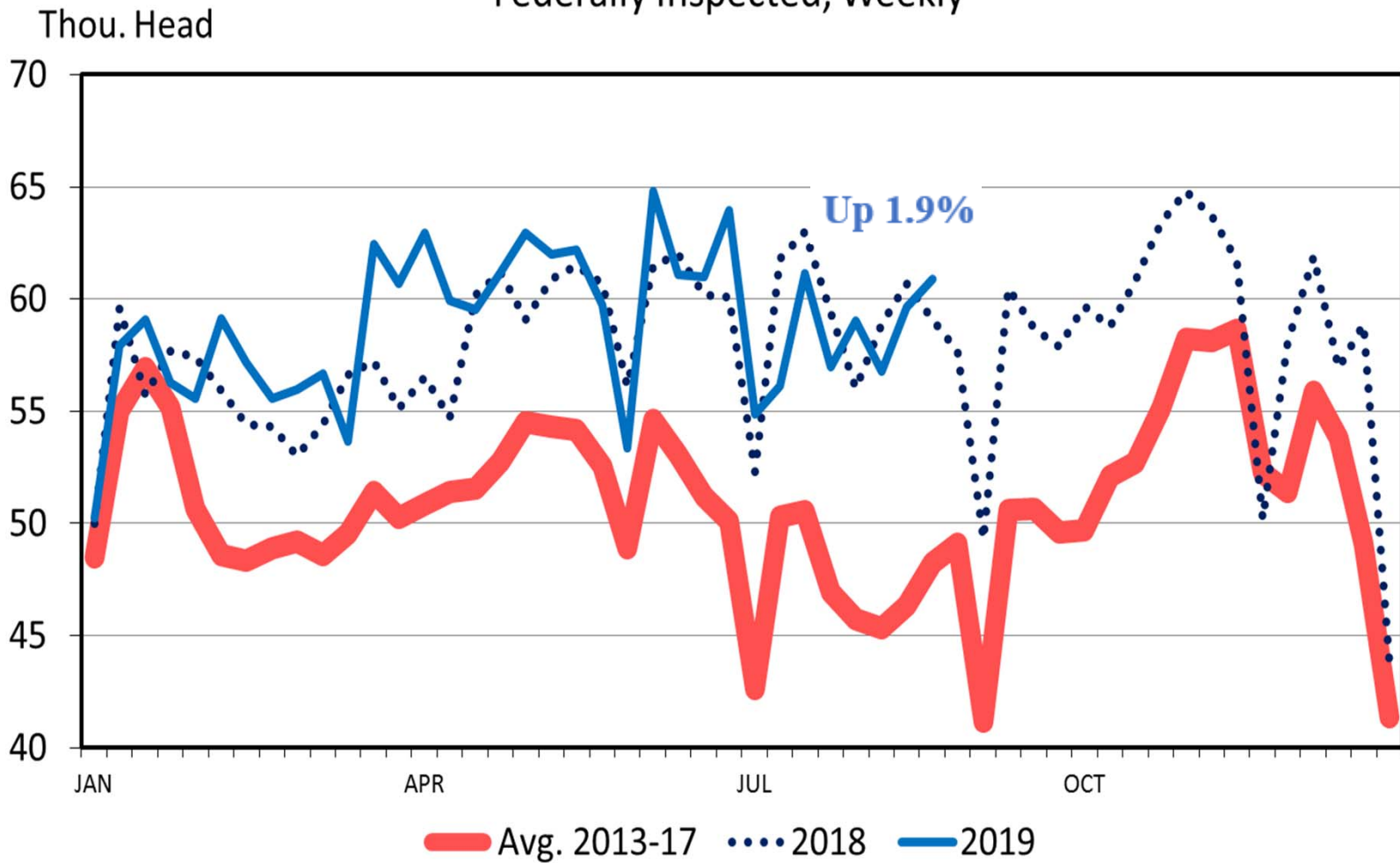
HEIFERS HELD AS BEEF COW REPLACEMENTS

January 1, ND



BEEF COW SLAUGHTER

Federally Inspected, Weekly

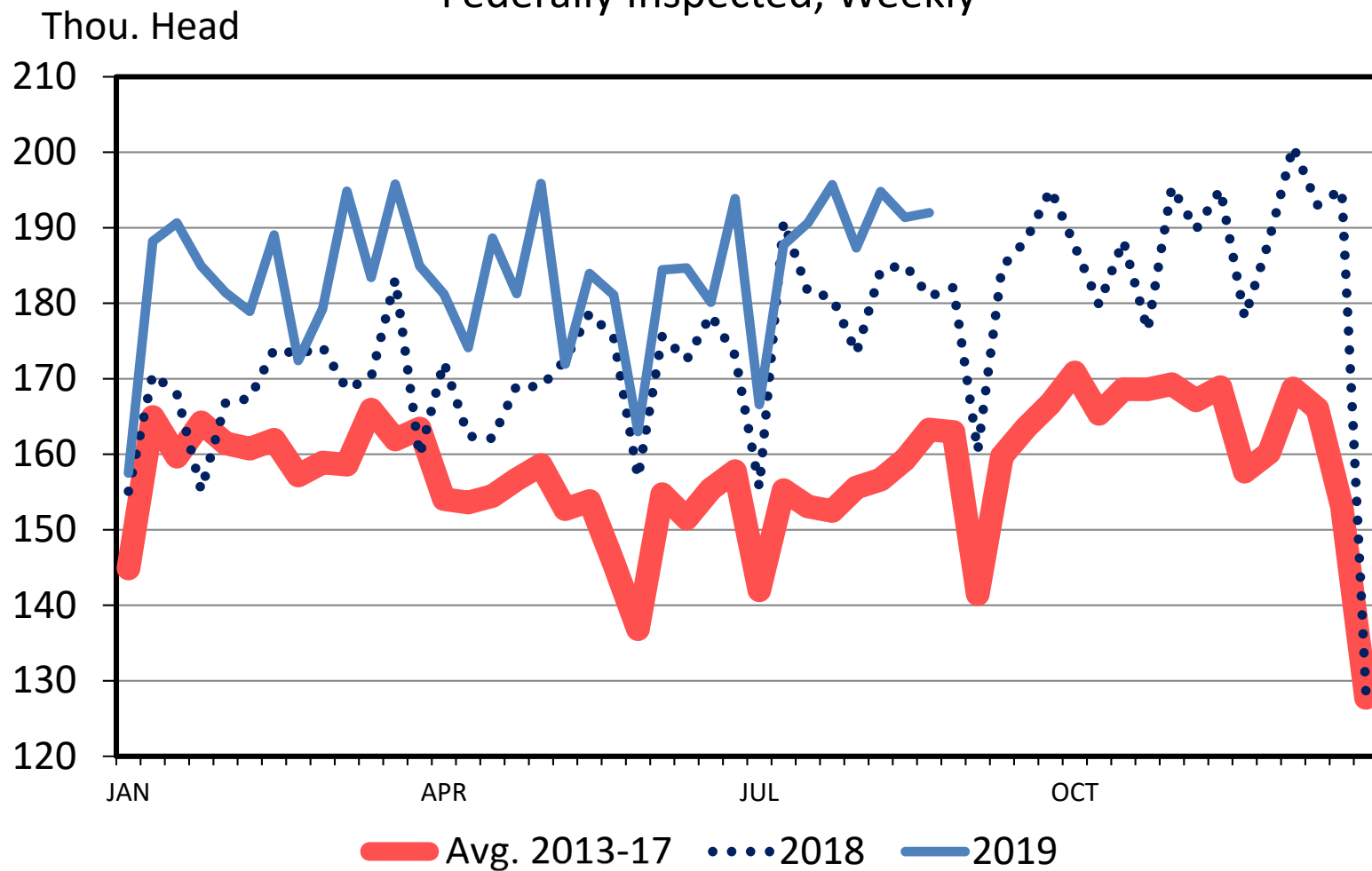


Data Source: USDA-AMS & USDA-NASS

Livestock Marketing Information Center

HEIFER SLAUGHTER

Federally Inspected, Weekly



Data Source: USDA-AMS & USDA-NASS

Livestock Marketing Information Center

U.S. Cattle Areas Experiencing Drought

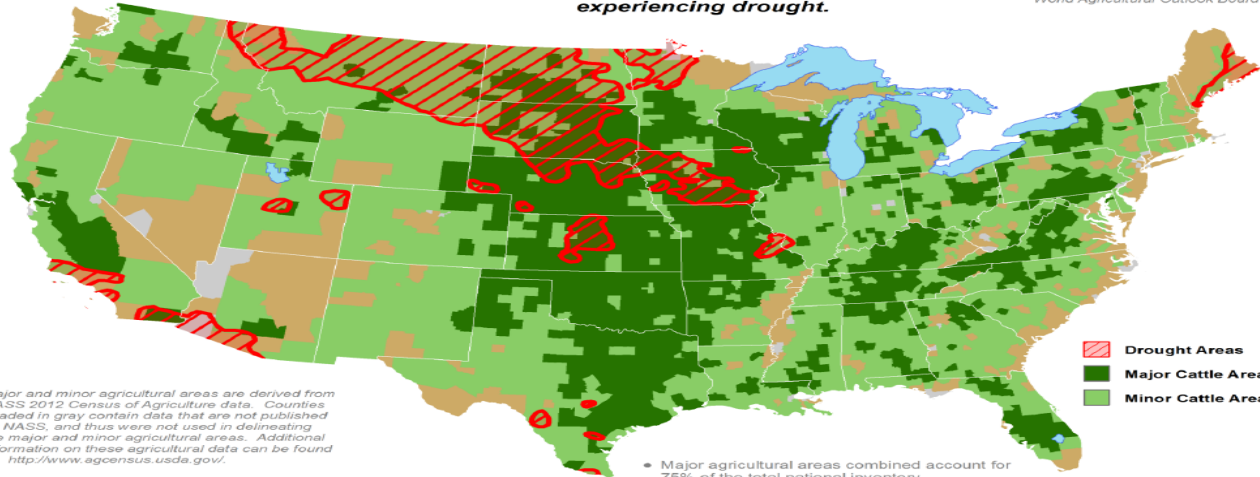
Reflects **August 15, 2017**
U.S. Drought Monitor data

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



United States
Department of
Agriculture

This product was prepared by the
USDA Office of the Chief Economist
World Agricultural Outlook Board



Major and minor agricultural areas are derived from NASS 2012 Census of Agriculture data. Counties shaded in gray contain data that are not published by NASS, and thus were not used in delineating the major and minor agricultural areas. Additional information on these agricultural data can be found at: <http://www.agcensus.usda.gov/>.

Mapped drought areas are derived from the U.S. Drought Monitor product and do not depict the intensity of drought in any particular location. More information on the Drought Monitor can be found at: <http://droughtmonitor.unl.edu/>.

- Major agricultural areas combined account for 75% of the total national inventory.
- Major and minor agricultural areas combined account for 99% of the total national inventory.

Drought Areas
 Major Cattle Area
 Minor Cattle Area

U.S. Cattle Areas Experiencing Drought

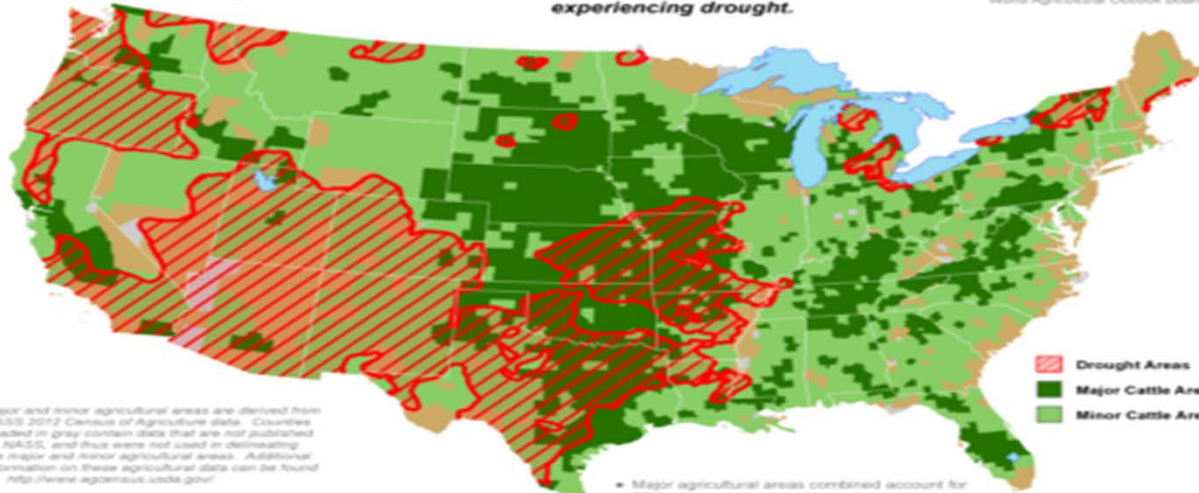
Reflects **August 7, 2018**
U.S. Drought Monitor data

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



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Department of
Agriculture

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Major and minor agricultural areas are derived from NASS 2012 Census of Agriculture data. Counties shaded in gray contain data that are not published by NASS, and thus were not used in delineating the major and minor agricultural areas. Additional information on these agricultural data can be found at: <http://www.agcensus.usda.gov/>.

Mapped drought areas are derived from the U.S. Drought Monitor product and do not depict the intensity of drought in any particular location. More information on the Drought Monitor can be found at: <http://droughtmonitor.unl.edu/>.

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Drought Areas
 Major Cattle Area
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U.S. Cattle Areas Experiencing Drought

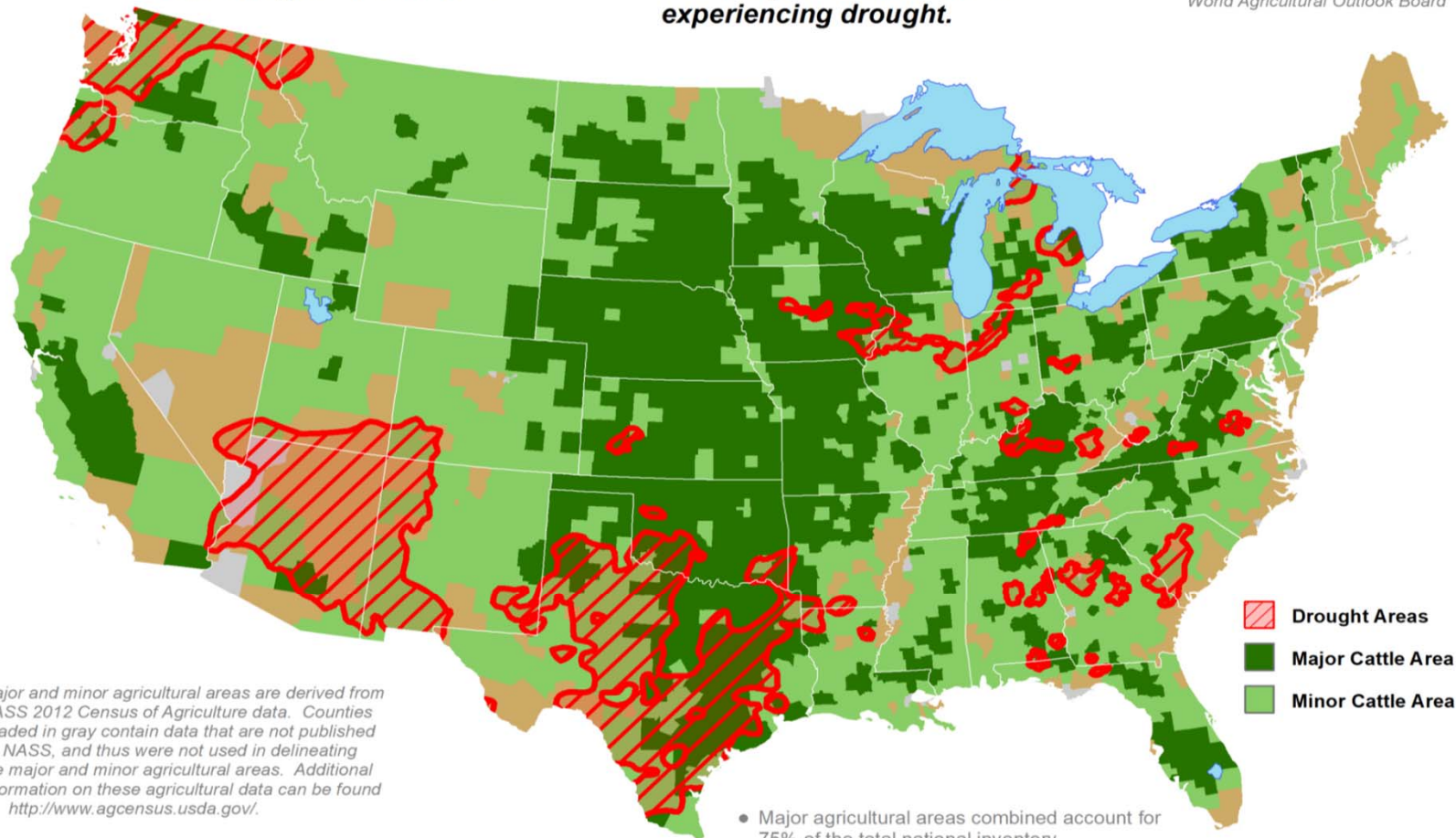
Reflects **September 10, 2019**
U.S. Drought Monitor data

Approximately **11%** of cattle
inventory is within an area
experiencing drought.



United States
Department of
Agriculture

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



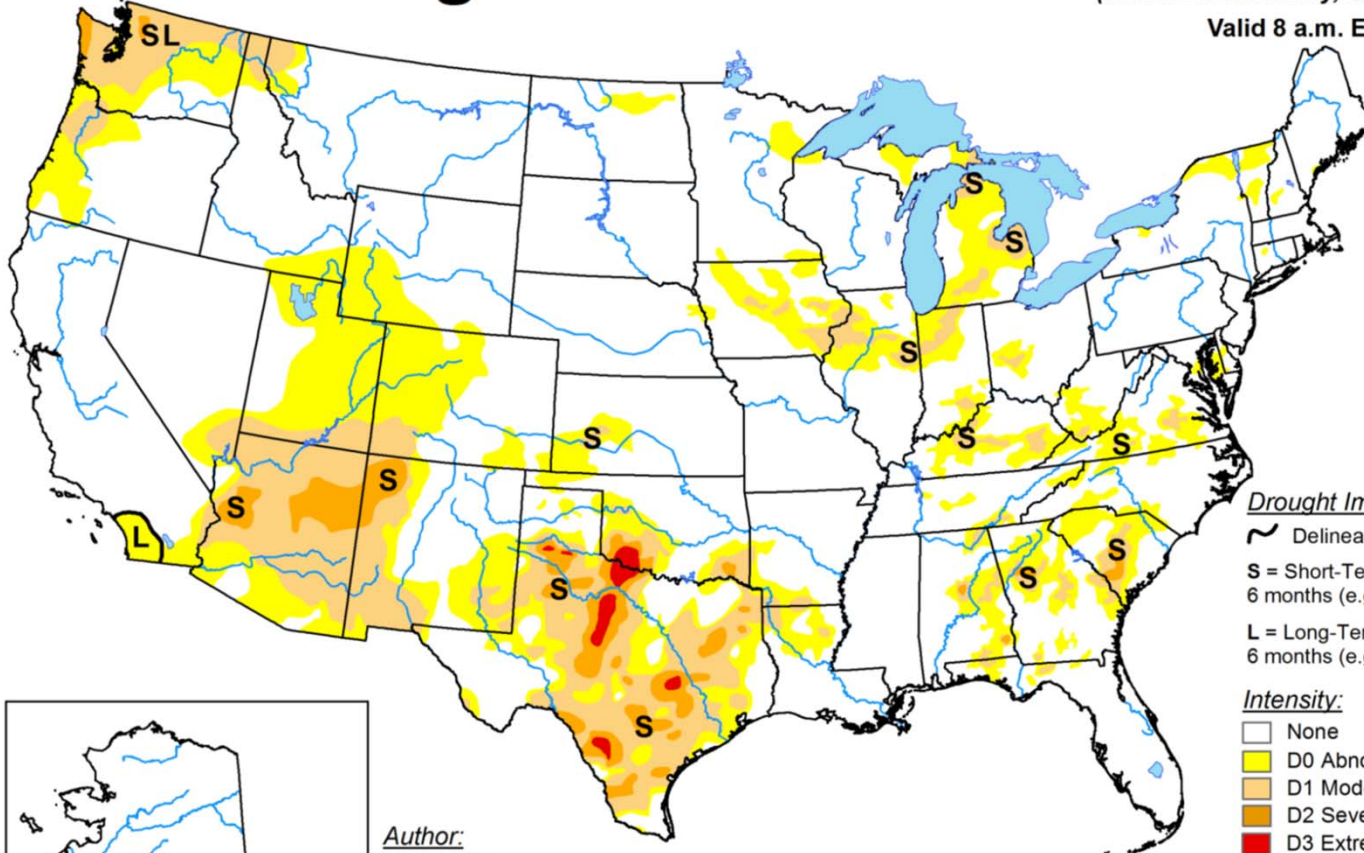
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- Major and minor agricultural areas combined account for 99% of the total national inventory.

U.S. Drought Monitor

September 10, 2019

(Released Thursday, Sep. 12, 2019)

Valid 8 a.m. EDT



Drought Impact Types:

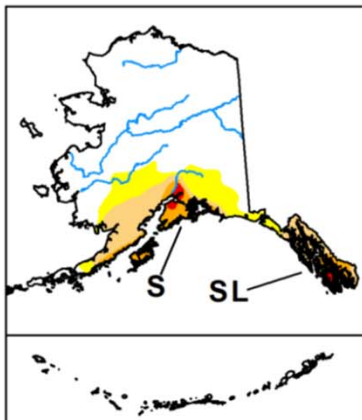
~ Delineates dominant impacts

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:

David Miskus
NOAA/NWS/NCEP/CPC

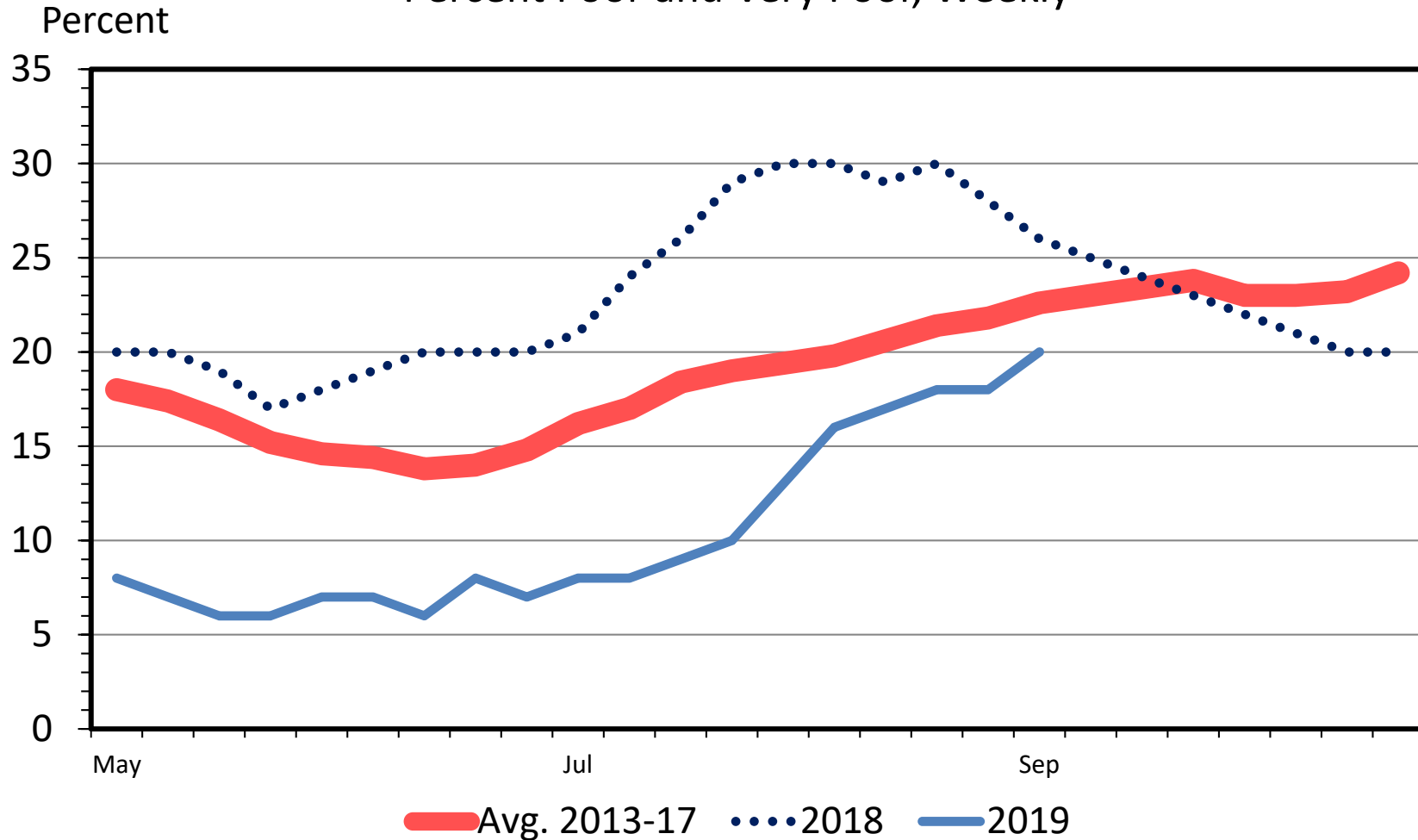
The Drought Monitor focuses on broad-scale conditions.
Local conditions may vary. See accompanying text summary
for forecast statements.



droughtmonitor.unl.edu

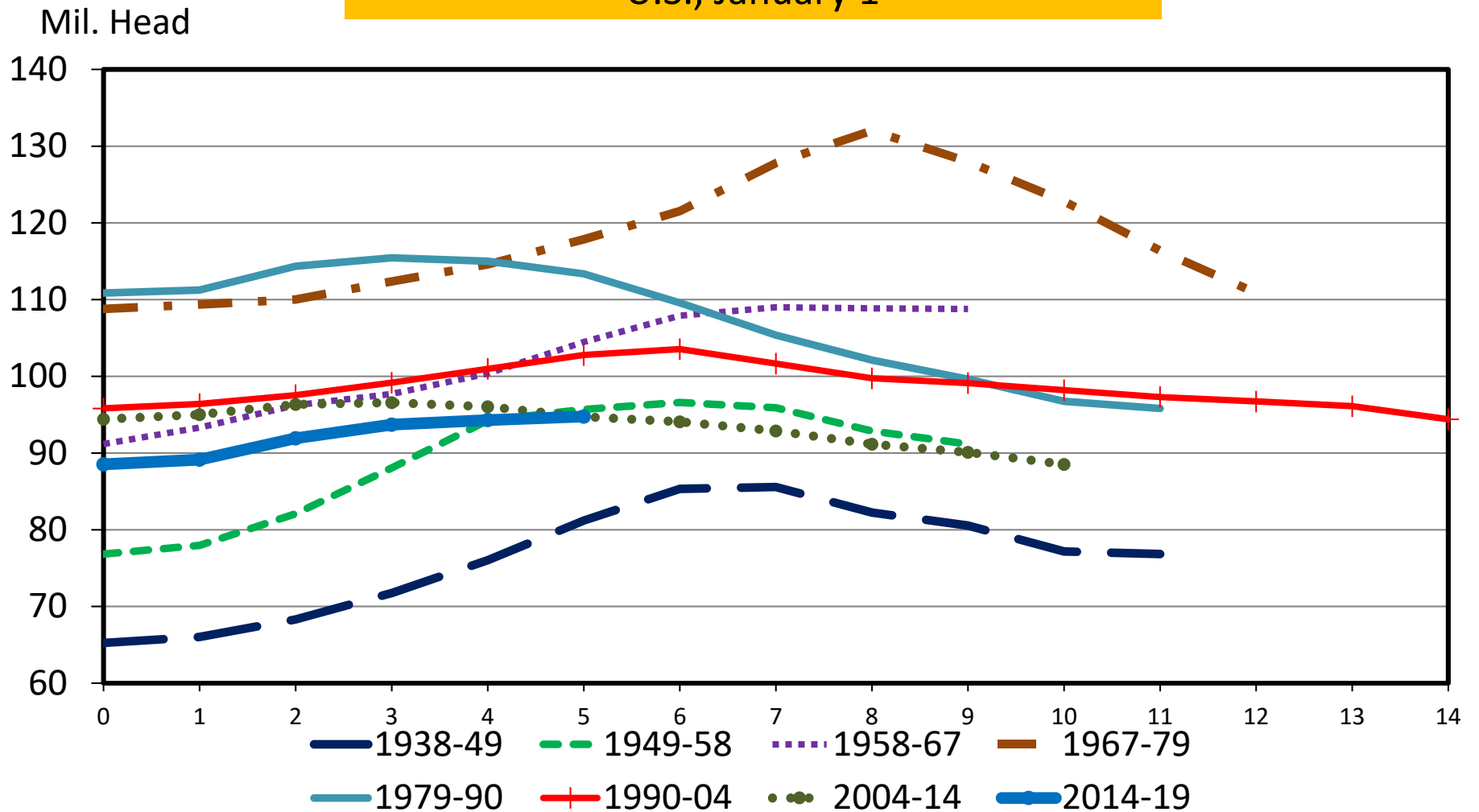
US RANGE AND PASTURE CONDITION

Percent Poor and Very Poor, Weekly



TOTAL CATTLE INVENTORY BY CYCLE

U.S., January 1



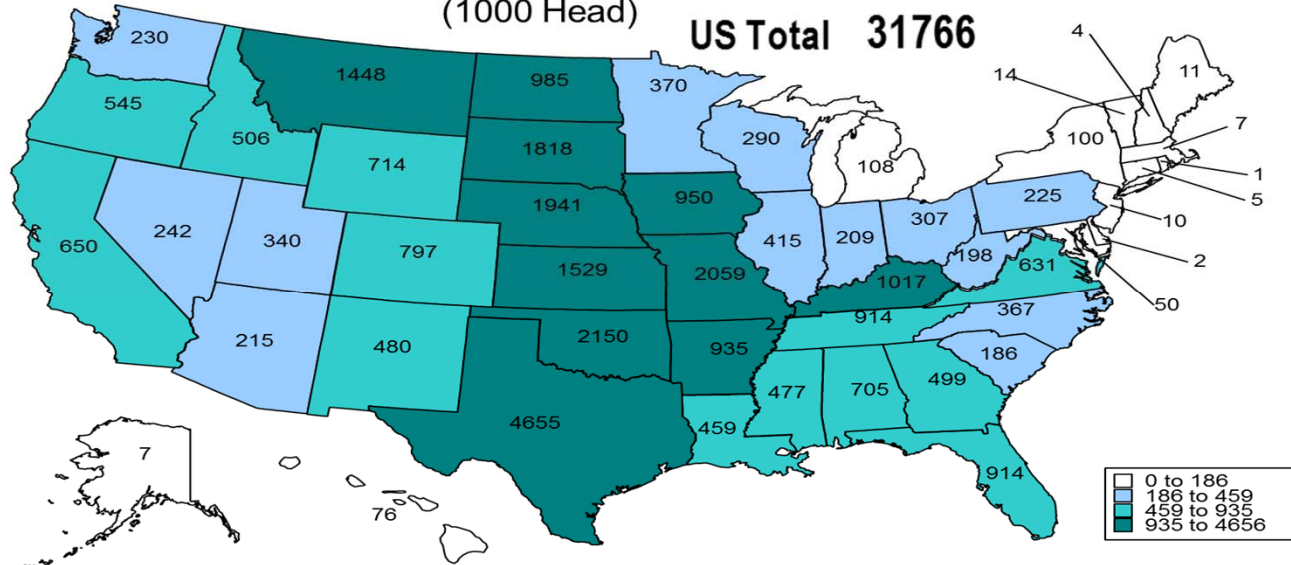
Data Source: USDA-NASS

Livestock Marketing Information Center

BEEF COWS THAT CALVED JANUARY 1, 2019

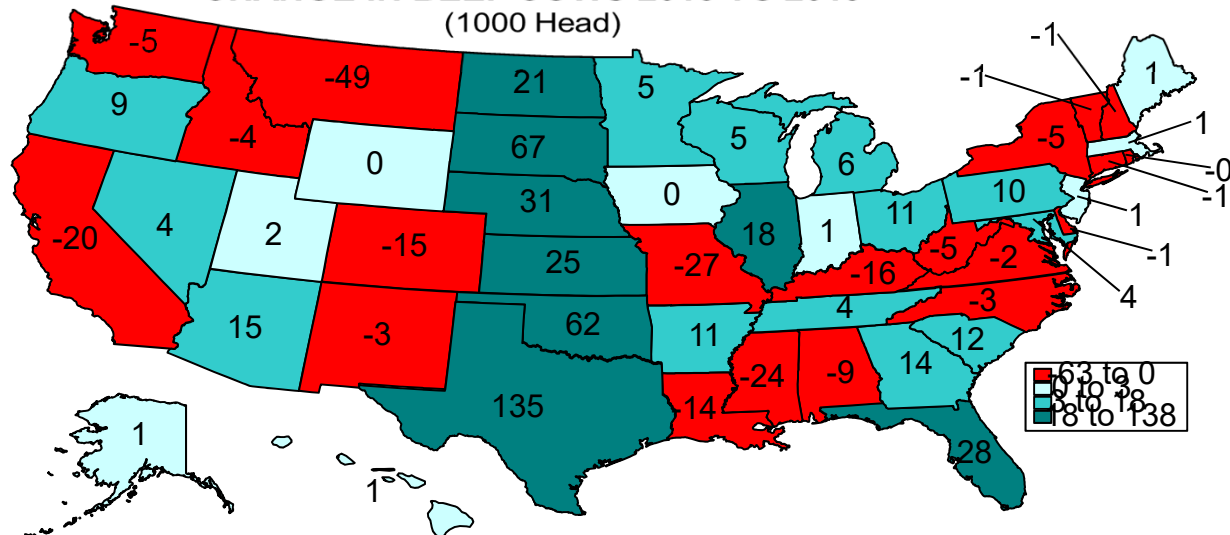
(1000 Head)

US Total 31766



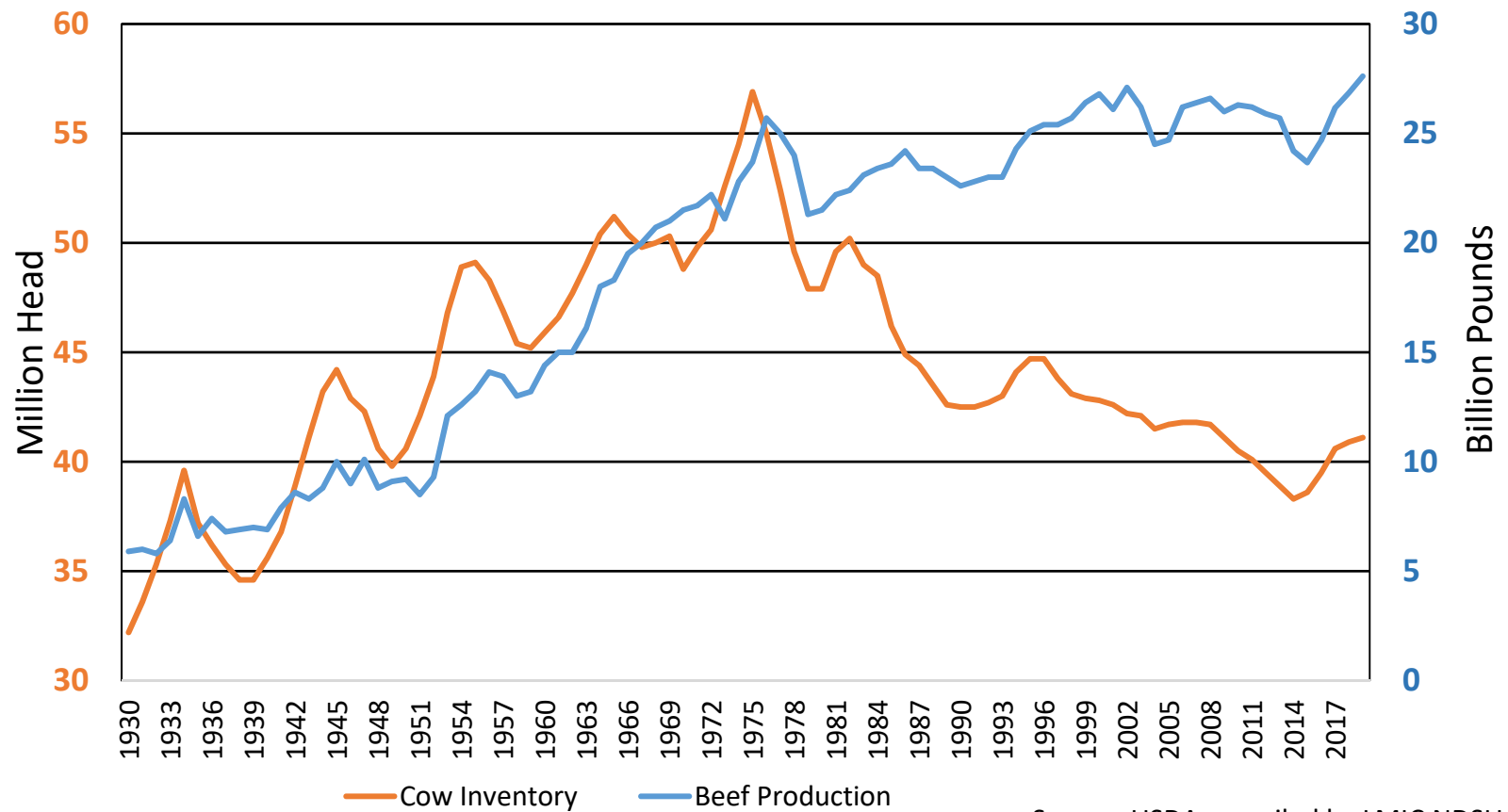
CHANGE IN BEEF COWS 2018 TO 2019

(1000 Head)



How much expansion is needed?

Cow Inventory and Beef Production



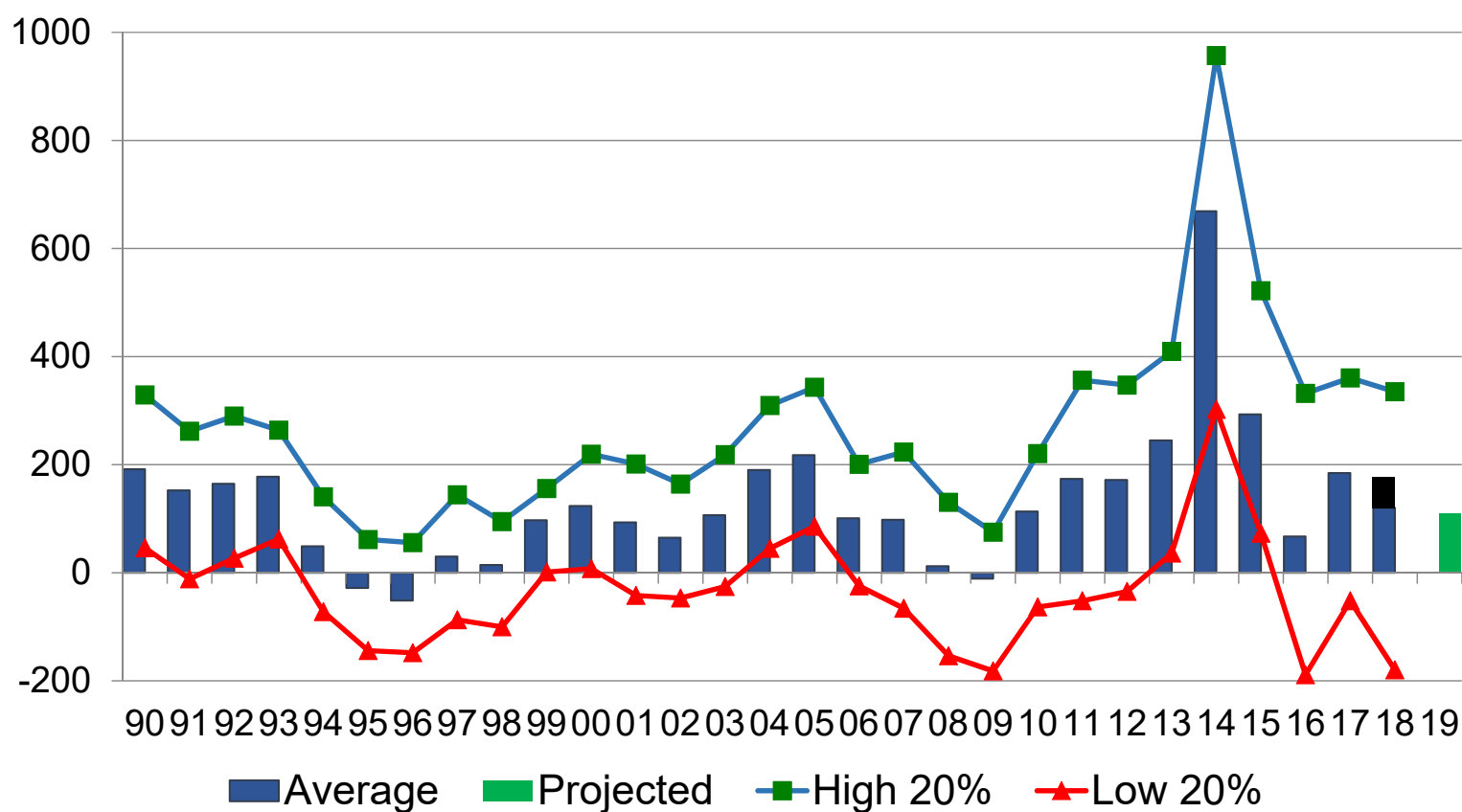
Source: USDA compiled by LMIC, NDSU

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Average Net Return to Labor and Management Per Beef Cow

N.D. Farm Business Mgmt., Excluding Red River Valley

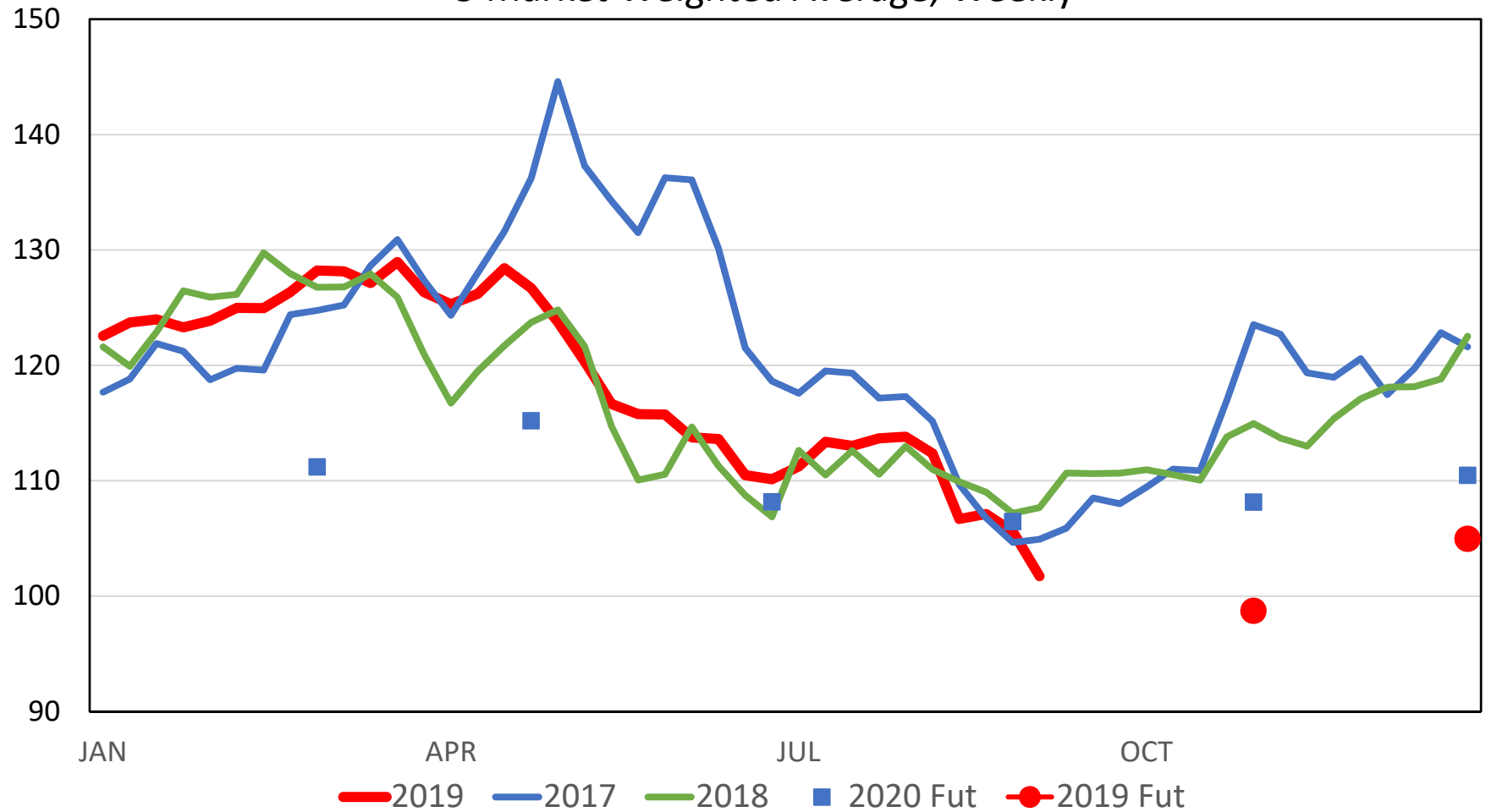


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SLAUGHTER STEER PRICES

5 Market Weighted Average, Weekly



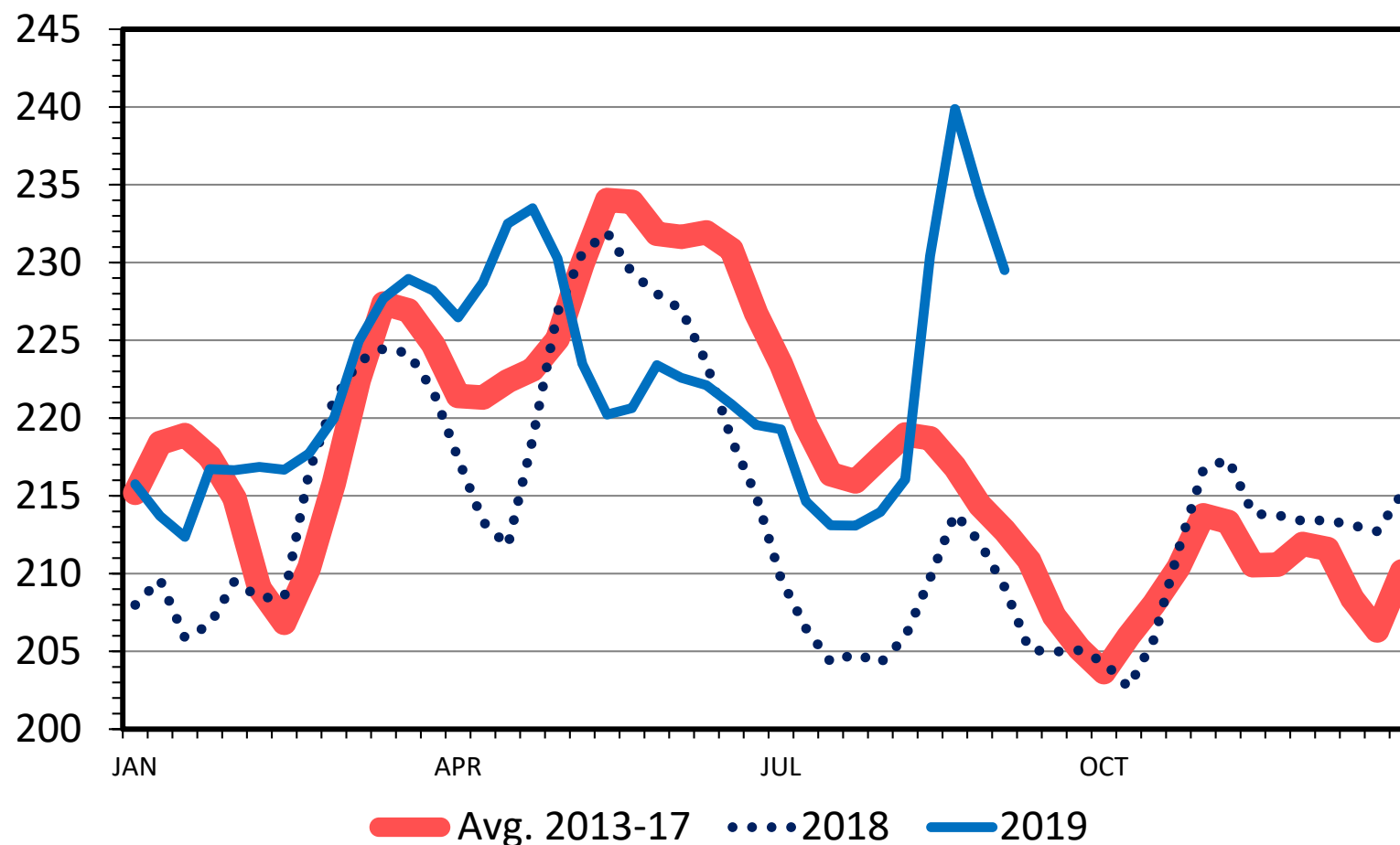
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BOXED BEEF CUTOUT VALUE

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

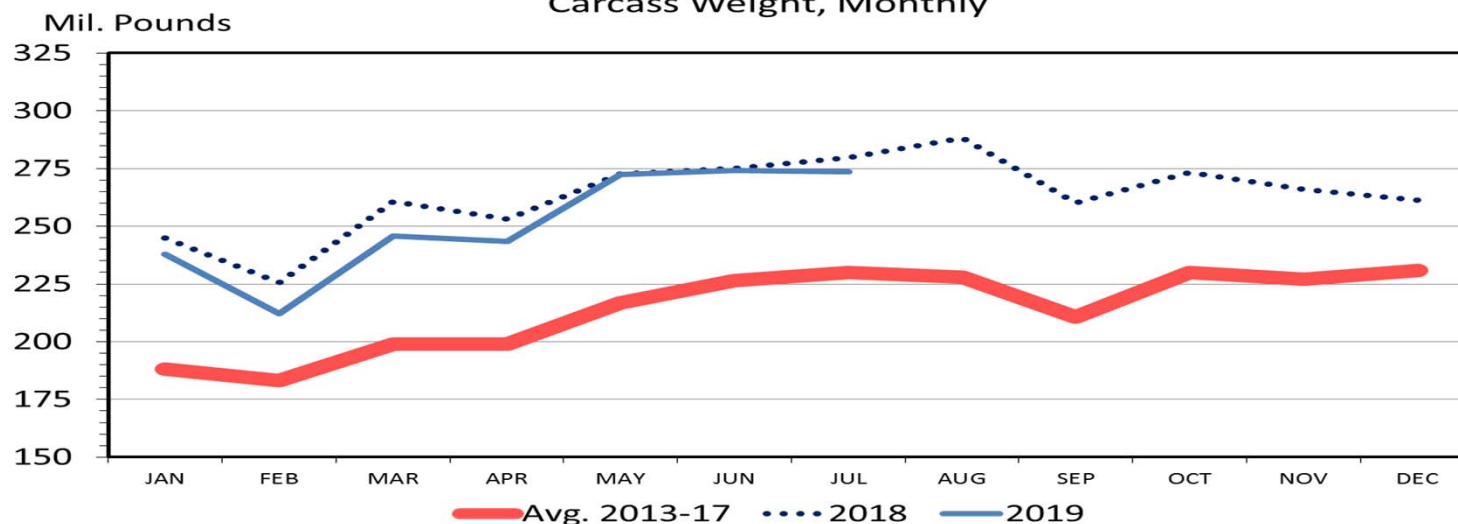
\$ Per Cwt.



USDA-AMS, Compiled & Analysis by LMIC

US BEEF AND VEAL EXPORTS

Carcass Weight, Monthly

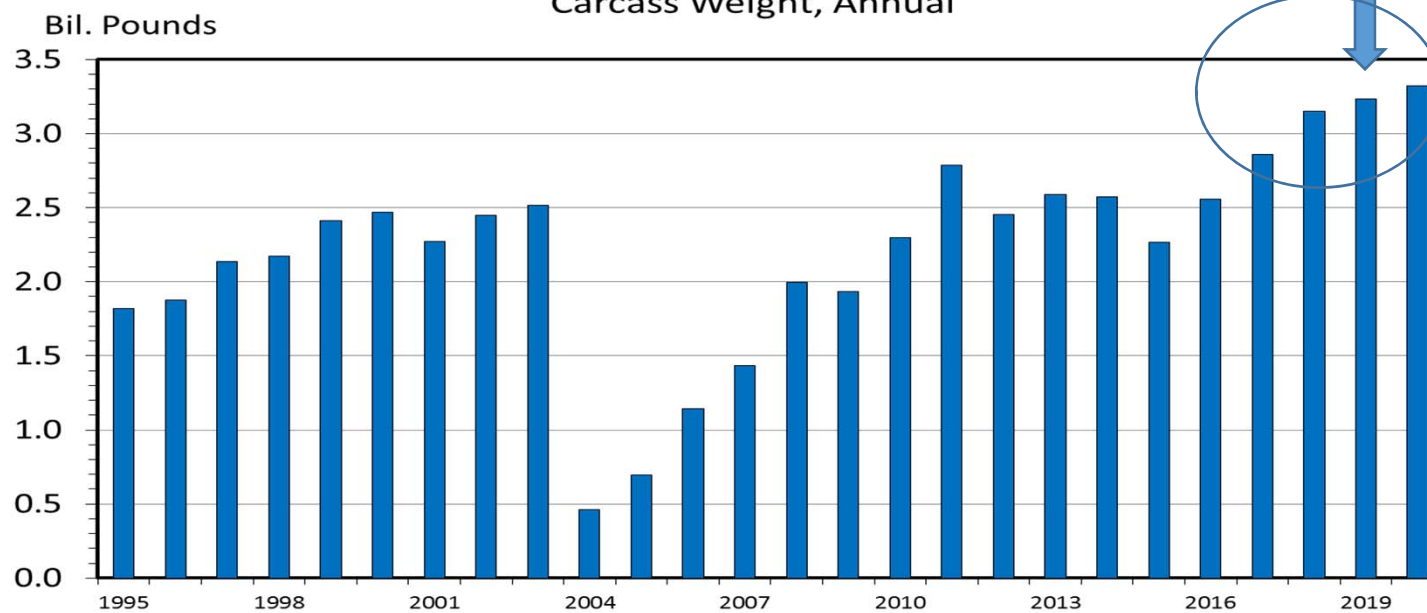


Data Source: USDA-ERS & USDA-FAS

Livestock Marketing Information Center

US BEEF AND VEAL EXPORTS

Carcass Weight, Annual



U.S. Ranking in World



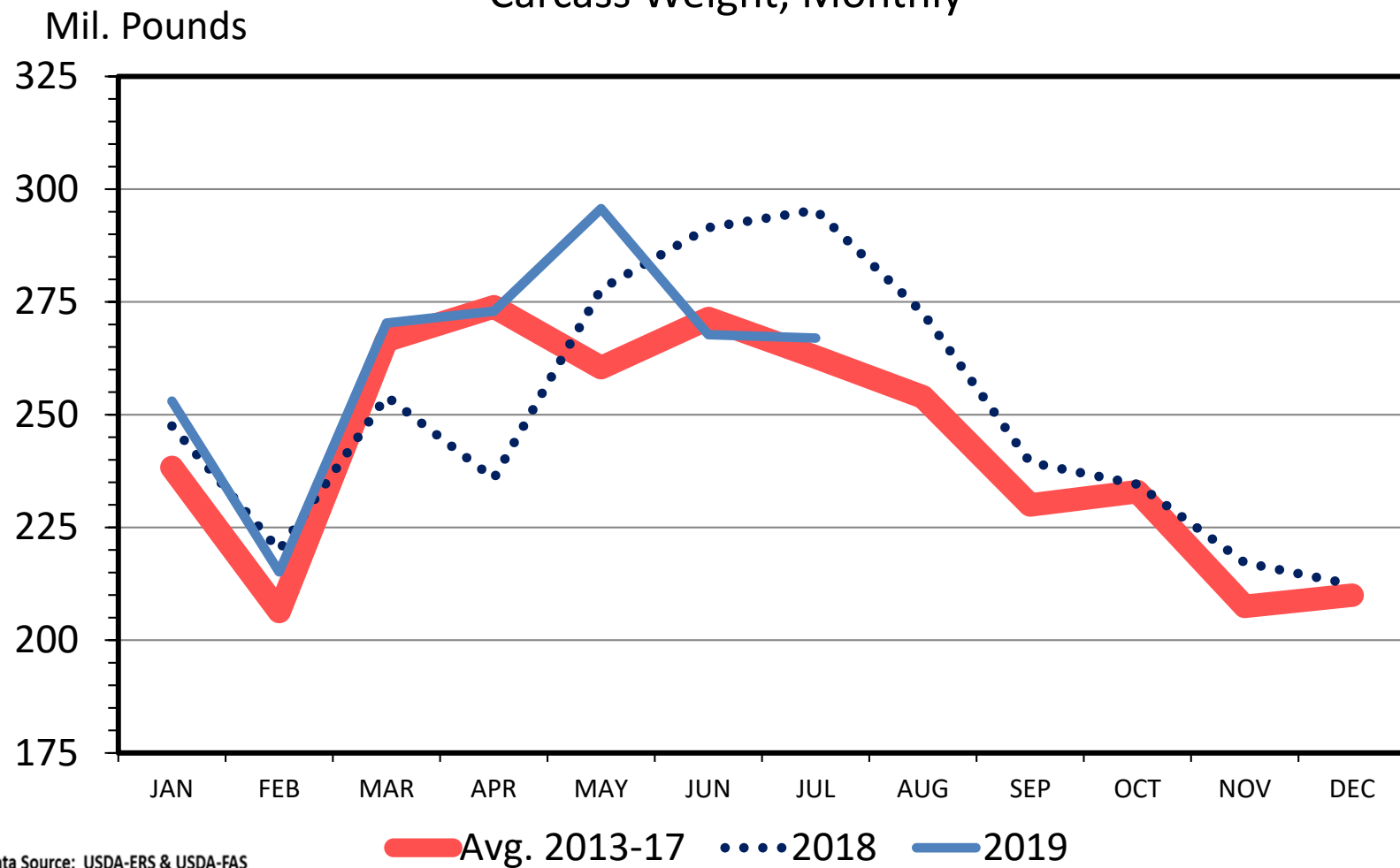
Major U.S. Meat Export Customers

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



US BEEF AND VEAL IMPORTS

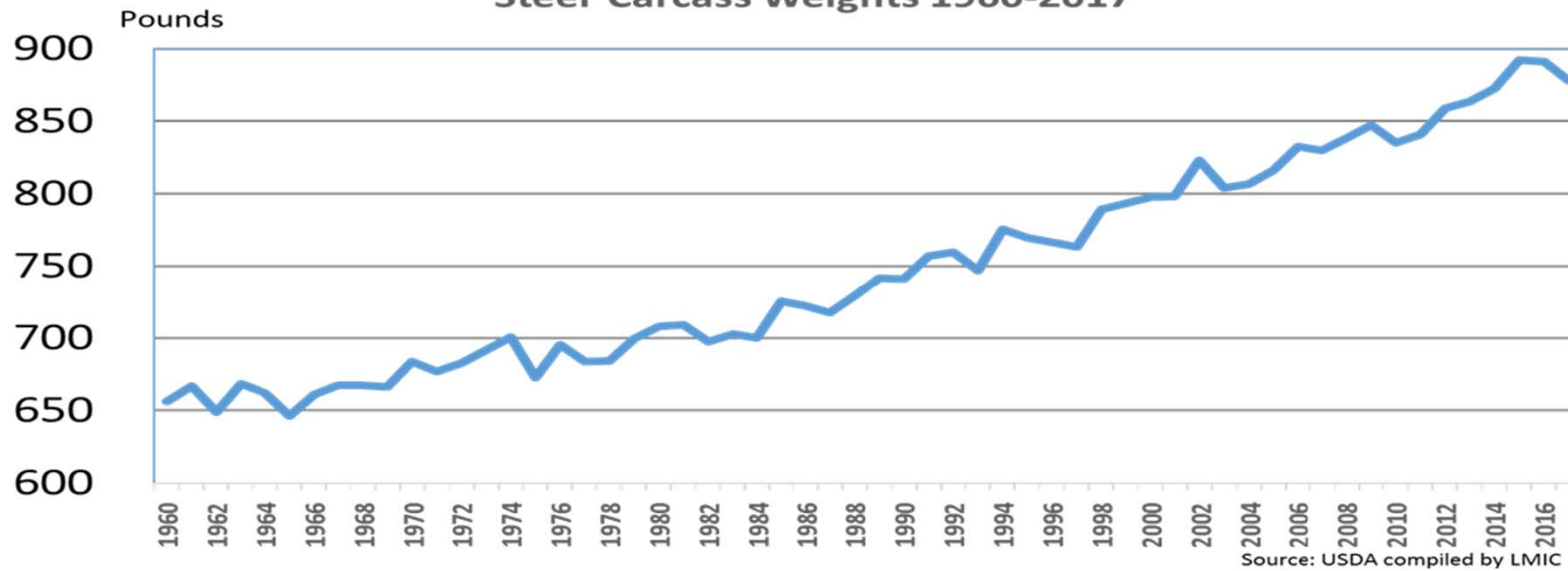
Carcass Weight, Monthly



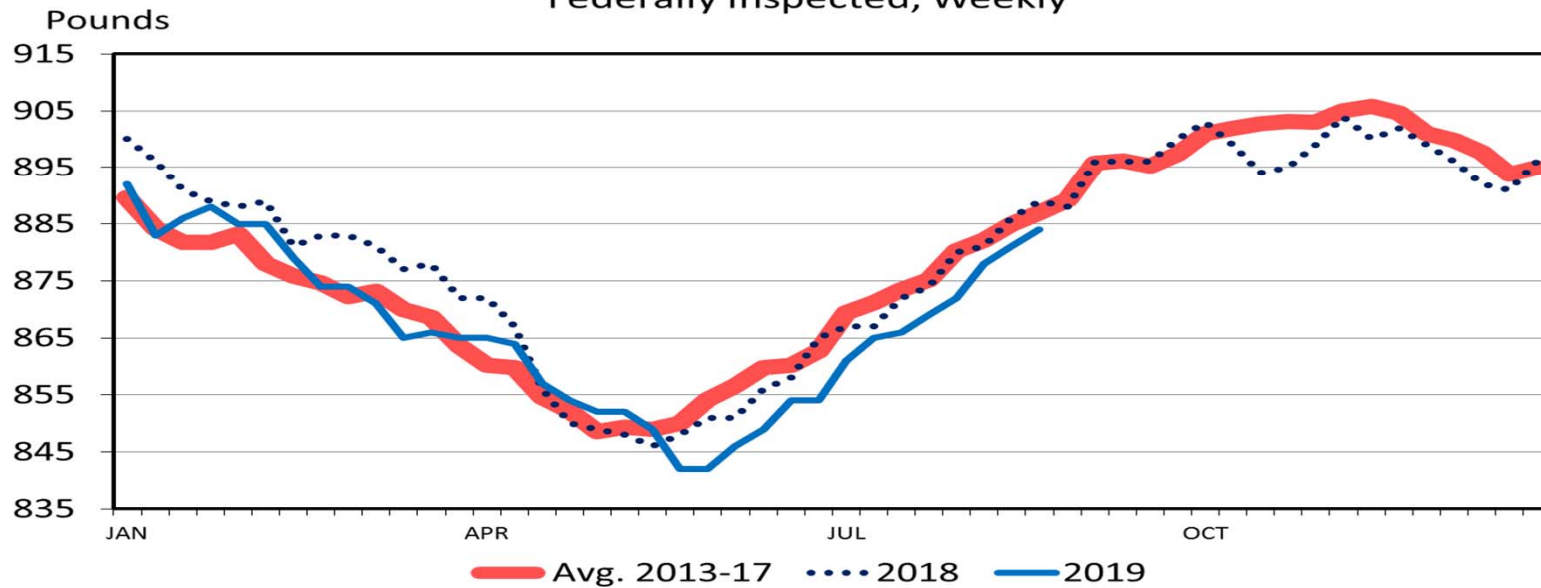
Data Source: USDA-ERS & USDA-FAS

Livestock Marketing Information Center

Steer Carcass Weights 1960-2017



STEER DRESSED WEIGHT Federally Inspected, Weekly

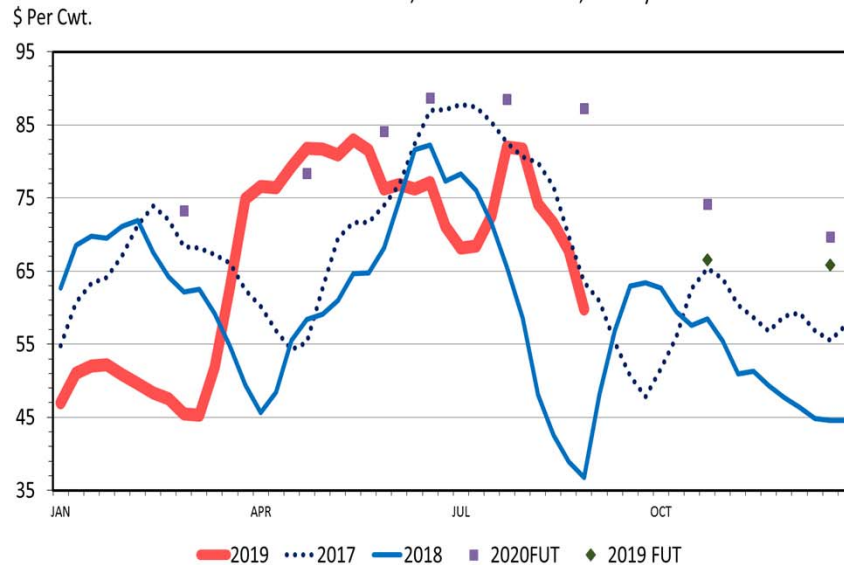


Data Source: USDA-AMS & USDA-NASS - Livestock Marketing Information Center

Other Livestock

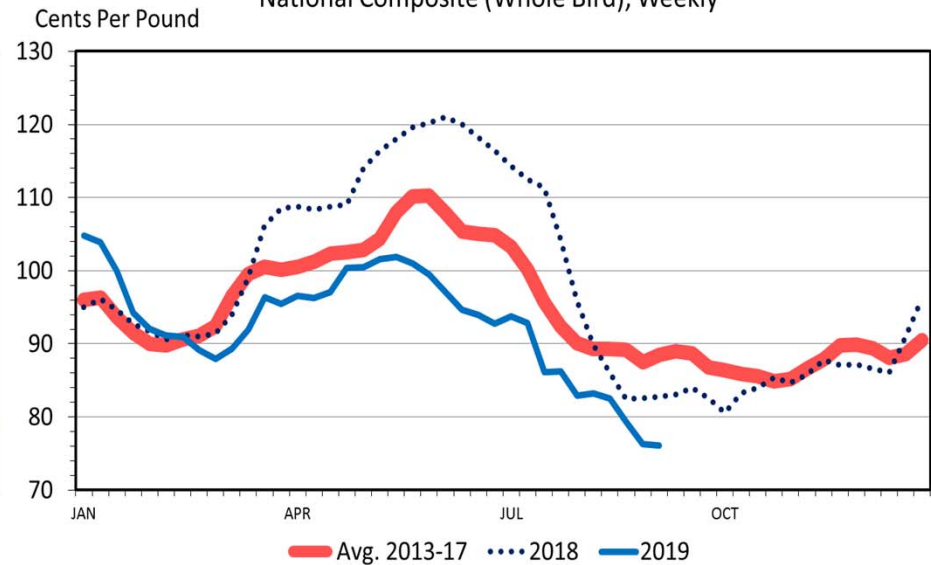
BARROW AND GILT PRICES

Iowa – So. Minnesota, Carcass Base Price, Weekly



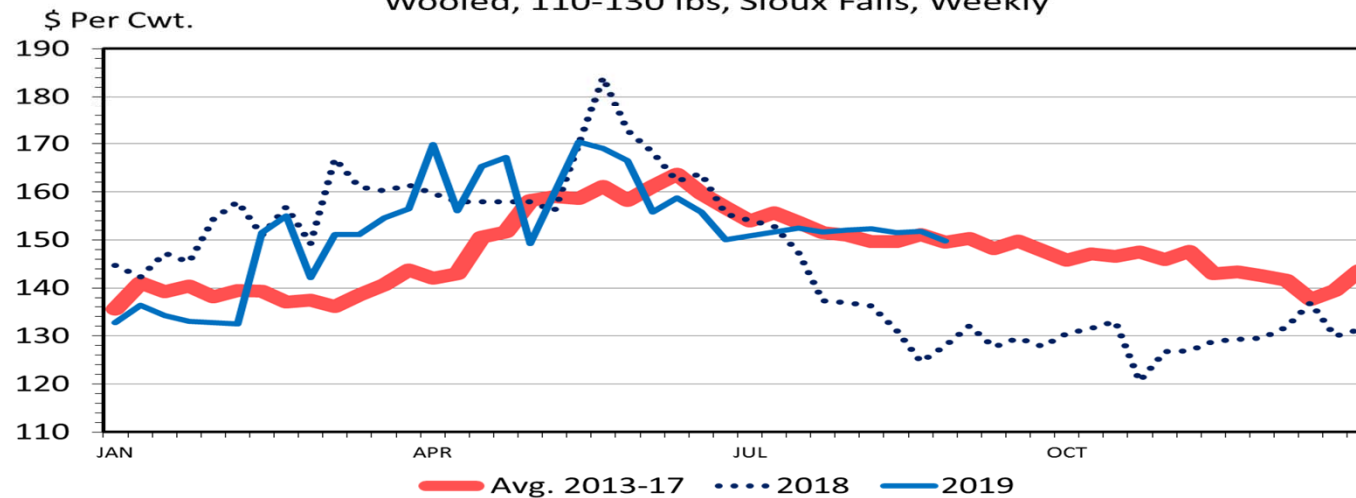
BROILER PRICES

National Composite (Whole Bird), Weekly



SLAUGHTER LAMB PRICES

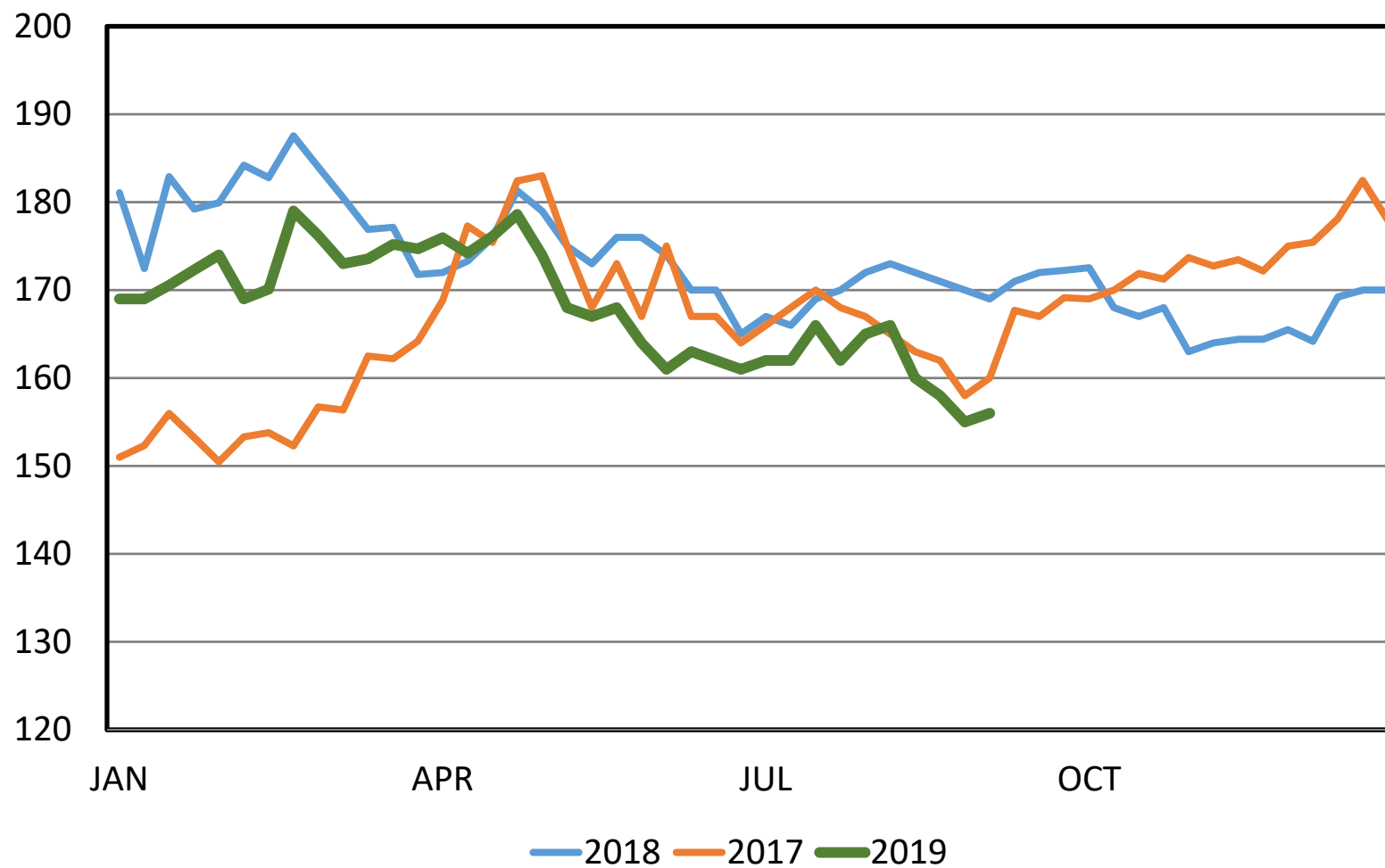
Wooled, 110-130 lbs, Sioux Falls, Weekly



Data Source: USDA-AMS; Livestock Marketing Information Center

MED. FRAME #1 STEER CALF PRICES

550-600 Pounds, N.D., Weekly



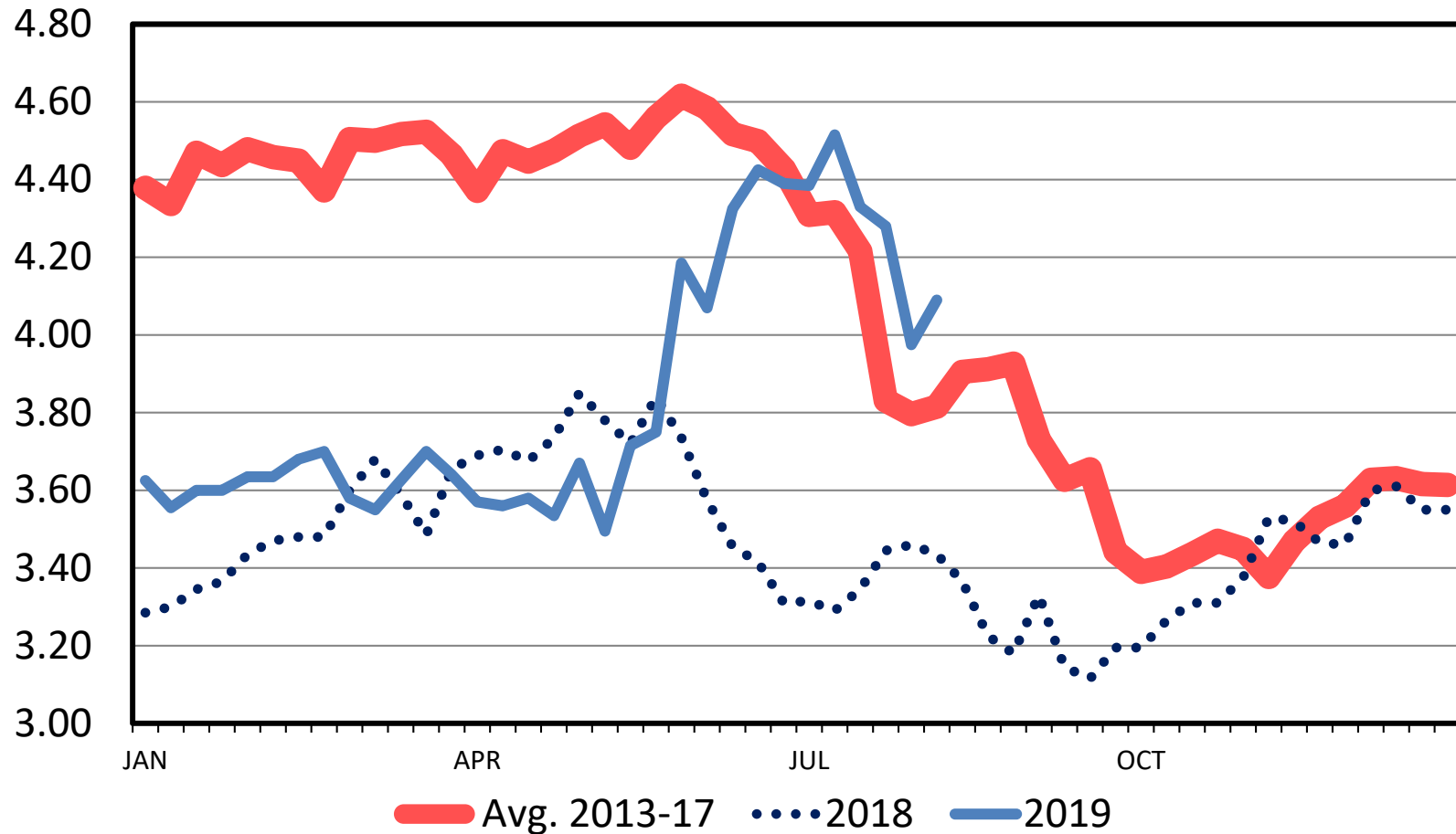
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OMAHA CORN PRICES

Weekly

\$ Per Bu.

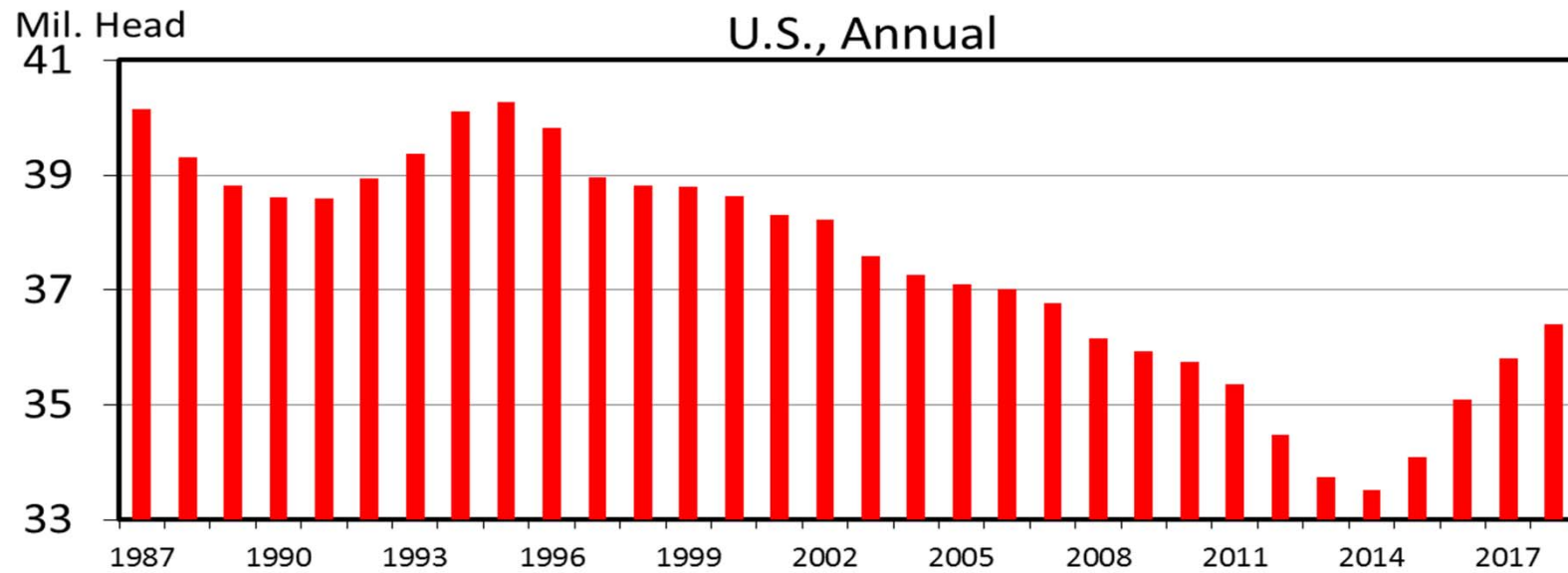


Data Source: USDA-AMS

Livestock Marketing Information Center

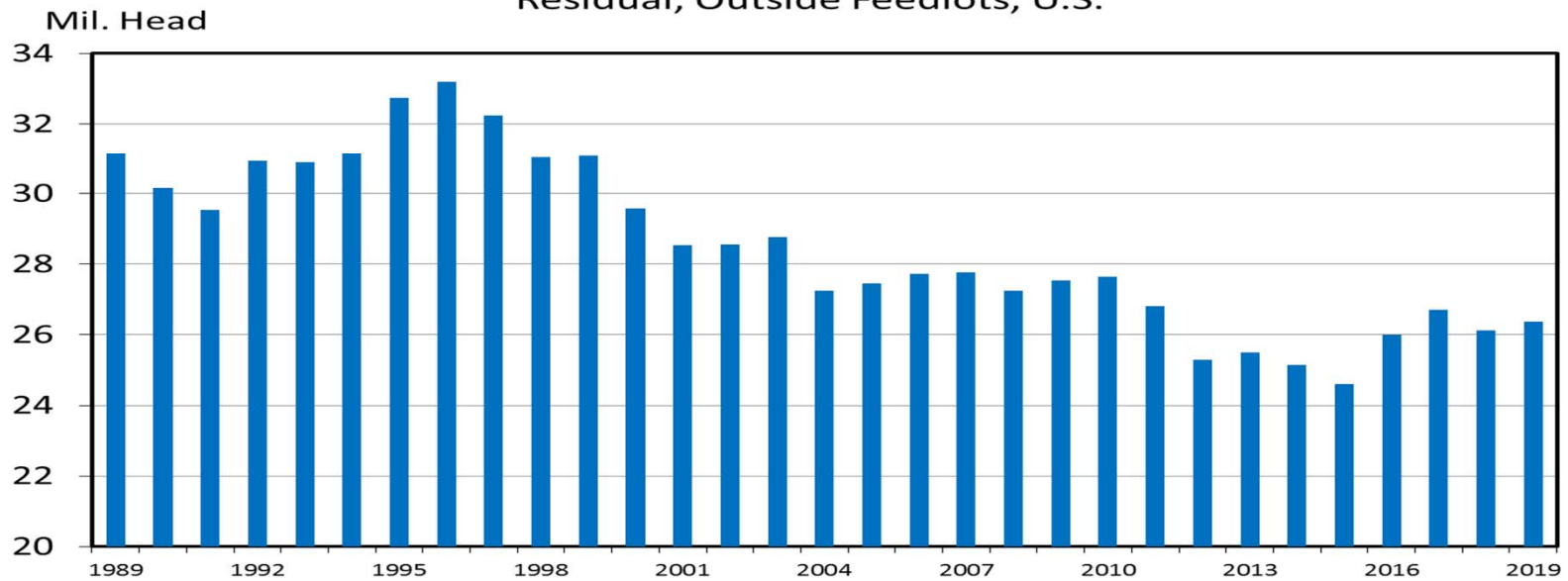
CALF CROP

U.S., Annual



JANUARY 1 FEEDER CATTLE SUPPLIES

Residual, Outside Feedlots, U.S.

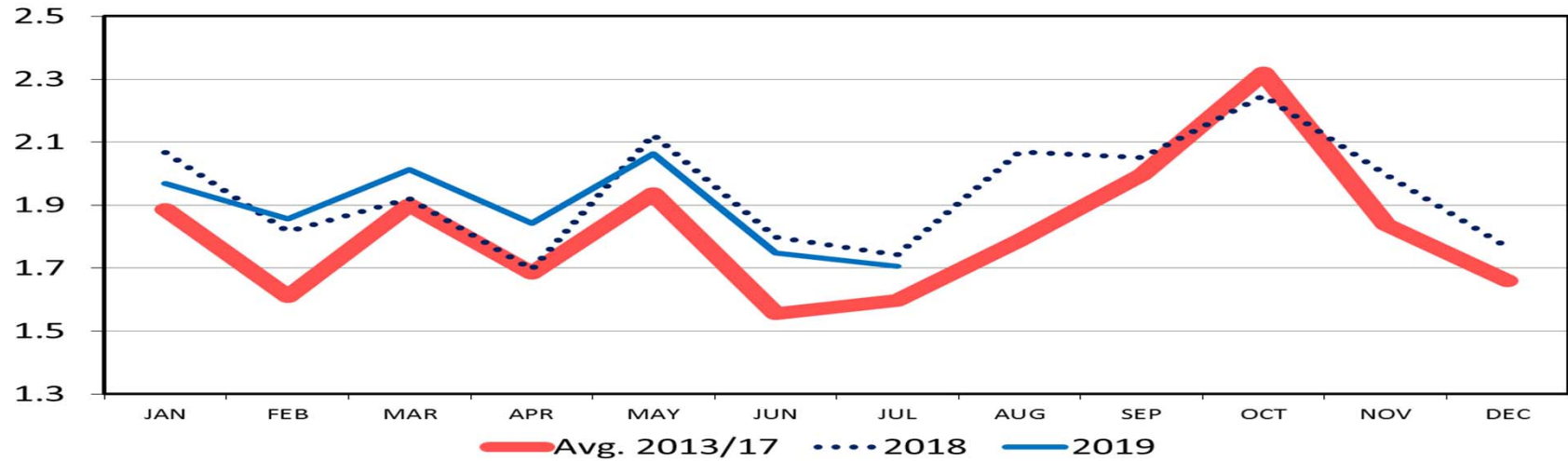


Data Source: USDA-NASS Livestock Marketing Information Center

FEEDLOT PLACEMENTS

US Total, Monthly

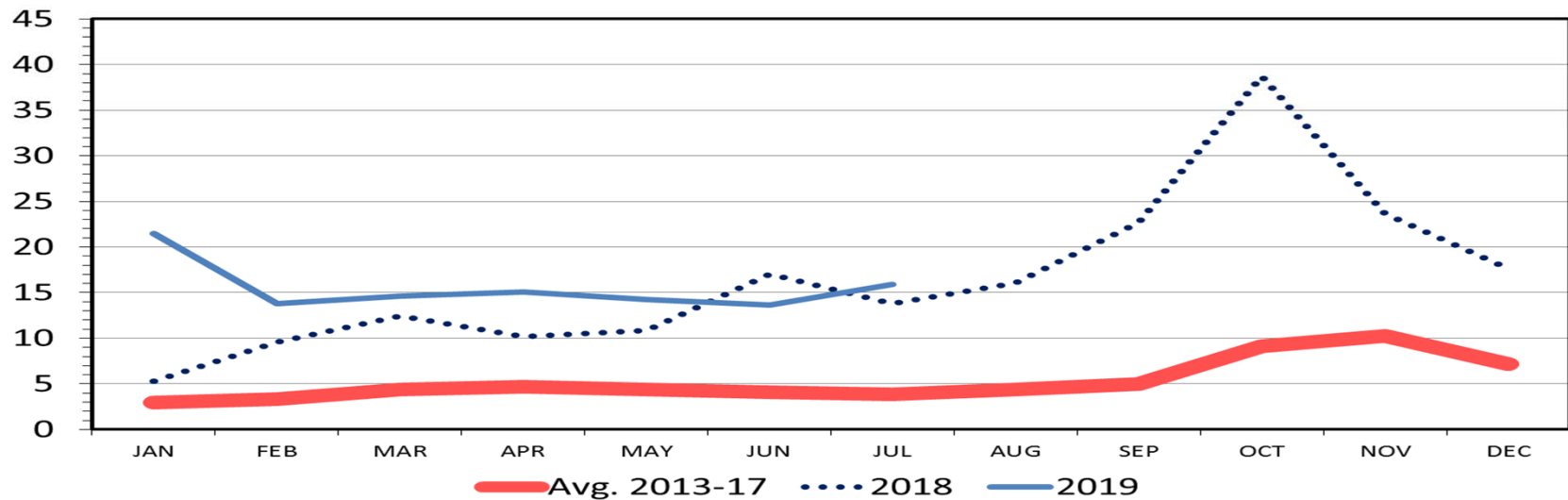
Mil. Head



US CATTLE EXPORTS TO CANADA

Monthly

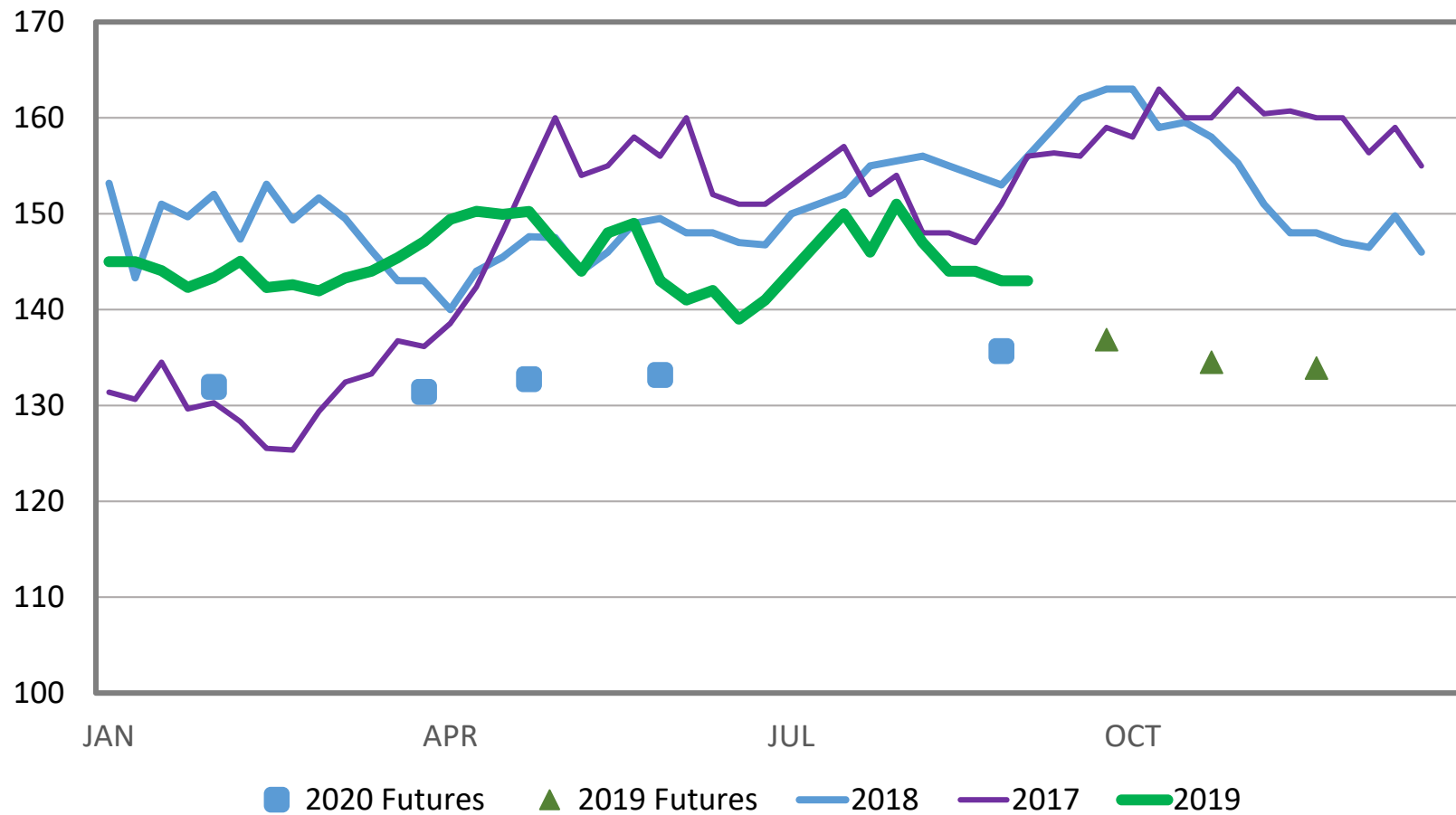
Thou. Head



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

MED. & LRG. #1 FEEDER STEER PRICES

750-800 Pounds, N.D., Weekly



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

Thu Sep 12, 2019

Email us with accessibility issues with this report.

Livestock Weighted Average Report for 9/6/2019 - 9/12/2019

LIVESTOCK SUMMARY			
	Current Week	Last Reported	Last Year
Total Receipts:	2,587		
Feeder Cattle:	2,587(100.0%)	0(0.0%)	0(0.0%)

Special Note: Last Year: 2756

No price comparisons available as this the first release of this report for the fall marketing season. Moderate to good demand for yearling feeder steers and heifers, best demand, by far, was seen on full loads of light fleshed cattle. Cattle feeders are eager to place yearlings in their yards as they look to have a plentiful supply of feed this year but with the current cash fed cattle market and a very weak outlook from the futures contracts there is much concern that feeder cattle can't be bought cheap enough to breakeven, let alone make a profit. Feeder cattle producers are hesitant to sell cattle currently as the feeder cattle market is not high enough to generate a positive return for them.

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>	
15	613-627	619	139.50-151.00	146.34	
116	653-689	676	146.60-151.00	149.35	
3	660	660	132.00	132.00	Fleshy
14	706-731	717	134.00-146.00	139.25	
91	755-796	766	136.50-147.50	143.61	
148	800-846	816	134.00-141.35	139.66	
108	854-889	865	130.00-138.50	136.11	
110	910-928	924	121.50-136.50	133.80	
13	956-971	968	121.00-127.50	126.02	



North Dakota Weekly Cattle Auction Summary
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Feeder Cattle:	2,587(100.0%)	0(0.0%)	0(0.0%)

Special Note: Last Year: 2756

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>	
23	539	539	150.50	150.50	
53	620-644	640	132.50-140.25	137.87	
37	673-698	677	134.50-139.50	135.87	
91	711-746	724	123.00-138.50	128.13	
135	754-786	773	120.00-128.25	126.74	
17	815-836	823	117.00-124.50	121.43	
35	832-842	839	105.00-112.25	110.40	Fleshy
71	864-882	875	115.50-124.75	121.42	
65	909-940	929	114.00-125.75	122.49	
14	924-932	926	110.25-112.00	110.75	Fleshy
105	953-989	984	117.50-121.25	119.17	
6	1057	1057	114.00	114.00	

Premiums likely (but not consistent) for:

- Verified vaccination program
 - Natural (no antibiotics or implants)
 - Source/age verified (China)
 - Weaned
 - 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*

SF_LS796

Sioux Falls, SD

Mon Apr 29, 2019

USDA-ND Dept of Ag Market News

North Dakota Weekly Auction Summary - For the week ending Apr 27, 2019

Receipts: 9,403

Last Week 4,801

Last Year 8,841

Results of: Kist, Napoleon, and Stockmen's.

Feeder Heifers Medium and Large 1					
Head	Wt Range	Avg Wt	Price Range	Avg Price	
55	338	338	142.00	142.00	
10	375	375	168.00	168.00	
47	401-436	423	156.00-168.00	163.63	
90	463-491	472	150.00-164.00	158.23	
141	507-544	531	144.00-164.50	153.40	
179	555-598	575	140.50-158.50	151.87	
364	603-648	628	136.00-158.00	150.46	
395	652-699	673	136.00-152.00	144.91	
288	701-745	721	127.00-146.75	139.77	
23	717	717	145.50	145.50	Replacement
700	750-799	774	129.50-147.75	133.97	
93	764-769	768	143.25-144.25	143.52	Replacement
185	803-847	829	121.00-129.75	126.51	
141	850-881	870	123.50-130.00	126.35	
5	965	965	120.00	120.00	

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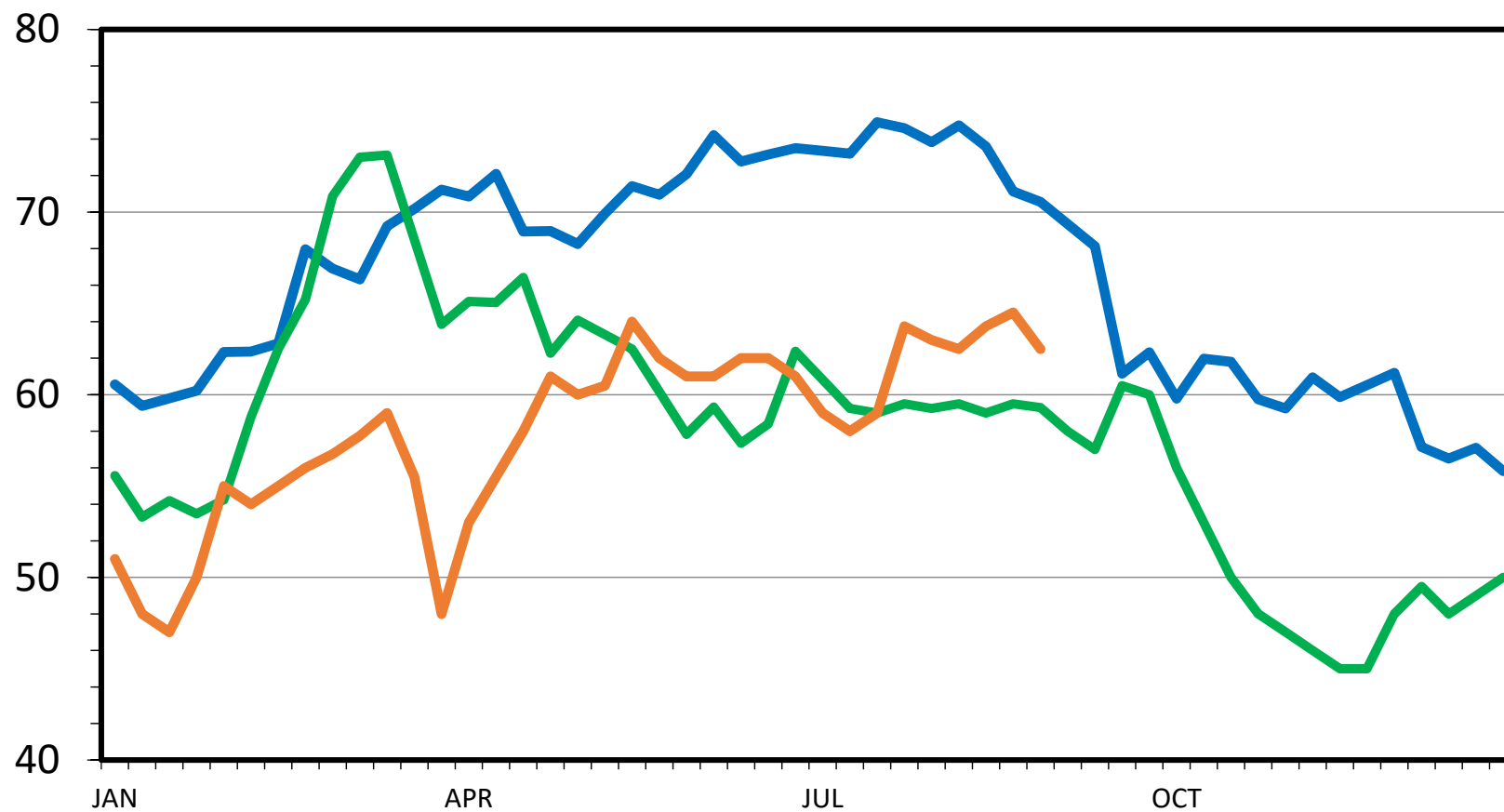
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BEEF CULL COW PRICES

85-90% Lean, Weekly

MT/SD Ave

\$ Per Cwt.



— 2017 — 2018 — 2019

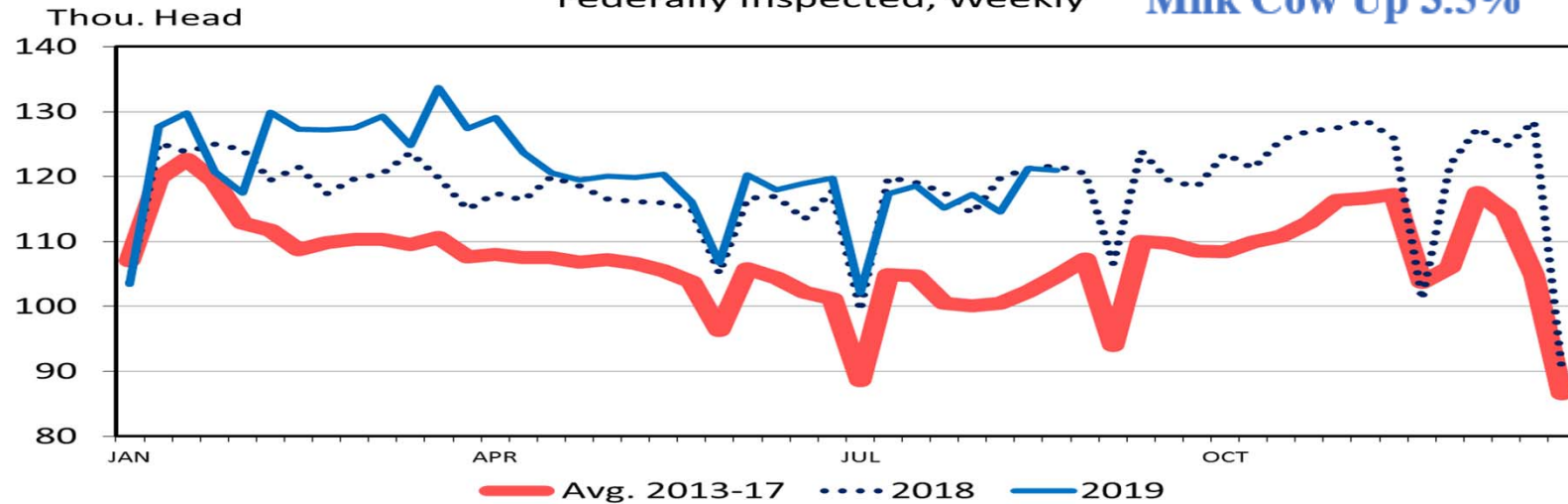
USDA-AMS, Compiled & Analysis by
LMIC,NDSU

NDSU

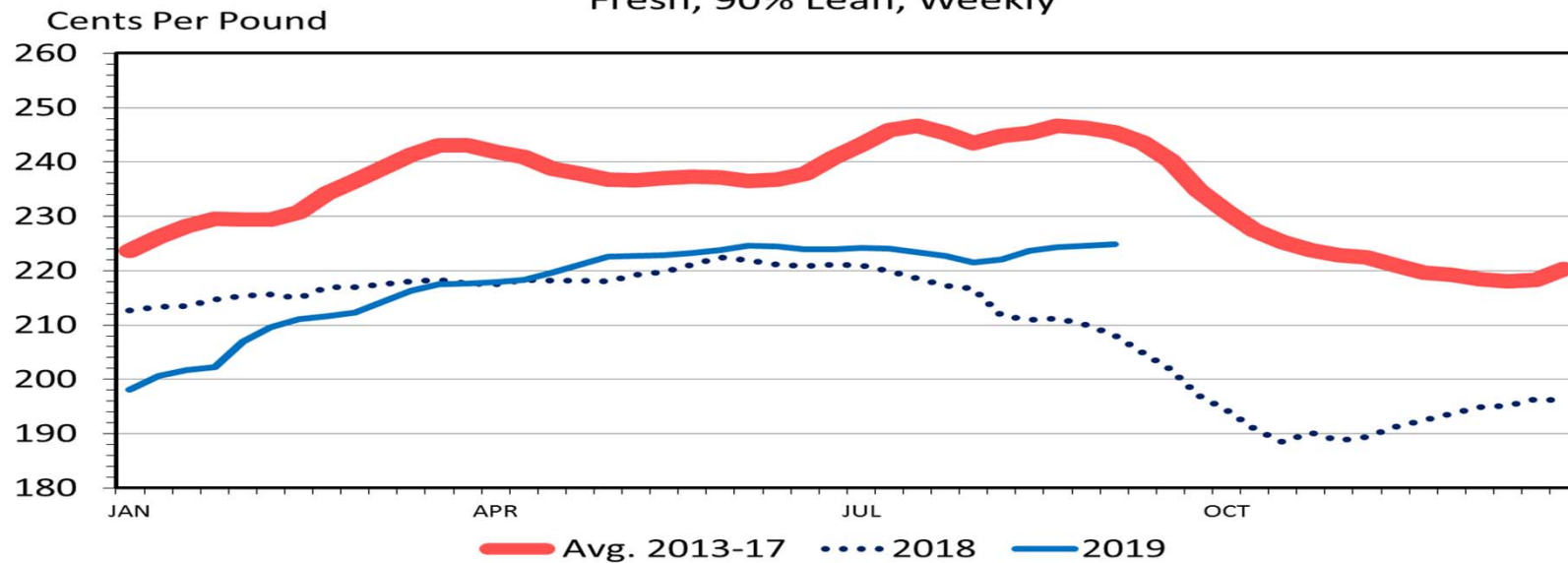
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TOTAL COW SLAUGHTER Federally Inspected, Weekly

Beef Cow Up 1.9%
Milk Cow Up 3.5%



WHOLESALE BONELESS BEEF PRICES Fresh, 90% Lean, Weekly



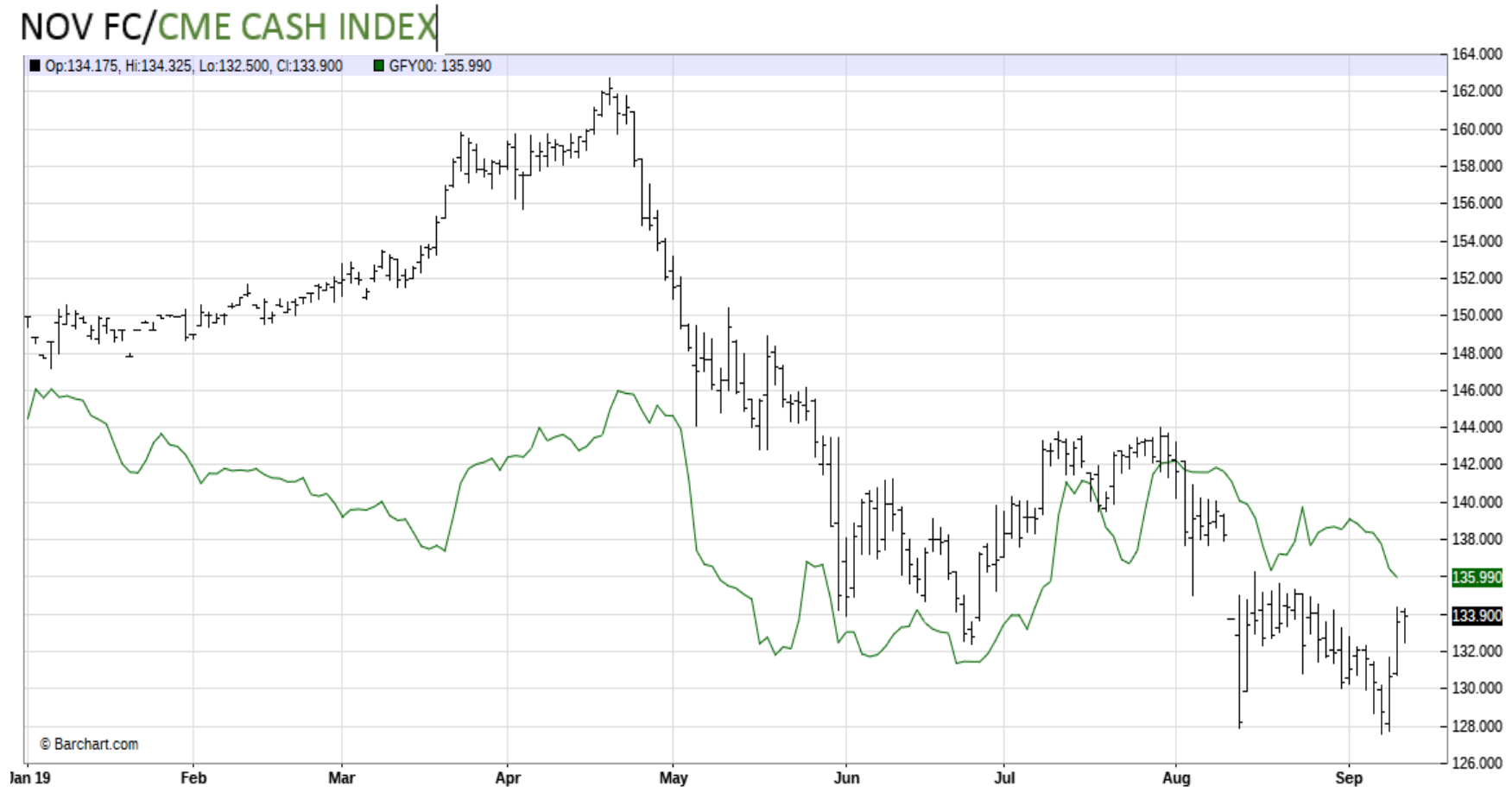
Data Source: USDA-AMS - Livestock Marketing Information Center

Price Risk Management Tools

- Cash forward contract
- Video and internet auctions
- CME futures
- CME options
- Livestock Risk Protection (LRP)
- Livestock Gross Margin (LGM)
- Which one or combination fits your marketing plan?

Risk Management?

NOV FDR CAT and CME Cash Index



Risk Management?



Under 600 lb. steers in DEC

20% Prem. Subsidy

X.80

LRP Coverage Prices, Rates, and Actual Ending Values - Report for 09/12/2019

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	809 Steers Weight 1	997 No Practice Specified	2020	146.182	\$144.060	0.985500	0.037741	5.437 4.35	12/12/2019
38 North Dakota	998 All Counties	13	0801 Feeder Cattle	809 Steers Weight 1	997 No Practice Specified	2020	146.182	\$141.860	0.970400	0.030689	4.354 3.48	12/12/2019
38 North Dakota	998 All Counties	13	0801 Feeder Cattle	809 Steers Weight 1	997 No Practice Specified	2020	146.182	\$139.660	0.955400	0.024683	3.447 2.76	12/12/2019

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

NDSU

EXTENSION

Fall Steer Calf LRP Results

July 15 to Nov 15 (17 wk)

Year	Coverage Price	Premium	Actual Price	LRP Payment	LRP Profit
2005	105.78	1.67	127.75	--	-1.67
2006	114.42	1.49	107.55	6.87	5.38
2007	123.20	2.58	119.27	3.93	1.35
2008	127.38	5.46	107.37	20.01	14.55
2009	112.18	3.73	102.94	9.24	5.51
2010	121.02	2.88	122.61	--	-2.88
2011	149.57	5.00	156.92	--	-5.00
2012	155.75	4.00	158.33	--	-4.00
2013	171.29	3.13	181.97	--	-3.13
2014	231.16	7.25	264.95	--	-7.25
2015	229	7.17	199.41	29.59	22.42
2016	145.46	4.97	137.92	7.54	2.57
2017	165.04	8.20	175.42		-8.20
2018	165.03	6.21	165.65	.62	-5.59
2019	156.22	5.58			

SF_LS766

Sioux Falls, SD Thu Nov 15, 2018 USDA-ND Dept of Ag Market News

Stockmans Livestock Exchange - Dickinson, ND
Feeder Cattle Weighted Average Report for 11/15/2018

Receipts: 5280 Last Week: 4183 Year Ago: 5544

Compared to last week: Feeder steers 500-600lbs steady; 600-700lbs 6.00 - 7.00 lower;
700-750 lbs 12.00 lower. Feeder heifers weighing 500-600lbs 3.00-4.00 lower; 600-650 lbs steady.
Moderate to good demand for today's offering of spring calves that were mostly preconditioned and
off the cow in moderate to light flesh. Feeder steers made up 64 percent. Feeder heifers made up
36 percent. 57 percent over 600 lbs. Next sale is November 29, 2018.

Feeder Steers Medium and Large 1					
Head	Wt Range	Avg Wt	Price Range	Avg Price	
16	353-391	372	200.00-225.00	211.86	
33	438-443	441	182.50-194.00	189.85	
40	456-498	473	188.00-196.50	192.19	
164	506-547	532	165.00-179.50	171.28	
475	553-597	572	158.50-175.00	165.94	
504	607-647	631	143.00-157.25	153.95	Calves
854	650-689	668	146.50-156.50	152.36	Calves
158	702-747	722	143.50-153.25	147.26	Calves
27	750-798	778	137.75-138.00	137.85	Calves

Feeder Steers Medium and Large 1-2					
Head	Wt Range	Avg Wt	Price Range	Avg Price	
8	470-489	480	179.00-181.00	179.98	
8	537	537	155.00	155.00	
49	587-596	591	151.50-156.00	152.80	
30	618-634	621	139.50-140.25	140.12	Calves

SF_LS764

Sioux Falls, SD

Thu Nov 16, 2017

USDA-ND Dept of Ag Market News

Napoleon Livestock Auction Inc.-Napoleon, ND

Feeder Cattle Weighted Average Report for 11/16/2017

Receipts: 5297 Last Week: 6255 Year Ago: 5298

Feeder Steers Medium and Large 1

Head	Wt Range	Avg Wt	Price Range	Avg Price	
5	315	315	225.00	225.00	
30	381-397	388	209.00-213.00	211.23	
75	407-449	433	192.00-207.75	197.20	
16	420	420	216.00	216.00	Fancy
69	451-483	466	186.50-195.00	191.23	
421	515-549	533	171.50-189.00	178.72	
418	550-599	581	167.00-180.00	173.53	
363	600-644	620	159.50-174.00	168.21	Calves
419	652-697	676	154.00-164.75	161.54	Calves
396	703-745	717	151.00-165.75	160.02	Calves
52	786-794	793	155.00-164.25	163.19	Calves
28	811-824	818	157.00	157.00	Calves
8	883	883	151.50	151.50	
18	871-874	872	147.50-148.50	147.83	Calves

2019: Corn Prices, Demand and Trade Issues?
Causing **Volatility** and **Risk** , especially on
seasonal basis. Flexible marketing plans
should include risk management tools

