



LIVESTOCK OUTLOOK AG LENDERS CONFERENCE



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www.ndsu.edu/livestockeconomics

Oct. 20-22, 2020

**Agribusiness and
Applied Economics**

EXTENDING KNOWLEDGE >> CHANGING LIVES

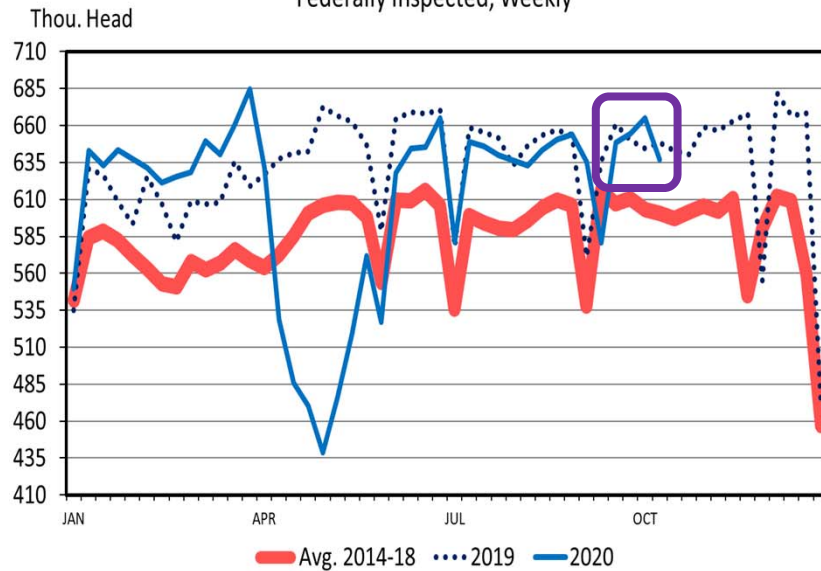
NDSU

EXTENSION

COVID-19 CHAOS TO NORMAL?

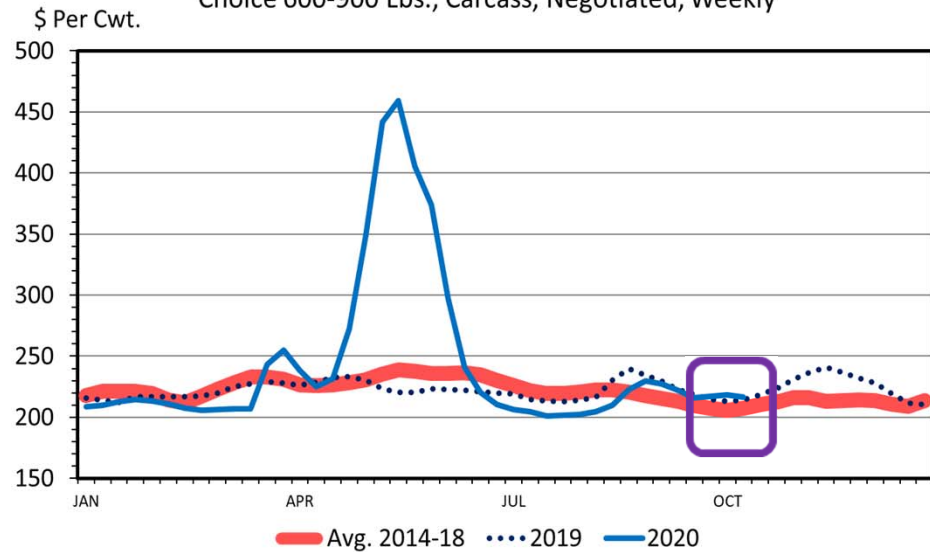
CATTLE SLAUGHTER

Federally Inspected, Weekly



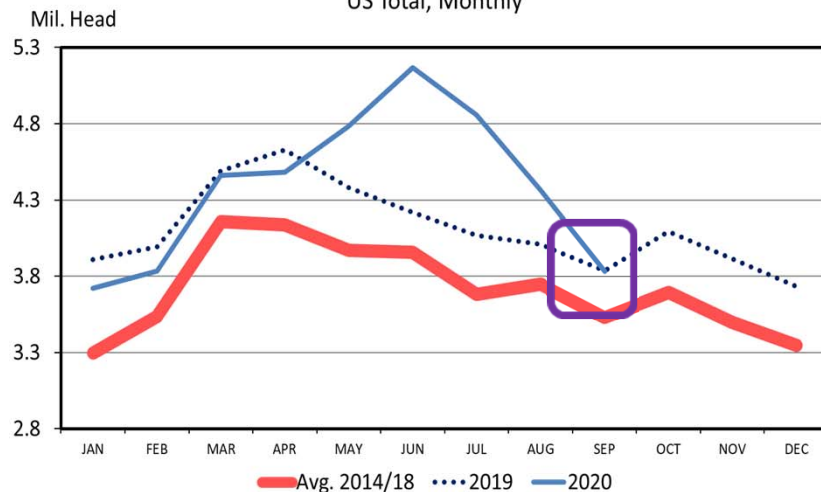
BOXED BEEF CUTOUT VALUE

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



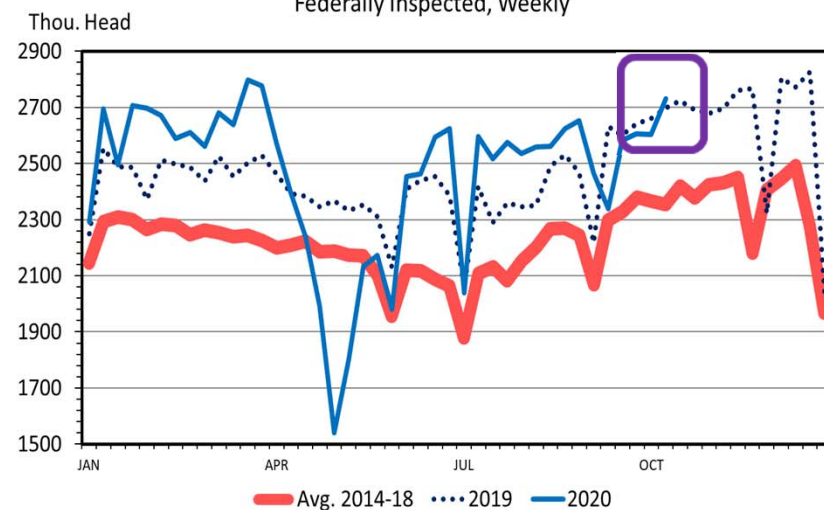
CATTLE ON FEED OVER 120 DAYS

US Total, Monthly

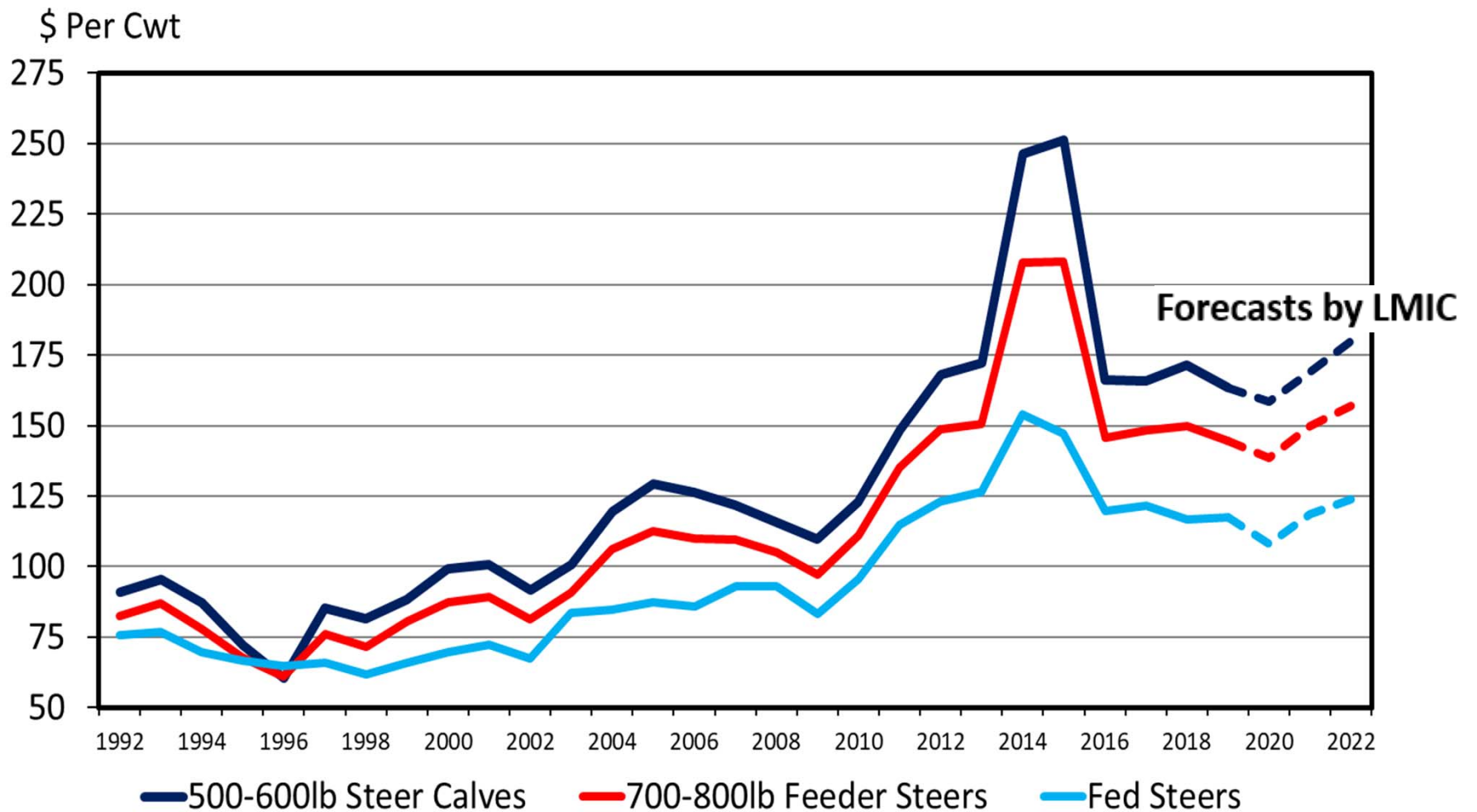


HOG SLAUGHTER

Federally Inspected, Weekly



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



Data Source: USDA-AMS

World Agricultural Supply and Demand Estimates

U.S Meat Production and Prices

	2014	2015	2016	2017	2018	2019	2020 Forecast	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	27.14	27.37
Pork	22.84	24.50	24.94	25.58	26.31	27.64	28.16	28.51
Broilers	38.55	40.05	40.7	41.66	42.60	43.91	44.60	45.06
Turkey	5.76	5.63	5.98	5.98	5.88	5.82	5.74	5.77
Total meat	92.17	94.63	97.6	100.17	102.43	105.26	106.39	107.46
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	108.71	114
Hogs	76.03	50.23	46.16	50.48	45.93	47.95	43.25	46.50
	<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	88.6	70.8	78.80
Turkey	107.6	116.2	117.1	96.1	80.2	89.2	106.1	105.5

 record high

October 9, 2020

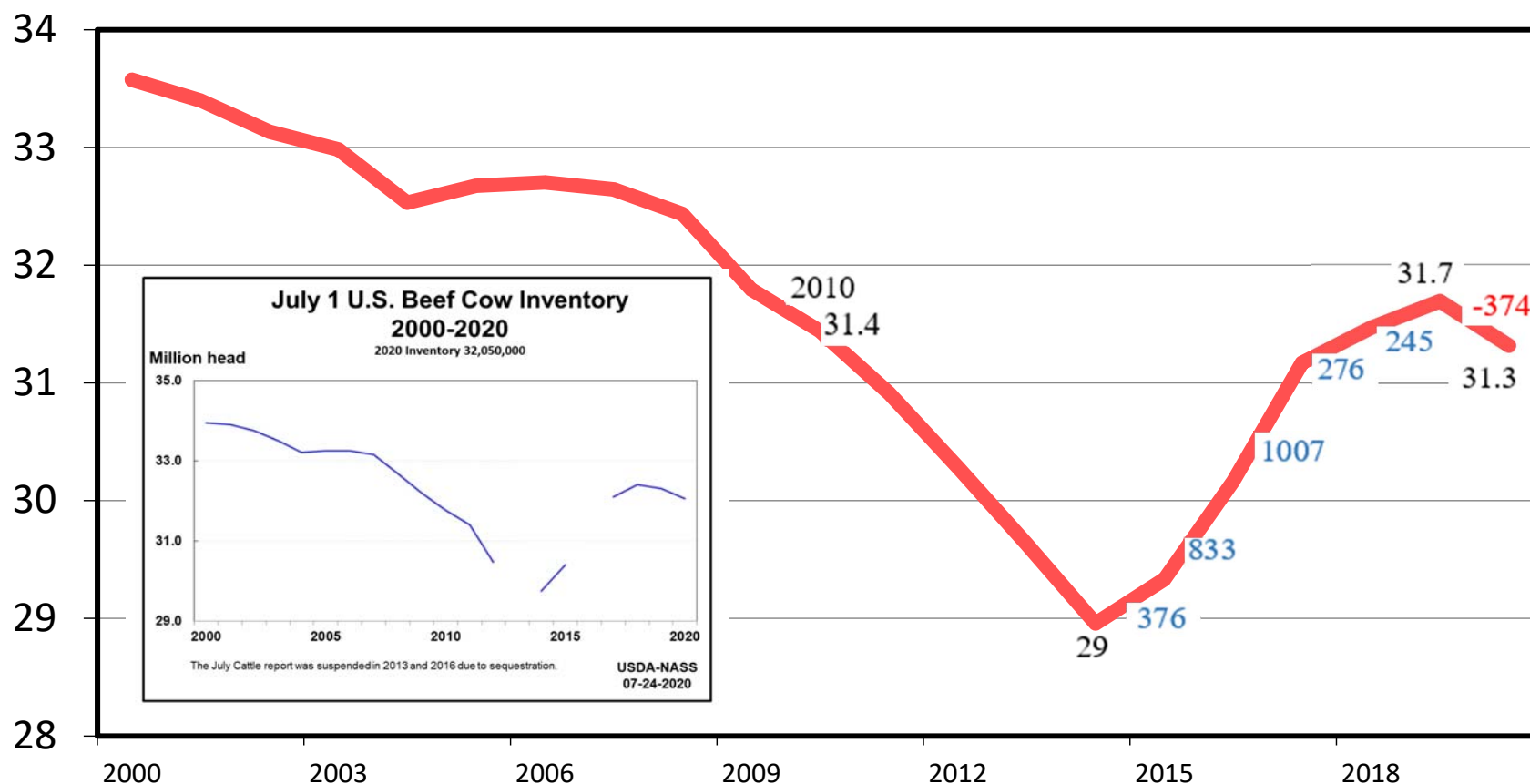


United States Department of Agriculture
National Agricultural Statistics Service

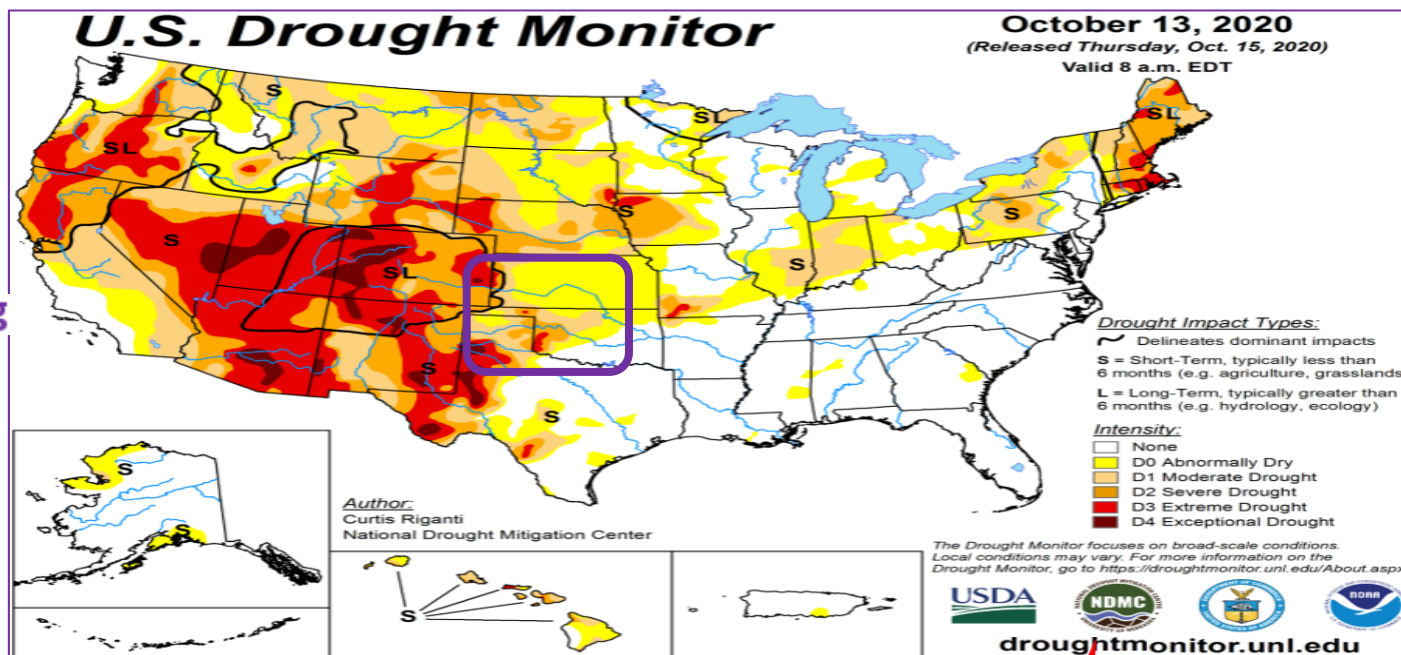
JANUARY 1 BEEF COW INVENTORY

Mil. Head

U.S., Annual



wheat
grazing



U.S. Cattle Areas Experiencing Drought

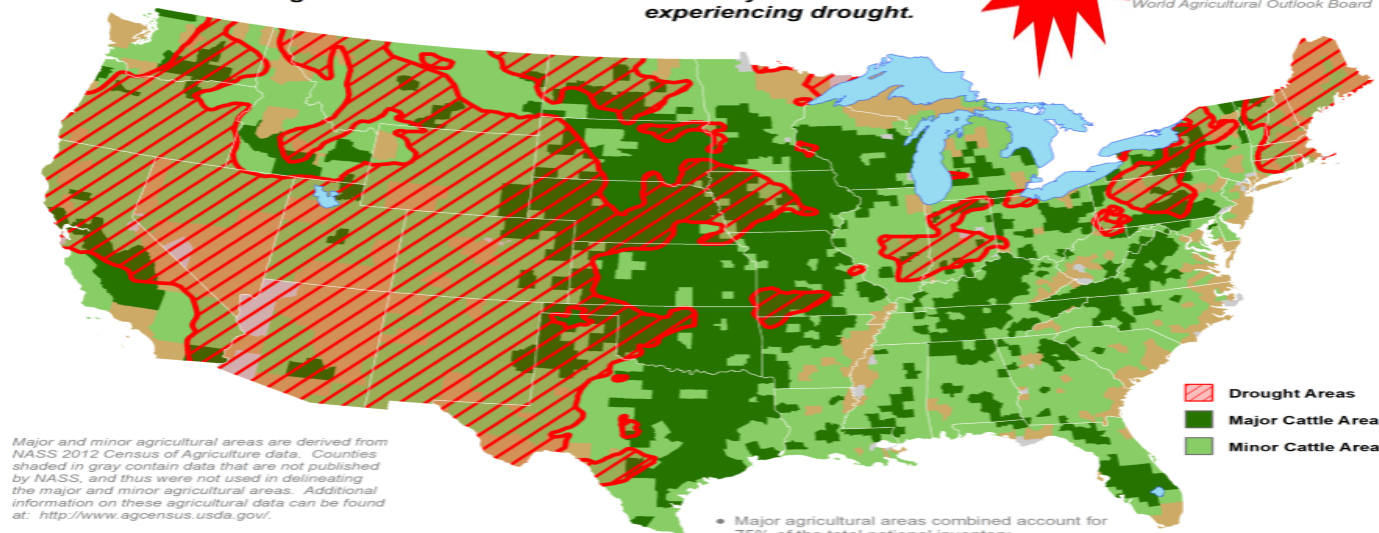
Reflects **October 13, 2020**
U.S. Drought Monitor data

Approximately **40%** 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

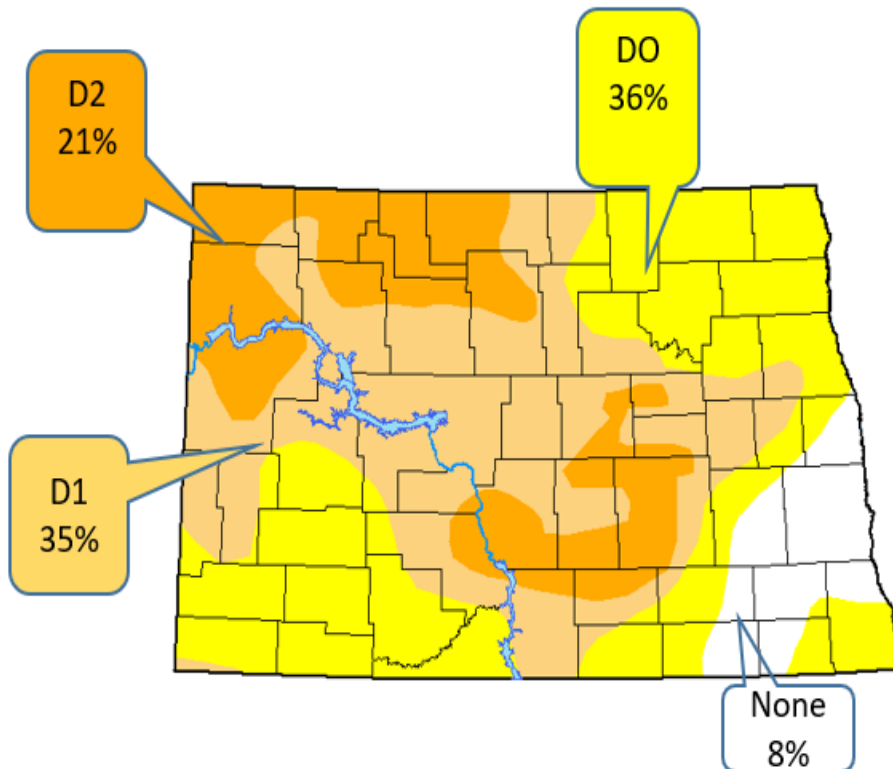


Major and minor agricultural areas are derived from NASS 2012 Census of Agriculture data. Counties shaded in gray contain data that are not published by NASS, and thus were not used in delineating the major and minor agricultural areas. Additional information on these agricultural data can be found at: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

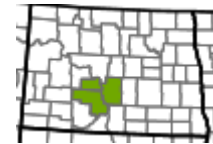
Mapped drought areas are derived from the U.S. Drought Monitor product and do not depict the intensity of drought in any particular location. More information on the Drought Monitor can be found at: <http://droughtmonitor.unl.edu/>.

- 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.

U.S. Drought Monitor
North Dakota
October 13, 2020
(Released Thursday, Oct. 15, 2020)



Livestock Forage Program
Full Season Improved Pasture - 2020 Program Year



Eligible County
Payment Months

1

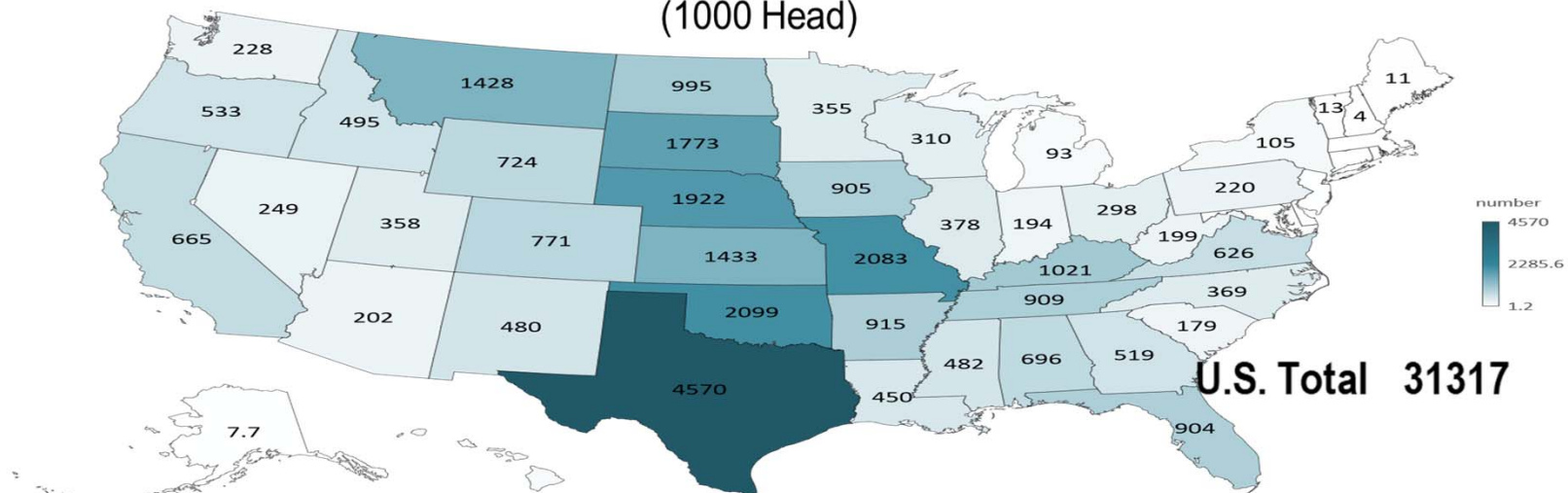
LIVESTOCK PAYMENT RATES					
KIND	TYPE	WEIGHT RANGE	PAYMENT RATE PER HEAD		
			2018	2019	2020
Beef	Adult	Bulls, Cows	\$28.07	\$29.34	\$31.89
	Non-Adult	500 pounds or more	\$21.05	\$22.01	\$23.92
	Non-Adult	Less than 500 pounds		\$14.67	\$15.94
Dairy	Adult	Bulls, Cows	\$72.98	\$76.29	\$82.91
	Non-Adult	500 pounds or more	\$21.05	\$22.01	\$23.92
	Non-Adult	Less than 500 pounds		\$14.67	\$15.94
Beefalo	Adult	Bulls, Cows	\$28.07	\$29.34	\$31.89
	Non-Adult	500 pounds or more	\$21.05	\$22.01	\$23.92
	Non-Adult	Less than 500 pounds		\$14.67	\$15.94
Buffalo/Bison	Adult	Bulls, Cows	\$28.07	\$29.34	\$31.89
	Non-Adult	500 pounds or more	\$21.05	\$22.01	\$23.92
	Non-Adult	Less than 500 pounds		\$14.67	\$15.94
Sheep	All		\$7.02	\$7.34	\$7.97

ND FSA grazing season end 10/15/2020

Payments at 60% & 5.9% sequestration deduction
Cows and bulls - \$18

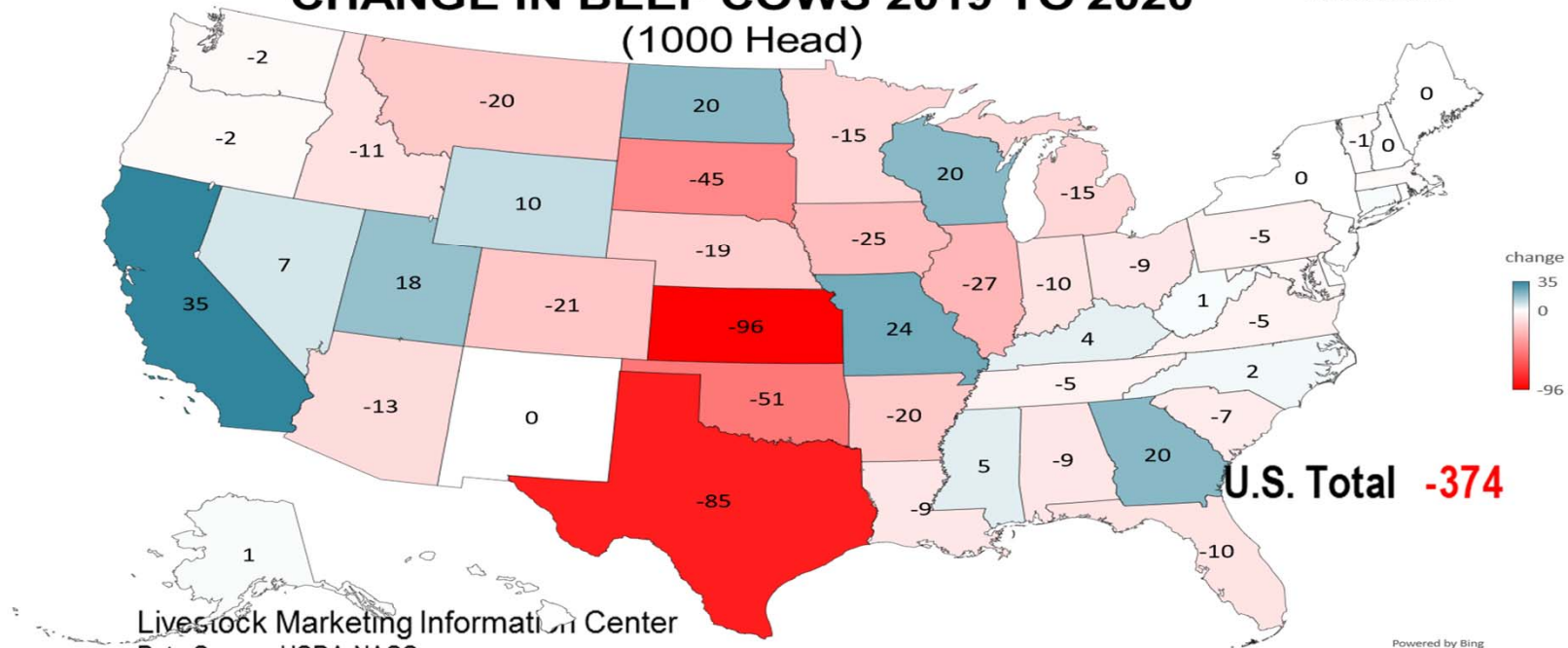
BEEF COWS THAT CALVED JANUARY 1, 2020

(1000 Head)



CHANGE IN BEEF COWS 2019 TO 2020

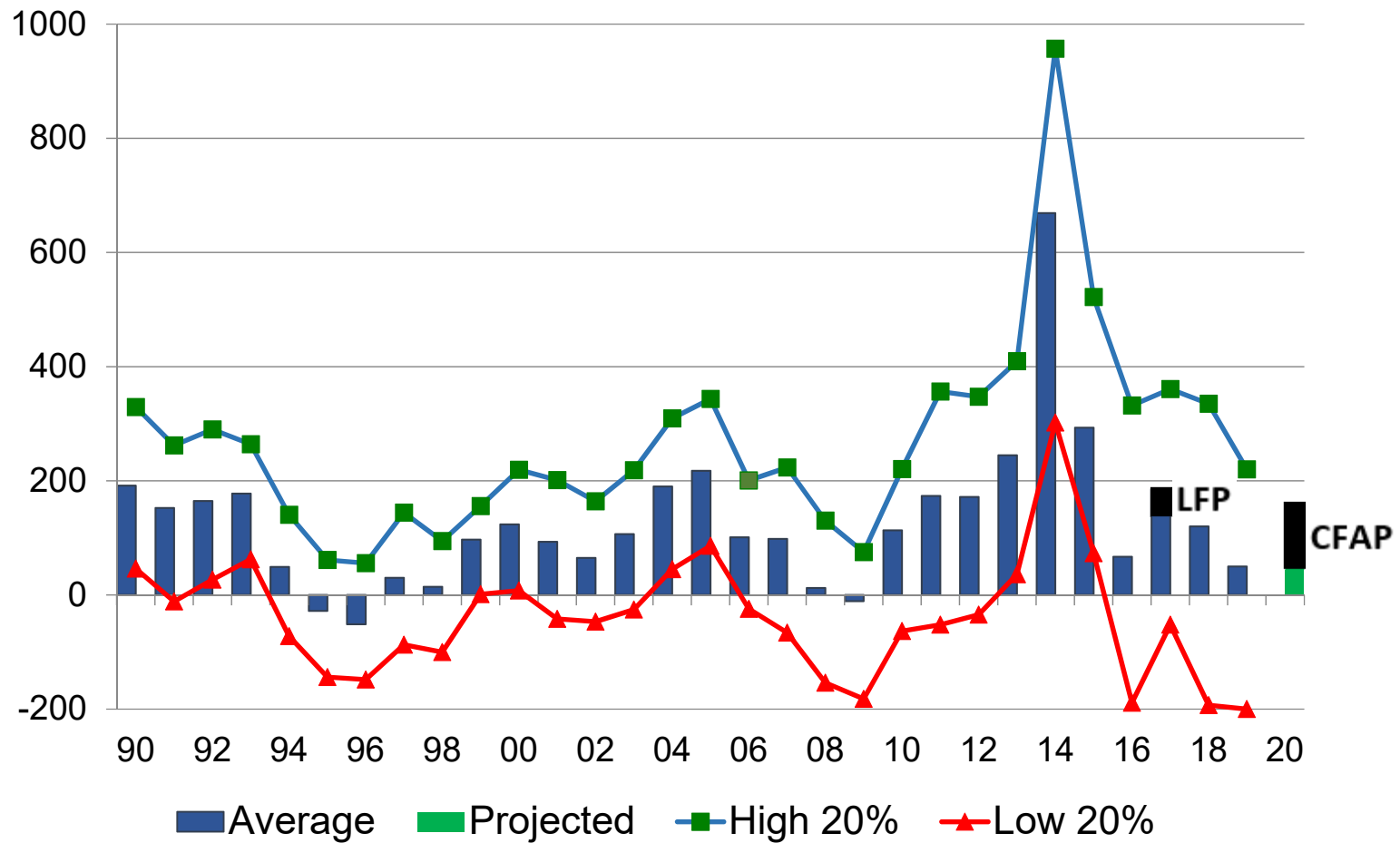
(1000 Head)



Livestock Marketing Information Center
Data Source: USDA-NASS

Powered by Bing
© GeoNames, HERE, MSFT

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



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EXTENSION

CFAP Program Payments

CFAP payments for eligible livestock are based on:

the actual sales between January 15, 2020, and April 15, 2020, of owned unpriced inventory as of January 15, 2020, including sales of any offspring from that inventory, and

the highest owned inventory on a date selected by the producer between April 16, 2020 and May 14, 2020.

NORTH DAKOTA

Cattle	\$134.30M
Hogs	\$1.85M
Lambs-Lambs..	\$1.02M
Sheep-Sheep-..	\$0.24M
Wool-Graded..	\$0.07M
Wool-NonGra..	\$0.06M
Milk	\$4.40M

LIVESTOCK	ELIGIBLE LIVESTOCK	UNIT OF MEASURE	CARES ACT PART 1 PAYMENT RATE	CCC PART 2 PAYMENT RATE
Cattle	Feeder Cattle: Less Than 600 Pounds	Head	\$102.00	\$33.00
	Feeder Cattle: 600 Pounds or More	Head	\$139.00	\$33.00
	Slaughter Cattle: Fed Cattle	Head	\$214.00	\$33.00
	Slaughter Cattle: Mature Cattle	Head	\$92.00	\$33.00
	All Other Cattle	Head	\$102.00	\$33.00
Hogs & Pigs	Pigs: Less Than 120 Pounds	Head	\$28.00	\$17.00
	Hogs: 120 Pounds or More	Head	\$18.00	\$17.00
Sheep	All Sheep Less Than Two Years of Age	Head	\$33.00	\$7.00
	All Sheep Greater Than Two Years of Age	Head	\$24.00	\$7.00

CFAP 2 Payments for Livestock

The producer's owned inventory of eligible beef cattle, excluding breeding stock, \$55 per head on a date selected by the producer from April 16, 2020, through August 31, 2020,

hogs and pigs, excluding breeding stock, \$23 per head

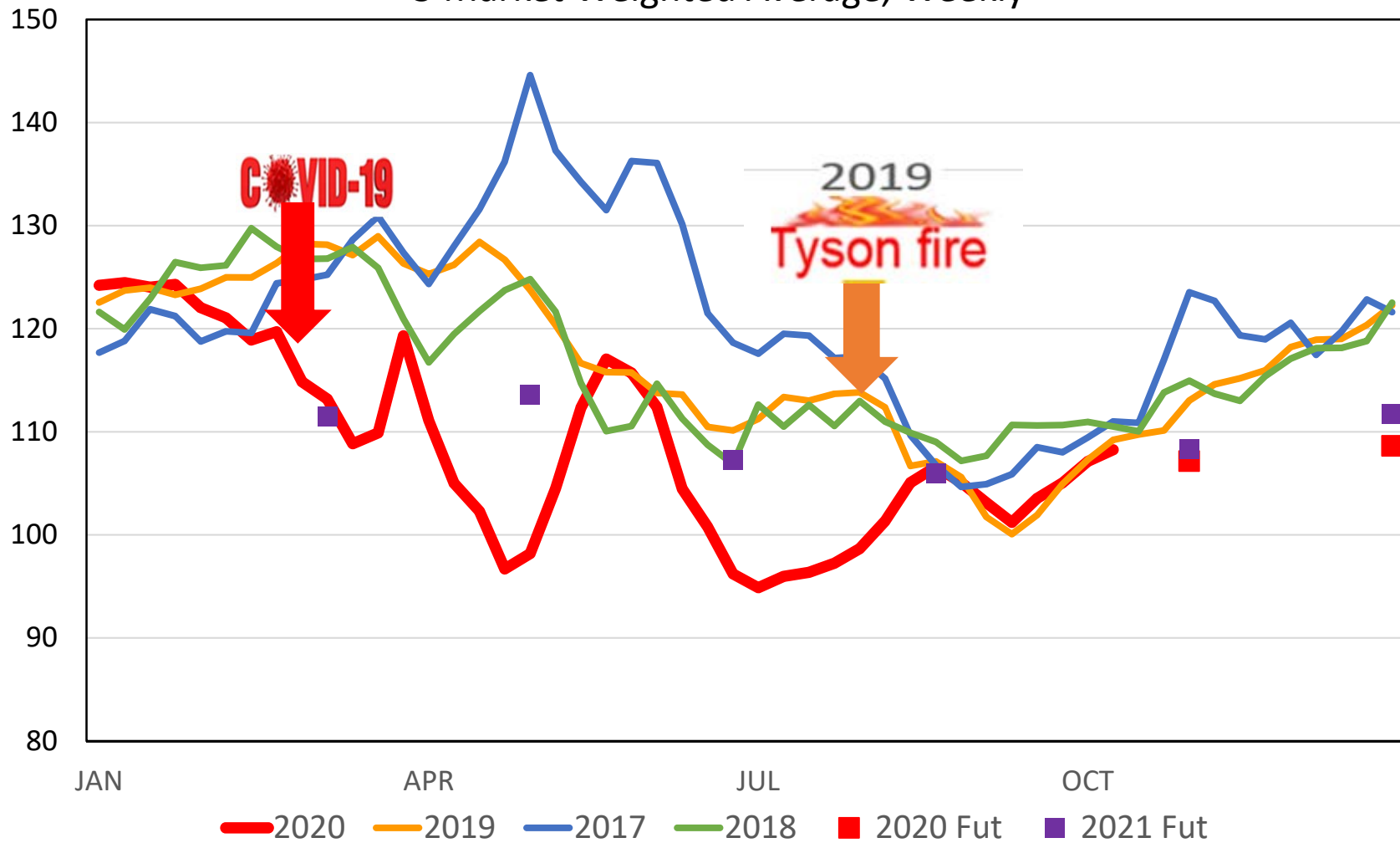
lambs and sheep, excluding breeding stock, \$27 per head.

milk production \$1.20 per hundredweight

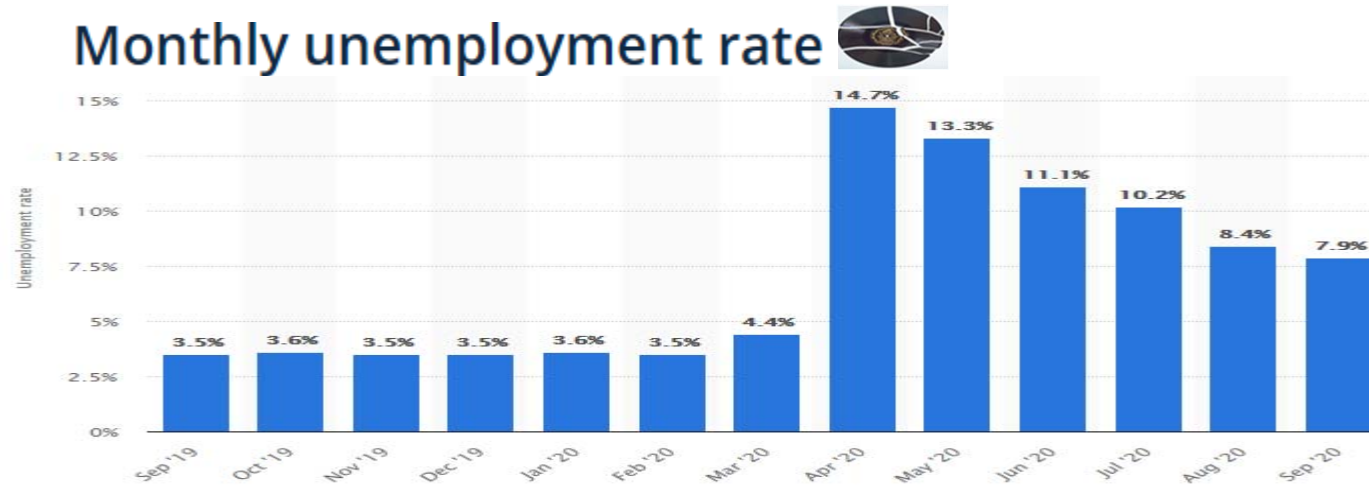
Est. 2020 ND Calf Crop- 990,000
 X \$55/hd.
 \$54.4 M

SLAUGHTER STEER PRICES

5 Market Weighted Average, Weekly



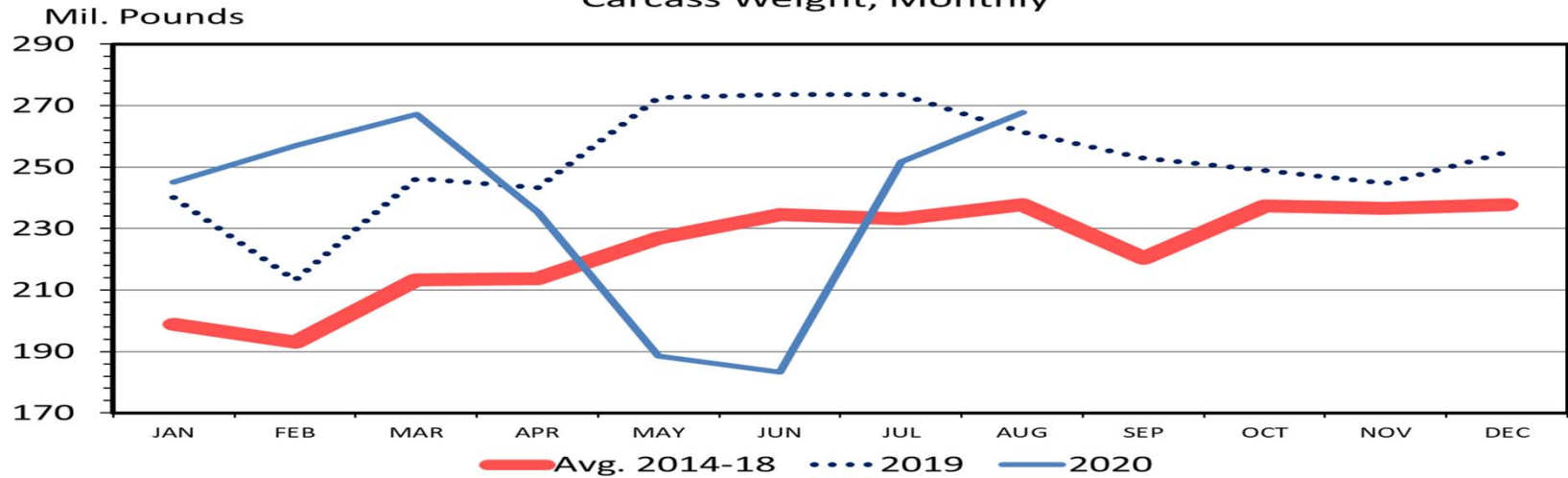
US ECONOMY CRASHED??



Dow Jones Industrial Average

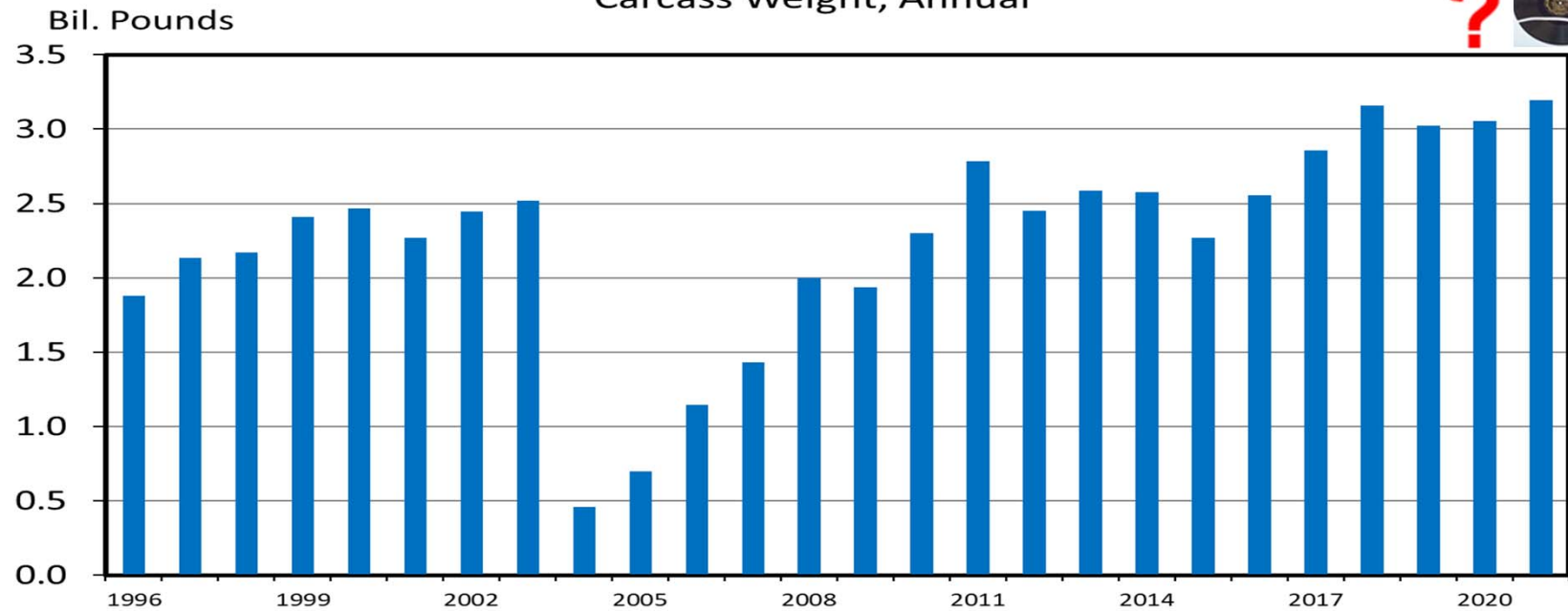


US BEEF AND VEAL EXPORTS Carcass Weight, Monthly



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

U.S. BEEF AND VEAL EXPORTS Carcass Weight, Annual

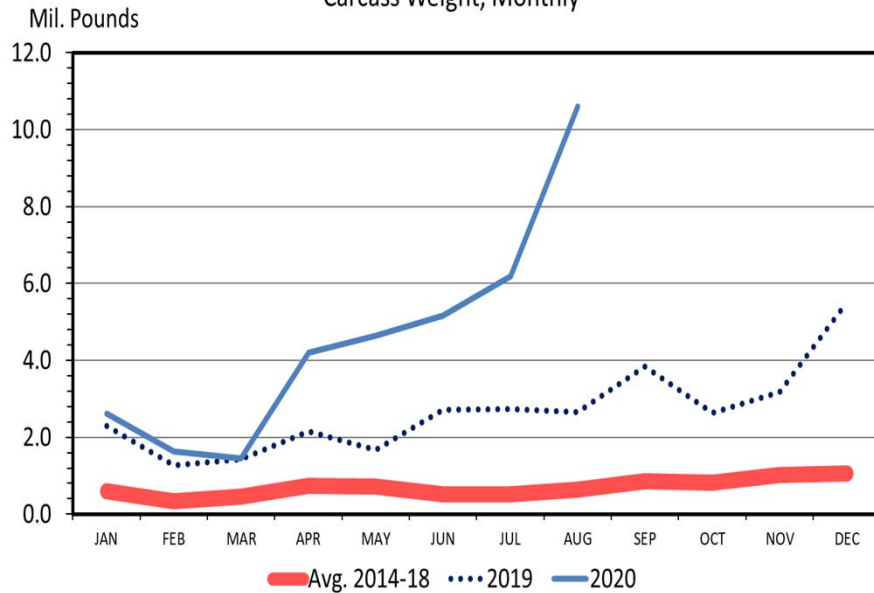


Major U.S. Meat Export Customers

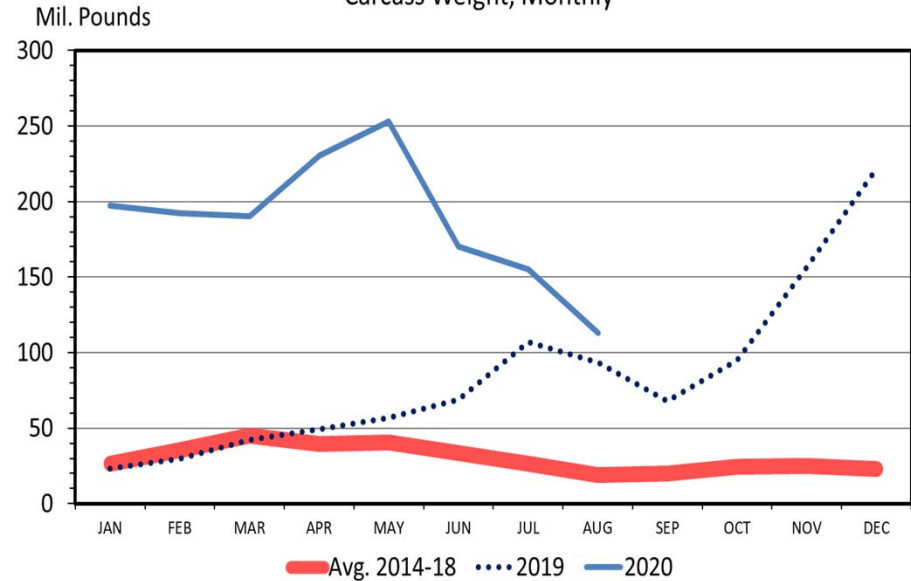
BEEF	PORK	CHICKEN
Japan	Mexico	Mexico
Korea	Japan	Canada
Mexico	Canada	Cuba
Canada	China	Hong Kong
Hong Kong	Korea	Taiwan
China?	Australia	China Ø



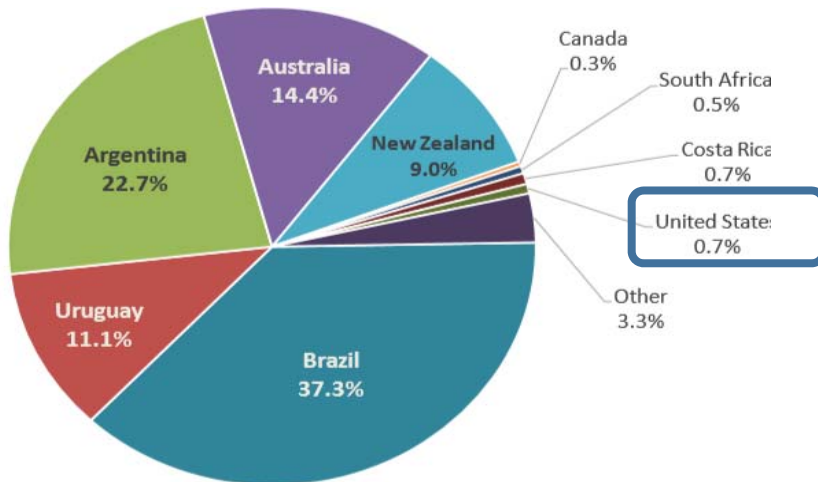
US BEEF EXPORTS TO CHINA (MAINLAND)
Carcass Weight, Monthly



US PORK EXPORTS TO CHINA (MAINLAND)
Carcass Weight, Monthly

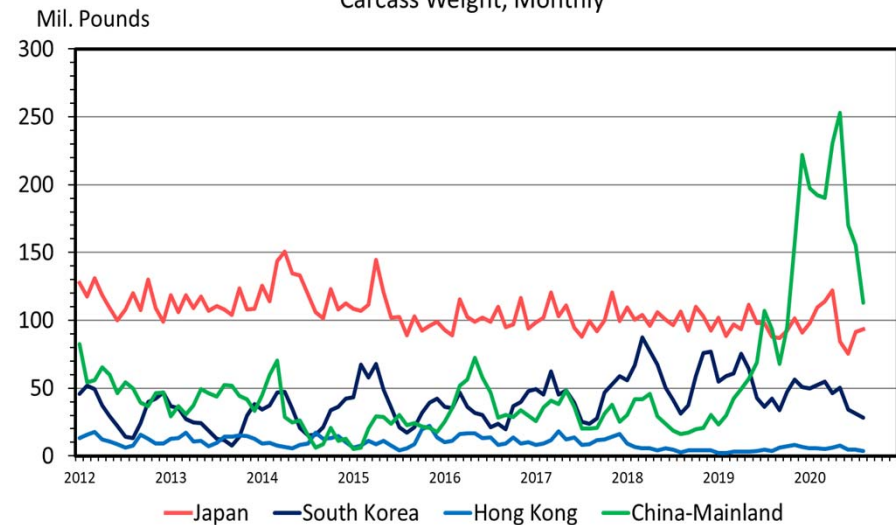


2020 Market Share of Imported Beef Business in China.



China has a zero tolerance for ractopamine in beef products.

US PORK EXPORTS TO MAJOR MARKETS
Carcass Weight, Monthly

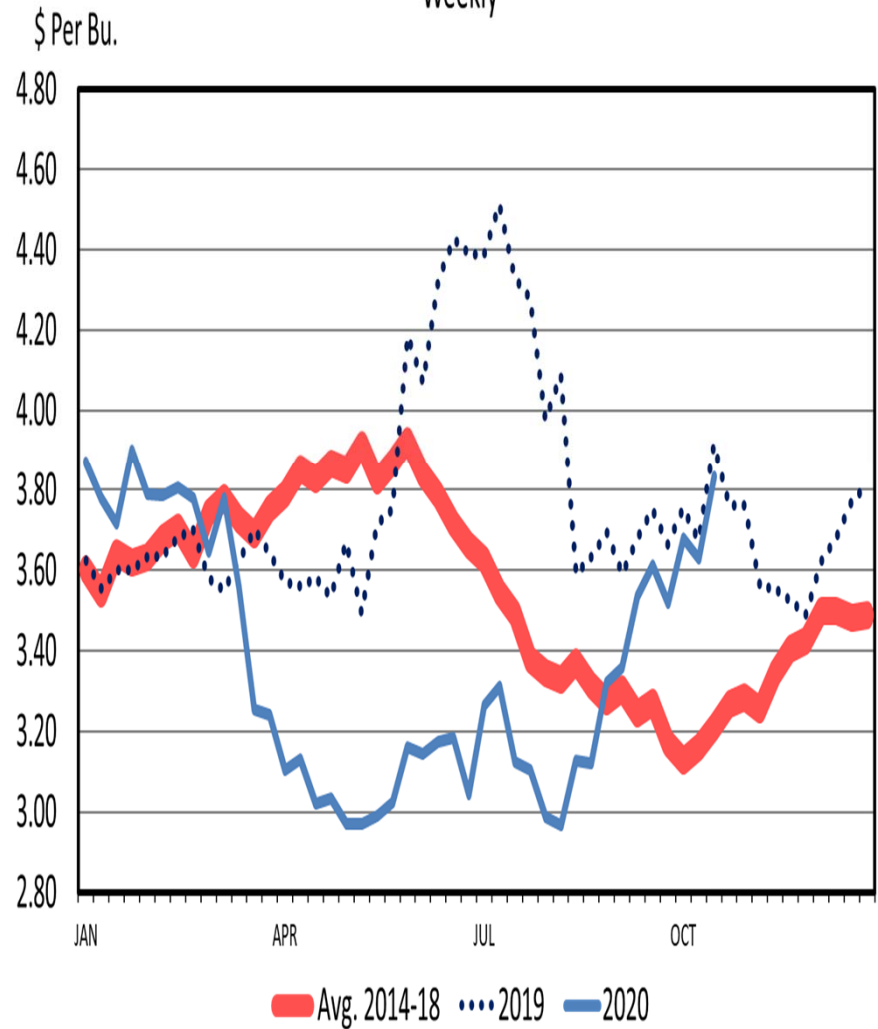


CALF PRICES FROM **COVID-19** TO CORN PRICES

JAN FDR CAT and DEC CORN

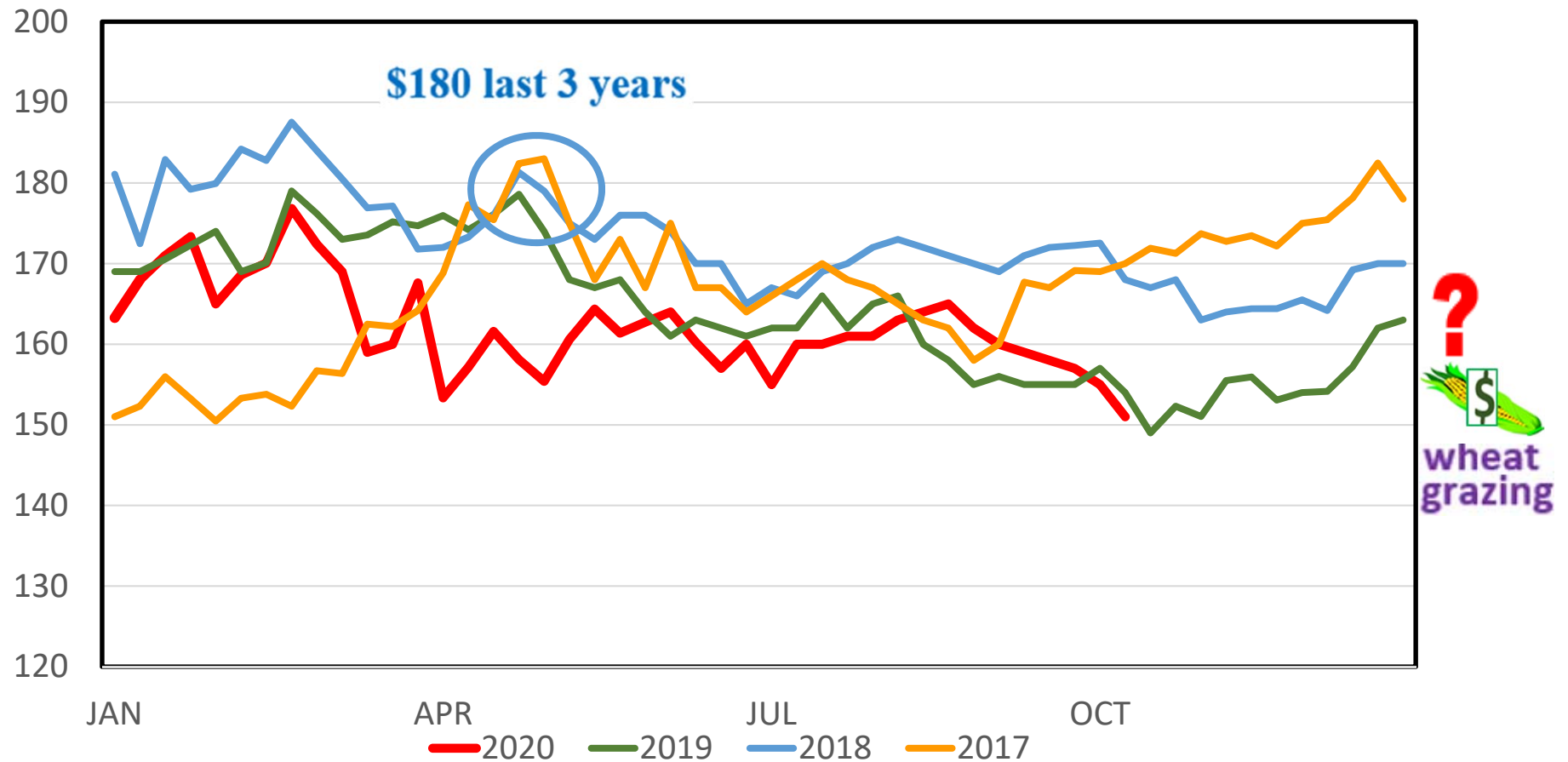


OMAHA CORN PRICES
Weekly



MED. FRAME #1 STEER CALF PRICES

550-600 Pounds, N.D., Weekly

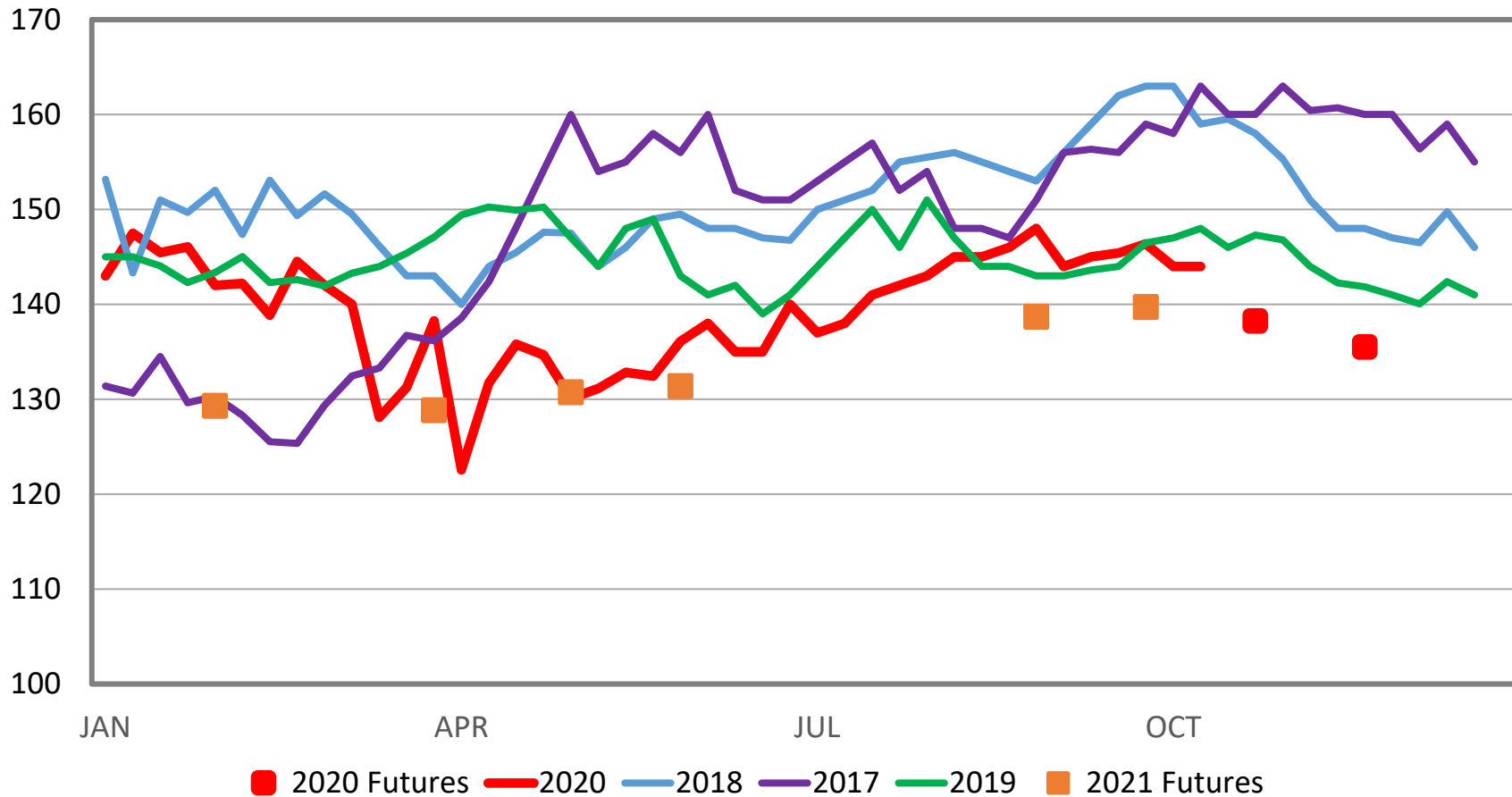


NDSU

EXTENSION

MED. & LRG. #1 FEEDER STEER PRICES

750-800 Pounds, N.D., Weekly

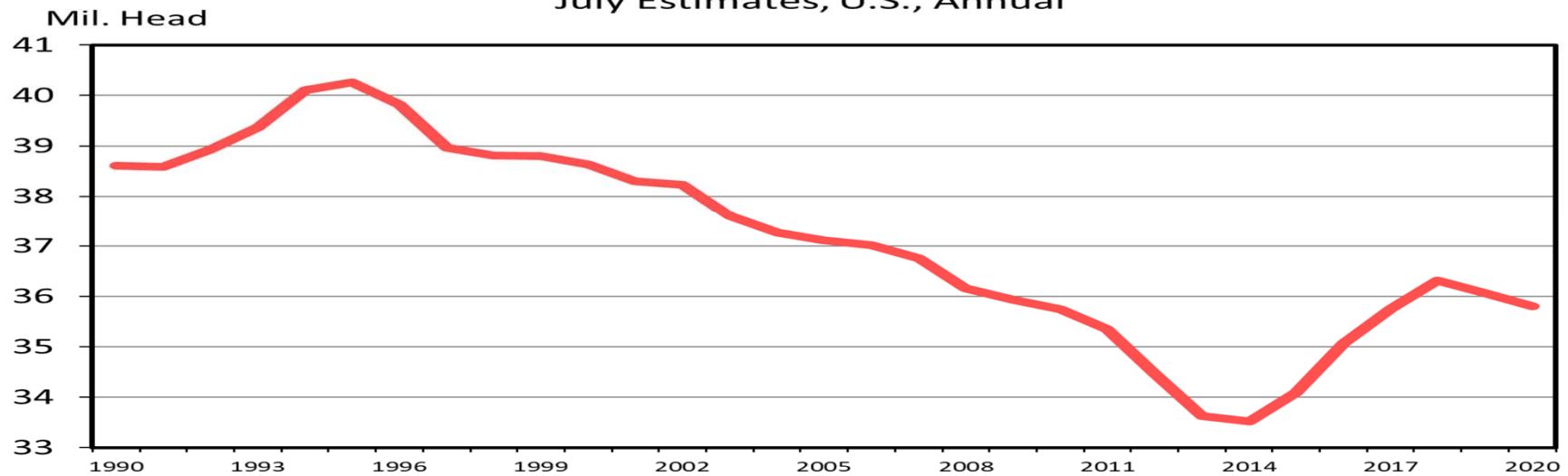


NDSU

EXTENSION

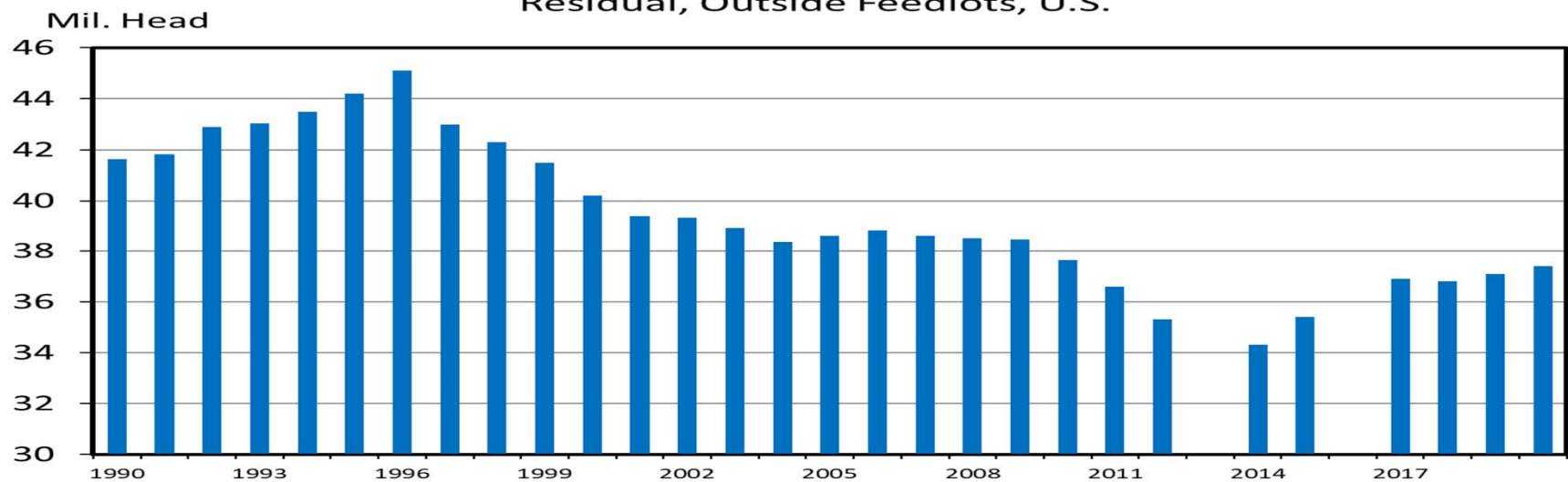
CALF CROP

July Estimates, U.S., Annual



JULY 1 FEEDER CATTLE SUPPLIES

Residual, Outside Feedlots, U.S.



Data Source: USDA-NASS Livestock Marketing Information Center



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

Fri Oct 16, 2020

	Current Week	Last Reported 10/5/2020	Last Year
Total Receipts:	6,291	2,865	2,980

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

Head	Wt Range	Avg Wt	Price Range	Avg Price
8	311	311	167.00	167.00
12	382-396	390	180.00	180.00
98	408-449	428	150.00-173.50	162.24
136	462-496	480	151.00-172.25	161.16
203	505-548	531	144.00-162.50	153.94
650	550-599	575	139.00-158.00	150.87
9	592	592	140.00	140.00
468	601-649	627	139.00-153.00	148.66
20	606	606	140.00	140.00
655	651-698	676	137.00-154.00	149.18
374	705-749	729	140.00-149.00	146.06
21	736	736	135.50	135.50
8	786	786	138.25	138.25
135	809-845	819	139.50-149.50	146.93
92	885-897	891	139.00-142.00	141.00
20	922-939	935	137.50-139.50	137.99
21	987	987	132.50	132.50

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

Head	Wt Range	Avg Wt	Price Range	Avg Price
3	347	347	135.00	135.00
29	374-391	382	148.00-165.50	157.53
115	414-449	435	132.50-157.50	145.64
94	453-495	469	131.50-160.75	148.39
357	504-549	528	120.00-144.50	137.77
302	554-596	570	124.50-137.50	132.58
216	601-645	635	122.00-139.50	133.76
24	665-670	667	126.00-139.00	133.56
18	680	680	120.00	120.00
245	705-746	732	128.00-141.75	139.03
43	779-782	780	132.00-138.50	136.49
42	826-834	827	127.00-132.50	127.92
143	852-888	867	126.00-139.00	134.99
29	913-949	930	123.75-131.50	127.52
171	959-986	962	124.25-126.25	124.67

Unweaned

Unweaned

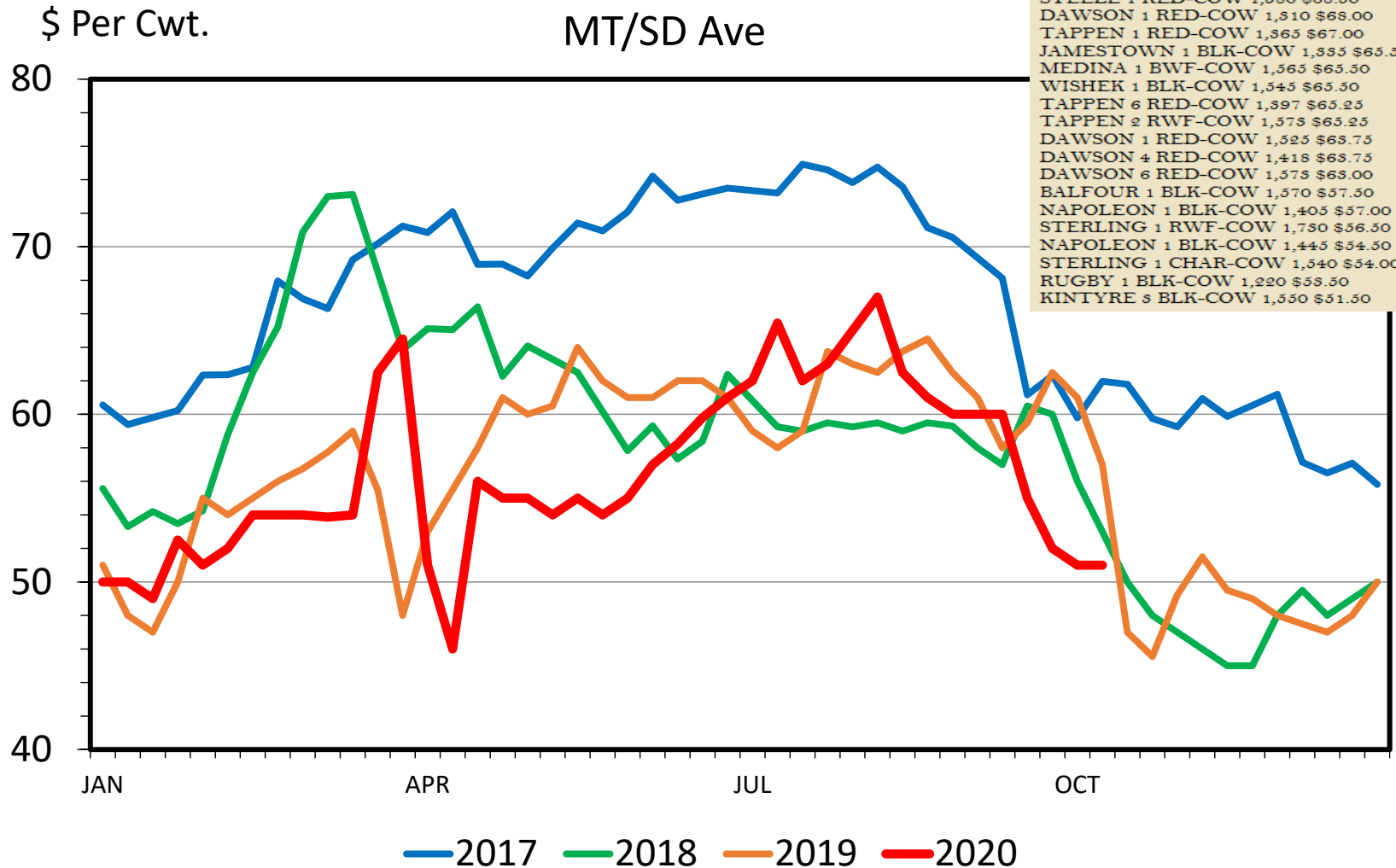
Unweaned

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



COW			
LINTON	1	RED-COW	1,745 \$74.50
LINTON	1	RED-COW	1,630 \$74.00
DAWSON	2	RED-COW	1,338 \$72.00
TAPPEN	1	RED-COW	1,200 \$71.00
DAWSON	1	RED-COW	1,100 \$70.00
KINTYRE	1	BLK-COW	985 \$69.00
TAPPEN	1	RED-COW	1,080 \$69.00
STEELE	1	RED-COW	1,380 \$68.50
DAWSON	1	RED-COW	1,310 \$68.00
TAPPEN	1	RED-COW	1,365 \$67.00
JAMESTOWN	1	BLK-COW	1,335 \$65.50
MEDINA	1	BWF-COW	1,565 \$65.50
WISHEK	1	BLK-COW	1,345 \$65.50
TAPPEN	6	RED-COW	1,397 \$63.25
TAPPEN	2	RWF-COW	1,573 \$63.25
DAWSON	1	RED-COW	1,525 \$63.75
DAWSON	4	RED-COW	1,418 \$63.75
DAWSON	6	RED-COW	1,573 \$63.00
BALFOUR	1	BLK-COW	1,570 \$57.50
NAPOLEON	1	BLK-COW	1,405 \$57.00
STERLING	1	RWF-COW	1,730 \$56.50
NAPOLEON	1	BLK-COW	1,445 \$54.50
STERLING	1	CHAR-COW	1,540 \$54.00
RUGBY	1	BLK-COW	1,220 \$53.50
KINTYRE	3	BLK-COW	1,550 \$51.50

USDA-AMS, Compiled & Analysis by
LMIC,NDSU

NDSU

EXTENSION

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”**

Projected Calf Backgrounding Profit

550 lb. to 750 lb.

\$3.20 corn, \$90 hay

North Dakota Weekly Cattle Auction Summary

505-548 531 144.00-162.50 153.94

550-599 575 139.00-158.00 150.87

BACKGROUNDING 550 LB. STEERS - HIGH RATE OF GAIN			
Weaning weight	550 lbs.		
Average Daily Gain	2.77 lbs.		
Days on Feed	72		
Market Weight	749 lbs.		
Projected Selling Price	\$132.00 per cwt.		
Total Income			\$989.26
Beginning Value	\$150.00 per cwt.		
minus shrink if sold	3 percent		\$800.25
Gross Margin			\$189.01
Feed Cost	\$1.15 per day		\$83.01
Return Over Feed Cost			\$106.00
Interest on Beginning Value	5.5 percent		\$8.68
Interest on Feed, Vet & Med	5.5 percent		\$0.50
Vet. and Med.			\$10.00
Lot Cost	\$0.25 per day		\$18.00
Marketing (Brand inspection/Checkoff/Commission)			\$10.00
Trucking (additional)	\$0.75 cwt.		\$1.50
Shrink	3 percent		\$29.68
Death Loss	1 percent		\$9.89
Direct Cost Subtotal			\$88.25
BREAKEVEN 129.50			
Return to Labor, Management and Risk			\$17.74

750 lb. Sales Price	550 lb. Steer Purchase Price (\$/cwt)					
	140	145	150	155	160	165
125	21	-6	-33	-59	-86	-113
130	57	30	3	-24	-50	-77
135	93	66	39	12	-14	-41
140	129	102	75	48	22	-5
145	165	138	111	84	58	31
150	201	174	147	120	93	67

JAN FC - \$129.32

CME CS - \$140.41

ND 750 - \$144

Risk Management?

JAN FDR CAT/CME CASH INDEX





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 10/16/2020

X.65

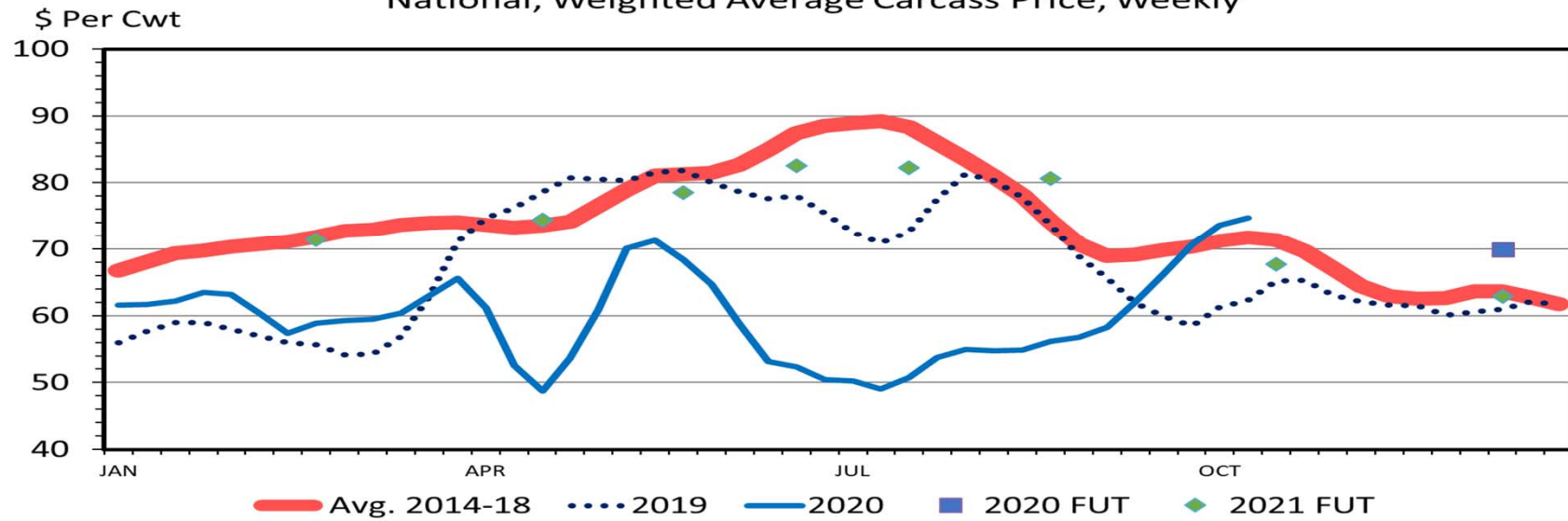
State	County	Endorsement Length	Commodity	Type	Practice	Crop Year	Exp. End Value	Coverage Price	Coverage Level	Rate	Cost Per CWT	End Date
38 North Dakota	998 All Counties	13	0801 Feeder Cattle	810 Steers Weight 2	201 Endorsement Ending in January Yr1	2021	129.519	\$128.190	0.989700	0.041719	5.348 3.48	01/15/2021
38 North Dakota	998 All Counties	13	0801 Feeder Cattle	810 Steers Weight 2	201 Endorsement Ending in January Yr1	2021	129.519	\$126.190	0.974300	0.035042	4.422 2.87	01/15/2021
38 North Dakota	998 All Counties	13	0801 Feeder Cattle	810 Steers Weight 2	201 Endorsement Ending in January Yr1	2021	129.519	\$124.190	0.958900	0.029141	3.619 2.35	01/15/2021
38 North Dakota	998 All Counties	13	0801 Feeder Cattle	810 Steers Weight 2	201 Endorsement Ending in January Yr1	2021	129.519	\$122.190	0.943400	0.024012	2.934 40%- 1.76	01/15/2021
38 North Dakota	998 All Counties	13	0801 Feeder Cattle	810 Steers Weight 2	201 Endorsement Ending in January Yr1	2021	129.519	\$120.190	0.928000	0.019527	2.347 1.41	01/15/2021
38 North Dakota	998 All Counties	13	0801 Feeder Cattle	810 Steers Weight 2	201 Endorsement Ending in January Yr1	2021	129.519	\$118.190	0.912500	0.015636	1.848 1.11	01/15/2021

JAN FDR CAT Futures - \$129.33/CME FC INDEX-\$140.91

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

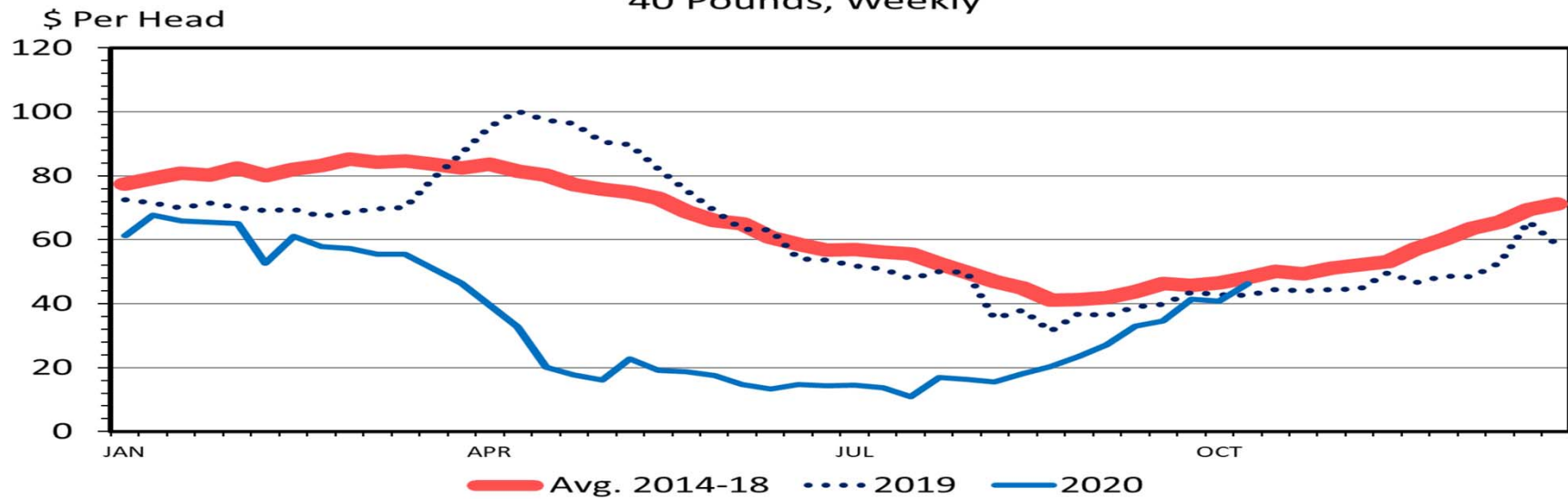
BASE SLAUGHTER HOG PRICES

National, Weighted Average Carcass Price, Weekly



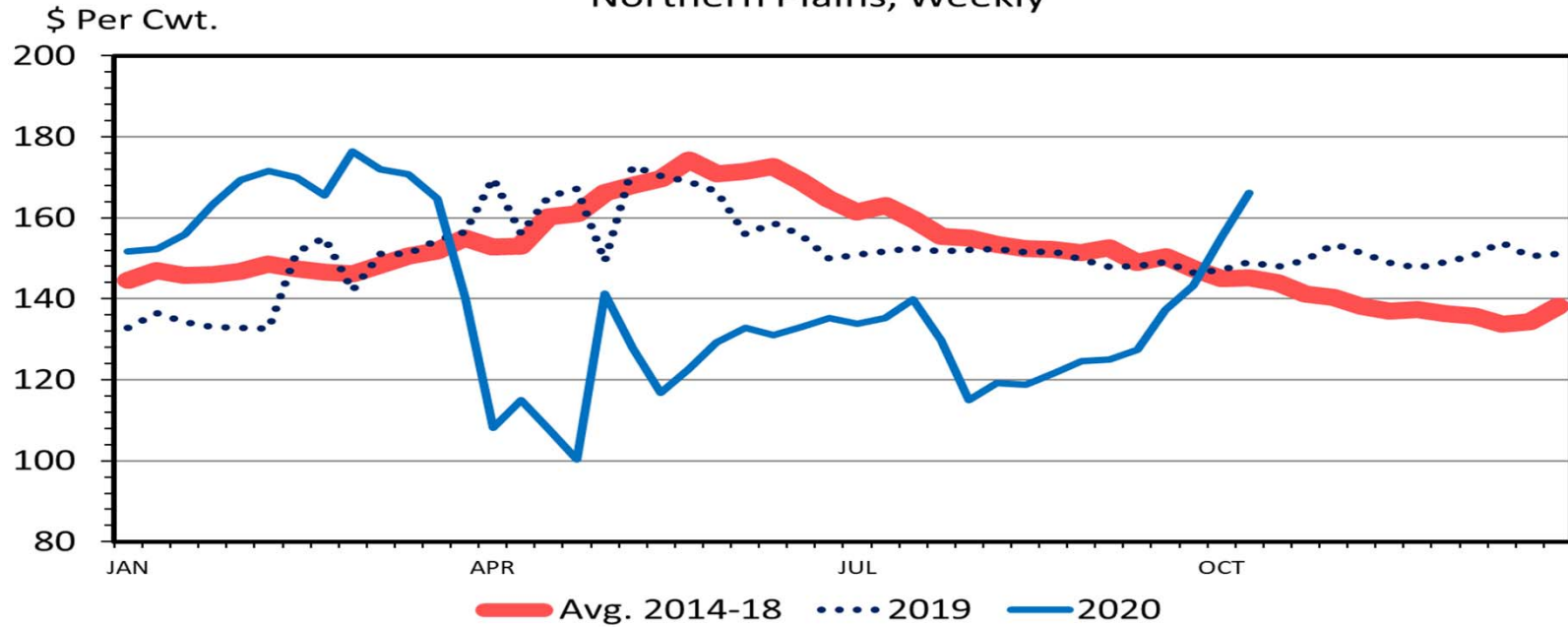
FEEDER PIG PRICES

40 Pounds, Weekly



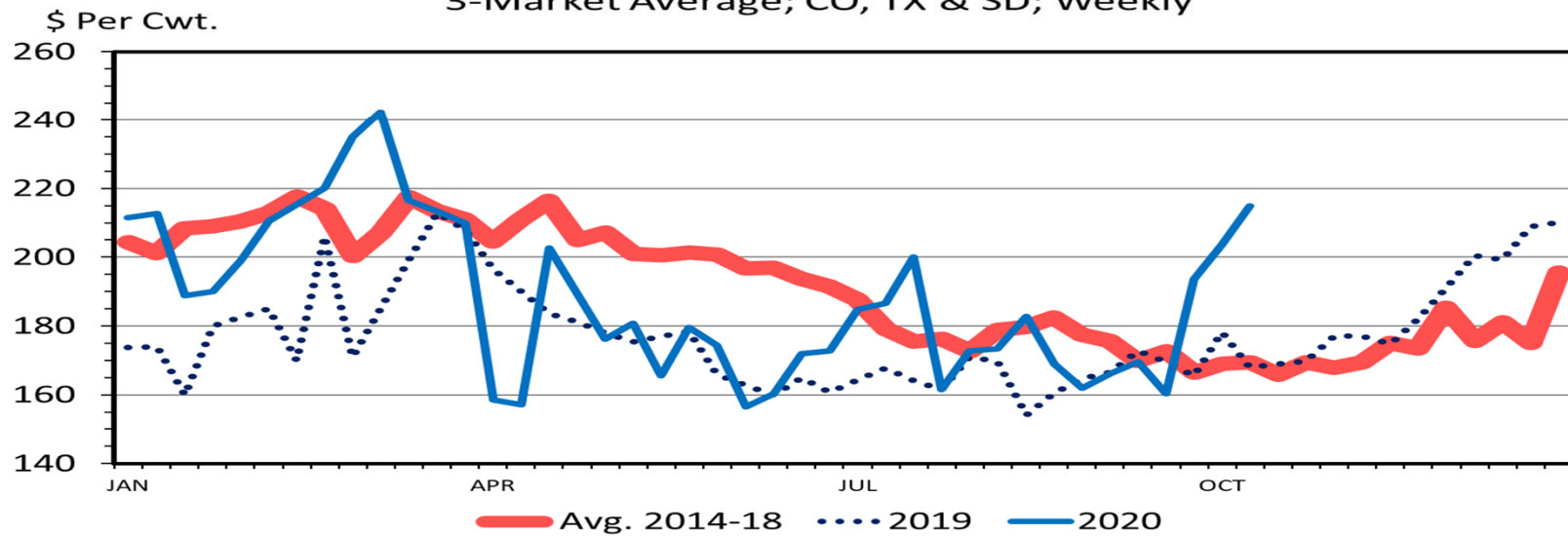
SLAUGHTER LAMB PRICES

Northern Plains, Weekly



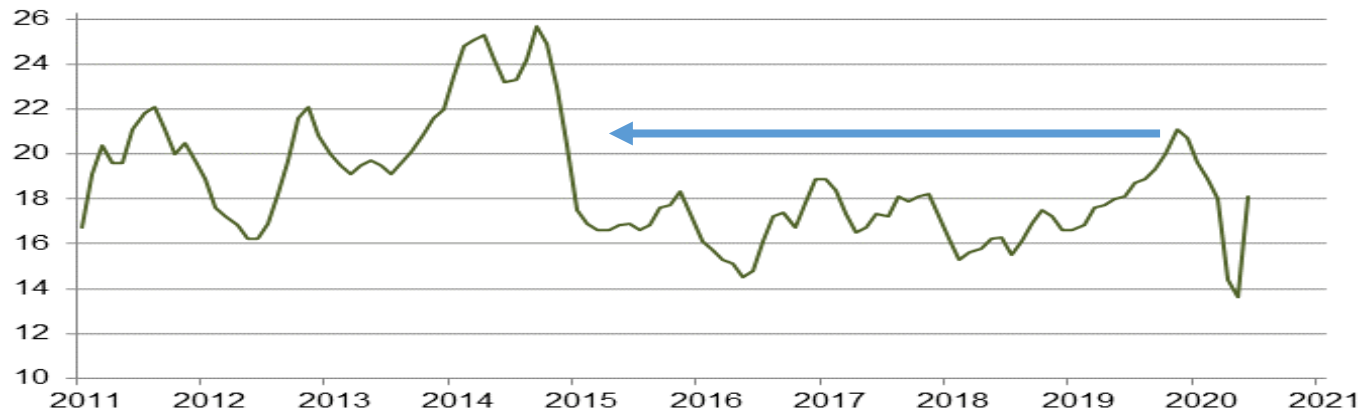
FEEDER LAMB PRICES

3-Market Average; CO, TX & SD; Weekly



Prices Received for Milk by Month – United States

Dollars per cwt



USDA – NASS
9/30/2020

DLX20 - Class III Milk - Daily OHLC Chart



2021: COVID-19, Trade, and Economy?
Causing Volatility and Risk , especially on
seasonal basis. Flexible marketing plans
should include risk management tools

