



Cattle Situation and Outlook

Outlook Conference for Ag Lenders

Tim Petry, Livestock Economist

www.ndsu.edu/livestockeconomics

Oct. 29-Nov.1, 2018

Outlook AGL 10-29-2018.pptx

Livestock Fundamental Highlights

Record meat production in 2018 (pork, chicken & total)

Record meat including beef production in 2019

Prices for fed and feeder cattle same as last year at this time

Cow prices lower

Other livestock prices below last year

Beef cow herd expanding – rate moderating – peak 2020?

2018 US calf crop up 692,000 (1.9%)

Beef demand robust

US economy strong

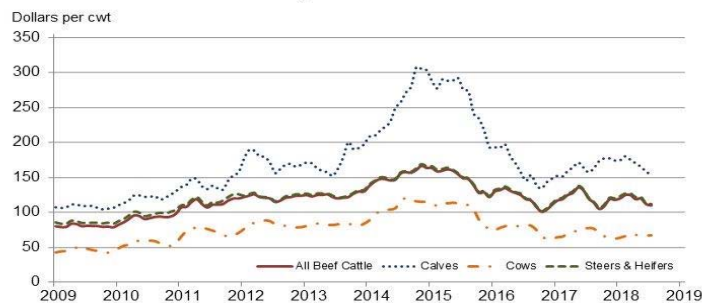
record beef exports in 2017, 18, and 19

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

Normal seasonal weakness for fall calf prices expected

Back to the Future?

Prices Received for Cattle by Month – United States



USDA – NASS
8/29/2018

WASDE U.S. Meat Production and Prices

	2014	2015	2016	2017	2018 Forecast	Change from 2017	2019 Forecast	Change From 2018
Production	Billion Pounds		Pounds	Pounds	Pounds	Percent	Pounds	Percent
Beef	24.25	23.70	25.22	26.19	26.94	2.9	27.91	3.6
Pork	22.84	24.50	24.94	25.58	26.42	3.3	27.81	5.3
Broilers	38.55	40.05	40.7	41.66	42.57	2.2	43.37	1.9
Turkey	5.76	5.63	5.98	5.98	5.9	-1.3	5.99	1.5
Total meat	92.17	94.63	97.6	100.17	102.61	2.4	105.85	3.2
Prices	Dollars/cwt		Dollars/cwt.					
Steers	154.56	148.12	120.85	121.52	116.29	-4.3	117.75	1.3
Hogs	76.03	50.23	46.16	50.48	45.23	-10.4	41.25	-8.8
	Cents/lb		Cents/lb.					
Broilers	104.9	90.5	84.3	93.5	97.1	3.9	95.8	-1.3
Turkey	107.6	116.2	117.1	96.1	81.1	-15.6	84.5	4.2

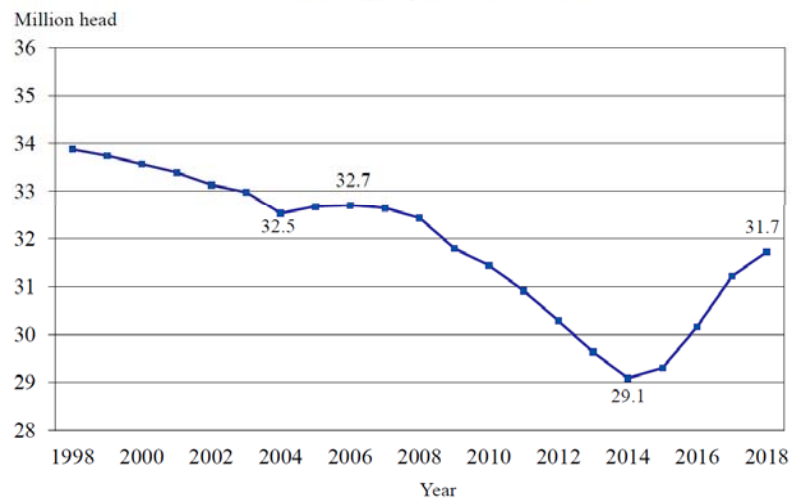
record high

Oct 11, 2018



U.S. Beef Cows

January 1, 1998 - 2018



January 31, 2018

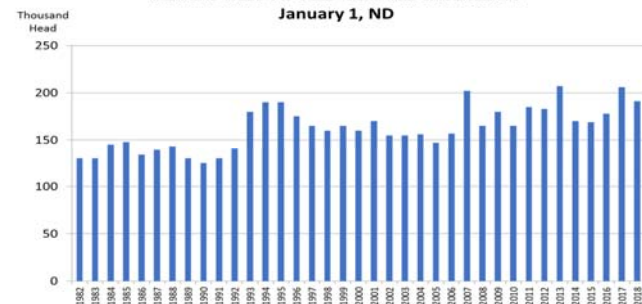
HEIFERS HELD AS BEEF COW REPLACEMENTS

January 1, U.S.



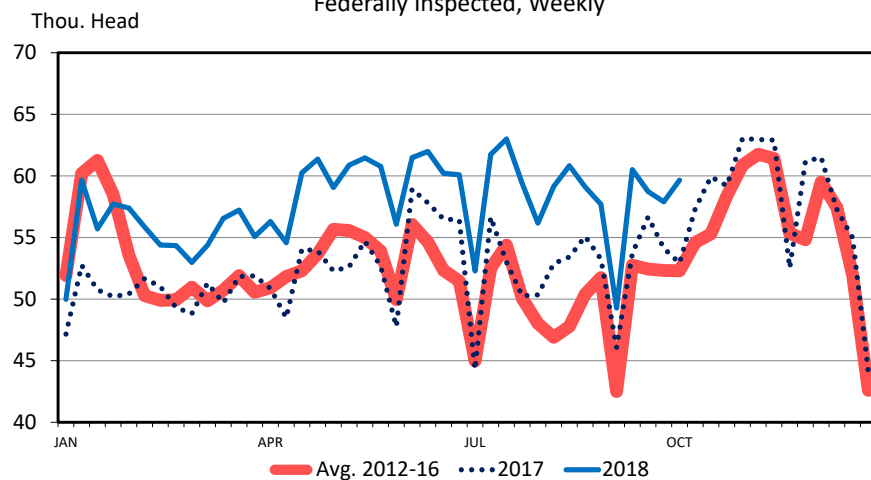
HEIFERS HELD AS BEEF COW REPLACEMENTS

January 1, ND



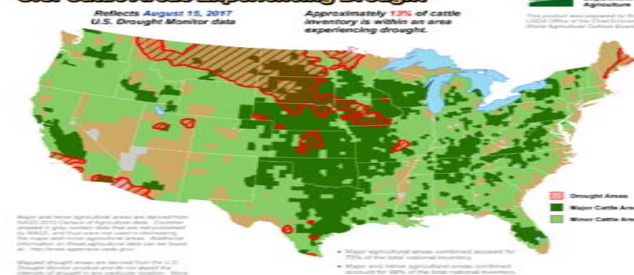
BEEF COW SLAUGHTER

Federally Inspected, Weekly

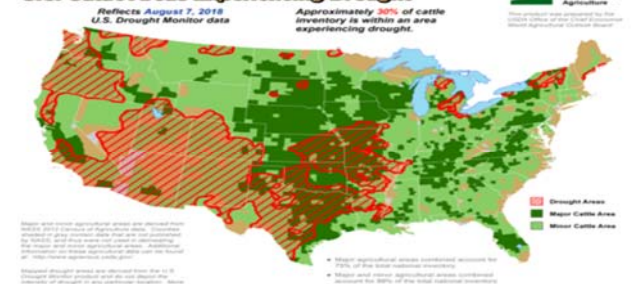


Data Source: USDA-AMS & USDA-NASS
Livestock Marketing Information Center

U.S. Cattle Areas Experiencing Drought

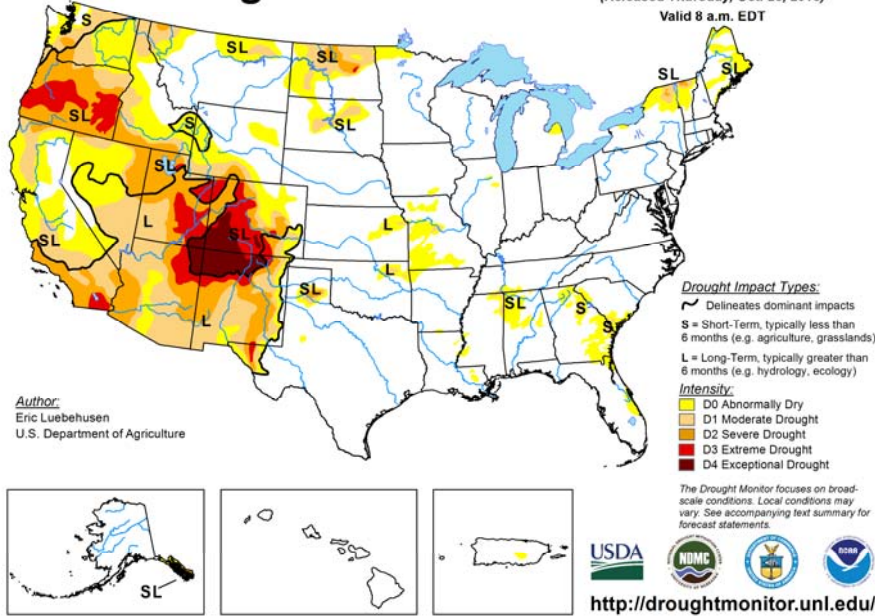


U.S. Cattle Areas Experiencing Drought

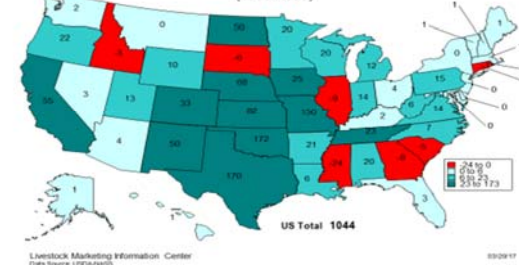


U.S. Drought Monitor

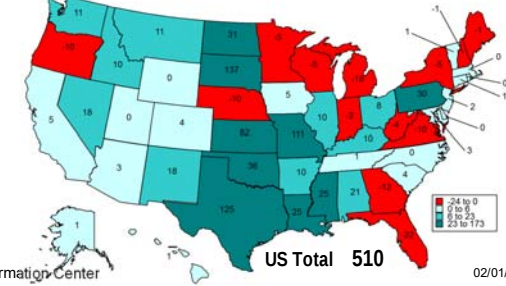
October 23, 2018
(Released Thursday, Oct. 25, 2018)
Valid 8 a.m. EDT



CHANGE IN BEEF COWS NUMBERS 2016 TO 2017

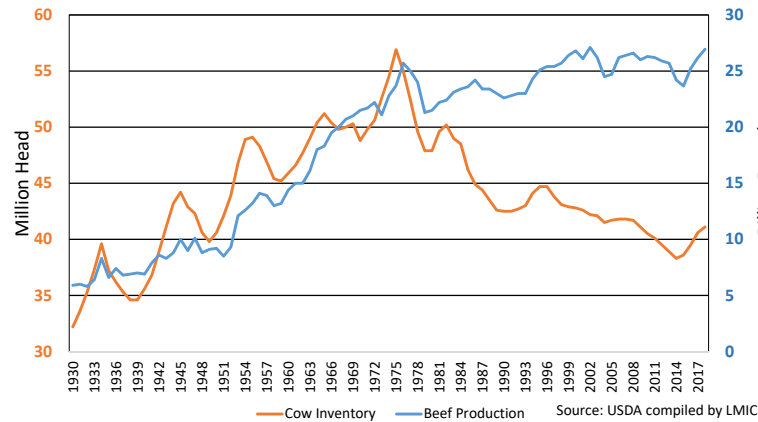


CHANGE IN BEEF COWS 2017 TO 2018



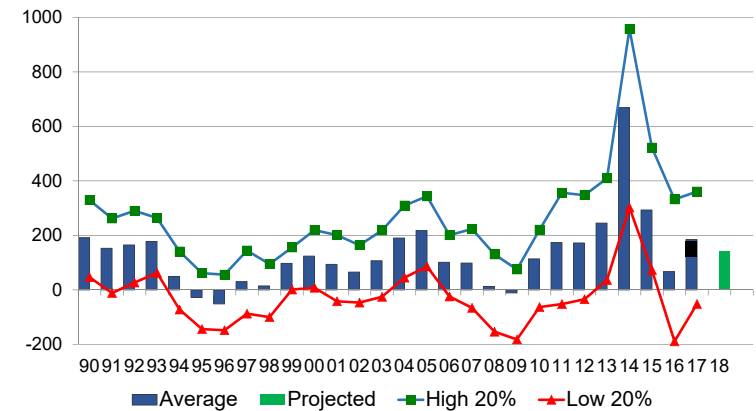
How much expansion is needed?

Cow Inventory and Beef Production

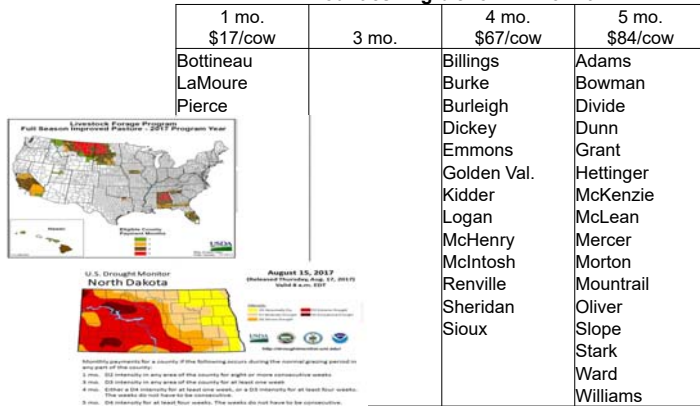


Average Net Return to Labor and Management Per Beef Cow

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

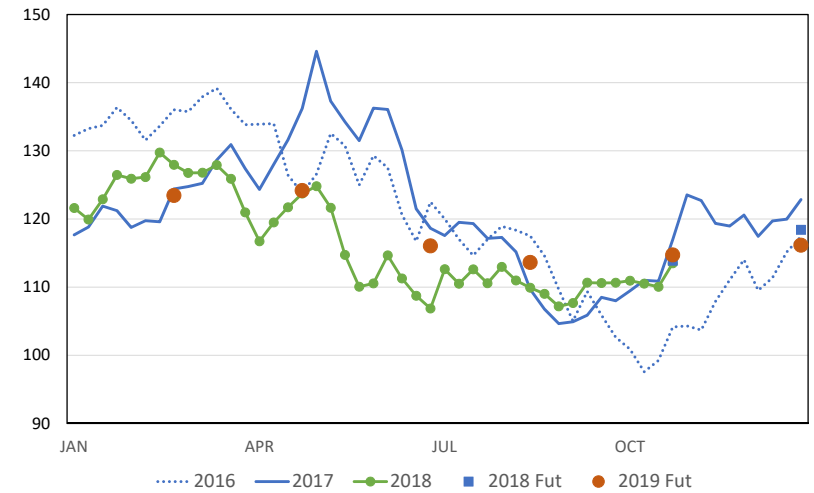


2017 ND Livestock LFP Payments: \$61,363,778
(21 eastern counties received no payment)
N.D. Counties Eligible for LFP for 2017



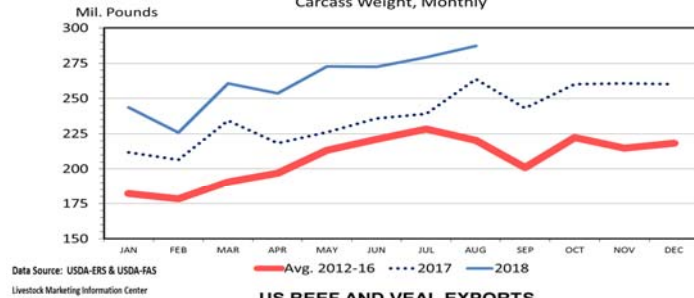
SLAUGHTER STEER PRICES

5 Market Weighted Average, Weekly



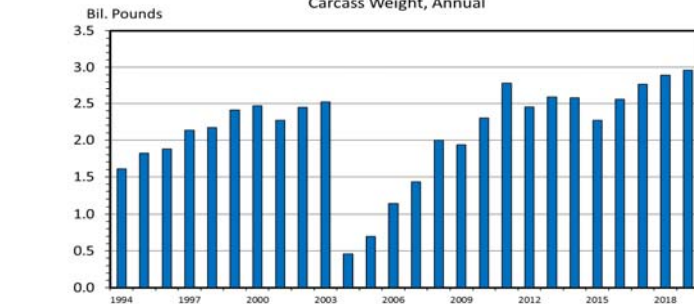
US BEEF AND VEAL EXPORTS

Carcass Weight, Monthly



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



BIG CORN CROP



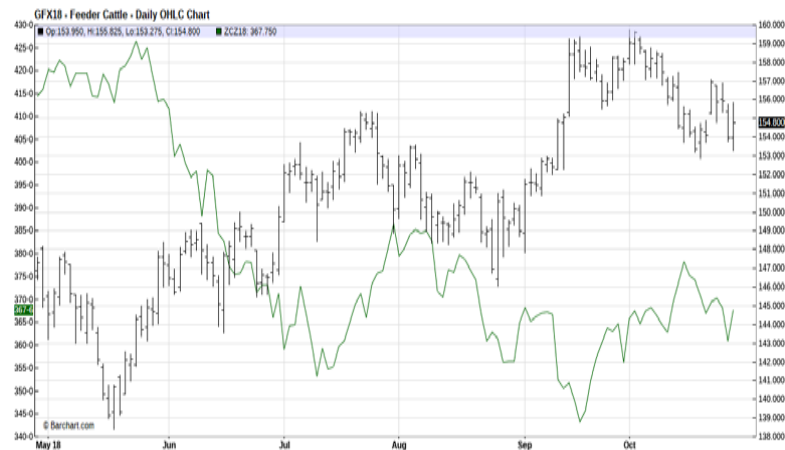
Bearish corn prices



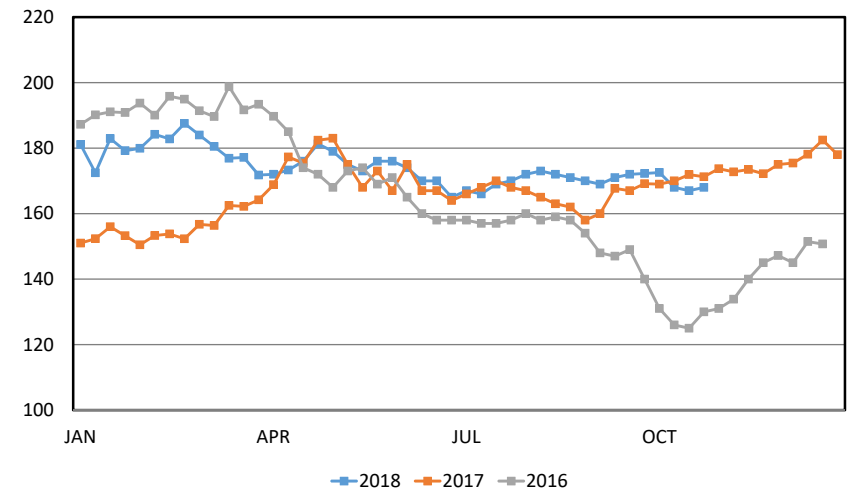
Bullish calf prices

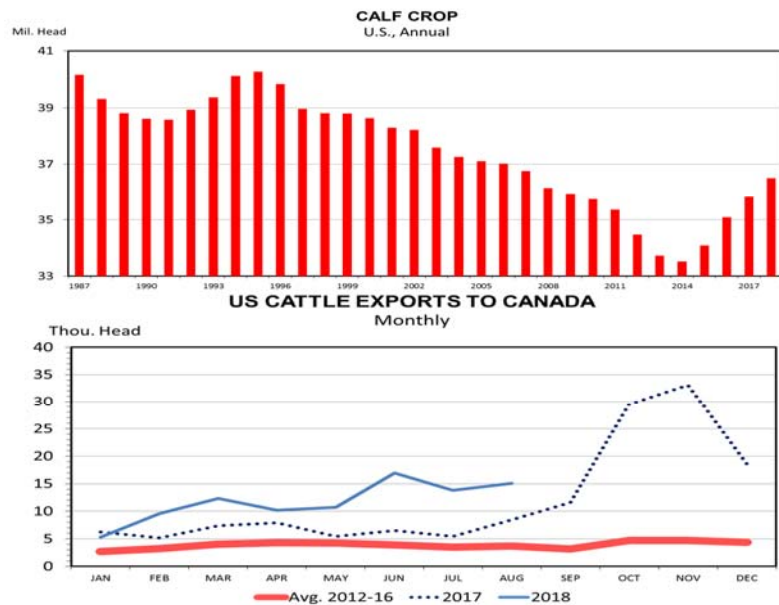


Nov Fdr Cat vs Dec Corn



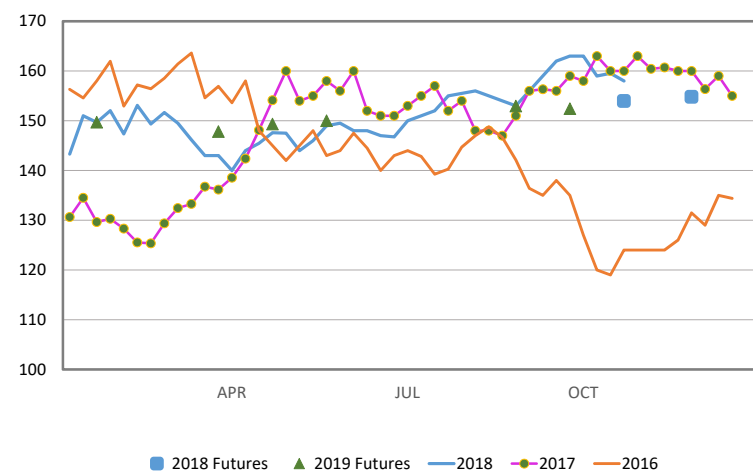
MED. FRAME #1 STEER CALF PRICES 550-600 Pounds, N.D., Weekly





Data Source: USDA-NASS Livestock Marketing Information Center

MED. & LRG. #1 FEEDER STEER PRICES 750-800 Pounds, N.D., Weekly



Projected Calf Backgrounding Profit

550 lb. to 750 lb.
\$3.10 corn, \$90 hay

750 lb. Sales Price	550 lb. Steer Purchase Price (\$/cwt)					
	160	165	170	175	180	185
140	21	-6	-33	-59	-86	-113
145	57	30	3	-24	-50	-77
150	93	66	39	12	-14	-41
155	129	102	75	48	22	-5
160	165	138	111	84	58	31
165	201	174	147	120	93	67

JAN FC - \$149.70
MAR FC - \$147.82
CME CS - \$154.01

Starting weight	light weight heifer 450 - 700			550 Steer		
	650	750	850	650	750	850
ADG	1.25	1.75	2.25	1.5	2.25	2.75
Calf price	1.60			1.75		
Calf cost	720			962		
Ration cost	102	107	111	106	121	129
F/G (dm)	11.5	9.3	7.4	10.9	7.5	6.6
Feed cost	146	125	103	58	91	127
Yard cost	60	43	33	20	27	33
Vet cost	27			25	25	25
Interest cost	26	18	14	10	14	17
COG	1.02	.84	.70	1.12	.78	.67
BE price	1.39	1.33	1.28	1.65	1.49	1.37
Sale price	1.45			1.58	1.51	1.46
Return	+36	+83	+118	-35	+14	+75

SF_LS796

Sioux Falls, SD Fri Oct 26, 2018 USDA-ND Dept of Ag Market News

North Dakota Weekly Auction Summary - For the week ending Oct 27, 2018

Receipts: 9,239 Last Week 9,783 Last Year 10,983

Results of: Kist, Napoleon, and Stockmens

Compared to last week: Steer and heifer calves 2.00 to 5.00 lower except steers 550-650 lbs steady to 1.00 higher and heifers over 600 lbs 3.00 higher. Too few yearling steers and heifers to offer a good comparison. Moderate to good demand calves as farmer feeders make good progress getting their crops out and are now wanting to place calves on feed.

Feeder Steers Medium and Large 1				
Head	Wt Range	Avg Wt	Price Range	Avg Price
5	348	348	207.00	207.00
130	351-399	383	194.00-213.50	205.16
144	412-442	433	173.50-202.00	190.12
18	403	403	200.00	200.00 Fancy
435	458-499	474	164.00-193.25	179.49
613	500-548	522	159.00-187.50	172.41
1297	550-598	570	150.50-181.25	168.17
787	600-646	625	154.50-174.00	163.71 Calves
580	650-699	670	150.00-165.00	159.99 Calves
249	702-744	721	153.00-165.00	162.30 Calves
26	760-764	761	148.00-158.00	151.09 Calves
8	838	838	154.00	154.00
159	832-836	833	159.50-160.00	159.91 Calves
34	851-884	874	146.00-153.50	149.68
30	913-914	914	147.00-153.00	151.80
12	967-979	972	145.50-147.00	146.37

SF_LS796

Sioux Falls, SD Fri Oct 26, 2018 USDA-ND Dept of Ag Market News

North Dakota Weekly Auction Summary - For the week ending Oct 27, 2018

Receipts: 9,239 Last Week 9,783 Last Year 10,983

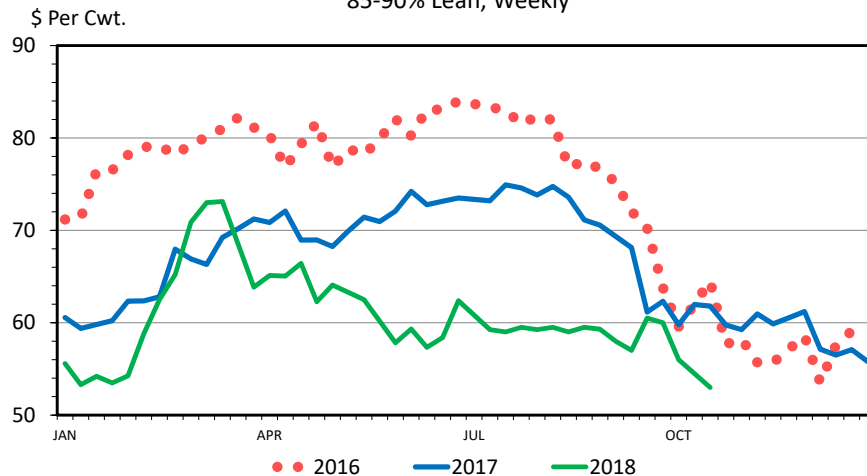
Results of: Kist, Napoleon, and Stockmens

Compared to last week: Steer and heifer calves 2.00 to 5.00 lower except steers 550-650 lbs steady to 1.00 higher and heifers over 600 lbs 3.00 higher. Too few yearling steers and heifers to offer a good comparison. Moderate to good demand calves as farmer feeders make good progress getting their crops out and are now wanting to place calves on feed.

Feeder Heifers Medium and Large 1				
Head	Wt Range	Avg Wt	Price Range	Avg Price
10	333	333	185.00	185.00
62	356-398	379	161.00-187.00	169.21
108	401-448	436	157.00-174.00	165.14
268	451-499	474	146.00-166.50	155.07
661	502-549	523	134.00-159.50	151.30
663	552-597	573	136.50-158.50	146.59
25	560	560	157.50	157.50 Fancy
5	604	604	136.50	136.50
484	600-649	621	136.00-151.00	145.41 Calves
64	683-691	684	145.50-158.00	156.22
142	653-691	666	133.50-155.00	145.58 Calves
21	724-747	738	136.00-136.75	136.28 Calves
30	754-798	776	142.00-149.50	145.86
13	811-845	819	143.00-144.00	143.76
19	862-899	878	143.00-146.00	144.95
52	912-924	920	140.00-146.00	144.42
18	953-956	954	132.50-133.00	132.69

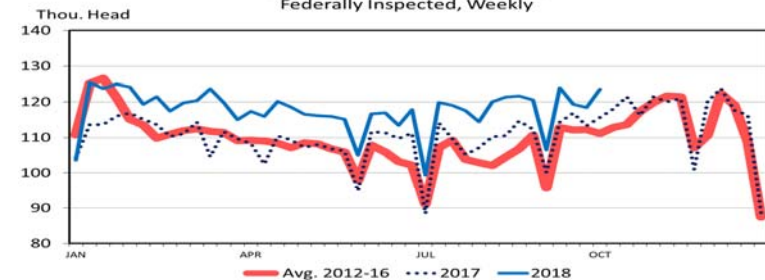
SLAUGHTER COW PRICES

85-90% Lean, Weekly



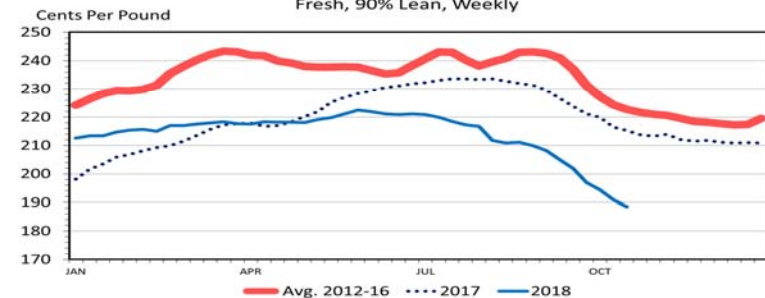
TOTAL COW SLAUGHTER

Federally Inspected, Weekly



WHOLESALE BONELESS BEEF PRICES

Fresh, 90% Lean, Weekly

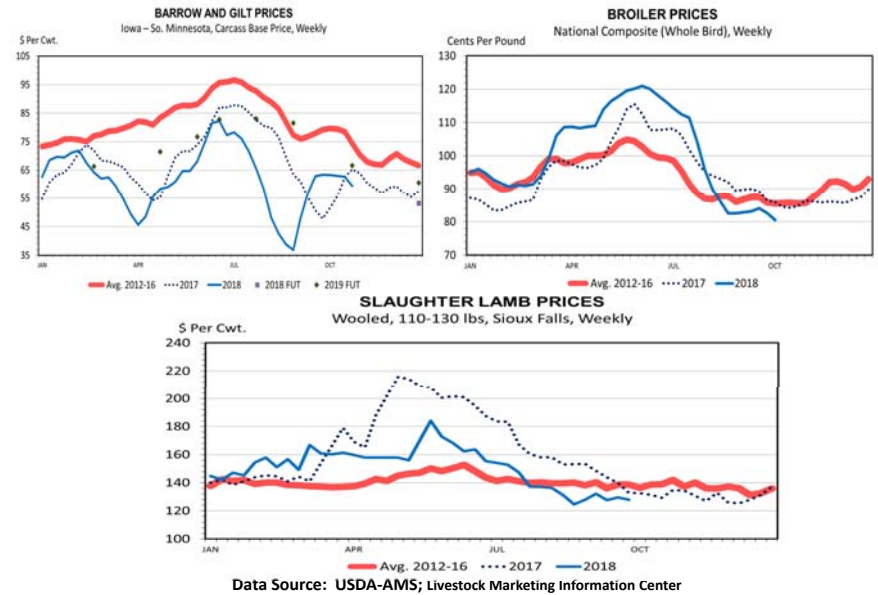


Data Source: USDA-AMS - Livestock Marketing Information Center

Risk Management? JAN FDR CAT



Other Livestock



2019: Corn Prices, Demand and Trade Issues? Questions!

