

NDSU
Extension Service



Photo courtesy of Judy Jacobson, Watford City

Cattle Situation and Outlook

Tim Petry – Livestock Economist
www.ndsu.edu/livestockeconomics
September 23, 2015



TO ALL MARKET CLUB CONFERENCE ATTENDEES

Record Breaking Prices!

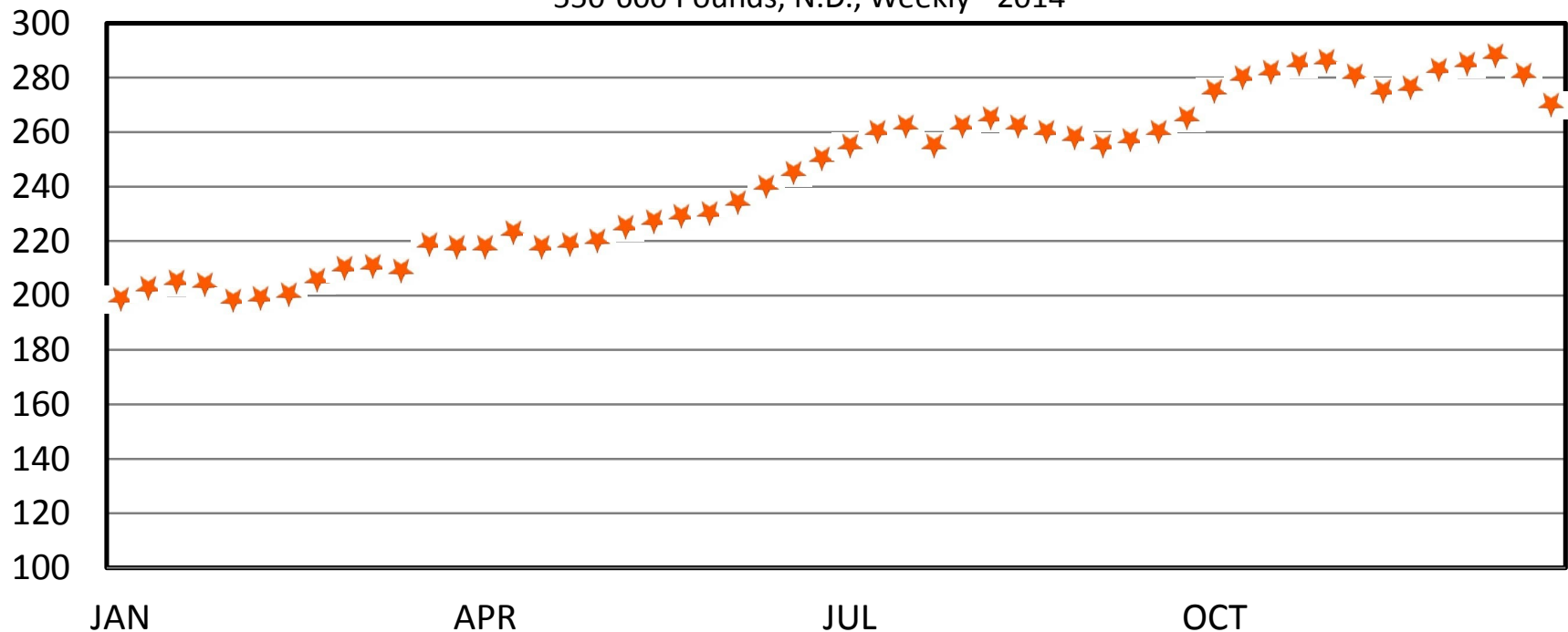


2014 – A Year to Remember

STARS ALIGNED PERFECTLY

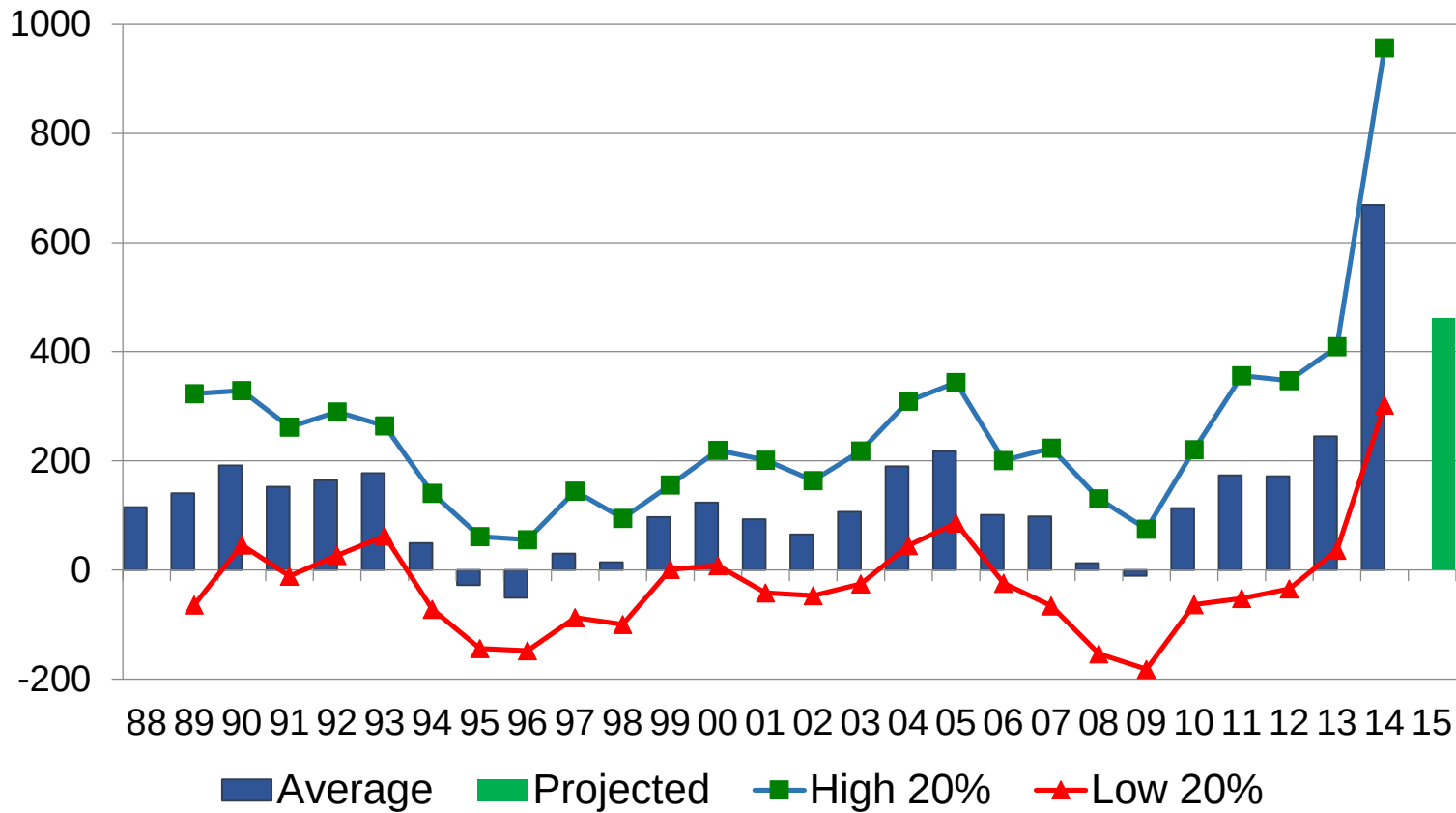
MED. FRAME #1 STEER CALF PRICES

550-600 Pounds, N.D., Weekly - 2014



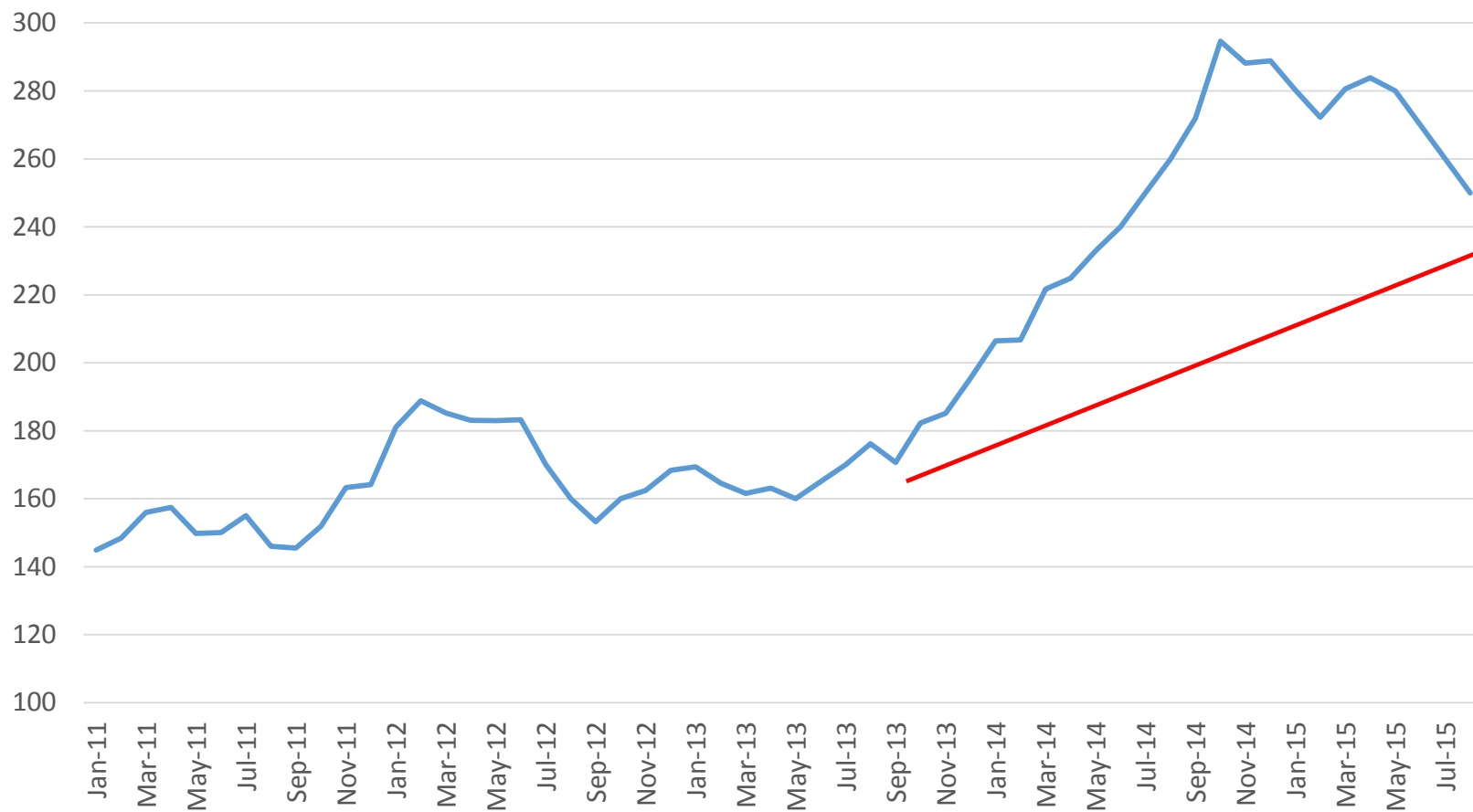
Average Net Return to Labor and Management Per Beef Cow

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



Perspective

500-600 lb Steers, ND
Monthly



SERGIO LEONE



CLINT EASTWOOD

ELI WALLACH

LEE VAN CLEEF

**THE
GOOD
AND THE
BAD
UGLY**

What Happened?

SEP FDR CAT



DEC LV CAT

LE Z5 [10] - LIVE CATTLE-GLOBEX

LAST: 138.375

CHANGE: ▼ 0.950

HIGH: 139.825

LOW: 138.025

9/18/2015



DEC CORN

ZC Z5 [10] - CORN

LAST: 377'4

CHANGE: ▼ 2'2

HIGH: 382'4

LOW: 376'4

9/19/2015



WASDE

U.S. Meat Production and Prices

	2014	2015 forecast	Change from 2014	2016 forecast	Change from 2015
Production	<i>Billion Pounds</i>		<i>Percent</i>	<i>Pounds</i>	<i>Percent</i>
Beef	24.25	23.55	-2.89	24.93	5.9
Pork	22.84	24.53	7.4	24.71	0.7
Broilers	38.55	40.01	3.79	41.10	2.7
Turkey	5.76	5.57	-3.3	6.01	7.9
Total meat	92.17	94.41	2.43	97.51	3.3
Prices	<i>Dollars/cwt</i>			<i>Dollars/cwt</i>	
Steers	154.56	153.76	-0.5	153.00	-0.5
Hogs	76.03	50.29	-33.9	47.50	-5.6
	<i>Cents/lb</i>			<i>Cents/lb</i>	
Broilers	104.9	92.7	-11.63	94.30	1.7
Turkey	107.6	116.4	8.2	114.5	-1.6

Sept. 11, 2015

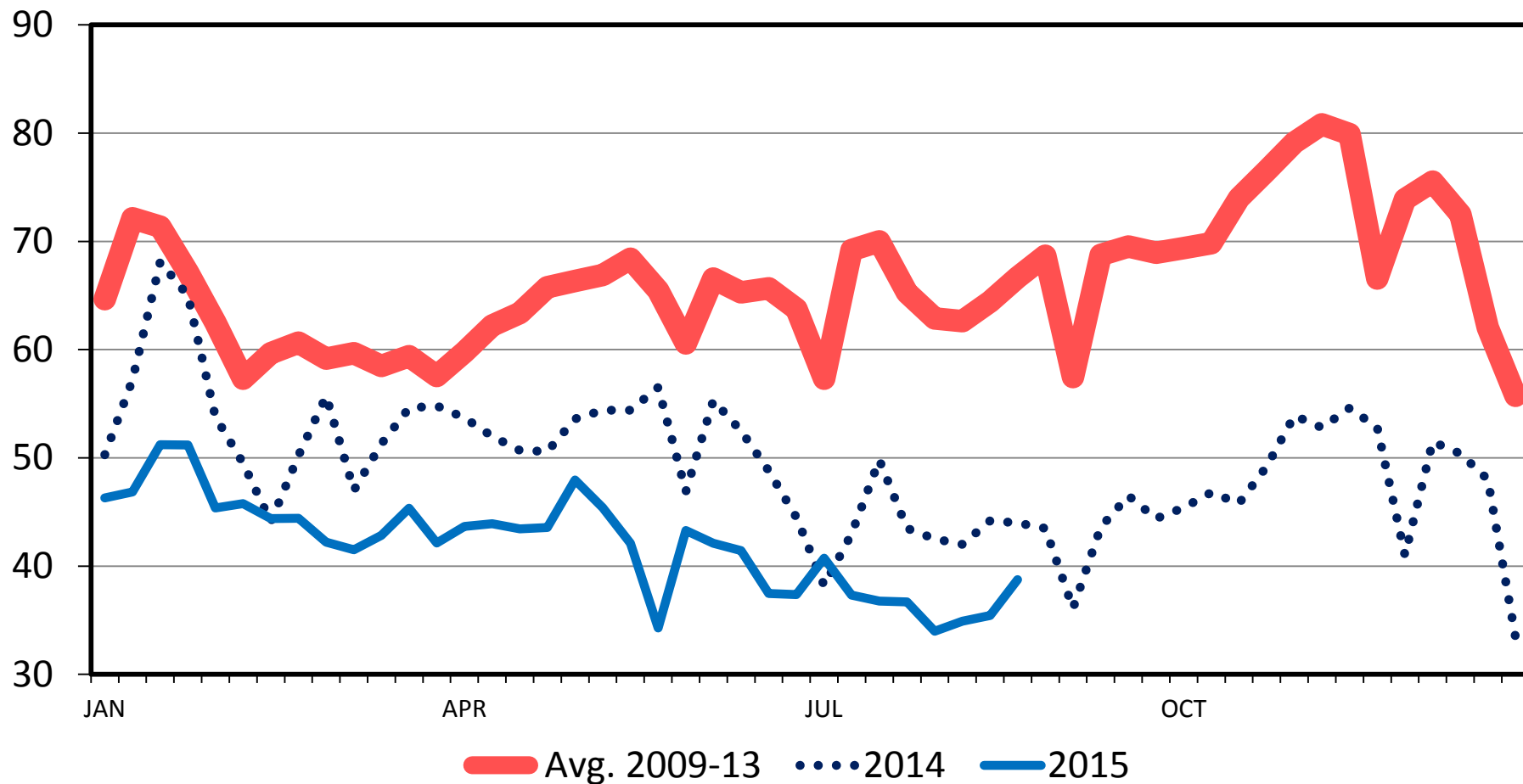
U.S. Ranking in World



BEEF COW SLAUGHTER

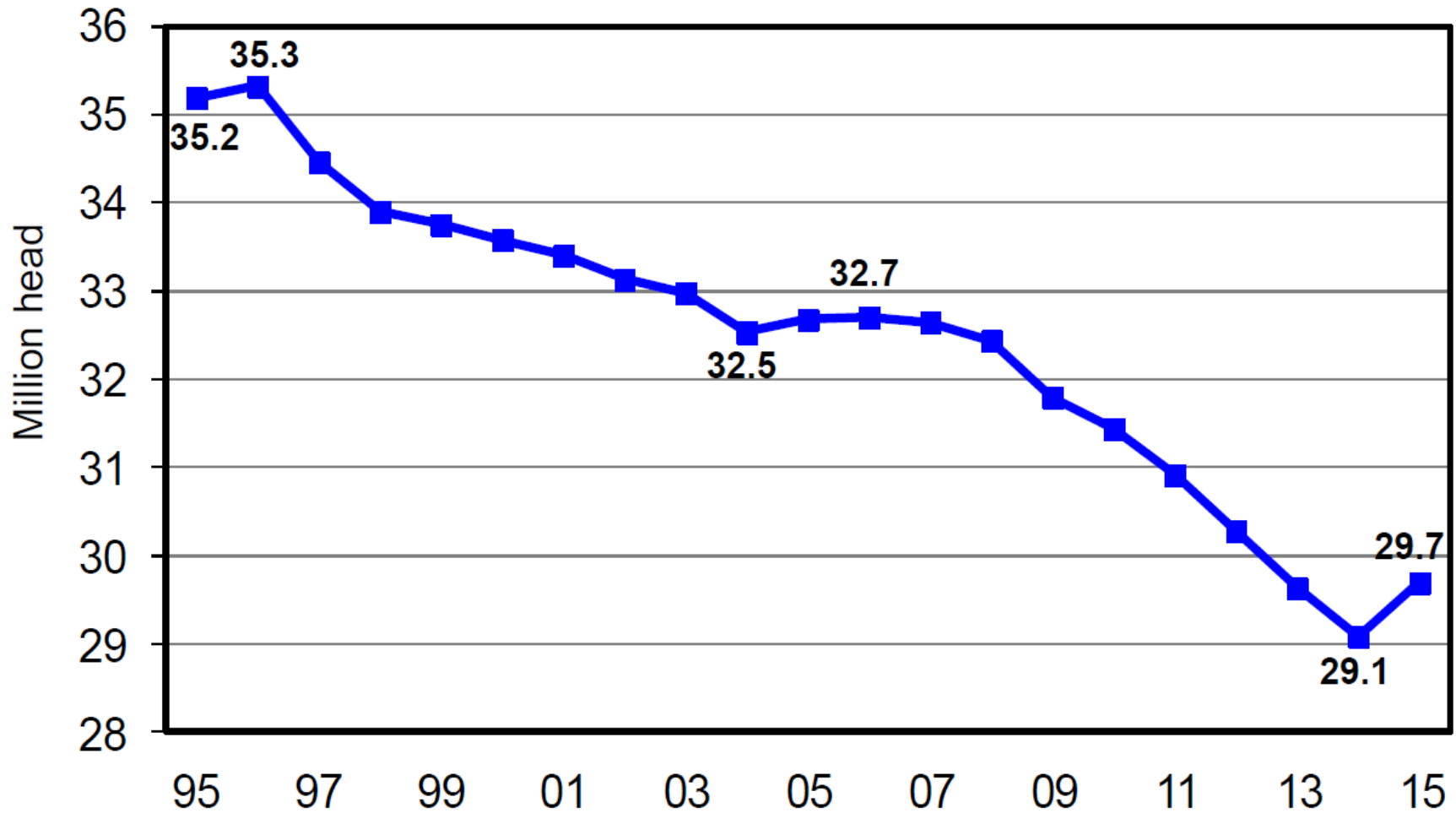
Federally Inspected, Weekly

Thou. Head



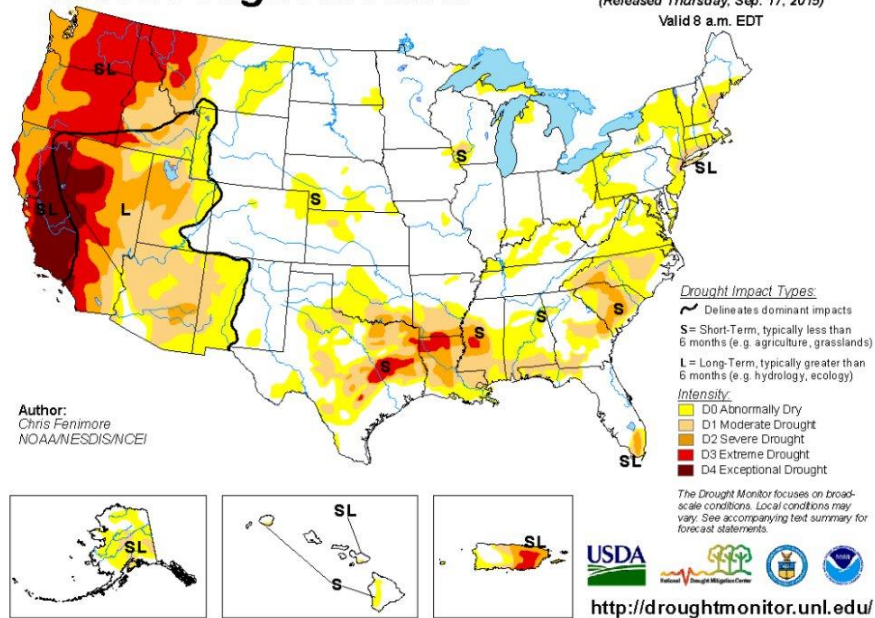
U.S. Beef Cows

January 1, 1995 - 2015

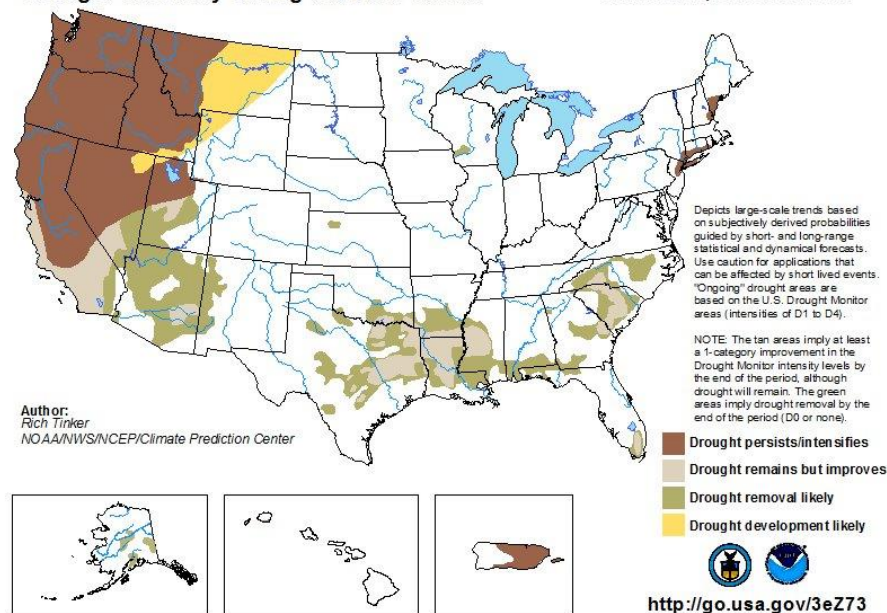


U.S. Drought Monitor

September 15, 2015
(Released Thursday, Sep. 17, 2015)
Valid 8 a.m. EDT

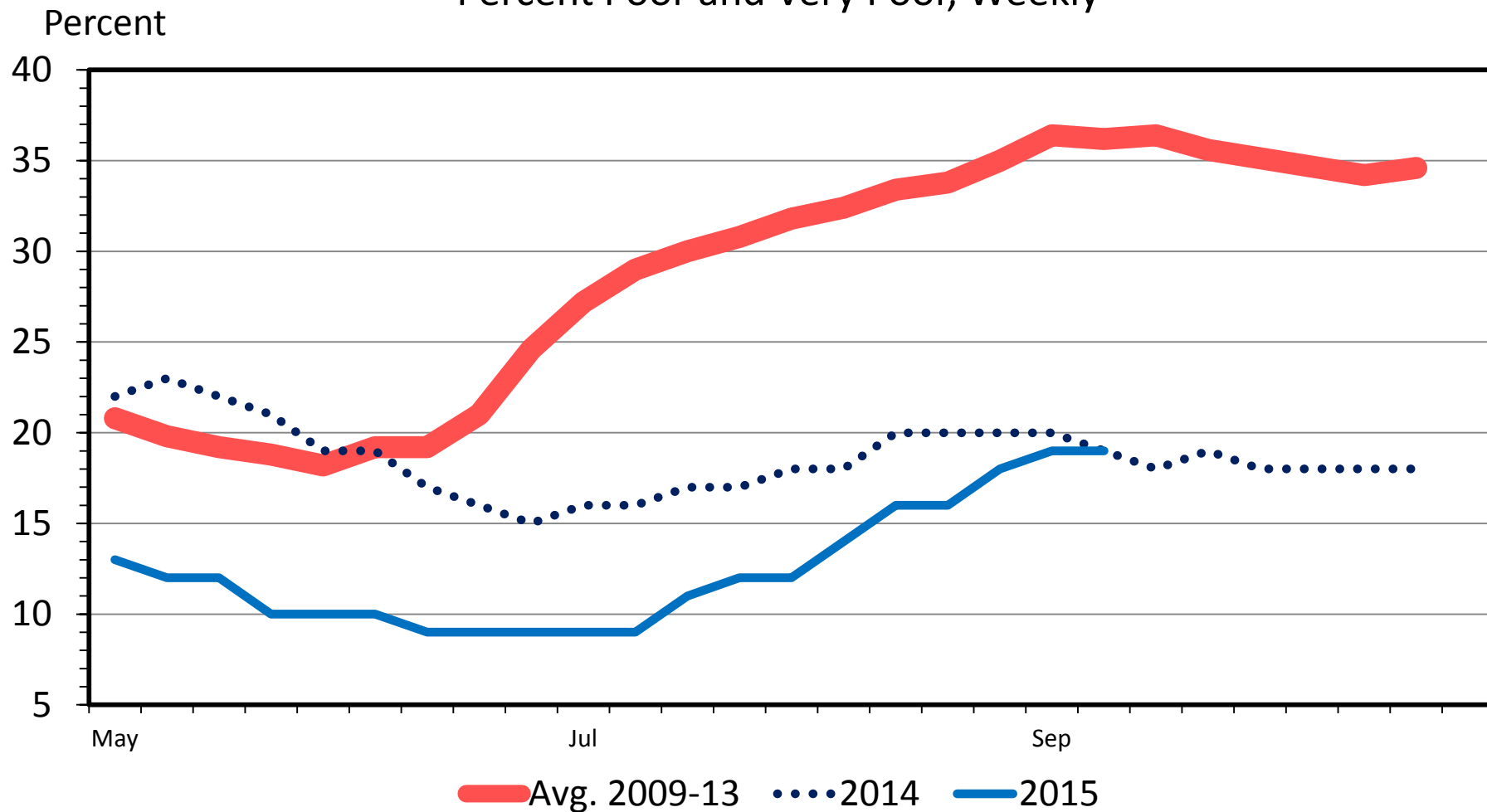


U.S. Seasonal Drought Outlook valid for September 17 - December 31, 2015 Drought Tendency During the Valid Period Released September 17, 2015



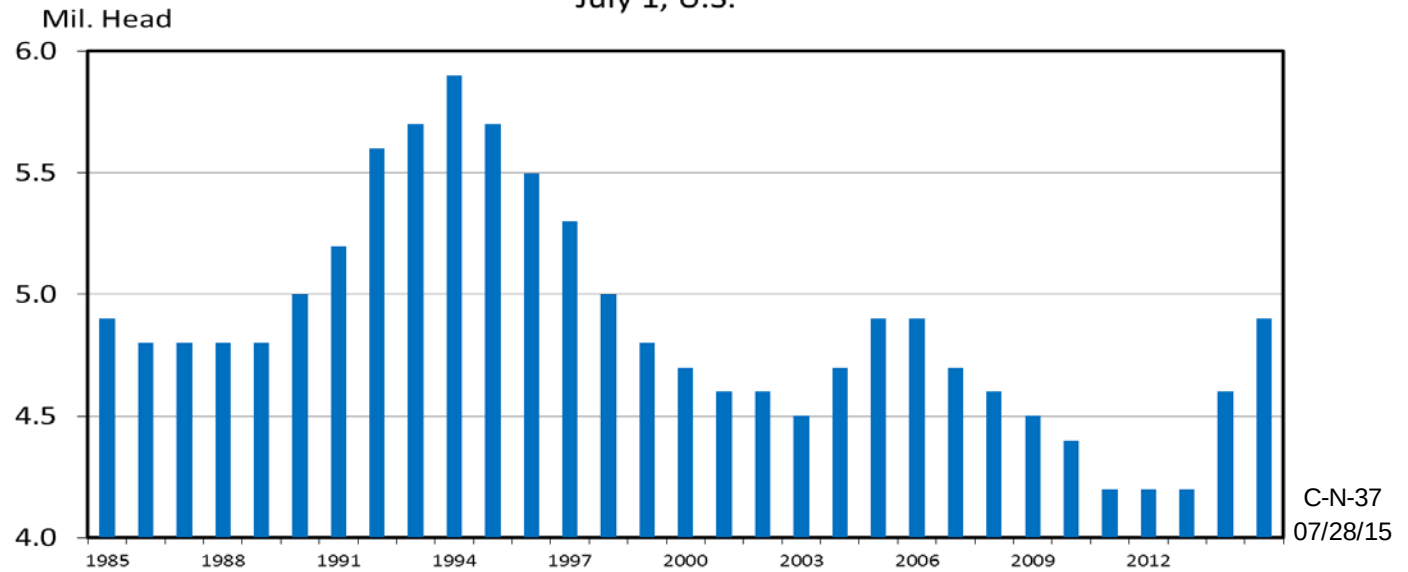
US RANGE AND PASTURE CONDITION

Percent Poor and Very Poor, Weekly



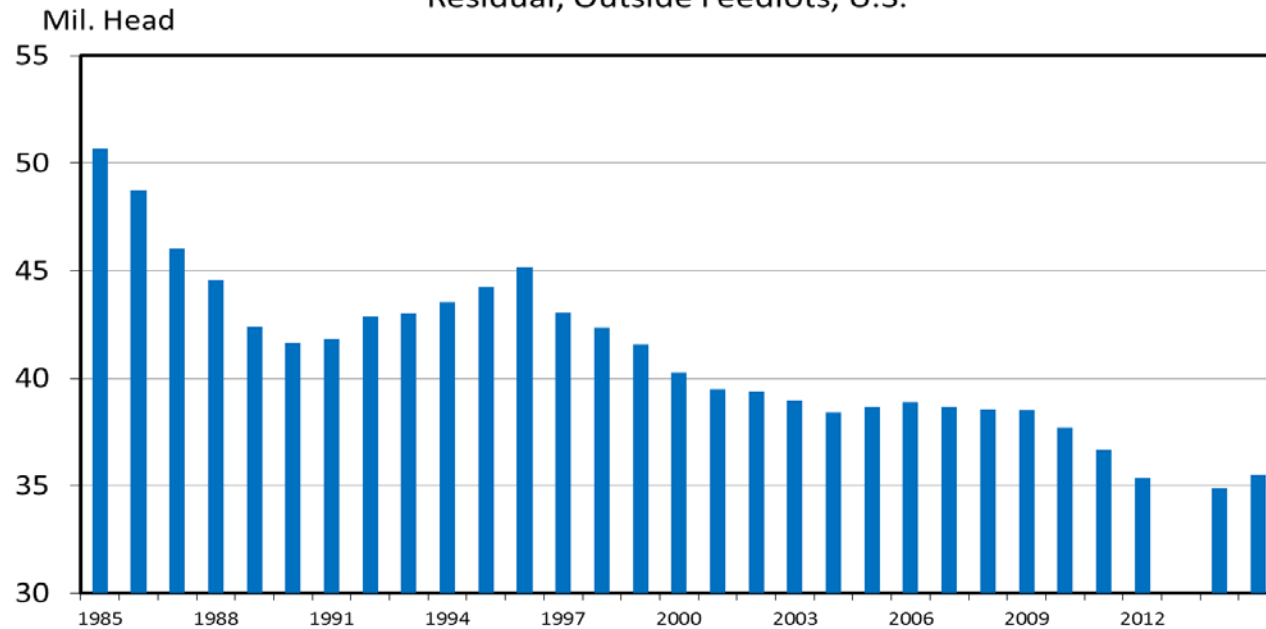
HEIFERS HELD AS BEEF COW REPLACEMENTS

July 1, U.S.



JULY 1 FEEDER CATTLE SUPPLIES

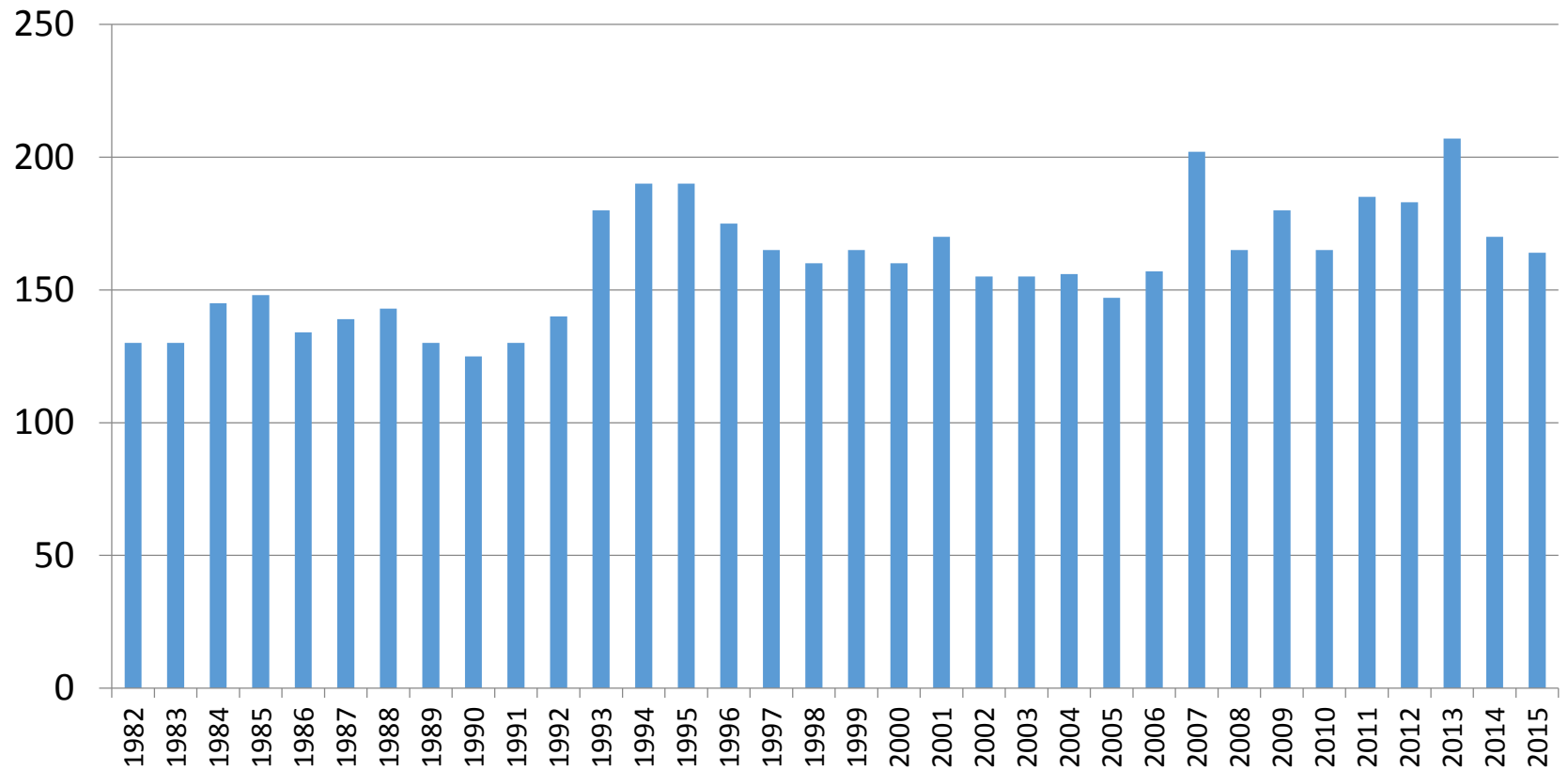
Residual, Outside Feedlots, U.S.



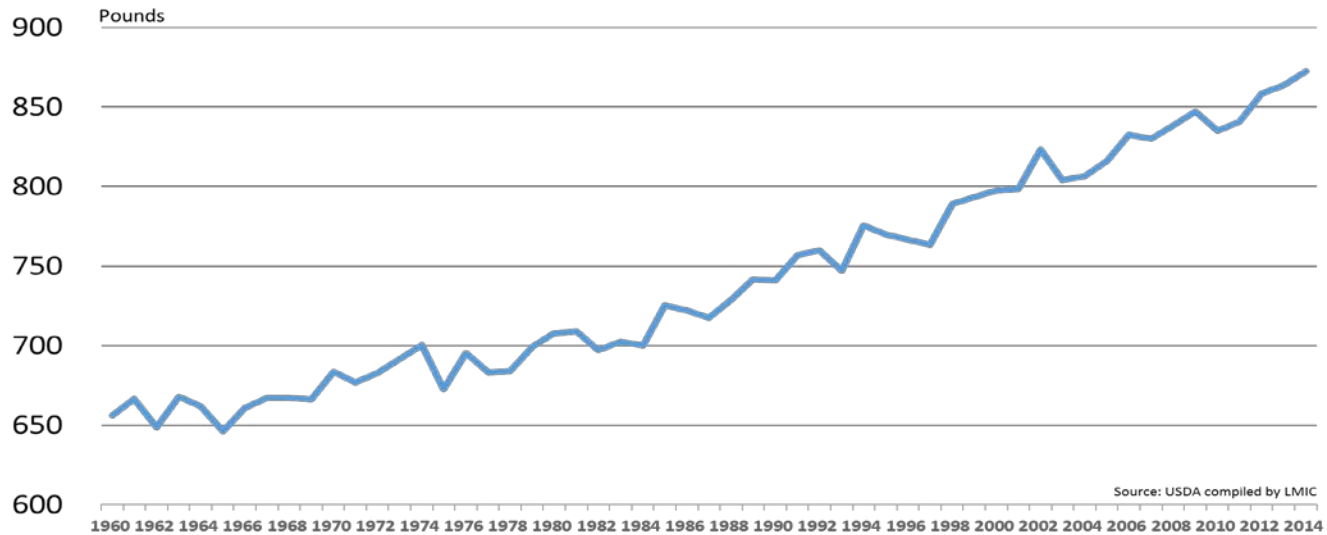
HEIFERS HELD AS BEEF COW REPLACEMENTS

January 1, ND

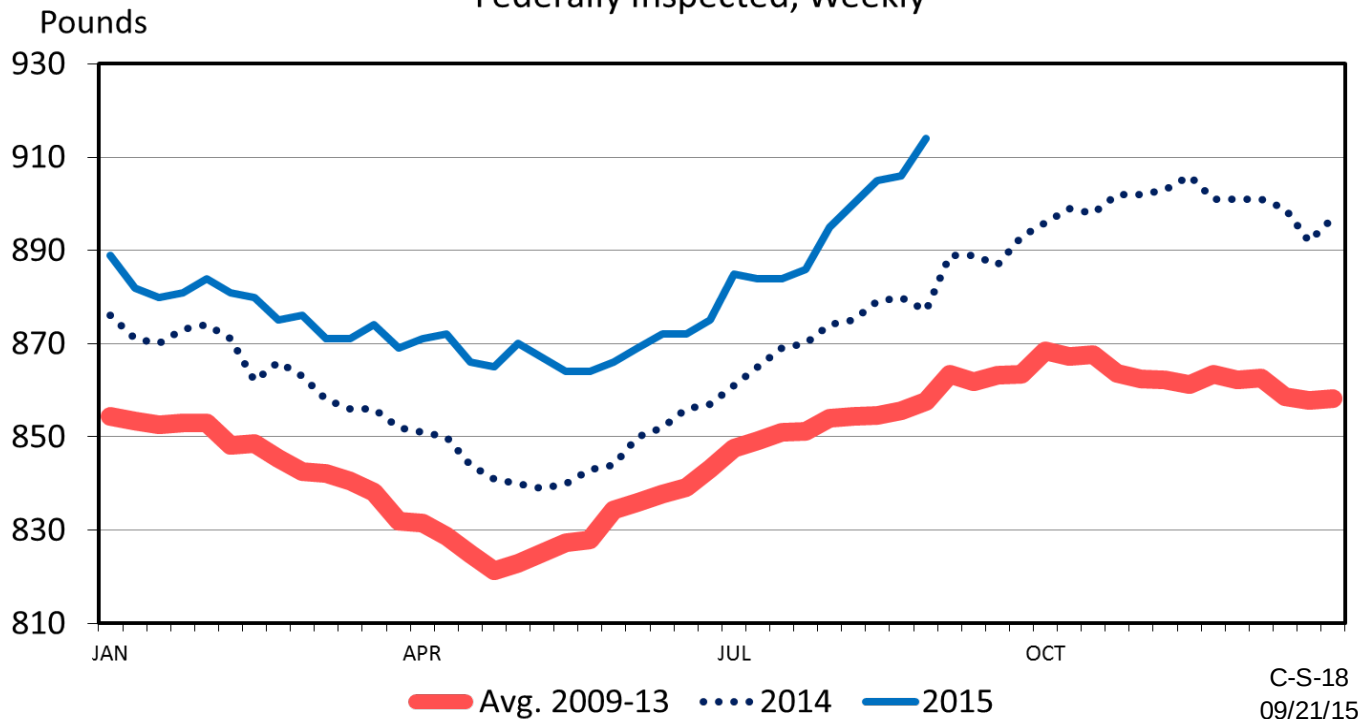
Thousand
Head



Steer Carcass Weights 1960-2014

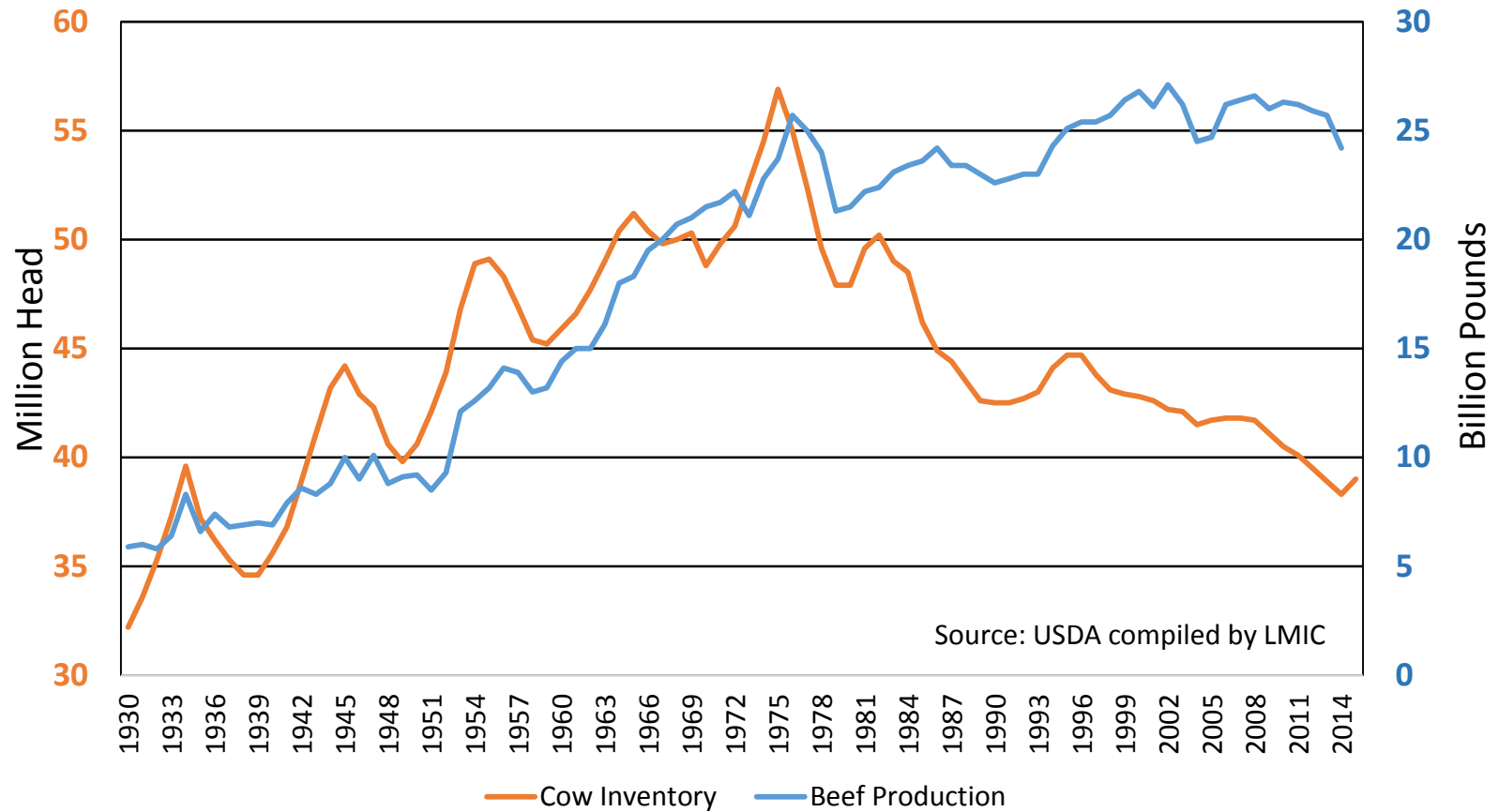


STEER DRESSED WEIGHT Federally Inspected, Weekly



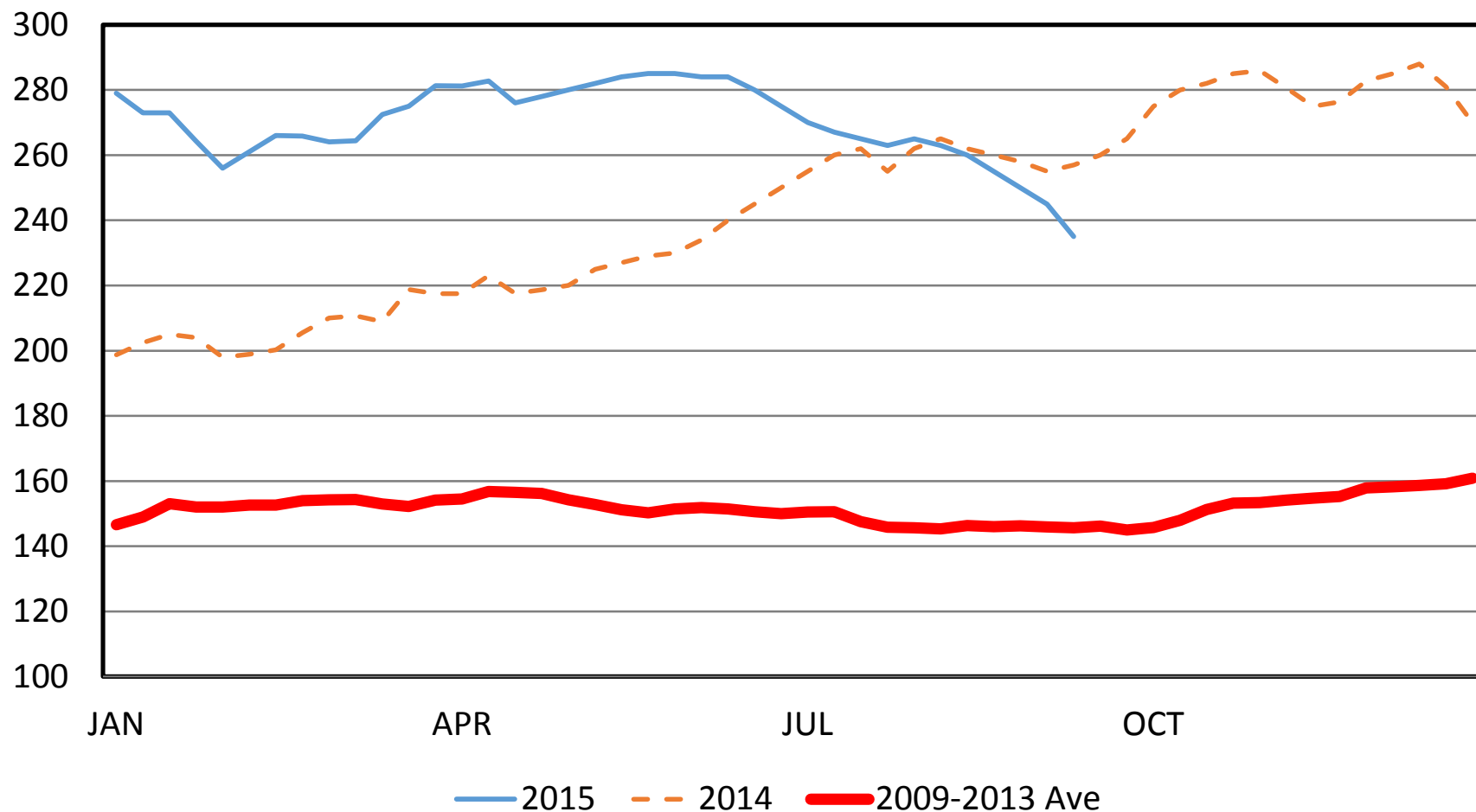
How much expansion is needed?

Cow Inventory and Beef Production



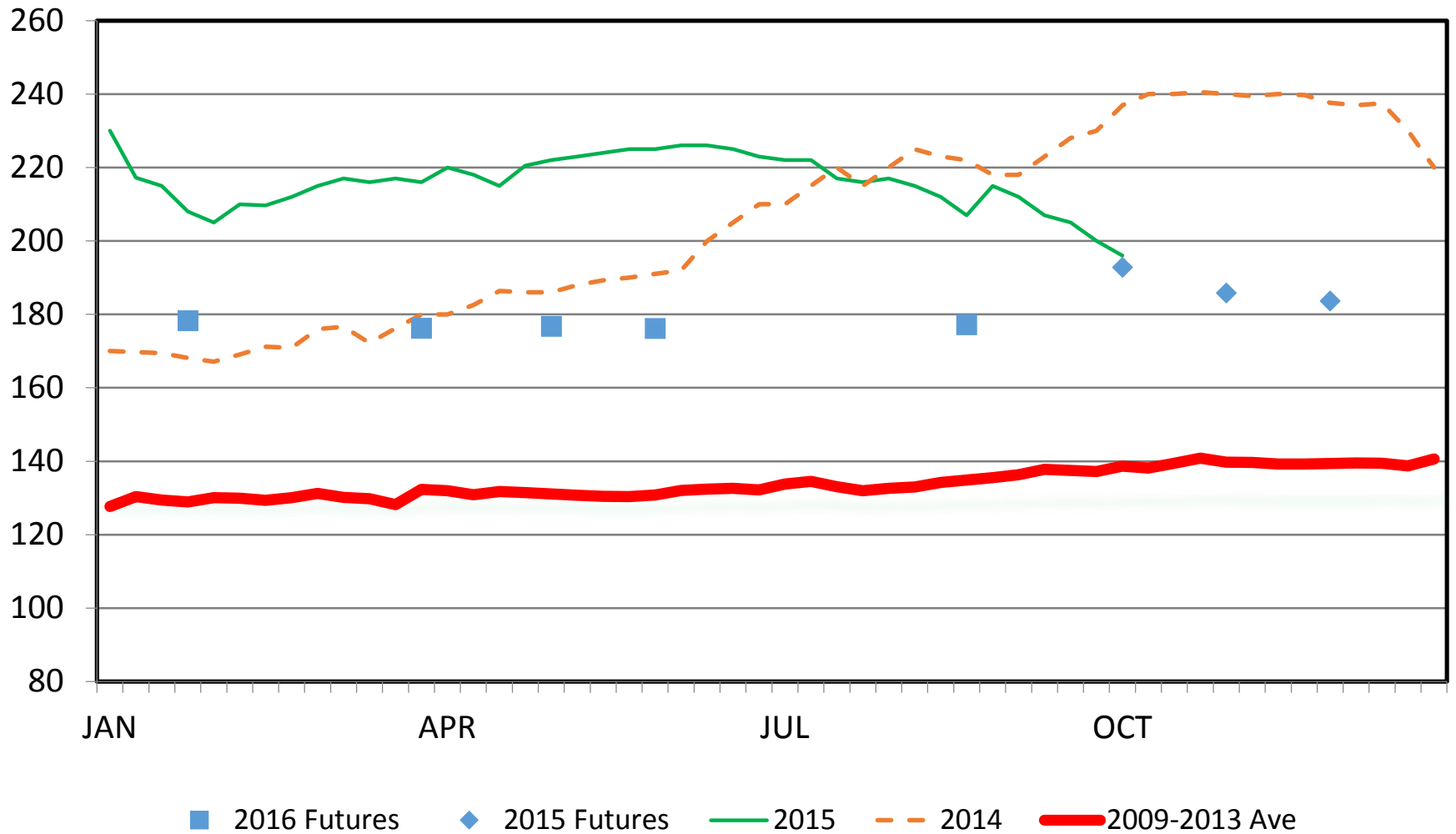
MED. FRAME #1 STEER CALF PRICES

550-600 Pounds, N.D., Weekly



MED. & LRG. #1 FEEDER STEER PRICES

750-800 Pounds, N.D., Weekly



SF_LS796 Sioux Falls, SD Fri Sep 18, 2015 USDA-ND Dept of Ag Market News

North Dakota Weekly Auction Summary - For the week ending Sep 19, 2015

Receipts: 2,503 Last Week: 2,113 Last Year: 1,155

Results of: Napoleon and West Fargo

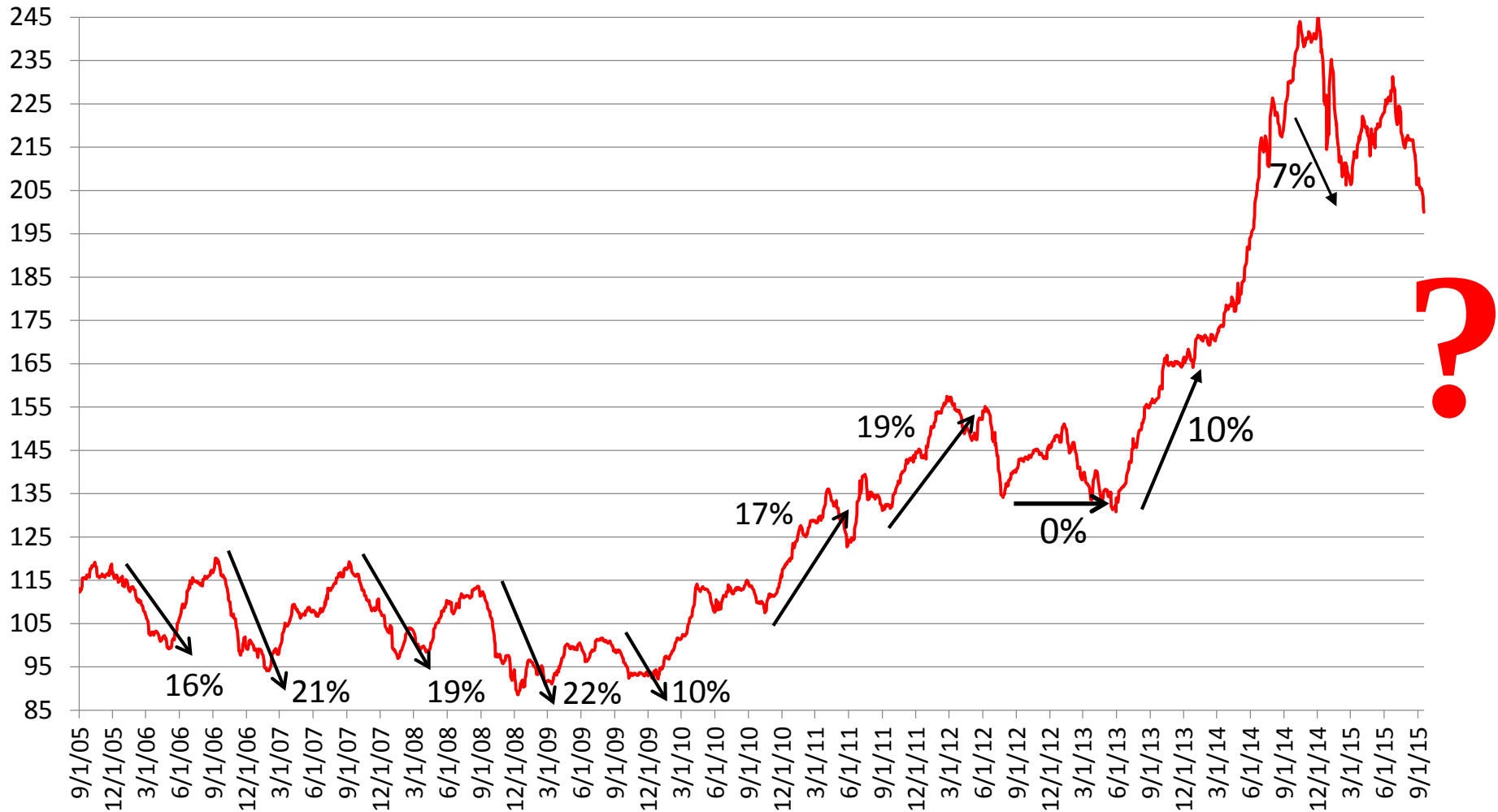
Feeder Steers Medium and Large 1

Head	Wt Range	Avg Wt	Price Range	Avg Price	
5	333	333	317.50	317.50	
8	661	661	204.50	204.50	
16	718-725	721	208.00-212.00	209.51	
132	780-799	798	195.00-196.00	195.96	
111	803-838	822	189.00-195.00	193.64	
4	808	808	198.75	198.75	Thin Fleshed
217	855-879	873	191.50-195.25	193.36	
123	911-943	923	181.00-194.75	188.79	
184	963-975	968	180.75-182.50	181.92	
131	1013-1046	1044	164.00-171.50	169.96	
6	1056-1061	1059	158.00-164.00	161.01	

Feeder Heifers Medium and Large 1

Head	Wt Range	Avg Wt	Price Range	Avg Price	
7	667	667	196.50	196.50	
87	700-748	718	184.00-195.00	189.59	
134	763-797	782	180.00-184.25	183.34	
278	813-847	829	179.00-185.25	183.95	
197	851-894	888	171.60-179.50	176.15	
152	901-923	910	169.25-178.25	176.78	
36	968-998	984	163.00-175.00	170.93	
27	1016	1016	163.50	163.50	

CME Feeder Cattle Index



Proposed Changes

CME Feeder Cattle Price Index

History:

- Feeder cattle futures trading started in 1972
- Cash settlement started in 1993
- USDA-AMS avg. price from auctions (70%), direct (30%)
- Weight: 700-799 lb. steers
700-849
Since 2005 650-849 (avg. 756 2010-14)

Proposed: 700 -899 (avg. 796)

Price Impact: \$-2.65/cwt

BASIS ?

LRP ? Over 600 lb + 10% = Under 600 lb.

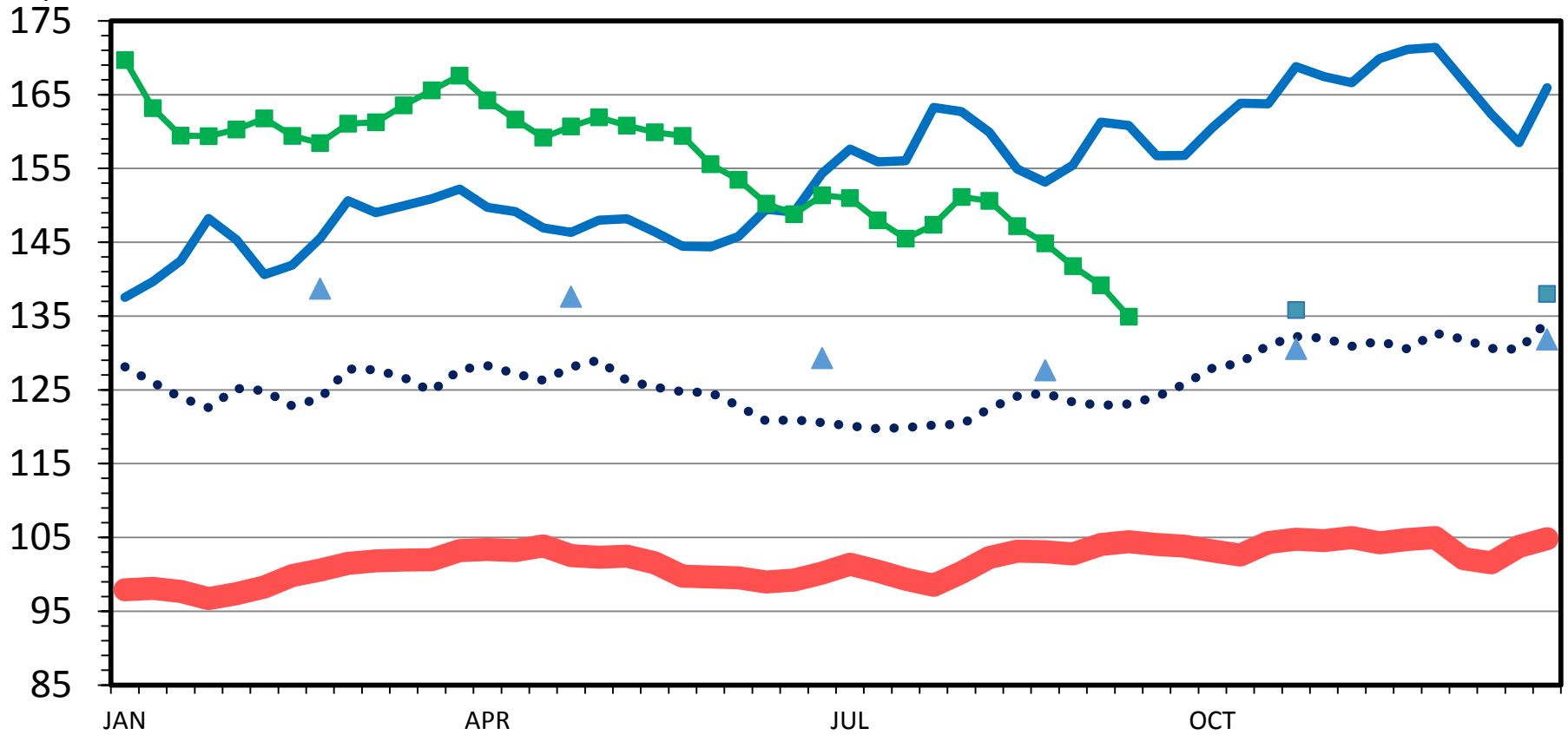
Comments until Oct. 2

jackcook@cmegroup.com

SLAUGHTER STEER PRICES

5 Market Weighted Average, Weekly

\$ Per Cwt.

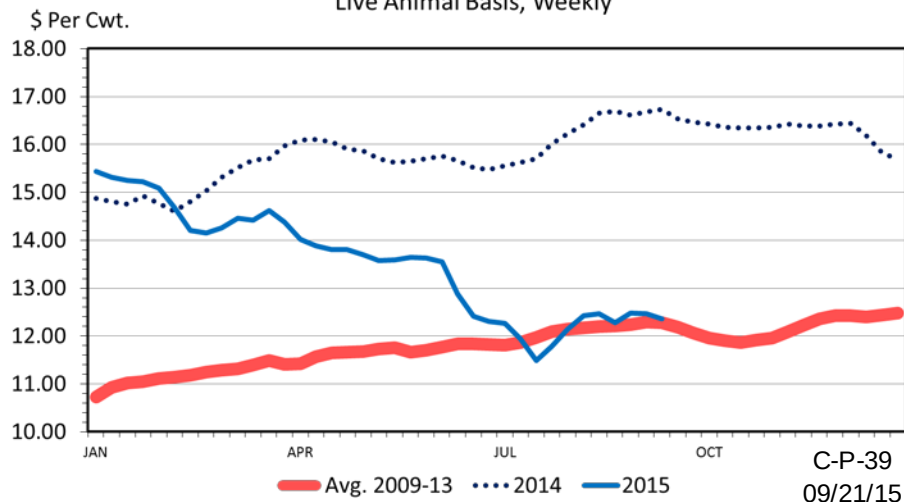


● Avg. 2008-12 ● 2013 — 2014 ■ Fut 2015 —■ 2015 ▲ Fut 2016

Fed Cattle Price Predicament

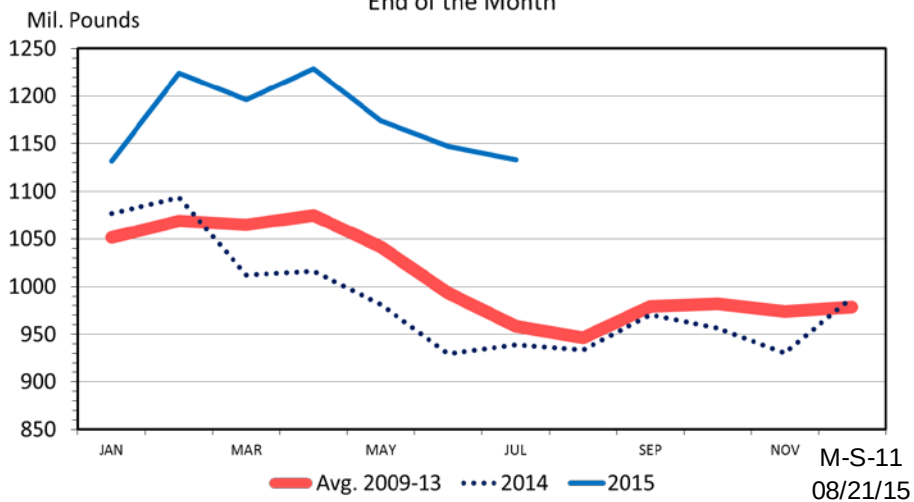
STEER HIDE AND OFFAL VALUE

Live Animal Basis, Weekly



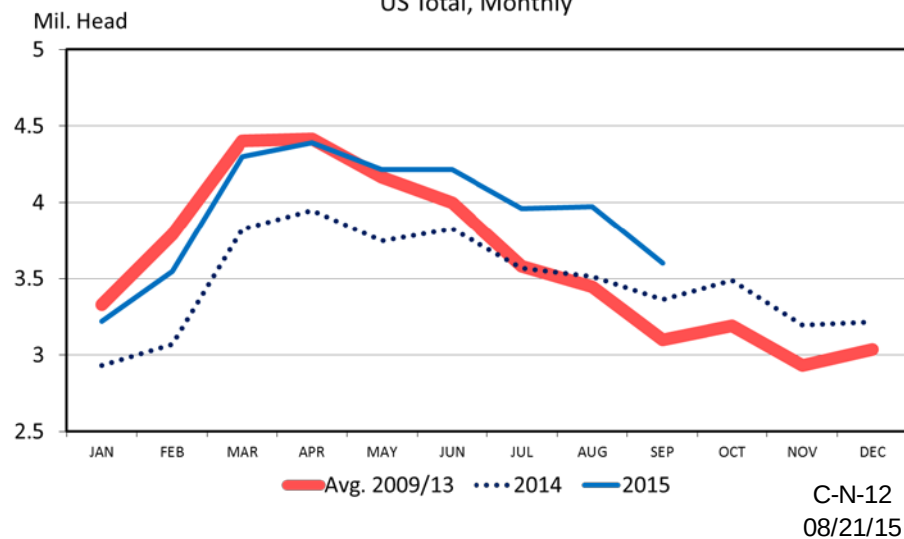
TOTAL RED MEAT IN COLD STORAGE

End of the Month



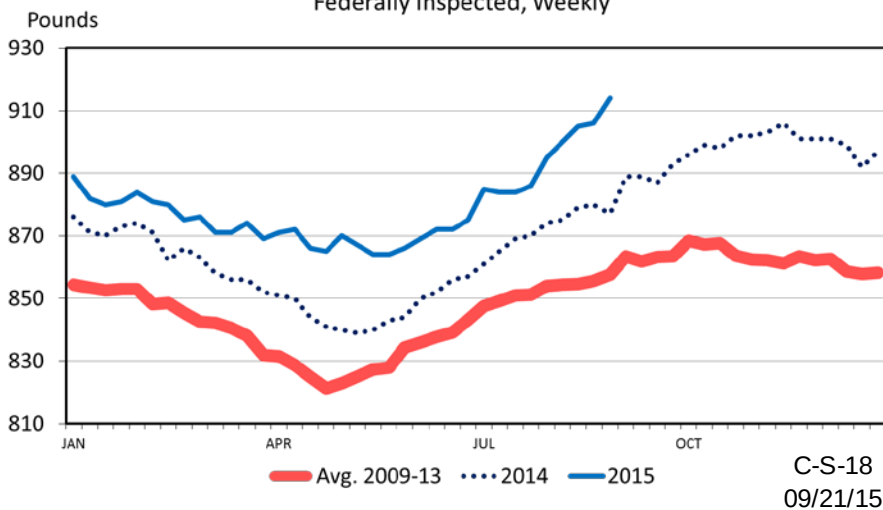
CATTLE ON FEED OVER 120 DAYS

US Total, Monthly



STEER DRESSED WEIGHT

Federally Inspected, Weekly



NATIONAL WEEKLY DIRECT SLAUGHTER CATTLE-PRIOR WEEK SLAUGHTER AND CONTRACT PURCHASES
For Week Ending Sunday, 09/20/2015

D: BASIS DISTRIBUTION

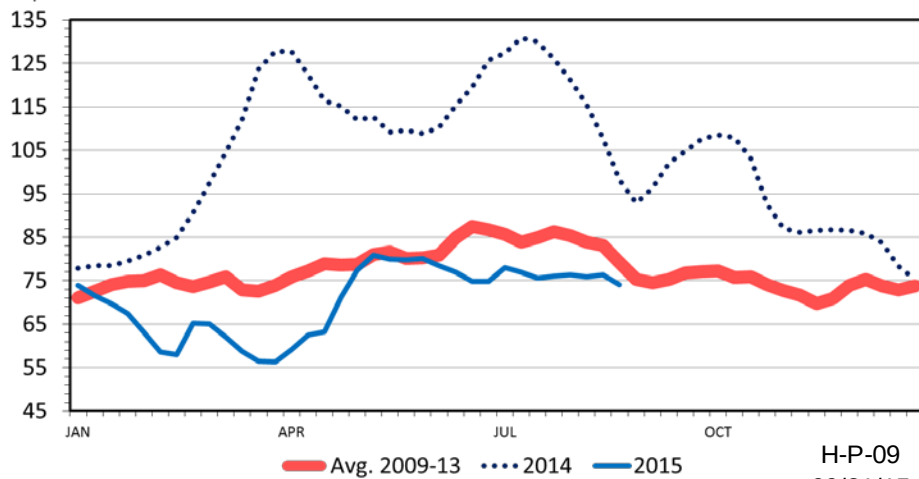
Delivery Mo./Basis Mo.		Dec '15/Dec	
		156 head =	-7.50
		35 head =	0.00
Sep '15/Oct		547 head =	+1.00
1,010 head =	+1.50	1,366 head =	+2.00
3,313 head =	+4.50	2,701 head =	+2.50
		1,164 head =	+3.50
Oct '15/Oct		2,498 head =	+4.00
195 head =	-8.00		
39 head =	-7.50	Jan '16/Feb	
245 head =	-3.00	156 head =	-7.50
1,632 head =	0.00	156 head =	+1.00
267 head =	+2.00	1,050 head =	+2.50
572 head =	+4.00	971 head =	+3.00
		4,246 head =	+4.50
Nov '15/Dec		1,265 head =	+5.00
234 head =	-7.50		
780 head =	-1.00	Feb '16/Feb	
120 head =	-0.50	68 head =	-8.00
812 head =	0.00	312 head =	-7.50
2,143 head =	+1.00	120 head =	0.00
526 head =	+2.00	412 head =	+1.00
113 head =	+2.50	1,293 head =	+2.00
606 head =	+3.00	1,415 head =	+2.50
4,458 head =	+4.00	1,260 head =	+4.00
		2,332 head =	+4.50
		1,327 head =	+5.00

Competing Meats

BARROW AND GILT PRICES

Iowa – So. Minnesota, Carcass Base Price, Weekly

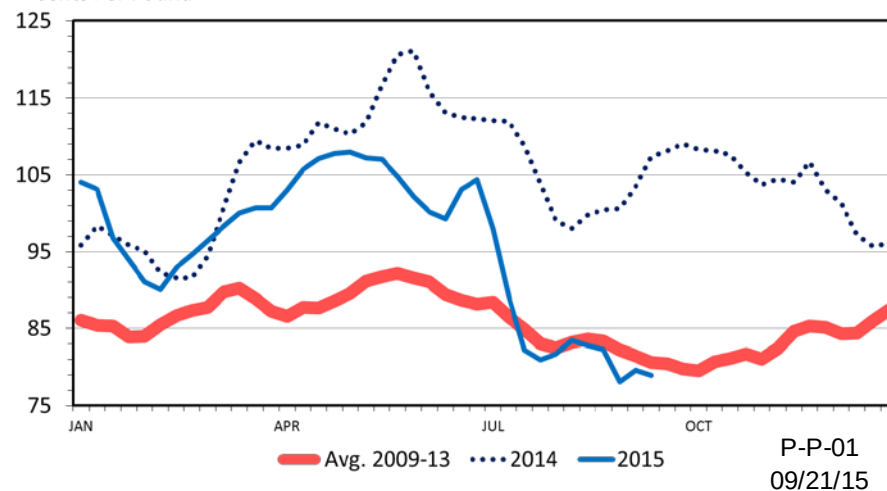
\$ Per Cwt.



BROILER PRICES

National Composite, Weekly

Cents Per Pound



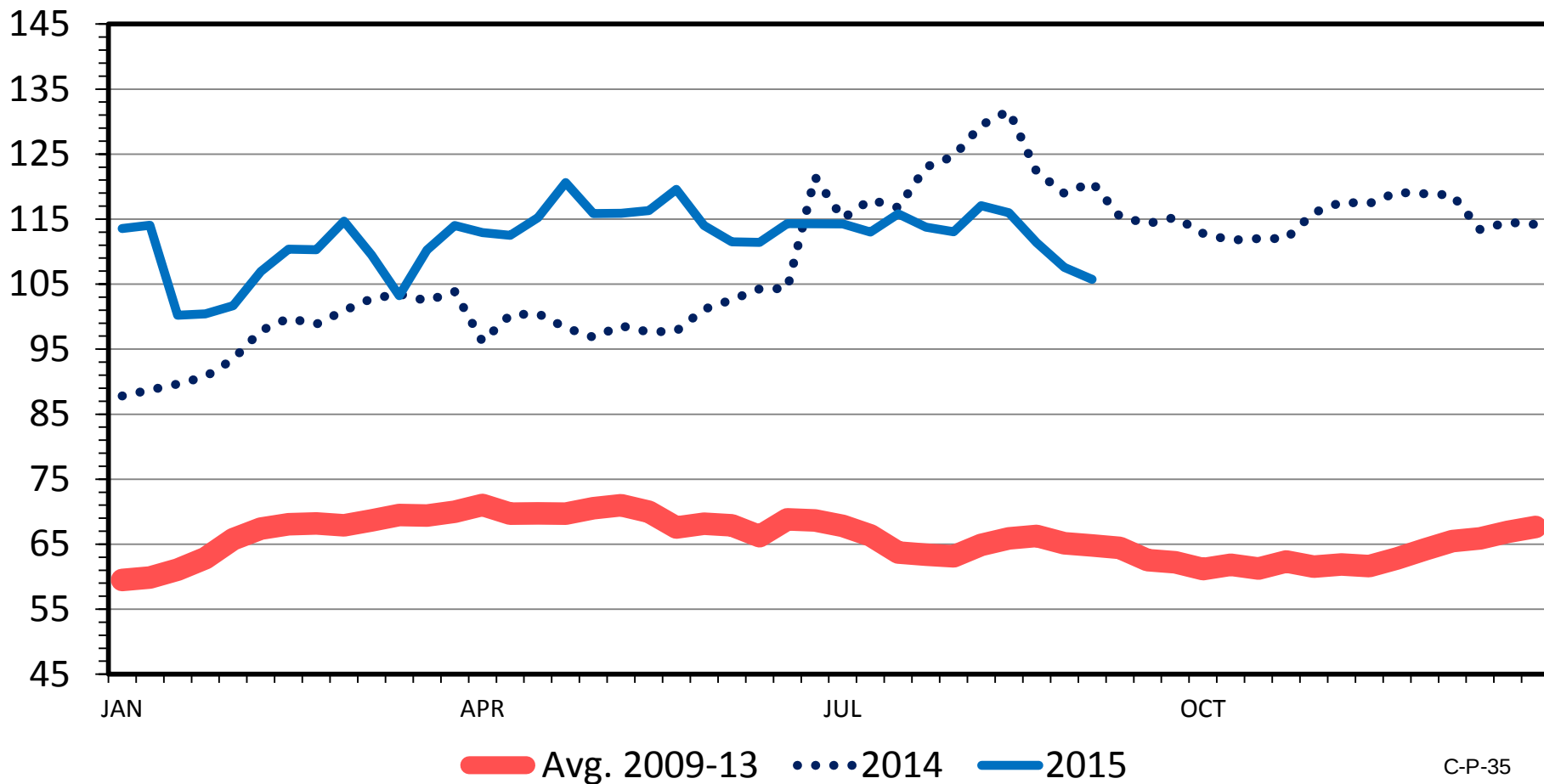
Data Source: USDA-AMS

Livestock Marketing Information Center

SLAUGHTER COW PRICES

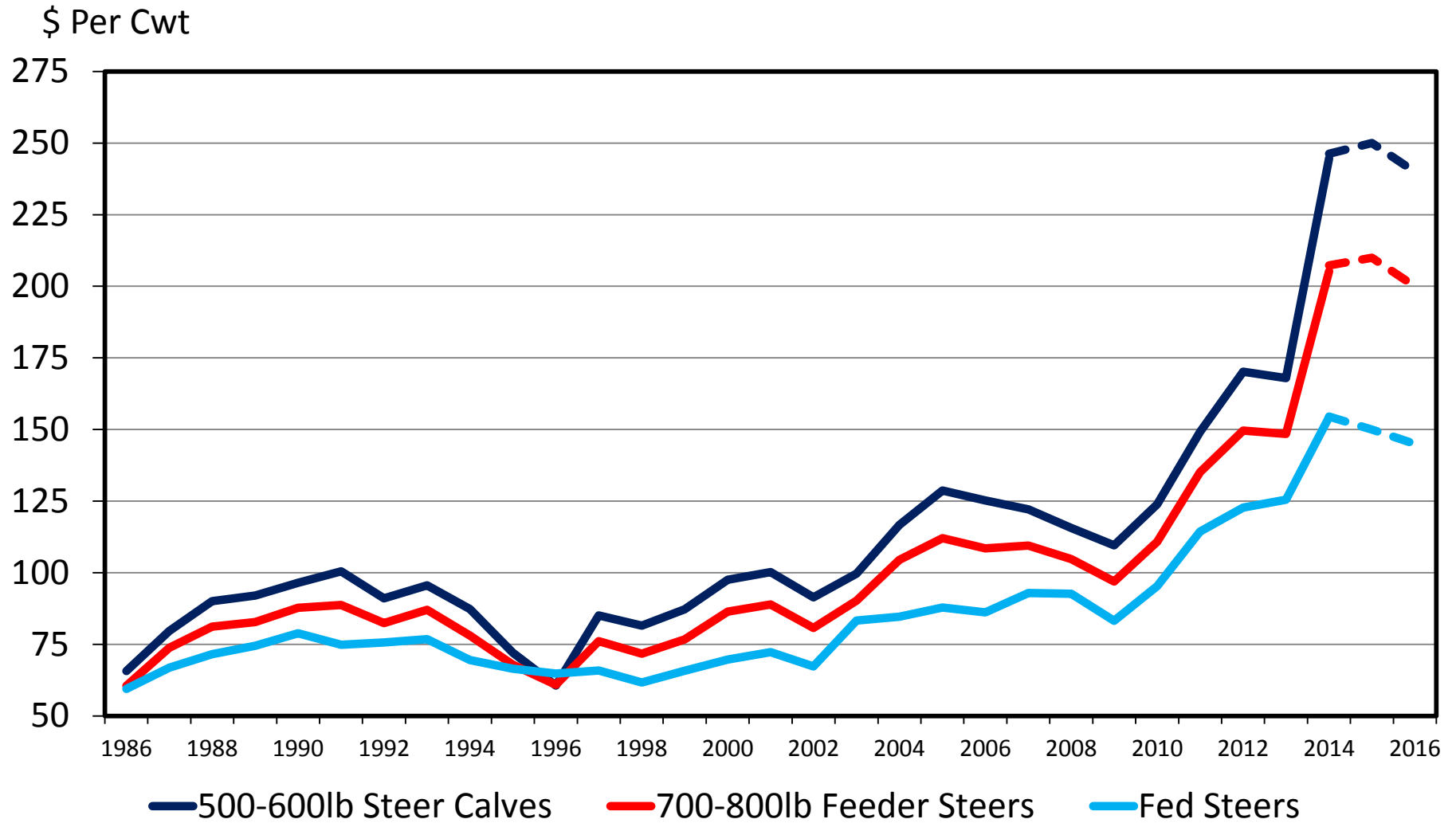
85-90% Lean, Weekly

\$ Per Cwt.



C-P-35
09/21/15

AVERAGE ANNUAL CATTLE PRICES



Cattle Cycle Marketing Strategies

- $P \uparrow$

- Sell high priced heifers
- Retain calves longer
(background, summer graze, feed to slaughter weight, replacement heifers)
- Pre-price a floor price to protect from catastrophic price decline and leave top side price potential open

- $P \downarrow$

- Sell more cows, keep or buy low priced heifers
- Evaluate retention programs closely
- Active pre-pricing plan

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?

Volatile Prices – Will Continue! Questions!

