Overview

- Market Conditions
- Beef Cattle Market Fundamentals
  - Supply and Demand
- Beef Demand & Consumption
- International Trade
- Questions/Discussion
Market Conditions
MED. & LRG. #1-2 FEEDER STEER PRICES
500-600 Pounds, Tennessee, Weekly

Data Source: USDA-AMS
MED. & LRG. #1-2 FEEDER STEER PRICES
700-800 Pounds, Tennessee, Weekly

$ Per Cwt.

Data Source: USDA-AMS
SLAUGHTER STEER PRICES
5 Market Weighted Average, Weekly

Data Source: USDA-AMS
Livestock Marketing Information Center
BOXED BEEF CUTOUT VALUE
Choice 600-900 Lbs., Carcass, Negotiated, Weekly

$ Per Cwt.

Data Source: USDA-AMS
Livestock Marketing Information Center
Supply
JANUARY 1 TOTAL CATTLE INVENTORY
U.S., Annual

Data Source: USDA-NASS
Livestock Marketing Information Center
JANUARY 1 TOTAL COW INVENTORY
U.S., Annual

Mil. Head

Data Source: USDA-NASS
Livestock Marketing Information Center
Calf Crop
July Estimates, U.S., Annual

Data Source: USDA-NASS
Livestock Marketing Information Center
CATTLE ON FEED
US Total, Monthly

Data Source: USDA-NASS
Livestock Marketing Information Center
CATTLE ON FEED OVER 120 DAYS
US Total, Monthly

Data Source: USDA-NASS, Compiled by LMIC
Livestock Marketing Information Center
STEER DRESSED WEIGHT
Federally Inspected, Weekly

Data Source: USDA-AMS & USDA-NASS
STEER DRESSED WEIGHT
Federally Inspected, Weekly

2017 Head Slaughtered up 5.3%

Beef Production only up 3.8%

1.5% equals ~ 387 Million lbs.

Data Source: USDA-AMS & USDA-NASS
COMMERCIAL RED MEAT PRODUCTION
By Type of Meat, Annual

Data Source: USDA-NASS, Compiled & Forecasts by LMIC
Livestock Marketing Information Center
COMMERCIAL MEAT & POULTRY PRODUCTION
By Type of Meat, Annual

2018 Annual Per Person Dis. **223 pounds**
Would be the largest ever

Data Source: USDA-NASS, Compiled & Forecasts by LMIC
The Cattle Cycle
CALF PRICES AND CATTLE INVENTORY
Western Kansas 500-600 Lb. Steers, Annual

Data Source: USDA-AMS & USDA-NASS
HEIFERS HELD AS BEEF COW REPLACEMENTS

January 1, U.S.

Data Source: USDA-NASS
Livestock Marketing Information Center
TOTAL CATTLE INVENTORY BY CYCLE
U.S., January 1

Data Source: USDA-NASS
Livestock Marketing Information Center
CHANGE IN BEEF COWS NUMBERS 2008 TO 2018
(1000 Head)

US Total -712
The Supply Story

• Long-term
  • We expanded during 2017 – slower pace
  • I expect 2018 to be very close to flat <1%
  • The stage is already set for larger calf crops in 2018 and probably 2019
  • 2020 is looking like the inventory peak
• The supply market pressure is currently negative, but signs of a slowdown
Feedstuffs
U.S. Drought Monitor

July 24, 2018
(Released Thursday, Jul. 26, 2018)
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:

- D0 Abnormally Dry
- D1 Moderate Drought
- D2 Severe Drought
- D3 Extreme Drought
- D4 Exceptional Drought

Author:
Chris Fenimore
NCEI/NESDIS/NOAA
US TOTAL CORN SUPPLY AND PRICE

Crop Year

Bil. Bushels

$ Per Bushel

Data Source: USDA-NASS, Compiled & Forecasts by LMIC

Supply

Price
Demand
Part 1: Domestic
NORTH AMERICA CONSUMER CONFIDENCE

Monthly, Long Term Average = 100

Index

Data Source: OECD
Livestock Marketing Information Center
US BEEF CONSUMPTION
Per Capita, Retail Weight, Annual

Data Source: USDA-NASS and USDA-ERS
RETAIL CHOICE BEEF PRICE
Nominal vs Real (GDP Deflator), Annual

Cents Per Pound

Data Source: Bureau of Economic Analysis & USDA-ERS
RETAIL ALL FRESH BEEF DEMAND INDEX
Third Quarter, Using CPI 1990=100

Data Source: Bureau of Labor Statistics, USDA-ERS, Compiled & Analysis by LMIC
Changing Retail Landscape

- Domestic beef demand is strong
- How/where will consumers buy their beef in the future?
- Increased online sales of other products
- Meat brings consumers in the door & retailers are using beef to attract customers
Demand
Part 2: International Trade
ASIA CONSUMER CONFIDENCE
Monthly, Long Term Average = 100

Index


Data Source: OECD
2017 was 12% above 2016

YTD 2018 is 14% above 2017

Data Source: USDA-ERS & USDA-FAS
Livestock Marketing Information Center
US BEEF AND VEAL EXPORTS
Carcass Weight, Annual

Data Source: USDA-ERS & USDA-FAS

2017: 2.86 Billion
MAJOR US BEEF EXPORT MARKETS
Carcass Weight, Annual

4 Country Total 2017: 2.03 Billion

Mil. Pounds

Data Source: USDA-ERS & USDA-FAS. Compiled by
Livestock Marketing Information Center
US BEEF AND VEAL EXPORTS
As a Percentage of Production, Carcass Weight, Annual

Data Source: USDA-ERS & USDA-FAS
The Demand Story

• Strong International Demand is supporting U.S. cattle prices in 2018
• Can the sharp increases continue?
• Forecasts this time last year were for 3% growth – we hit 12%
• Plenty of outside uncertainty
• The demand-side pressure is positive on prices
Forecasts
AVERAGE CALF PRICES
500-600lb Steer Calves, Southern Plains

Data Source: USDA-AMS
Livestock Marketing Information Center
Conclusions

• We’re in a demand-driven environment
• Domestic and International demand are supporting prices despite supply
• Larger beef supplies in 2019
• Supply pressure on prices in 2019, but 2020 could bring some relief
• Plenty of uncertainty from outside
Thank you!

Questions?

Josh Maples
josh.maples@msstate.edu