

LIVESTOCK/BEEF MARKET SITUATION & OUTLOOK

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[http://www.agmanager.info/about/contributors/
individual/tonsor.asp](http://www.agmanager.info/about/contributors/individual/tonsor.asp)

2024 RISK & PROFIT CONFERENCE

Highs and Lows: Policies, Principles, & Practices in Volatile Markets

August 15-16, 2024

IN-PERSON ONLY

**\$235 for both days
\$185 for one day**

Questions:
Rich Llewelyn - rvl@ksu.edu

Details

- In-person meeting at the K-State Alumni Center on August 15-16, 2024.
- Four general sessions / seven breakout sessions from 22 total topics.
- Lunch and dinner on Thursday; Juice and pastries Friday morning; Lunch on Friday.
- Conference proceedings online.

Kickoff Beef-Cattle Summary

Supply Dynamics

- Expansion pending? (GT sees as likely in 2025)
- Capacity Utilization “Chatter” & “Resilience”

Beef Demand

- Reasonably Robust / Softening
 - Per Capita Consumption is NOT Demand
 - Nominal vs Inflation-Adjusted REALLY matters

Quarterly Forecasts (LMIC: 7/25/24)

Year Quarter	Comm'l Slaughter	% Chg. from Year Ago	Average Dressed Weight	% Chg. from Year Ago	Comm'l Beef Production	% Chg. from Year Ago
2023						
I	8,317	-1.1	820.5	-1.8	6,824	-2.8
II	8,281	-4.5	810.5	-0.6	6,712	-5.1
III	8,099	-7.5	817.5	0.2	6,622	-7.3
IV	8,146	-4.1	835.9	0.7	6,810	-3.4
Year	32,844	-4.3	821.1	-0.4	26,967	-4.7
2024						
I	7,853	-5.6	835.3	1.8	6,560	-3.9
II	8,016	-3.2	844.1	4.1	6,766	0.8
III	7,512	-7.2	831.7	1.7	6,248	-5.6
IV	7,477	-8.2	852.2	2.0	6,372	-6.4
Year	30,858	-6.0	840.8	2.4	25,946	-3.8
2025						
I	7,333	-6.6	842.9	0.9	6,180	-5.8
II	7,338	-8.5	843.9	0.0	6,192	-8.5
III	7,188	-4.3	840.1	1.0	6,039	-3.3
IV	7,113	-4.9	860.6	1.0	6,121	-3.9
Year	28,972	-6.1	846.8	0.7	24,533	-5.4

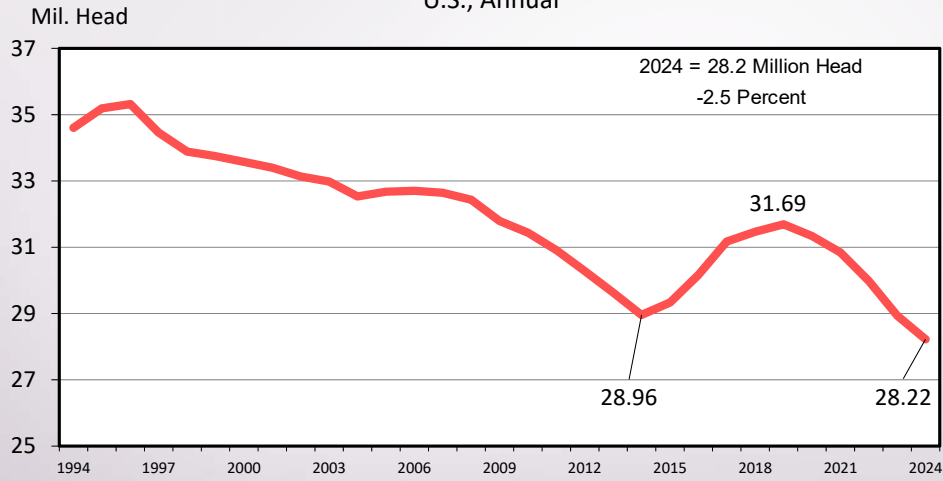
Data Source: Livestock Marketing Information Center

Quarterly Forecasts: Cattle (LMIC: 7/25/24)

Year Quarter	Live Sltr. Steer Price	% Chg. from Year Ago	Feeder Steer Price Southern Plains	
	5-Mkt Avg		7-800#	5-600#
2023				
I	160.92	15.6	185.52	224.01
II	179.02	26.1	214.16	254.87
III	184	28.5	253	281
IV	178	18.3	235	278
Year	176	21.9	222	259
2024				
I	181.03	12.5	247.32	311.49
II	188.42	5.3	259.67	316.56
III	191-193	4.2	268-272	317-319
IV	189-192	7.1	265-271	318-322
Year	187-189	7.1	260-270	315-325
2025				
I	192-197	7.4	270-278	318-326
II	202-210	9.3	275-285	315-325
III	200-210	6.8	281-283	316-328
IV	205-217	10.8	272-286	318-334
Year	198-208	8.0	270-286	315-330

Data Source: Livestock Marketing Information Center

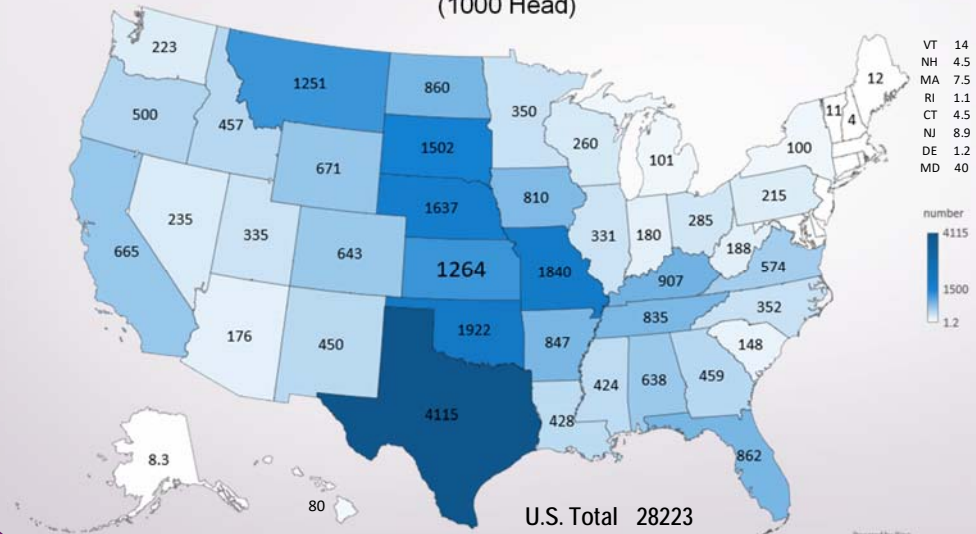
JANUARY 1 BEEF COW INVENTORY U.S., Annual



Data Source: USDA-NASS
Livestock Marketing Information Center

C-N-02
01/31/24

BEEF COWS THAT CALVED JANUARY 1, 2024 (1000 Head)



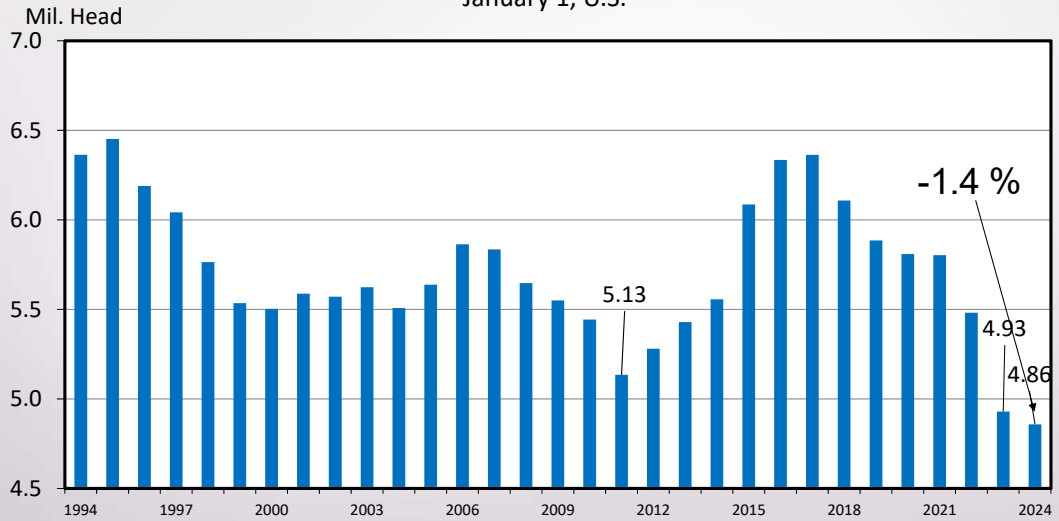
U.S. Total 28223

Livestock Marketing Information Center
Data Source: USDA-NASS

Powered by Bing
© GeoNames, HERE, Microsoft
01/31/24

HEIFERS HELD AS BEEF COW REPLACEMENTS

January 1, U.S.

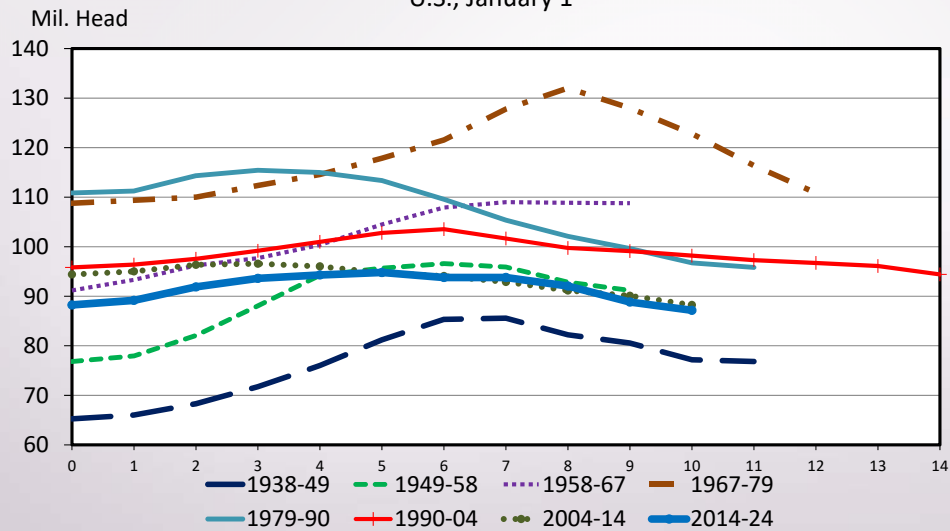


Data Source: USDA-NASS
Livestock Marketing Information Center

C-N-38
01/31/24

TOTAL CATTLE INVENTORY BY CYCLE

U.S., January 1



Data Source: USDA-NASS
Livestock Marketing Information Center

C-N-40
01/31/24

Context on Beef Cow Herd Dynamics (March 2022)

K-State Dept. of Agricultural Economics Extension Publication

03/21/2022

An Updated Evaluation of the U.S. Cattle Cycle

Jaime R. Luke (jrluke@ksu.edu)

Andrew E. Anderson (ander909@ksu.edu)

Glynn T. Tonsor (atonsor@ksu.edu)

Kansas State University Department of Agricultural Economics

- <https://www.agmanager.info/livestock-meat/production-economics/updated-evaluation-us-cattle-cycle>

Context on Beef Cow Herd Dynamics

Table 1. Beef Cow Inventory (000's head)

CATTLE CYCLE	AVERAGE	STD DEV	MIN	MAX	RANGE	RELATIVE RANGE*
1949-1958	21,772	3,867	15,919	25,659	9,740	44.7%
1958-1967	29,300	3,898	24,165	34,442	10,277	35.1%
1967-1979	39,505	3,520	34,708	45,711	11,003	27.9%
1979-1990	36,033	2,373	32,487	39,229	6,742	18.7%
1990-2004	33,688	909	32,454	35,318	2,864	8.5%
2004-2014	31,704	1,108	29,631	32,702	3,071	9.7%
2014-PRESENT	30,620	1,025	28,956	31,690	2,734	8.9%

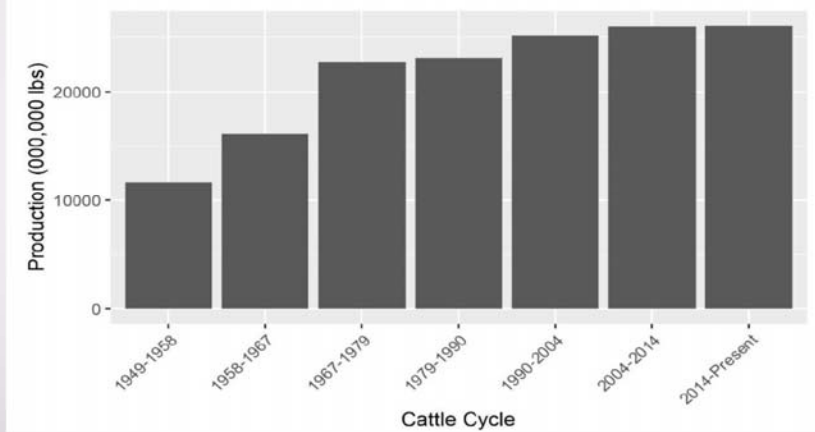
* Relative range is calculated as $100 \times \text{range} / \text{average}$.

- <https://www.agmanager.info/livestock-meat/production-economics/updated-evaluation-us-cattle-cycle>

Take-Home: Herd size changes less each "cycle"

Context on Beef Cow Herd Dynamics

Figure 2. Average Annual Beef Production by Cattle Cycle

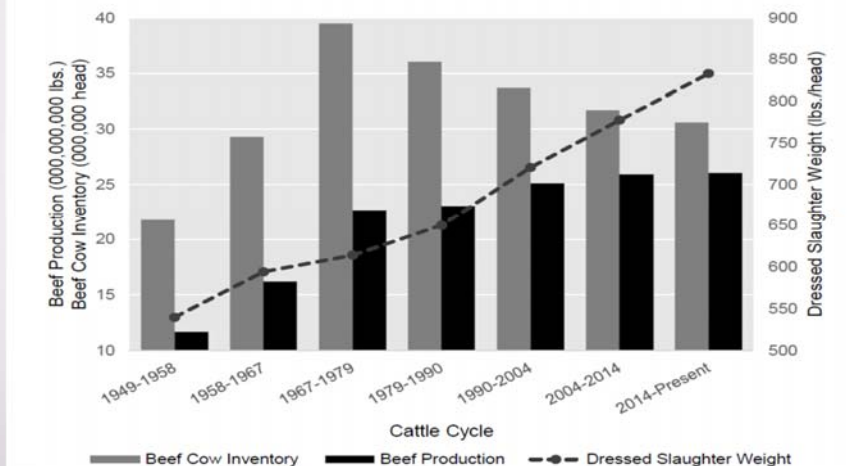


Take-Home: More Beef Over Cattle Cycles

<https://www.agmanager.info/livestock-meat/production-economics/updated-evaluation-us-cattle-cycle>

Context on Beef Cow Herd Dynamics

Figure 3. Average Inventory, Production, and Slaughter Weight across Cattle Cycles



Take-Home: Higher Dressed Weights & Harvested Animals per Cow Key

<https://www.agmanager.info/livestock-meat/production-economics/updated-evaluation-us-cattle-cycle>

KSU – Beef Replacement Tool

<https://www.agmanager.info/livestock-meat/production-economics/ksu-beef-replacement>

Always good to “push the pencil” on decisions such as what to pay in herd expansion/rebuild efforts

KSU-Beef Replacements

An Excel spreadsheet program to evaluate the economic value of purchasing beef replacement females.

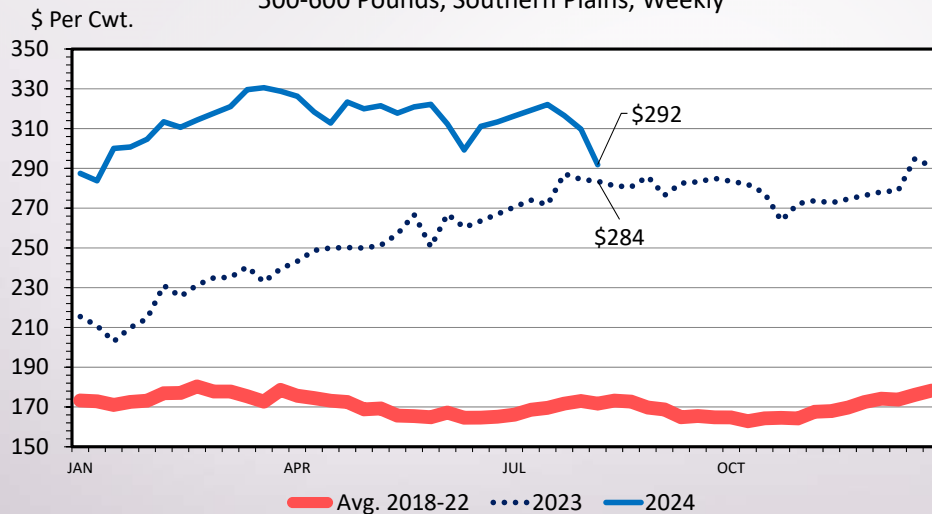


Version- 12.7.2023



MED. & LRG. #1 STEER CALF PRICES

500-600 Pounds, Southern Plains, Weekly

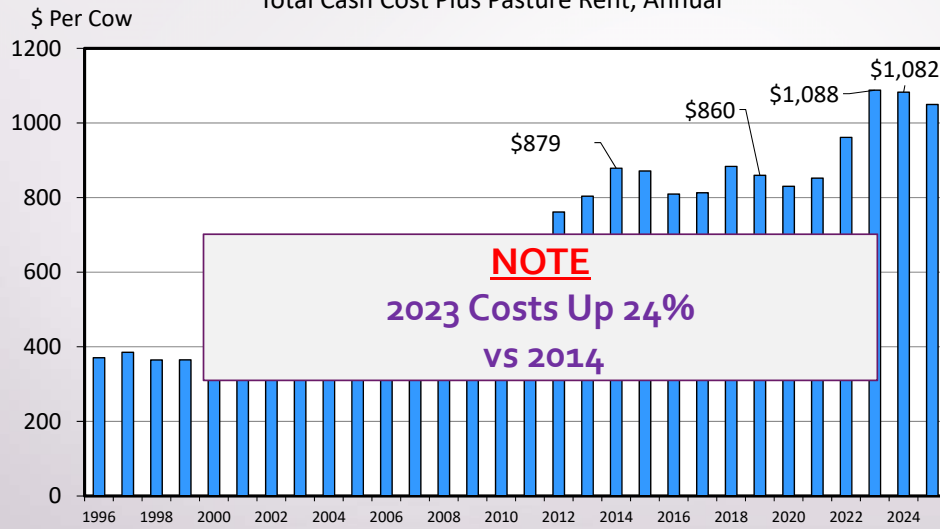


Data Source: USDA-AMS
Livestock Marketing Information Center

C-P-54
08/12/24

ESTIMATED AVERAGE COW CALF COSTS

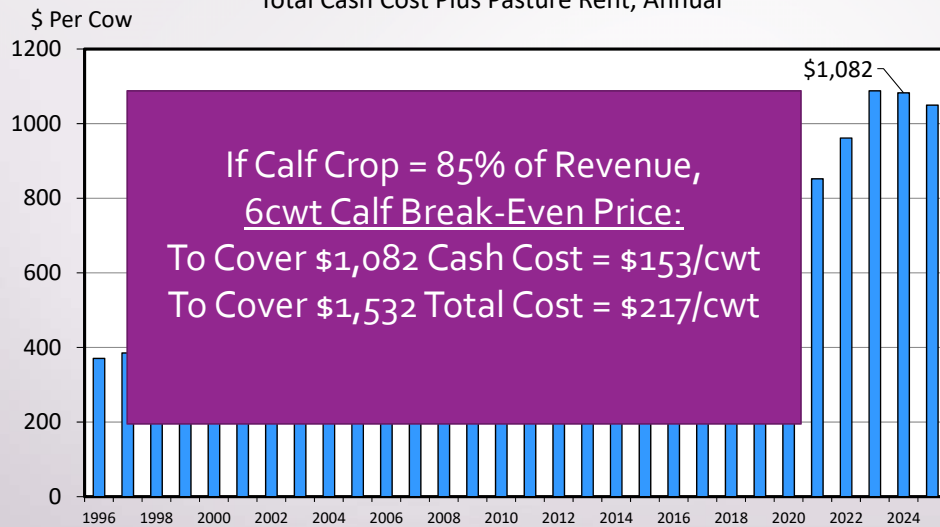
Total Cash Cost Plus Pasture Rent, Annual



Data Source: USDA & LMIC, Compiled by LMIC
Livestock Marketing Information Center

ESTIMATED AVERAGE COW CALF COSTS

Total Cash Cost Plus Pasture Rent, Annual

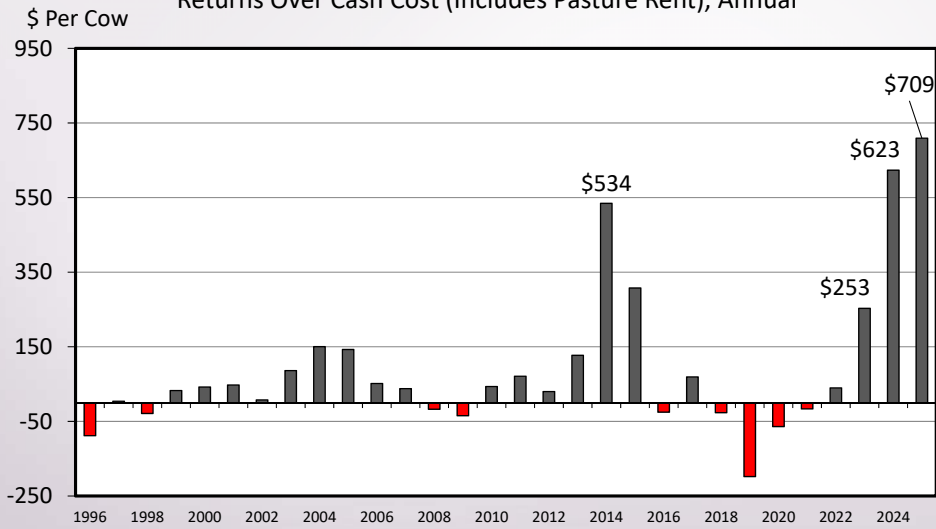


Data Source: USDA & LMIC, Compiled by LMIC
Livestock Marketing Information Center

If Calf Crop = 85% of Revenue,
6cwt Calf Break-Even Price:
To Cover \$1,082 Cash Cost = \$153/cwt
To Cover \$1,532 Total Cost = \$217/cwt

ESTIMATED AVERAGE COW CALF RETURNS

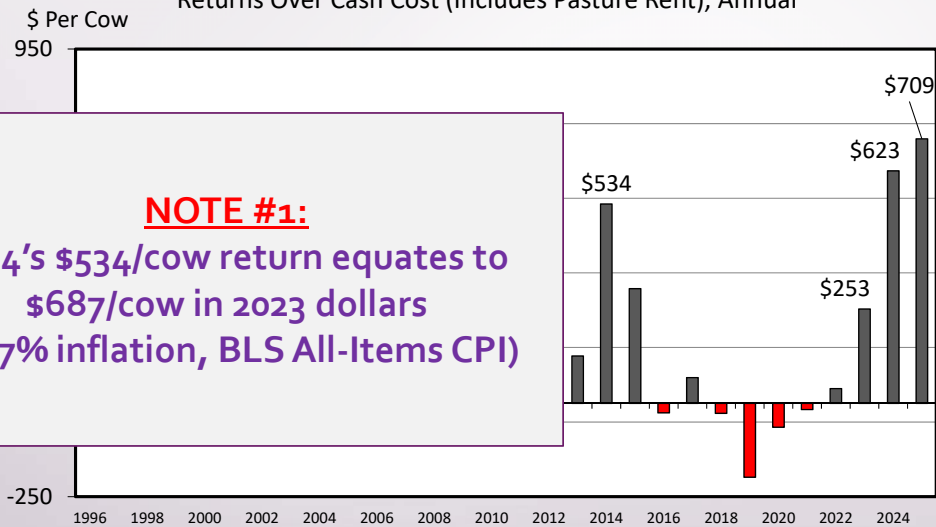
Returns Over Cash Cost (Includes Pasture Rent), Annual



Data Source: USDA & LMIC, Compiled by LMIC
Livestock Marketing Information Center

ESTIMATED AVERAGE COW CALF RETURNS

Returns Over Cash Cost (Includes Pasture Rent), Annual



NOTE #1:

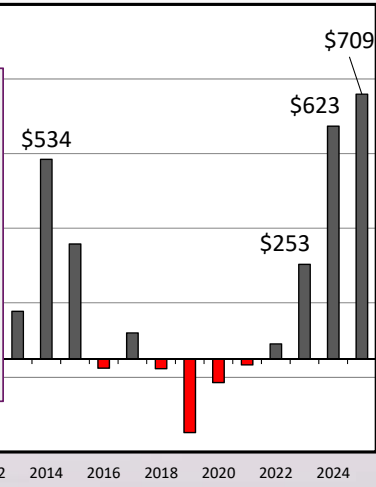
2014's \$534/cow return equates to \$687/cow in 2023 dollars (28.7% inflation, BLS All-Items CPI)

Data Source: USDA & LMIC, Compiled by LMIC
Livestock Marketing Information Center

ESTIMATED AVERAGE COW CALF RETURNS
Returns Over Cash Cost (Includes Pasture Rent), Annual

\$ Per Cow
950

- NOTE #2:**
- \$600/cow/year difference in returns (KFMA top 1/3rd vs bottom 1/3rd)
 - Producers must know their #s & leverage their comparative advantage to be resilient!



Data Source: USDA & LMIC, Compiled by LMIC
Livestock Marketing Information Center

Want Feeder Cattle Price, Basis, & VOG Projections?
[Use BeefBasis.com](http://BeefBasis.com)

Salina FALL CALF Market, as of 8/16/24

10/16/2024 Sell @ Weaning @ 600 lbs
▪ **Expected Cash Price: \$271/cwt**

KSU-Feeder Cattle Risk Management Tool

<https://www.agmanager.info/k-state-feeder-cattle-risk-management-tool>

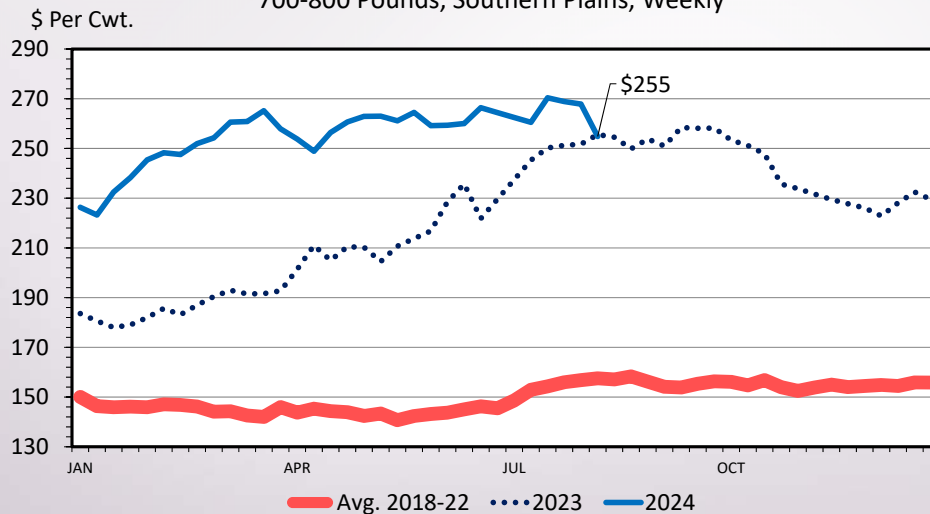


INTRODUCTION

This spreadsheet was developed as a decision-aid tool for producers interested in managing feeder cattle price risk. It can be used to compare the Expected Net Selling Price using alternative risk management tools available for pricing feeder cattle.

MED. & LRG. #1 FEEDER STEER PRICES

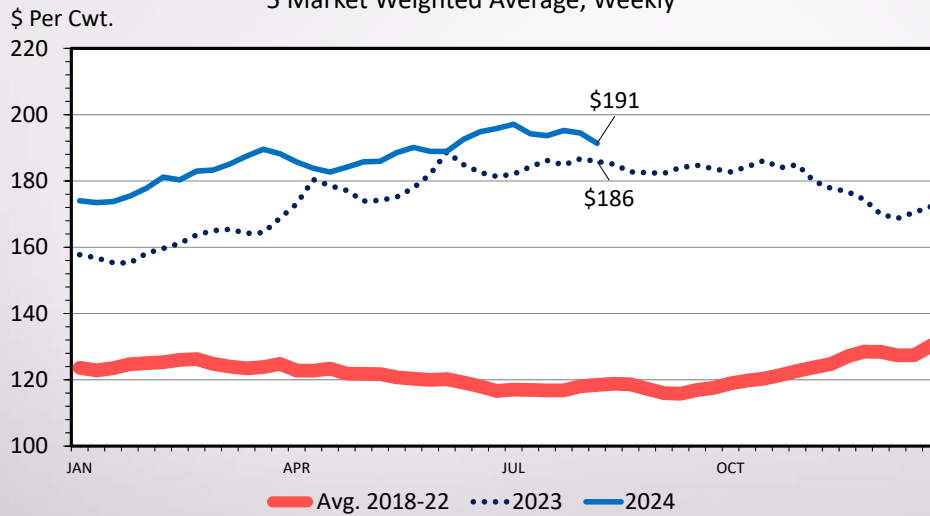
700-800 Pounds, Southern Plains, Weekly



Data Source: USDA-AMS
Livestock Marketing Information Center

C-P-49
08/12/24

SLAUGHTER STEER PRICES 5 Market Weighted Average, Weekly



Data Source: USDA-AMS
Livestock Marketing Information Center

08/12/24

Historical and Projected Kansas Feedlot Net Returns (as of 8/8/24')

(<http://www.agmanager.info/livestock/marketing/outlook/newsletters/FinishingReturns/default.asp>)

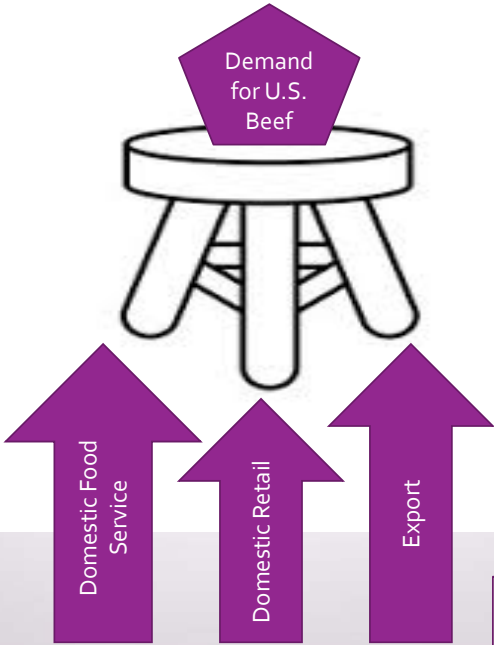
June 24': +\$152/steer

Table 1. Projected Values for Finishing Steers in Kansas Feedyards*

Closeout Mo-Yr	Net Return	FCOG**	Fed Price	Fed Futures	Fed Basis	Feeder Price	Breakeven FCOG**	Breakeven Fed Price	Breakeven Feeder Price
Jul-24	73.43	112.87	183.18	182.05	1.13	221.85	124.24	177.99	231.39
Aug-24	-37.26	110.88	179.28	178.02	1.26	229.85	105.15	181.89	225.08
Sep-24	-208.94	111.65	177.99	178.02	-0.04	244.34	78.80	192.44	218.55
Oct-24	-188.80	110.26	178.23	176.73	1.51	249.54	82.41	191.21	225.23
Nov-24	-209.57	108.82	178.85	176.73	2.13	254.92	78.47	193.07	228.18
Dec-24	-345.30	106.82	179.81	177.63	2.18	264.77	54.66	202.56	224.43
Jan-25	-259.29	109.67	177.79	177.63	0.17	248.74	68.11	195.60	217.58
Feb-25	-117.03	110.43	178.84	178.68	0.17	236.43	92.10	186.97	221.82
Mar-25	-58.56	108.73	180.24	178.68	1.57	234.10	99.63	184.32	226.72
Apr-25	-93.94	108.18	175.30	173.38	1.93	231.87	93.90	181.83	219.84

Representative Barometer for Trends in Profitability

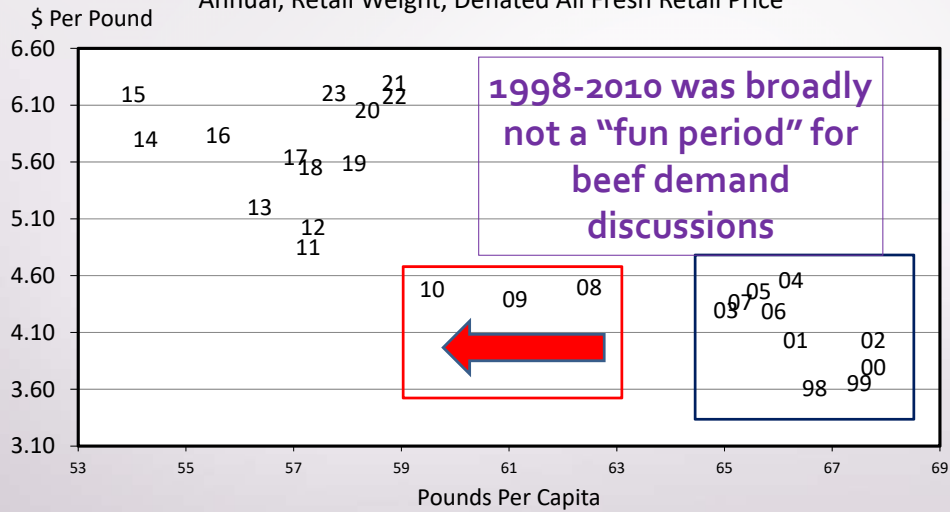
Beef Demand



See Nov 22' Extended Discussion w/ Matt Perrier on Practically Ranching:
<https://www.buzzsprout.com/1995747/11686340>

BEEF PRICE-QUANTITY RELATIONSHIP

Annual, Retail Weight, Deflated All Fresh Retail Price

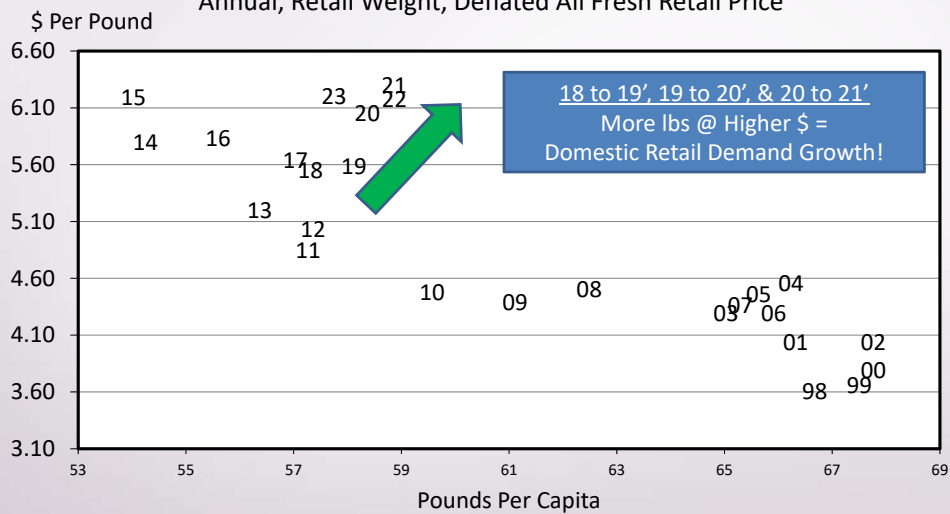


Data Source: Bureau of Economic Analysis & USDA-ERS, Compiled by LMIC
Livestock Marketing Information Center

C-P-65A
04/04/24

BEEF PRICE-QUANTITY RELATIONSHIP

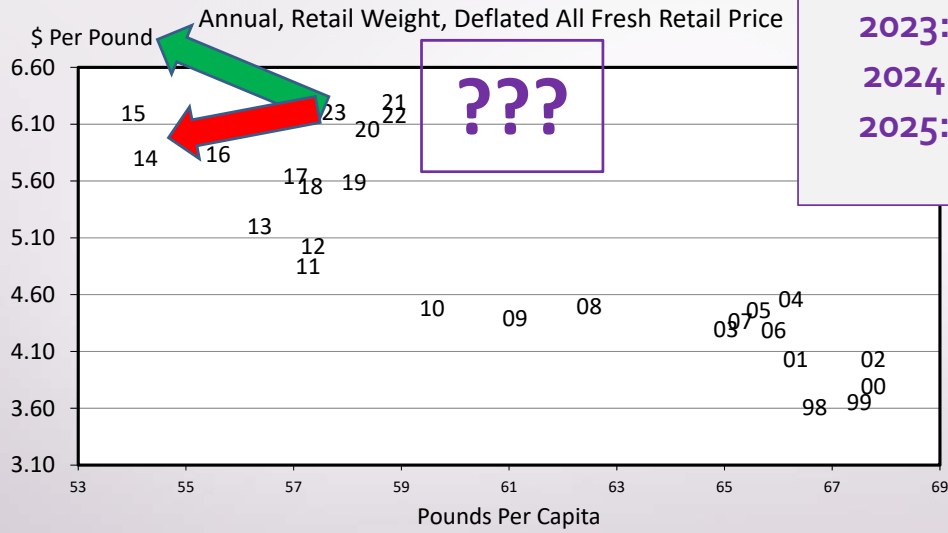
Annual, Retail Weight, Deflated All Fresh Retail Price



Data Source: Bureau of Economic Analysis & USDA-ERS, Compiled by LMIC
Livestock Marketing Information Center

C-P-65A
04/04/24

BEEF PRICE-QUANTITY RELATIONSHIP

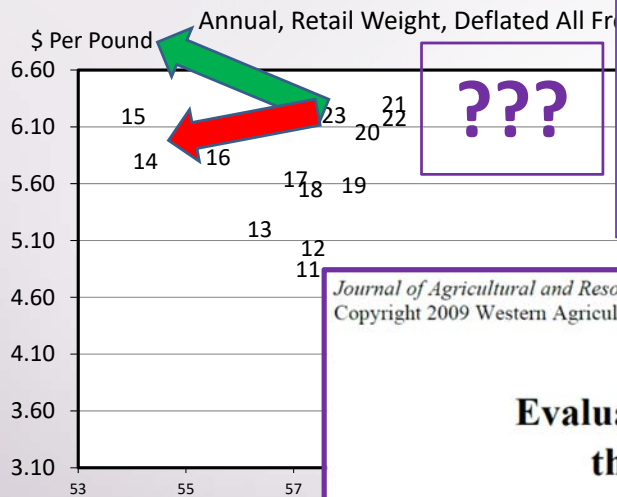


LMIC
 2023: 57.8 lbs
 2024: 57.2 lbs
 2025: 54.4 lbs

Data Source: Bureau of Economic Analysis & USDA-ERS, Compiled by LMIC
 Livestock Marketing Information Center

C-P-65A
 04/04/24

BEEF PRICE-QUANTITY RELATIONSHIP



Size of Economic Pie Dictated by Demand Patterns

Journal of Agricultural and Resource Economics 34(2):213-236
 Copyright 2009 Western Agricultural Economics Association

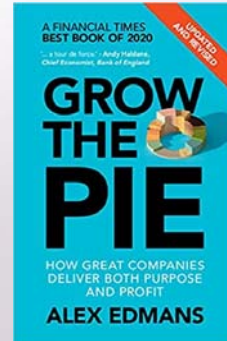
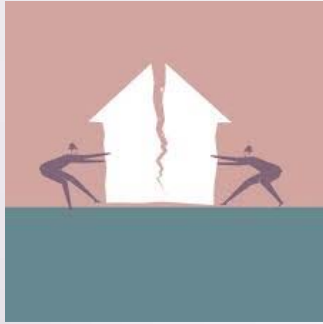
Evaluating the Farmer's Share-of-the-Retail-Dollar Statistic

Gary W. Brester, John M. Marsh, and Joseph A. Atwood

Data Source: Bureau of Economic Analysis & USDA-ERS, Compiled by LMIC
 Livestock Marketing Information Center

C-P-65A
 04/04/24

What is the U.S. beef-cattle industry's future?



Pork Demand Insights



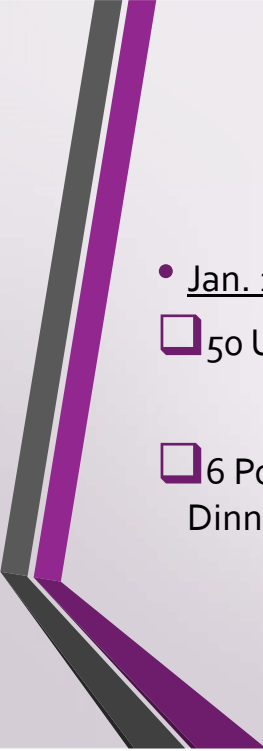
RETAIL ADVISORY COMMITTEE (RAC) / PACKER PROCESSOR INDUSTRY COUNCIL (PPIC) FALL MEETING

NASHVILLE, TN

Shared Recent Research Findings w/ Dr. Jayson Lusk

- *Consumer Sensitivity to Pork Prices: A 2018-2023 Comparison of 50 U.S. Retail Markets and 6 Pork Products?*
- *Modeling Impacts of Location- and Product-Targeted Demand Enhancement on Pork Producer Profitability*

<https://www.agmanager.info/livestock-meat/meat-demand/meat-demand-research-studies>



Simple Prices & Quantity Lessons

- Jan. 2018 – Dec. 2023 Circana Retail Price & Quantity data
 - 50 U.S. Retail markets (Chicago, Miami, etc.)
 - 6 Pork categories (Loin, Ribs, Shoulder, Breakfast Sausage, Dinner Sausage, Bacon)

First consider national pork market



✓ Nominal \$/lb vs
Lbs/person

✓ Appears to be
demand growth in
2020

First consider national pork market



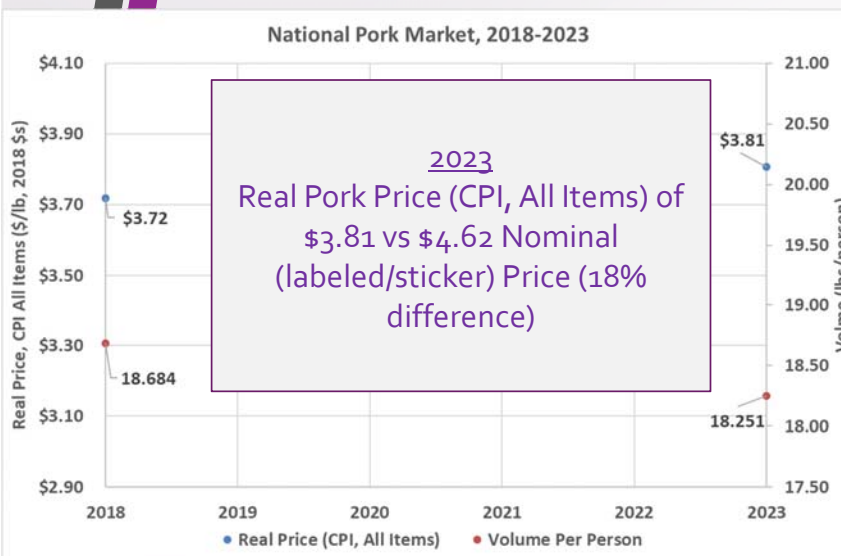
✓ Nominal \$/lb vs
Lbs/person

✓ Appears to be
demand decline in
2023

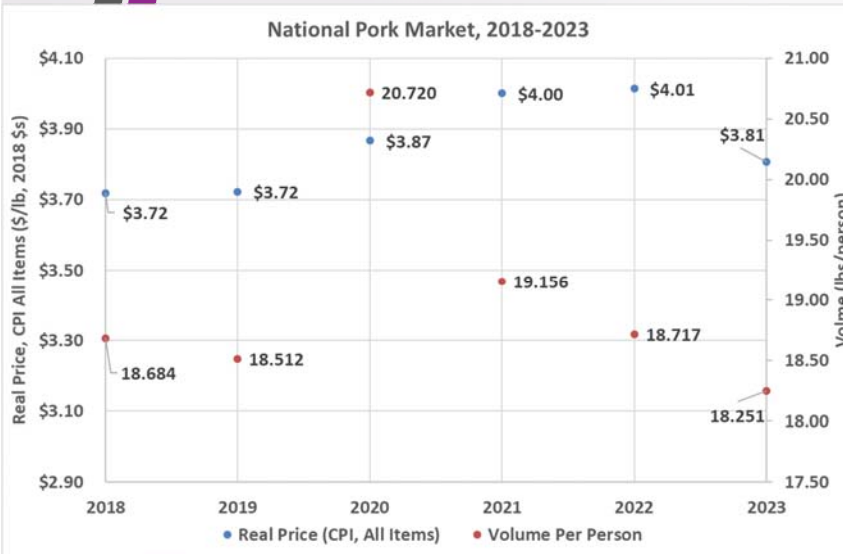
Does inflation matter? How high was (is) inflation?

	CPI (All Items)	CPI (Food)
2018	% Change vs Prior Year	% Change vs Prior Year
2019	1.7%	1.9%
2020	1.2%	3.4%
2021	4.7%	3.9%
2022	8.0%	9.9%
2023	4.1%	5.8%

Reconsider national pork market



Reconsider national pork market

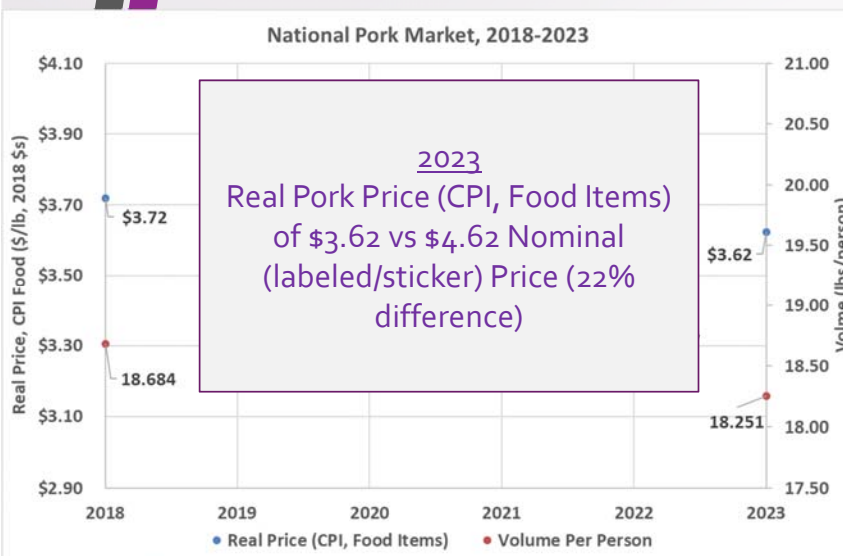


✓ REAL (CPI, All Items)
\$/lb vs Lbs/person

✓ "Clear demand
growth" in 2020

✓ "Clear demand
decline" in 2023

Reconsider national pork market



Reconsider national pork market



✓ REAL (CPI, Food) \$/lb
vs Lbs/person

✓ "Clear demand
growth" in 2020

✓ "Clear demand
decline" in 2022 &
2023

✓ -- note real 2023 price
was below 2018

What about specific city-product markets (Using CPI, All Items deflator)?

Lots of Variation Across Products & City-Markets: consider [DALLAS](#)

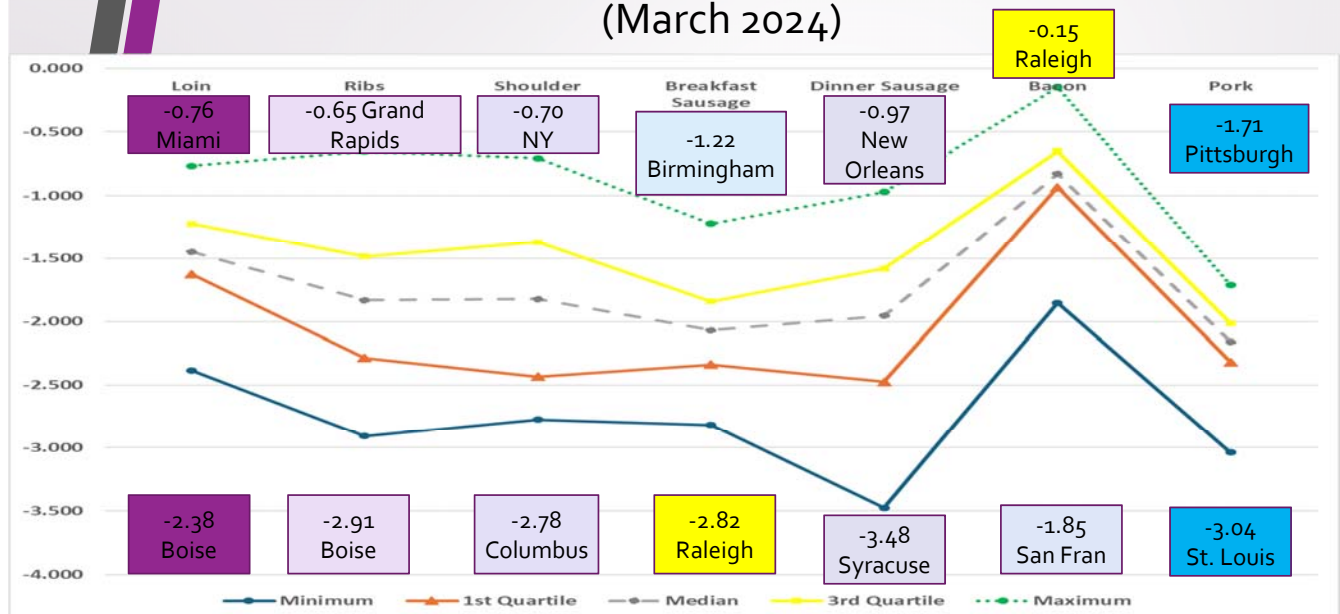
Obvious demand increases:

- 2019 (Ground Pork, B. Sausage, Bacon),
- 2020 (Loin, Ribs, Shoulder, Ground Pork, D. Sausage, Bacon, PORK),
- 2021 (None),
- 2022 (Ground Pork),
- 2023 (Ground Pork)

Obvious demand declines:

- 2019 & 2020 (None),
- 2021 (Ground Pork),
- 2022 (None),
- 2023 (Loin, B. Sausage)

Consumer Sensitivity to Pork Prices: A 2018-2023 Comparison of 50 U.S. Retail Markets and 6 Pork Products? (March 2024)



Consumer Sensitivity to Pork Prices: A 2018-2023 Comparison of 50 U.S. Retail Markets and 6 Pork Products? (March 2024)

□ Median estimates suggest pork purchases are 4-6 times as sensitive to pork prices as beef or chicken

□ Beef & Chicken retail prices have less impact than pork's own-price

✓ ***While cross-price effects matter, own-sector impacts remain more important***

Final Thoughts – RAC/PPIC Remarks

- We CAN & SHOULD act strategically given latest price-sensitivity and demand pattern insights
 - ✓ Targeted promotion, periodic evaluation & ongoing re-assessment have increasing merit

Monthly Meat Demand Monitor, Methods, and Supporting Information

Home / Livestock & Meat / Meat Demand / Monthly Meat Demand Monitor [Survey Data]

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Livestock & Meat

[Projected Feeder Cattle Prices](#)

[Cattle Finishing Returns](#)

[Meat Demand](#)

[Meat Demand Research Studies](#)

[Monthly Domestic Meat Demand Indices \[USDA/BLS Data\]](#)

[Monthly Export Meat Demand Indices \[USDA/BLS Data\]](#)

[Monthly Meat Demand Monitor \[Survey Data\]](#)

Monthly Meat Demand Monitor [Survey Data]



The Meat Demand Monitor (MDM) project is funded in-part by the beef checkoff and the pork checkoff. Monthly reports and supporting documentation are available here.



Monthly Meat Demand Monitor

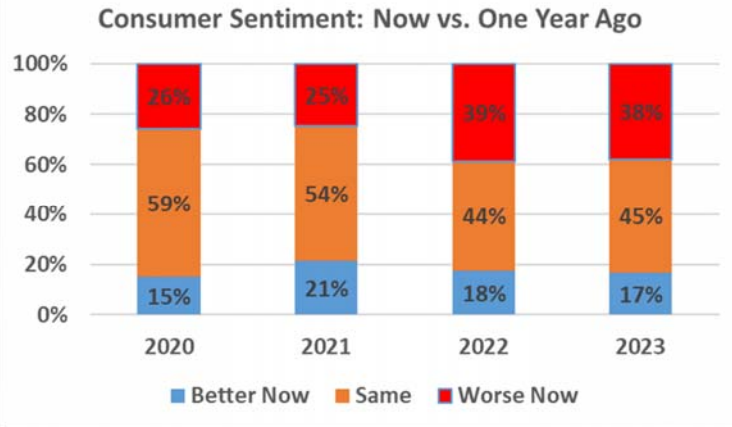
Title	Author	Date	Downloads
Meat Demand Monitor - August 2020	Tonsor	September 4, 2020	Downloads -
Meat Demand Monitor - July 2020	Tonsor	August 4, 2020	Downloads -
Meat Demand Monitor - February-June 2020 Summary Report	Tonsor	July 27, 2020	Downloads -
Meat Demand Monitor - June 2020	Tonsor	July 2, 2020	Downloads -
Meat Demand Monitor - May 2020	Tonsor	May 29, 2020	Downloads -
Meat Demand Monitor - Coronavirus (COVID-19) Impact on U.S. Meat Demand:	Tonsor	May 12, 2020	Downloads -

<https://www.agmanager.info/livestock-meat/meat-demand/monthly-meat-demand-monitor-survey-data>

MDM: Meat Demand Monitor

The MDM tracks U.S. consumer preferences, views, and demand for meat with separate analysis for retail and food service channels. MDM is a monthly online survey with a sample of over 2,000 respondents reflecting the national population.

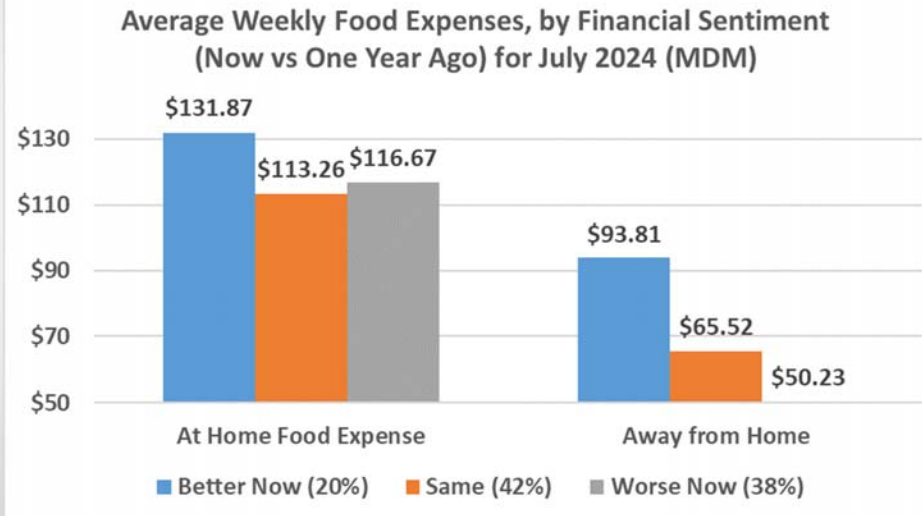
U.S. Meat Demand Update & Role of Financial Sentiment: 2020-2023



<https://www.agmanager.info/livestock-meat/meat-demand/monthly-meat-demand-monitor-survey-data>

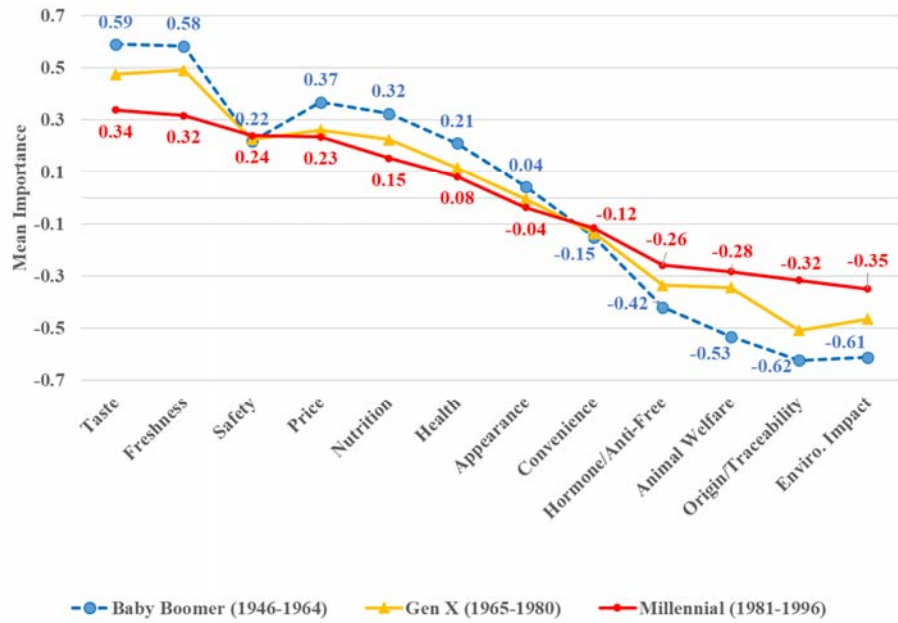
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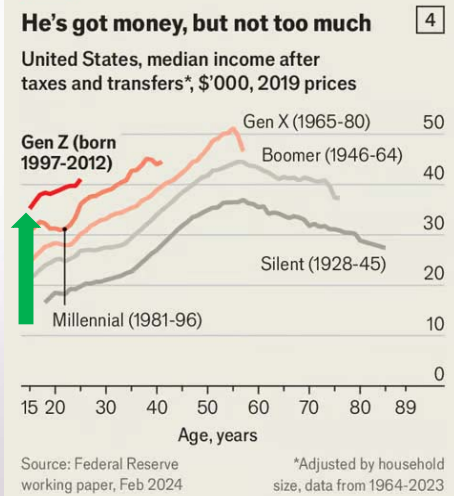
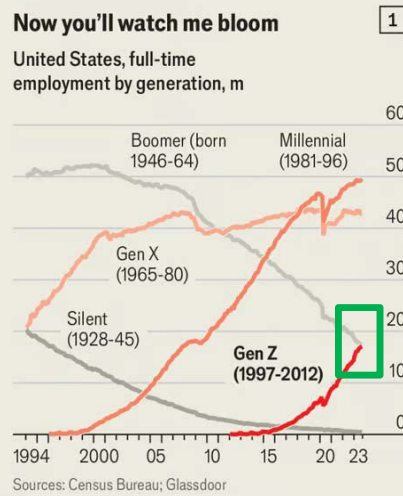


<https://www.agmanager.info/livestock-meat/meat-demand/monthly-meat-demand-monitor-survey-data>

Protein Values, by Generation (March 2024, Meat Demand Monitor)



Generational Perspective via *The Economist* last week



<https://www.economist.com/weeklyedition/2024-04-20>

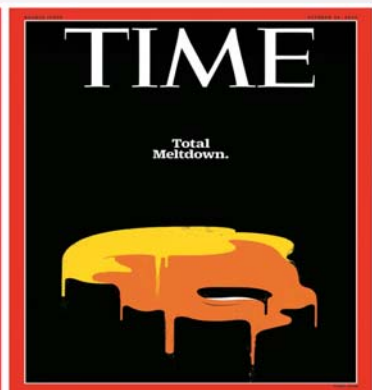
Generational Perspective via *The Economist* last week



Reasons to be cheerful about the young in the U.S. Gen Z: born between 1997 & 2012

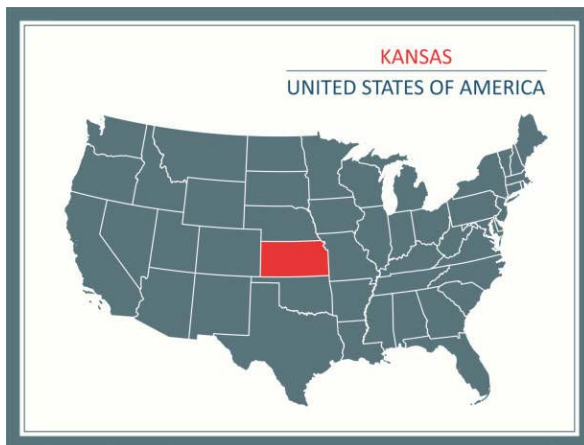
- ✓ GT disclaimer: 3 kids born in 2007, 2010, & 2012
- ✓ Wages for GenZ are rising at faster rates than for older workers
- ✓ GenZ incomes (after taxes & inflation) exceed Millennial (1981-96) & GenX (1965-80) at same age
- ✓ GenZ workers roughly equal Boomers (1946-64) now & are ~20% of US population

<https://www.economist.com/weeklyedition/2024-04-20>





*“MY DEAR BROTHERS AND SISTERS, TAKE NOTE OF THIS: EVERYONE SHOULD BE **QUICK TO LISTEN, SLOW TO SPEAK** ...” JAMES 1:19*



	Population (residents)	Arable Land (hectares)
KS	2.94 million	18.1 million



	Population (residents)	Arable Land (hectares)
World	8.12 billion	1.38 billion
U.S.	345 million	157.7 million
U.S. % of Gobe	4.2%	11.4%
KS	2.94 million	18.1 million
KS% of U.S.	0.85%	11.48%
KS% of Gobe	0.04%	1.31%

Take-Home Summary

- Beef Cow Herd Dynamics
 - Reduced Beef Supplies = Likely Higher Cattle Prices to Come
 - Impact on Profit Margins will Vary **WIDELY**
 - Elevated "Capacity Utilization Talks" = Firm-Specific Resilience Implications
- Beef Demand Story Ever-Evolving & **ESSENTIAL** To Industry Resilience



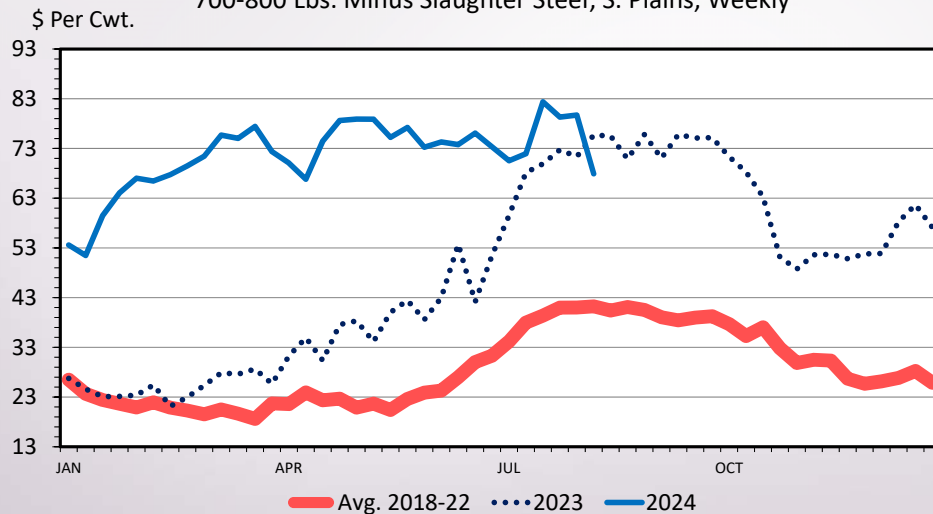
More information available at:



This presentation will be available in PDF format at:
<http://www.agmanager.info/about/contributors/individual/tonsor.asp>

Host of additional industry resources are cross-linked as well

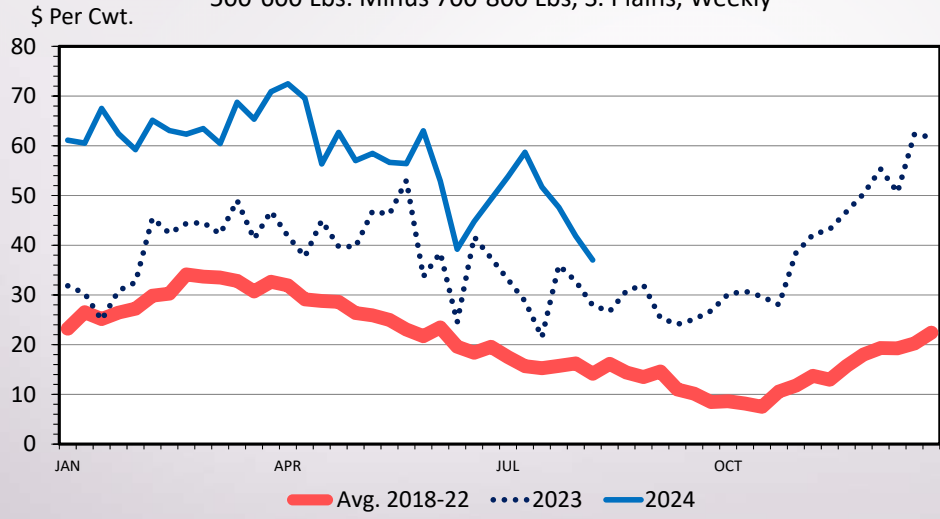
FEEDER STEER vs FED STEER PRICES
700-800 Lbs. Minus Slaughter Steer, S. Plains, Weekly



Data Source: USDA-AMS, Compiled by LMIC
Livestock Marketing Information Center

C-P-53
08/12/24

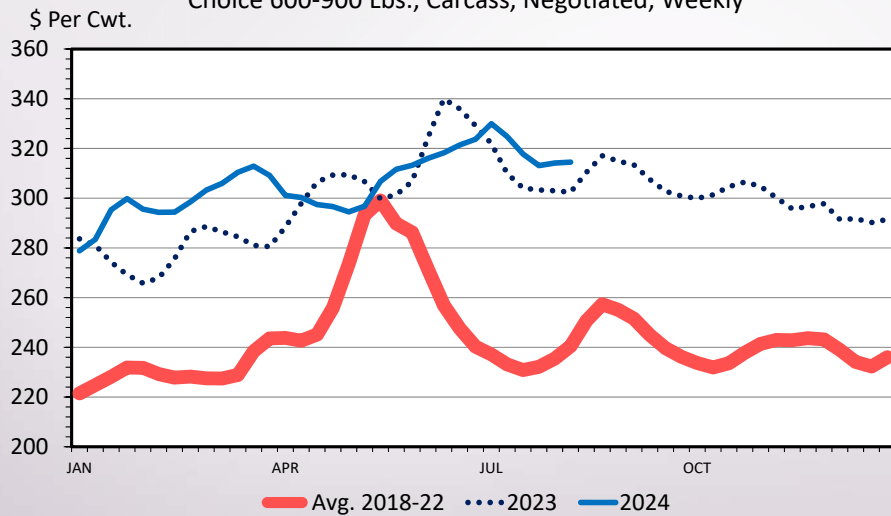
STEER CALF vs FEEDER STEER PRICES 500-600 Lbs. Minus 700-800 Lbs, S. Plains, Weekly



Data Source: USDA-AMS, Compiled by LMIC
Livestock Marketing Information Center

08/12/24

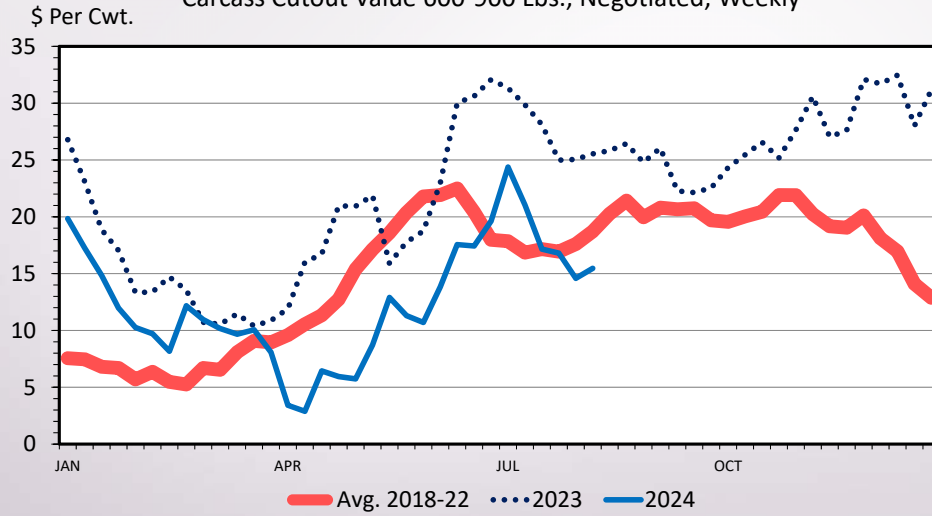
BOXED BEEF CUTOUT VALUE Choice 600-900 Lbs., Carcass, Negotiated, Weekly



Data Source: USDA-AMS
Livestock Marketing Information Center

C-P-62
08/12/24

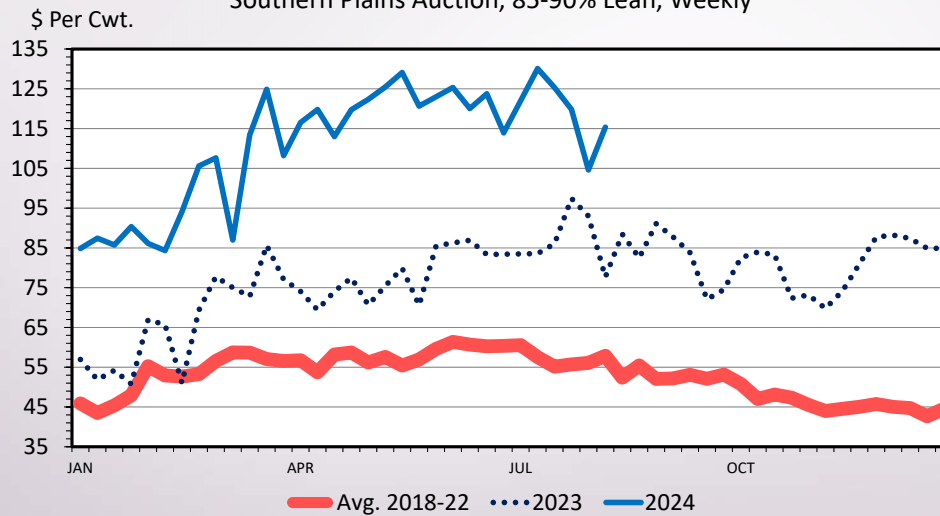
CHOICE MINUS SELECT BEEF PRICES Carcass Cutout Value 600-900 Lbs., Negotiated, Weekly



Data Source: USDA-AMS, Compiled by LMIC
Livestock Marketing Information Center

C-P-68
08/12/24

SLAUGHTER COW PRICES Southern Plains Auction, 85-90% Lean, Weekly

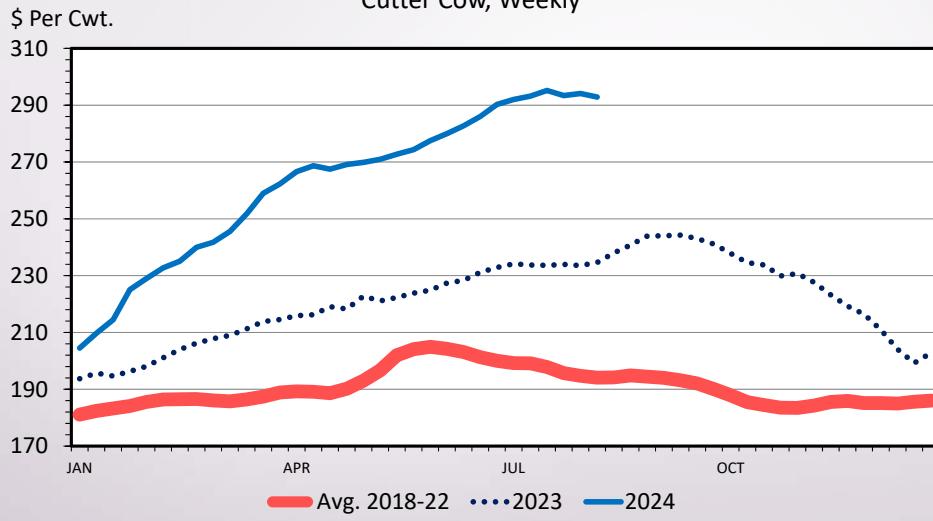


Data Source: USDA-AMS
Livestock Marketing Information Center

C-P-35
08/12/24

BOXED COW-BEEF CUTOUT VALUE

Cutter Cow, Weekly



Data Source: USDA-AMS
Livestock Marketing Information Center

08/12/24