

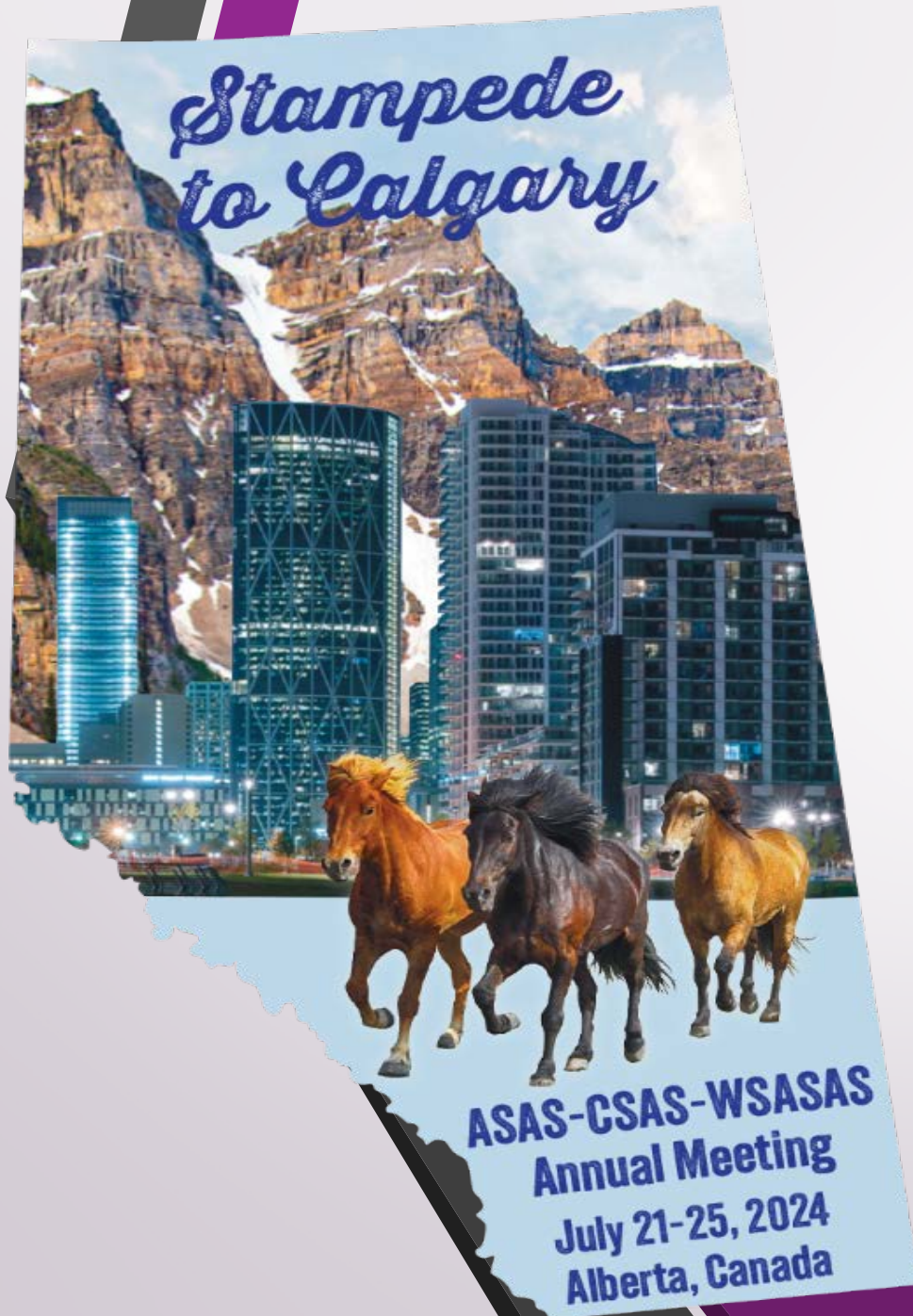
BEEF-CATTLE OUTLOOK & THOUGHTS ON RESILIENCE

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LinkedIn/X-Twitter: @TonsorGlynn

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



Kickoff Summary

Supply Dynamics

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

Beef Demand

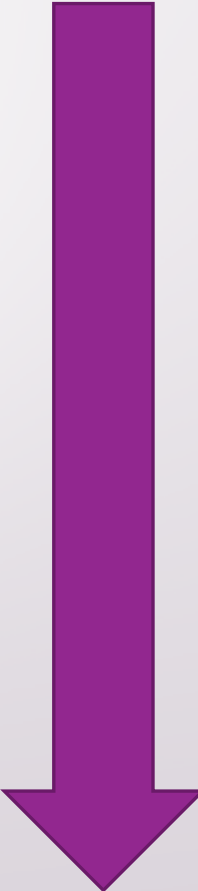
- Robust Since 2019
 - Per Capita Consumption is NOT Demand

<https://www.beefmagazine.com/market-news/what-s-the-similarity-between-blue-jeans-and-beef-demand->

Quarterly Forecasts (LMIC: 7/15/24)

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	7,825	-5.5	836.2	3.2	6,543	-2.5
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	30,668	-6.6	838.8	2.2	25,724	-4.6
2025						
I	7,333	-6.6	842.9	0.9	6,180	-5.8
II	7,338	-6.2	843.9	0.9	6,192	-5.4
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	-5.5	846.8	1.0	24,533	-4.6

Data Source: Livestock Marketing Information Center



Quarterly Forecasts: Cattle (LMIC: 7/15/24)

Year Quarter	Live Sltr. Steer Price	% Chg. from	Feeder Steer Price	
	5-Mkt Avg	Year Ago	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	12.2	247.32	311.49
II	186-188	4.5	256-259	320-322
III	190-195	4.5	275-285	320-324
IV	205-210	16.6	280-290	325-330
Year	190-193	9.1	266-268	319-321
2025				
I	190-205	9.1	265-280	320-330
II	200-215	11.0	280-295	310-320
III	195-210	5.2	285-300	315-330
IV	225-240	12.0	275-290	325-340
Year	208-212	9.7	282-287	322-324





USDA's Long-Term Projections to 2033

Released Feb 14, 2024

[https://www.usda.gov/oce/commodity-
markets/baseline](https://www.usda.gov/oce/commodity-markets/baseline)

Table 19: Beef long-term projections

Item	Units	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Total production	Million lbs.	28,359	27,044	25,343	25,852	26,555	27,264	27,733	28,275	28,598	28,800	28,789	28,759
Imports	Million lbs.	3,390	3,617	3,650	3,768	3,560	3,310	3,208	3,253	3,293	3,316	3,337	3,327
Total supply	Million lbs.	32,425	31,385	29,593	30,270	30,815	31,224	31,591	32,177	32,566	32,791	32,826	32,736
Exports	Million lbs.	3,544	3,034	2,845	2,707	2,781	2,991	3,043	3,244	3,281	3,304	3,159	3,156
Total disappearance	Million lbs.	28,157	27,751	26,148	26,913	27,384	27,582	27,898	28,284	28,635	28,837	29,016	28,930
Per capita, retail weight	Pounds	59.1	57.9	54.3	55.4	56.1	56.1	56.4	56.8	57.2	57.3	57.3	56.9
Change from previous year	Percent	0.66	-1.44	-5.78	2.92	1.75	0.72	1.14	1.38	1.24	0.70	0.62	-0.30
Prices													
Beef cattle, farm	\$/cwt 1/	142.25	174.54	182.14	177.80	159.13	144.96	130.90	128.77	126.79	130.79	133.97	140.19
Calves, farm	\$/cwt	192.17	260.12	294.61	287.60	257.40	234.49	211.74	208.29	205.09	211.56	216.70	226.76
Steers, 5-area 2/	\$/cwt	144.40	177.30	185.00	180.60	161.63	147.24	132.96	130.79	128.78	132.85	136.08	142.39
Feeder steers, Oklahoma City	\$/cwt	165.94	224.61	253.75	246.34	214.80	190.85	167.01	163.26	159.78	166.41	171.74	182.08
Beef cow inventory	1,000 head	29,983	28,918	28,220	28,820	29,560	30,421	31,138	31,501	31,665	31,679	31,576	31,404
Total cow inventory	1,000 head	39,360	38,320	37,600	38,200	38,940	39,816	40,558	40,946	41,135	41,174	41,096	40,944

1/ Cwt = hundredweight (100 pounds). 2/ Texas/Oklahoma/New Mexico; Kansas; Nebraska; Colorado; Iowa/Minnesota feedlots. The projections were completed in October 2023

Note Totals may not add due to rounding.

Source: USDA, Economic Research Service, based on data from USDA, Interagency Agricultural Projections Committee.

Hone in on 2028 & 2033

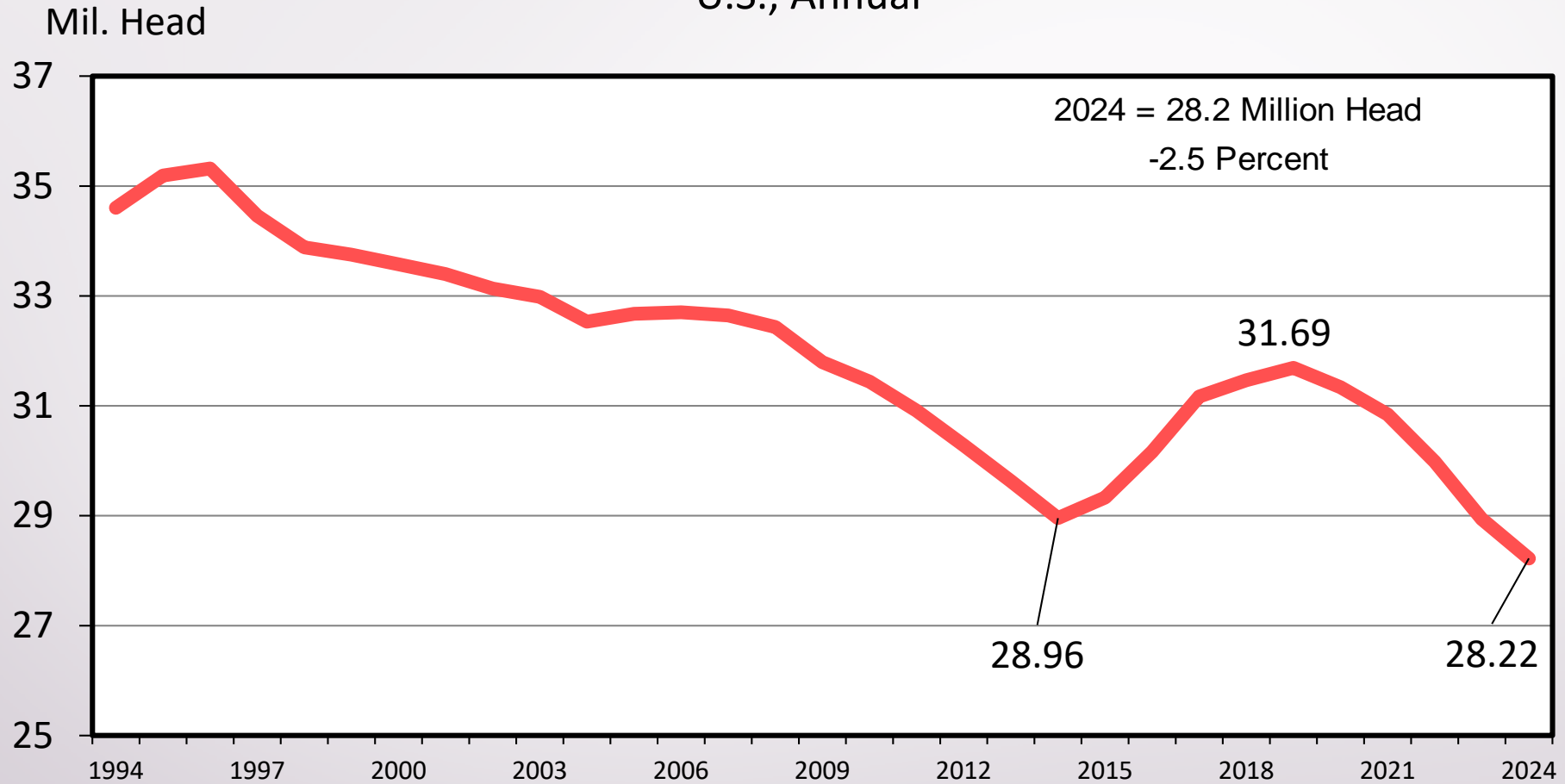
Table 19: Beef long-term projections

Item	Units	2023	2024	2028	2033
Total production	Million lbs.	27,044	25,343	27,733	28,759
Imports	Million lbs.	3,617	3,650	3,208	3,327
Total supply	Million lbs.	31,385	29,593	31,591	32,736
Exports	Million lbs.	3,034	2,845	3,043	3,156
Total disappearance	Million lbs.	27,751	26,148	27,898	28,930
Per capita, retail weight	Pounds	57.9	54.3	56.4	56.9
Prices					
Calves, farm	\$/cwt	260.12	294.61	211.74	226.76
Steers, 5-area 2/	\$/cwt	177.30	185.00	132.96	142.39
Feeder steers, Oklahoma City	\$/cwt	224.61	253.75	167.01	182.08
Beef cow inventory	1,000 head	28,918	28,220	31,138	31,404

2031
beef cow
inv. peak
of 31.7
mil

JANUARY 1 BEEF COW INVENTORY

U.S., Annual

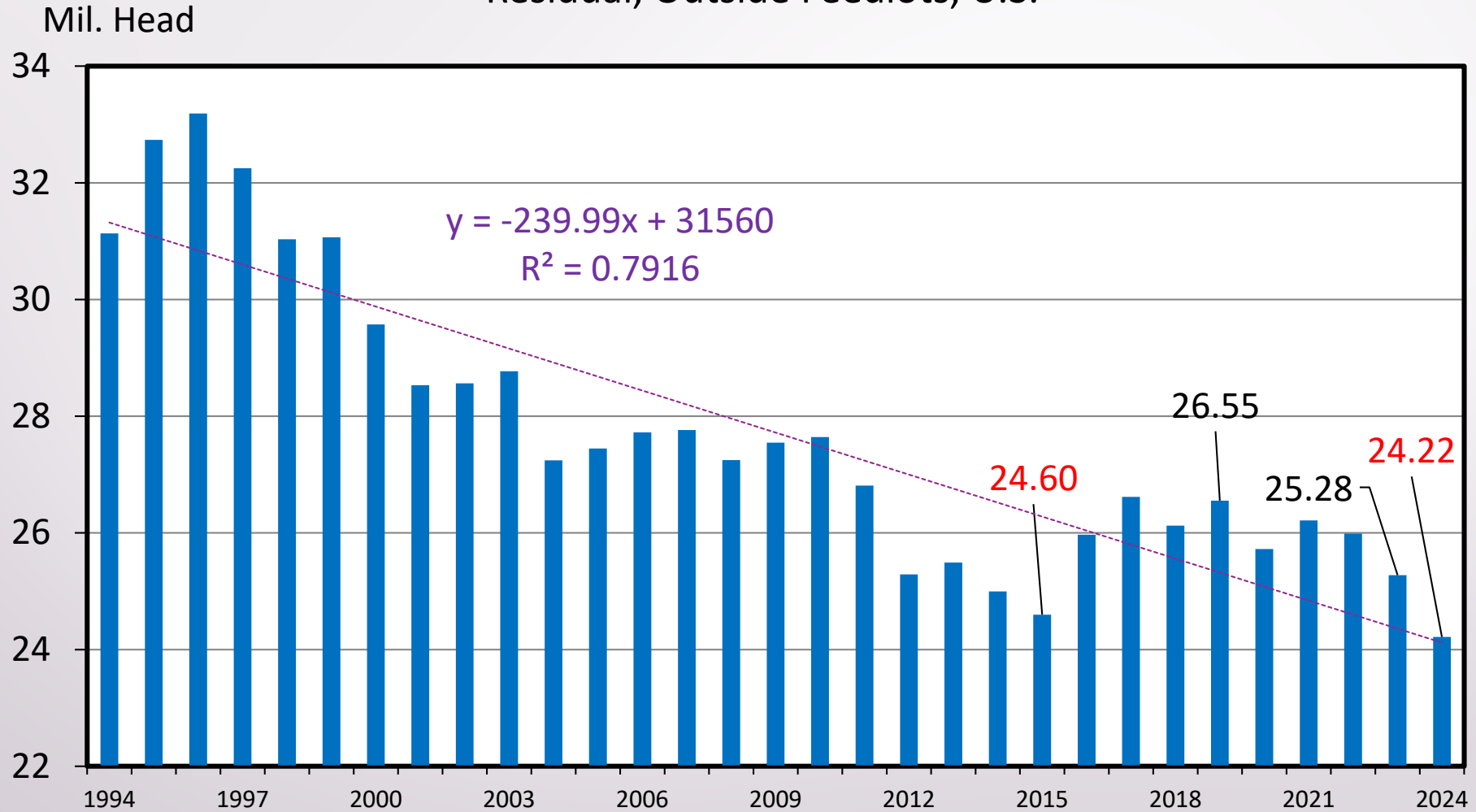


Data Source: USDA-NASS
Livestock Marketing Information Center

C-N-02
01/31/24

JANUARY 1 FEEDER CATTLE SUPPLIES

Residual, Outside Feedlots, U.S.



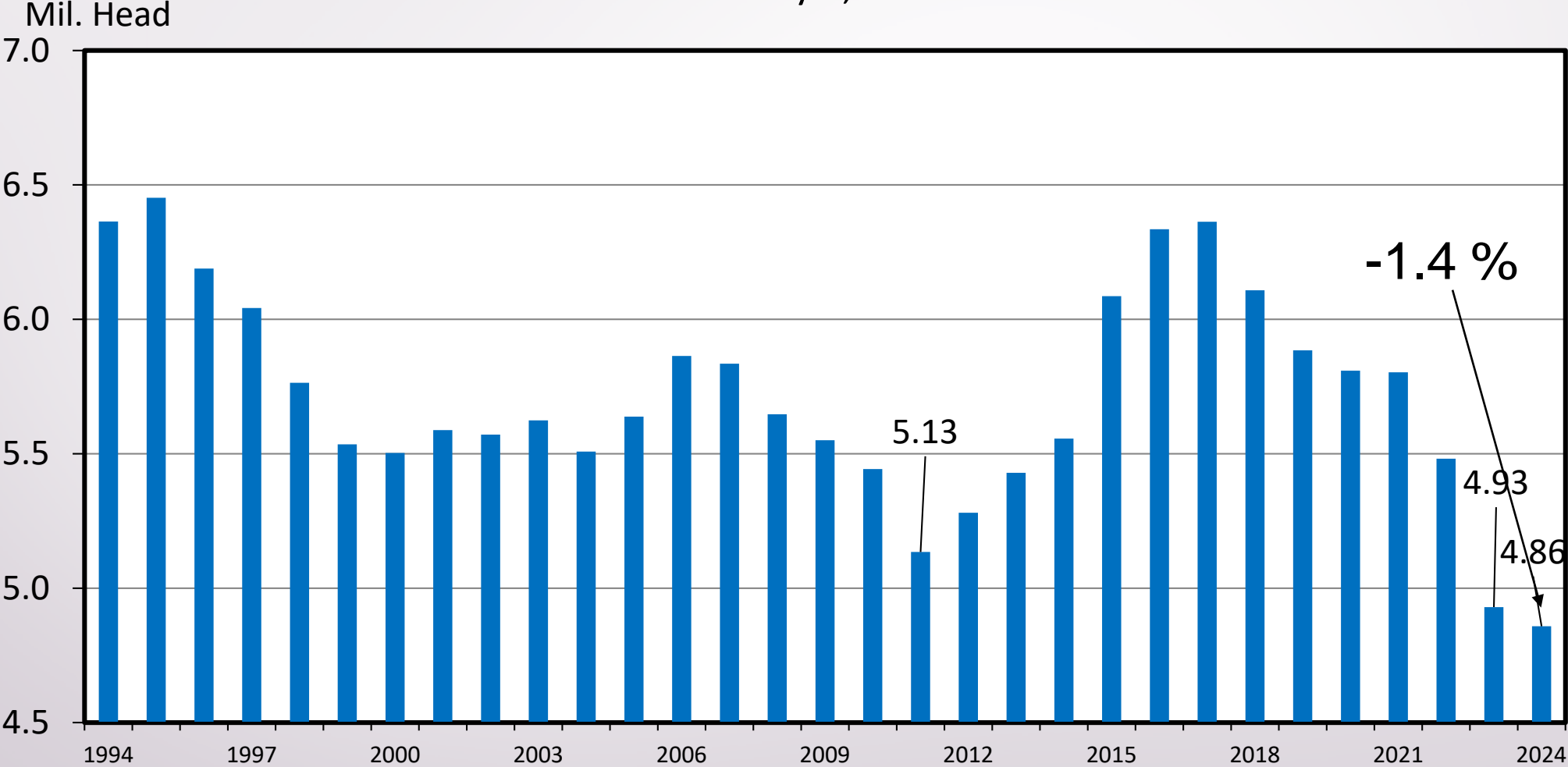
Data Source: USDA-NASS

Livestock Marketing Information Center

C-N-30
01/31/24

HEIFERS HELD AS BEEF COW REPLACEMENTS

January 1, U.S.

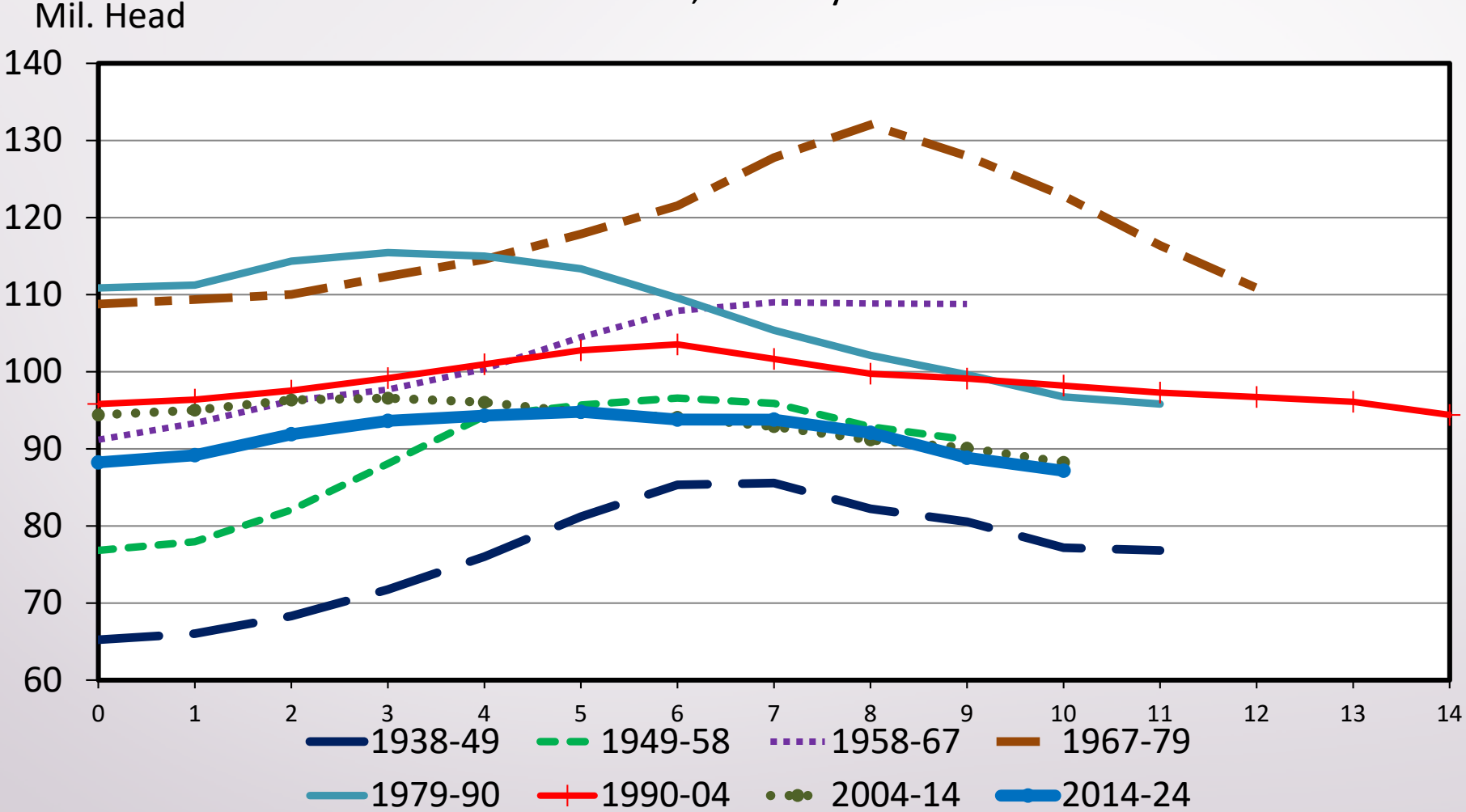


Data Source: USDA-NASS
Livestock Marketing Information Center

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 (gtonsor@ksu.edu)

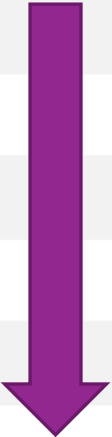
Kansas State University Department of Agricultural Economics

- <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%



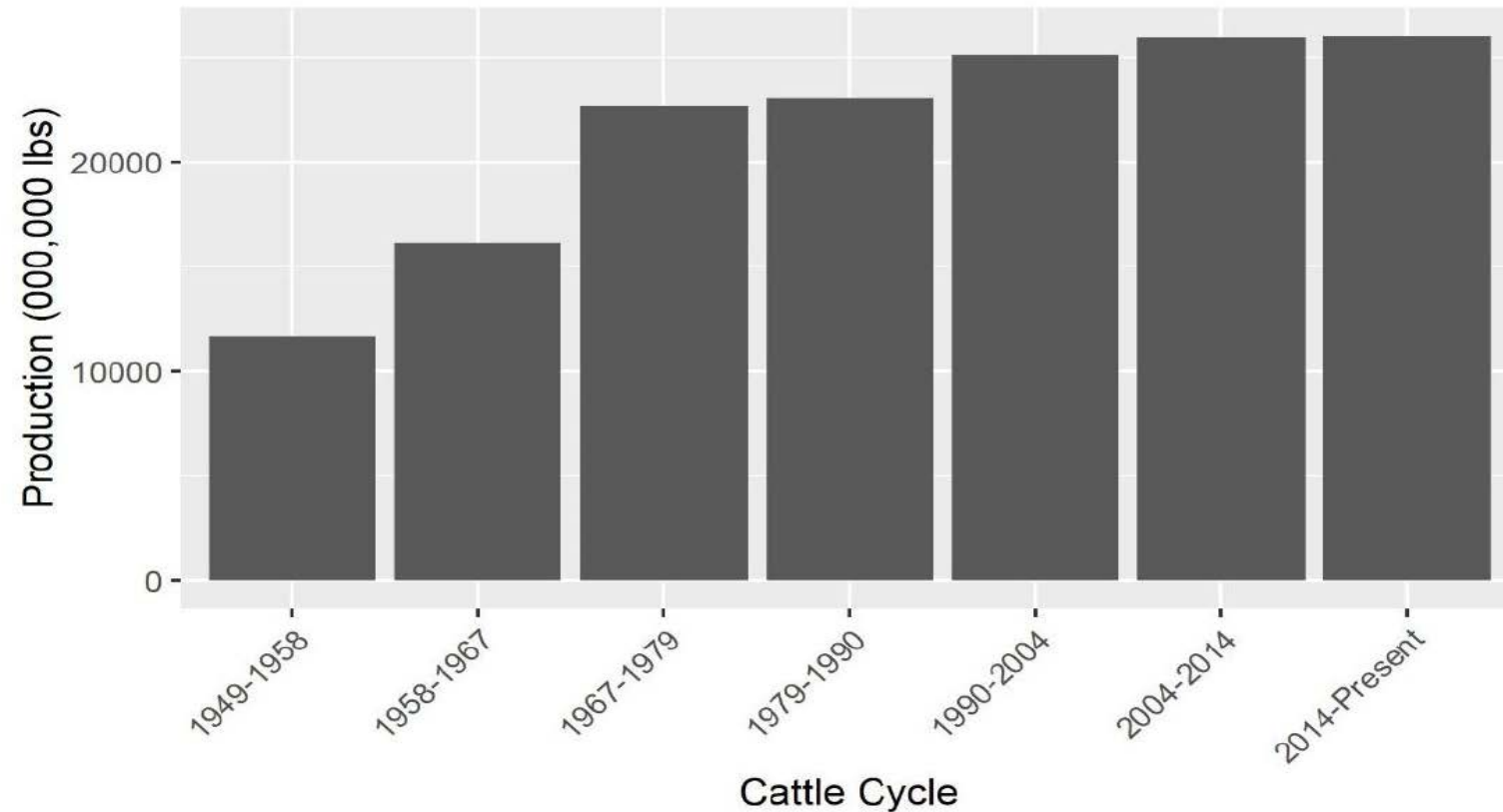
* Relative range is calculated as $100 \times \text{range} / \text{average}$.

<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

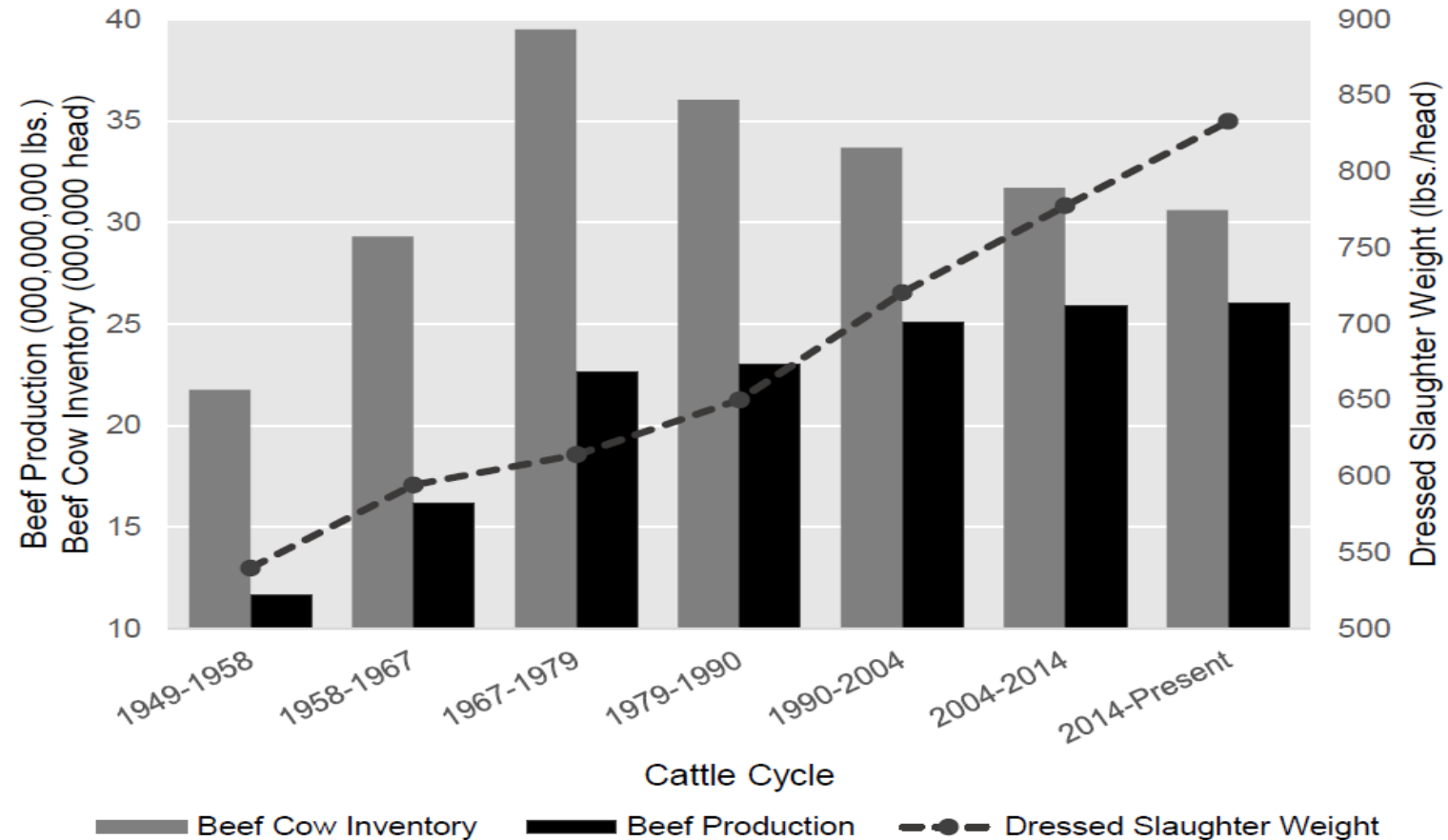


Take-Home: More Beef Over Cattle Cycles

• <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

Context on Beef Cow Herd Dynamics

Consider ASAS-CSAS-WSASAS Contributions

- Higher harvest weights
 - Improved carcass yields
 - Lower death loss
 - Improved breeding success ...
-
- *Supply-side enhancements underpin enhanced industry resilience!*

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

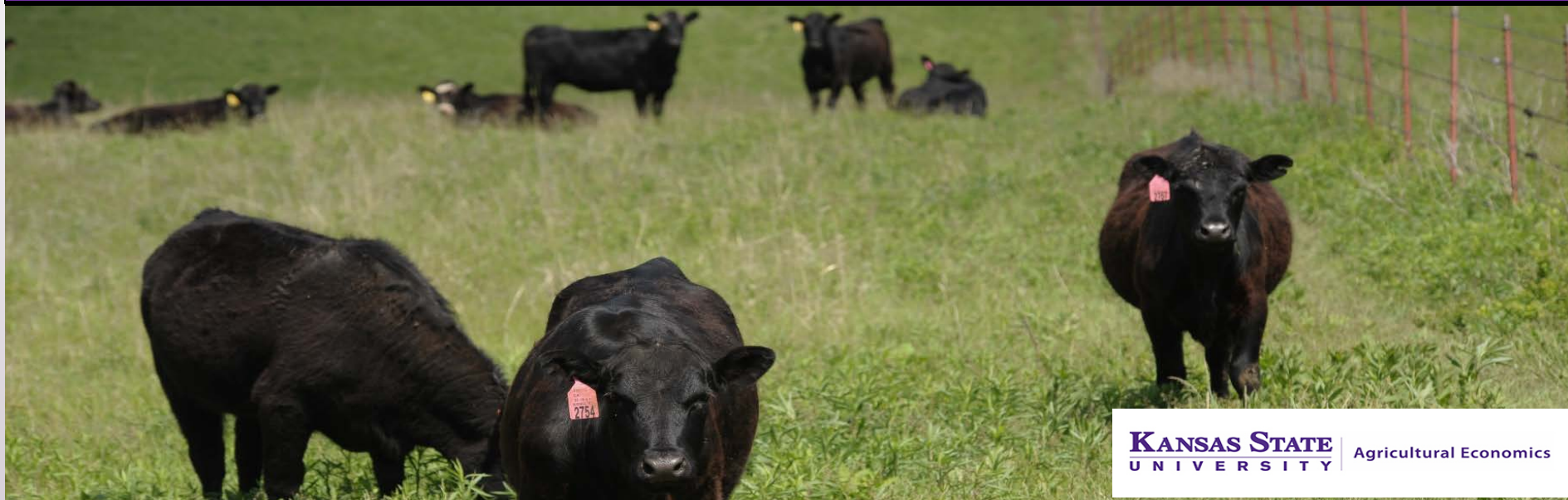
KSU-Beef Replacements

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



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.info

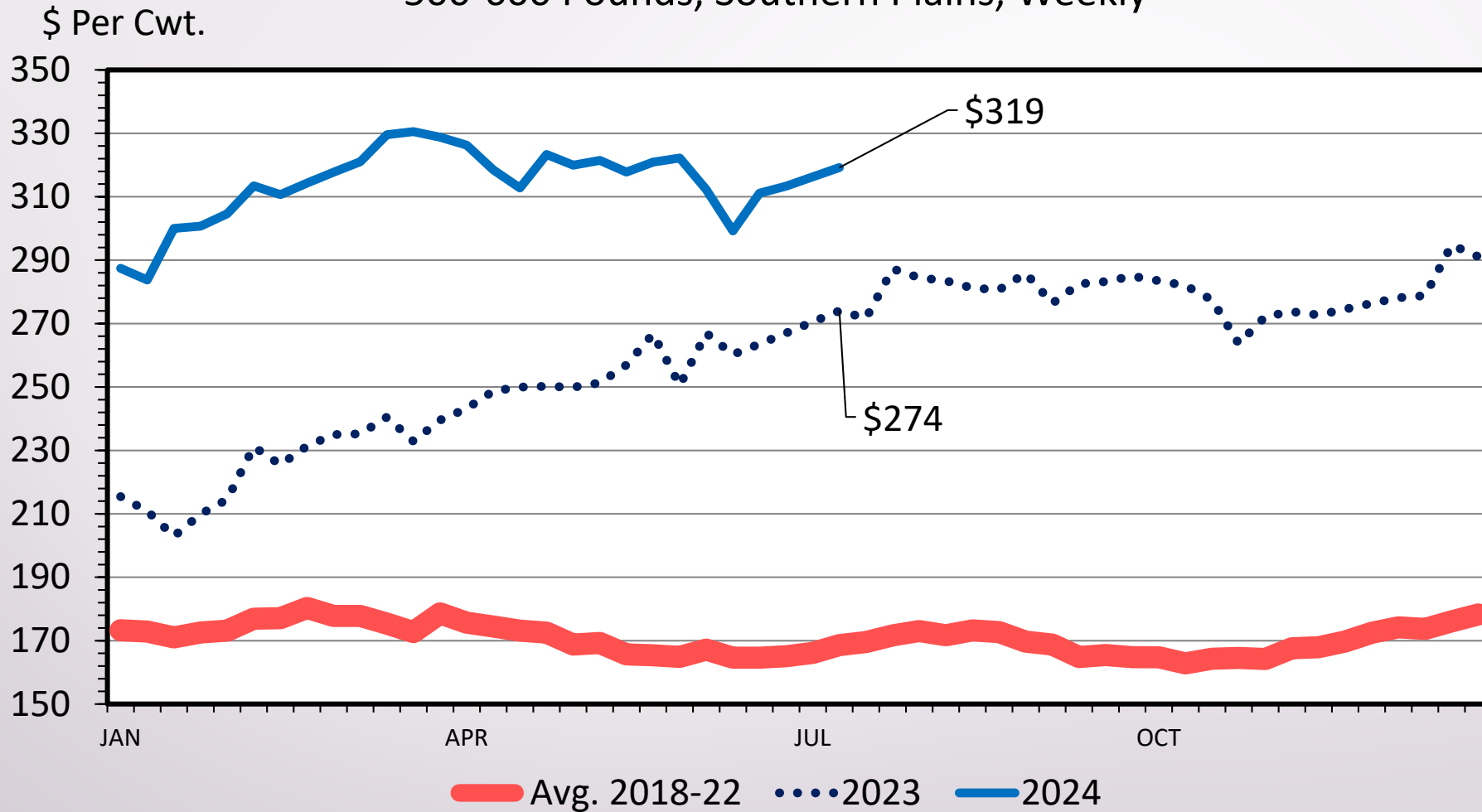
Version- 12.7.2023



KANSAS STATE
UNIVERSITY | Agricultural Economics

MED. & LRG. #1 STEER CALF PRICES

500-600 Pounds, Southern Plains, Weekly

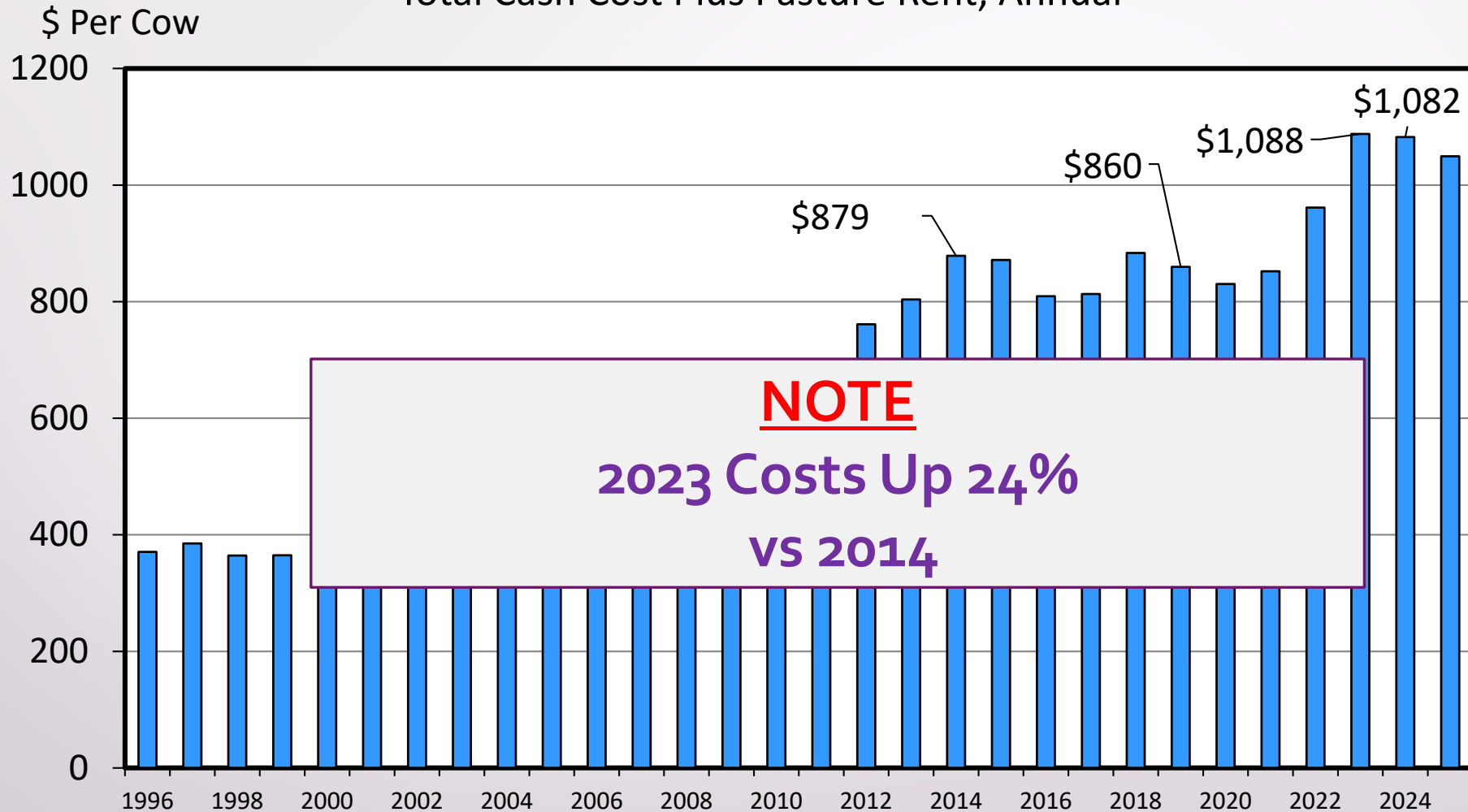


Data Source: USDA-AMS
Livestock Marketing Information Center

C-P-54
07/15/24

ESTIMATED AVERAGE COW CALF COSTS

Total Cash Cost Plus Pasture Rent, Annual

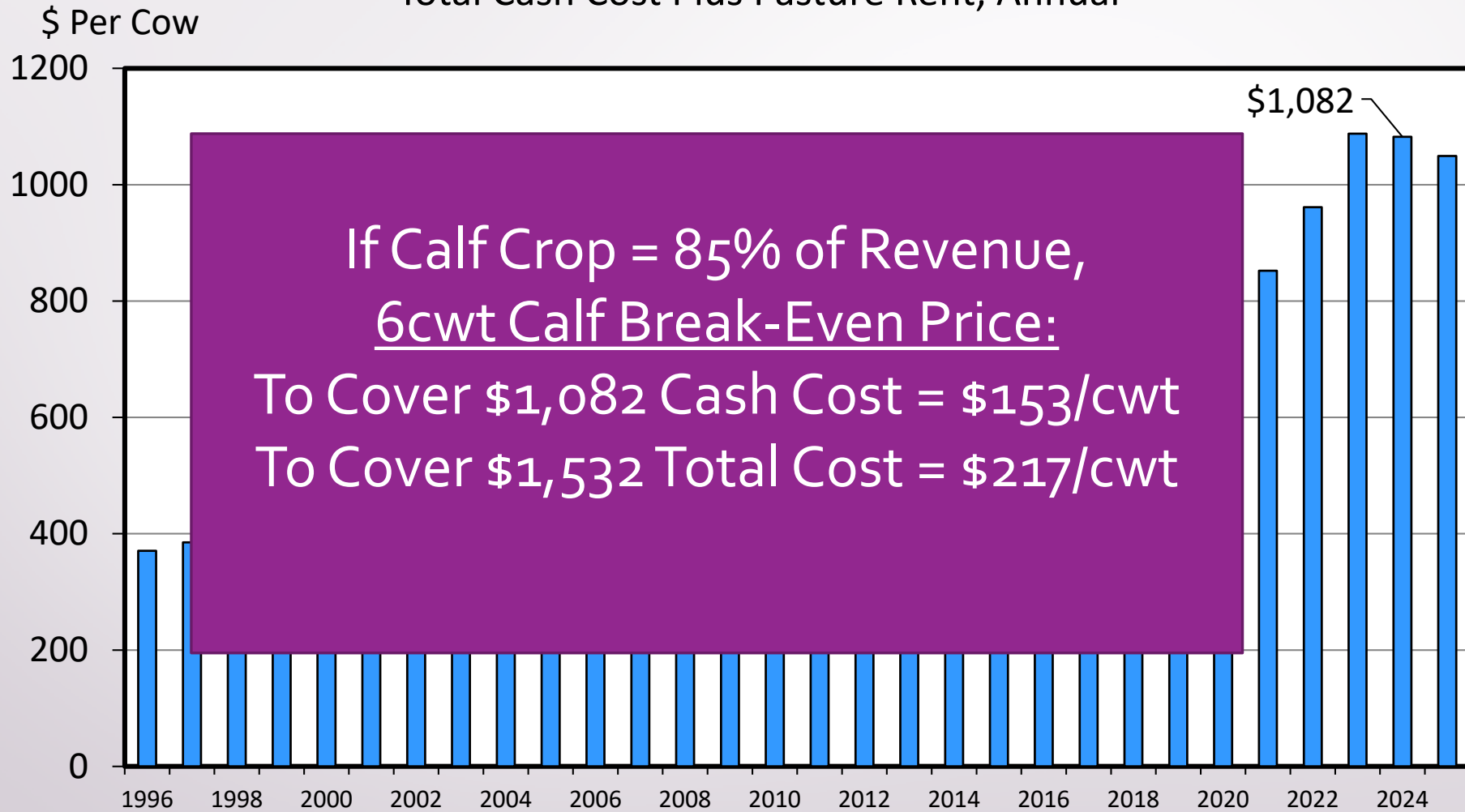


Data Source: USDA & LMIC, Compiled by LMIC

Livestock Marketing Information Center

ESTIMATED AVERAGE COW CALF COSTS

Total Cash Cost Plus Pasture Rent, Annual



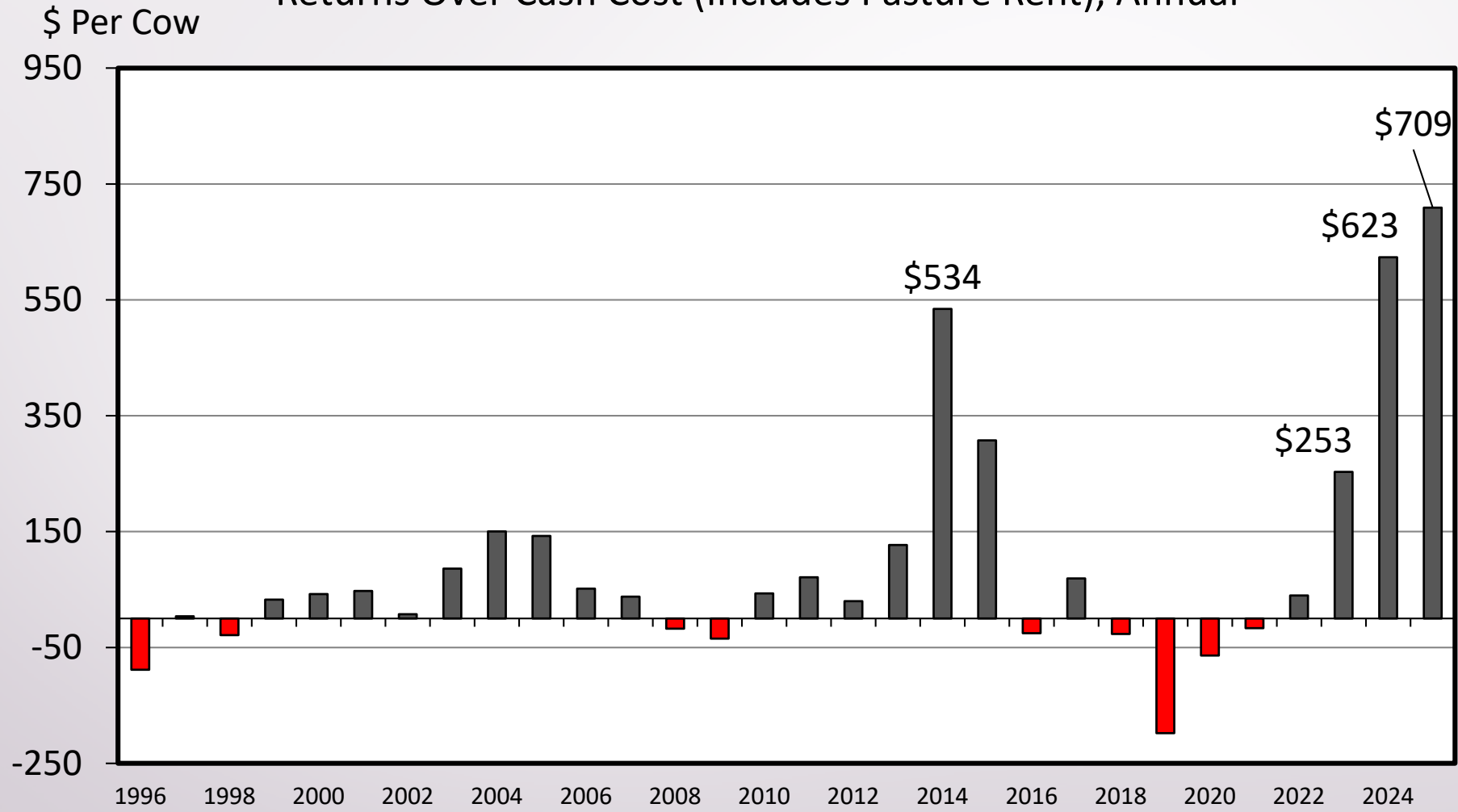
If Calf Crop = 85% of Revenue,
6cwt Calf Break-Even Price:
To Cover \$1,082 Cash Cost = \$153/cwt
To Cover \$1,532 Total Cost = \$217/cwt

Data Source: USDA & LMIC, Compiled by LMIC

Livestock Marketing Information Center

ESTIMATED AVERAGE COW CALF RETURNS

Returns Over Cash Cost (Includes Pasture Rent), Annual



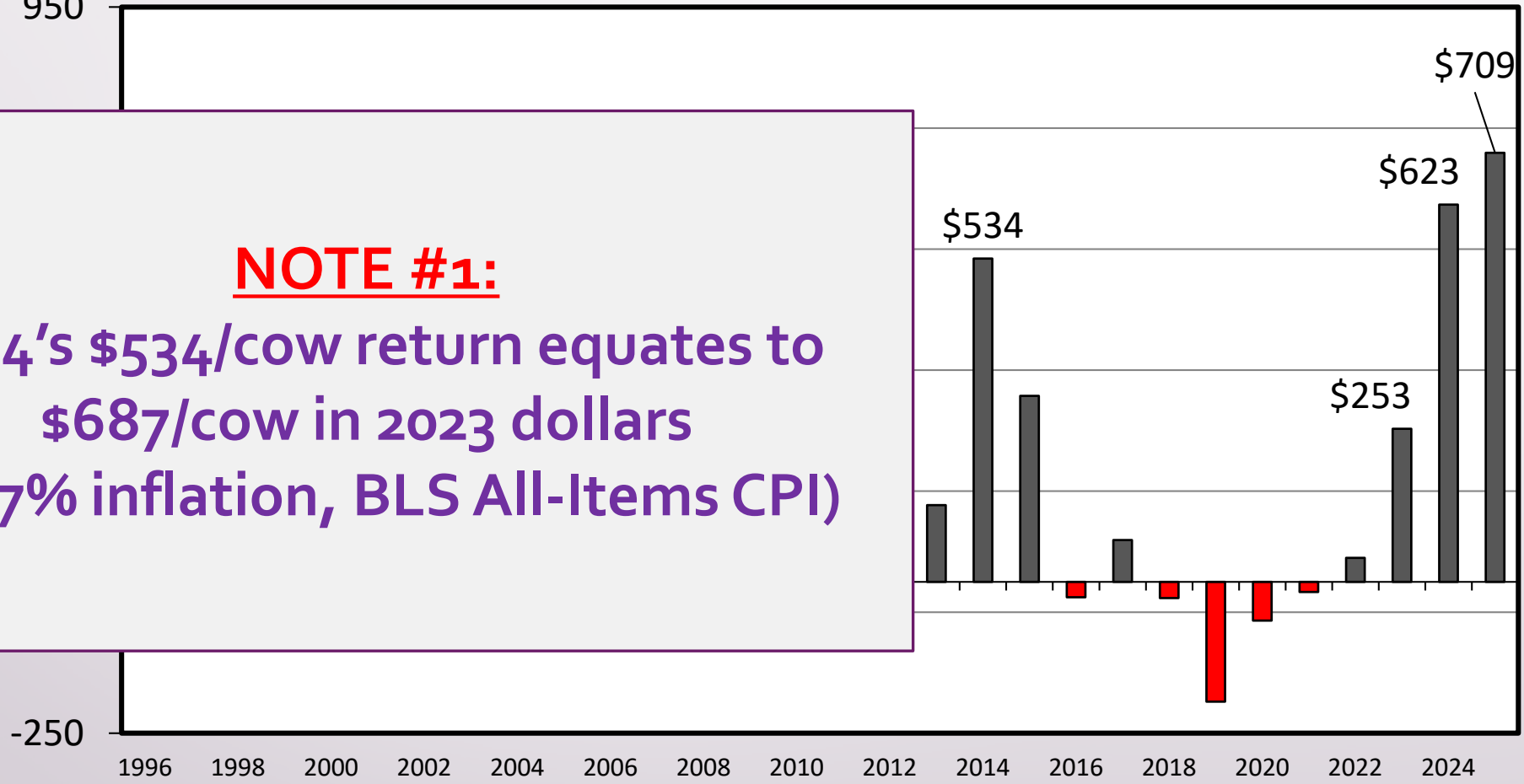
Data Source: USDA & LMIC, Compiled by LMIC
Livestock Marketing Information Center

ESTIMATED AVERAGE COW CALF RETURNS

Returns Over Cash Cost (Includes Pasture Rent), Annual

\$ Per Cow
950

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

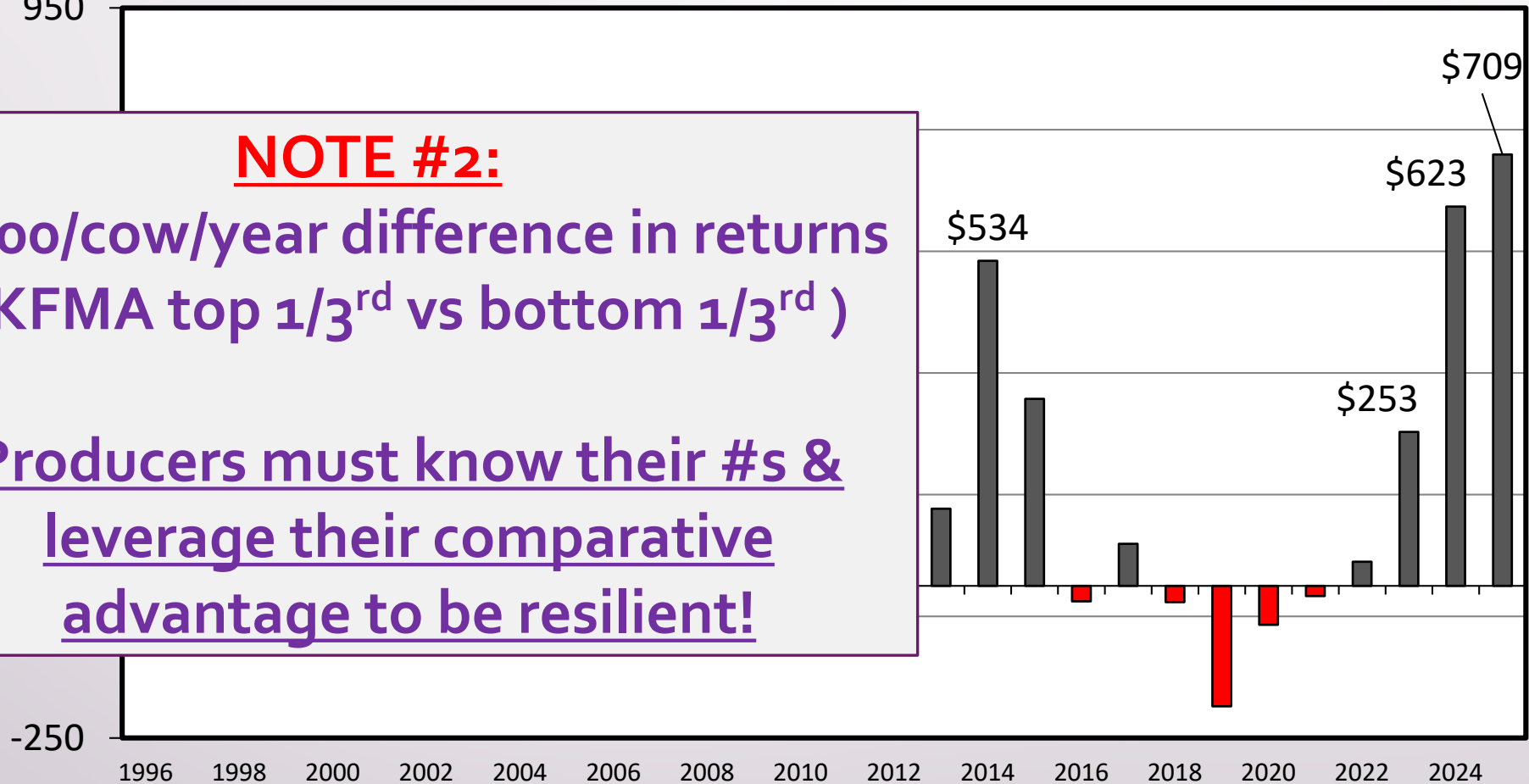
ESTIMATED AVERAGE COW CALF RETURNS

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

Salina **FALL CALF** Market, as of 7/23/24

10/16/2024 Sell @ Weaning @ 600 lbs

- ***Expected Cash Price: \$290/cwt***

KSU-Feeder Cattle Risk Management Tool

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

KSU-Feeder Cattle Risk Management Tool

An Excel spreadsheet for evaluating feeder cattle risk management strategies



Version- 2.11.2023

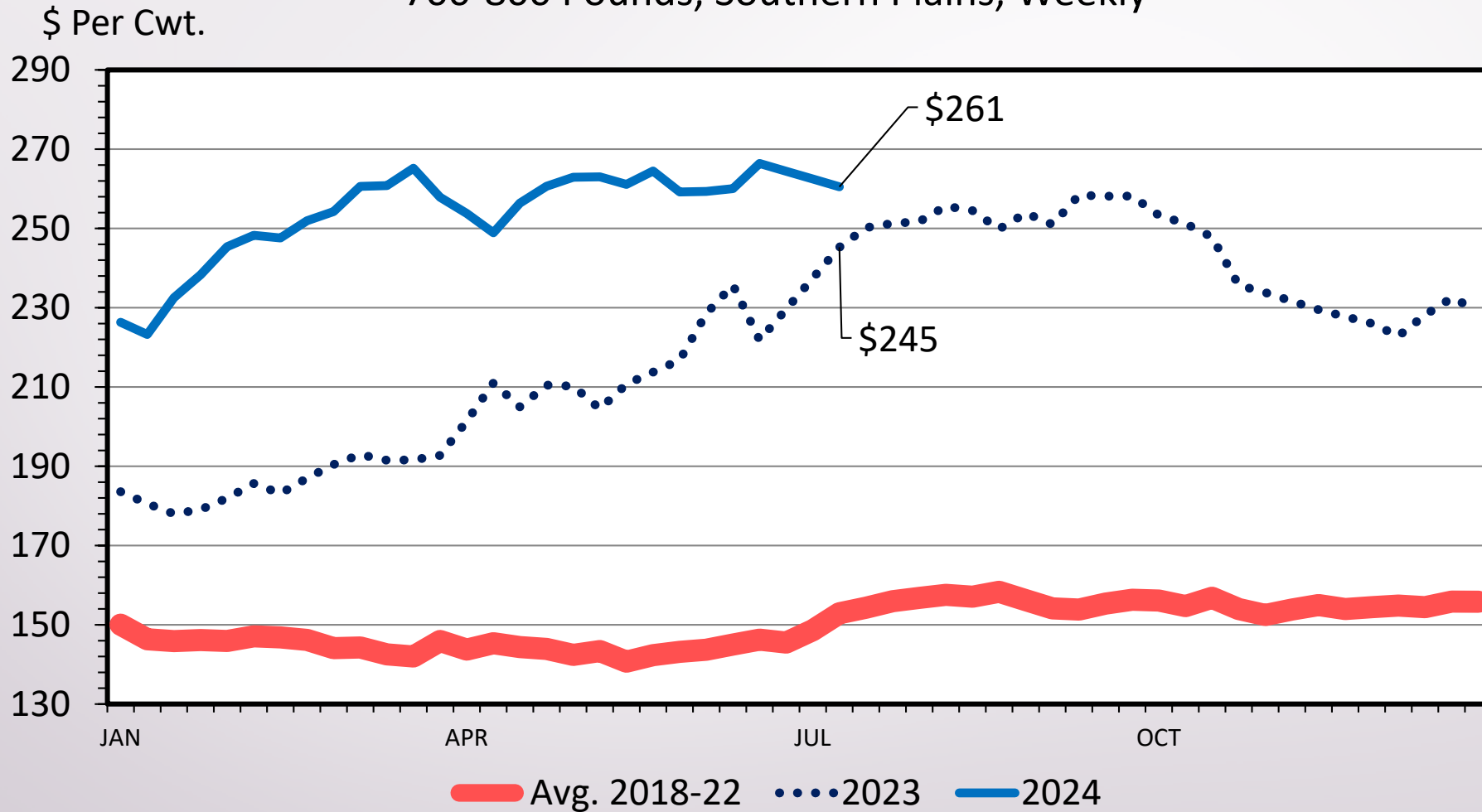


INTRODUCTION

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



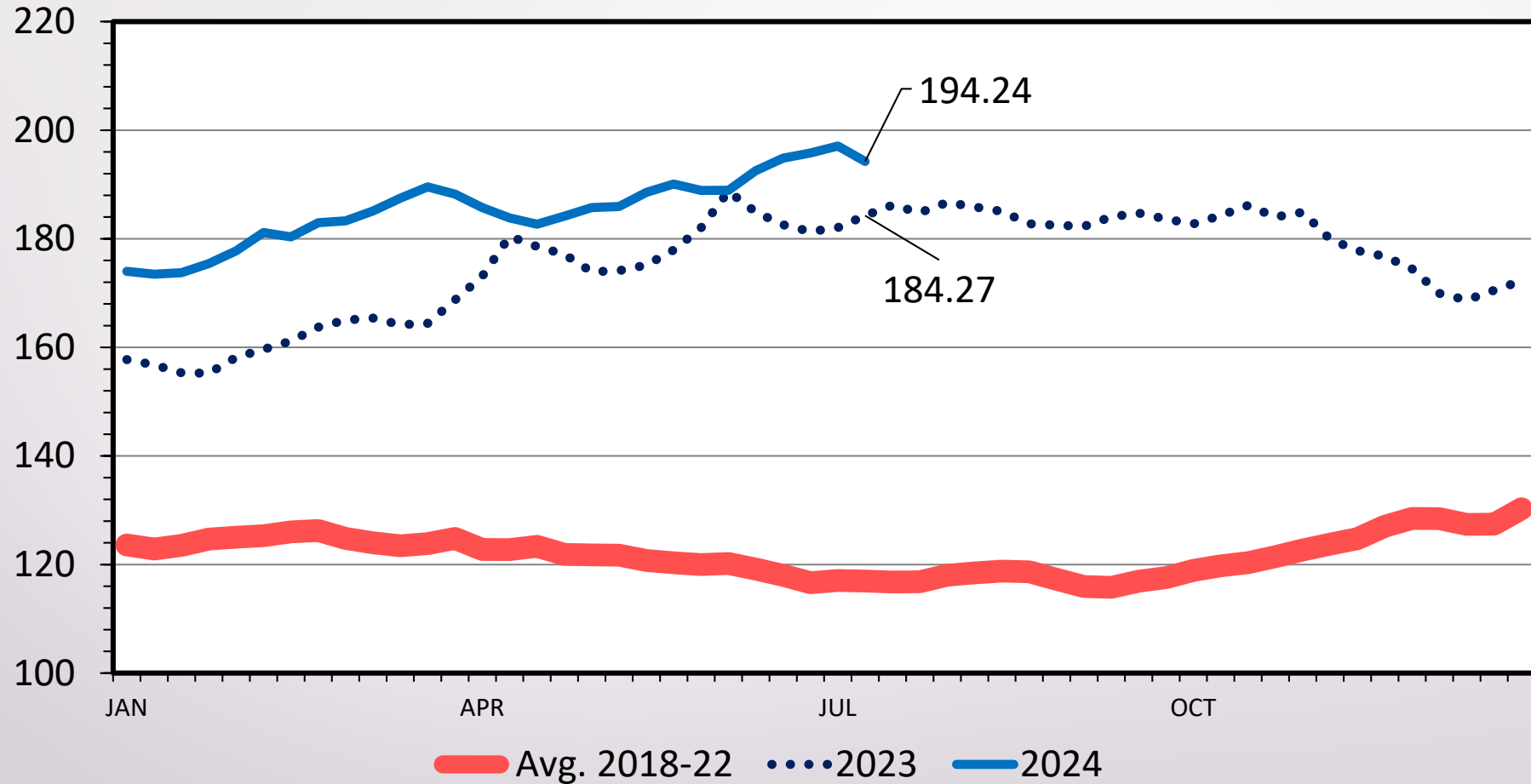
Data Source: USDA-AMS
Livestock Marketing Information Center

C-P-49
07/15/24

SLAUGHTER STEER PRICES

5 Market Weighted Average, Weekly

\$ Per Cwt.



Data Source: USDA-AMS
Livestock Marketing Information Center

07/15/24

Historical and Projected Kansas Feedlot Net Returns (as of 7/10/24')

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

May 24': -\$3/steer

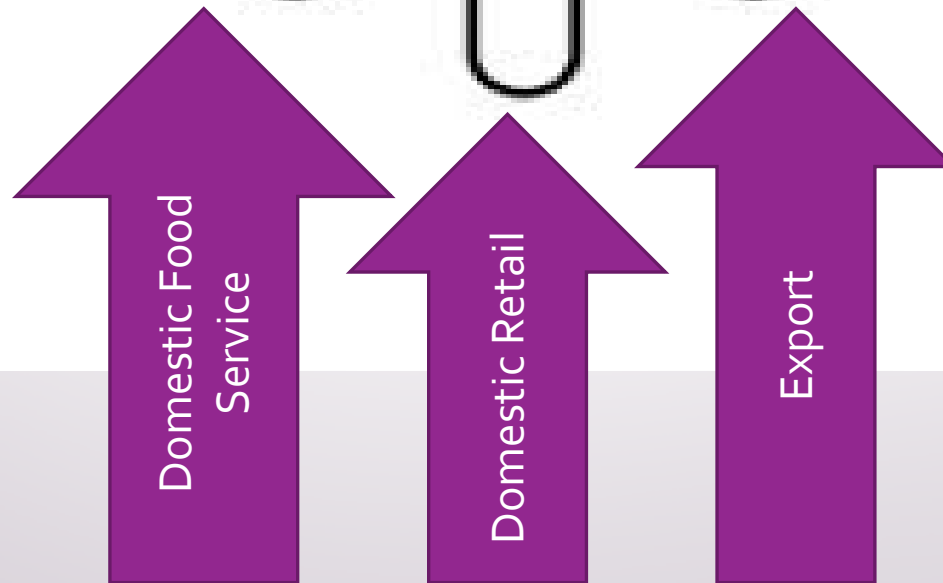
Table 1. Projected Values for Finishing Steers in Kansas Feedyards*

Closeout Mo-Yr	Net Return	FCOG**	Fed Price	Fed Futures	Fed Basis	Feeder Price	Breakeven FCOG**	Breakeven Fed Price	Breakeven Feeder Price
Jun-24	51.12	110.97	184.93	182.25	2.68	226.18	119.05	181.37	232.55
Jul-24	76.69	110.92	183.17	182.25	0.92	222.13	122.91	177.76	232.01
Aug-24	27.88	109.02	184.06	183.20	0.86	230.62	113.36	182.12	234.15
Sep-24	-142.48	109.95	182.99	183.20	-0.21	244.85	87.24	192.83	227.47
Oct-24	-86.45	108.64	185.75	184.80	0.95	249.96	95.70	191.69	238.97
Nov-24	-100.27	107.32	186.66	184.80	1.86	254.73	92.56	193.46	242.13
Dec-24	-75.81	107.61	188.53	186.55	1.98	246.50	95.90	193.52	237.80
Jan-25	-137.11	110.35	186.68	186.55	0.13	247.45	88.02	196.09	231.18
Feb-25	-104.59	111.08	188.31	188.38	-0.07	248.92	94.44	195.57	236.05
Mar-25	-75.98	109.44	189.80	188.38	1.43	250.29	97.43	195.09	240.84

Representative Barometer for Trends in Profitability



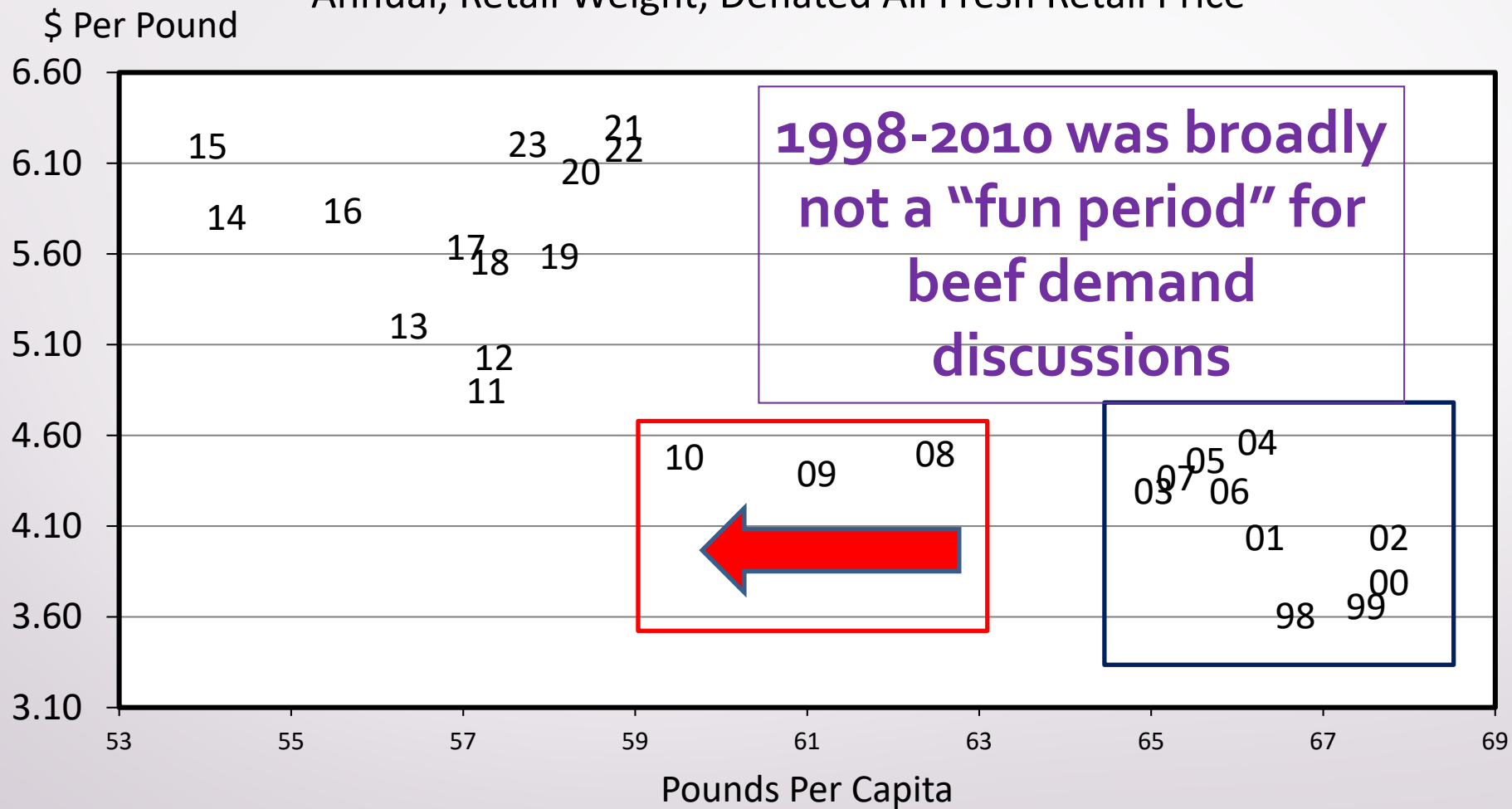
Beef Demand



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

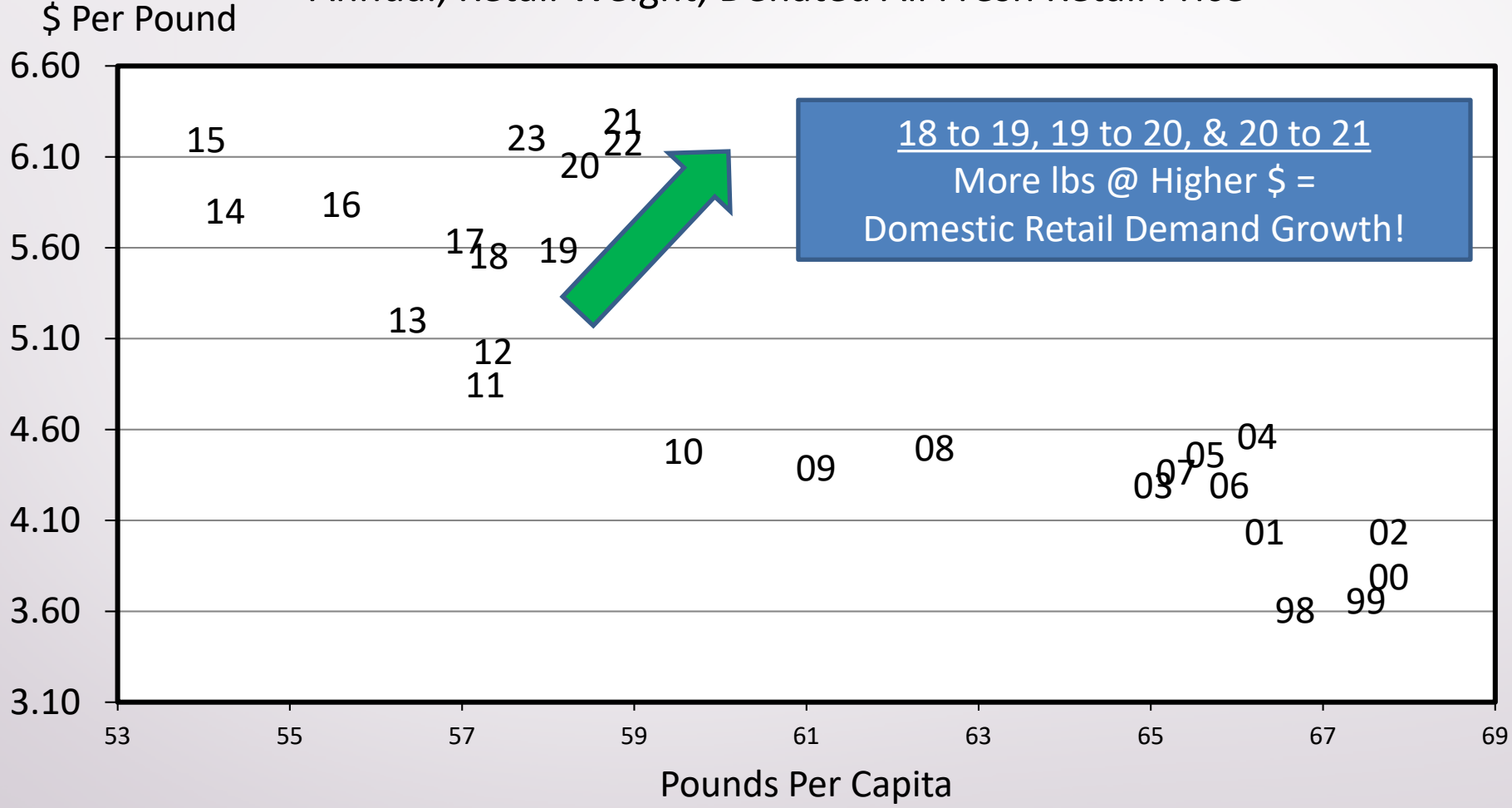


Data Source: Bureau of Economic Analysis & USDA-ERS, Compiled by LMIC
Livestock Marketing Information Center

C-P-65A
04/04/24

BEEF PRICE-QUANTITY RELATIONSHIP

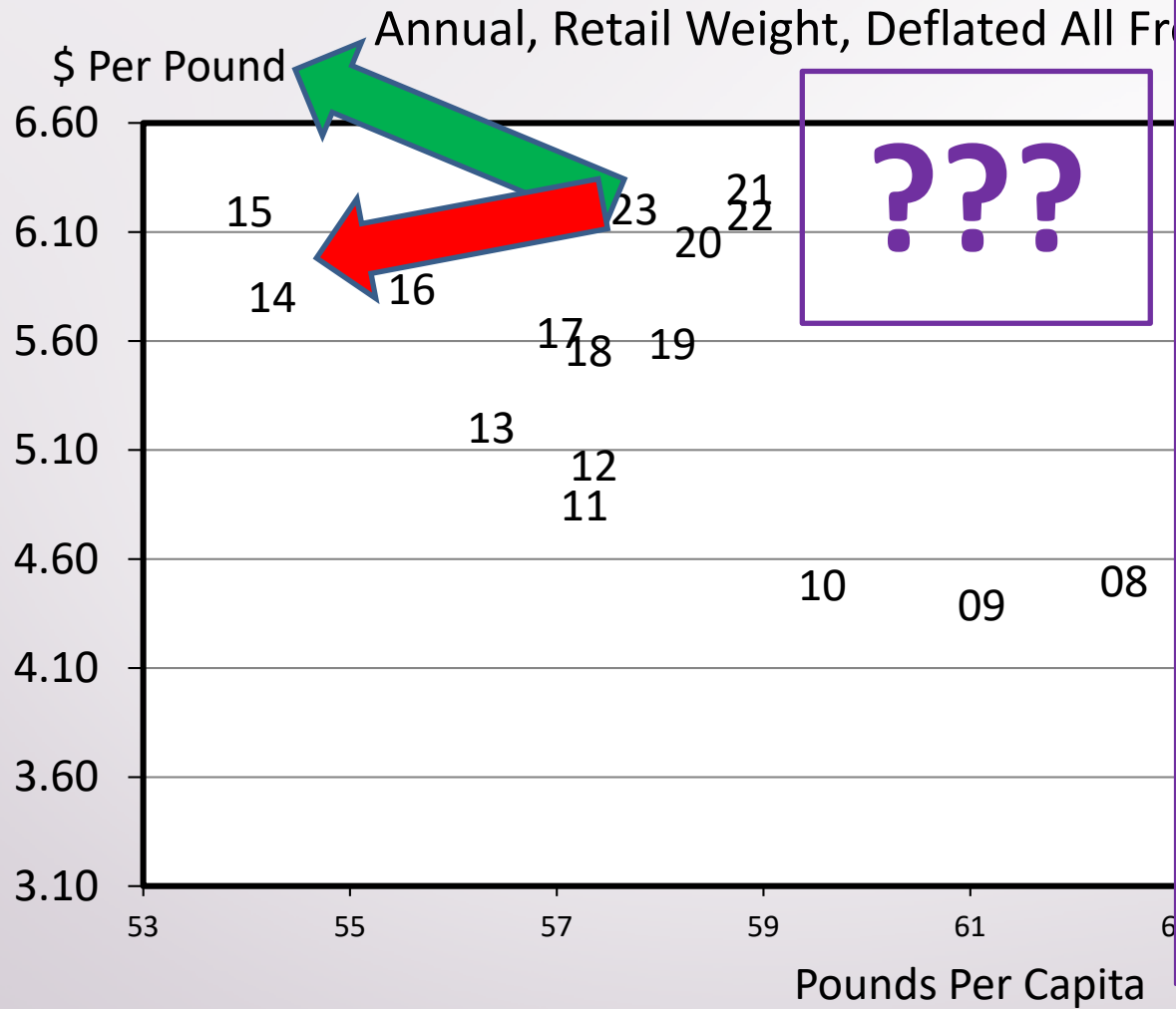
Annual, Retail Weight, Deflated All Fresh Retail Price



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



Size of
Economic Pie
Dictated by
Demand
Patterns

Monthly Meat Demand Monitor, Methods, and Supporting Information

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

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[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]

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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

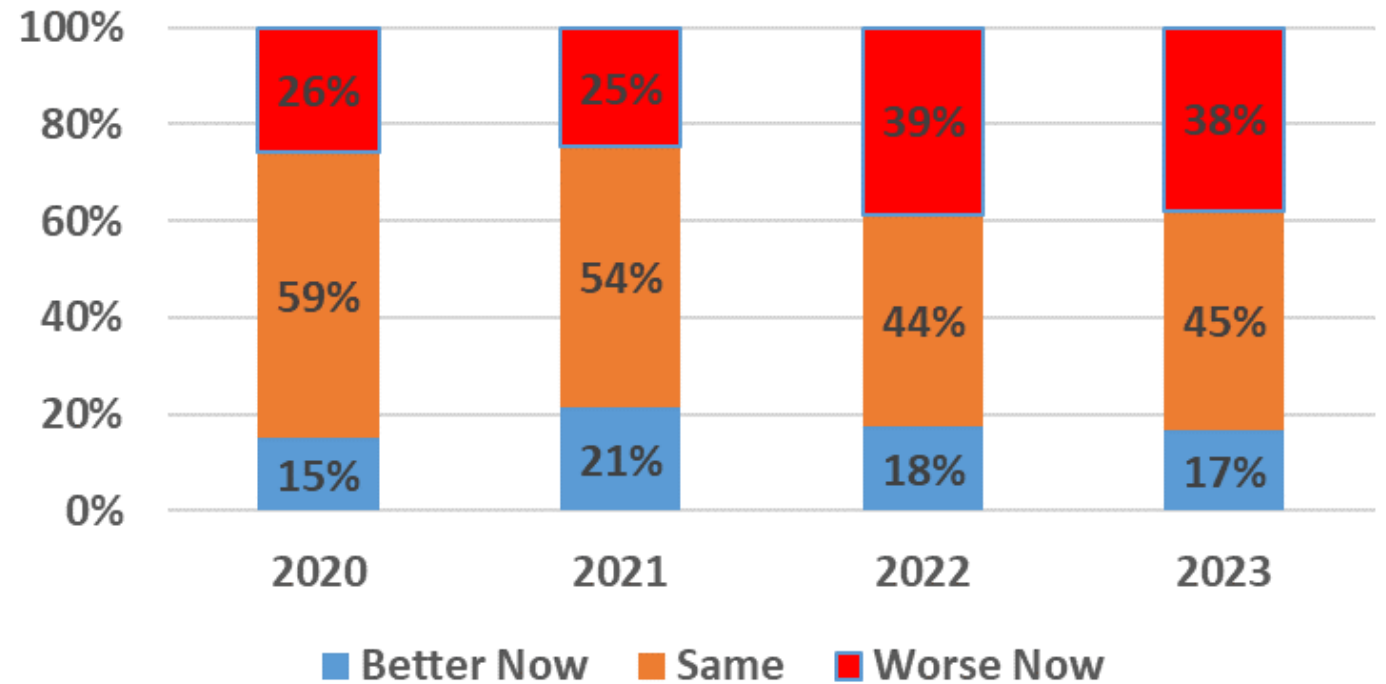
<https://www.agmanager.info/livestock-meat/meat-demand/monthly-meat-demand-monitor-survey-data>

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

Consumer Sentiment: Now vs. One Year Ago

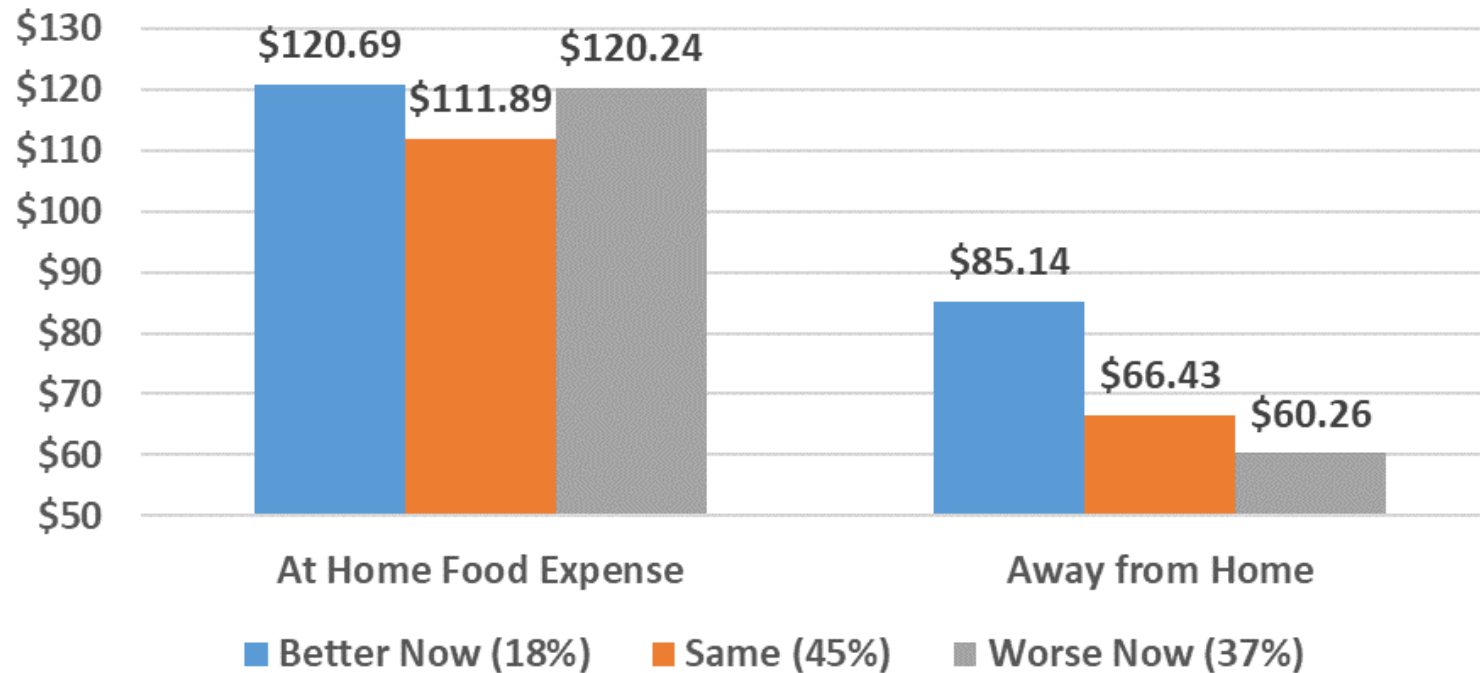


<https://www.agmanager.info/livestock-meat/meat-demand/monthly-meat-demand-monitor-survey-data>

MDM: Meat Demand Monitor

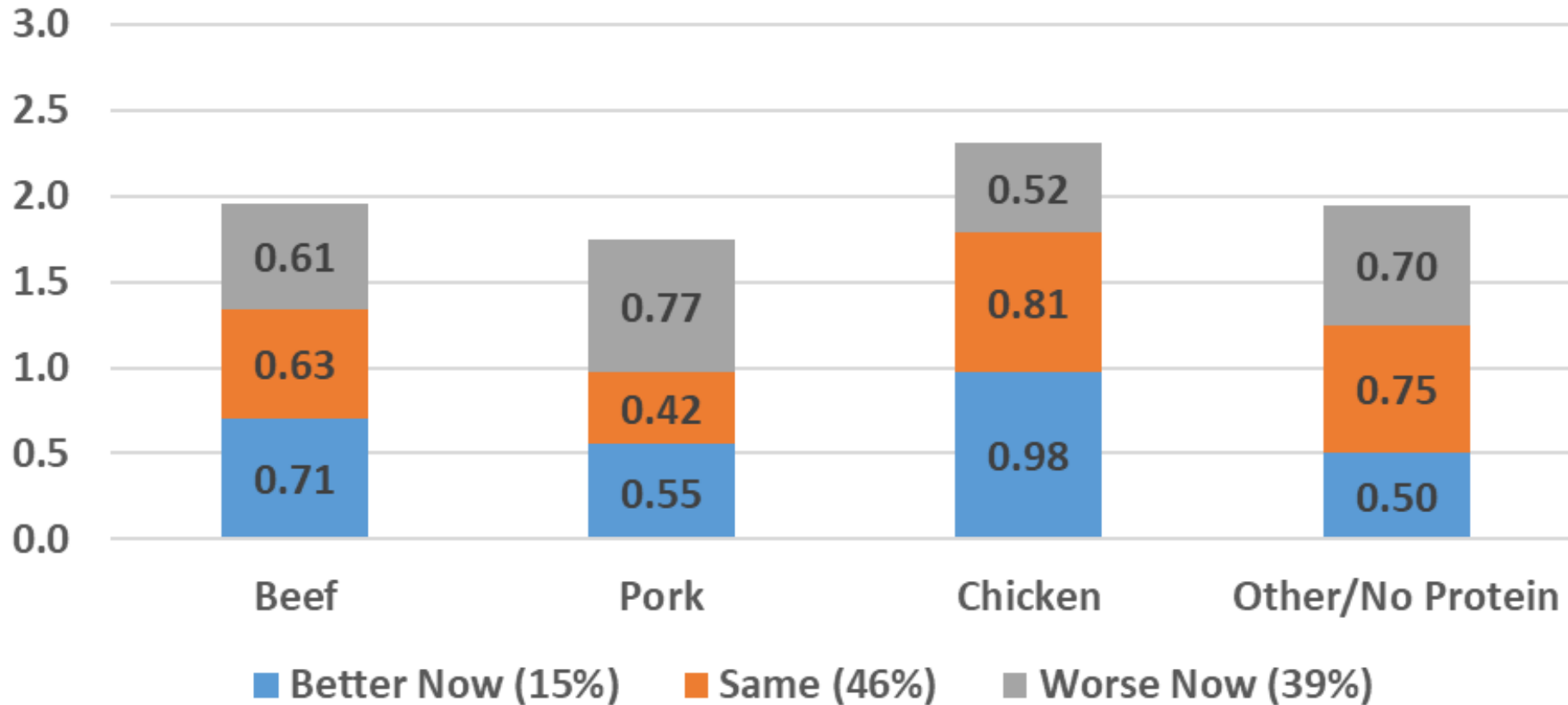
The MDM tracks U.S. consumer preferences, views, and demand for meat with separate analysis for retail and food service channels. MDM is a monthly online survey with a sample of over 2,000 respondents reflecting the national population.

**Average Weekly Food Expenses, by Financial Sentiment
(Now vs One Year Ago) for Feb. 2024 (MDM)**

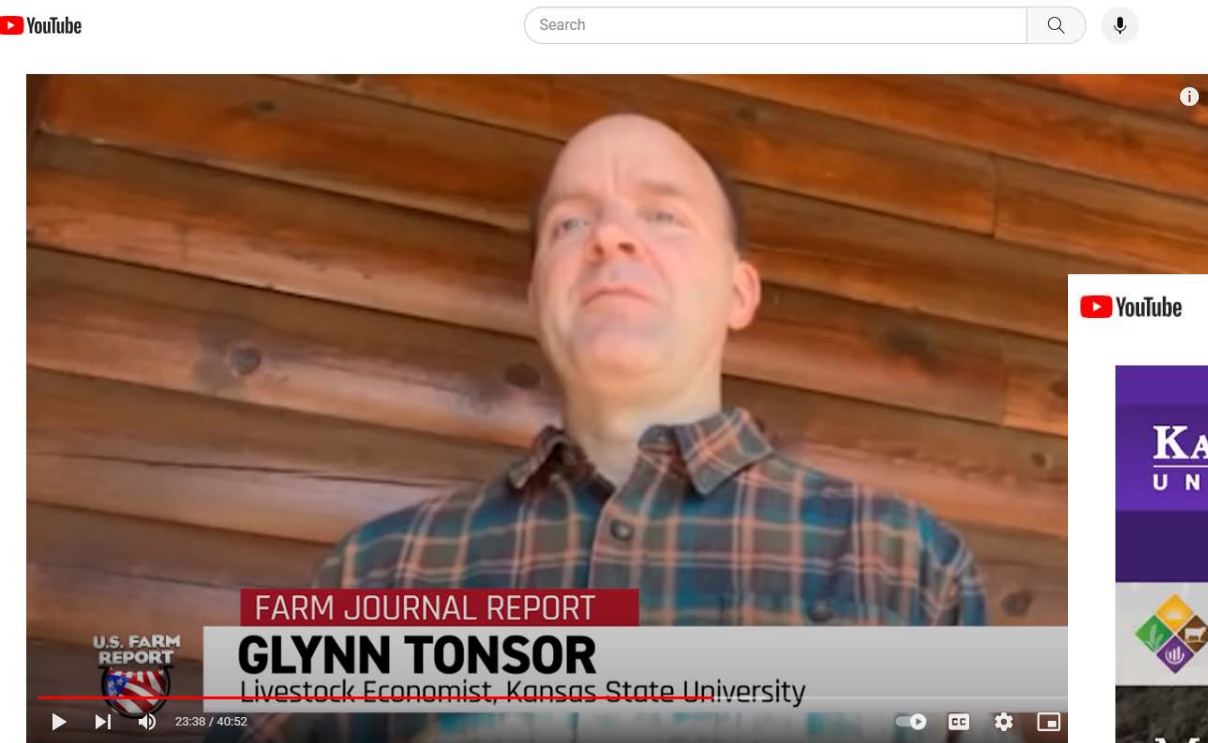


<https://www.agmanager.info/livestock-meat/meat-demand/monthly-meat-demand-monitor-survey-data>

Prior Day Meal, Protein Inclusion Rate by Financial Sentiment (Now vs One Year Ago) for Jan. 2024 (MDM)



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



U.S. Farm Report 08/12/23

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Monthly Meat Demand Monitor, Methods, and Supporting Information

Home / Livestock & Meat / Meat Demand / Monthly Meat Demand Monitor [Survey Data] / Meat Demand Monitor - July 2023

Meat Demand Monitor - July 2023

August 3, 2023
Glynn Tonsor

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Take-Home Summary

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 - **Reduced Beef Supplies = Likely Higher Cattle Prices**
 - **Impact on Profit Margins will Vary WIDELY**
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- **Individual Operators Must Know Their Comparative Advantage to Survive & Be Resilient!**



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