

BEEF-CATTLE OUTLOOK

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[http://www.agmanager.info/
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2021
Crop Insurance Workshop

Navigating through the
Wild World of Taxes,
Carbon Credit,
Commodity Markets,
Farm Policy and,
of course, Crop Insurance.

October 20, 2021
Grand Island, NE
Heartland Event Ctr.
700 E. Stolley Park Rd

October 21, 2021
Salina, KS
Tony's Pizza Event Ctr.
Formerly Bicentennial Ctr.
800 The Midway

October 22, 2021
Enid, OK
Autri Technology Ctr.
1101 W. Willow



Quarterly Forecasts (LMIC: 9/28/21)

Year Quarter	Comm'l Slaughter	% Chg. from Year Ago	Average Dressed Weight	% Chg. from Year Ago	Comm'l Beef Production	% Chg. from Year Ago
2021						
I	8,274	-1.5	833.4	1.0	6,895	-0.5
II	8,502	14.9	818.3	-0.1	6,957	14.8
III	8,508	-0.4	818.0	-1.8	6,960	-2.2
IV	8,106	-4.0	828.4	-1.1	6,715	-5.0
Year	33,389	1.8	824.4	-0.5	27,526	1.3
2022						
I	8,100	-2.1	835.7	0.3	6,769	-1.8
II	8,247	-3.0	823.0	0.6	6,787	-2.4
III	8,205	-3.6	823.8	0.7	6,759	-2.9
IV	7,891	-2.6	833.1	0.6	6,574	-2.1
Year	32,444	-2.8	828.8	0.5	26,890	-2.3
2023						
I	7,796	-3.8	842.6	0.8	6,569	-3.0
II	8,076	-2.1	830.4	0.9	6,706	-1.2
III	7,979	-2.8	835.8	1.5	6,669	-1.3
IV	7,722	-2.1	842.9	1.2	6,509	-1.0
Year	31,573	-2.7	837.8	1.1	26,453	-1.6

Data Source: Livestock Marketing Information Center

Quarterly Forecasts: Cattle (LMIC: 9/28/21)

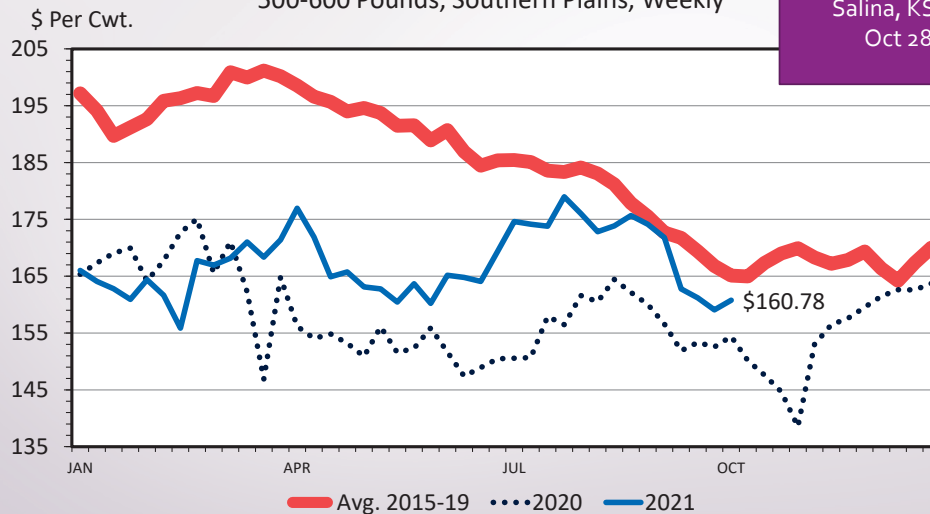
Year Quarter	Live Sltr. Steer Price 5-Mkt Avg	% Chg. from Year Ago	Feeder Steer Price Southern Plains	
			7-800#	5-600#
2021				
I	112.98	-4.5	136.65	164.83
II	120.76	14.1	142.02	165.42
III	123-124	21.4	157	172
IV	126-128	17.4	154-156	169-171
Year	121-122	12.0	147-148	168-169
2022				
I	127-130	13.7	153-156	167-170
II	132-136	11.0	154-159	172-176
III	122-130	2.0	157-167	179-189
IV	126-134	2.4	155-165	177-187
Year	128-130	6.2	156-160	175-178
2023				
I	134-144	8.2	163-173	179-189
II	137-147	6.0	165-175	187-197
III	127-142	6.7	170-185	199-214
IV	132-147	7.3	175-190	205-220
Year	134-144	7.8	170-180	193-203

Data Source: Livestock Marketing Information Center

MED. & LRG. #1 STEER CALF PRICES 500-600 Pounds, Southern Plains, Weekly

[BeefBasis.com](https://beefbasis.com) (as of Oct 18th)

Salina, KS 6cwt Steer on
Oct 28th: \$176/cwt

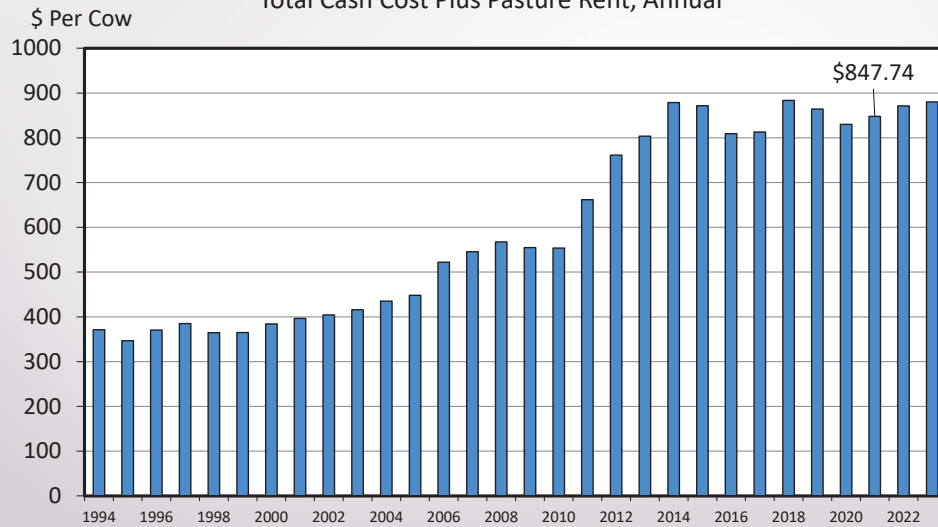


Data Source: USDA-AMS
Livestock Marketing Information Center

C-P-54
10/11/21

ESTIMATED AVERAGE COW CALF COSTS

Total Cash Cost Plus Pasture Rent, Annual



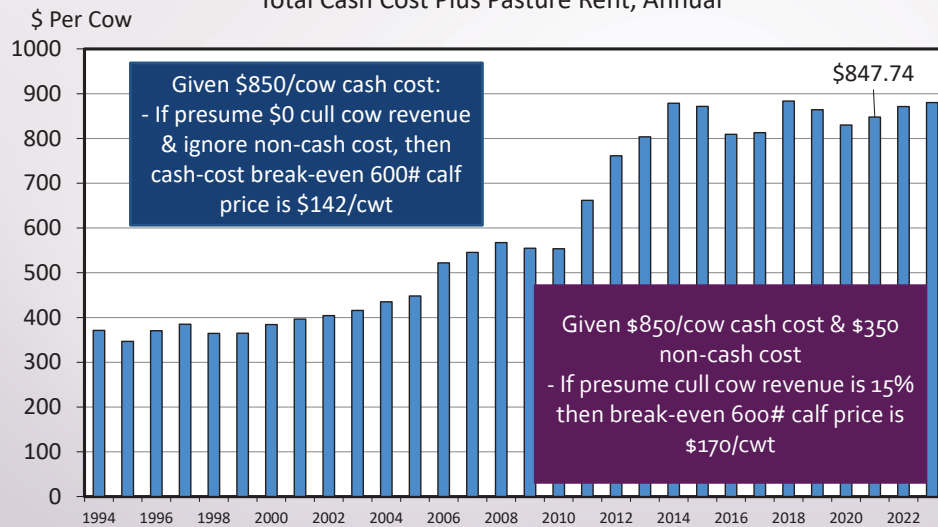
Data Source: USDA & LMIC, Compiled by LMIC

Livestock Marketing Information Center

09/01/21

ESTIMATED AVERAGE COW CALF COSTS

Total Cash Cost Plus Pasture Rent, Annual

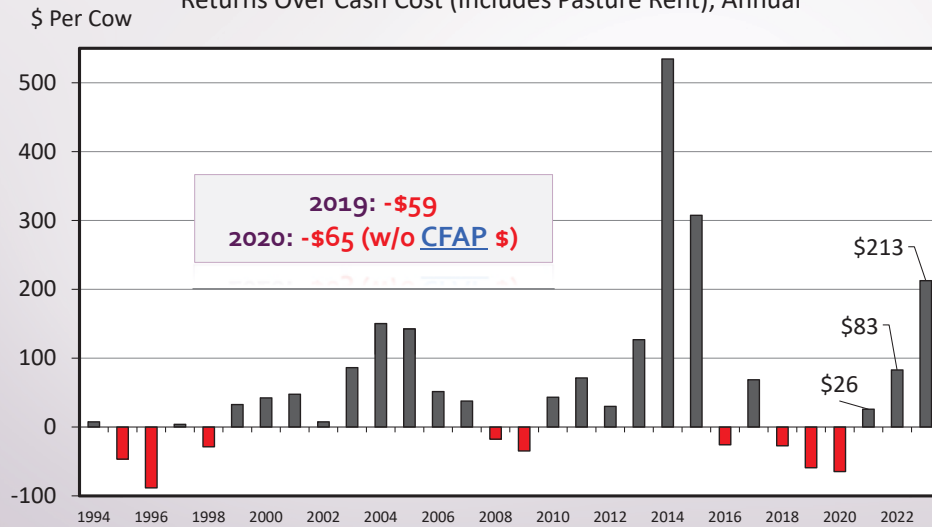


Data Source: USDA & LMIC, Compiled by LMIC

Livestock Marketing Information Center

09/01/21

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



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

C-P-66
10/07/21

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

Salina *FALL CALF* Market, as of 10/18

10/28/2021 Sell @ Weaning @ 600 lbs
■ **Expected Cash Price: \$176/cwt**

Want Feeder Cattle Price, Basis, & VOG Projections?
Use BeefBasis.com

Salina *BACKGROUND* Market, as of 10/18

**10/28/2021 Buy/Retail @ 600 lbs
1/13/2022 Sell @ 725 lbs
ADG=1.6**

- **Expected Buy Price: \$176/cwt**
- **Expected Sell Price: \$166/cwt**
 - **VOG: \$151/head**

Want Feeder Cattle Price, Basis, & VOG Projections?
Use BeefBasis.com

Salina *SUMMER GRASS* Market, as of 10/18

**4/7/2022 Buy/Retail @ 750 lbs
9/1/2022 Sell @ 950 lbs
DOF=147 & ADG=1.4**

- **Expected Buy Price: \$169/cwt**
- **Expected Sell Price: \$164/cwt**
 - **VOG: \$145/cwt (\$290/head)**

KSU-Feeder Cattle Risk Management Tool

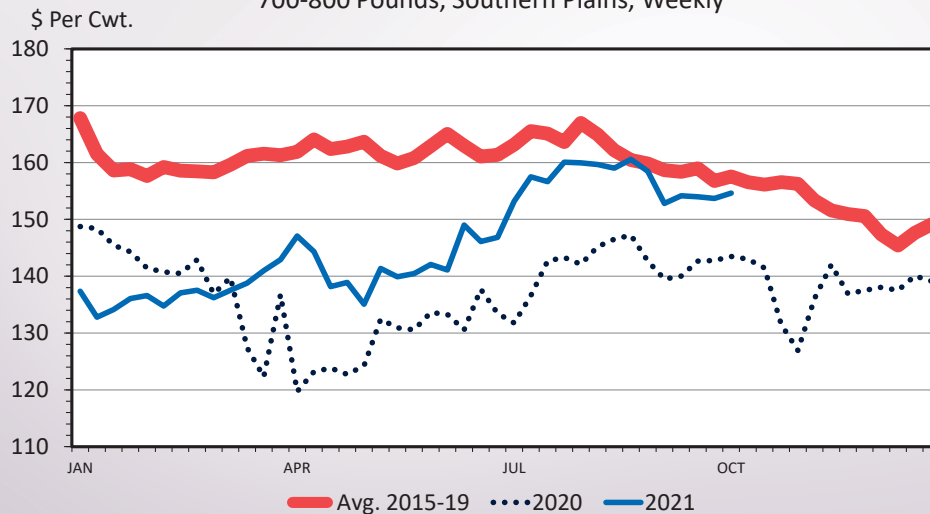
<https://www.agmanager.info/k-state-feeder-cattle-risk-management-tool>



Always good to reassess
your situation

e.g. changes in LRP make
that more attractive to
some...

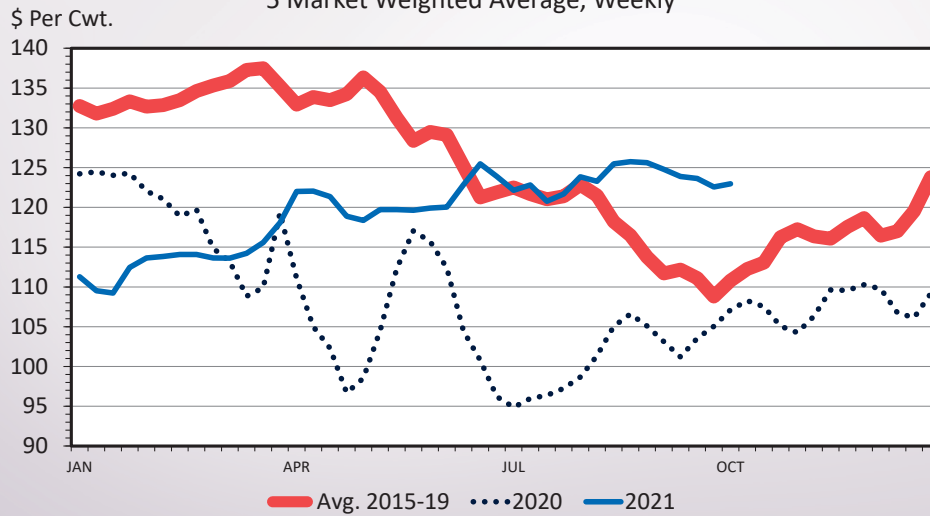
MED. & LRG. #1 FEEDER STEER PRICES 700-800 Pounds, Southern Plains, Weekly



Data Source: USDA-AMS
Livestock Marketing Information Center

C-P-49
10/11/21

SLAUGHTER STEER PRICES 5 Market Weighted Average, Weekly



Data Source: USDA-AMS
Livestock Marketing Information Center

10/11/21

Historical and Projected Kansas Feedlot Net Returns (as of 10/14/21')

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

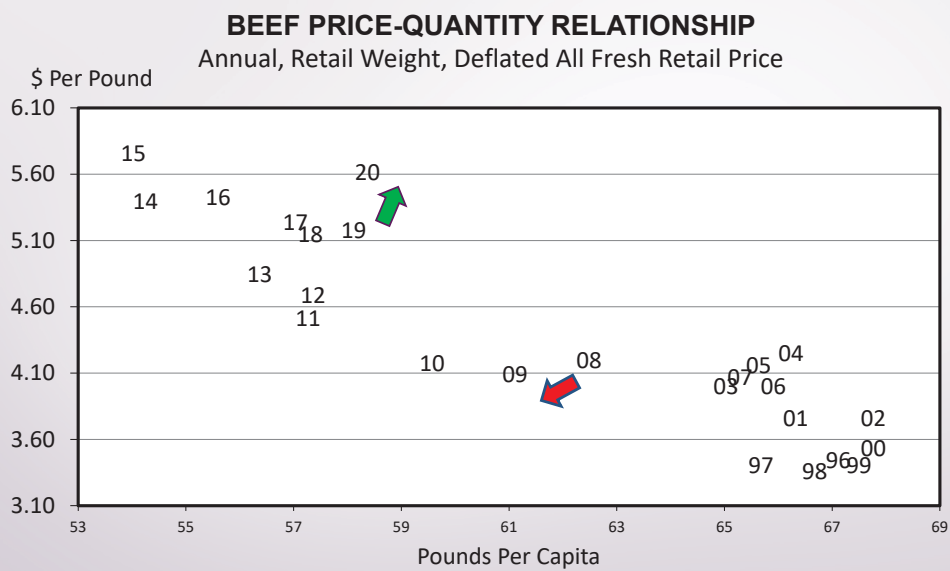
Aug 21': -\$20/steer

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
Sep-21	-80.40	113.58	123.38	123.37	0.00	138.79	100.71	129.01	128.76
Oct-21	-4.74	115.22	131.04	130.30	0.74	140.61	114.42	131.37	140.06
Nov-21	-1.24	112.81	130.72	130.30	0.42	142.16	112.61	130.81	142.01
Dec-21	45.34	111.15	135.41	134.65	0.76	144.99	118.70	132.32	150.24
Jan-22	-9.26	108.46	134.40	134.65	-0.25	151.43	106.91	135.04	150.34
Feb-22	26.14	106.64	137.79	137.63	0.16	152.97	111.22	135.97	155.98
Mar-22	94.49	105.14	139.89	137.63	2.27	153.31	120.21	133.11	165.64
Apr-22	21.92	103.53	136.29	132.50	3.79	156.89	107.11	134.70	159.75
May-22	71.60	102.46	139.52	132.50	7.02	159.64	113.41	134.39	169.28
Jun-22	-3.25	100.83	134.60	131.23	3.32	160.08	100.32	134.83	159.66

Representative Barometer for Trends in Profitability

Recent Beef Demand Patterns



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

C-P-65A
08/30/21

Monthly Meat Demand Monitor, Methods, and Supporting Information

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

KANSAS STATE UNIVERSITY Agricultural Economics

Sign up for weekly email updates.

K-State College of Agriculture Links
Agronomy
Animal Sciences
Kansas Ag Mediation Service (KAMS)
Extension Agent Link

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]

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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.

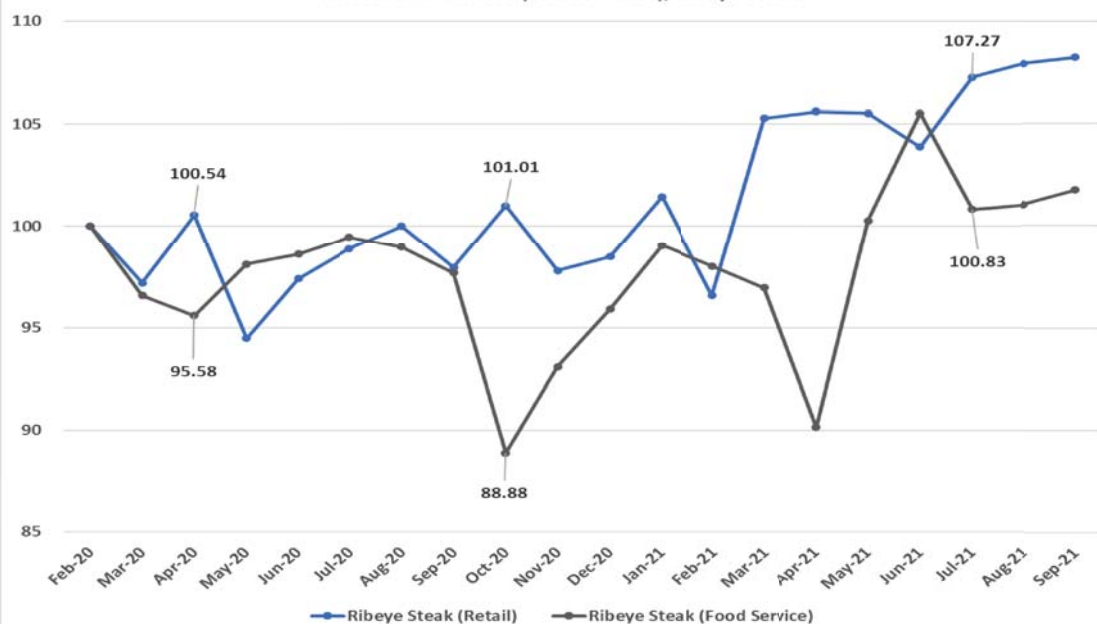


Monthly Meat Demand Monitor

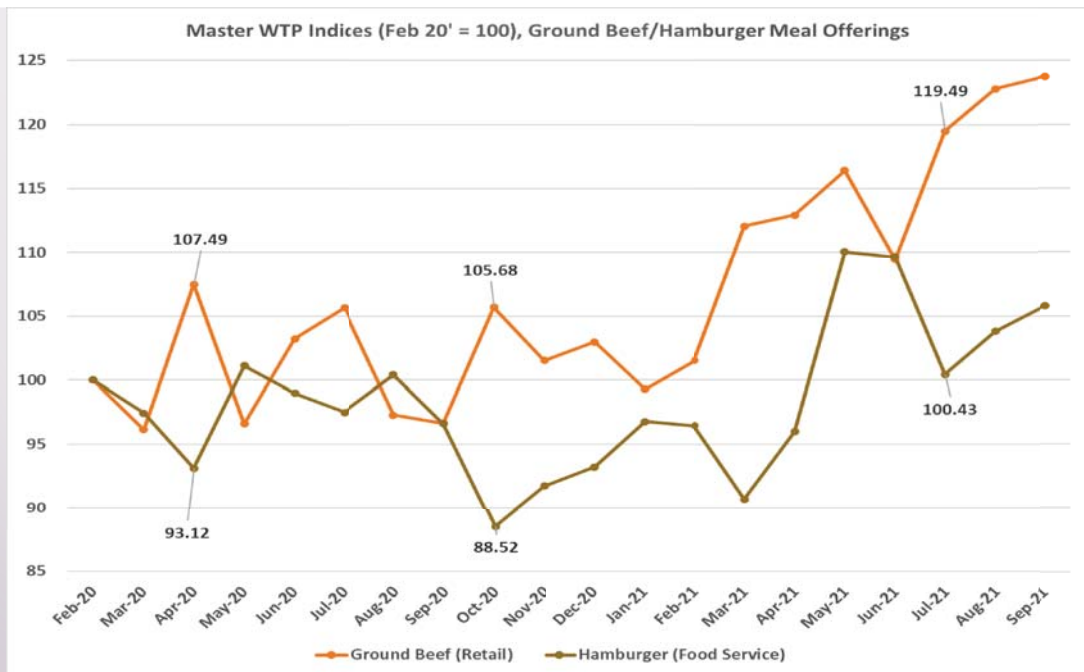
Title	Author	Date	Downloads
Meat Demand Monitor - August 2020	Tonsor	September 4, 2020	Downloads
Meat Demand Monitor - July 2020	Tonsor	August 4, 2020	Downloads
Meat Demand Monitor - February-June 2020 Summary Report	Tonsor	July 27, 2020	Downloads
Meat Demand Monitor - June 2020	Tonsor	July 2, 2020	Downloads
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>

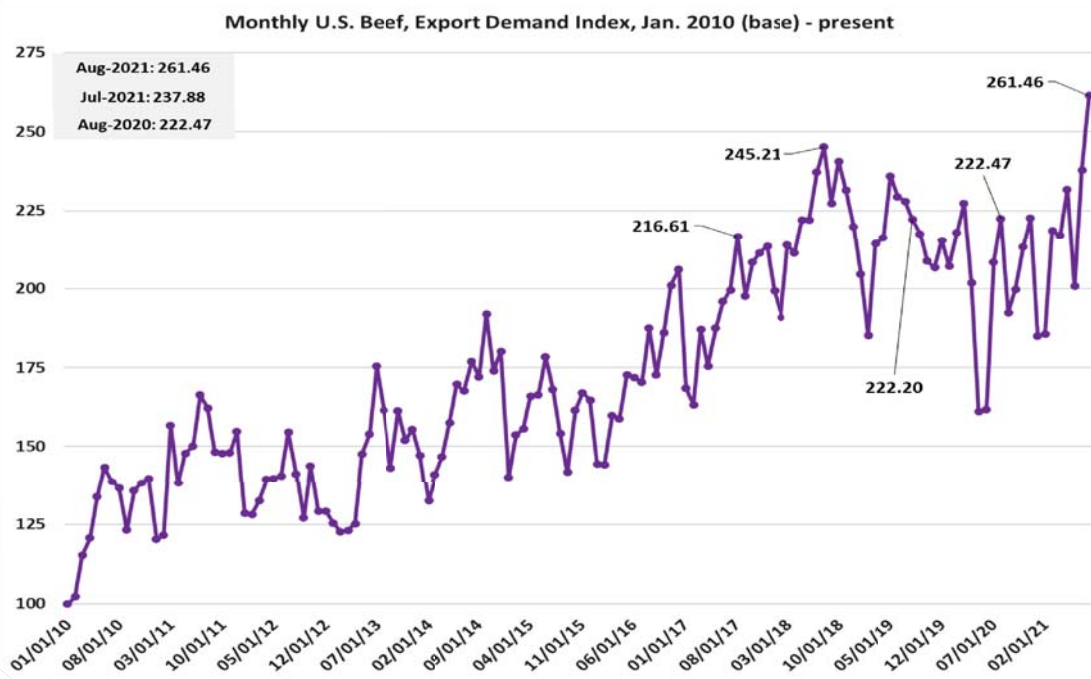
Master WTP Indices (Feb 20' = 100), Ribeye Steak



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



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



<https://www.agmanager.info/livestock-meat/meat-demand/monthly-export-meat-demand-indices-usdabls-data>

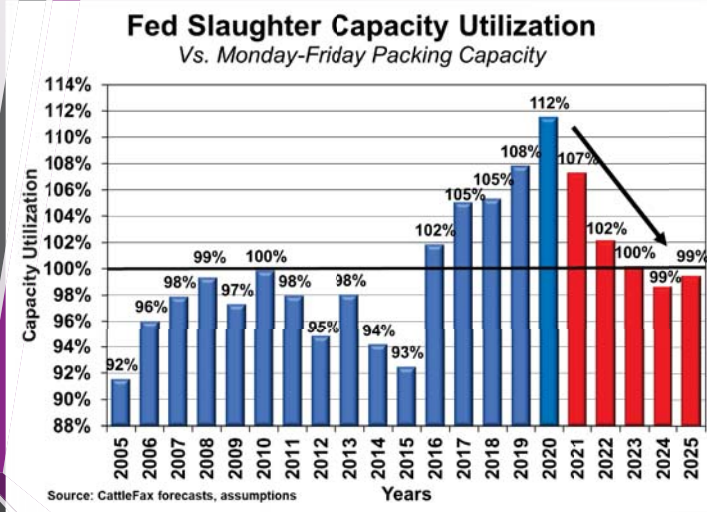
LOTS OF INDUSTRY ISSUES LET'S TOUCH ON 3...

- Fed Cattle Inventory & Packing Capacity
- Price Discovery & Price Levels
- LMR

Packing Capacity vs Fed Cattle Inventories

1. See 3/24/21 KS House Ag. Committee Hearing
 - <https://www.youtube.com/watch?v=FcktRbRbi1I&t=1037s>
2. See 6/23/21 U.S. Senate Committee on Ag., Nutrition, & Forestry Hearing
 - <https://www.agriculture.senate.gov/hearings/examining-markets-transparency-and-prices-from-cattle-producer-to-consumer>
 - this remains a key & mis-understood relationship in the industry

Ongoing Evolution....



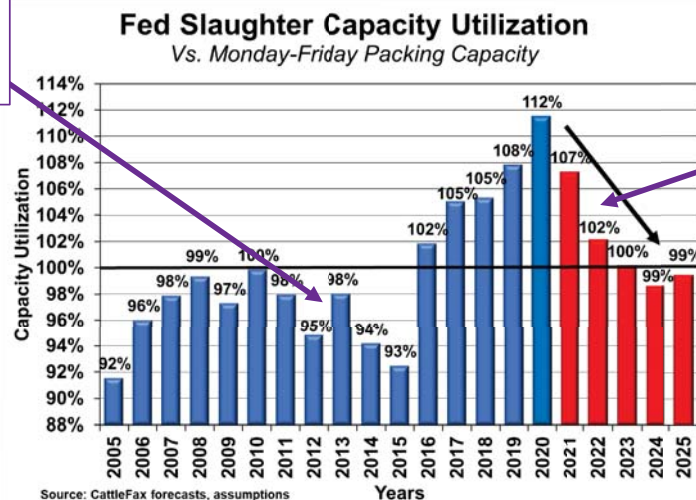
"Too many cattle relative to capacity"
- Wider beef-cattle \$ difference

"Too much capacity relative to cattle"
- Narrower beef-cattle \$ difference

Source: CattleFax's December 2020 Long-Term Outlook; Text box points added by Tonsor

Ongoing Evolution....

2013 Cargill Closed Plainview, TX Plant (~4,500 hd/day)



Lower FI Slaughter
2021 = 33.4 mil
2022 = 32.4 mil
2023 = 31.6 mil

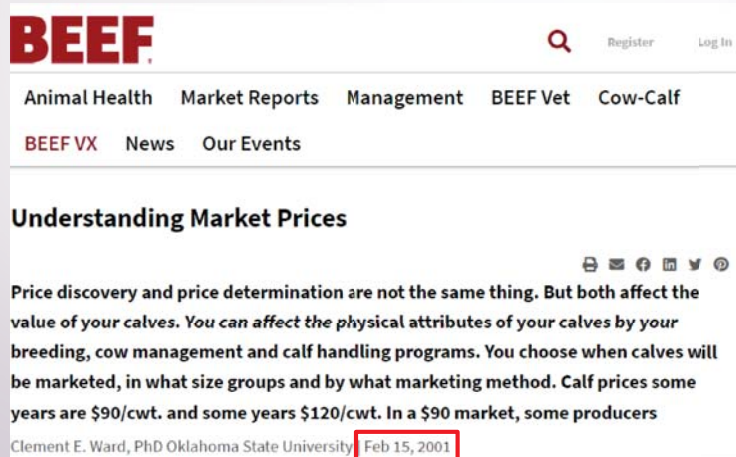
Added (?) Slaughter Capacity

- Tama, IA 2nd shift, up to 2,500 hd/day
- Jerome, ID new plant 500 hd/day
- North Platte, NE new plant 1,500/hd/day
- Many other announcements

Source: CattleFax's December 2020 Long-Term Outlook; Text box points added by Tonsor

Price Discovery vs Price Level

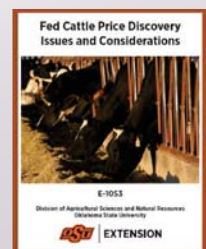
- “Confusion” & “Increased Interest” correlates with periods of lower farm prices



https://www.beefmagazine.com/mag/beef_understanding_market_prices

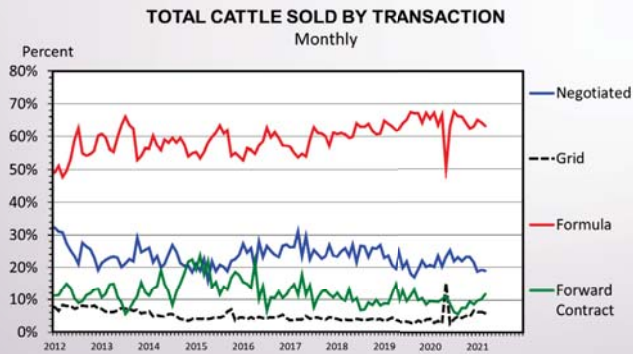
Price Discovery vs Price Level

- Improved price DISCOVERY will not by itself change overall price LEVELS
 - Not just GT's opinion
 - Derrell Peel, David Anderson, John Anderson, Chris Bastian, Scott Brown, Steve Koontz, & Josh Maples in 2021 <https://extension.okstate.edu/fact-sheets/print-publications/e/fed-cattle-price-discovery-issues-and-considerations-e-1053.pdf>



Price Discovery vs Price Level

- MANY sound economic reasons fed cattle marketing practices have evolved
 - Most of decline in % negotiated BEFORE 2012...



Source: Livestock Marketing Information Center & USDA-AMS

EFFECTIVE AND EFFICIENT CATTLE AND BEEF MARKET ALIGNMENT:
PRICE AND VALUE DISCOVERY, DIVERGENT INCENTIVES, RISK MANAGEMENT,
AND FUTURE PROSPECTS

Prepared by:
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Kansas State University¹

Prepared for:
Office of the Chief Economist
United States Department of Agriculture

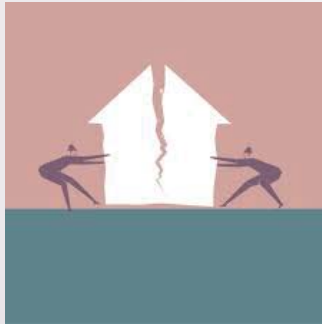
Date: August 31, 2021

<https://www.agmanager.info/livestock-meat/marketing-extension-bulletins/marketing-strategies-and-livestock-pricing/effective>

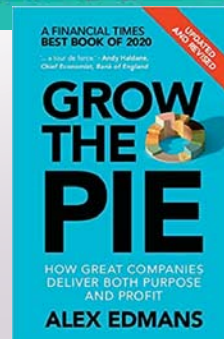
Livestock Mandatory Reporting

- Sept. 30th deadline for reauthorization followed 1-year extension in 2020
 - Late Sept. extended LMR into Dec. 2021
- Packer – USDA – Public
 - Reporting vs. Printing/Publishing
 - Calls for transparency need to appreciate related details!
- LMR has evolved notably over past 20 years
 - August 21' USDA AMS added two reports to "enhance price transparency"
 - [National Daily Direct Formula Base Cattle](#)
 - [National Weekly Cattle Net Price Distribution](#)

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



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





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