



# ***Brief Beef & Cattle Market Discussion***

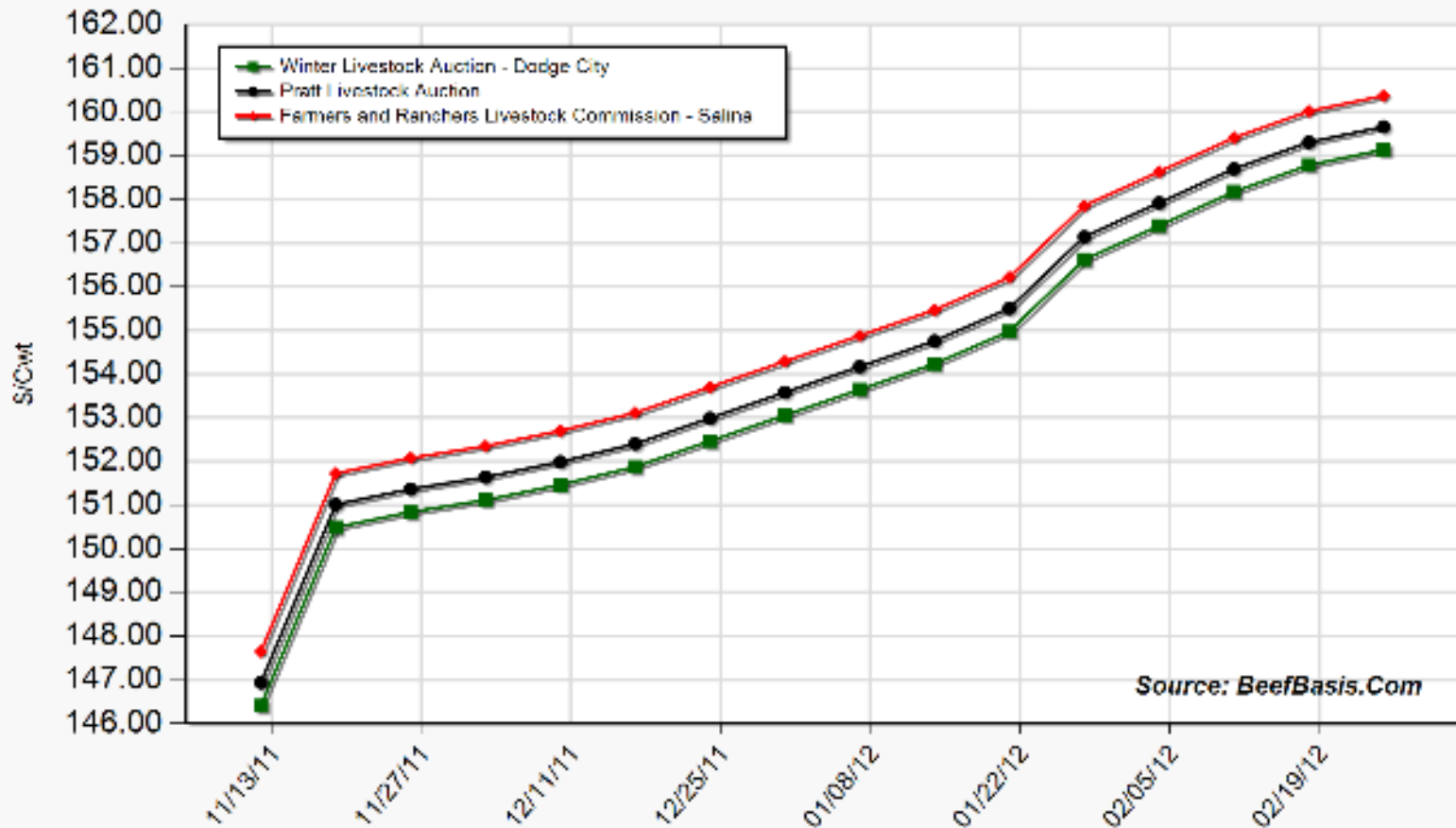
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**Dept. of Agricultural Economics  
Kansas State University**

**Animal Science Extension Agent Update - Eastern KS  
November 15, 2011**



Projected Price for 550 Lb Steer at Selected Kansas Auctions

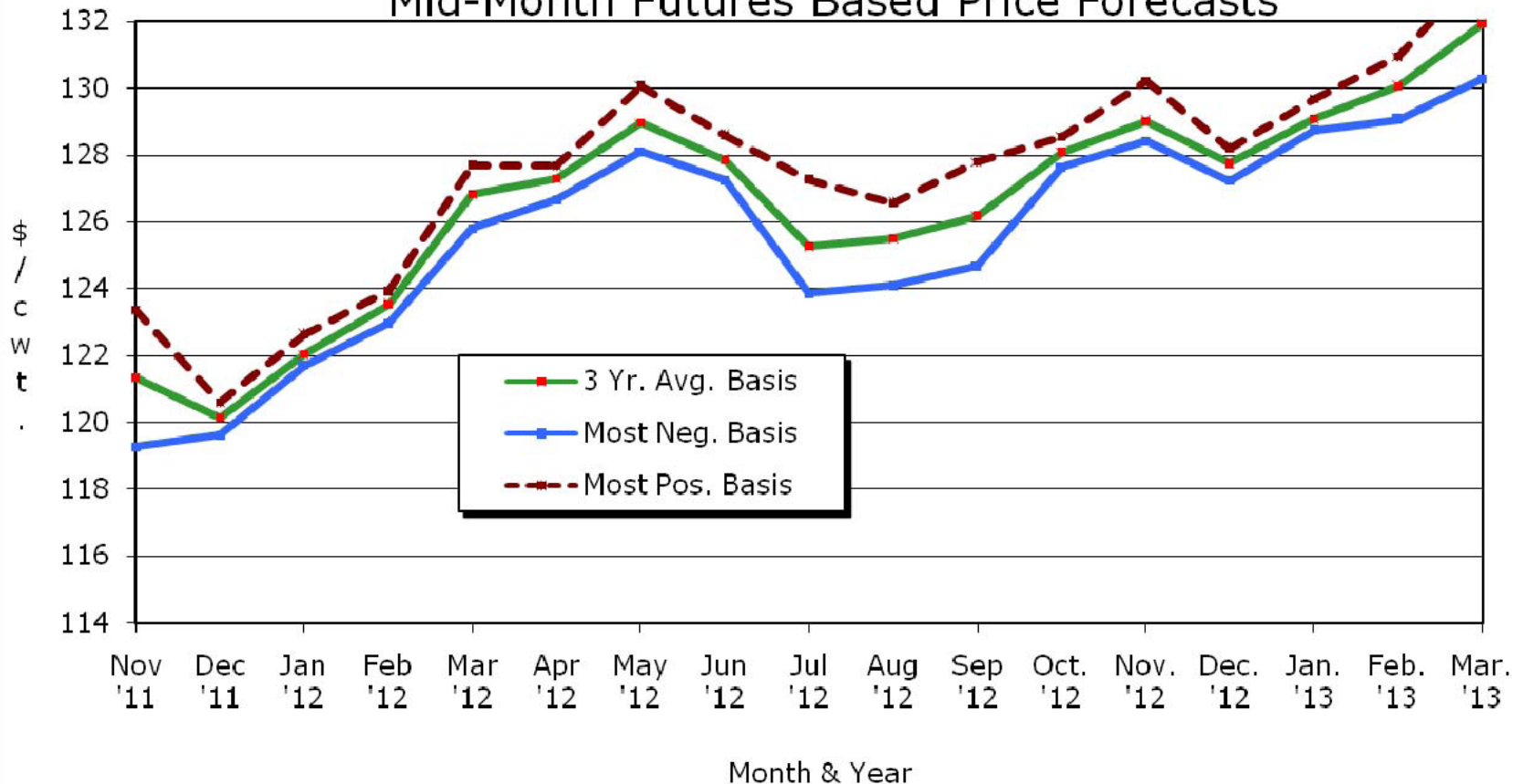


Source: BeefBasis.Com

NAIBER (11/14): 750 lb placed on 11/14, sold @ 1,238 lbs on 4/15/12 = -\$30/hd

## Kansas Slaughter Steer Price Forecasts

Mid-Month Futures Based Price Forecasts



Source: USDA-AMS, CME, & K-State Ag. Economics  
Based on 11.11.11 CME Live Cattle settlement prices

KSU Dept. of Ag Econ  
www.agmanager.info

Breakeven COGs of +/- \$125 to \$135



# QUARTERLY FORECASTS (LMIC: 11/14/11)

Year	Comm'l	% Chg.	Average	% Chg.	Comm'l	% Chg.
Quarter	Slaughter	from	Dressed	from	Beef	from
		Year Ago	Weight	Year Ago	Production	Year Ago
<b>2011</b>						
I	8,317	1.87	770.9	0.72	6,411	2.61
II	8,639	-0.47	759.2	0.66	6,559	0.19
III	8,739	-0.15	771.0	(0.31)	6,737	-0.46
IV	8,300	-4.09	779.9	0.12	6,473	-3.98
<b>Year</b>	<b>33,994</b>	<b>-0.74</b>	<b>770.1</b>	<b>0.27</b>	<b>26,181</b>	<b>-0.47</b>
<b>2012</b>						
I	7,957	-4.33	779.1	1.06	6,199	-3.31
II	8,196	-5.13	766.5	0.95	6,282	-4.22
III	8,135	-6.91	785.4	1.87	6,389	-5.17
IV	7,941	-4.33	789.2	1.19	6,267	-3.18
<b>Year</b>	<b>32,229</b>	<b>-5.19</b>	<b>779.9</b>	<b>1.27</b>	<b>25,137</b>	<b>-3.99</b>
<b>2013</b>						
I	7,499	-5.76	788.2	1.18	5,911	-4.65
II	7,781	-5.06	772.0	0.72	6,007	-4.38
III	8,074	-0.75	793.5	1.04	6,407	0.28
IV	7,684	-3.24	795.5	0.81	6,113	-2.46
<b>Year</b>	<b>31,038</b>	<b>-3.70</b>	<b>787.4</b>	<b>0.95</b>	<b>24,438</b>	<b>-2.78</b>



# QUARTERLY FORECASTS (LMIC: 11/14/11)

Year Quarter	Live Sltr. Steer Price	% Chg. from Year Ago	Feeder Steer Price Southern Plains	
	5-Mkt Avg		7-800#	5-600#
<b>2011</b>				
I	110.1	23.11	129.06	150.07
II	112.8	17.08	132.03	148.61
III	114.1	19.47	135.93	141.69
IV	117-119	17.67	133-136	137-141
<b>Year</b>	<b>113-115</b>	<b>19.52</b>	<b>132-134</b>	<b>143-146</b>
<b>2012</b>				
I	117-120	7.61	130-134	140-146
II	119-123	7.28	130-137	144-153
III	115-120	3.02	133-141	146-156
IV	118-124	2.54	128-137	141-152
<b>Year</b>	<b>118-121</b>	<b>4.82</b>	<b>130-137</b>	<b>142-152</b>
<b>2013</b>				
I	119-127	3.80	129-139	143-157
II	121-130	3.72	133-144	146-159
III	116-126	2.98	135-147	147-161
IV	119-130	2.89	131-144	143-158
<b>Year</b>	<b>120-127</b>	<b>3.35</b>	<b>133-143</b>	<b>146-158</b>



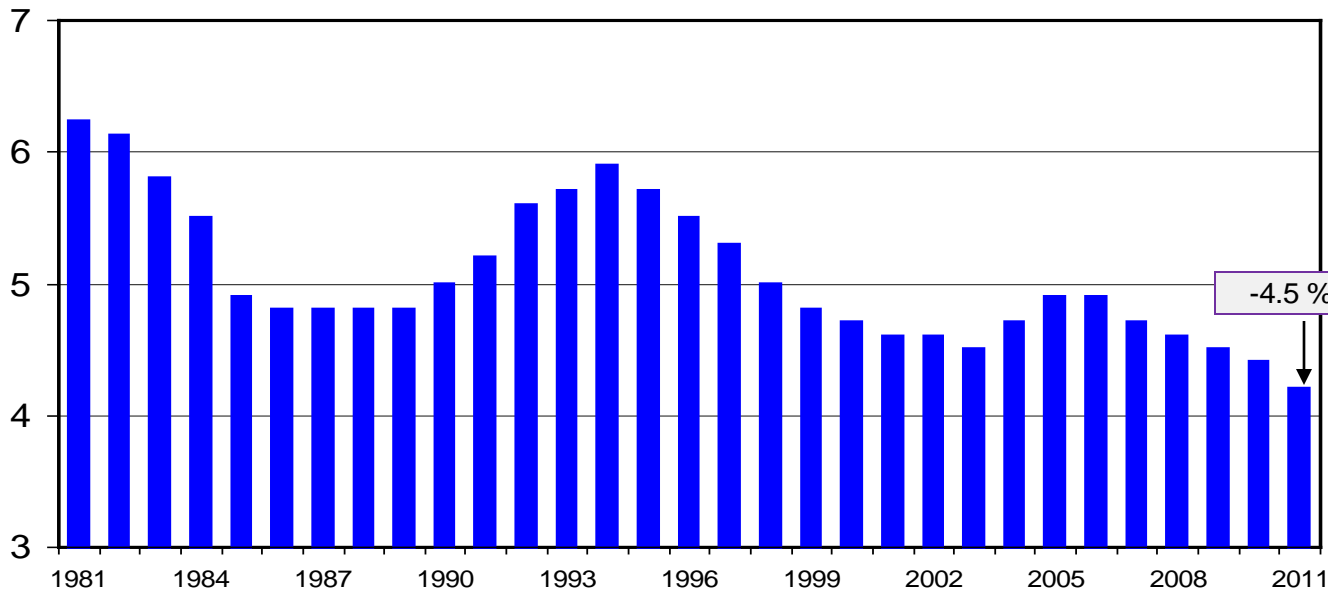
Will U.S. national herd expand by 2014???

-- who & where will expansion occur???

## HEIFERS HELD AS BEEF COW REPLACEMENTS

July 1, U.S.

Mil. Head



Common  
forecast  
of Jan. 1  
is -2%  
nationally...

Livestock Marketing Information Center

Data Source: USDA-NASS

C-N-37

07/22/11

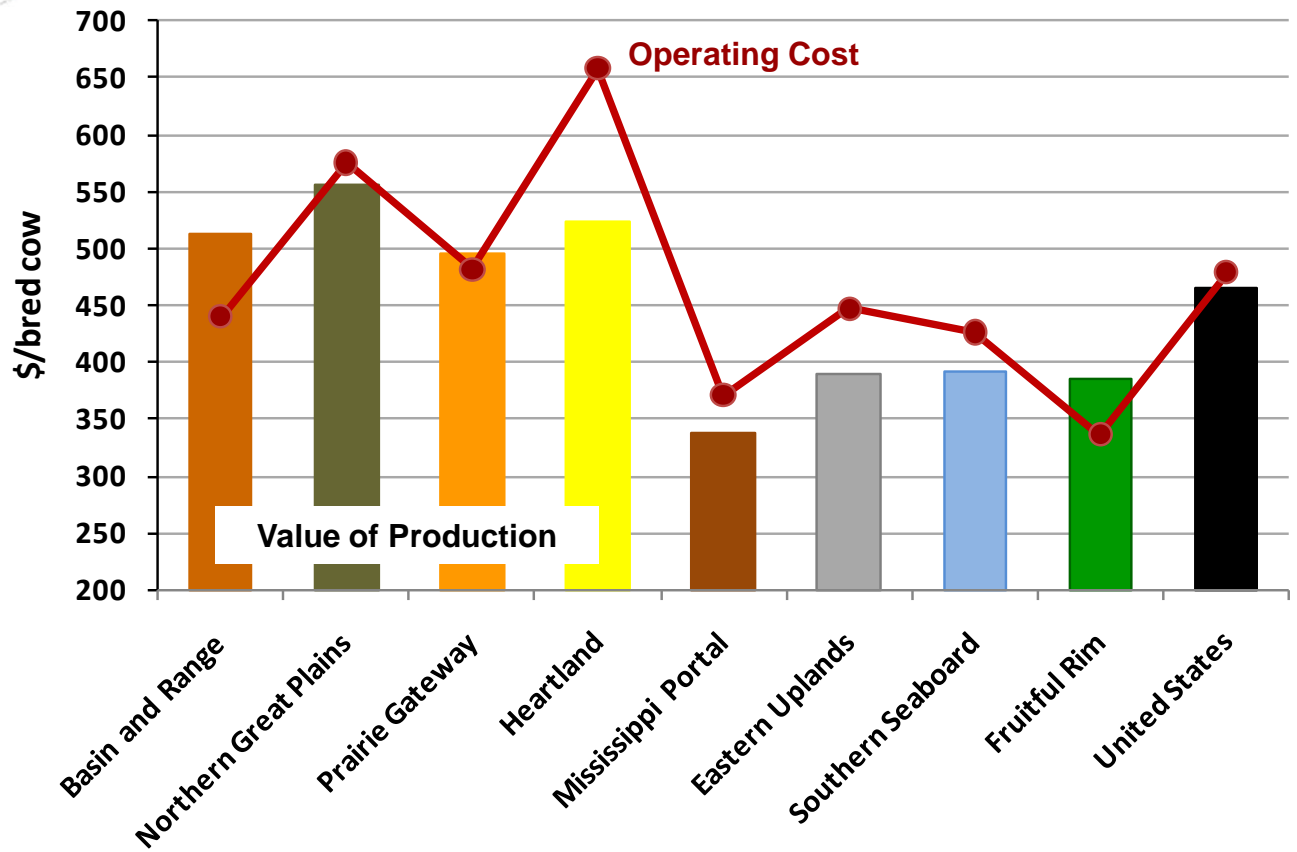
July 1st Canadian Inventory down 2%; BUT +7% in heifer retention...



# Do some regions have an economic advantage for expansion?



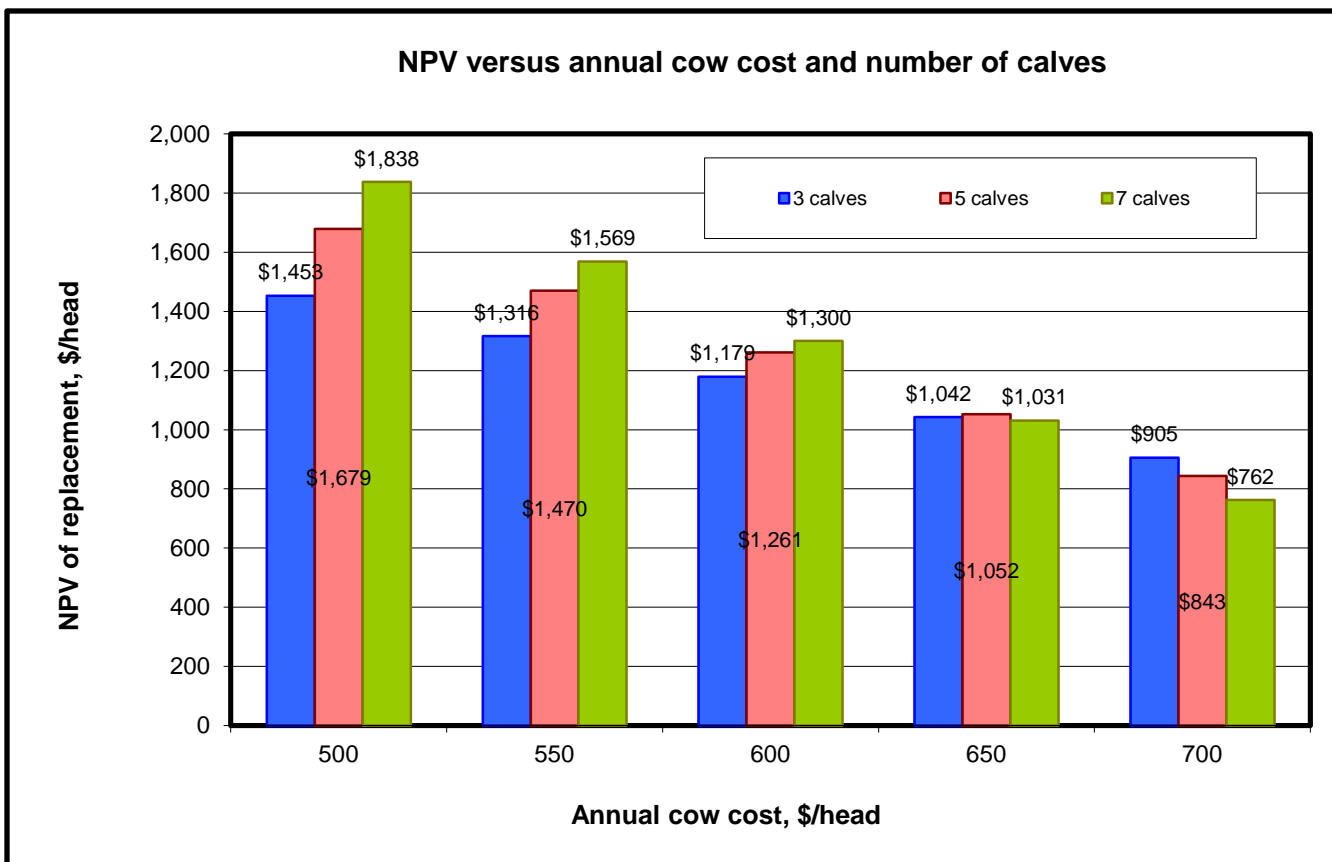
Value of Production and Operating Cost by Region, 2008-2010



Data source: USDA-ERS



*KSU – Beef Replacement, Excel Spreadsheet Decision Tool*  
 (<http://www.agmanager.info/livestock/budgets/production/default.asp>)



10/31/11'

Joplin, MO:  
 Bred Cows Lg  
 1-2, 2-7 Yrs  
 \$800-\$1,100

Riverton, WY:  
 Young, Bred  
 Heifers  
 \$1,200 -  
 \$1,400

Scenario: FARPI \$/cwt (550 lbs calves @ \$140 in 2012 to \$131 in 2021)  
 6.5% interest/discount rate; 3% calf death loss





# Recent Events / Possible Discussion Points

- USDA GIPSA Proposed Rules
- Japan may start accepting older cattle...
- FTA = reduction of South Korea tariffs
- Recently released USMEF – ID/Traceability study
- WTO MCOOL ruling expected any day
- USDA NASS may cease
  - July cattle inventory report
  - Annual livestock operations/farm #s report



More information available at:  
AgManager (<http://www.agmanager.info/>)

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# Other References of Notable Interest:

- <http://www.agmanager.info/livestock/budgets/production/default.asp>
  - Value of Gain (Situation and Decision Tool Overview)
  - Cattle Cycles (Historical Overview and Implications)
  - KSU-Beef Replacement (Calculate Economic Value of Purchasing Replacements)

