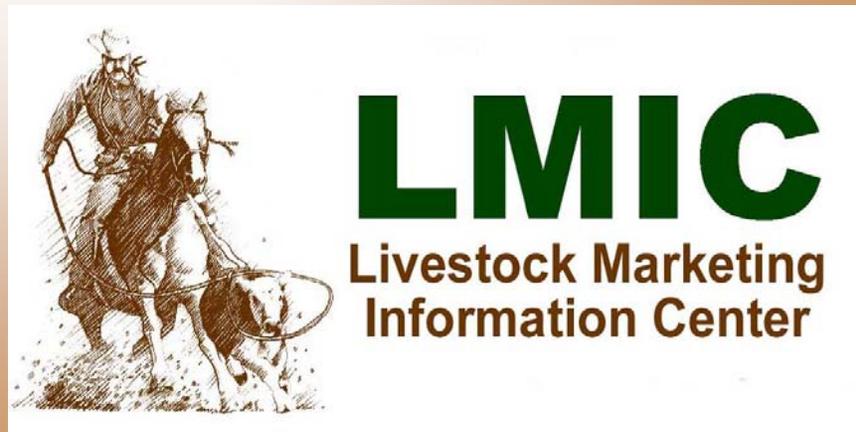


# Livestock Market Outlook

**KSU Drought Programming Planning Meeting**

**Webinar  
February 12, 2013**

**James G. Robb  
Director  
[james.rob@lmic.info](mailto:james.rob@lmic.info)**





# Topics: Markets and Drought ...

- Economic Environment
- Cattle Markets
  - Inventory Numbers
  - Calves
  - Fed Cattle
  - Cull Cows
- More Drought Comments

**USDA Data Sources** – NASS, AMS, FAS, and ERS

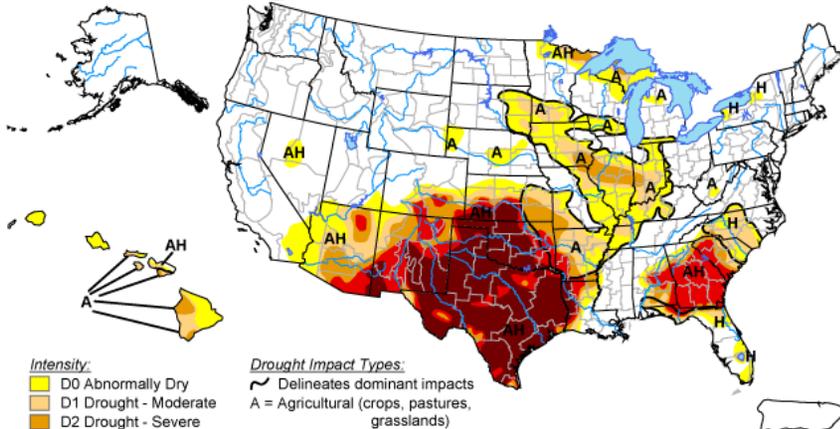
All Forecasts – LMIC

## Economic Environment ....

- Domestic Consumer Demand has Stabilized and is Slowly Improving for Beef. But Another Recession?
- Foreign Demand Remains Strong has Softened
- Price Volatility Will Continue (Globalization, Ethanol, etc.)
- Market Segmentation Accelerating
- Market Shocks Will Continue (9-11-2001; BSE; 2008 Credit Crisis)
- Economic Incentive to Stabilize and Re-Build Cowherd Overcome by Drought
- Controls Already Set to Reduced Beef Output
- High Feedstuff Price Range Expected to Continue
- Cattle Feeding Red Ink is Current Major Headwind for Calf and Yearling Prices
- Mistakes Are Costly, Sound Business Practices Required
- **Agile Firms Will Benefit.... Be Adaptable NOT Adapted**

# U.S. Drought Monitor

September 20, 2011  
Valid 8 a.m. EDT



**Intensity:**

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

**Drought Impact Types:**

- ~ Delineates dominant impacts
- A = Agricultural (crops, pastures, grasslands)
- H = Hydrological (water)

The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.



Released Thursday, September 22, 2011

Author: Michael Brewer/Liz Love-Brotak, NOAA/NESDIS/NCDC

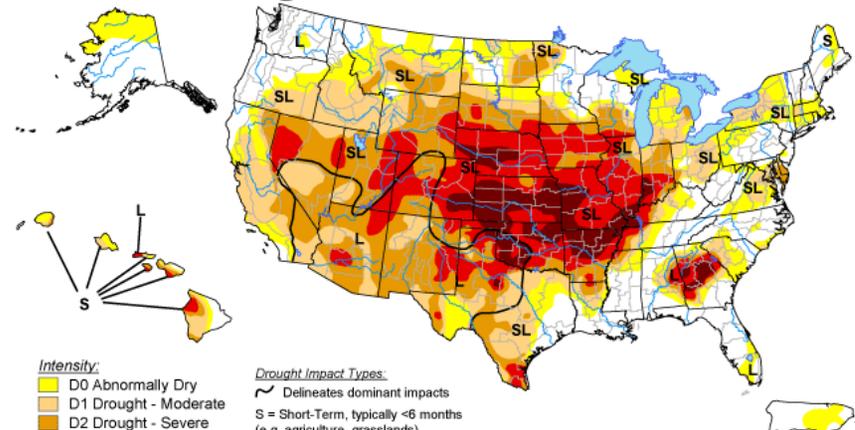
<http://drought.unl.edu/dm>



# Drought – A Game Changer

# U.S. Drought Monitor

August 21, 2012  
Valid 7 a.m. EDT



**Intensity:**

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

**Drought Impact Types:**

- ~ Delineates dominant impacts
- S = Short-Term, typically <6 months (e.g. agriculture, grasslands)
- L = Long-Term, typically >6 months (e.g. hydrology, ecology)

The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.



Released Thursday, August 23, 2012

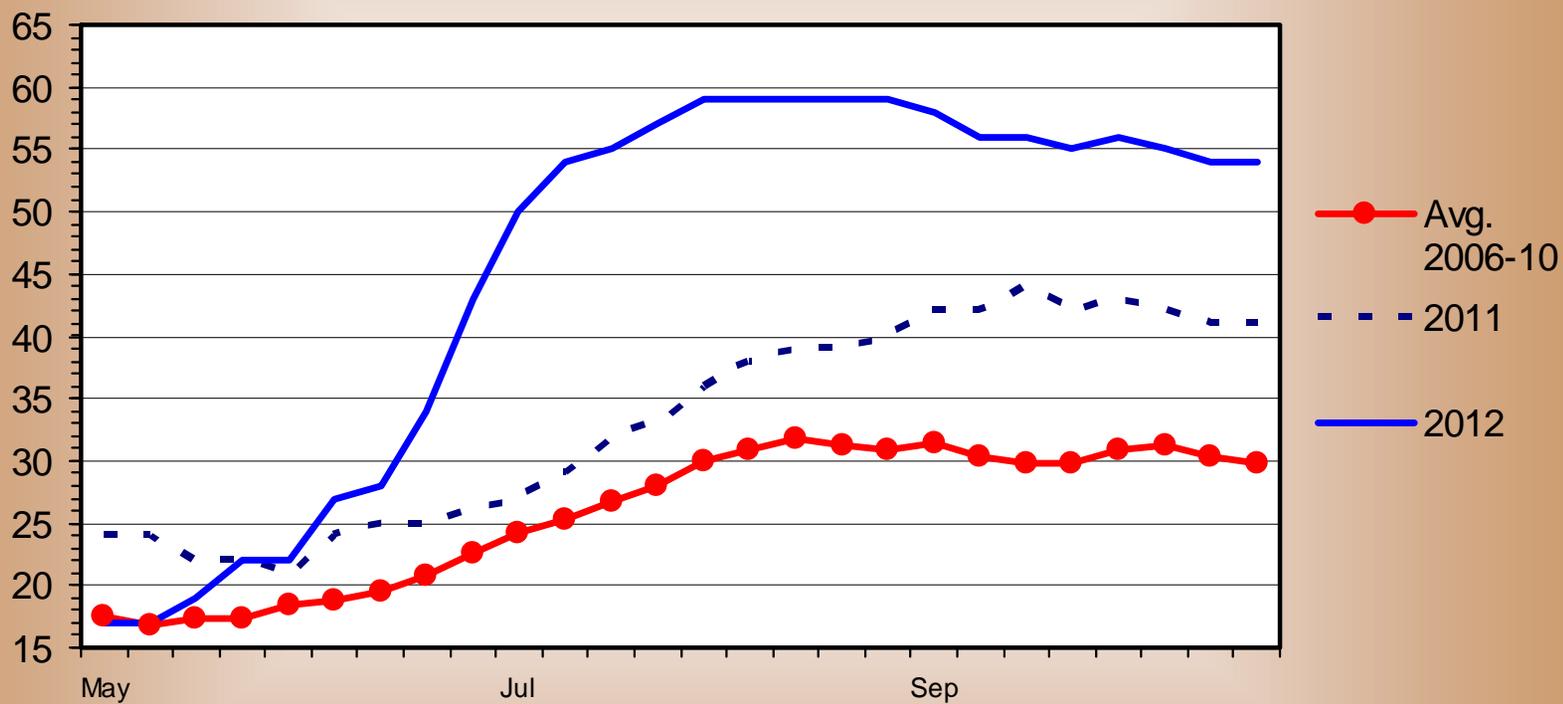
Author: Michael Brewer/Liz Love-Brotak, NOAA/NESDIS/NCDC

<http://droughtmonitor.unl.edu/>

# US RANGE AND PASTURE CONDITION

Percent Poor and Very Poor, Weekly

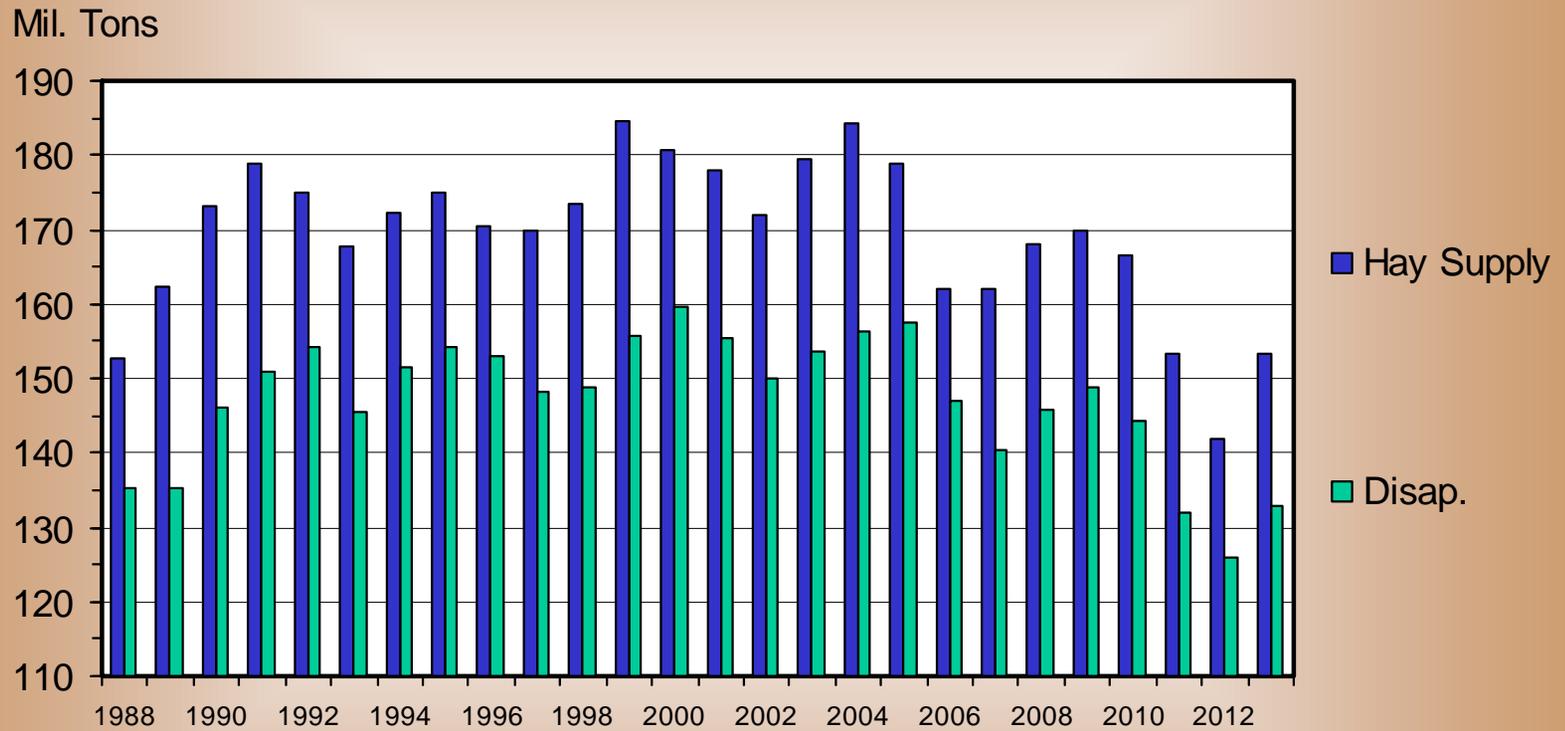
Percent



Data Source: USDA-NASS

# U S ALL HAY SUPPLY & DISAPPEARANCE

Crop Year

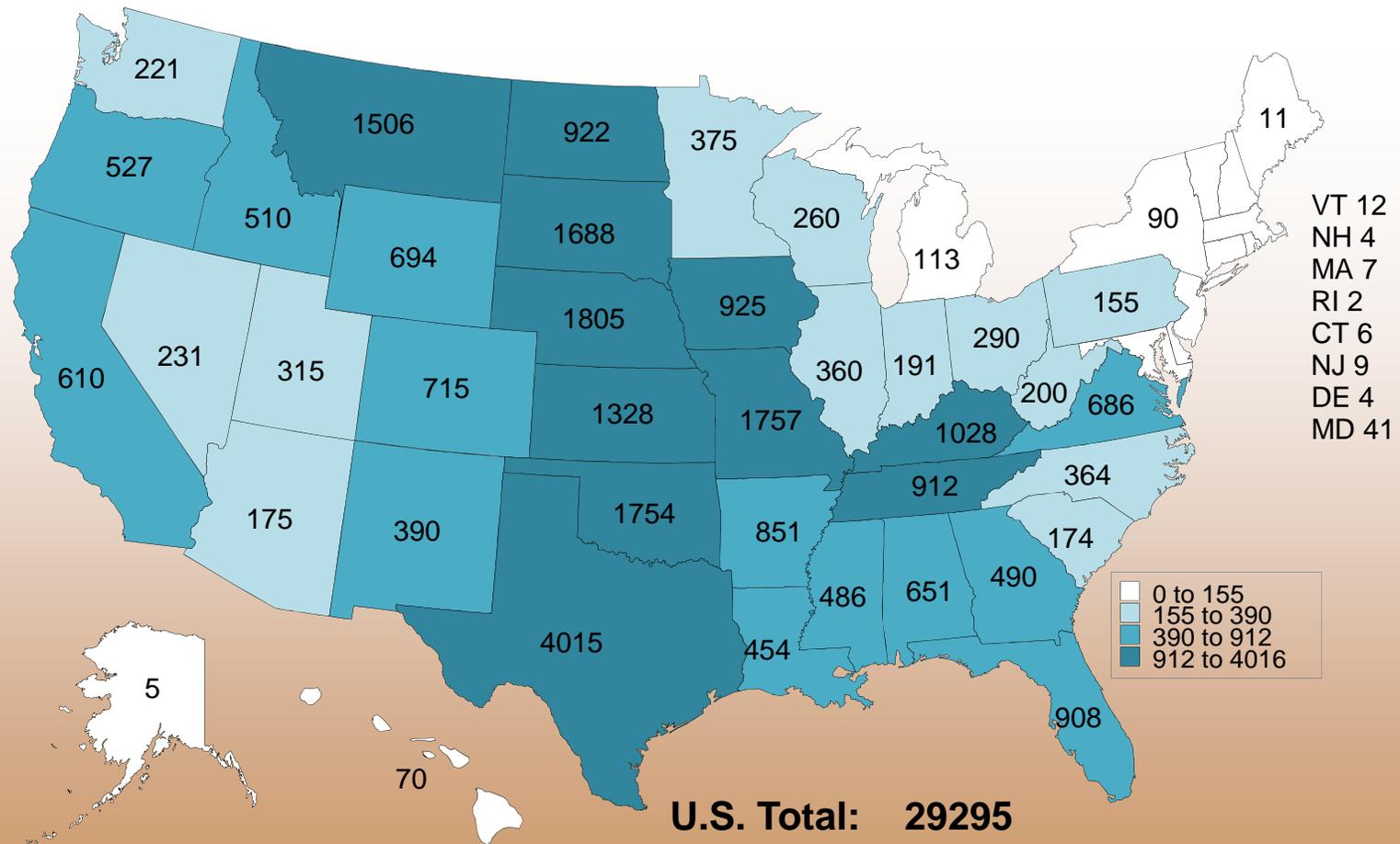


Data Source: USDA-NASS, Forecasts by LMIC

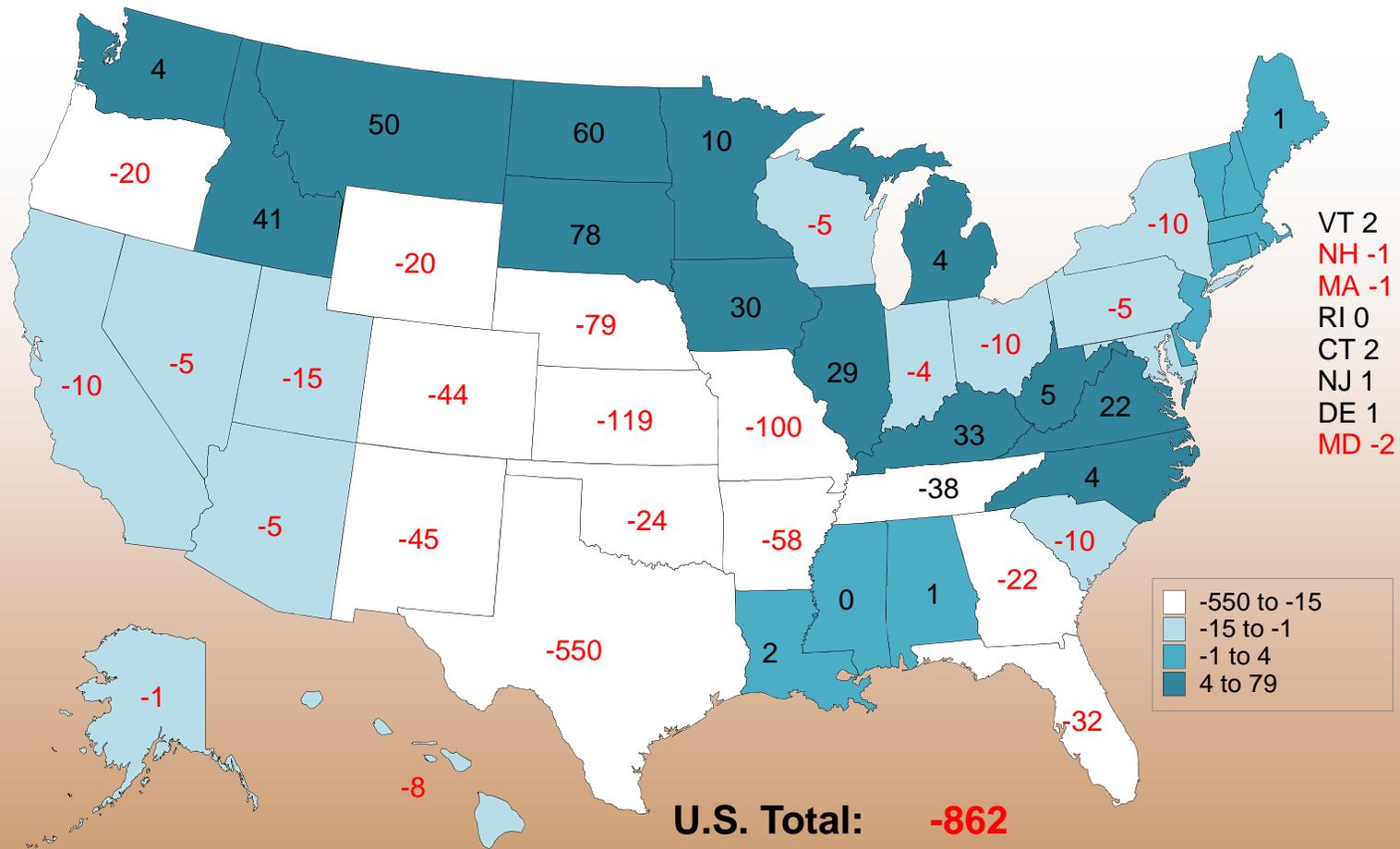
# Cattle Markets



# BEEF COWS THAT CALVED JANUARY 1, 2013 (1000 Head)

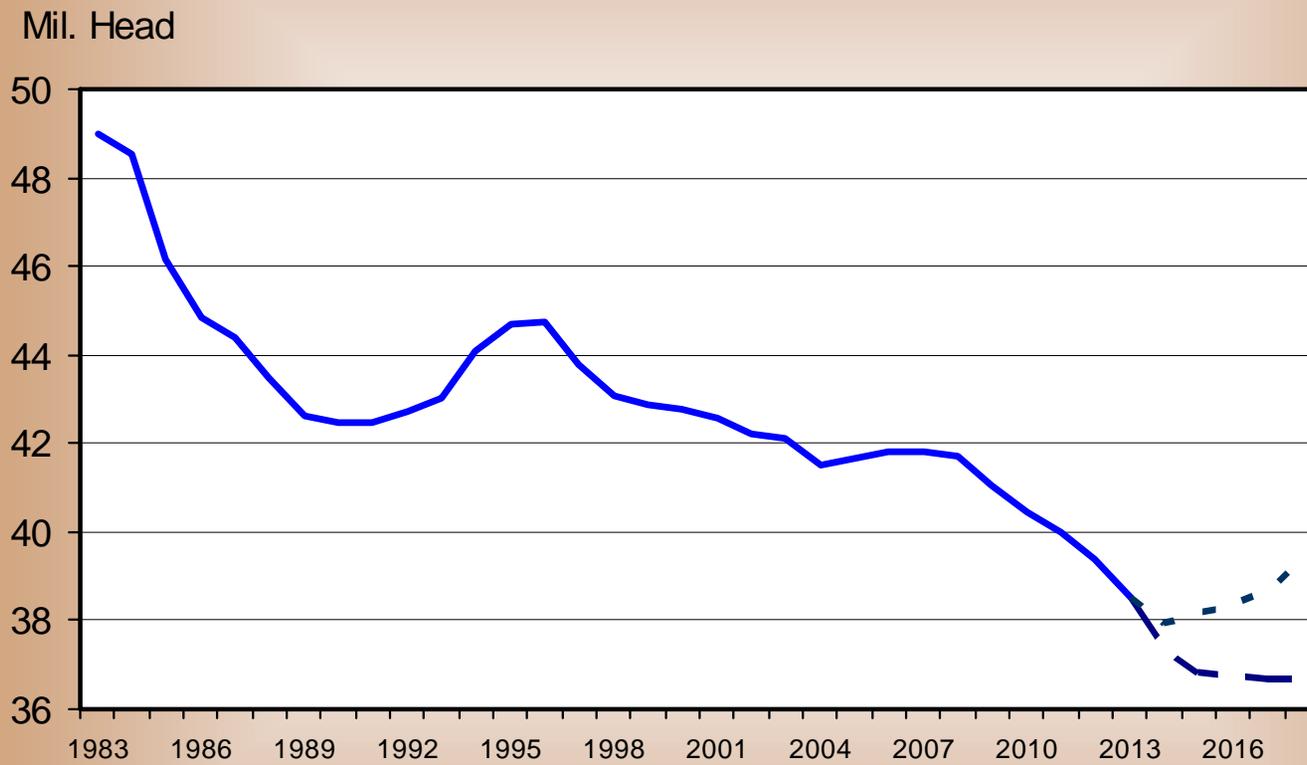


# CHANGE IN BEEF COWS NUMBERS JANUARY 1, 2012 TO JANUARY 2013 (1000 Head)



# JANUARY 1 TOTAL COW INVENTORY

## U.S., Annual

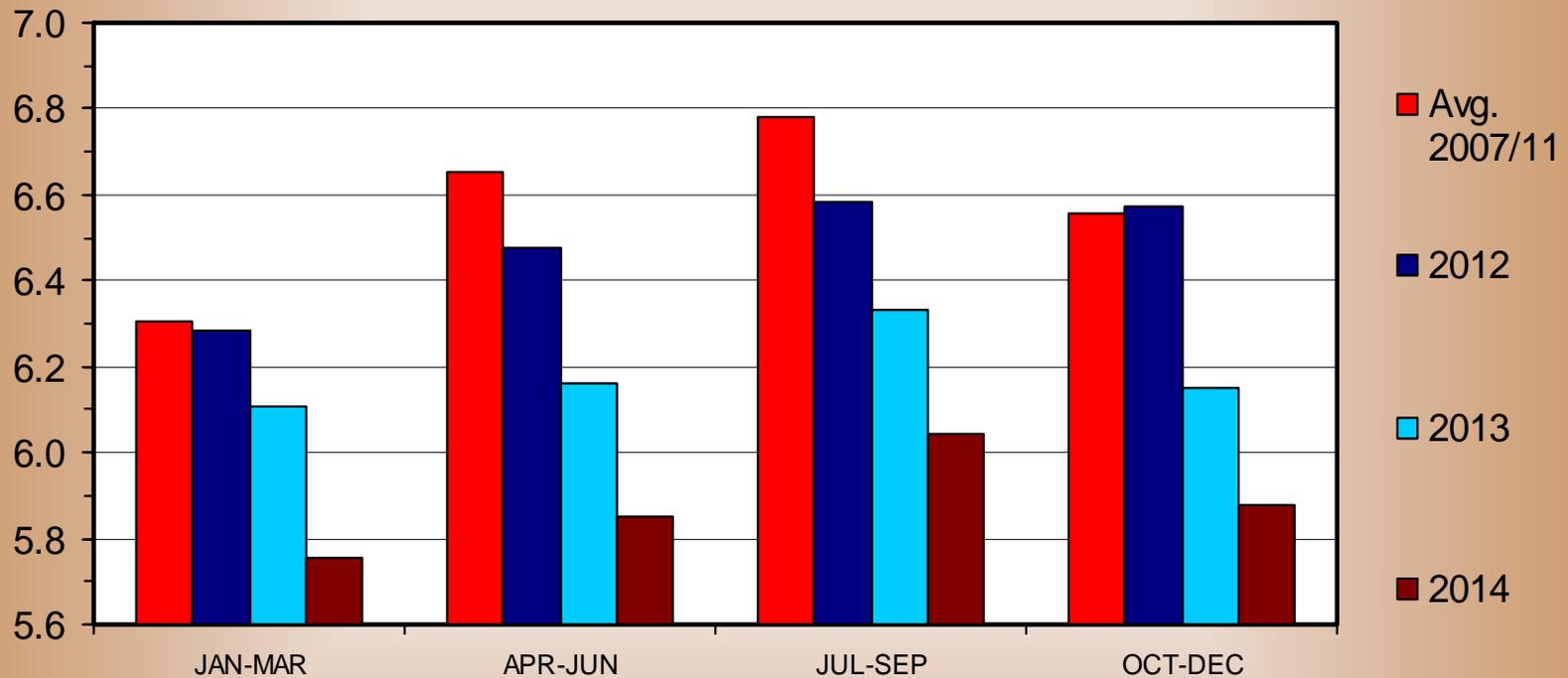


Data Source: USDA-NASS, Forecasts by LMIC

# COMMERCIAL BEEF PRODUCTION

## Quarterly

Bil. Pounds

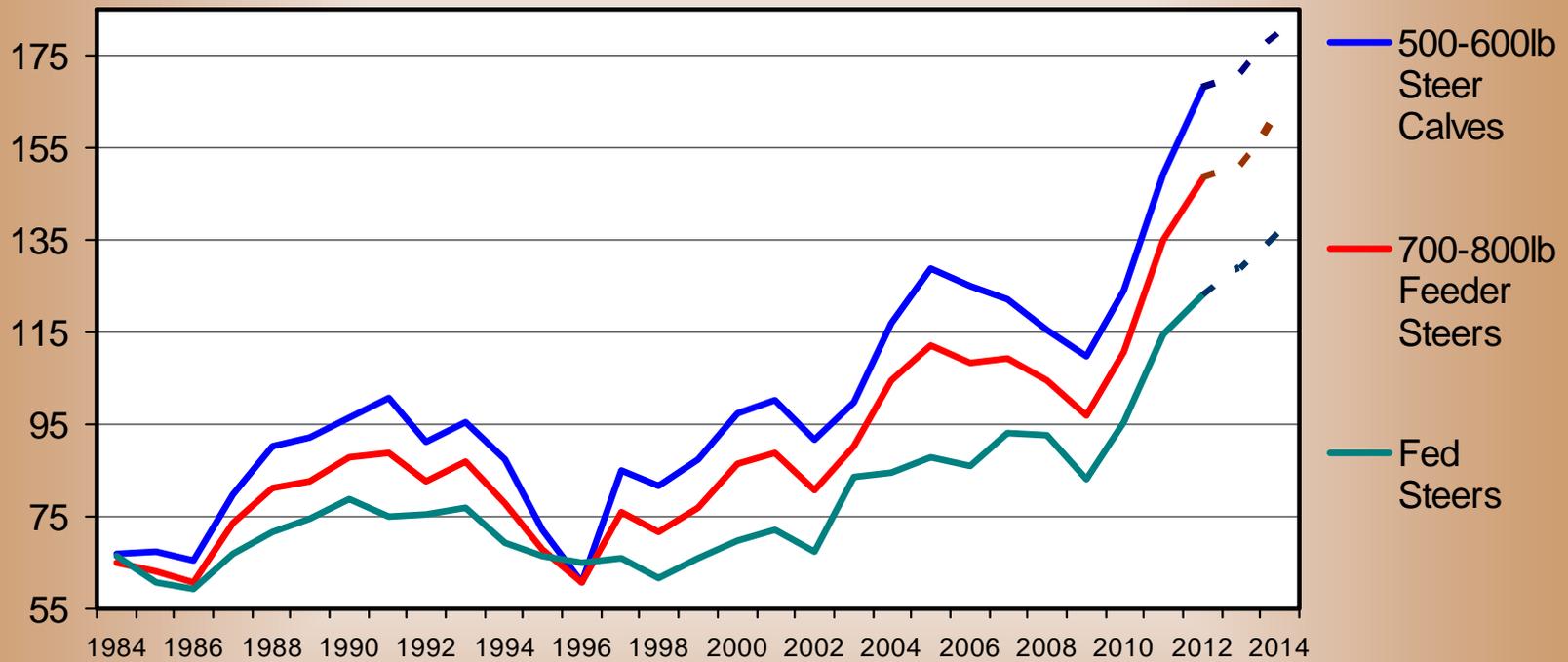


Data Source: USDA-NASS, Forecasts by LMIC

# ANNUAL AVERAGE CATTLE PRICES

## Southern Plains

\$ Per Cwt

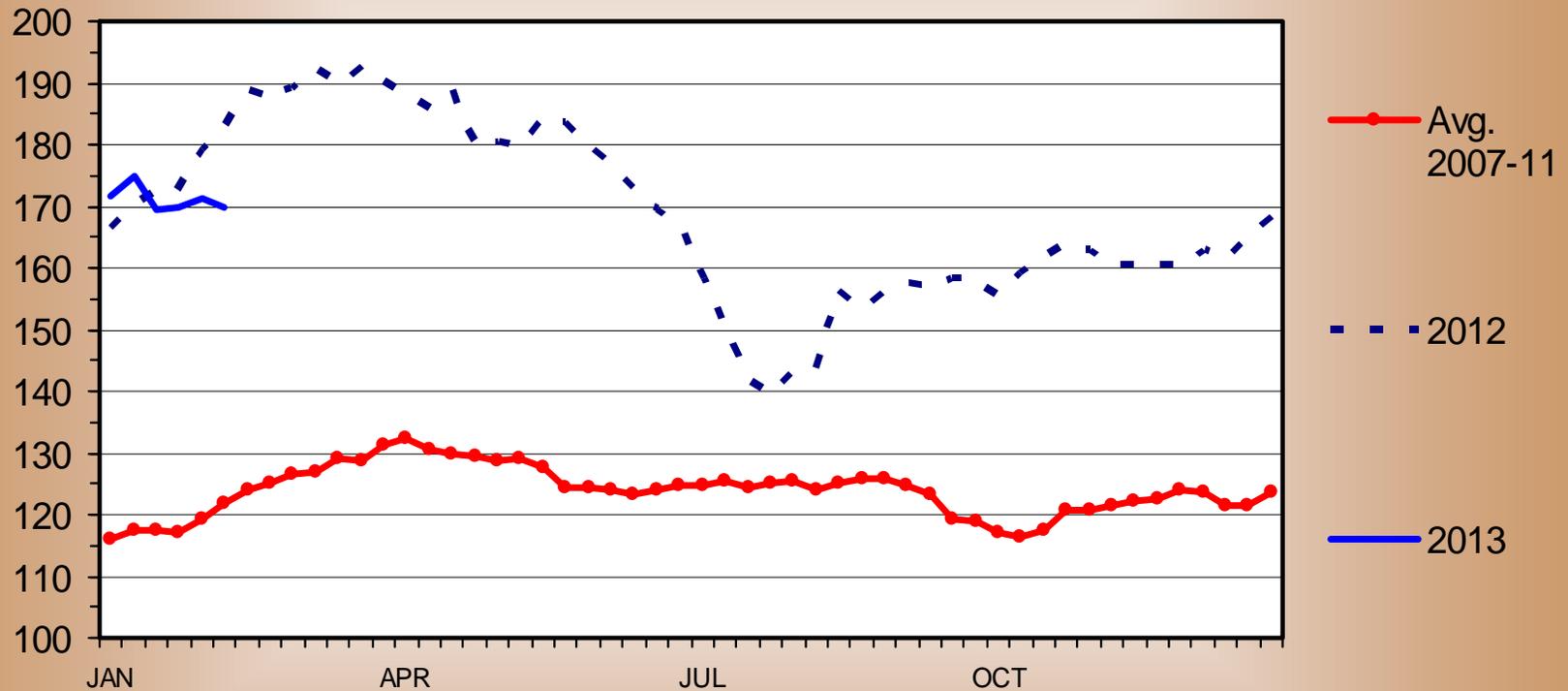


Data Source: USDA-AMS, Forecasts by LMIC

# MED. & LRG. #1 STEER CALF PRICES

500-600 Pounds, Southern Plains, Weekly

\$ Per Cwt.

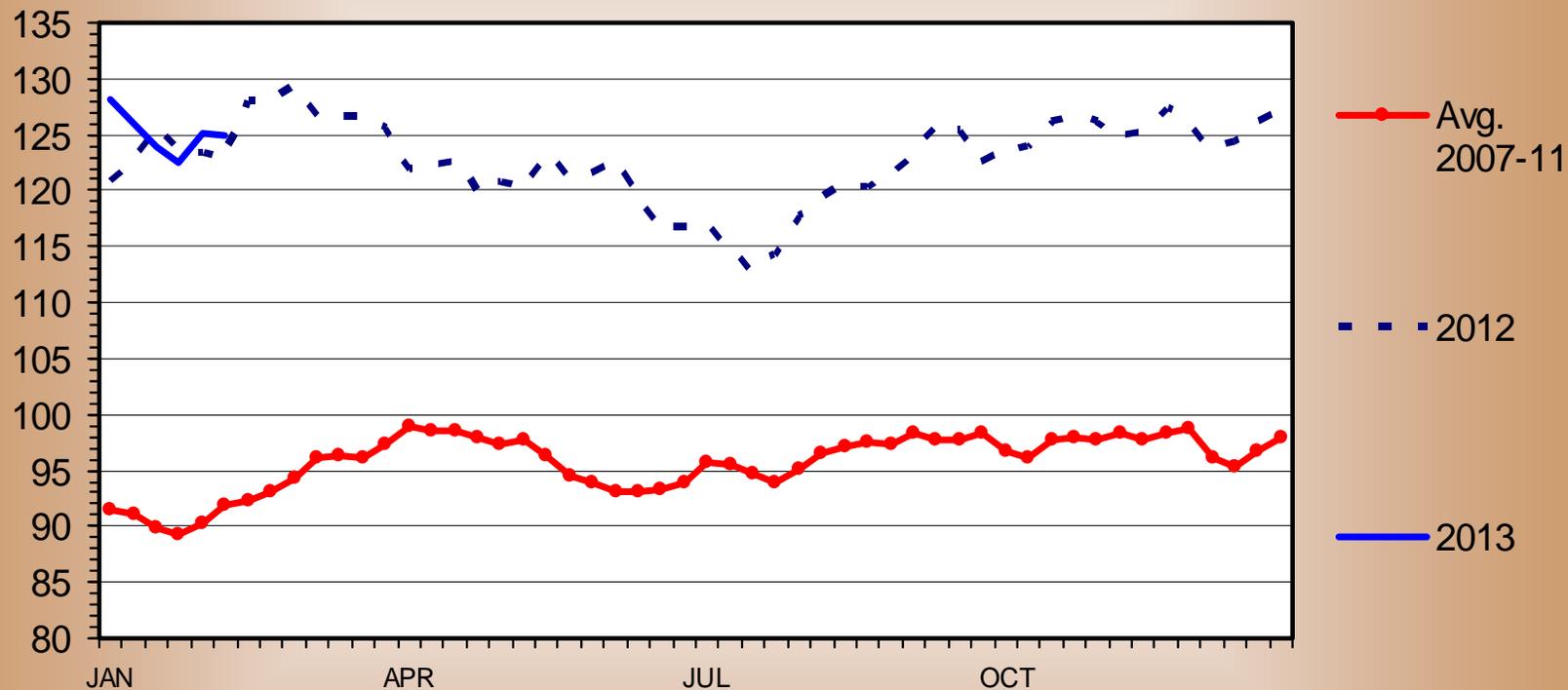


Data Source: USDA-AMS

# SLAUGHTER STEER PRICES

5 Market Weighted Average, Weekly

\$ Per Cwt.

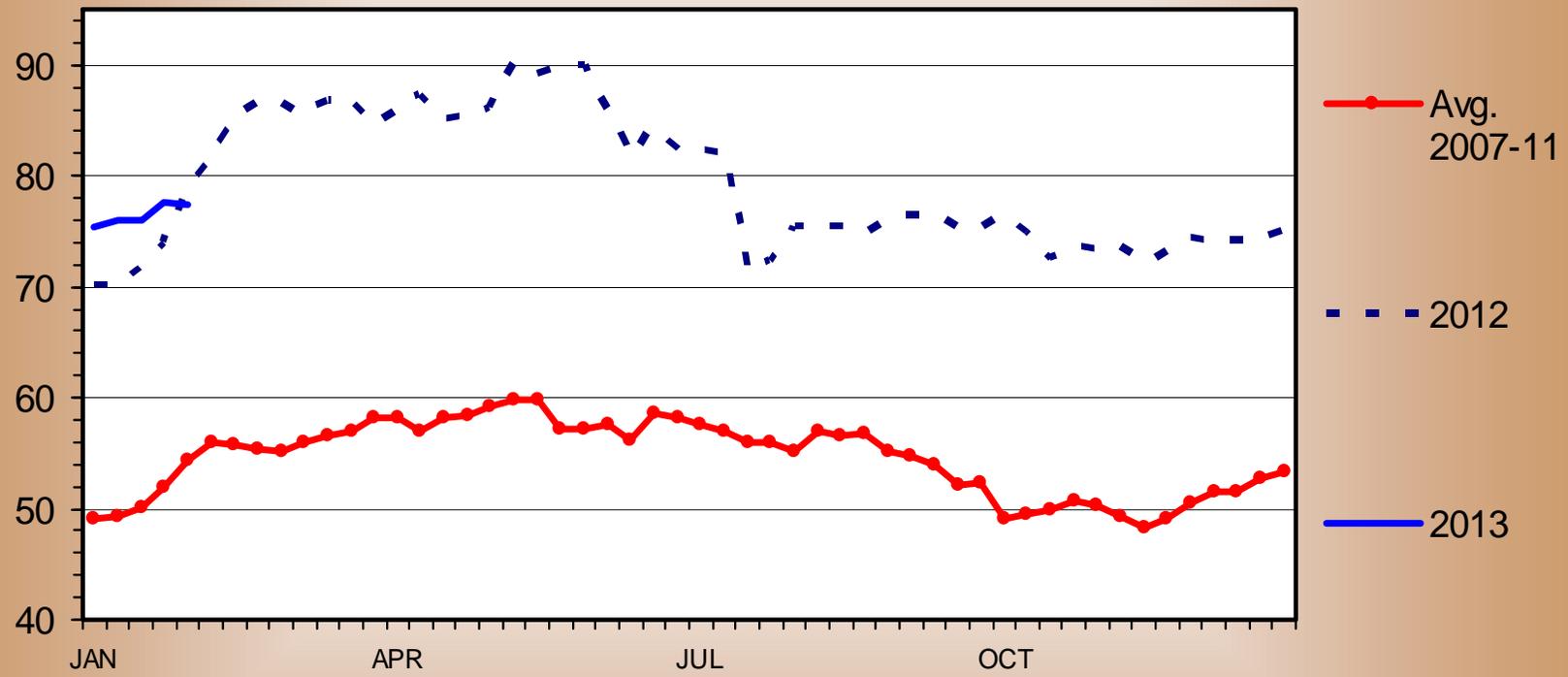


Data Source: USDA-AMS

# SLAUGHTER COW PRICES

Southern Plains, 85-90% Lean, Weekly

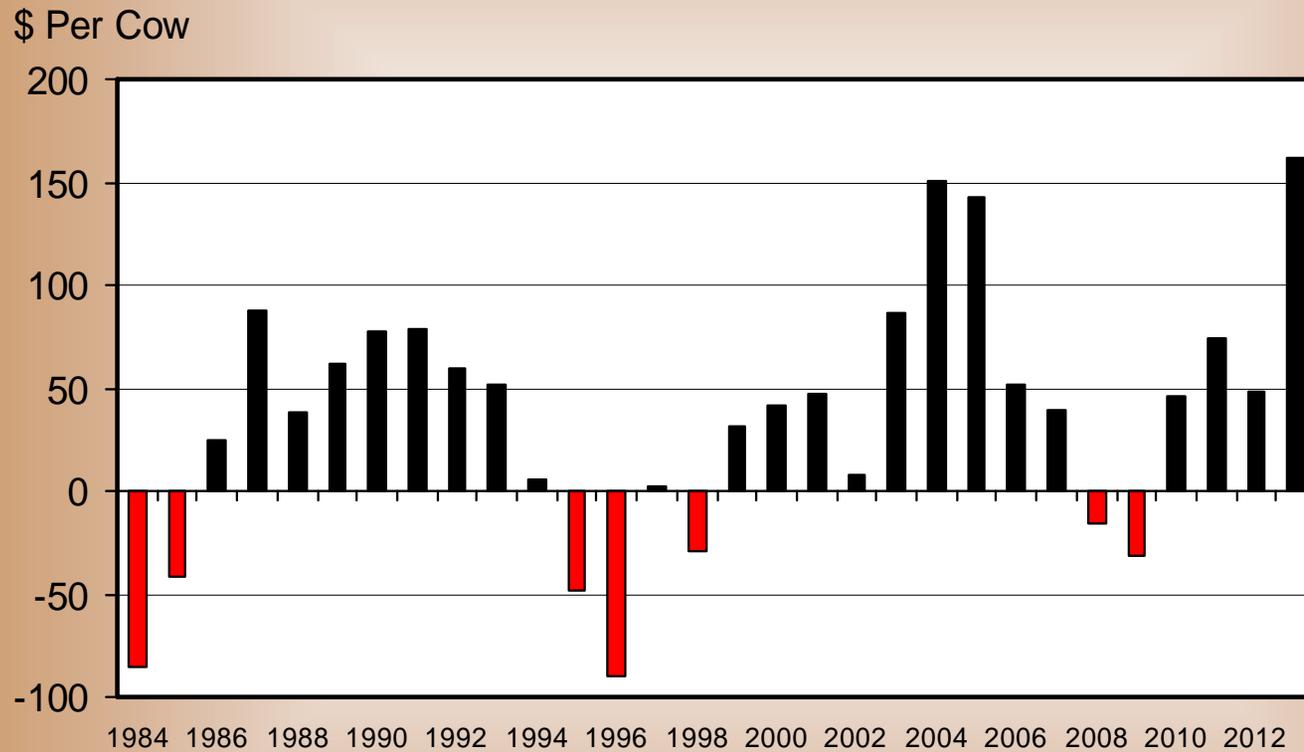
\$ Per Cwt.



Data Source: USDA-AMS

# ESTIMATED AVERAGE COW CALF RETURNS

Returns Over Cash Cost (Includes Pasture Rent), Annual

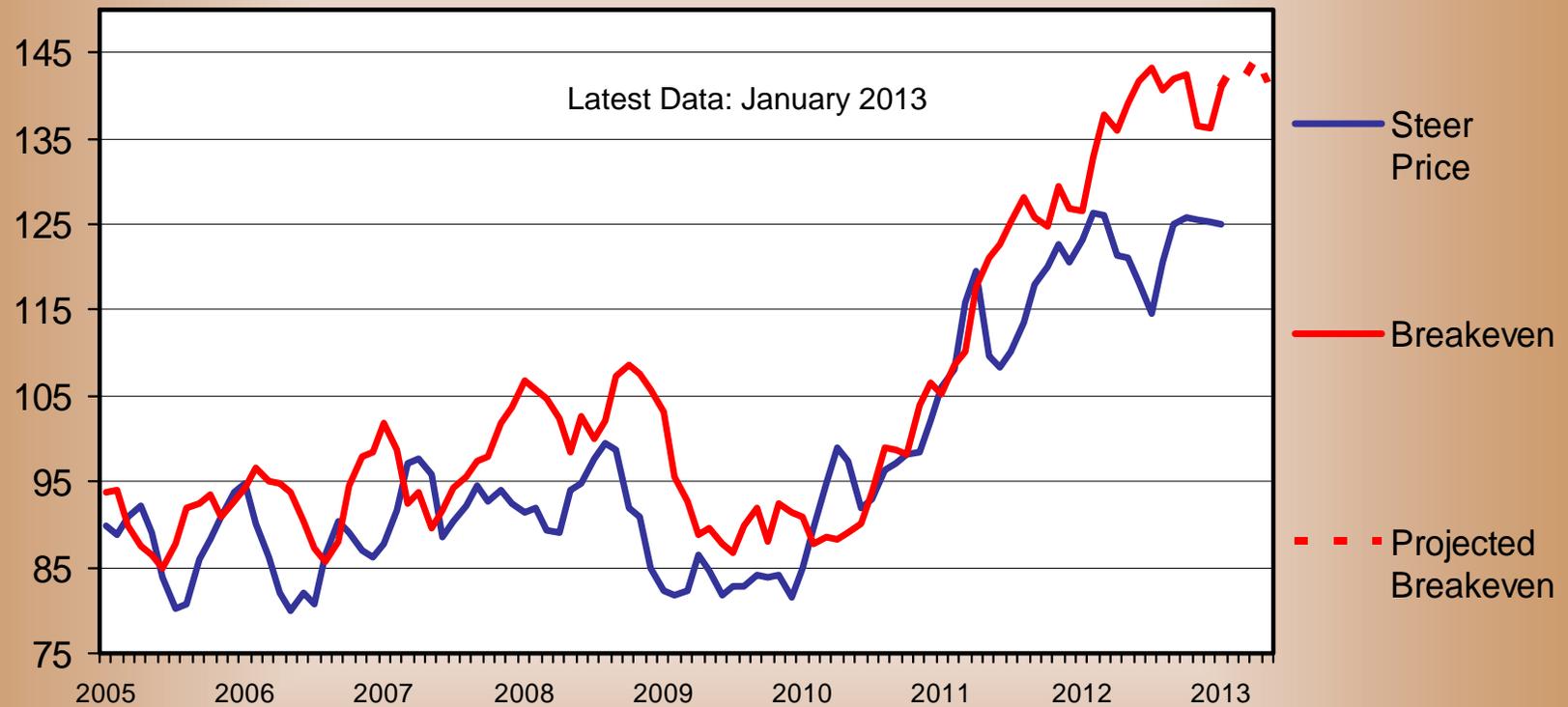


Data Source: USDA-AMS, NASS, Analysis and Forecasts by LMIC

# CHOICE STEER PRICE vs BREAKEVEN

Cattle Feeding, S. Plains, Monthly

\$ Per Cwt



Data Source: USDA-AMS, NASS, Analysis and Forecasts by LMIC

## More Drought Comments ....

- Ranch Management is a Sequential Decision-Making Process, **Especially in a Drought**
- Cyclical Aspects of Industry and Prices are Important
- Develop and Share Your Six Month Plan Now
- Update Financial Statements and Review Your Asset Values (Cows Often Still Undervalued)
- Test Purchased and Raised Hay
- Look Outside Normal Region for Hay (Canada)
- Drought Recovery from Both a Resource and Economic Perspective is a Multi-Year Process, Start Planning Recovery
- Federal Income Tax Treatment of Liquidated Breeding Stock: **[www.ruraltax.org](http://www.ruraltax.org)**
- **Agile Firms Will Benefit.... Be Adaptable NOT Adapted**

Livestock Marketing Information Center - Windows Internet Explorer

http://www.lmic.info/

File Edit View Favorites Tools Help

Livestock Marketing Information Center

## Livestock Marketing Information Center

Situation & Analysis | Prices & Production | Key Graphs | Quick Market Reports | Members List & Reports | Members Only | About LMIC

Welcome to the Livestock Marketing Information Center (LMIC) Website

STEER HIDE AND OFFAL VALUE  
Live Animal Basis, Weekly

\$ Per Cwt.

14.50  
13.50  
12.50  
11.50  
10.50  
9.50  
8.50  
7.50

APR APR APR OCT

— Avg. 2005-09  
- - - 2010  
— 2011

Livestock Marketing Information Center  
Data Source: USDA-AMS  
CP-28  
12/19/11

Use the tabs at the top of each page or links on the right to navigate the many resources on this site.

**Hot Topics**

[In the Cattle Markets](#)

**Members Only Area**

[Monitor](#)

[Spreadsheets](#)

[Graphs](#)

[Tables](#)

[Analysis and Comments](#)

**Public Areas**

[Recent Price & Production Summary](#)

[Key Graphs](#)

[Quick Market Reports](#)

[Publications, fact-](#)

**Chart of the Week**

**Current Situation and Analysis**  
Last Updated: 12/19/2011

Trends ... RECORD HIGH BEEF BYPRODUCT VALUES IN 2011

start | Inbox - Microsoft Out... | NY Cattle January 20... | Livestock Marketing I... | Internet | 150% | 11:05 AM

[www.lmic.info](http://www.lmic.info)

**Thank You!**