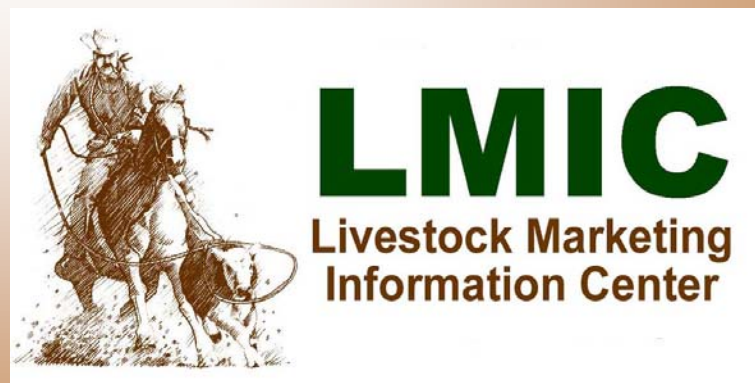


Cattle, Hog, Sheep, and Dairy Markets and Outlooks

Utah State University Extension and Utah Bankers Association

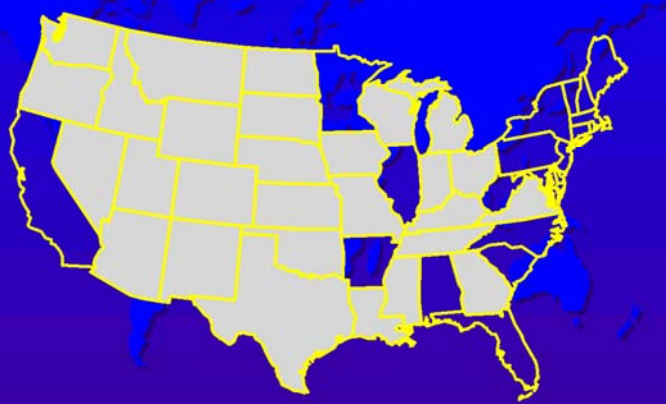
January 27, 2012

**James Robb
Director**



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Livestock Marketing Information Center



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TCFA
CWB
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APHIS
GIPSA
NASS
WAOB
AMS

Topics: Markets, Numbers and ...

- The Big Picture – The Economy and Beef
- Comments on Chicken, Hogs, and Sheep
- Cattle Markets and Outlook
 - Trends in Beef Cow Numbers
 - Role of Foreign Markets
 - Outlook for Cattle Prices
 - Managing in These Times
- Dairy Situation and Outlook
- Managing In These Times

USDA Data Sources – NASS, AMS, FAS and ERS

All Forecasts – LMIC

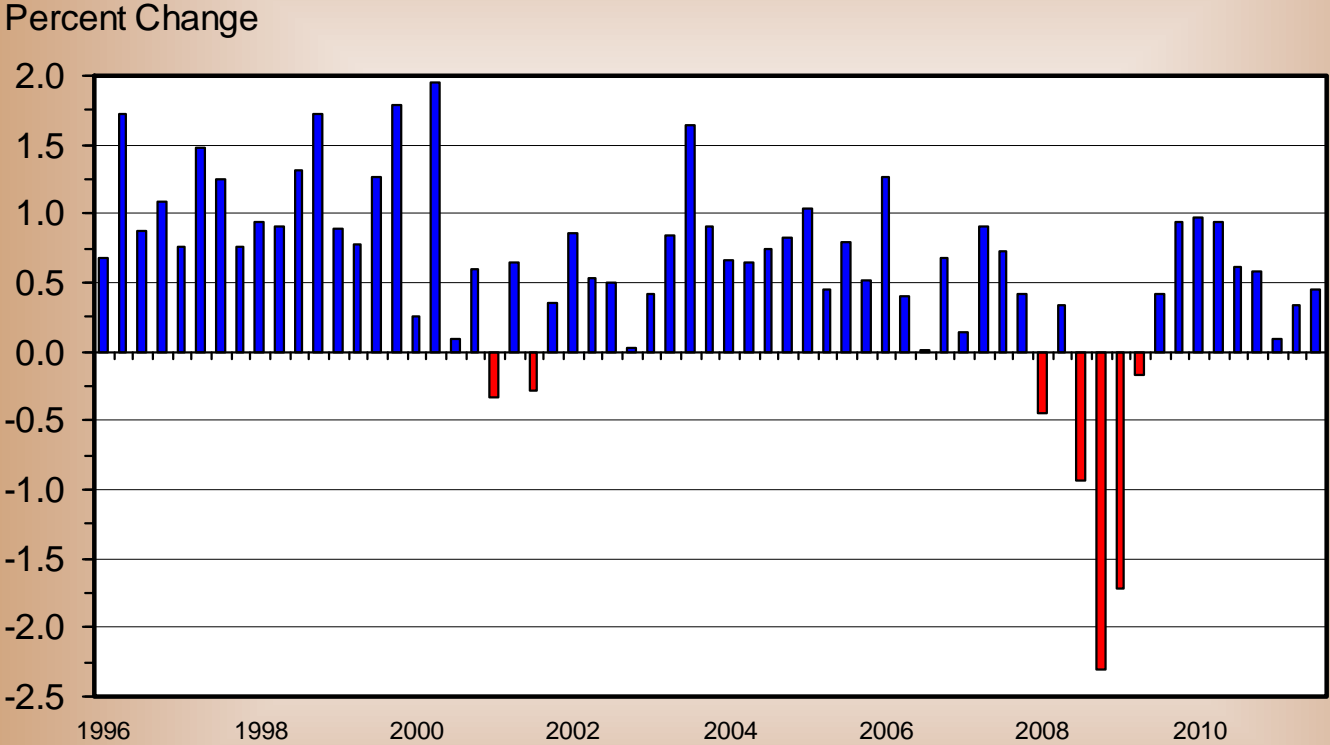
The Big Picture



Wal-Mart's wide aisles and broad selection of merchandise accommodate 100 million shoppers a week.

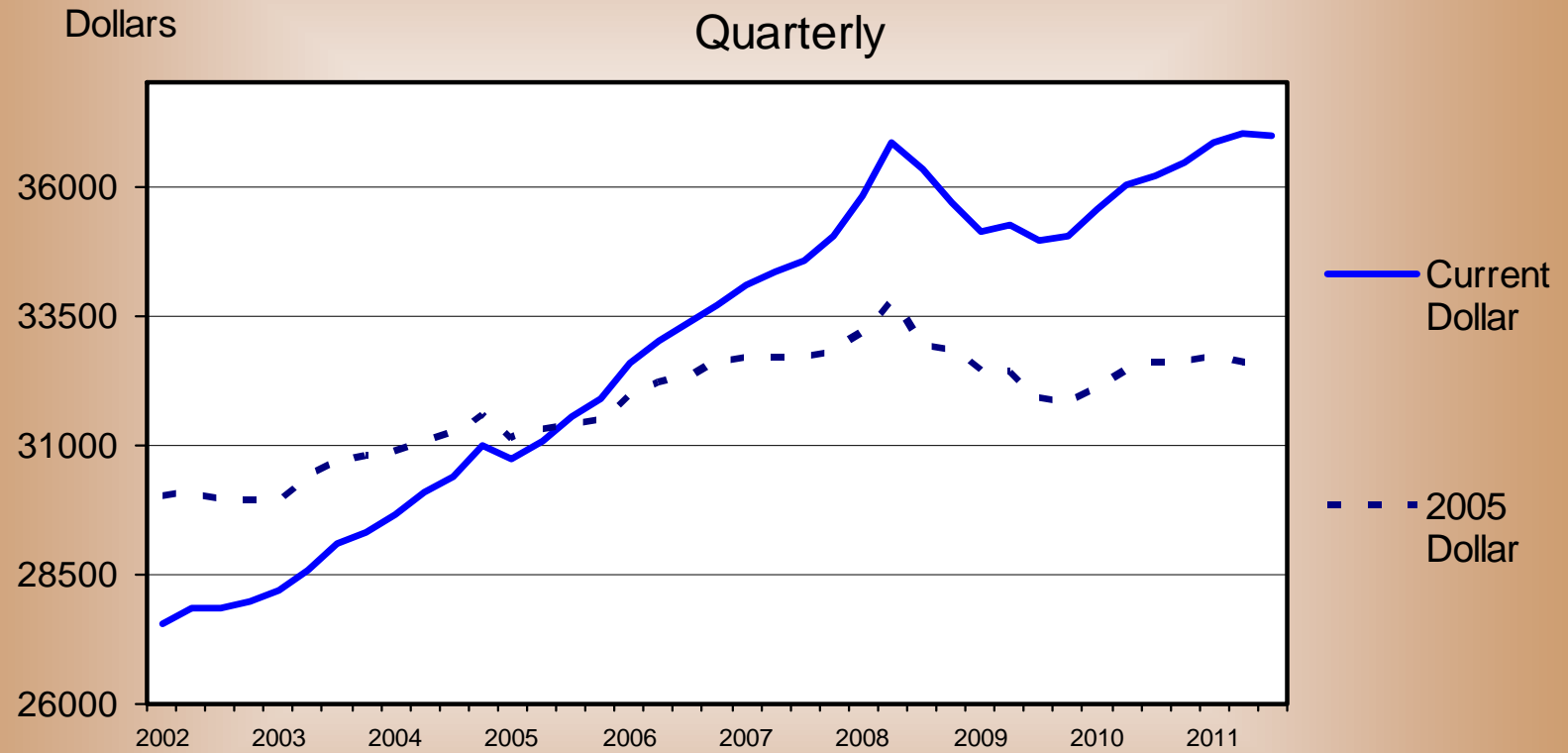
QTRLY GROSS DOMESTIC PRODUCT (GDP)

Real Dollar (2005) Change from Previous Quarter



Data Source: Dept Commerce-BEA

PER CAPITA DISPOSABLE PERSONAL INCOME

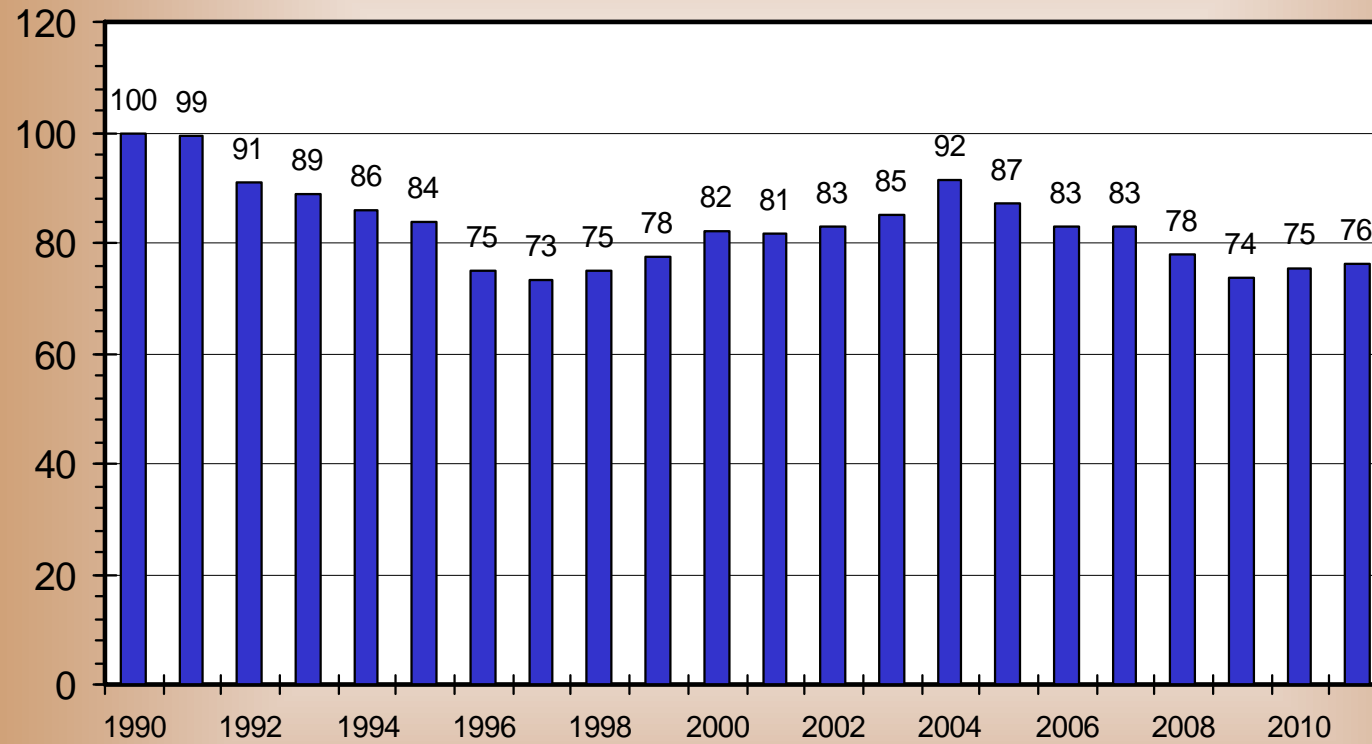


Data Source: Dept Commerce-BEA

RETAIL ALL FRESH BEEF DEMAND INDEX

Third Quarter, Using CPI 1990=100

Index Value



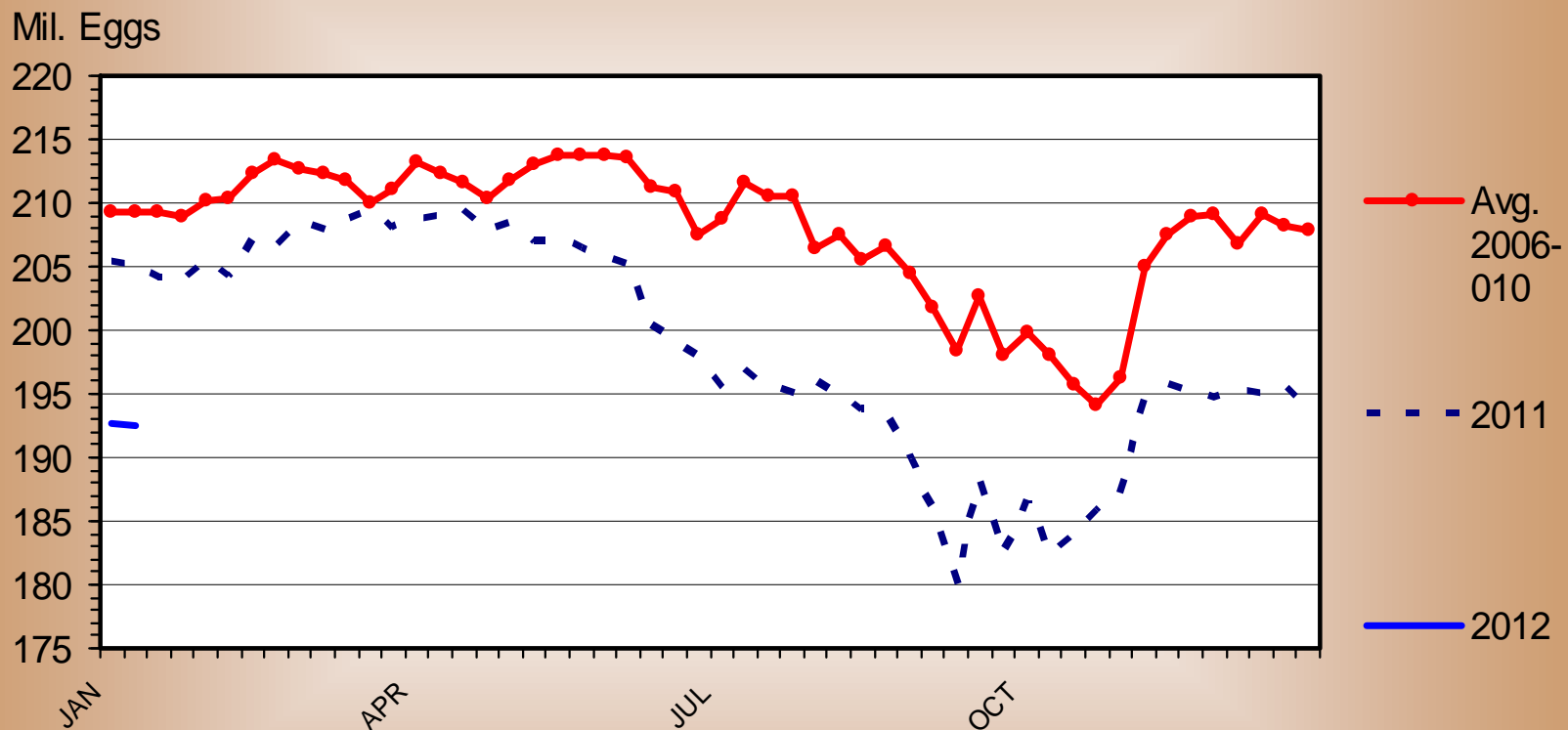
Data Source: LMIC

Chicken, Pork and Lamb



BROILER EGGS SET

Weekly

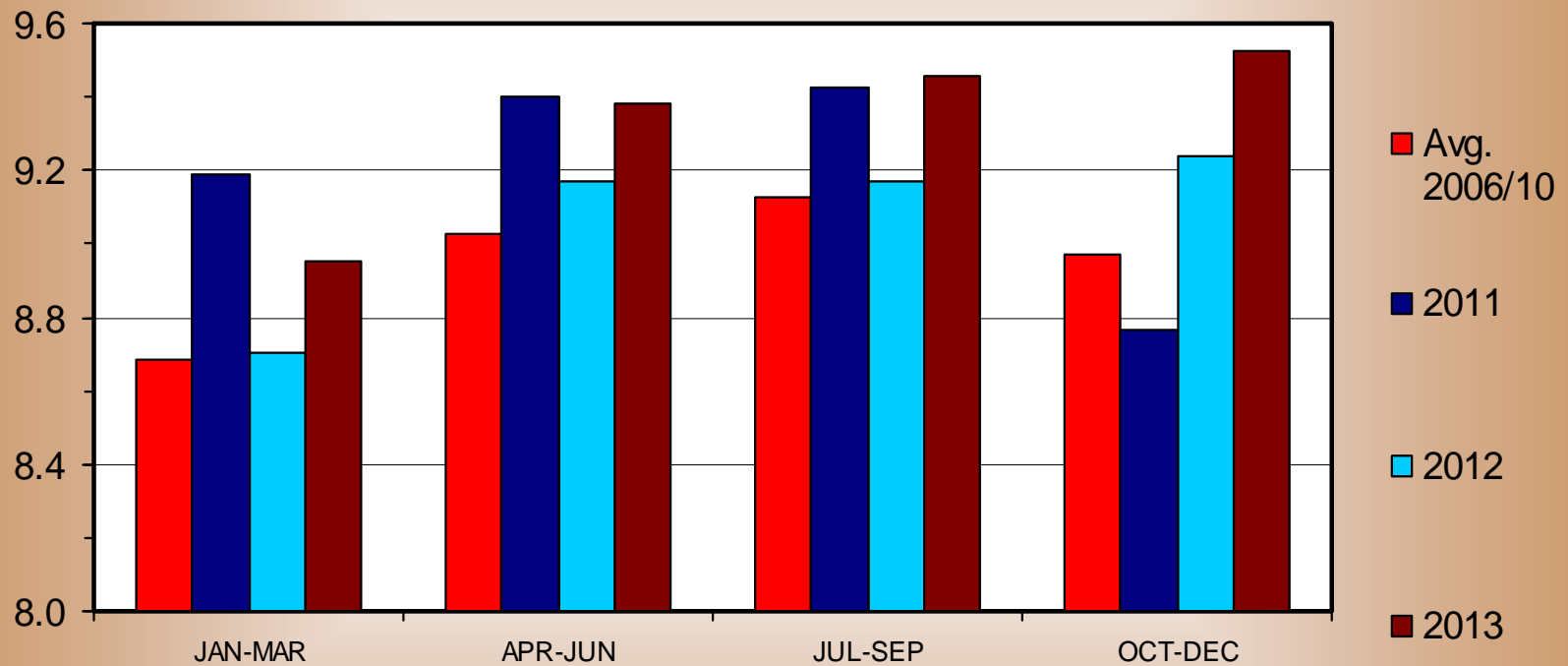


Data Source: USDA-NASS

RTC BROILER PRODUCTION

Quarterly

Bil. Pounds

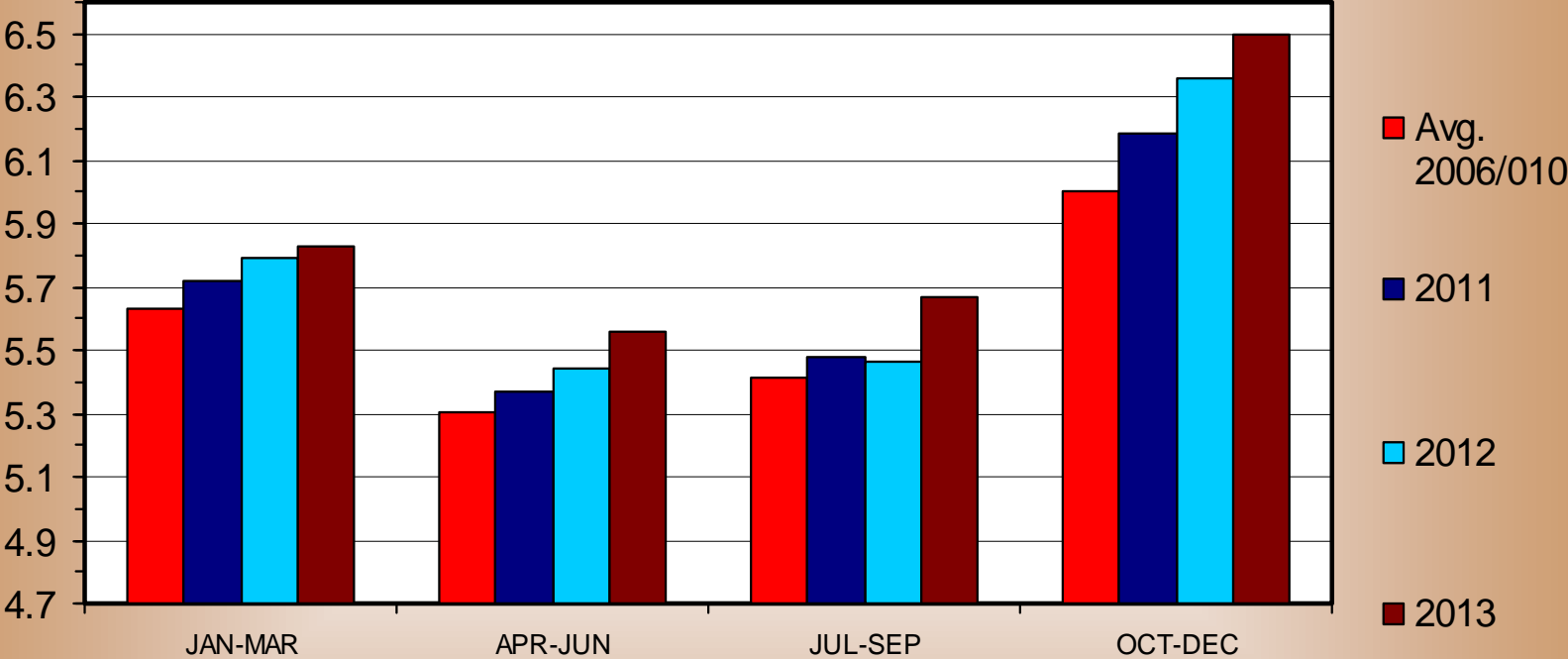


Data Source: USDA-NASS, Forecasts by LMIC

COMMERCIAL PORK PRODUCTION

Quarterly

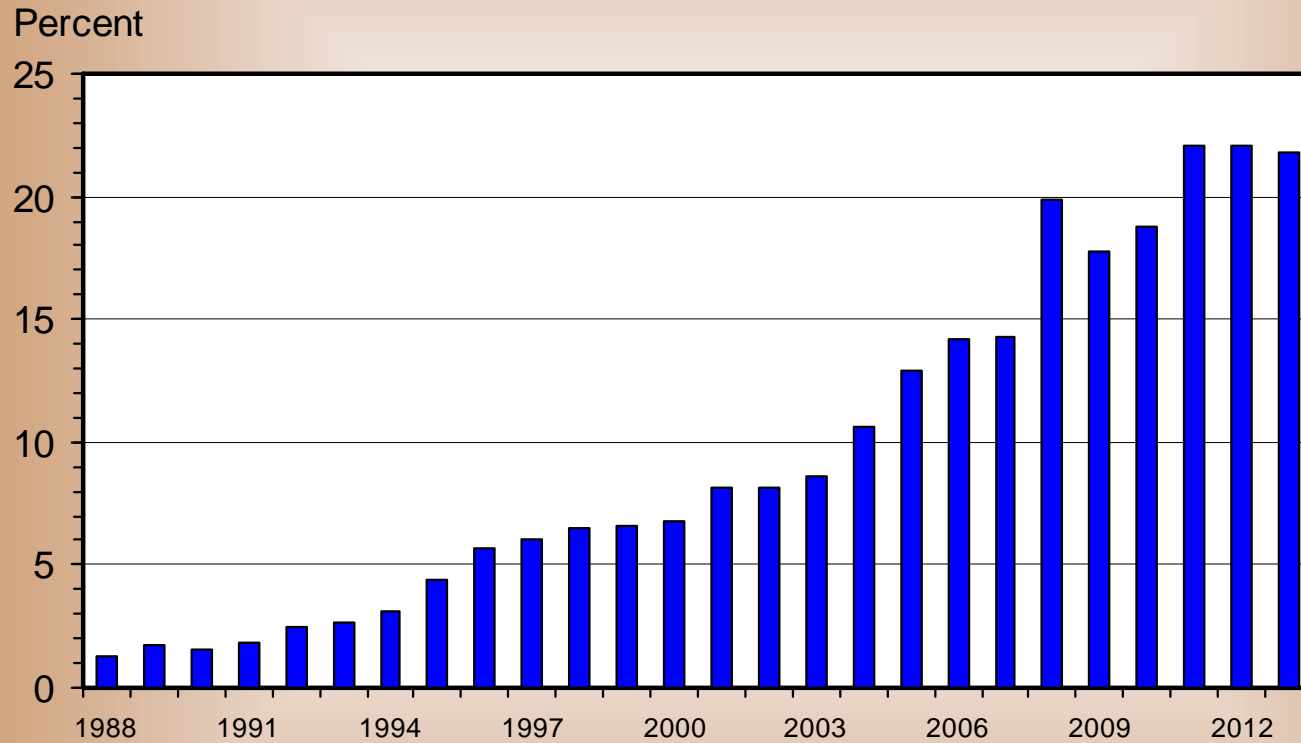
Bil. Pounds



Data Source: USDA-NASS, Forecasts by LMIC

U S PORK EXPORTS

As a Percentage of Production, Carcass Weight, Annual

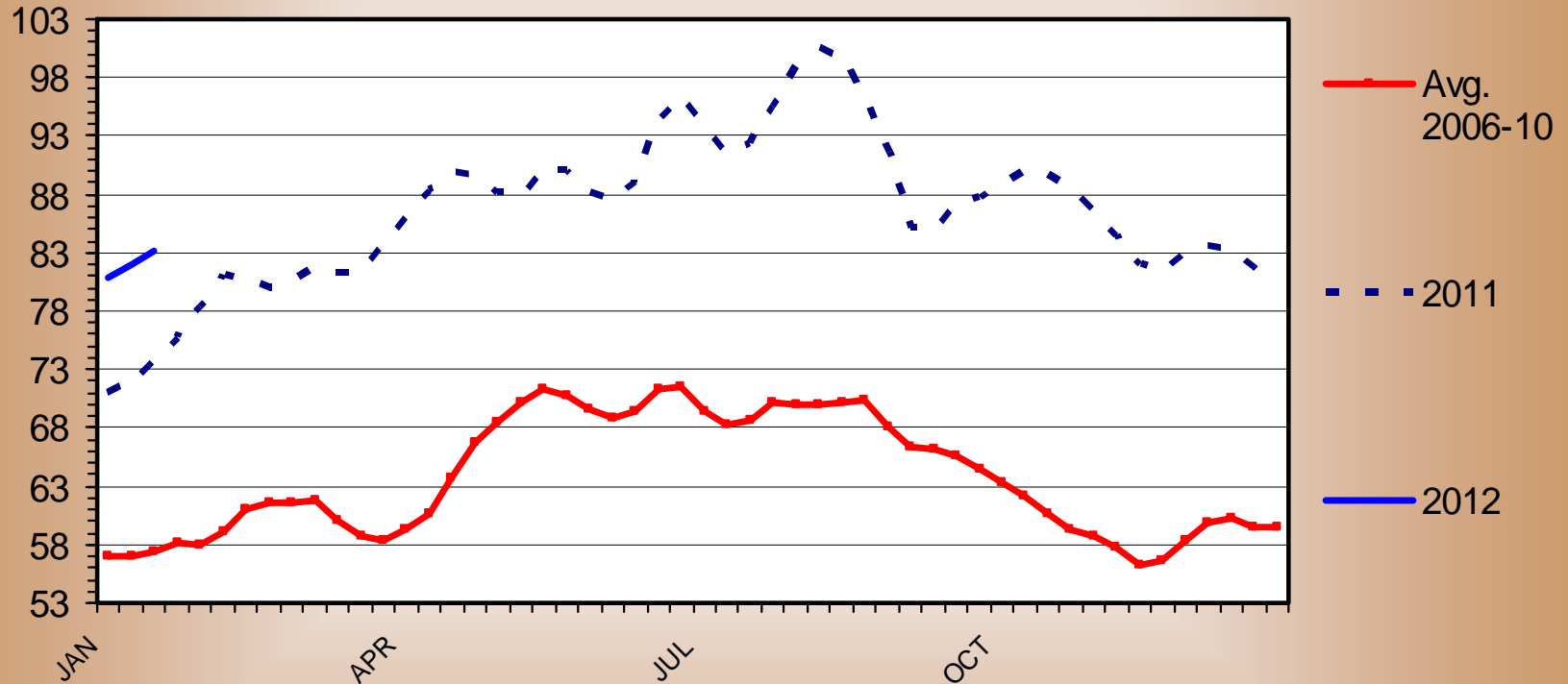


Data Source: USDA-FAS and ERS, Forecasts by LMIC

BASE SLAUGHTER HOG PRICES

National, Weighted Average Carcass Price, Weekly

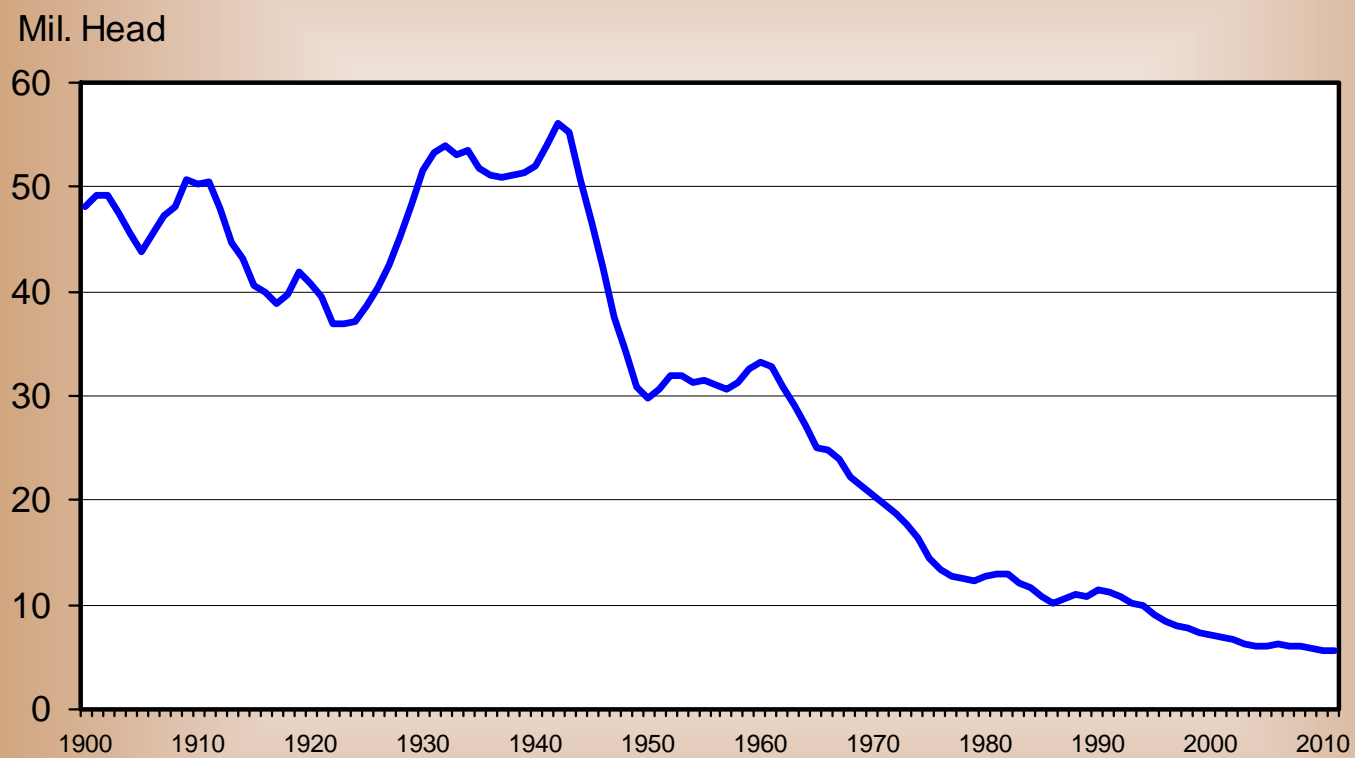
\$ Per cwt



Data Source: USDA-AMS

TOTAL SHEEP & LAMB POPULATION

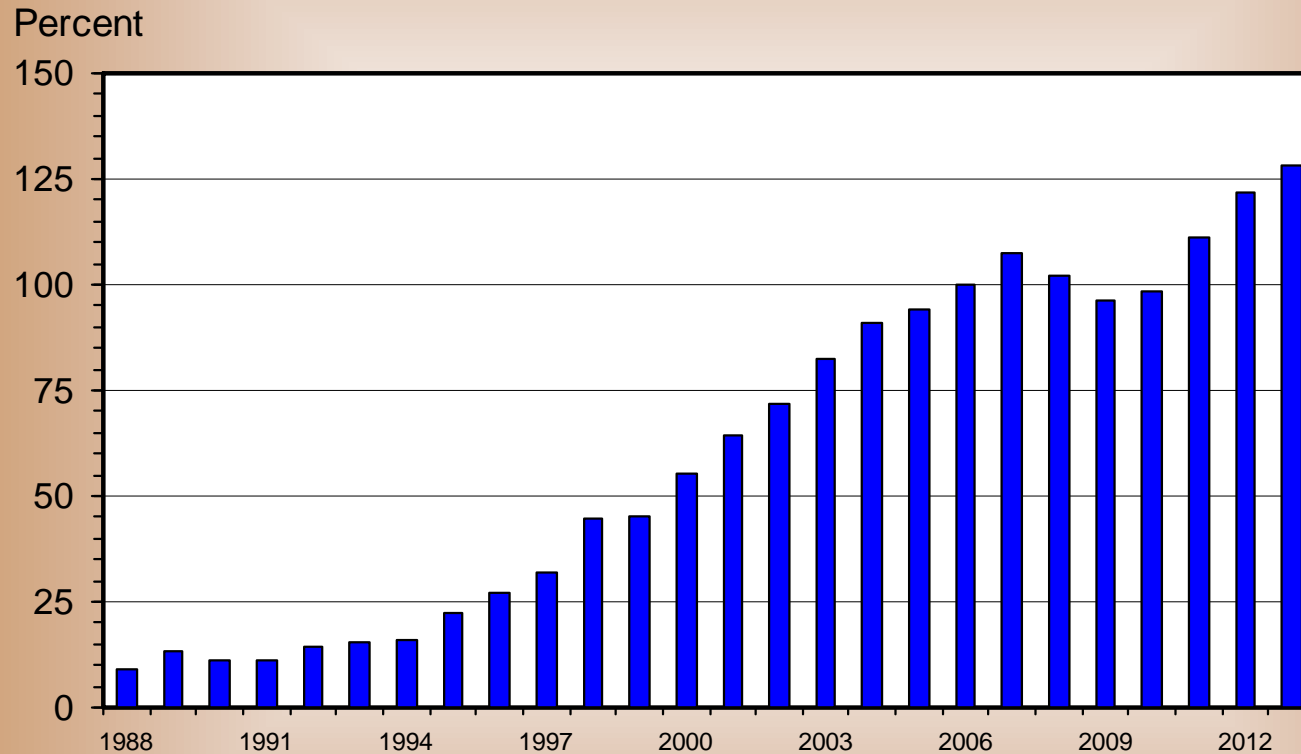
January 1, U.S., Annual



Data Source: USDA-NASS

U S LAMB AND MUTTON IMPORTS

As a Percentage of Production, Carcass Weight, Annual

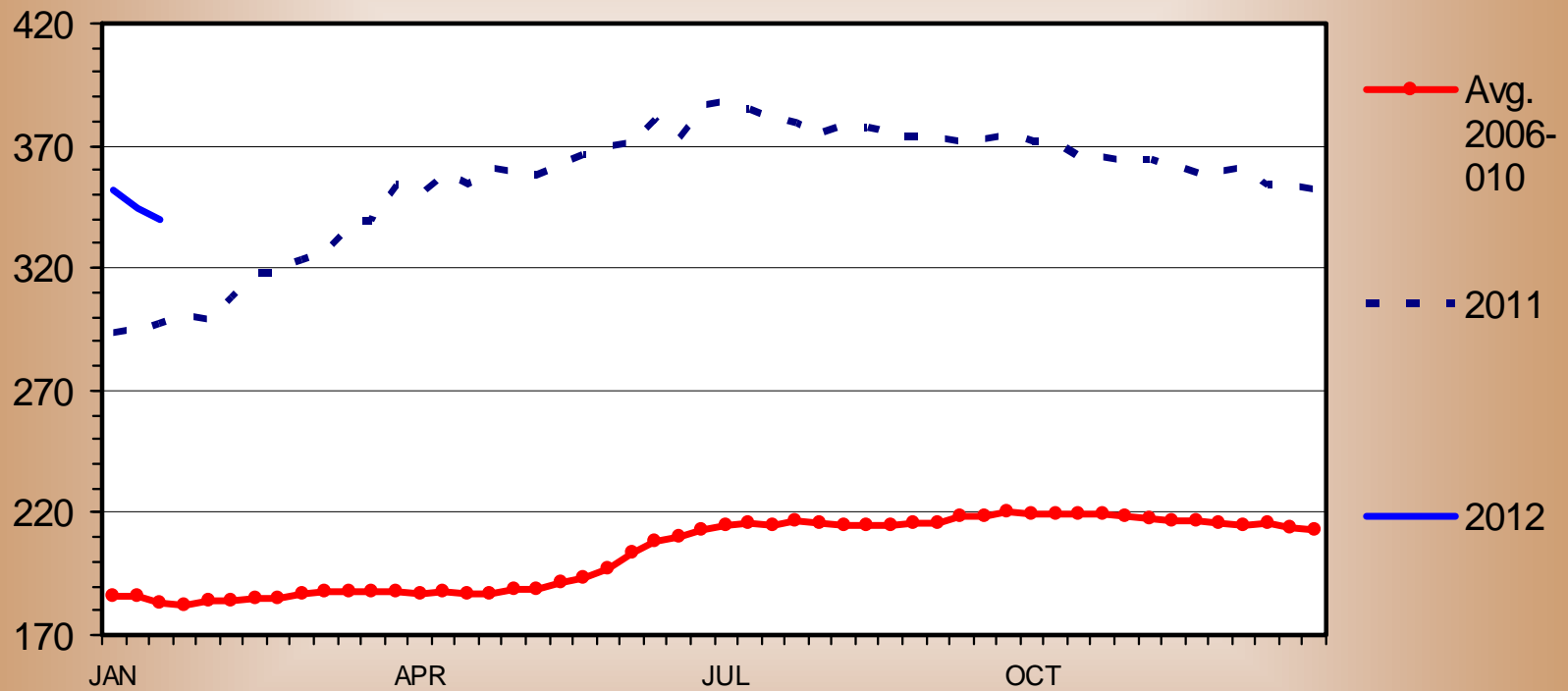


Data Source: USDA-FAS and ERS, Forecasts by LMIC

SLAUGHTER LAMB PRICES

National Direct (November 2010 to present),
Hot Carcass, Weekly

\$ Per Cwt.

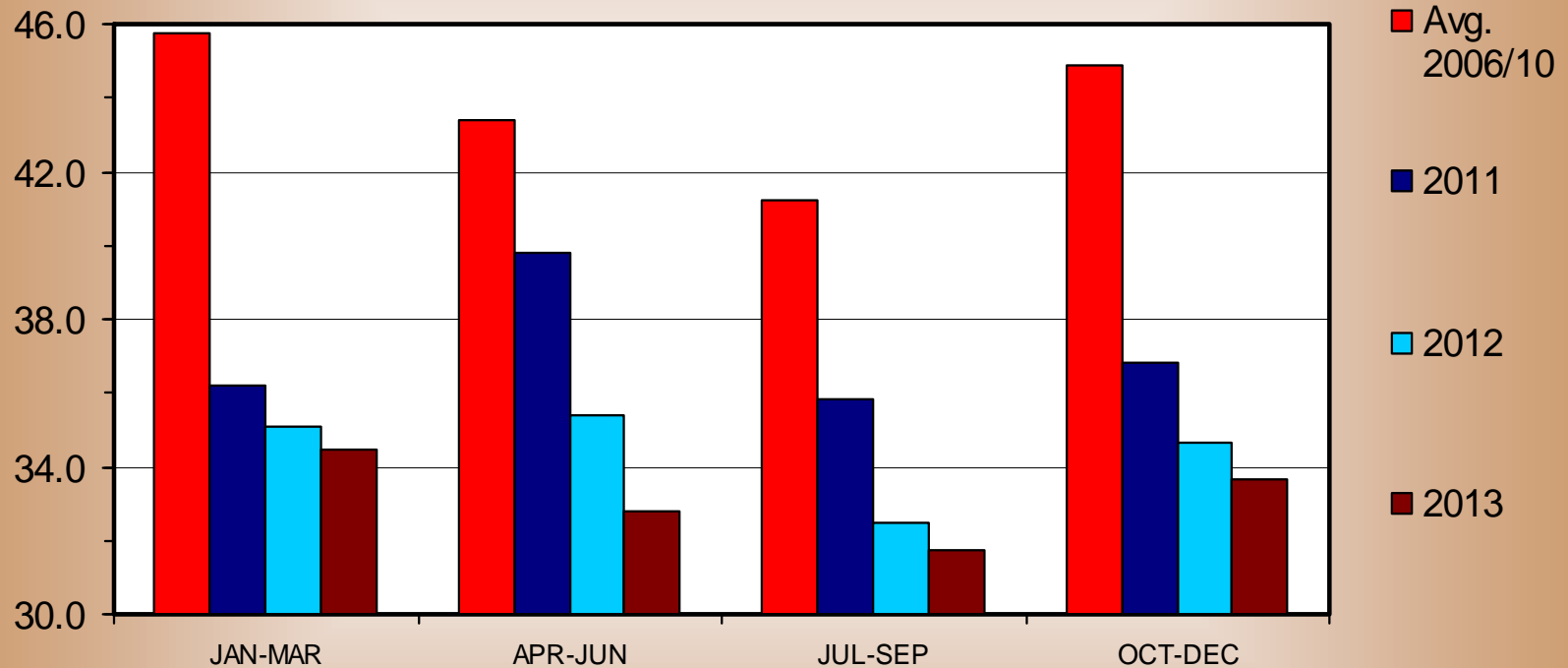


Data Source: USDA-AMS

COMMERCIAL LAMB AND MUTTON PRODUCTION

Quarterly

Mil. Pounds



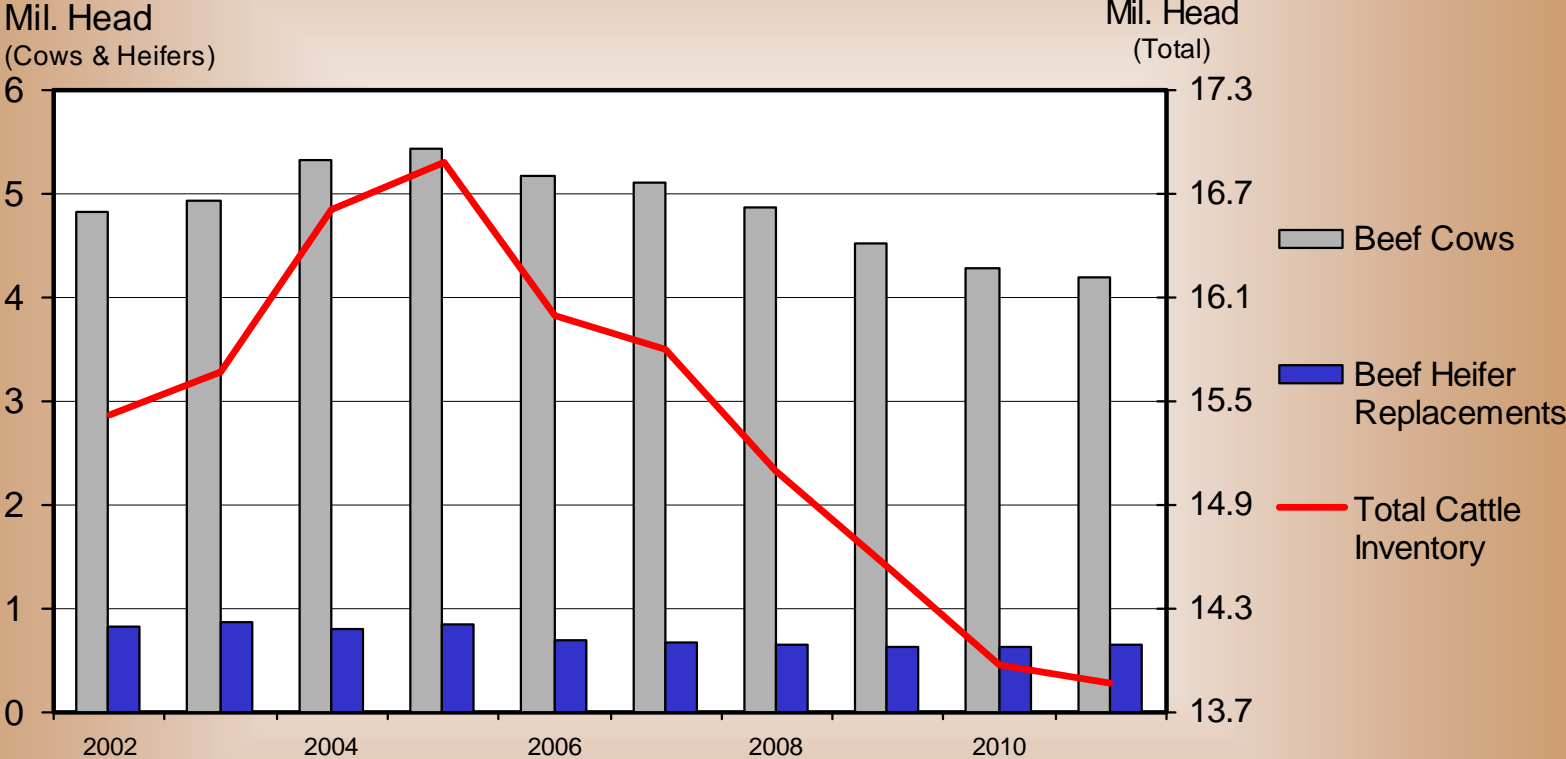
Data Source: USDA-NASS, Forecasts by LMIC

Trends In Beef Cow Numbers ...



CANADA CATTLE INVENTORY

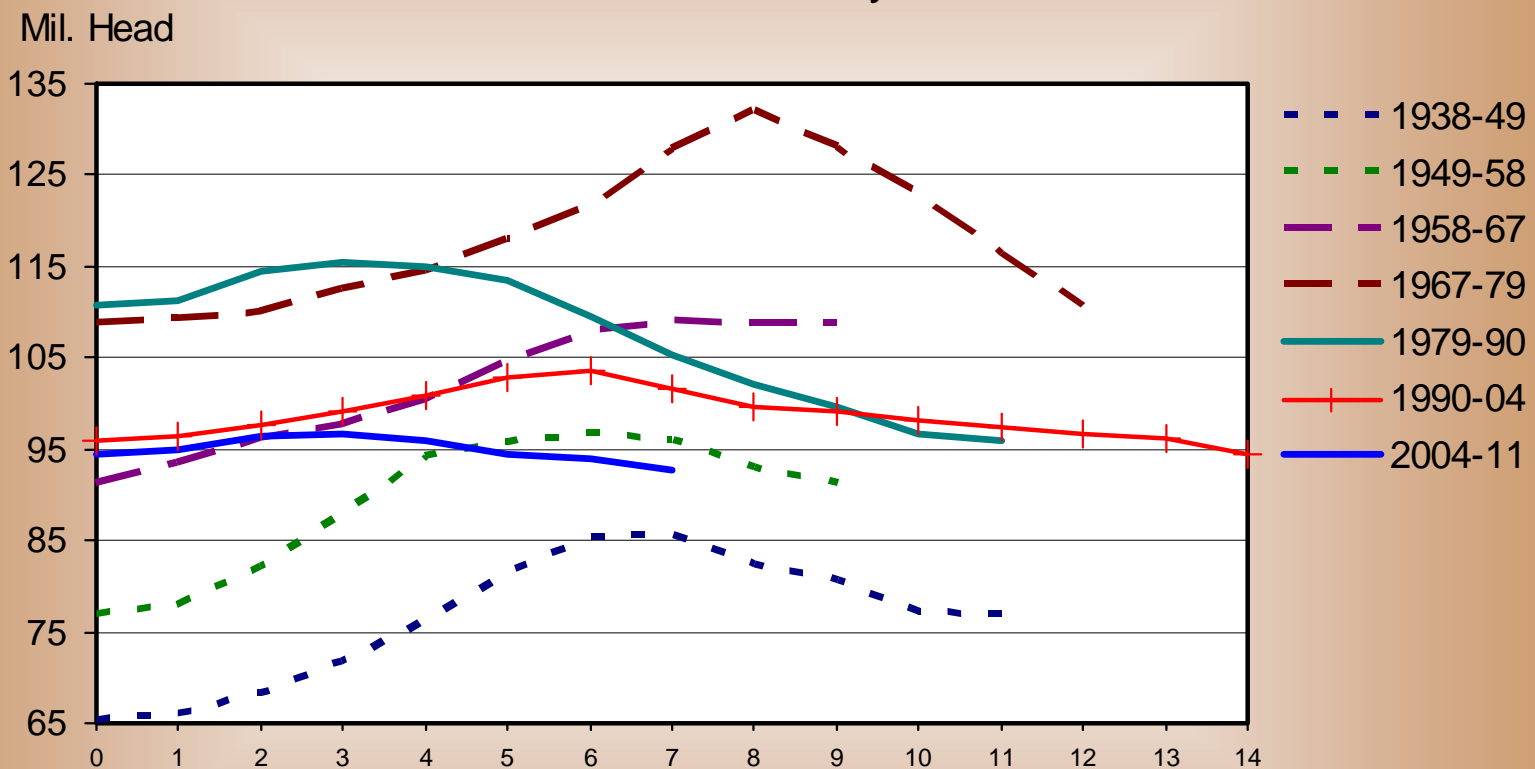
July 1, Annual



Data Source: Statistics Canada

TOTAL CATTLE INVENTORY BY CYCLE

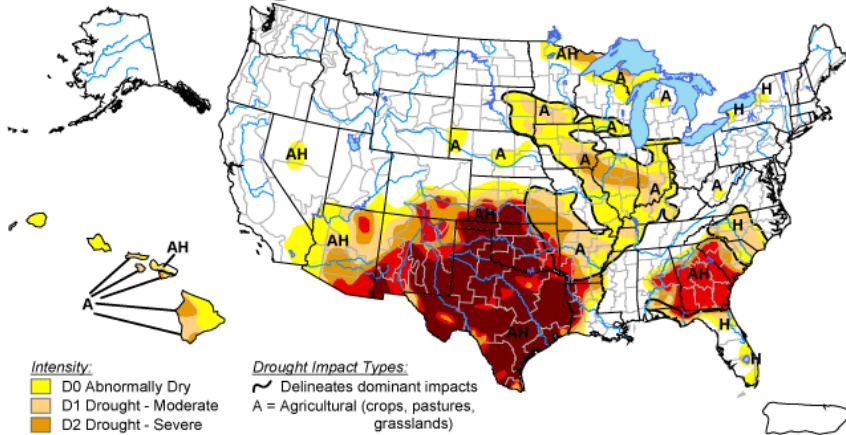
U.S., January 1



Data Source: USDA-NASS, Compiled & Analysis by LMIC

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

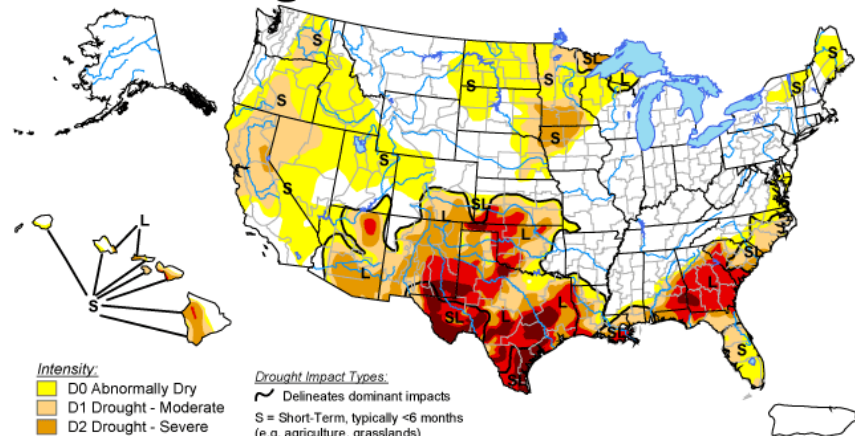
Author: Michael Brewer/Liz Love-Brotak, NOAA/NESDIS/NCDC

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

Drought – A Game Changer

U.S. Drought Monitor

January 17, 2012
Valid 7 a.m. EST



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.

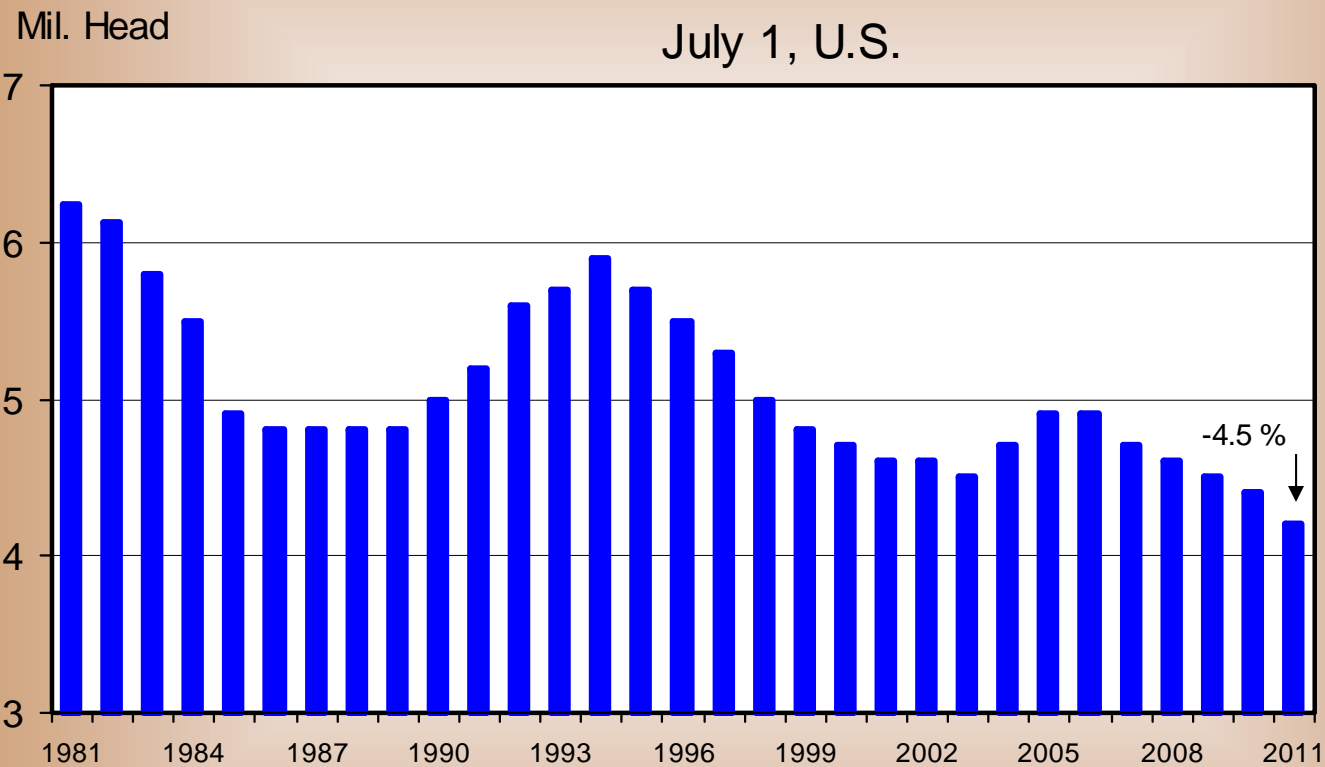


Released Thursday, January 19, 2012

Author: Laura Edwards, WRCC, South Dakota State University

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

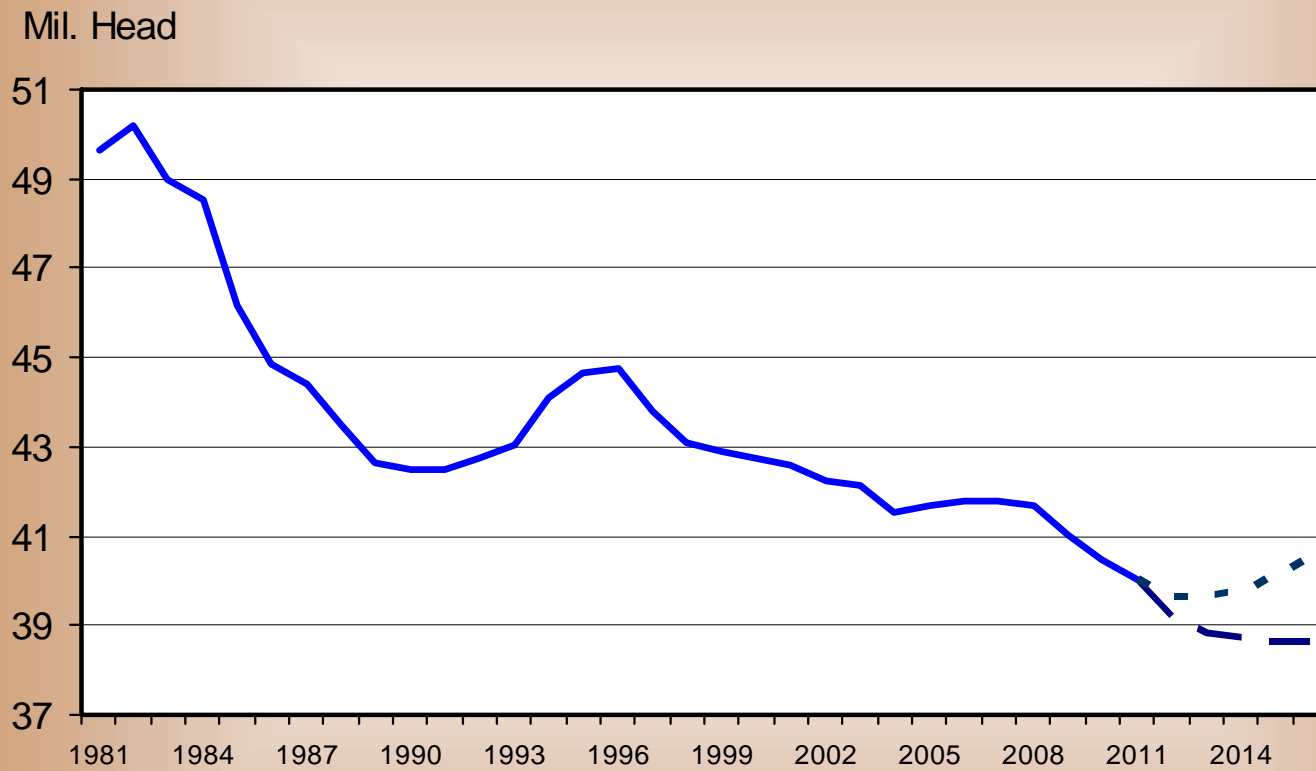
HEIFERS HELD AS BEEF COW REPLACEMENTS



Data Source: USDA-NASS

JANUARY 1 TOTAL COW INVENTORY

U.S., Annual



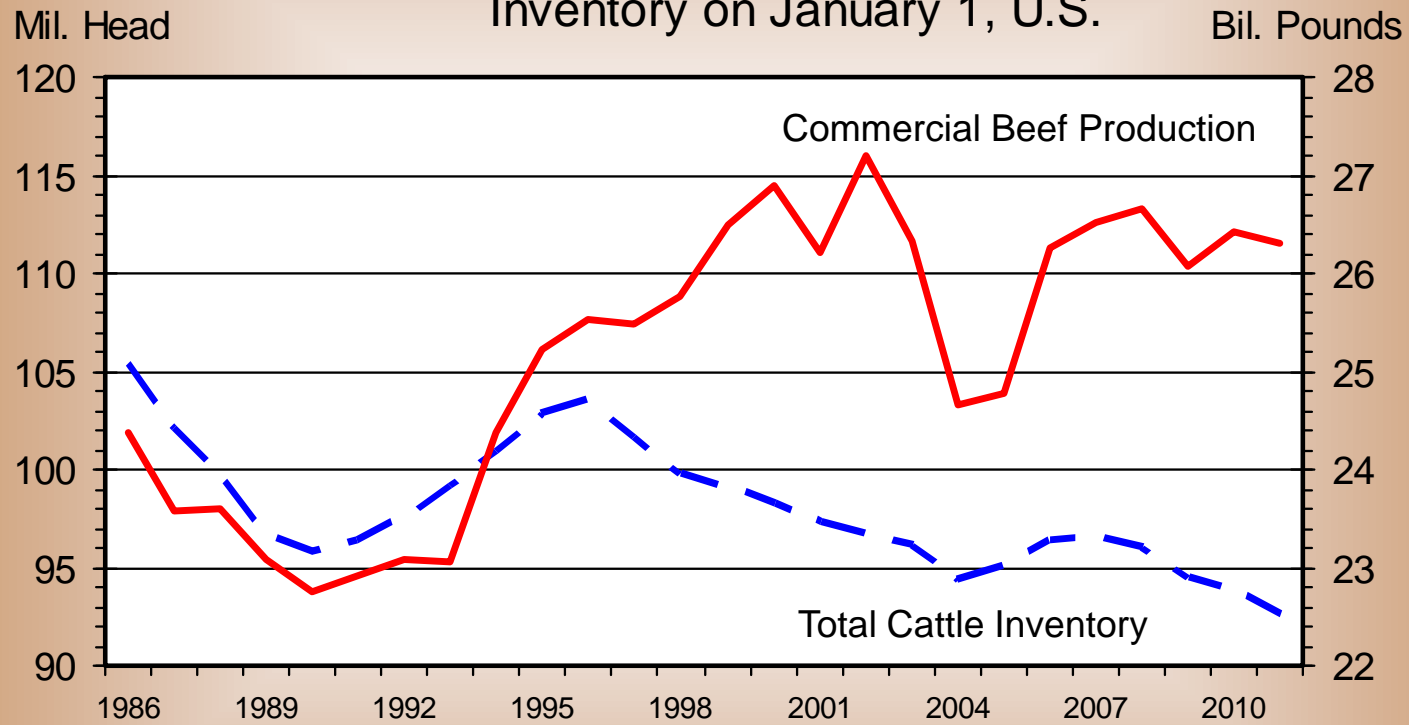
Data Source: USDA-NASS, Forecasts by LMIC

Constraints and Comments

- Increased Beef Cow Slaughter is Drought Driven and Can Stop Quickly, But Pasture Recovery?
- National Cowherd is Already “Young”
- Some Hay and Pasture Acreage Lost (Mostly Midwest and West) Due To Record High Cash Crop Prices
- Cost of Replacement Cows & Bulls Will Increase
- Southern Plains Ranches Will Respond
- Back-fill Beef Production with Pork and Poultry

BEEF PRODUCTION vs. CATTLE INVENTORY

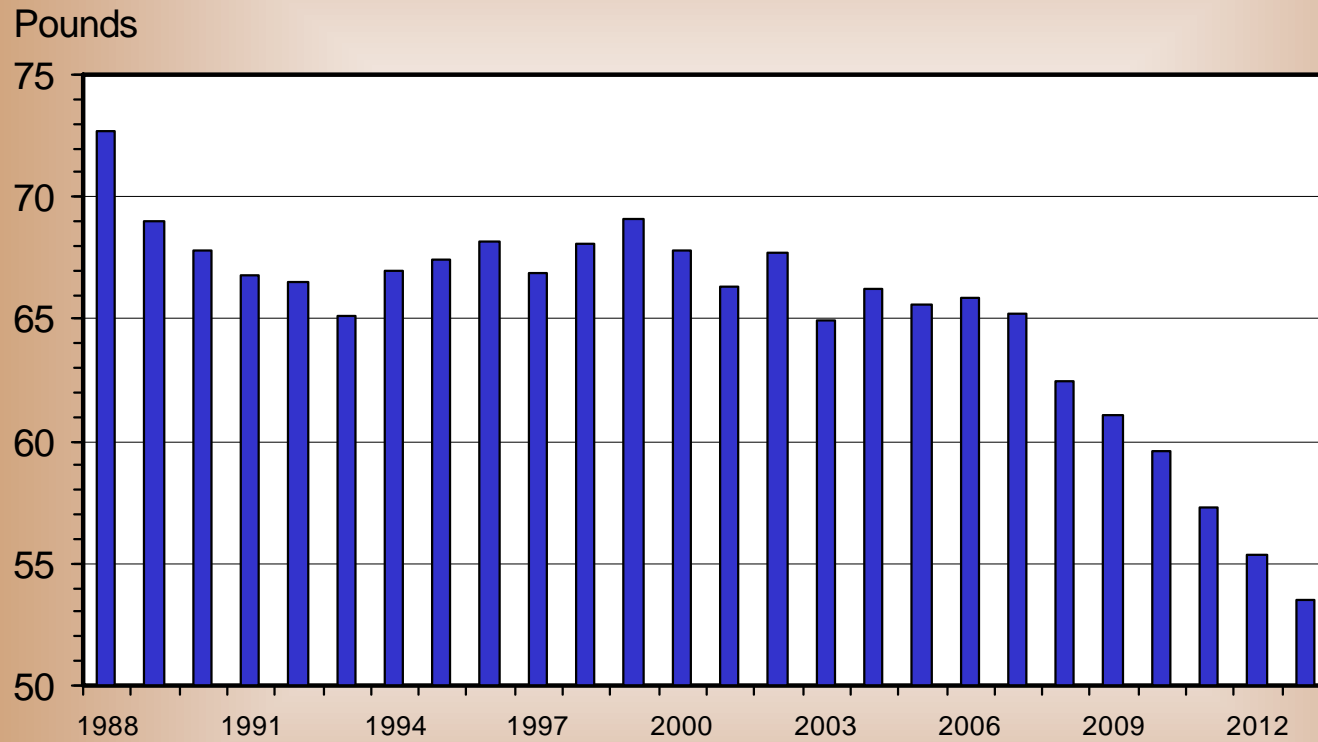
Inventory on January 1, U.S.



Data Source: USDA-NASS

U S BEEF CONSUMPTION

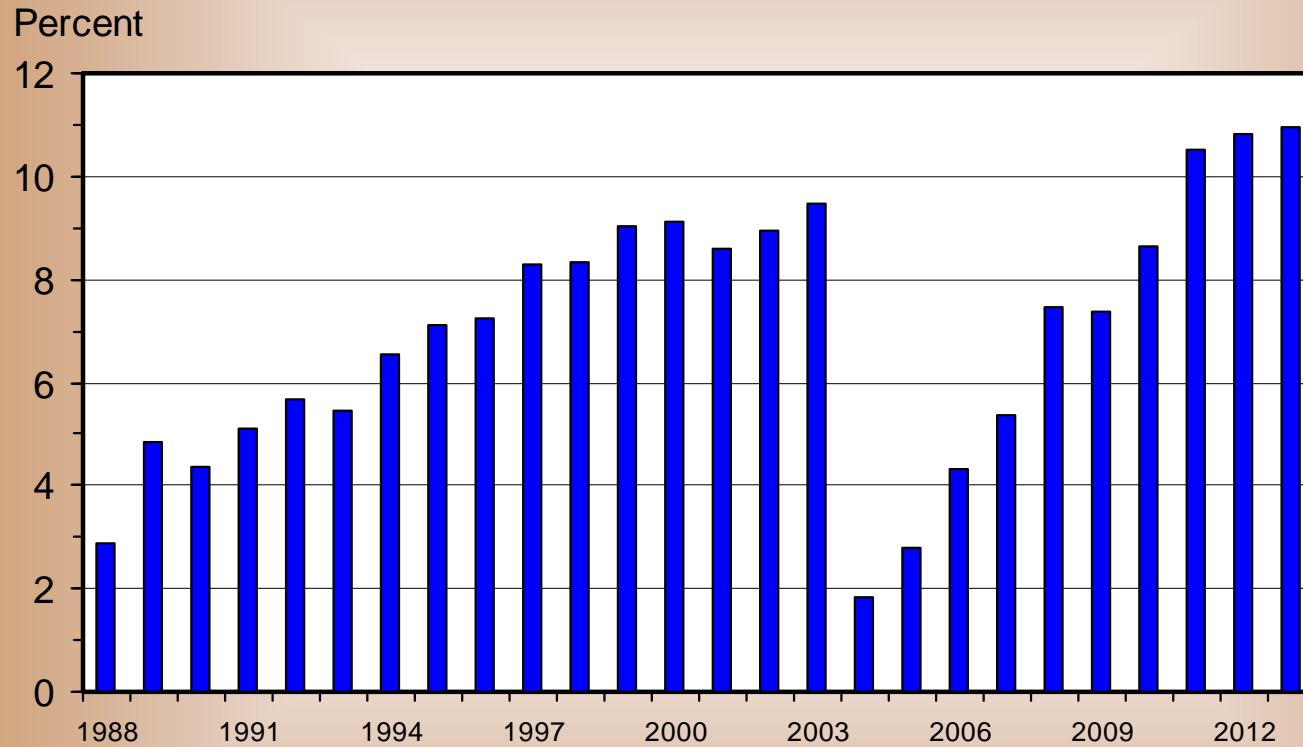
Per Capita, Retail Weight, Annual



Data Source: USDA-NASS, Forecasts by LMIC

U S BEEF AND VEAL EXPORTS

As a Percentage of Production, Carcass Weight, Annual

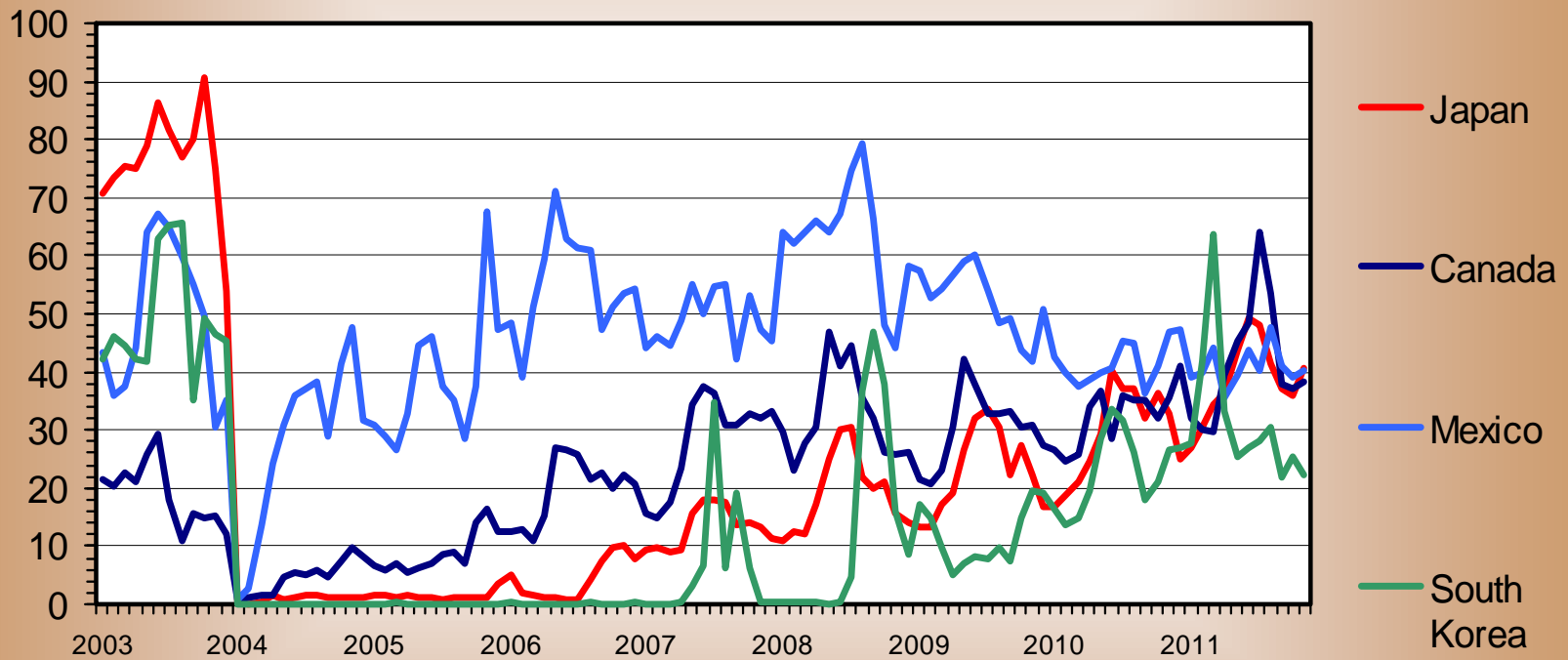


Data Source: USDA-FAS and ERS, Forecasts by LMIC

U S BEEF EXPORTS TO MAJOR MARKETS

Carcass Weight, Monthly

Mil. Pounds

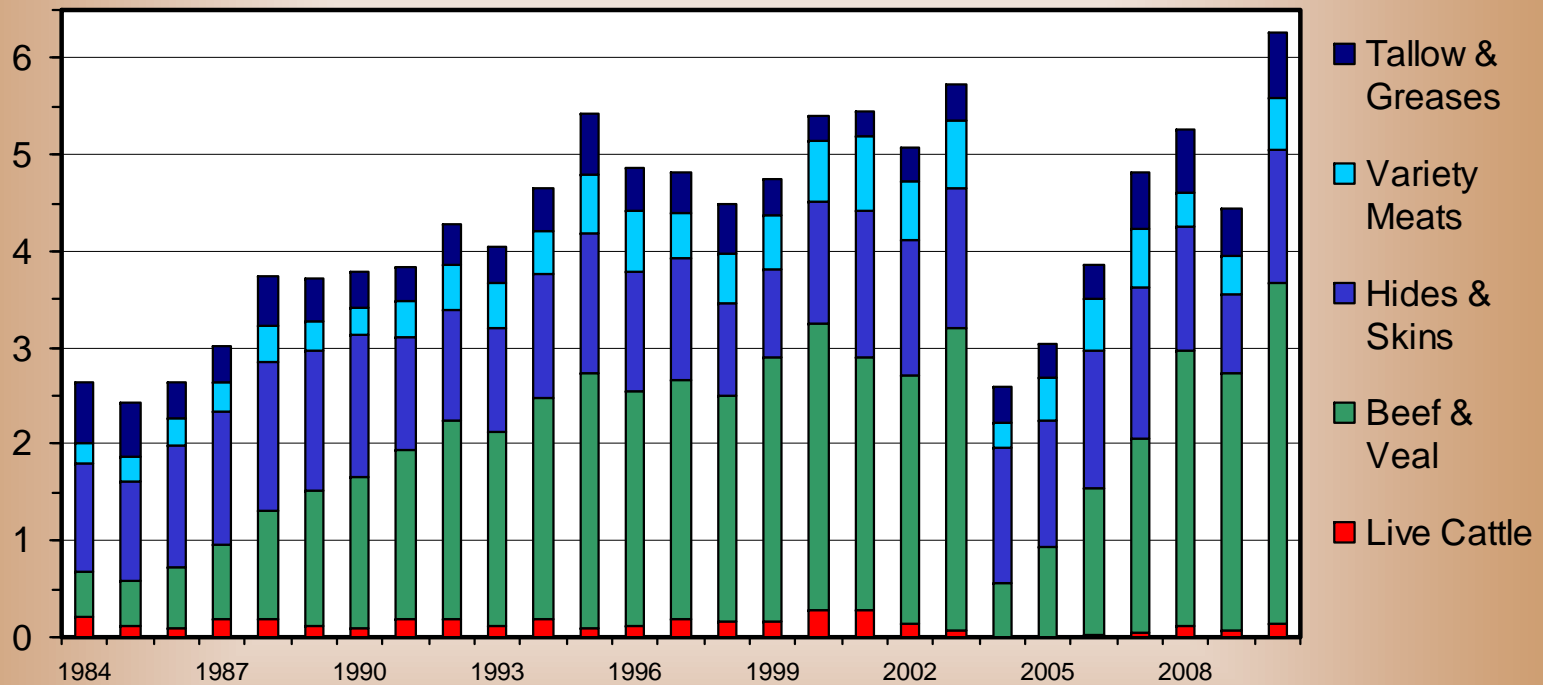


Data Source: USDA-FAS

U S BEEF INDUSTRY EXPORT VALUES

Annual

Bil. \$

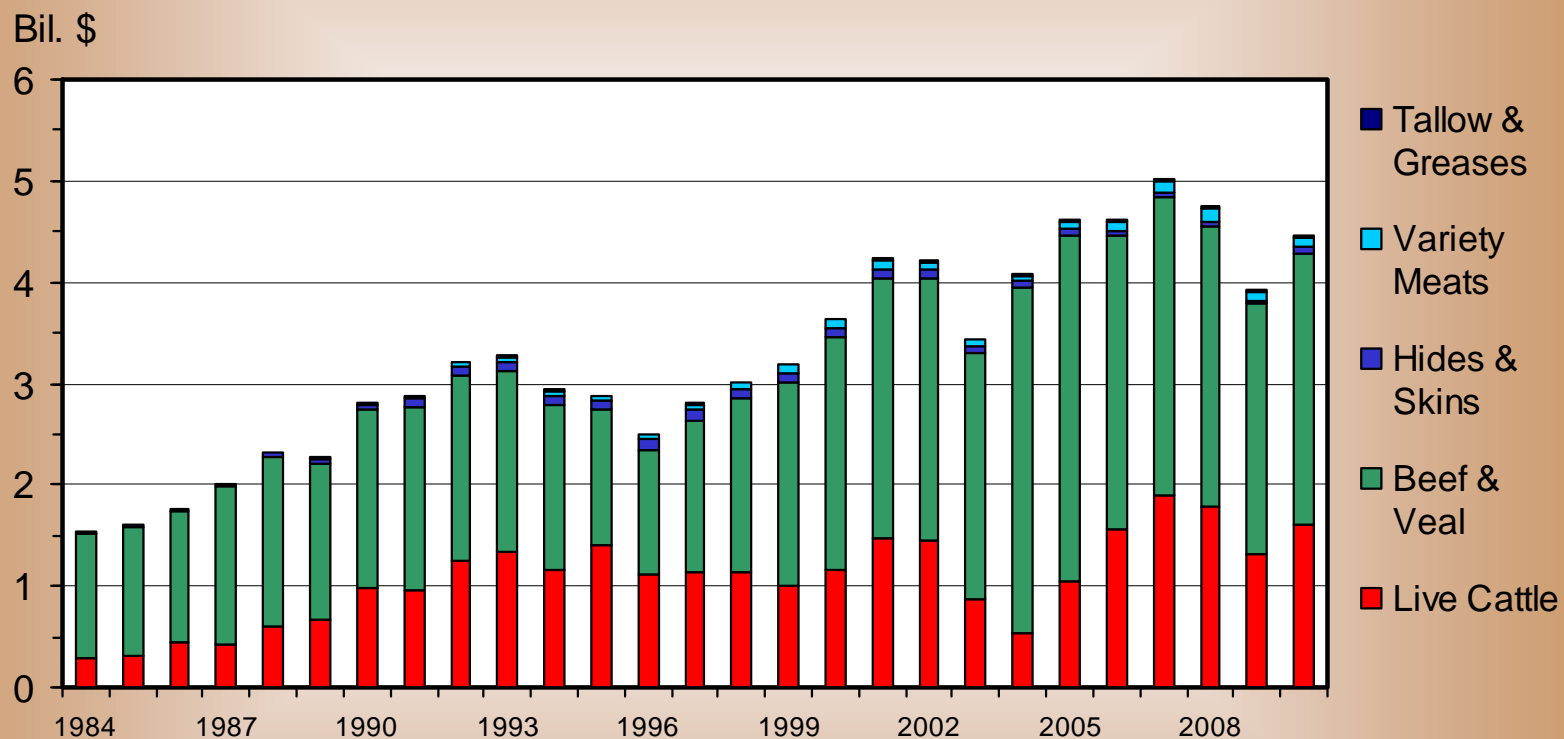


2011 Estimate \$8.25 Billion

Data Source: USDA-FAS and ERS, Analysis by LMIC

U S BEEF INDUSTRY IMPORT VALUES

Annual

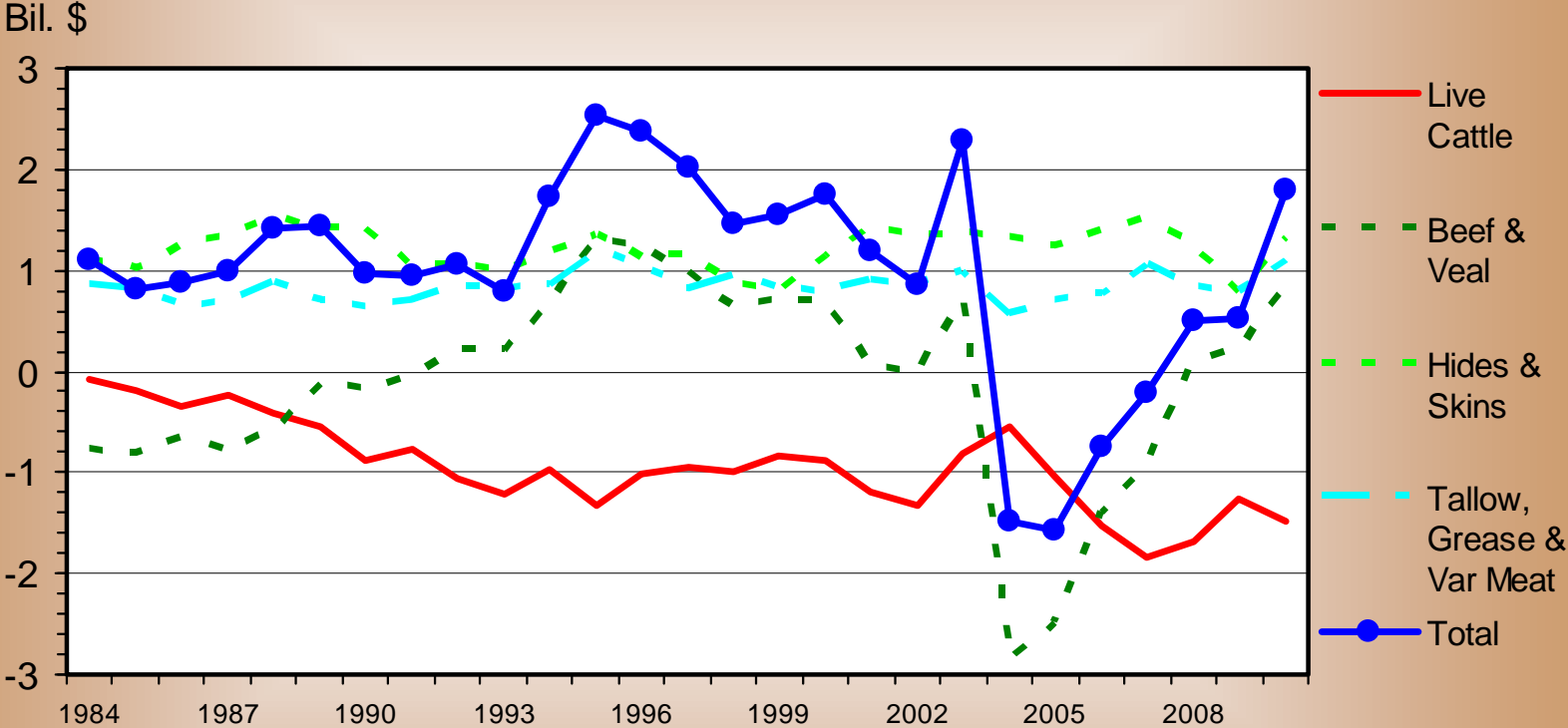


2011 Estimate \$4.57 Billion

Data Source: USDA-FAS and ERS, Analysis by LMIC

U S BEEF INDUSTRY NET EXPORT VALUES

Annual

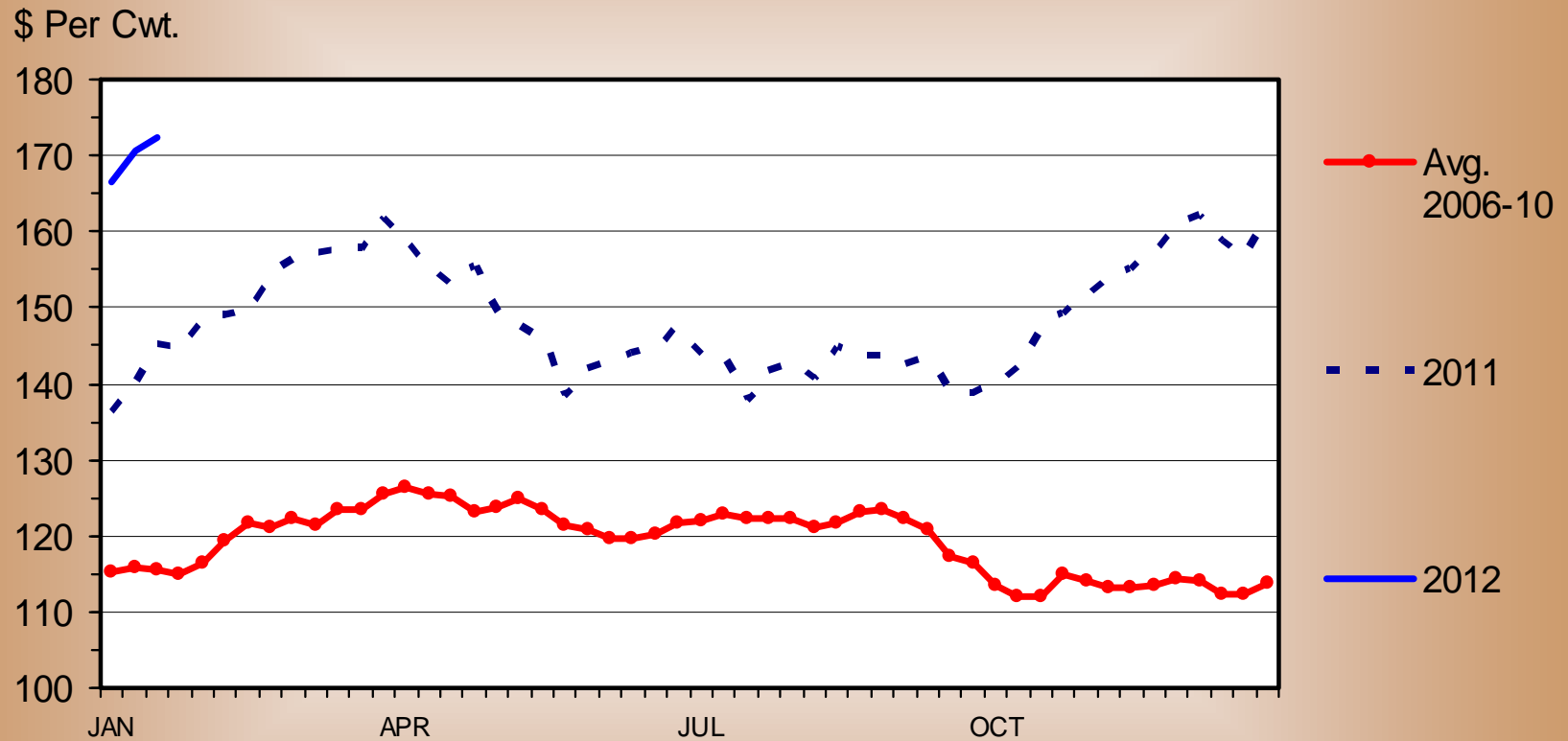


2011 Estimate \$3.68 Billion

Data Source: USDA-FAS and ERS, Analysis by LMIC

MED. & LRG. #1 STEER CALF PRICES

500-600 Pounds, Southern Plains, Weekly

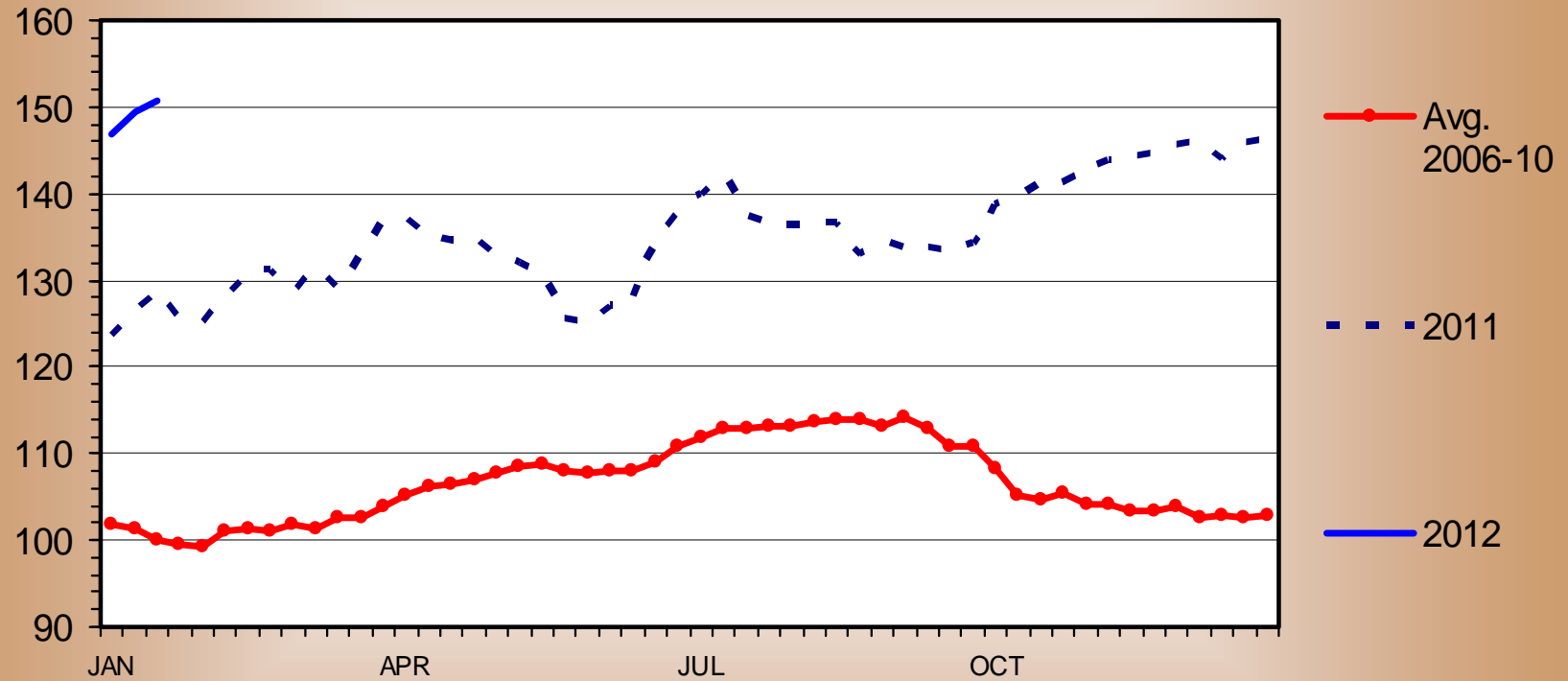


Data Source: USDA-AMS

MED. & LRG. #1 FEEDER STEER PRICES

700-800 Pounds, Southern Plains, Weekly

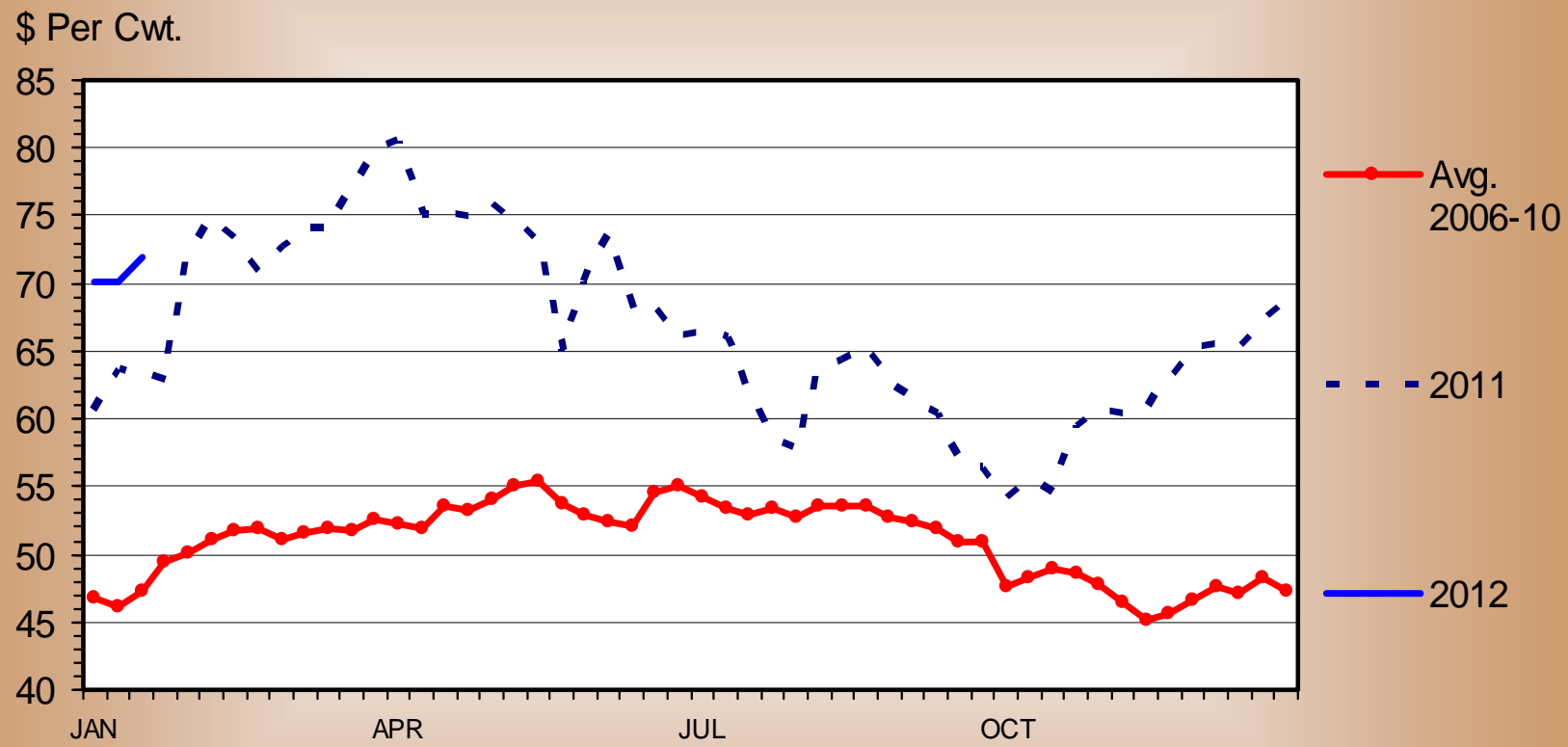
\$ Per Cwt.



Data Source: USDA-AMS

SLAUGHTER COW PRICES

Southern Plains, 85-90% Lean, Weekly

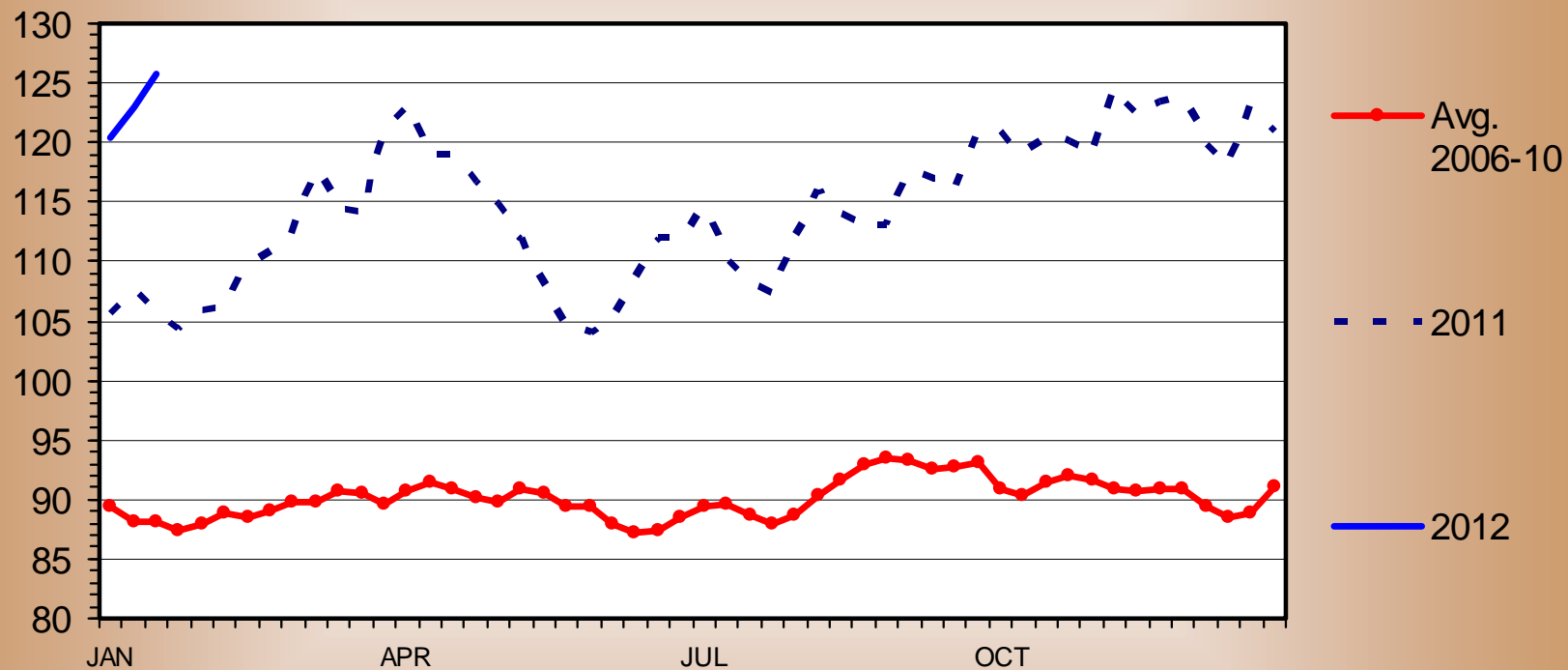


Data Source: USDA-AMS

SLAUGHTER STEER PRICES

Southern Plains, Weekly

\$ Per Cwt.

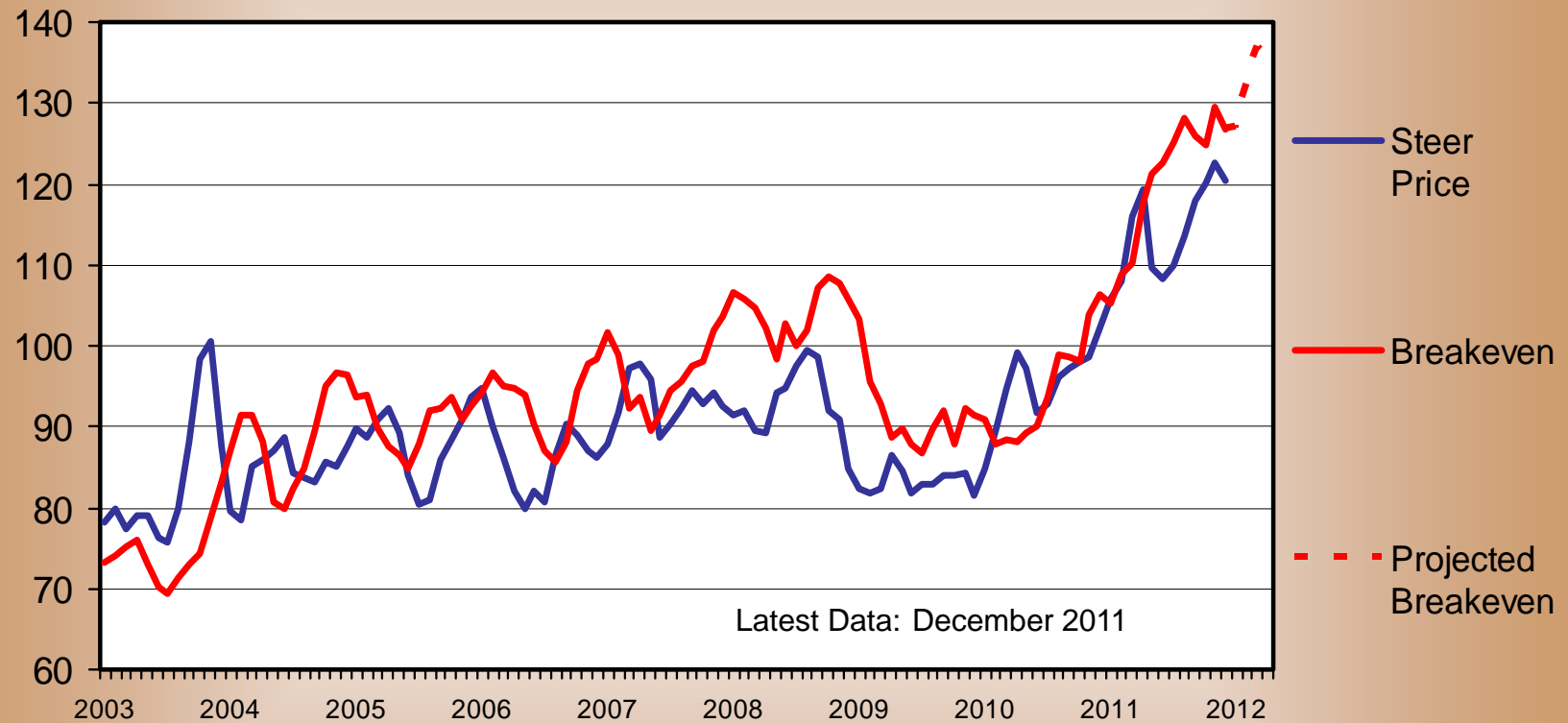


Data Source: USDA-AMS

CHOICE STEER PRICE vs BREAKEVEN

Cattle Feeding, S. Plains, Monthly

\$ Per Cwt

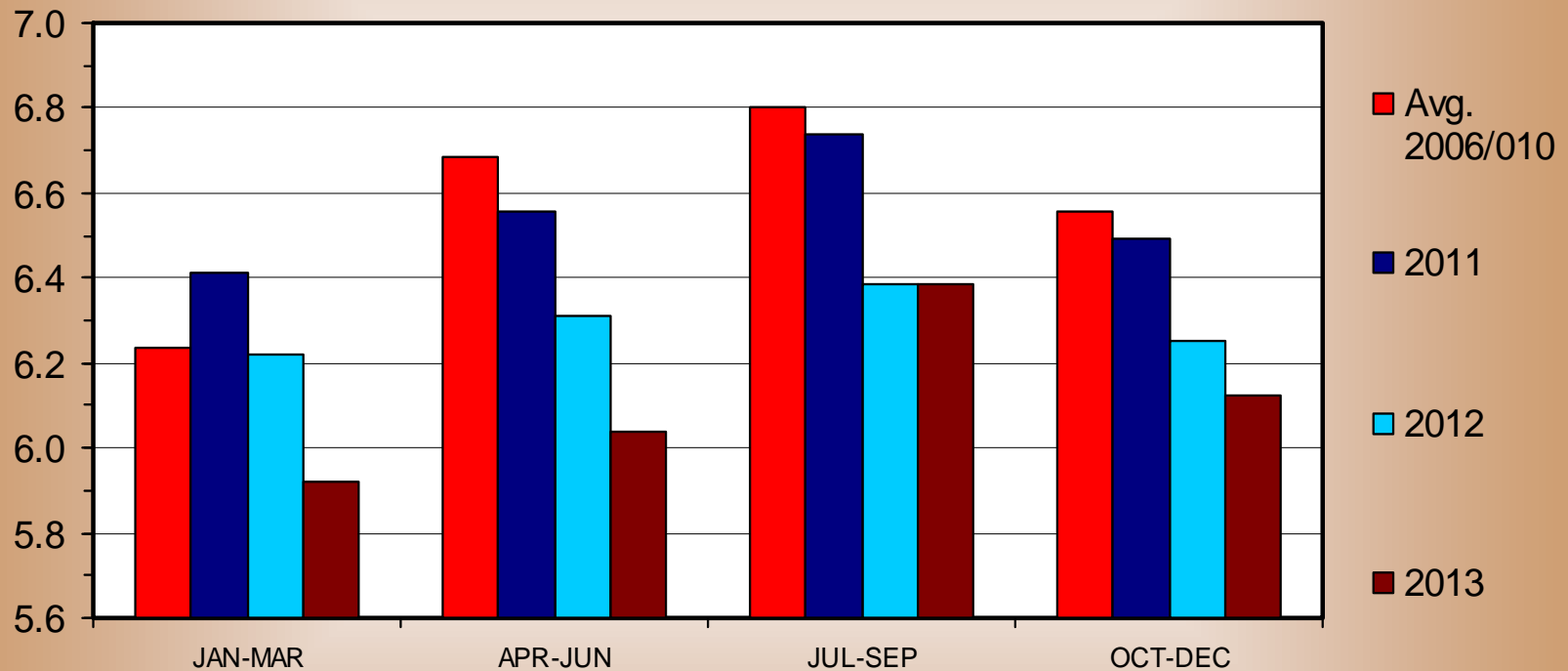


Data Source: LMIC and USDA-AMS, Forecasts by LMIC

COMMERCIAL BEEF PRODUCTION

Quarterly

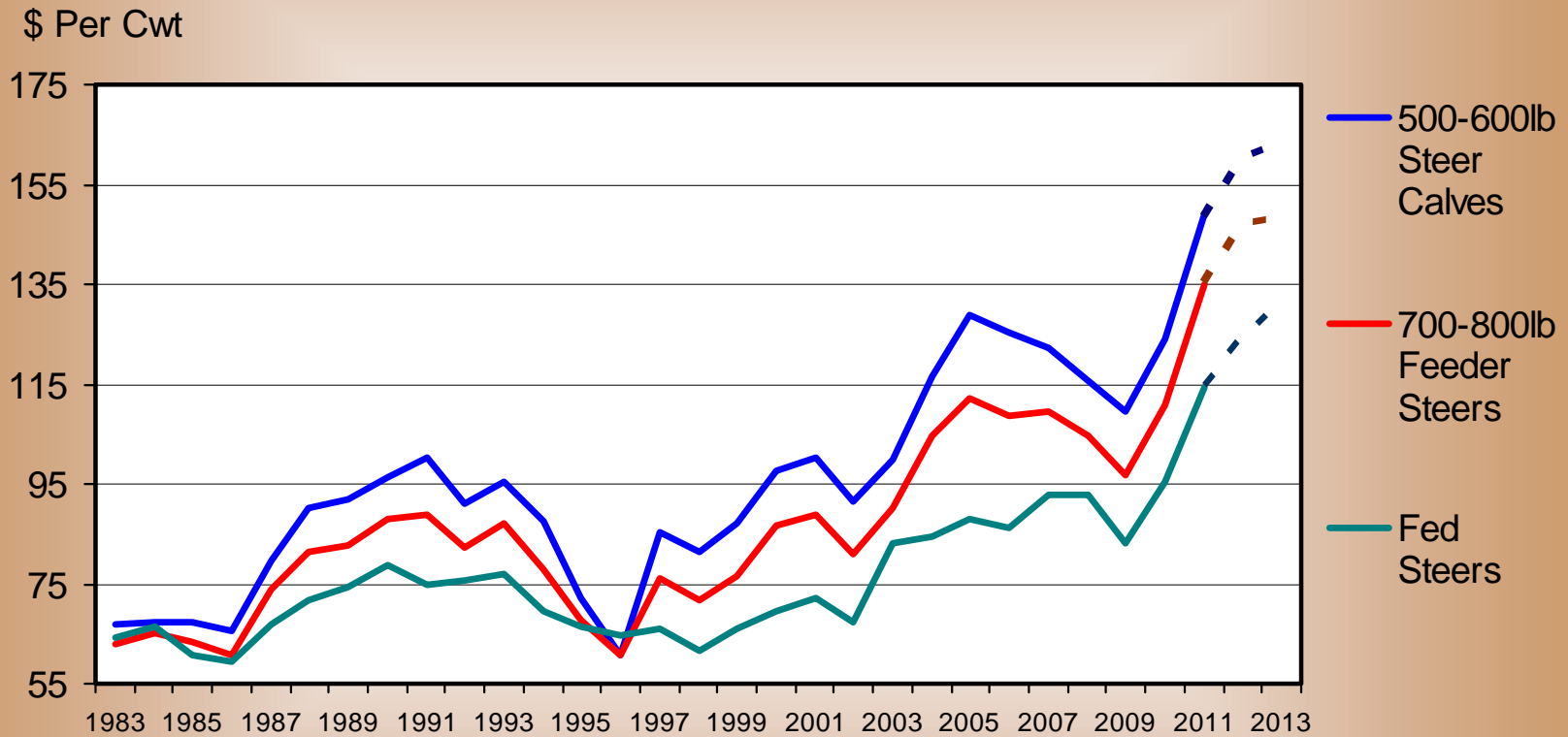
Bil. Pounds



Data Source: USDA-NASS, Forecasts by LMIC

ANNUAL AVERAGE CATTLE PRICES

Southern Plains

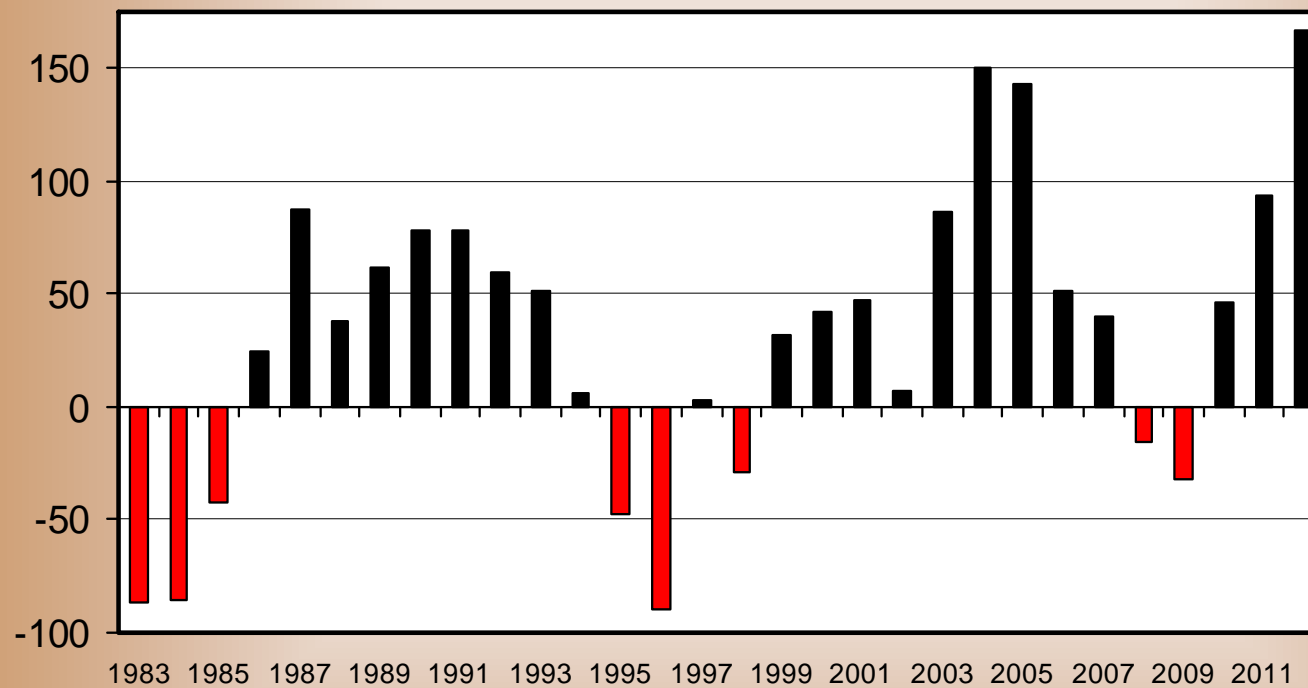


Data Source: USDA-AMS, Forecasts by LMIC

ESTIMATED AVERAGE COW CALF RETURNS

Returns Over Cash Cost (Includes Pasture Rent), Annual

\$ Per Cow

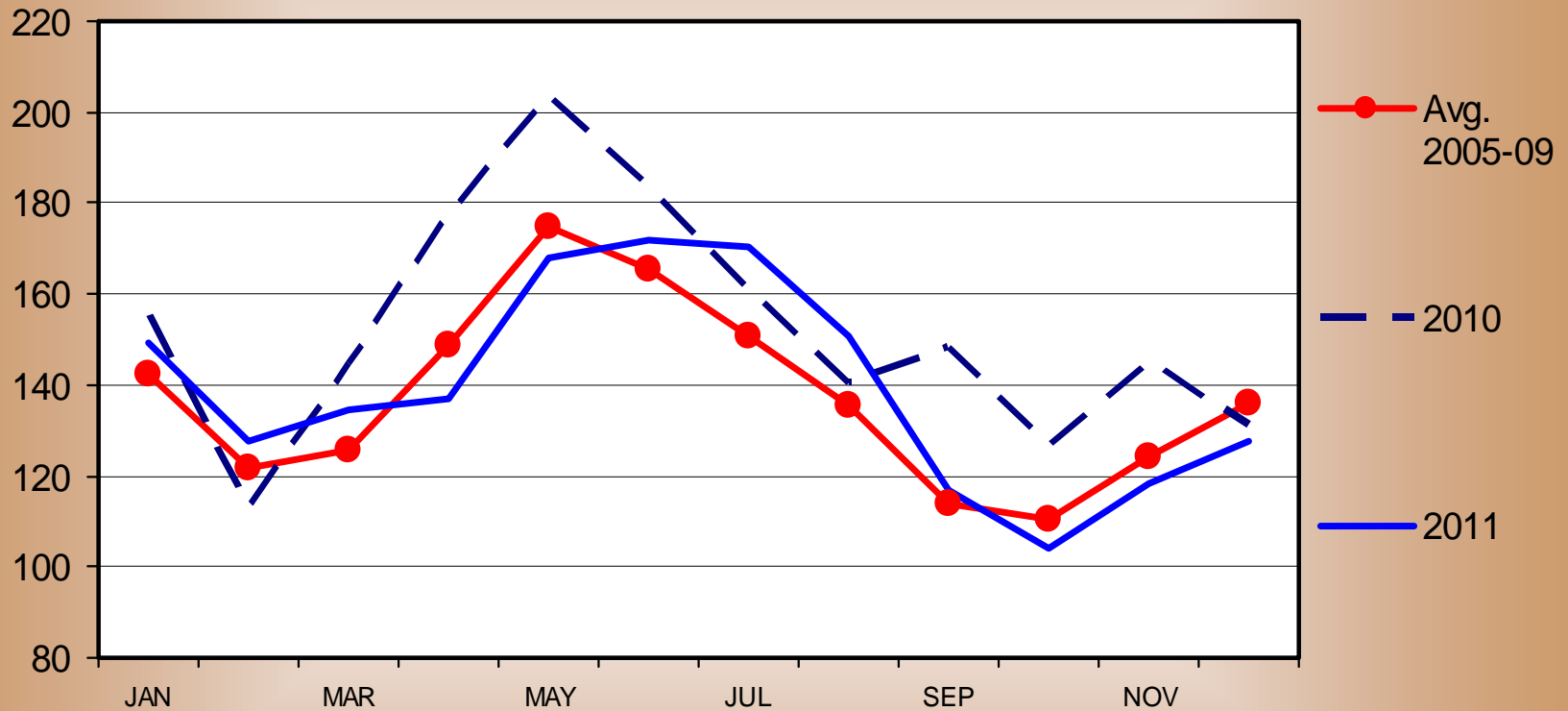


Data Source: USDA-AMS, NASS, and LMIC, Analysis and Forecasts by LMIC

LIVE TO CUTOUT BEEF PRICE SPREAD

Monthly

\$ Per Head



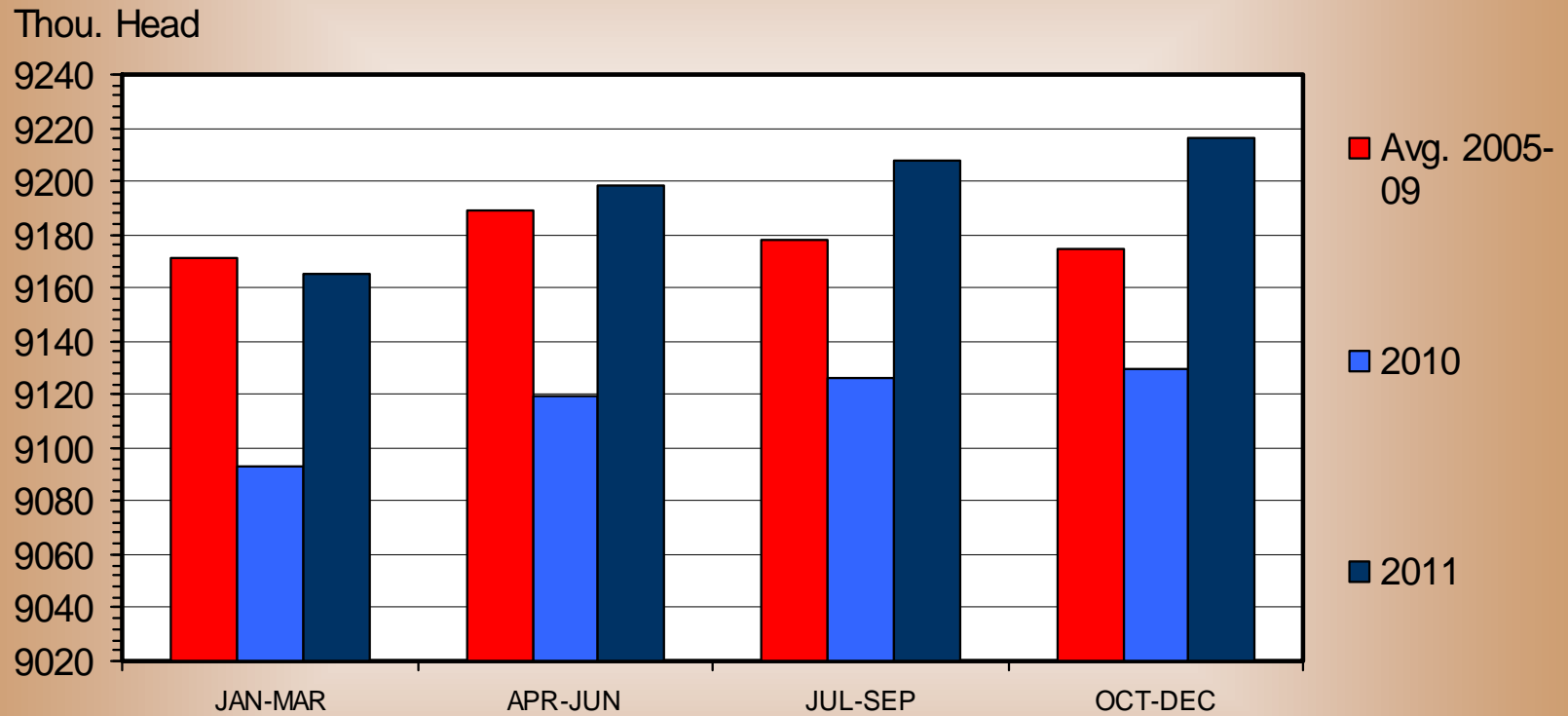
Data Source: USDA-AMS & USDA-ERS, Analysis by LMIC

Dairy



DAIRY COW INVENTORY

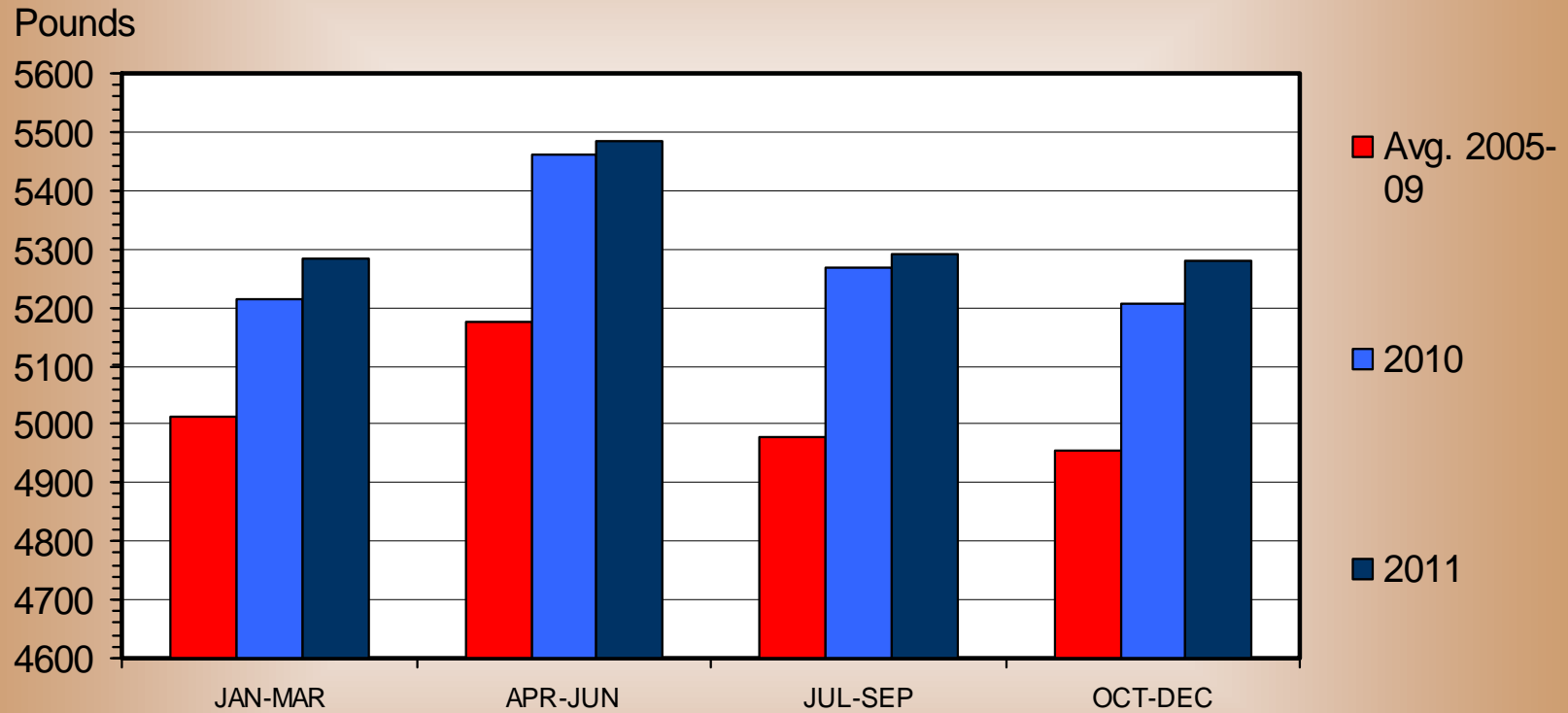
US, Average, Quarterly



Data Source: USDA-NASS

MILK PRODUCED PER COW

US Total, Quarterly

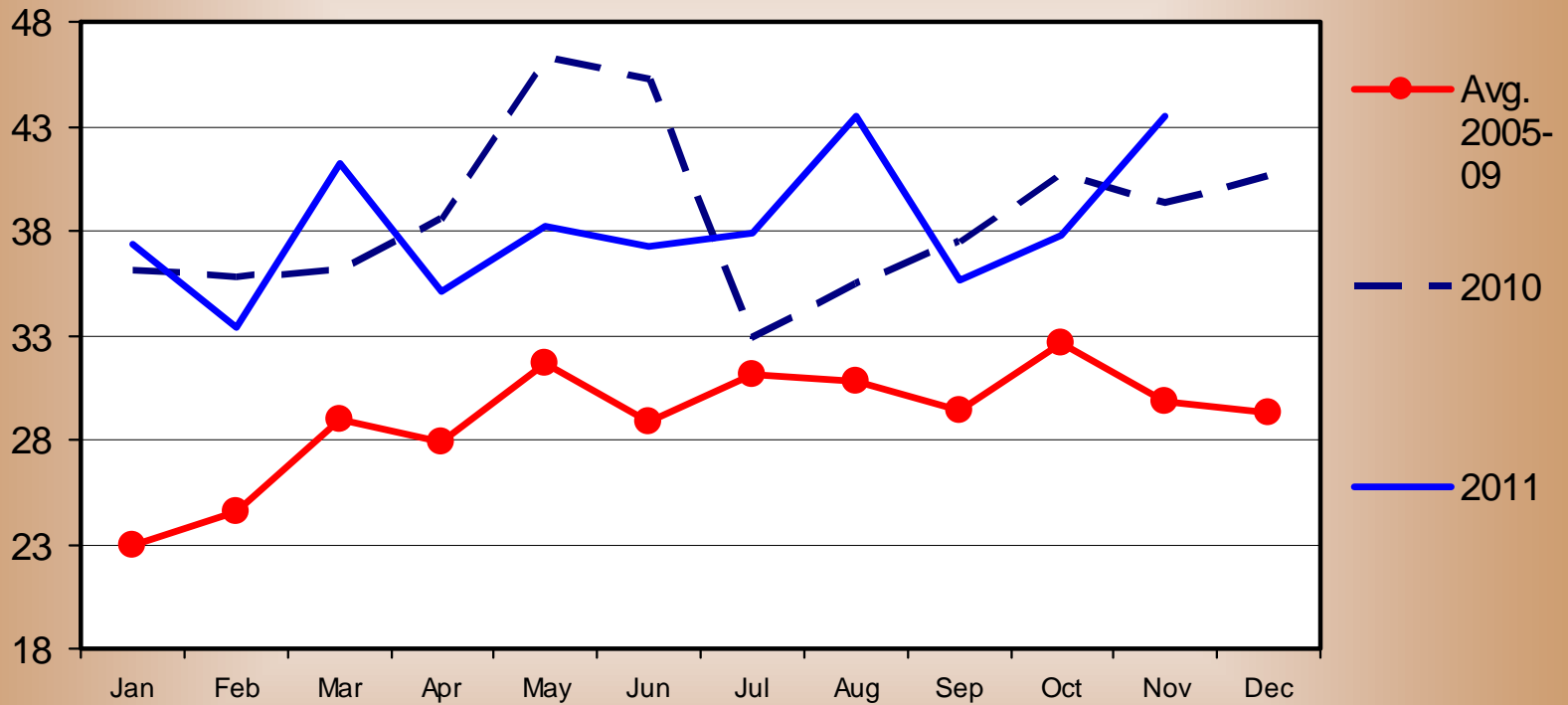


Data Source: USDA-NASS

WHEY AND NATURAL MILK EXPORTS

Monthly

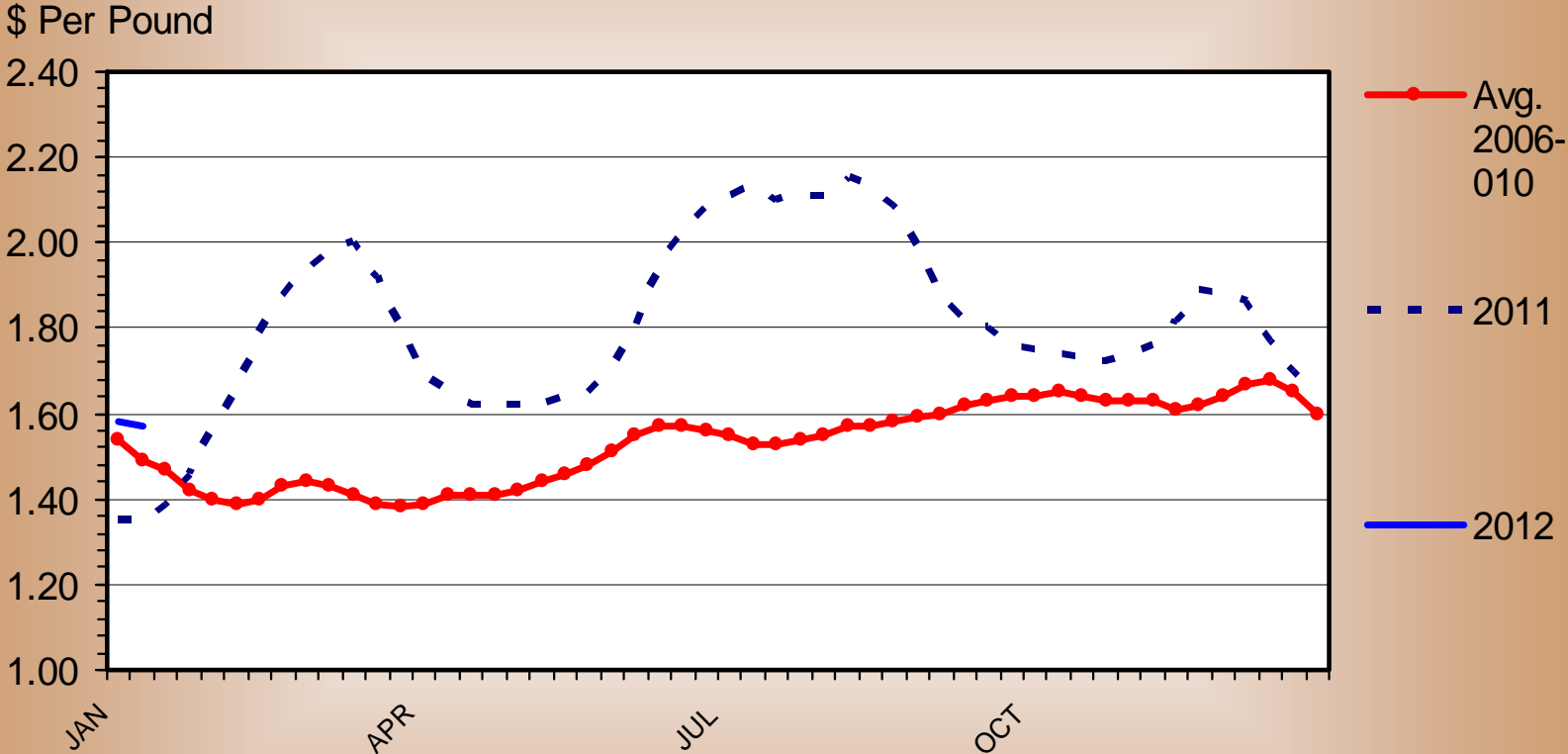
1000 MT



Data Source: USDA-FAS

CHEDDAR CHEESE PRICES

40 Pound Block, US, Weekly

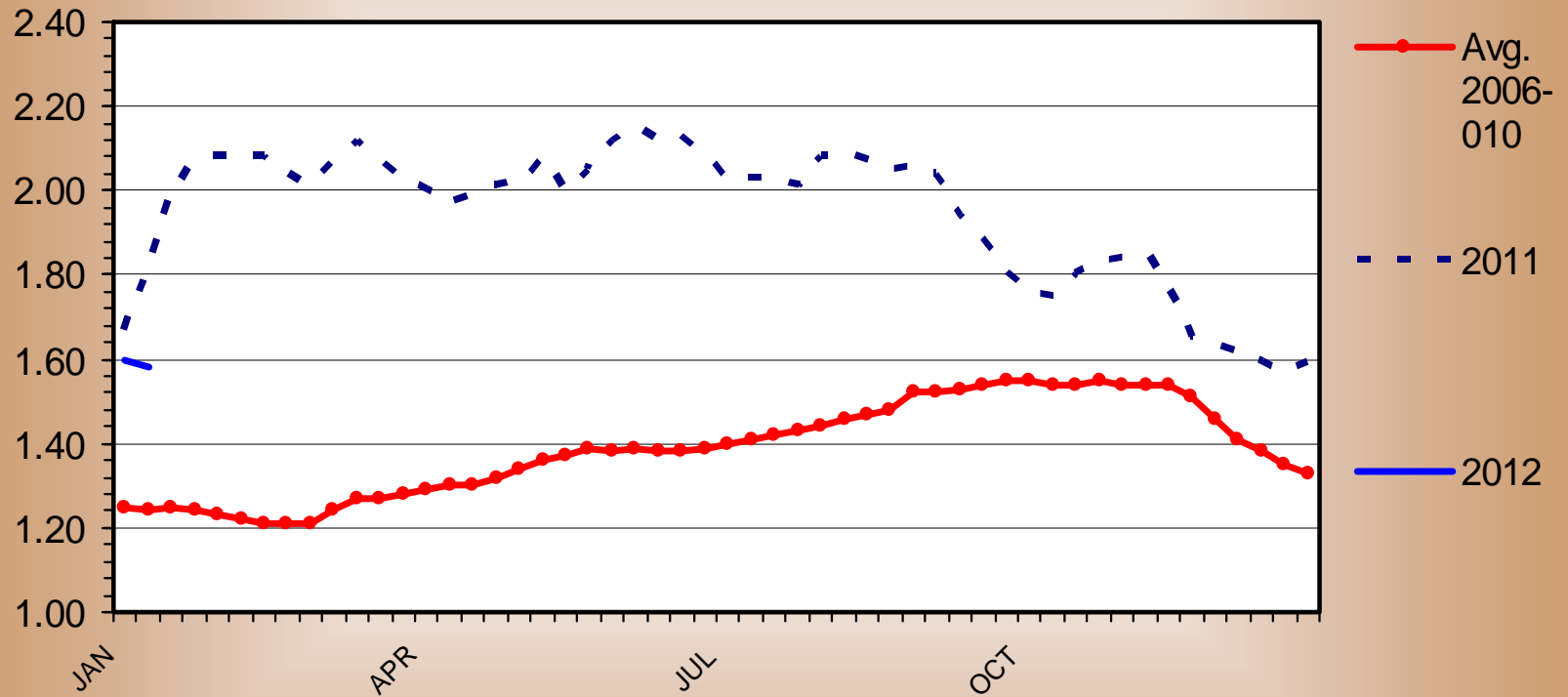


Data Source: USDA-AMS

BUTTER PRICES

US, Weekly

\$ Per Pound

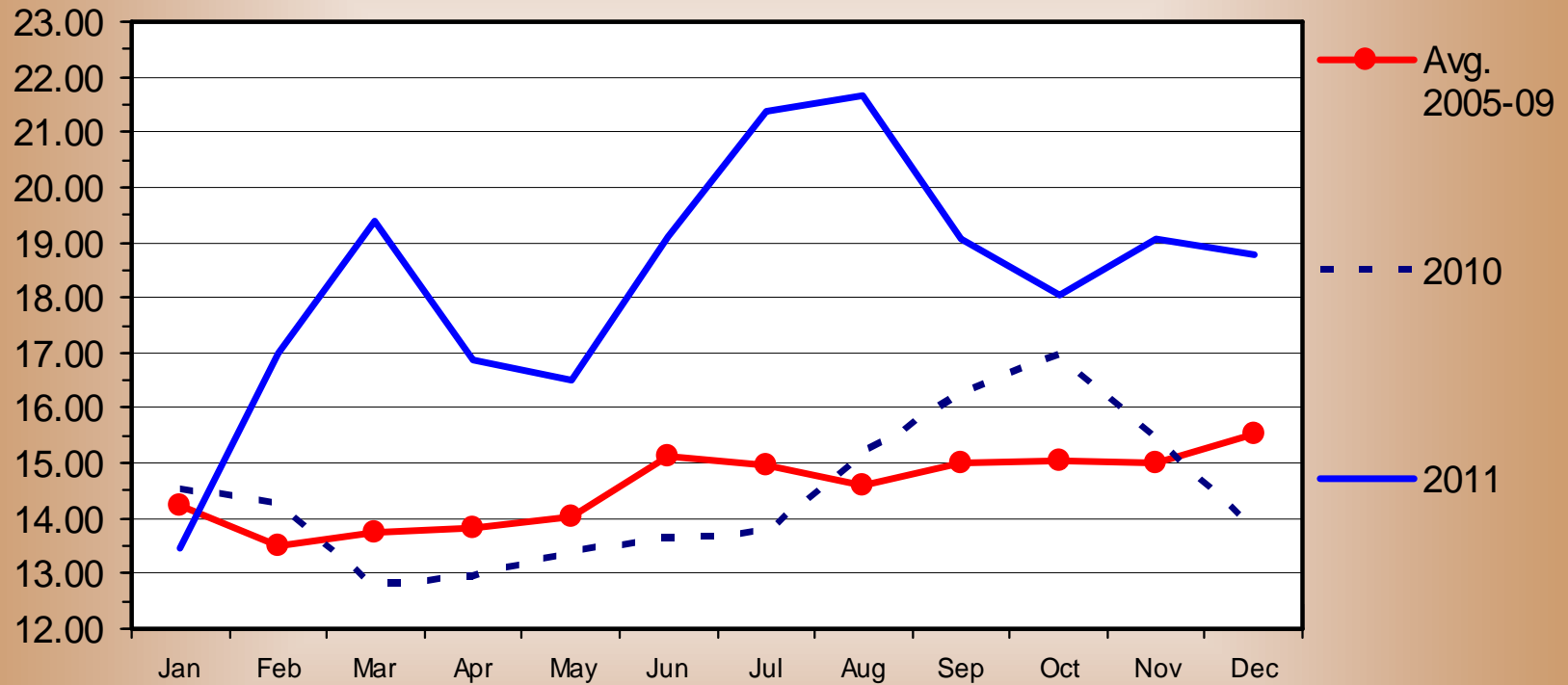


Data Source: USDA-AMS

CLASS III MILK PRICES

FMMO, Monthly

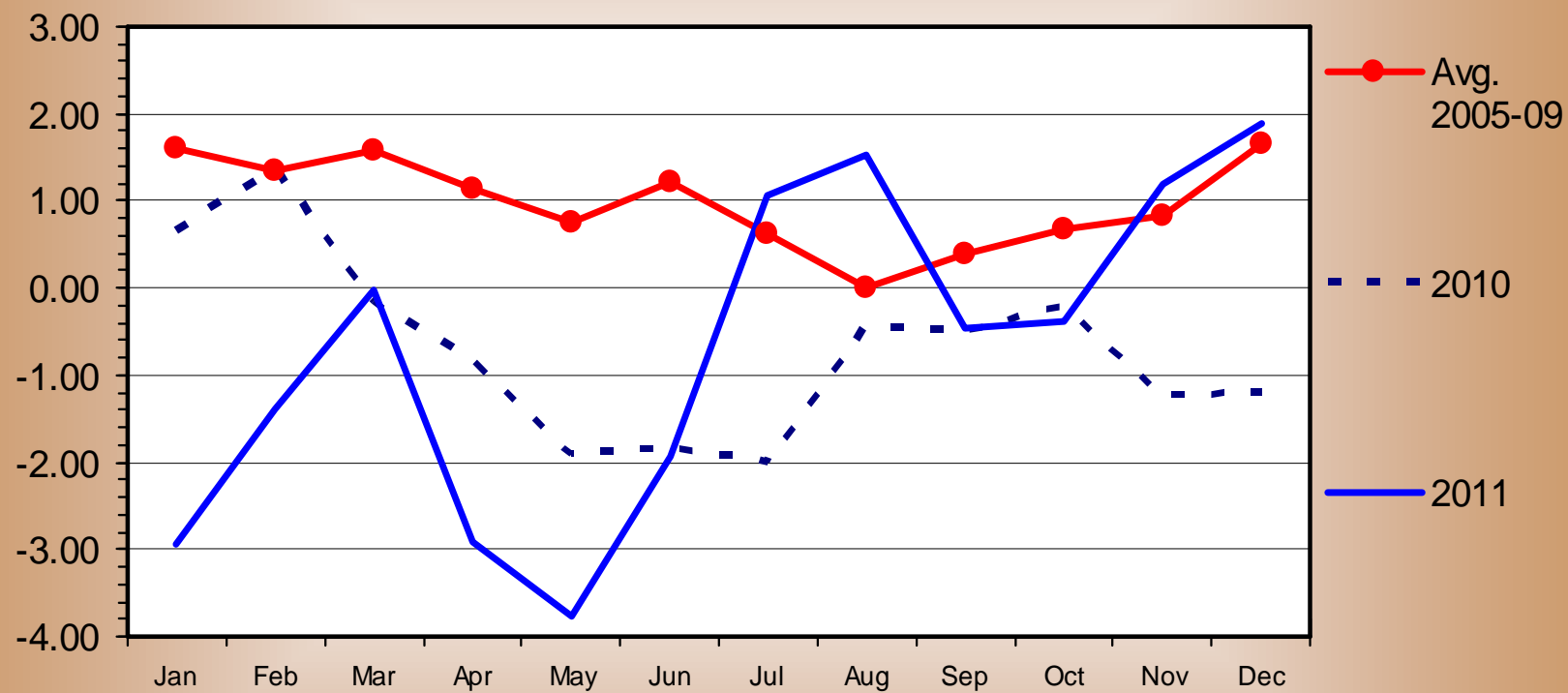
\$ Per Pound



Data Source: USDA-AMS

CLASS III - CLASS IV DIFFERENCE IN MILK PRICE

\$ Per Pound

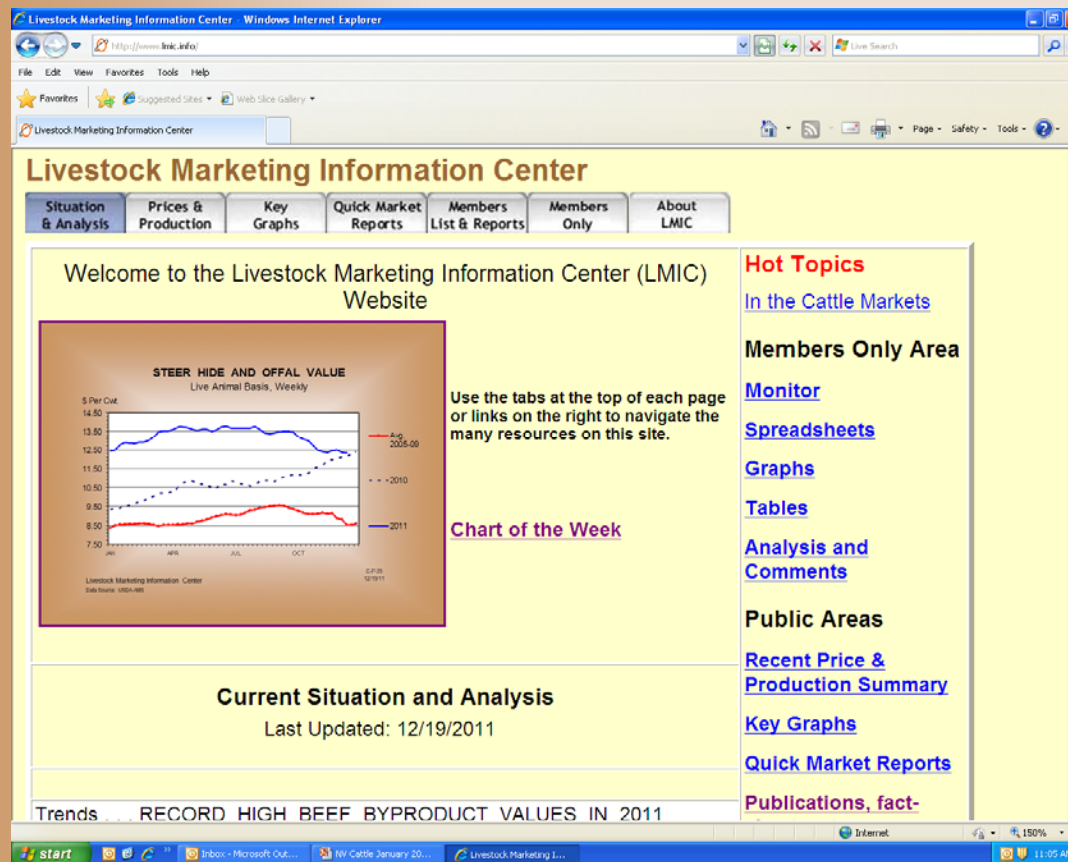


Data Source: USDA-AMS

Managing In These Times

- Domestic Consumer Demand has Stabilized and is Slowly Improving for Red Meats. But Another recession?
- Foreign Demand Strong in Asia
- Price Volatility Will Continue (Globalization, Ethanol, etc.)
- Market Shocks Will Continue (9-11-2001; BSE; Credit Crisis in late 2008)
- Economic Incentive to Stabilize and Re-Build Cowherd
- High Feedstuff Price Range Expected to Continue
- Value of Forage Gain Economics Changed
- Mistakes Are Costly, Sound Business Practices Required (e.g. Cull Cows)

- Agile Firms.... **Adaptable NOT Adapted** to Benefit in the Economic Environment of **THIS** Decade



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Thank You!