

A program focusing on outlooks for the farm economy and farm financial planning in uncertain times

Dec. 14th - Pratt

Dec. 19th - Salina

Jan. 10th - Scott City

Jan. 11th - Emporia



Cattle & Beef Outlook

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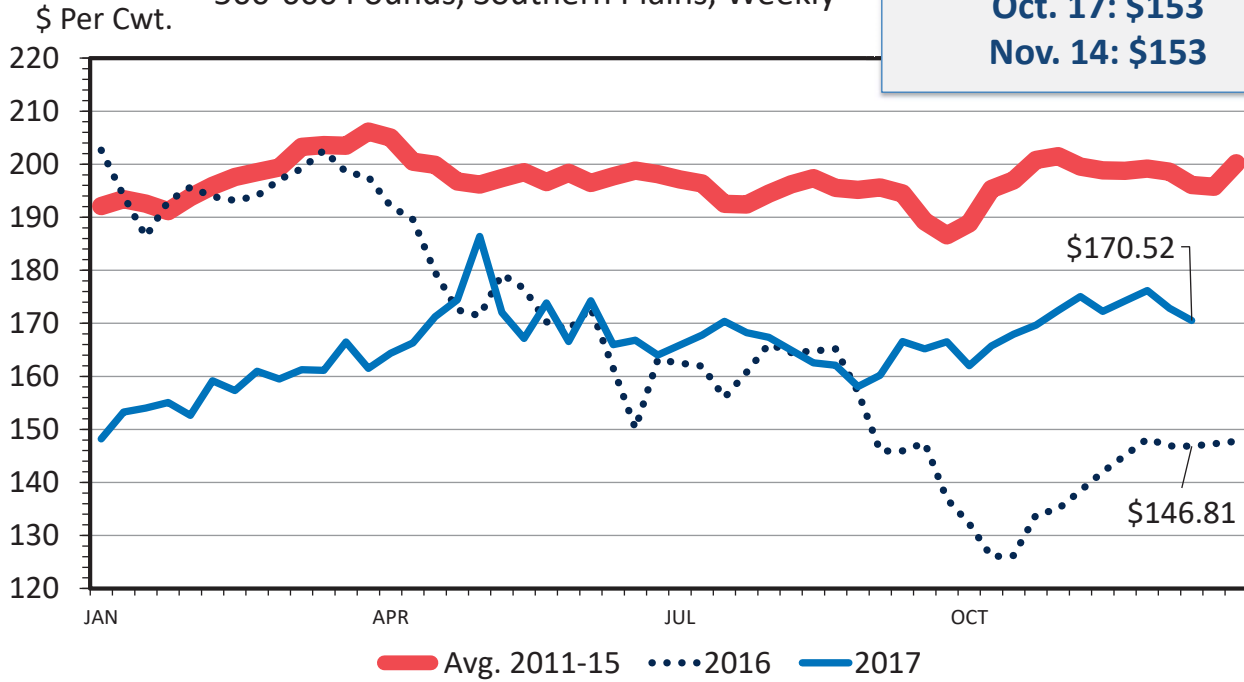
Overarching Beef Industry Economic Outlook

- Supplies
 - Peak herd size may extend given 17' returns
- Demand
 - Key to surprising margins in 17'

**Beef Basis, Dodge City KS
2018 Projections
(as of 1/8):
Oct. 17: \$153
Nov. 14: \$153**

MED. & LRG. #1 STEER CALF PRICES

500-600 Pounds, Southern Plains, Weekly

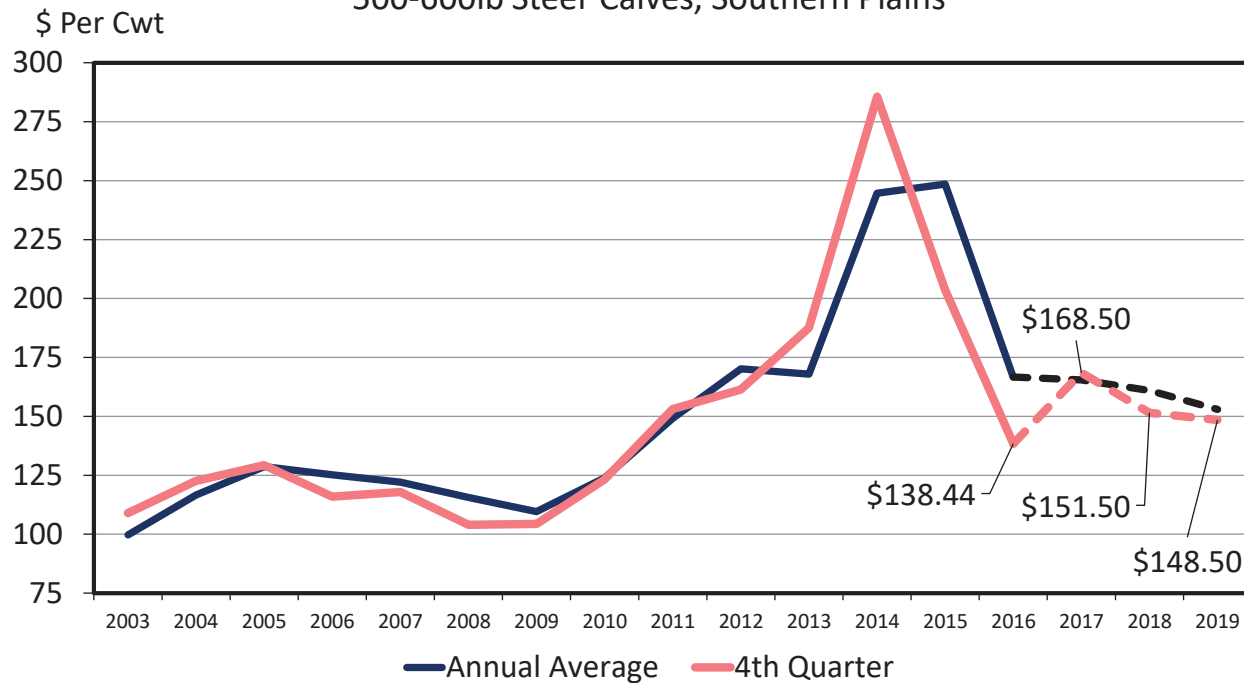


Data Source: USDA-AMS
Livestock Marketing Information Center

C-P-54
01/04/18

AVERAGE CALF PRICES

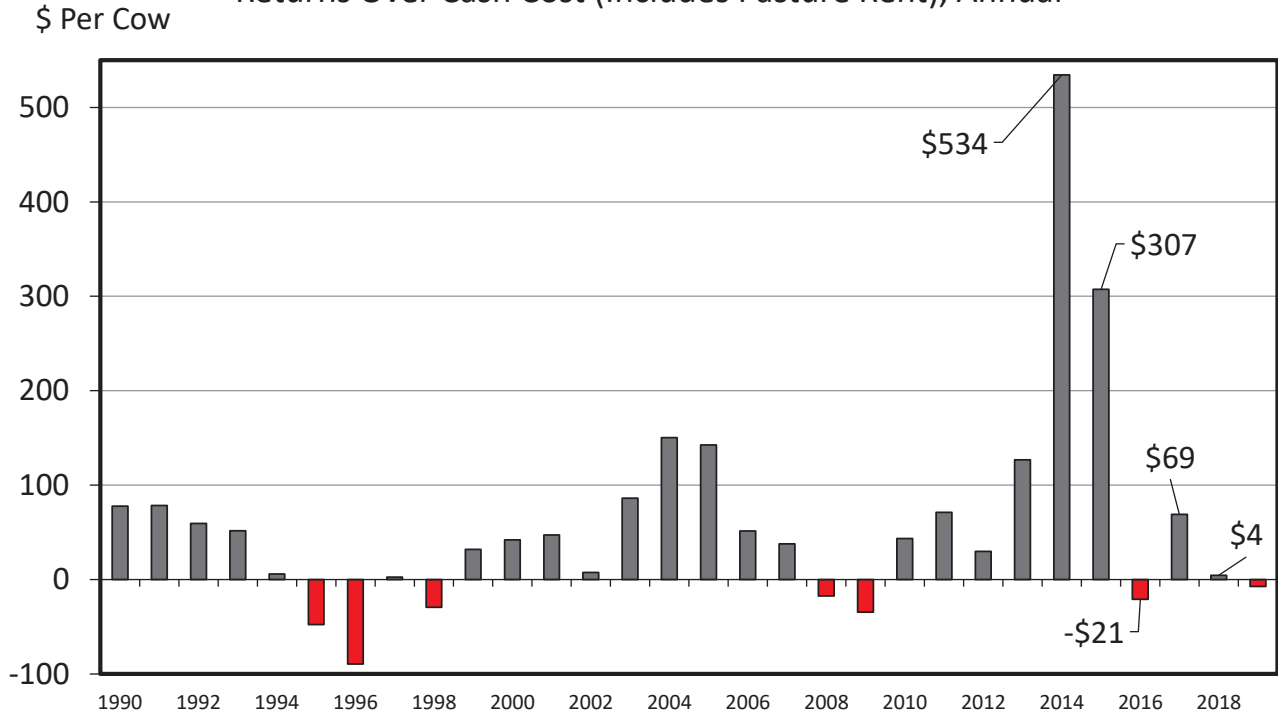
500-600lb Steer Calves, Southern Plains



Data Source: USDA-AMS, Compiled and Forecasts by LMIC
Livestock Marketing Information Center

ESTIMATED AVERAGE COW CALF RETURNS

Returns Over Cash Cost (Includes Pasture Rent), Annual

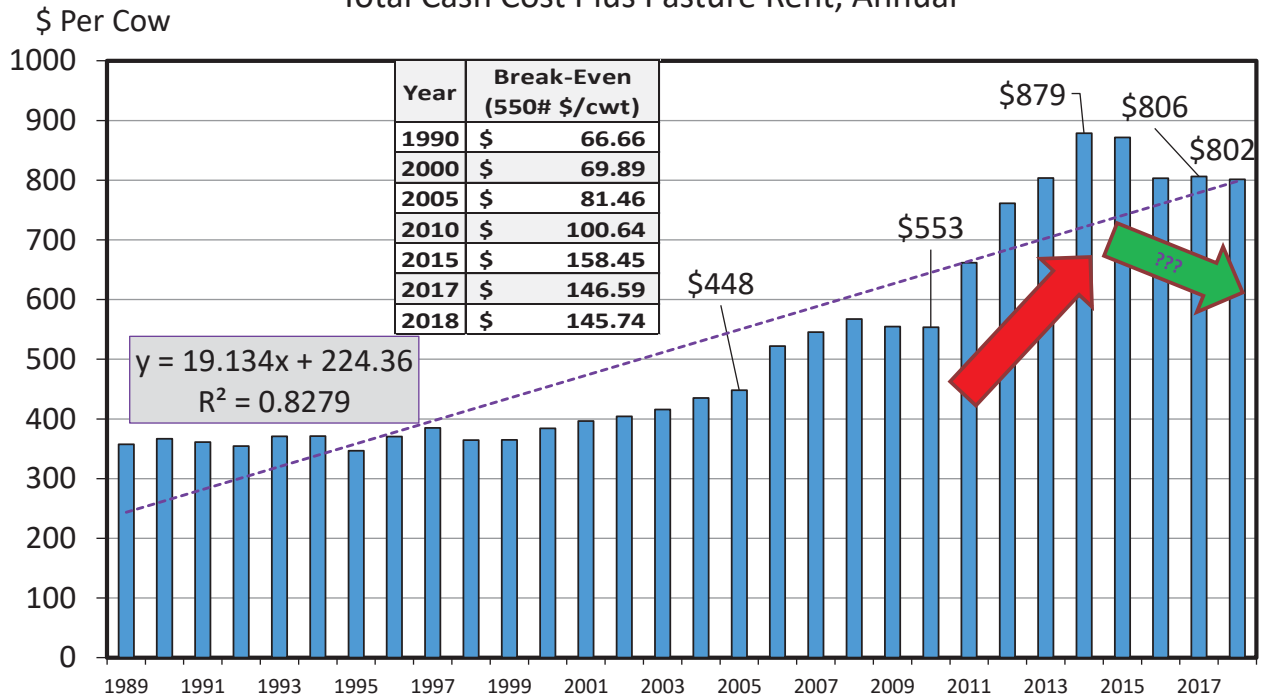


Data Source: USDA & LMIC, Compiled by LMIC
Livestock Marketing Information Center

C-P-66
12/03/17

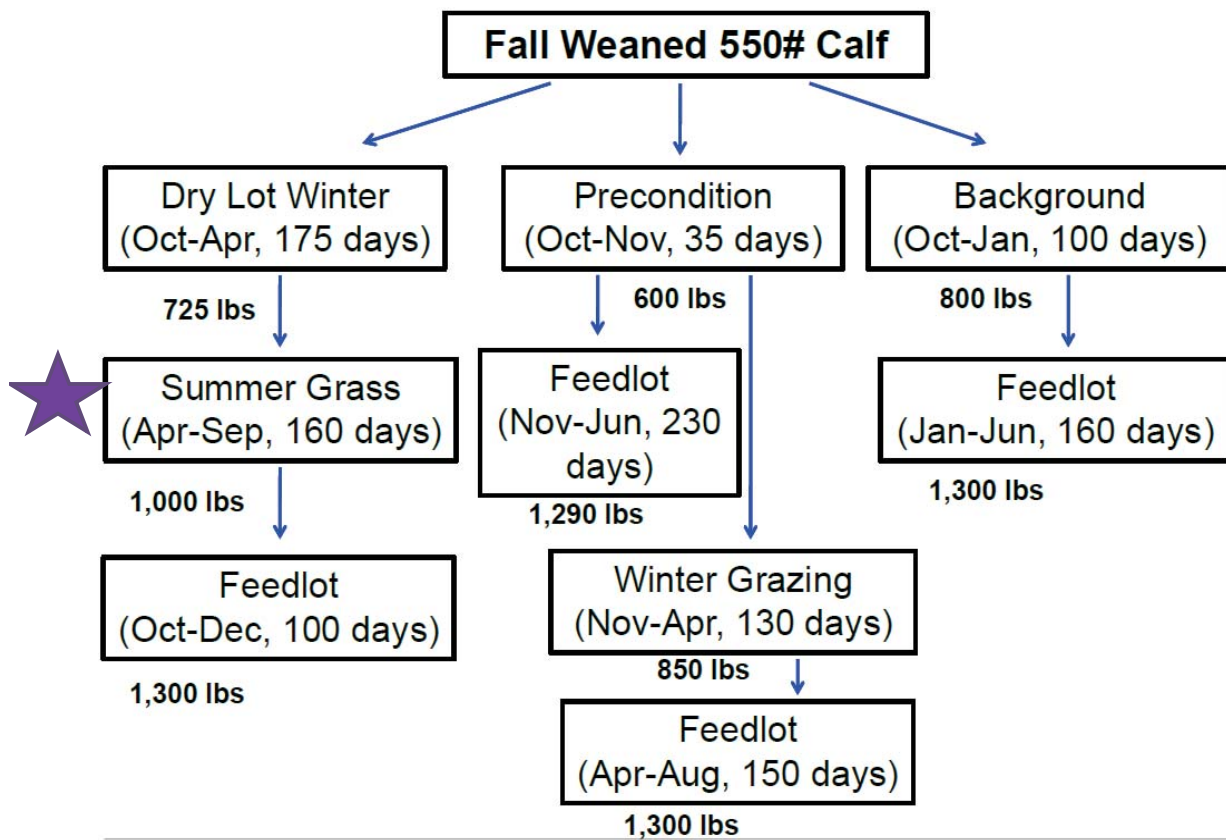
ESTIMATED AVERAGE COW CALF COSTS

Total Cash Cost Plus Pasture Rent, Annual



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

12/03/17



VOG Projections: <http://www.beefbasis.com/VOG.aspx>

Production Chart: <http://www.beefusa.org/CMDocs/BeefUSA/resources/CC2011-Cattle-Fax-All-Slides.pdf>

CattleFax | THE DECIDING FACTOR

Economic Outlook Overview: Post Weaning *Forward-Looking Margin Perspective*

<http://www.beefbasis.com/VOG.aspx>

- Dodge City, KS 1/8/18 situation:

PRE-CONDITIONING

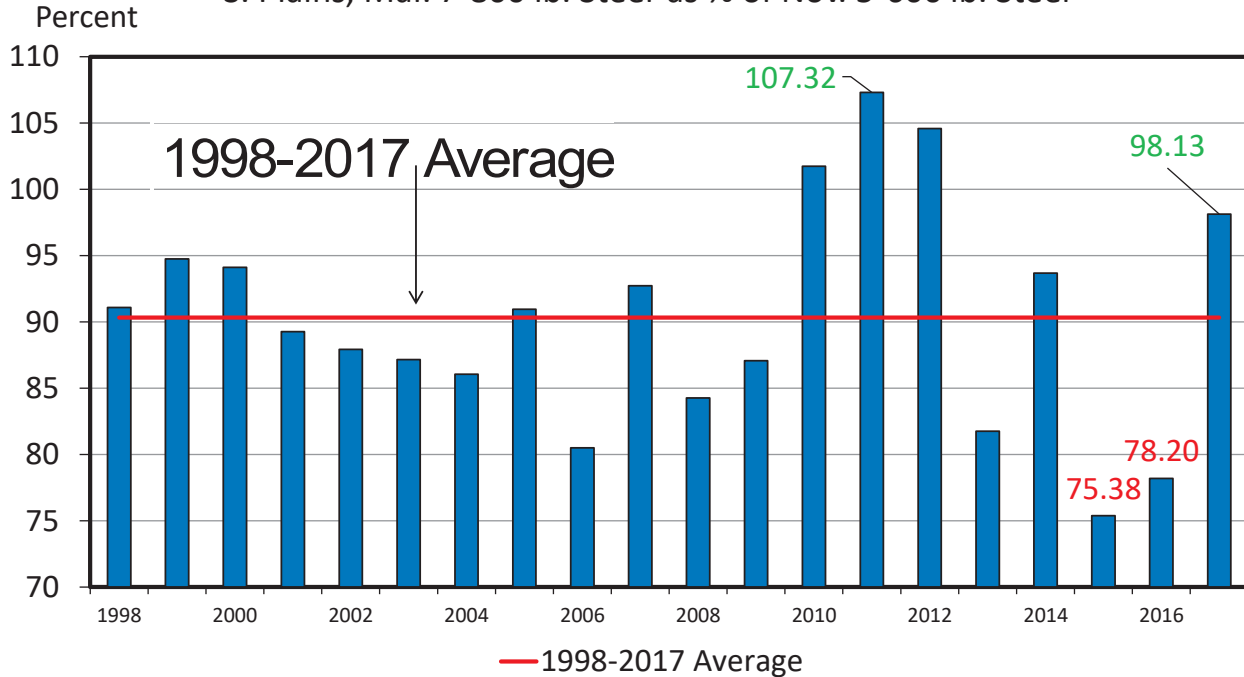
- Buy 725 lb steer on 04/04/18 (\$141)
- Sell 1,000 lb steer on 9/05/18 (\$136) {1.8 ADG}
- VOG: \$124/cwt

Economic Outlook Overview: Stockers

Historical Margin Perspective

BUY/SELL MARGINS

S. Plains, Mar. 7-800 lb. Steer as % of Nov. 5-600 lb. Steer

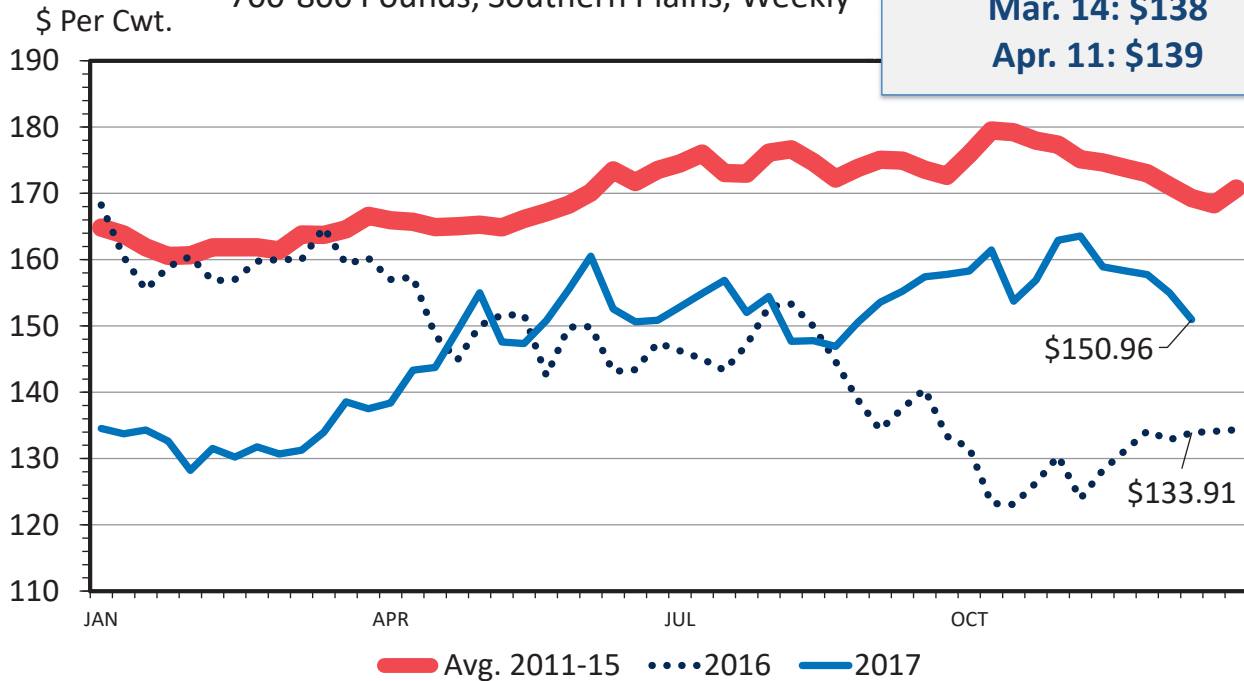


Data Source: USDA-AMS, Compiled and Analysis by LMIC
Livestock Marketing Information Center

C-P-60
08/13/17

MED. & LRG. #1 FEEDER STEER PRICES

700-800 Pounds, Southern Plains, Weekly



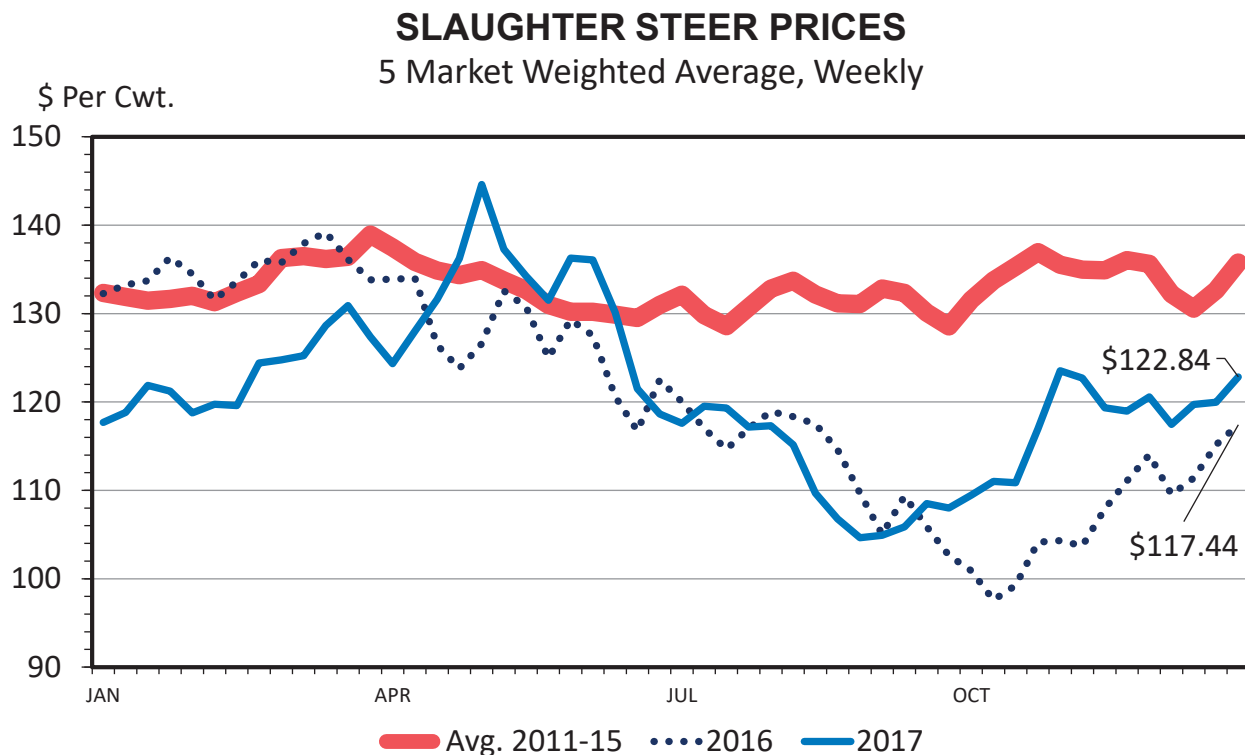
**Beef Basis, Dodge City KS
2018 Projections
(as of 1/8):
Mar. 14: \$138
Apr. 11: \$139**

Data Source: USDA-AMS
Livestock Marketing Information Center

C-P-49
01/04/18

Economic Outlook Overview: Feedlots

- Q1-Q3 of 2017 MUCH better than anticipated
- Upcoming projections reflect higher placement costs...



Historical and Projected Kansas Feedlot Net Returns (as of 12/11/17')

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

Oct. 17': **-\$138/steer**

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

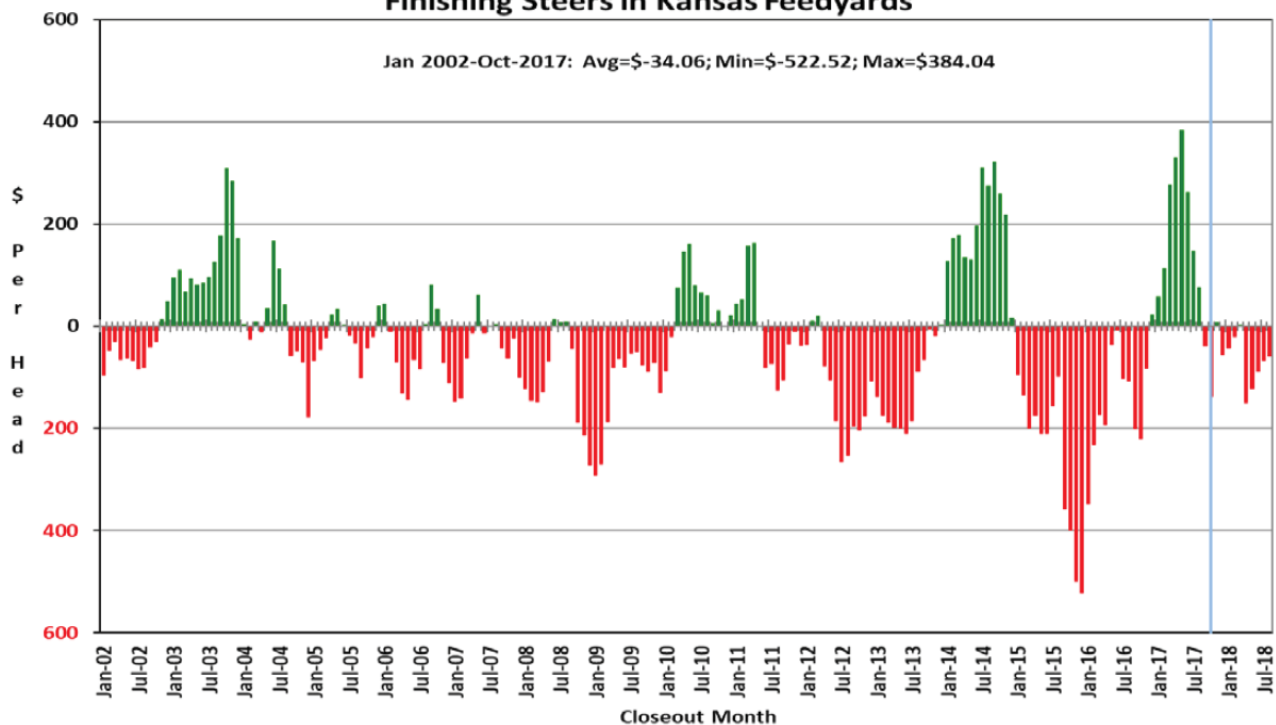
Closeout Mo-Yr	Net Return	FCOG**	Fed Price	Fed Futures	Fed Basis	Feeder Price	Breakeven FCOG**	Breakeven Fed Price	Breakeven Feeder Price
Nov-17	8.06	79.49	121.40	121.21	0.20	148.83	80.83	120.83	149.84
Dec-17	-57.41	78.97	118.79	117.73	1.07	152.97	69.35	122.93	145.71
Jan-18	-42.75	81.56	120.14	117.73	2.41	151.32	74.34	123.24	145.90
Feb-18	-22.15	81.32	121.02	119.63	1.39	150.88	77.59	122.63	148.03
Mar-18	3.22	79.84	123.18	119.63	3.56	153.76	80.37	122.94	154.19
Apr-18	-150.90	80.94	115.20	112.60	2.60	158.18	54.41	126.68	137.94
May-18	-123.03	85.43	120.29	112.60	7.69	159.00	63.70	129.63	142.62
Jun-18	-89.11	83.33	112.99	109.95	3.04	143.98	67.31	119.85	131.99
Jul-18	-67.59	82.48	112.25	109.95	2.30	141.65	71.04	117.31	132.60
Aug-18	-60.14	81.70	112.16	110.90	1.26	143.16	71.97	116.62	134.91

Representative Barometer for Trends in Profitability

Historical and Projected Kansas Feedlot Net Returns (as of 12/11/17')

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

Figure 1. Historical & Projected Average Net Returns for Finishing Steers in Kansas Feedyards



Quarterly Forecasts (LMIC: 12/30/17)

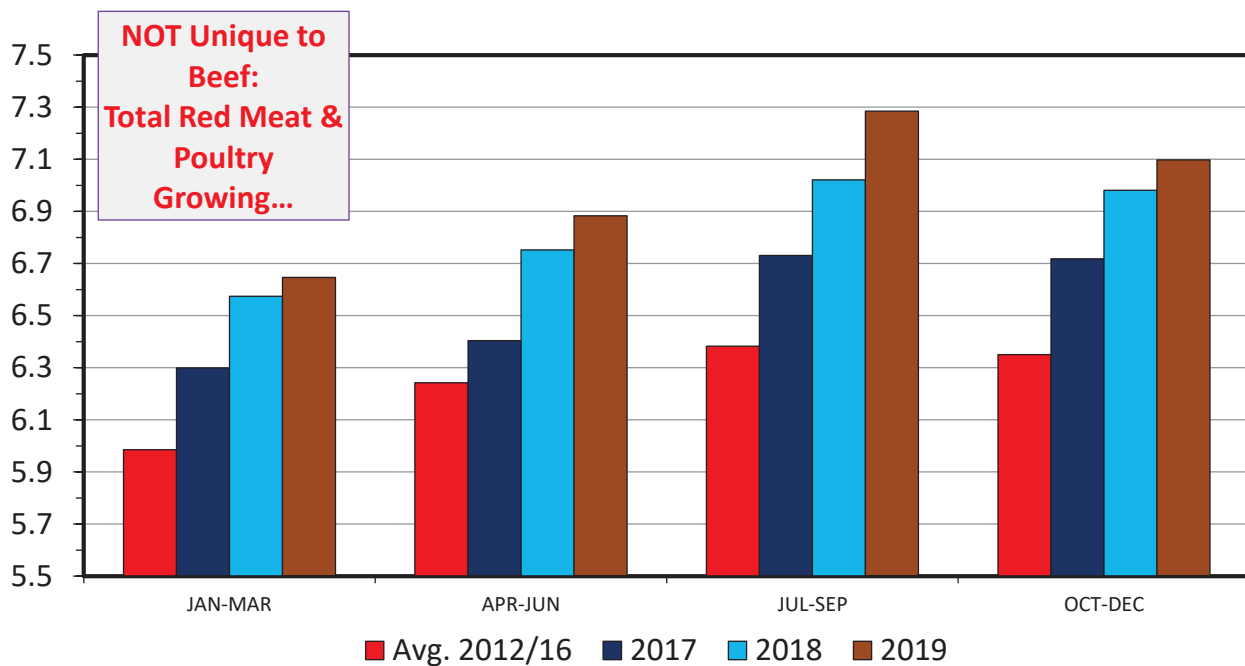
Year	Comm'l	% Chg.	Average	% Chg.	Comm'l	% Chg.
Quarter	Slaughter	from	Dressed	from	Beef	from
		Year Ago	Weight	Year Ago	Production	Year Ago
2017						
I	7,711	7.3	817.0	-1.1	6,300	6.1
II	8,074	5.8	793.2	-2.2	6,404	3.5
III	8,249	5.2	815.9	-1.1	6,731	4.0
IV	8,147	2.9	827.1	-1.1	6,738	1.7
Year	32,181	5.2	813.3	-1.4	26,173	3.8
2018						
I	8,009	3.9	820.8	0.5	6,574	4.4
II	8,424	4.3	807.8	1.8	6,805	6.3
III	8,573	3.9	824.3	1.0	7,066	5.0
IV	8,381	2.9	835.3	1.0	7,001	3.9
Year	33,387	3.7	822.1	1.1	27,446	4.9
2019						
I	8,032	0.3	826.2	0.7	6,636	0.9
II	8,515	1.1	813.6	0.7	6,928	1.8
III	8,797	2.6	830.4	0.7	7,305	3.4
IV	8,465	1.0	840.7	0.6	7,116	1.7
Year	33,809	1.3	827.7	0.7	27,985	2.0

Quarterly Forecasts (LMIC: 12/30/17)

Year	Live Sltr.	% Chg.	Feeder Steer Price	
Quarter	Steer Price	from	Southern Plains	
	5-Mkt Avg	Year Ago	7-800#	5-600#
2017				
I	122.96	-8.8	132.88	157.38
II	132.76	4.0	149.30	170.49
III	112	-0.6	153	165
IV	117-118	9.1	157	171
Year	121-122	0.5	148	166
2018				
I	119-121	-2.4	149-152	164-168
II	121-124	-7.7	145-149	164-169
III	107-111	-3.1	138-143	156-162
IV	110-115	-4.3	135-141	148-155
Year	115-117	-4.5	142-146	158-164
2019				
I	113-119	-3.3	136-143	151-159
II	116-123	-2.4	135-143	152-161
III	106-114	0.9	130-139	148-158
IV	107-116	-0.9	127-137	143-154
Year	112-116	-1.7	133-139	149-157

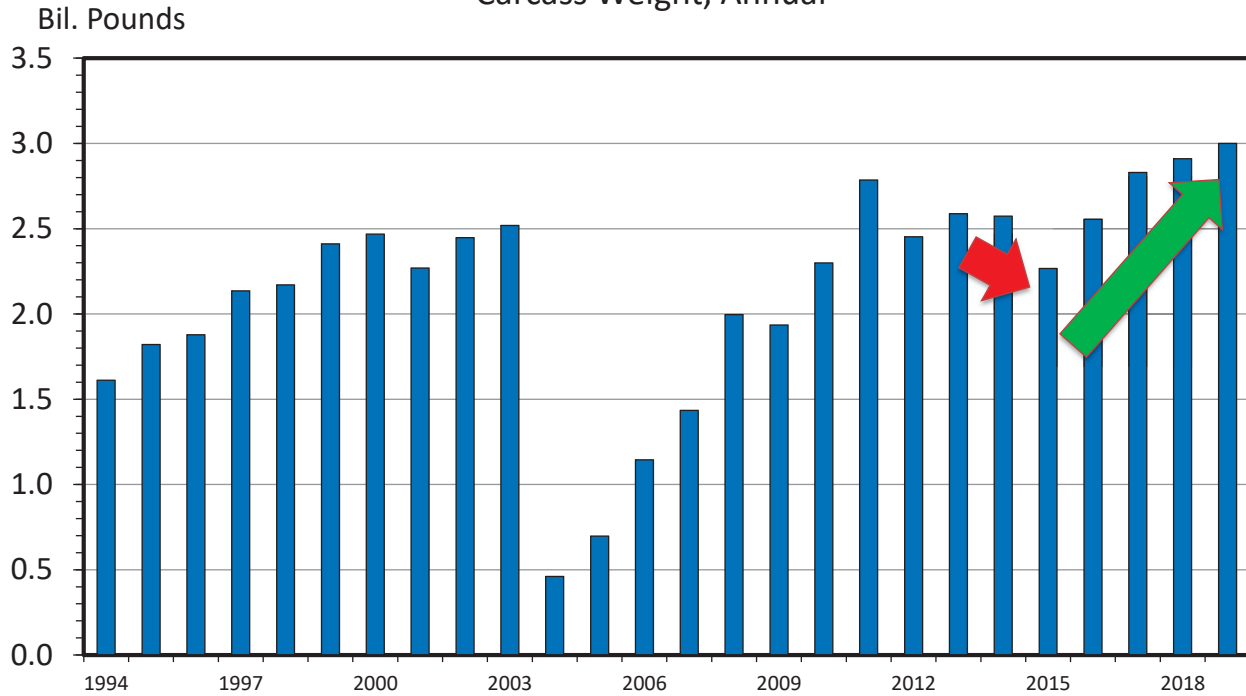
Meat Supplies & Trade

COMMERCIAL BEEF PRODUCTION US, Quarterly



US BEEF AND VEAL EXPORTS

Carcass Weight, Annual

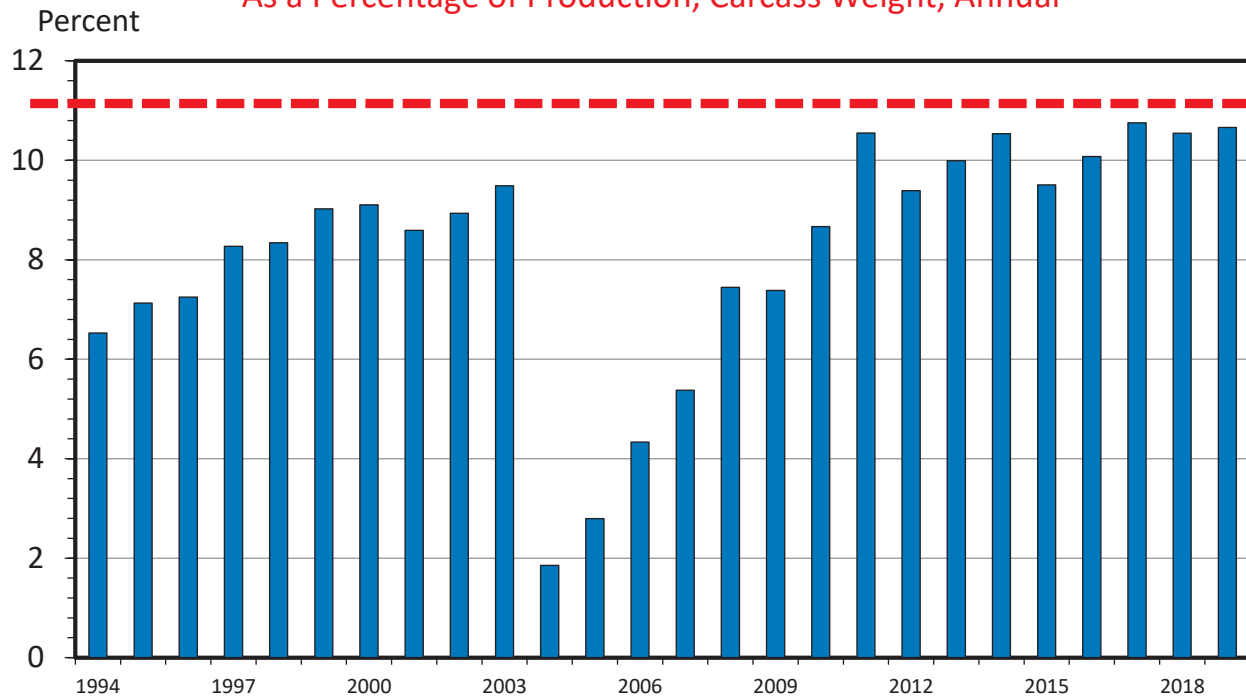


Data Source: USDA-ERS & USDA-FAS, Compiled and Forecasts by LMIC
Livestock Marketing Information Center

I-N-06
12/30/17

US BEEF AND VEAL EXPORTS

As a Percentage of Production, Carcass Weight, Annual



Data Source: USDA-ERS & USDA-FAS, Compiled and Forecasts by LMIC
Livestock Marketing Information Center

I-N-07
12/30/17

USDA Long-Term projections

Feb. 2018 report, early release estimates (<http://www.usda.gov/oce/commodity/projections/>)

Per capita meat consumption, retail weight							
Item	2016	2017	2018	2019	2020	2027	
Beef	55.6	57.3	59.2	60.9	60.9	59.0	
Pork	50.1	50.4	52.1	52.2	51.9	52.0	
Total red meat	107.0	109.0	112.6	114.4	114.1	112.2	
Broilers	89.8	91.0	91.8	91.6	92.4	92.2	
Total poultry	107.6	108.8	109.6	109.2	109.9	109.3	
Red meat & poultry	214.6	217.8	222.2	223.6	224.0	221.5	

Note: Totals may not add due to rounding.

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USDA Long-Term projections

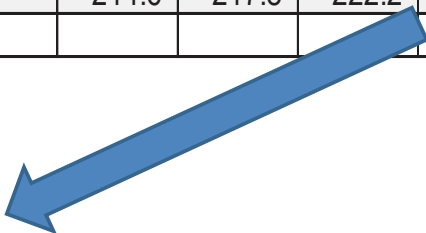
Feb. 2018 report, early release estimates (<http://www.usda.gov/oce/commodity/projections/>)

Per capita meat consumption, retail weight							
Item	2016	2017	2018	2019	2020	2027	
Beef	55.6	57.3	59.2	60.9	60.9	59.0	
Pork	50.1	50.4	52.1	52.2	51.9	52.0	
Total red meat	107.0	109.0	112.6	114.4	114.1	112.2	
Broilers	89.8	91.0	91.8	91.6	92.4	92.2	
Total poultry	107.6	108.8	109.6	109.2	109.9	109.3	
Red meat & poultry	214.6	217.8	222.2	223.6	224.0	221.5	

Note: Totals may not add due to rounding.

2019 would be highest for beef since 2009

Year	Total Red Meat & Poultry
1995	205.4
2000	214.4
2005	219.7
2010	207.5
2014	200.1



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USDA Long-Term projections

Feb. 2018 report, early release estimates (<http://www.usda.gov/oce/commodity/projections/>)

Per capita meat consumption, retail weight							
Item	2016	2017	2018	2019	2020	2027	
Beef	55.6	57.3	59.2	60.9	60.9	59.0	
Pork	50.1	50.4	52.1	52.2	51.9	52.0	
Total red meat	107.0	109.0	112.6	114.4	114.1	112.2	
Broilers	89.8	91.0	91.8	91.6	92.4	92.2	
Total poultry	107.6	108.8	109.6	109.2	109.9	109.3	
Red meat & poultry	214.6	217.8	222.2	223.6	224.0	221.5	

Note: Totals may not add due to rounding.

Projections INCLUDE trade dependency...

USDA Long-Term projections

Feb. 2018 report, early release estimates

(<http://www.usda.gov/oce/commodity/projections/>)

Beef long-term projections

Item	Units	2016	2017	2018	2019	2020	2027
Commercial production	Mil. lbs.	25,221	26,400	27,620	28,312	28,644	29,097
Change from previous year	Percent		4.7%	4.6%	2.5%	1.2%	0.6%
Imports	Mil. lbs.	3,015	2,966	3,030	2,920	2,954	3,090
Total supply	Mil. lbs.	28,986	30,190	31,417	32,014	32,225	32,814
			4.2%	4.1%	1.9%	0.7%	0.5%
Exports	Mil. lbs.	2,556	2,855	2,970	2,752	2,734	2,976
			11.7%	4.0%	-7.3%	-0.7%	0.2%
Total consumption	Mil. lbs.	25,673	26,635	27,732	28,702	28,931	29,278
Per capita, retail weight	Pounds	55.6	57.3	59.2	60.9	60.9	59.0
Change from previous year	Percent		3.1%	3.3%	2.9%	0.0%	0.0%

USDA Long-Term projections

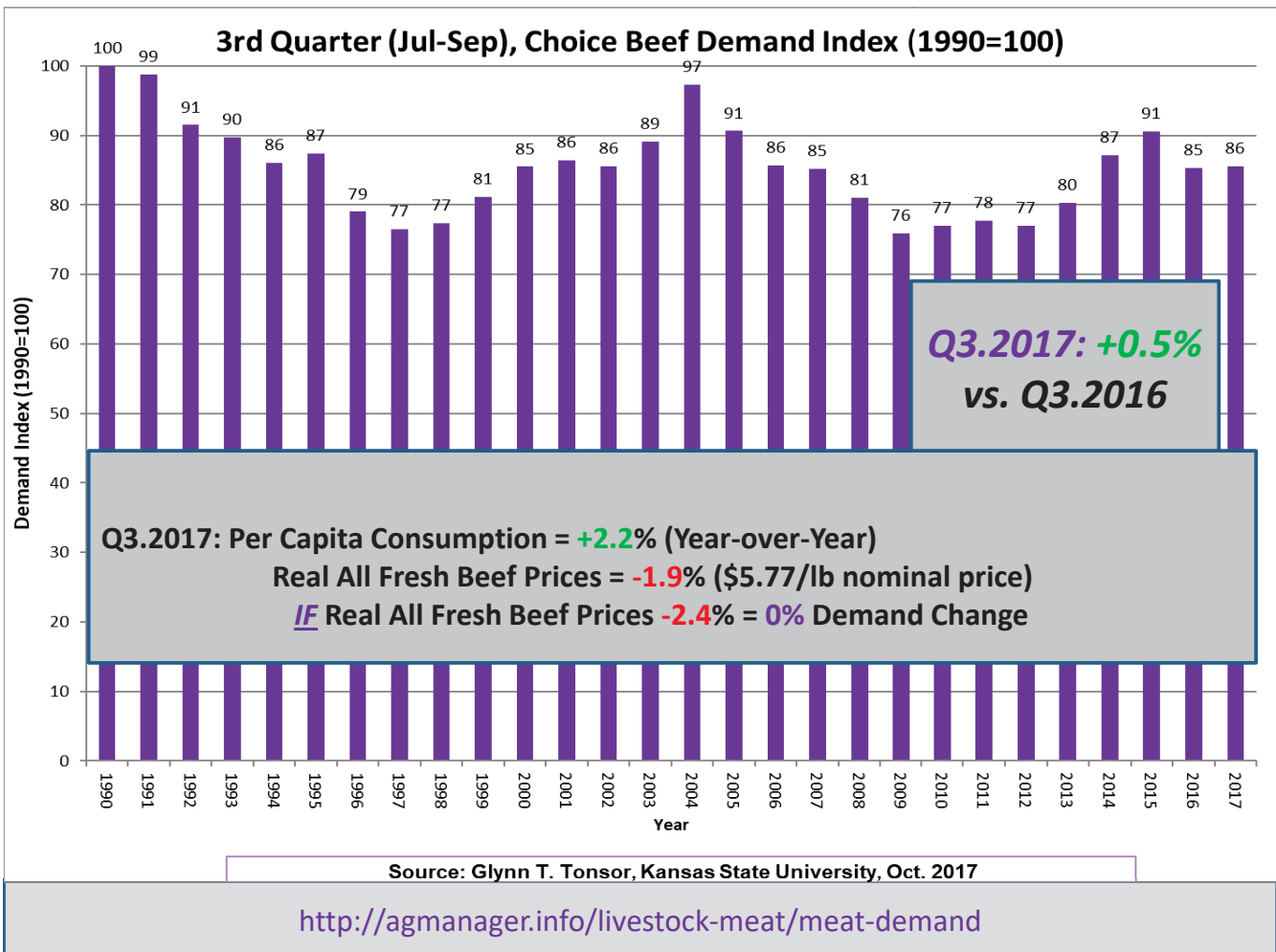
Feb. 2018 report, early release estimates

[\(http://www.usda.gov/oce/commodity/projections/\)](http://www.usda.gov/oce/commodity/projections/)

Beef long-term projections

Item	Units	2016	2017	2018	2019	2020	2027
Prices:							
Beef cattle, farm	\$/cwt	120.08	121.01	116.50	111.24	106.47	96.51
Calves, farm	\$/cwt	165.92	169.16	167.29	154.75	146.52	121.92
Steers, 5-area	\$/cwt	120.86	121.80	117.25	111.96	107.16	97.13
Feeder steers, Oklahoma City	\$/cwt	142.82	145.61	144.00	133.21	126.12	104.94
	Percent		2.0%	-1.1%	-7.5%	-5.3%	-1.4%
Feed price ratio:							
Beef cattle-corn	Ratio	33.3	36.0	36.4	33.7	31.8	27.2
Beef cow inventory	1,000 head	30,166	31,210	31,875	32,225	31,932	31,341
	Percent		3.5%	2.1%	1.1%	-0.9%	0.7%

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Assessing Beef Demand Determinants

Glynn T. Tonsor, Ted C. Schroeder, and Jayson L. Lusk

Cattlemen's Beef Board



Wrap-Up

- Broad 2018-2019 Profitability Outlook
 - Cow-calf:
 - Converging toward Long-Term Levels
 - 2017 Better than Expected, May Delay Peak Herd Size
 - Stocker:
 - \$ at stake has moderated
 - Margins vary widely across situations but opportunity persist
 - Feedlot:
 - Early 2017 offered notable equity recovery
 - Margins have deteriorated (\$10/cwt) since ~ Nov. 1

More information available at:



This presentation will be available in PDF format at:
<http://www.agmanager.info/about/contributors/individual/tonsor.asp>

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AgManager.info**

About AgManager.info

AgManager.info website is a comprehensive source of information, analysis, and decision-making tools for agricultural producers, agribusinesses, and others. The site serves as a clearinghouse for applied outreach information emanating from the Department of Agricultural Economics at Kansas State University. It was created by combining departmental and faculty sites as well as creating new features exclusive to the AgManager.info site. The goal of this coordination is to improve the organization of web-based material and allow greater access for agricultural producers and other clientele.

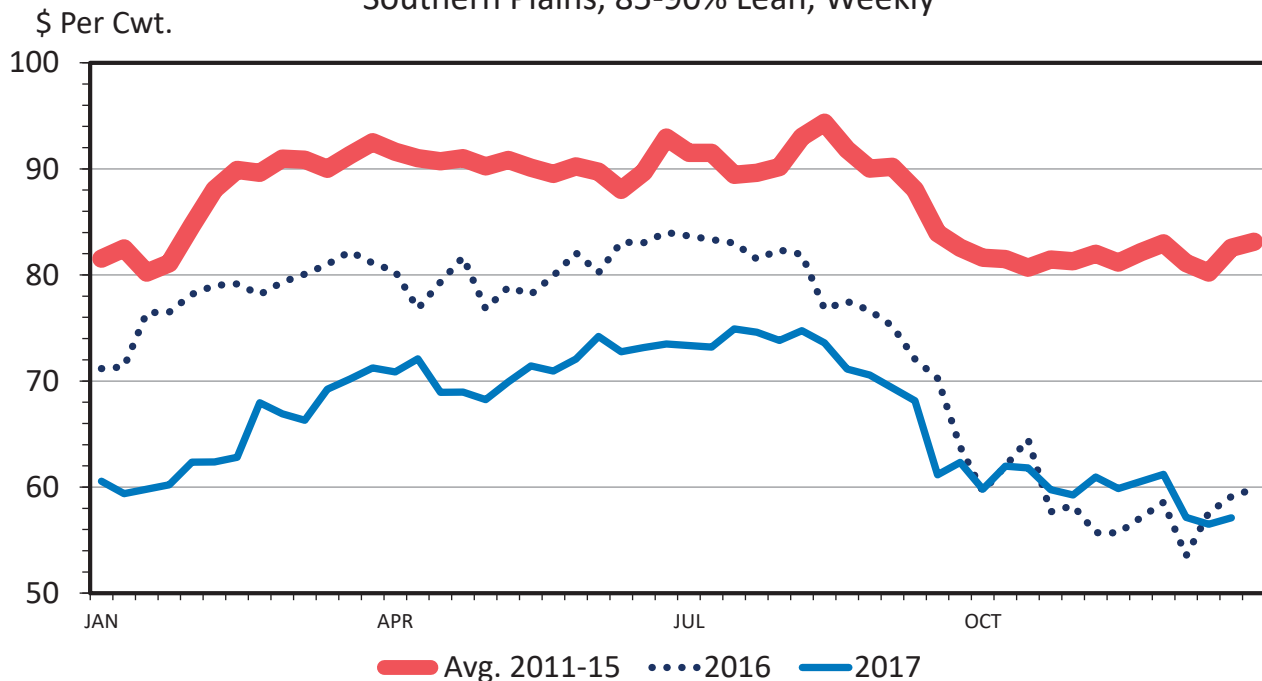


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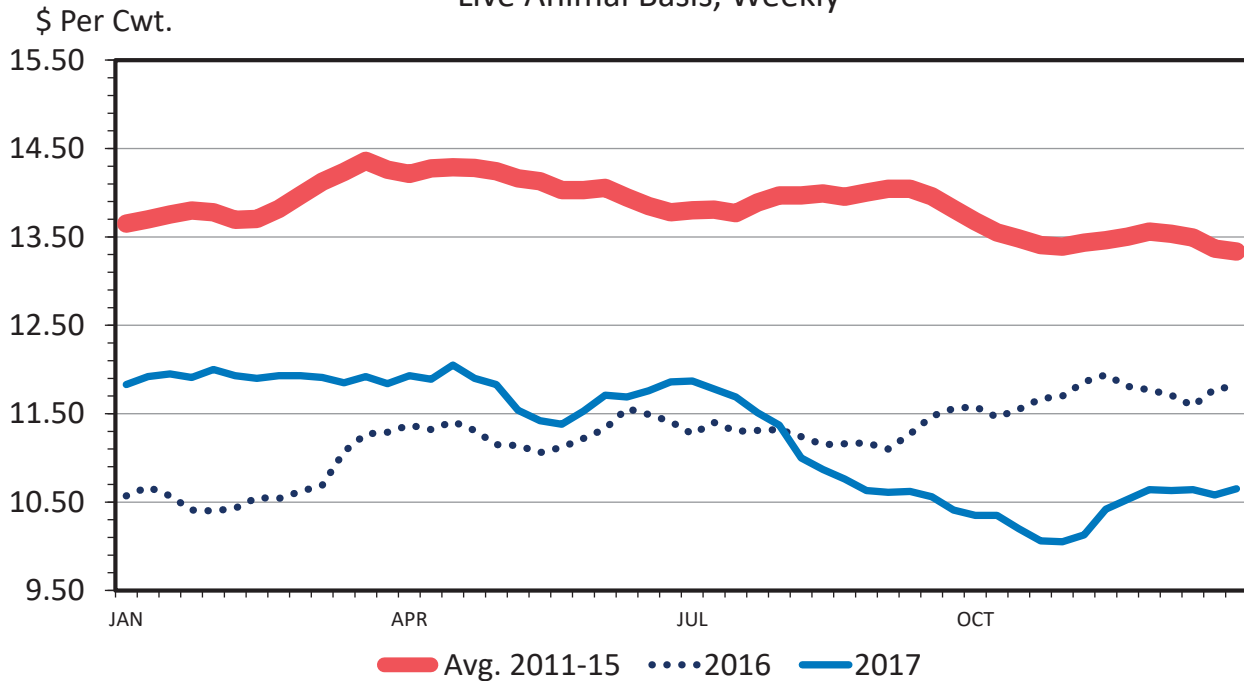


SLAUGHTER COW PRICES Southern Plains, 85-90% Lean, Weekly



STEER HIDE AND OFFAL VALUE

Live Animal Basis, Weekly

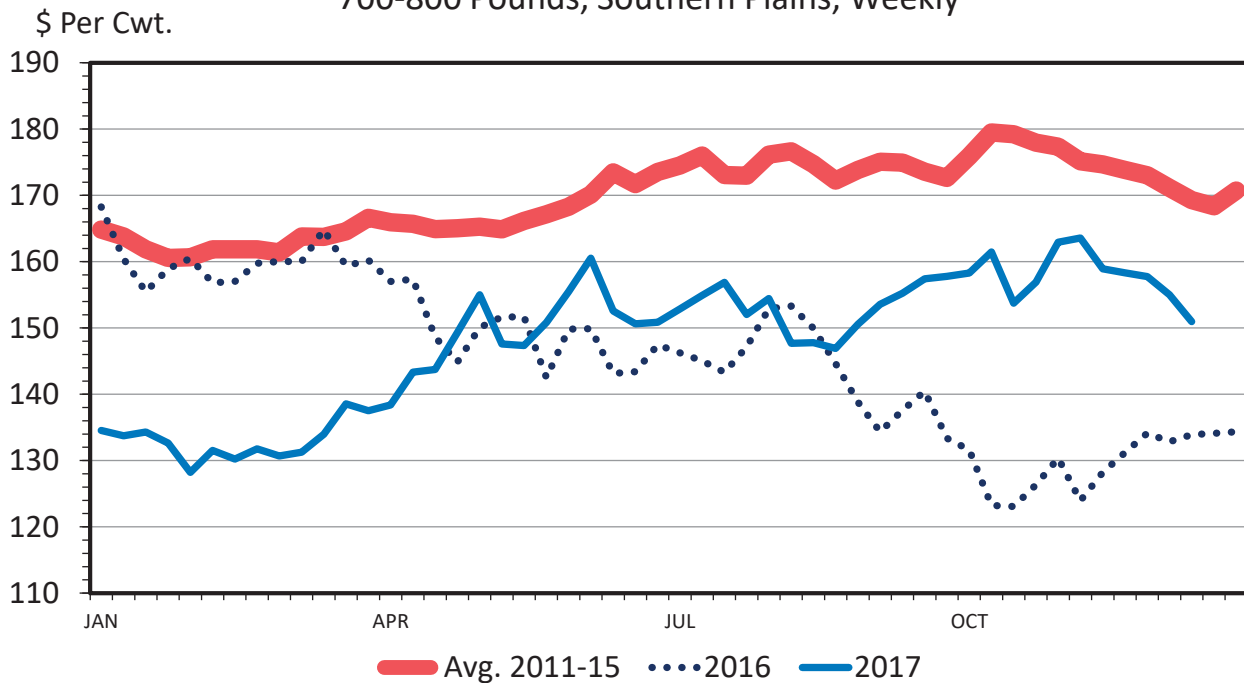


Data Source: USDA-AMS
Livestock Marketing Information Center

C-P-39
01/04/18

MED. & LRG. #1 FEEDER STEER PRICES

700-800 Pounds, Southern Plains, Weekly



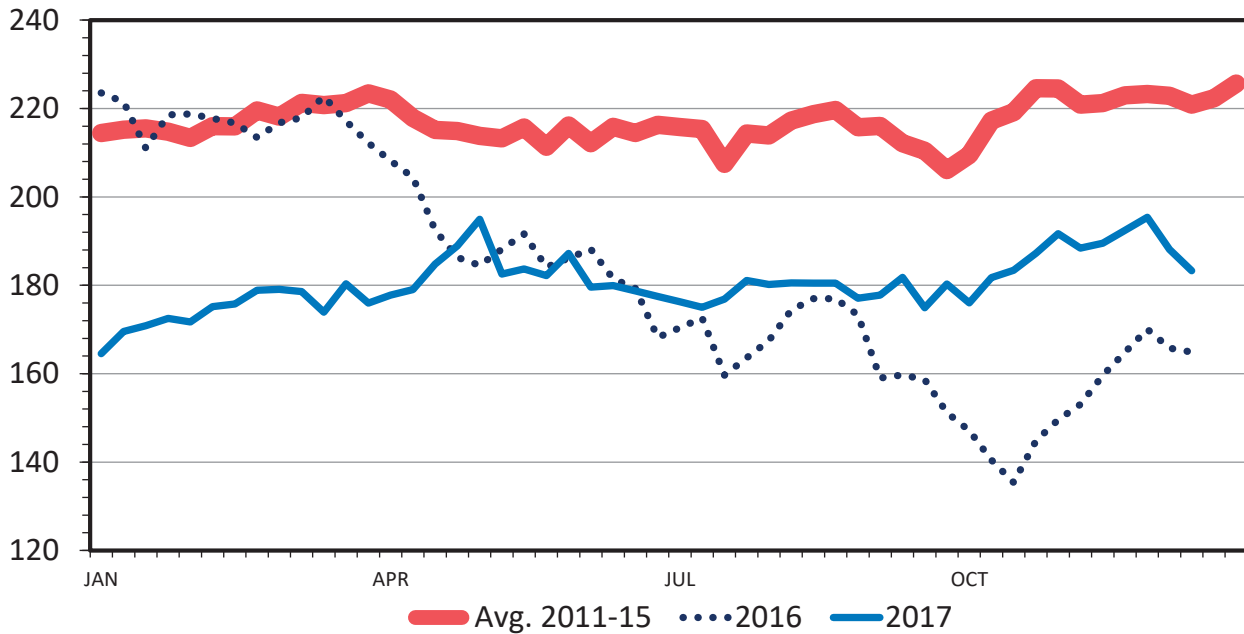
Data Source: USDA-AMS
Livestock Marketing Information Center

C-P-49
01/04/18

MED. & LRG. #1 STEER CALF PRICES

400-500 Pounds, Southern Plains, Weekly

\$ Per Cwt.



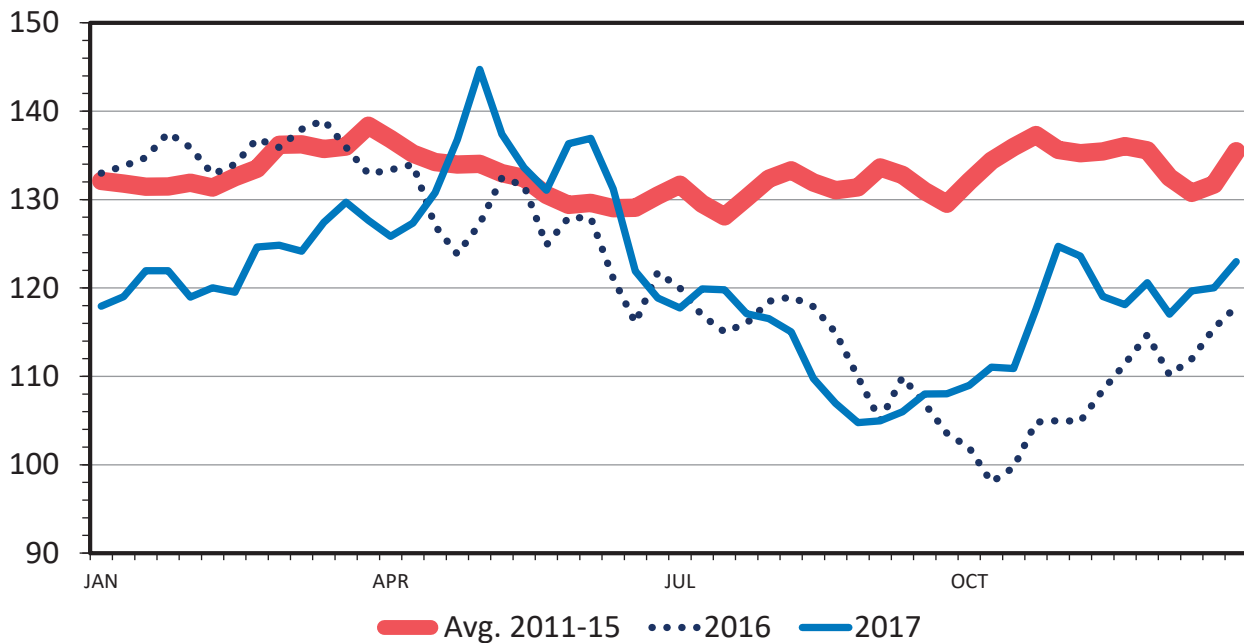
Data Source: USDA-AMS
Livestock Marketing Information Center

C-P-49A
01/04/18

SLAUGHTER STEER PRICES

Southern Plains, Weekly

\$ Per Cwt.

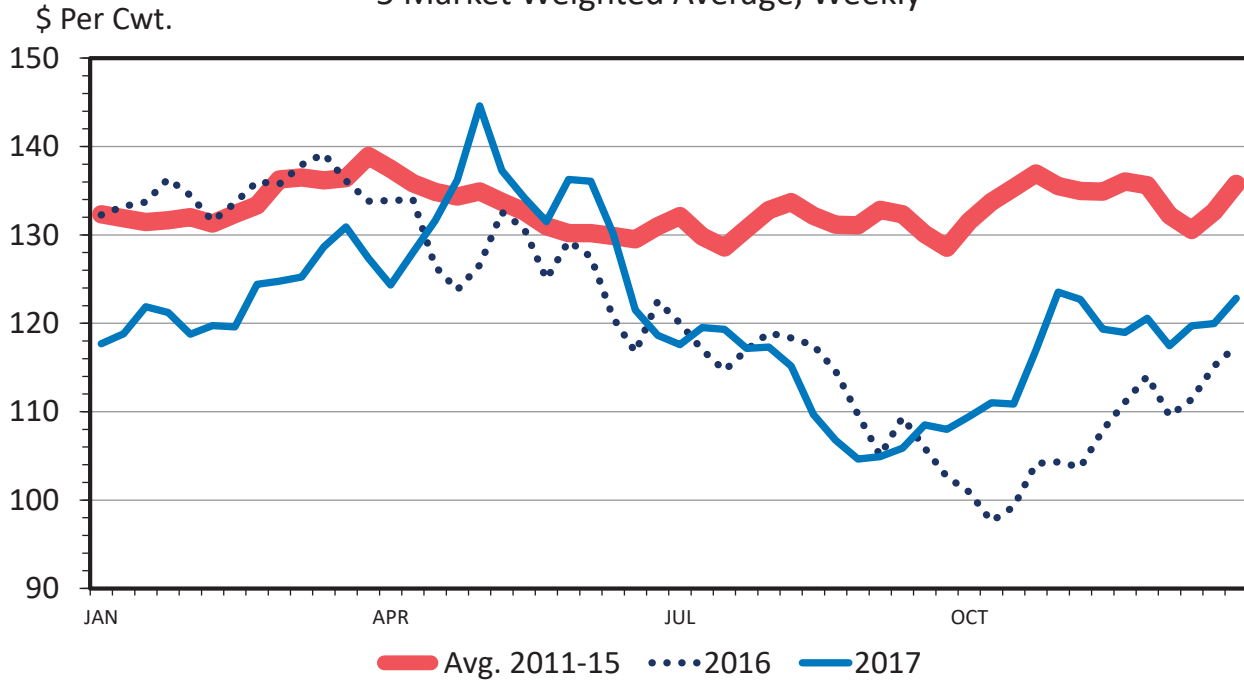


Data Source: USDA-AMS
Livestock Marketing Information Center

C-P-52
01/04/18

SLAUGHTER STEER PRICES

5 Market Weighted Average, Weekly

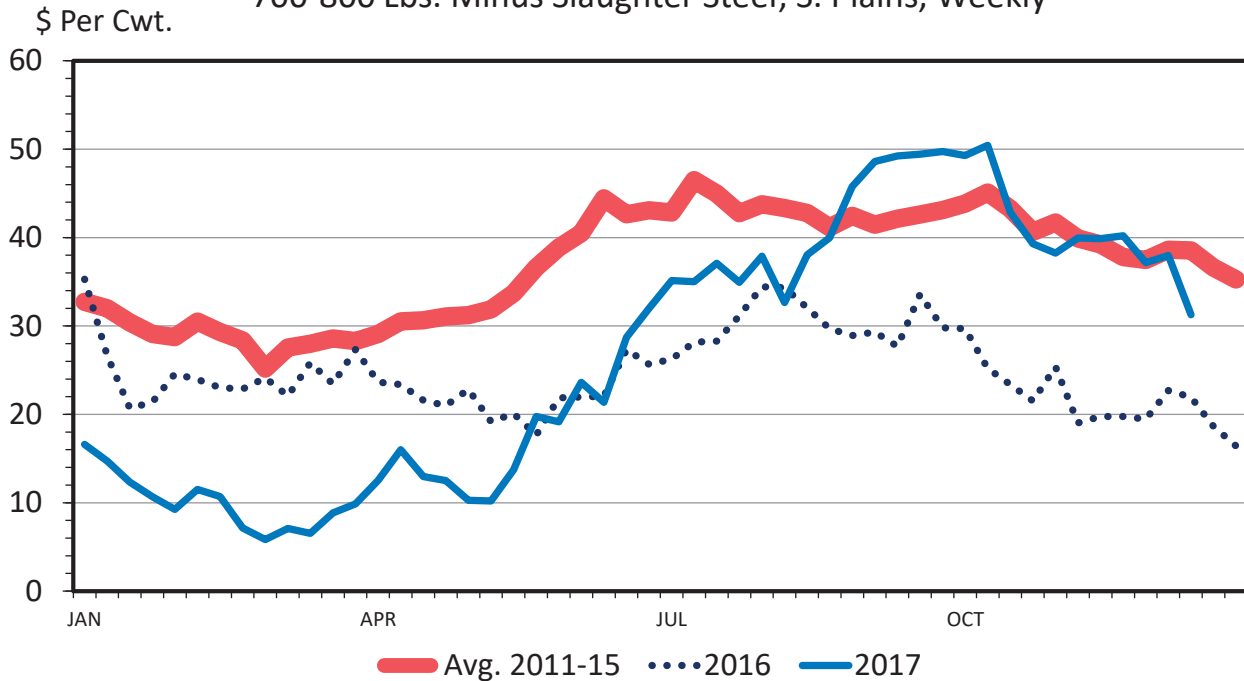


Data Source: USDA-AMS
Livestock Marketing Information Center

01/04/18

FEEDER STEER vs FED STEER PRICES

700-800 Lbs. Minus Slaughter Steer, S. Plains, Weekly

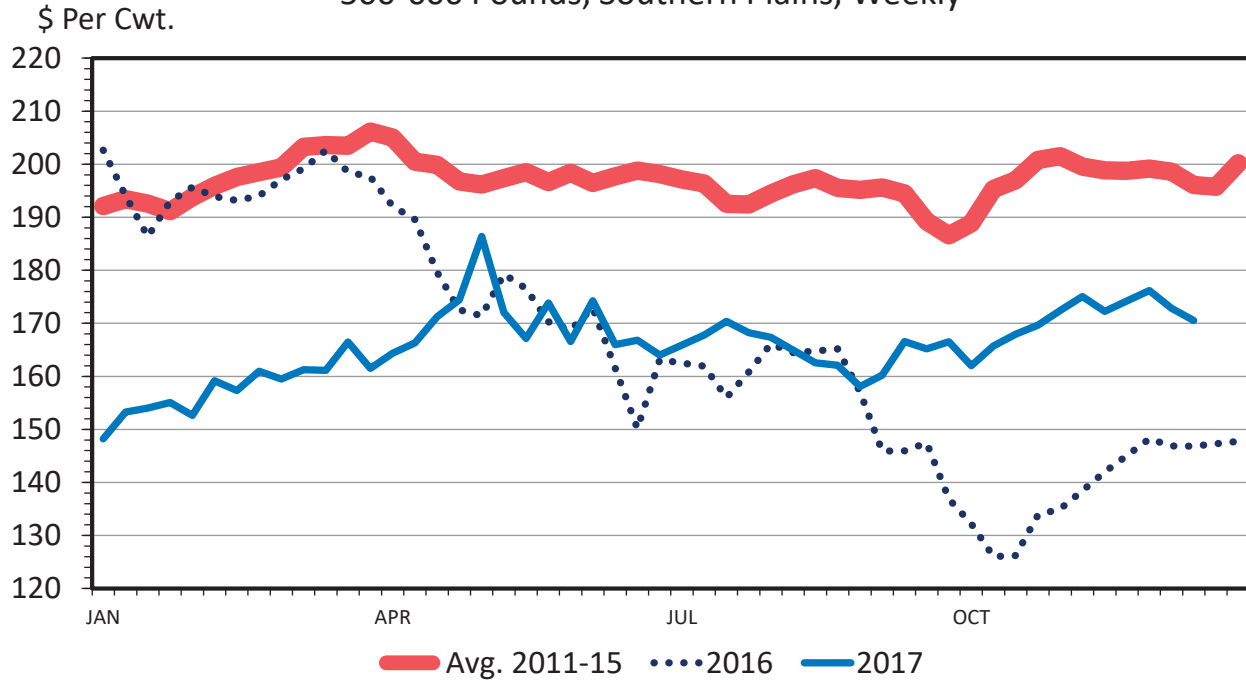


Data Source: USDA-AMS, Compiled by LMIC
Livestock Marketing Information Center

C-P-53
01/04/18

MED. & LRG. #1 STEER CALF PRICES

500-600 Pounds, Southern Plains, Weekly

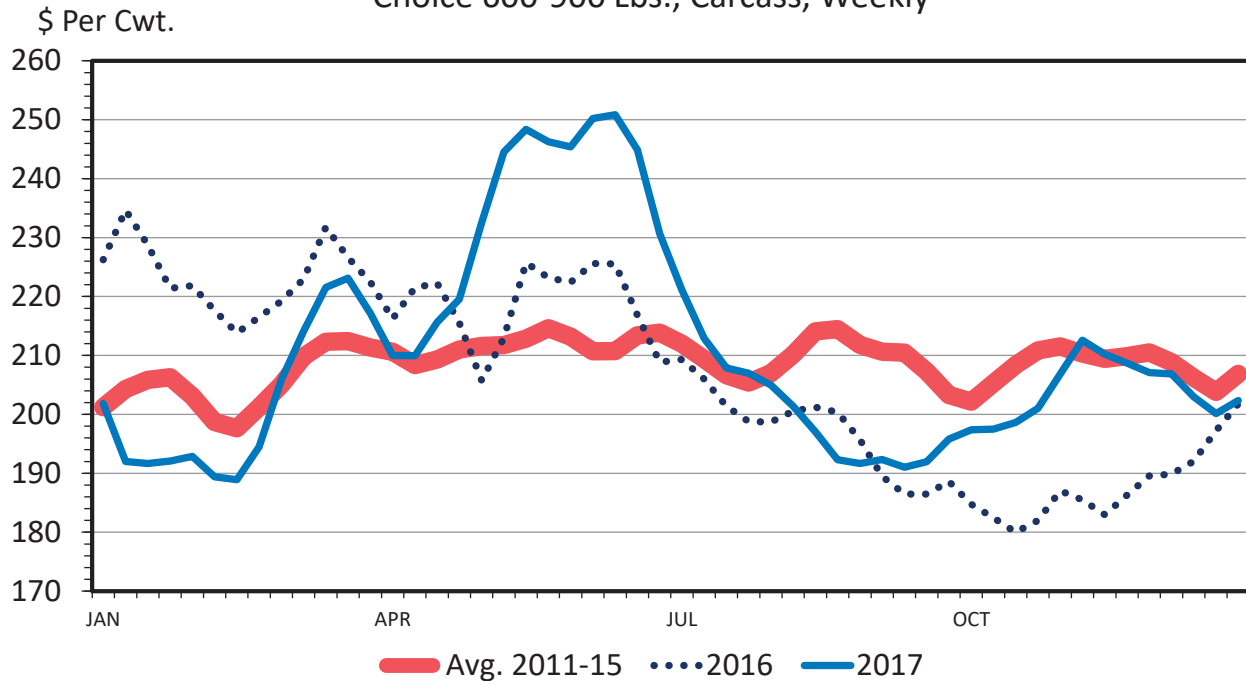


Data Source: USDA-AMS
Livestock Marketing Information Center

C-P-54
01/04/18

BOXED BEEF CUTOUT VALUE

Choice 600-900 Lbs., Carcass, Weekly

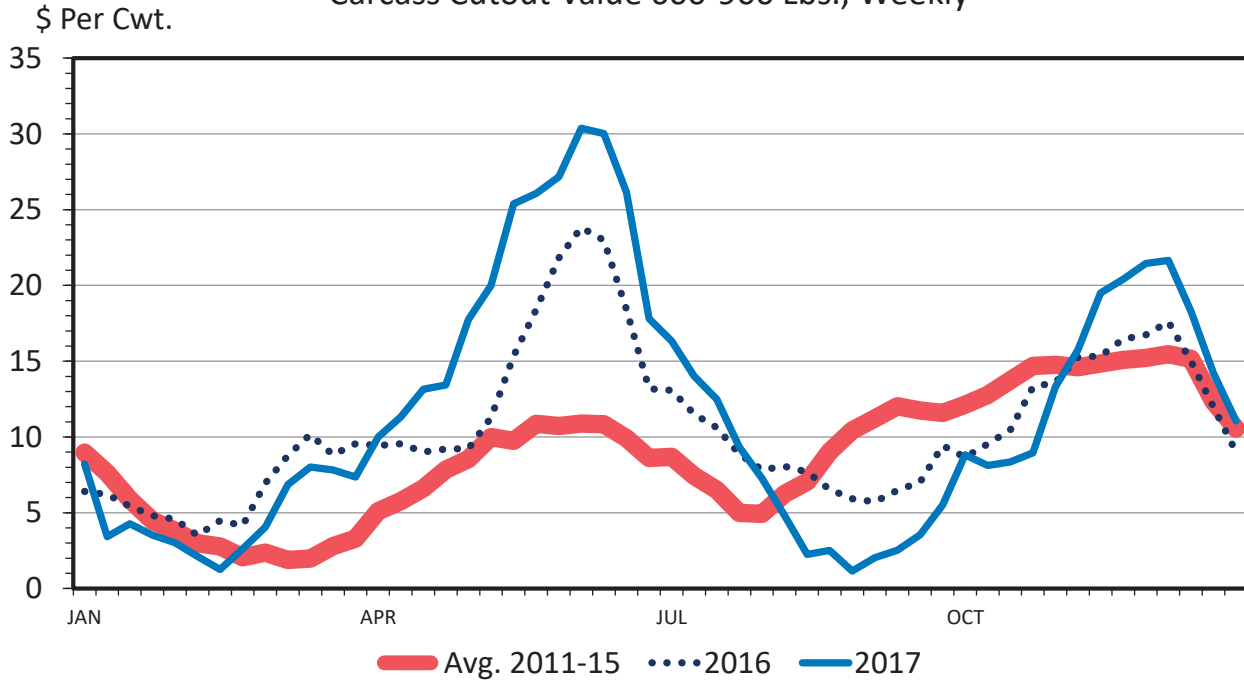


Data Source: USDA-AMS
Livestock Marketing Information Center

C-P-62
01/04/18

CHOICE MINUS SELECT BEEF PRICES

Carcass Cutout Value 600-900 Lbs., Weekly

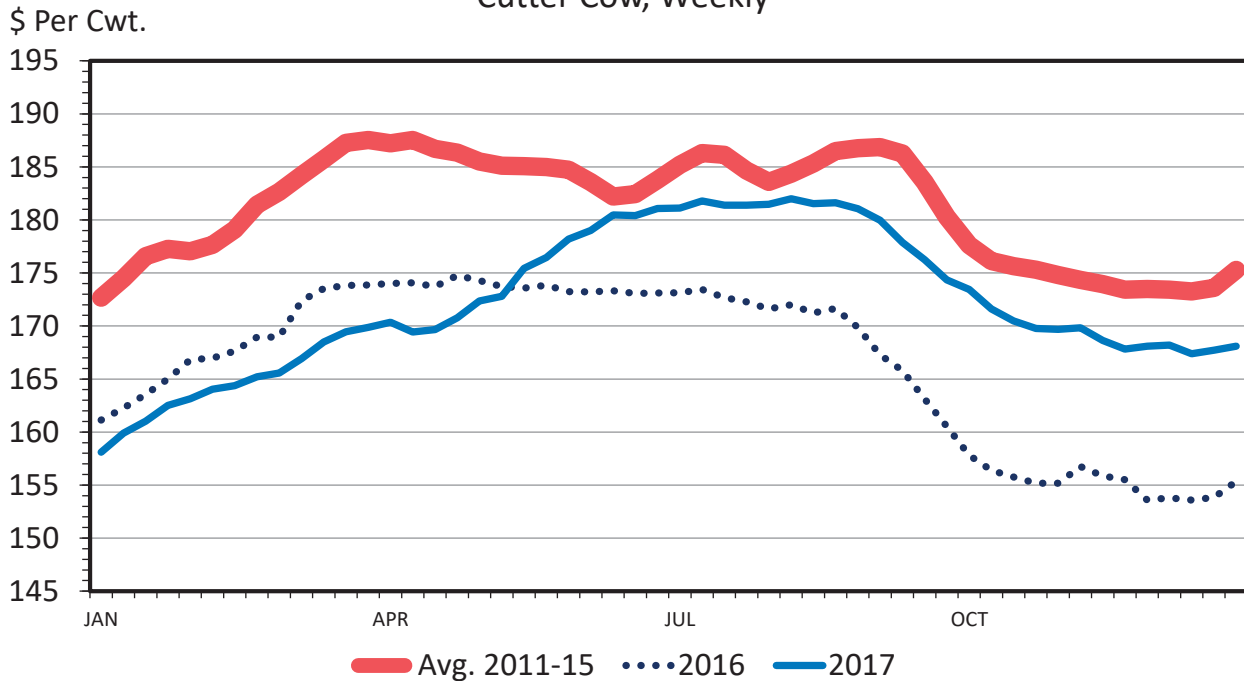


Data Source: USDA-AMS, Compiled by LMIC
Livestock Marketing Information Center

C-P-68
01/04/18

BOXED COW-BEEF CUTOUT VALUE

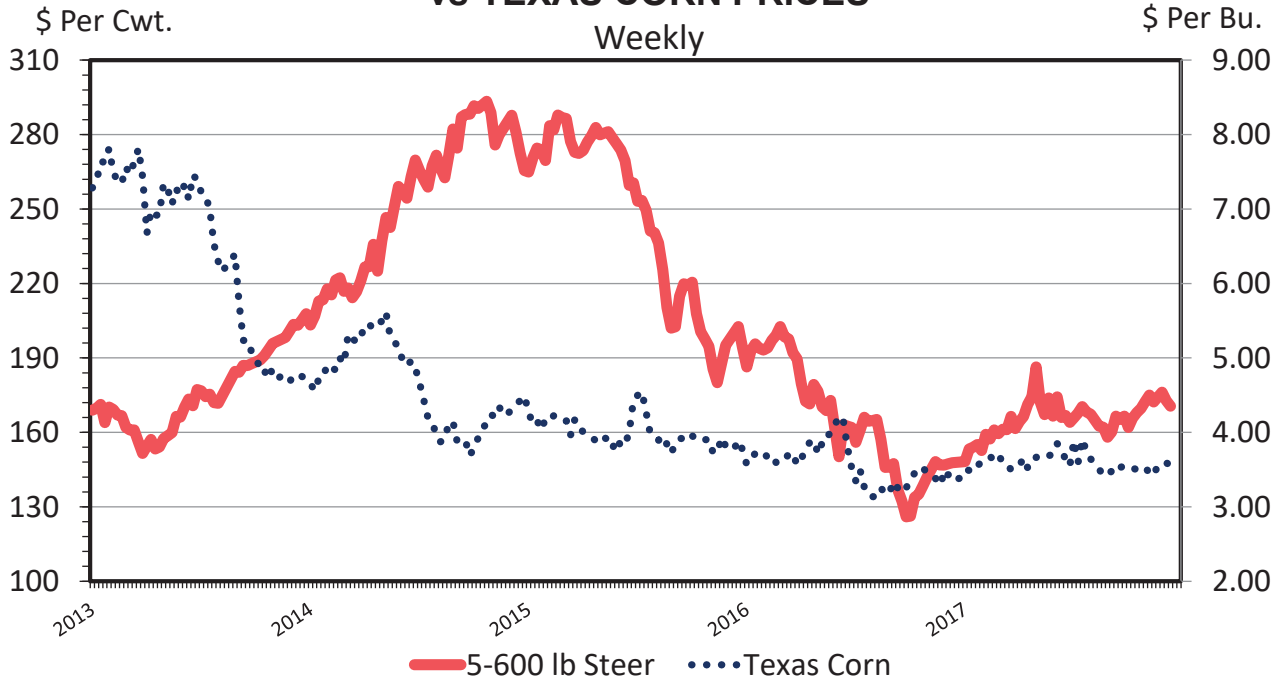
Cutter Cow, Weekly



Data Source: USDA-AMS
Livestock Marketing Information Center

01/04/18

SOUTHERN PLAINS CALF PRICES vs TEXAS CORN PRICES



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

01/04/18