



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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Kansas State University

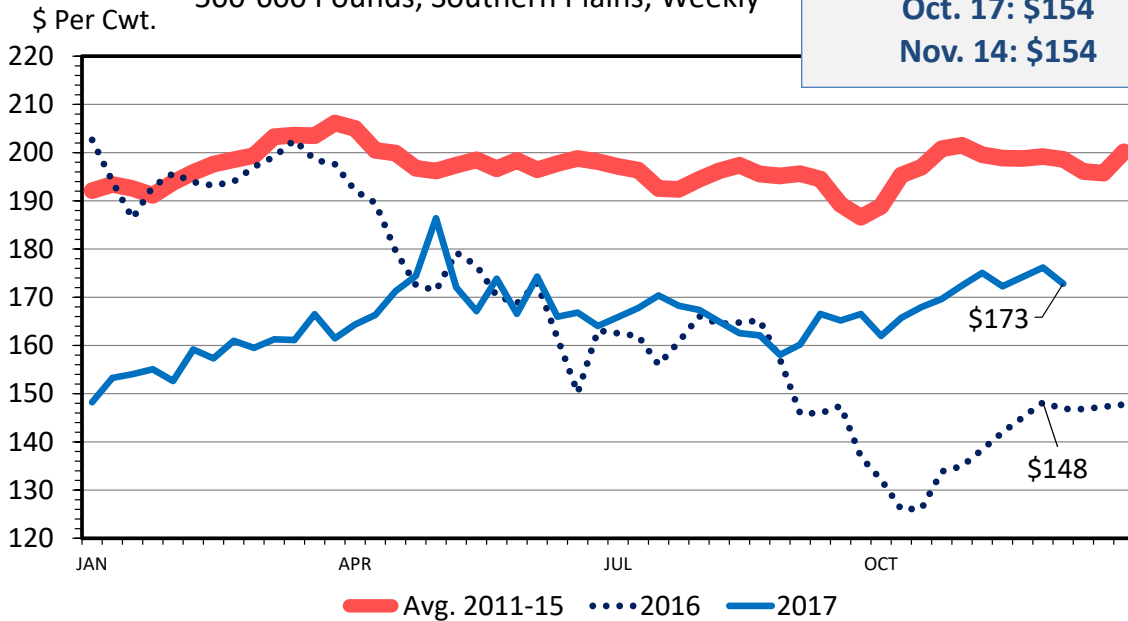


Overarching Beef Industry Economic Outlook

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

Beef Basis, Salina KS
2018 Projections
 (as of 12/12):
 Oct. 17: \$154
 Nov. 14: \$154

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

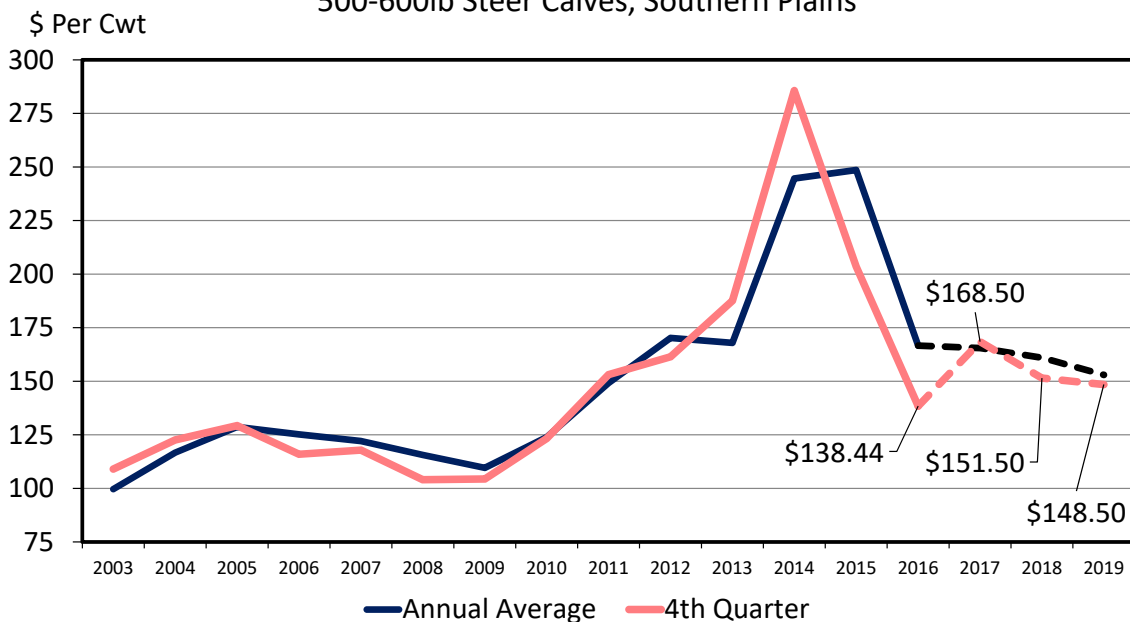


Data Source: USDA-AMS
 Livestock Marketing Information Center

C-P-54
 12/11/17

AVERAGE CALF PRICES

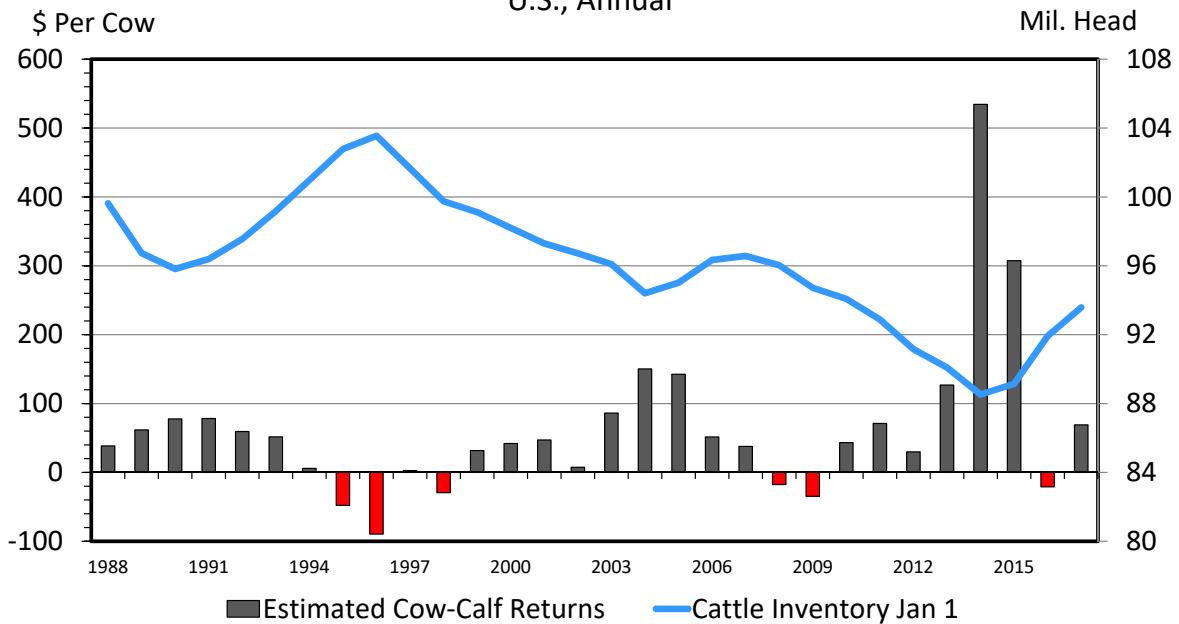
500-600lb Steer Calves, Southern Plains



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

COW-CALF RETURNS AND CATTLE INVENTORY

U.S., Annual

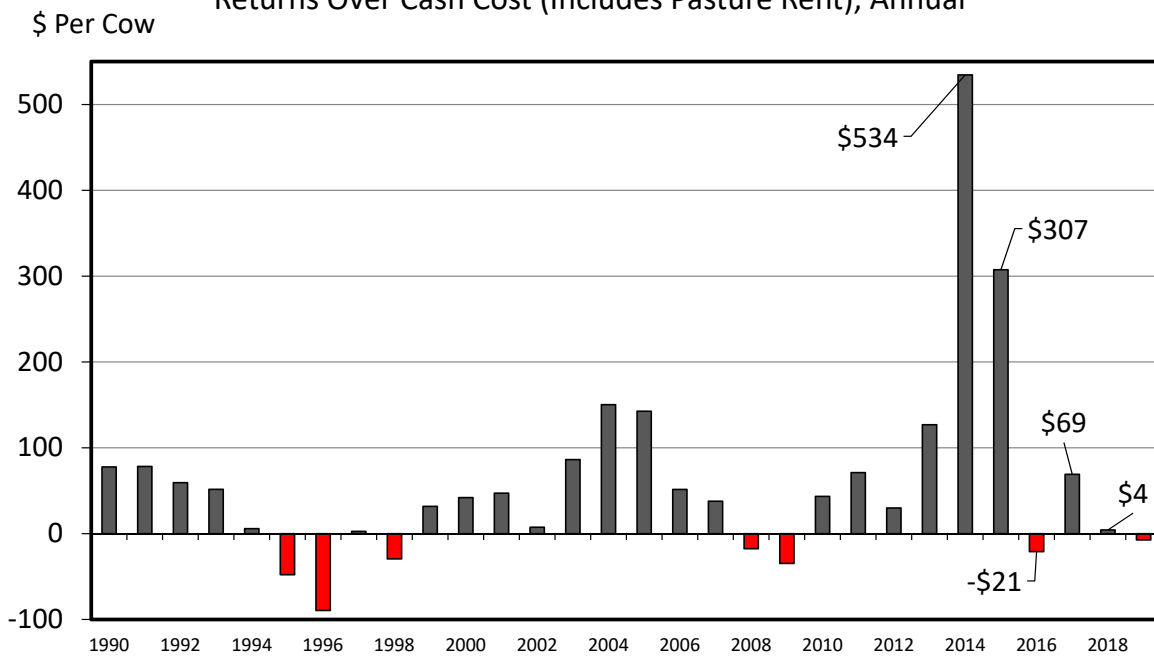


Data Source: USDA-AMS & USDA-NASS, Compiled and Analysis by LMIC
Livestock Marketing Information Center

C-P-67
12/03/17

ESTIMATED AVERAGE COW CALF RETURNS

Returns Over Cash Cost (Includes Pasture Rent), Annual

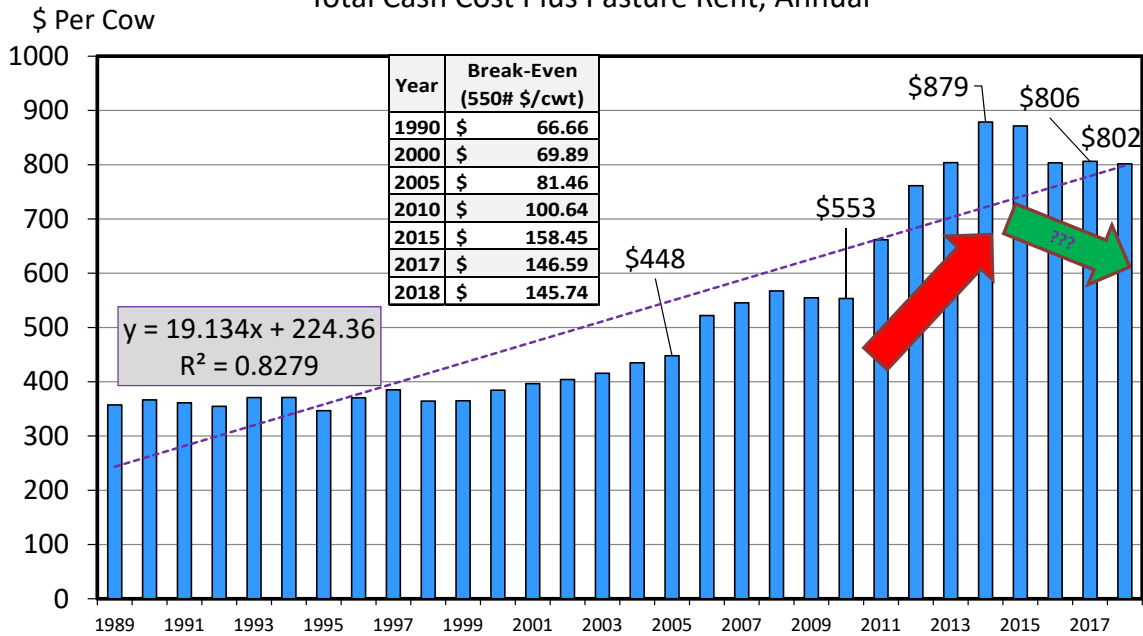


Data Source: USDA & LMIC, Compiled by LMIC
Livestock Marketing Information Center

C-P-66
12/03/17

ESTIMATED AVERAGE COW CALF COSTS

Total Cash Cost Plus Pasture Rent, Annual

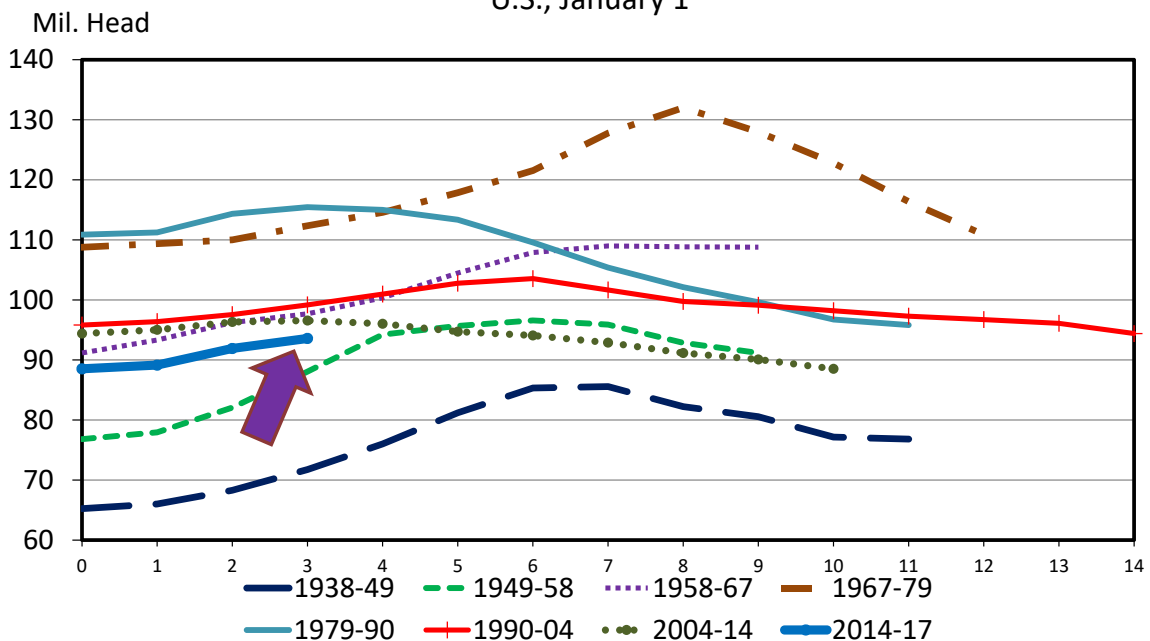


Data Source: USDA & LMIC, Compiled by LMIC
Livestock Marketing Information Center

12/03/17

TOTAL CATTLE INVENTORY BY CYCLE

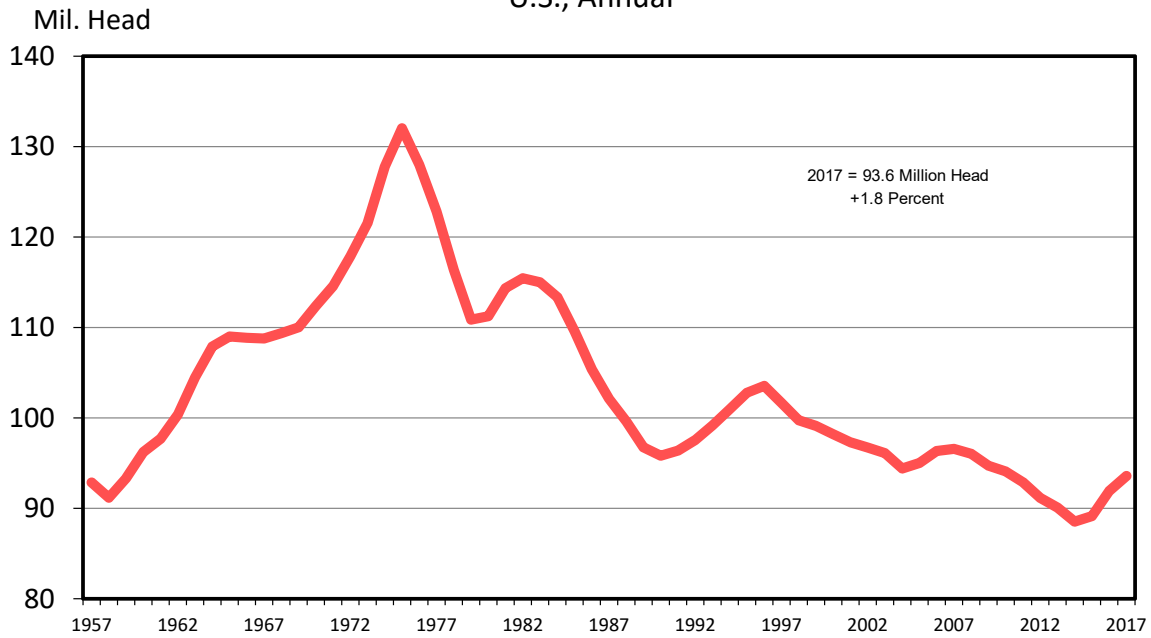
U.S., January 1



Data Source: USDA-NASS
Livestock Marketing Information Center

C-N-40
08/13/17

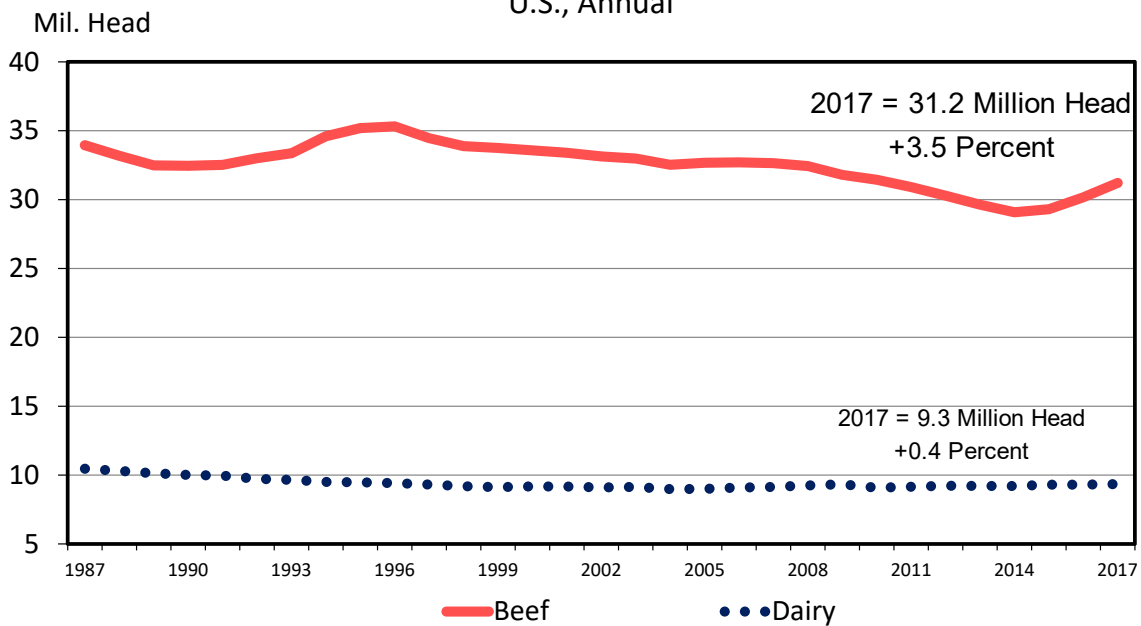
JANUARY 1 TOTAL CATTLE INVENTORY U.S., Annual



Data Source: USDA-NASS
Livestock Marketing Information Center

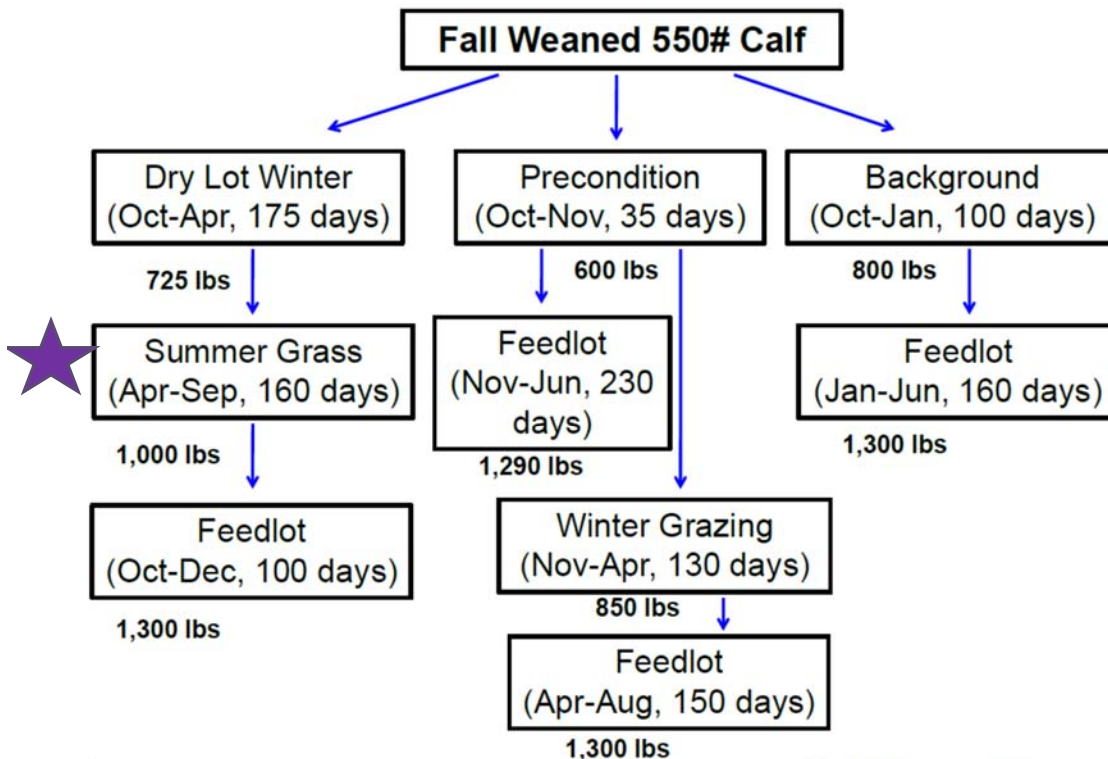
C-N-01
08/13/17

JANUARY 1 COW INVENTORY U.S., Annual



Data Source: USDA-NASS
Livestock Marketing Information Center

C-N-02
08/13/17



CattleFax | THE DECIDING FACTOR

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

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

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

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

- Pratt, KS 12/12/17 situation:

PRE-CONDITIONING

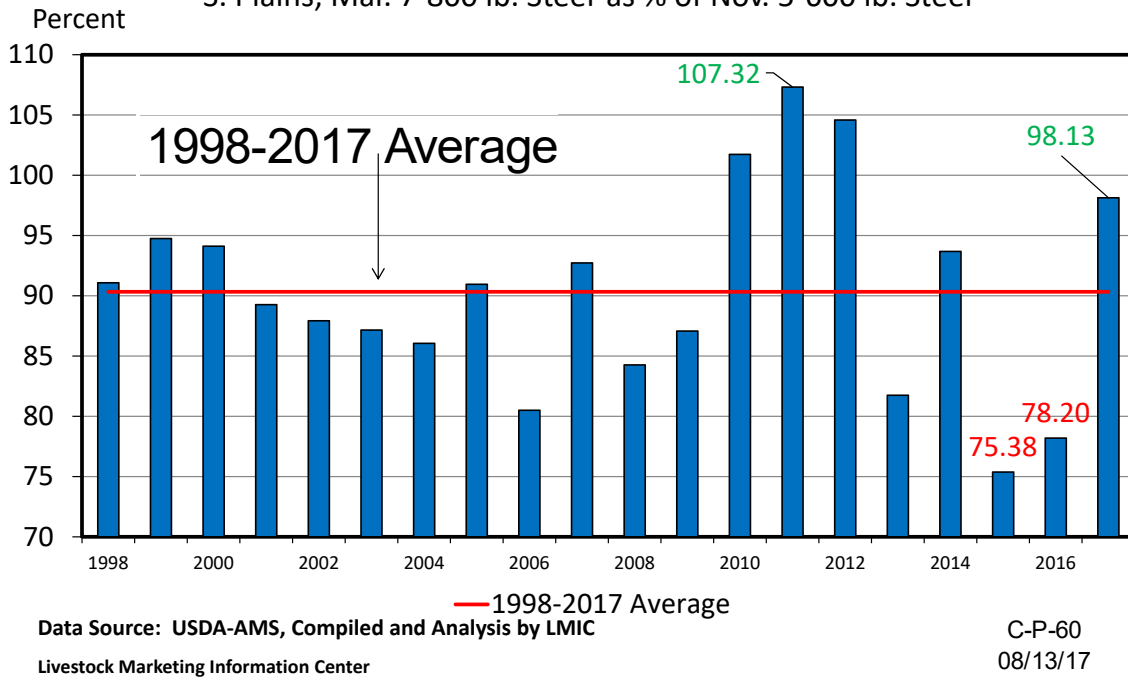
- Buy 725 lb steer on 04/04/18 (\$143)
- Sell 1,000 lb steer on 9/05/18 (\$137) {1.8 ADG}
- VOG: \$122/cwt

Economic Outlook Overview: Stockers

Historical Margin Perspective

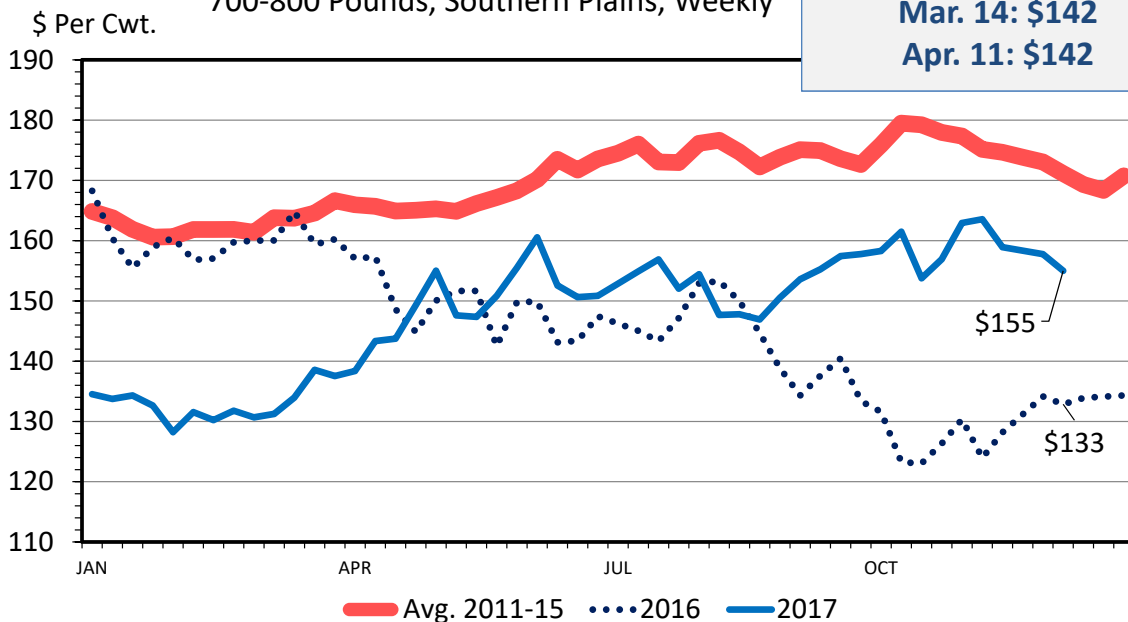
BUY/SELL MARGINS

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



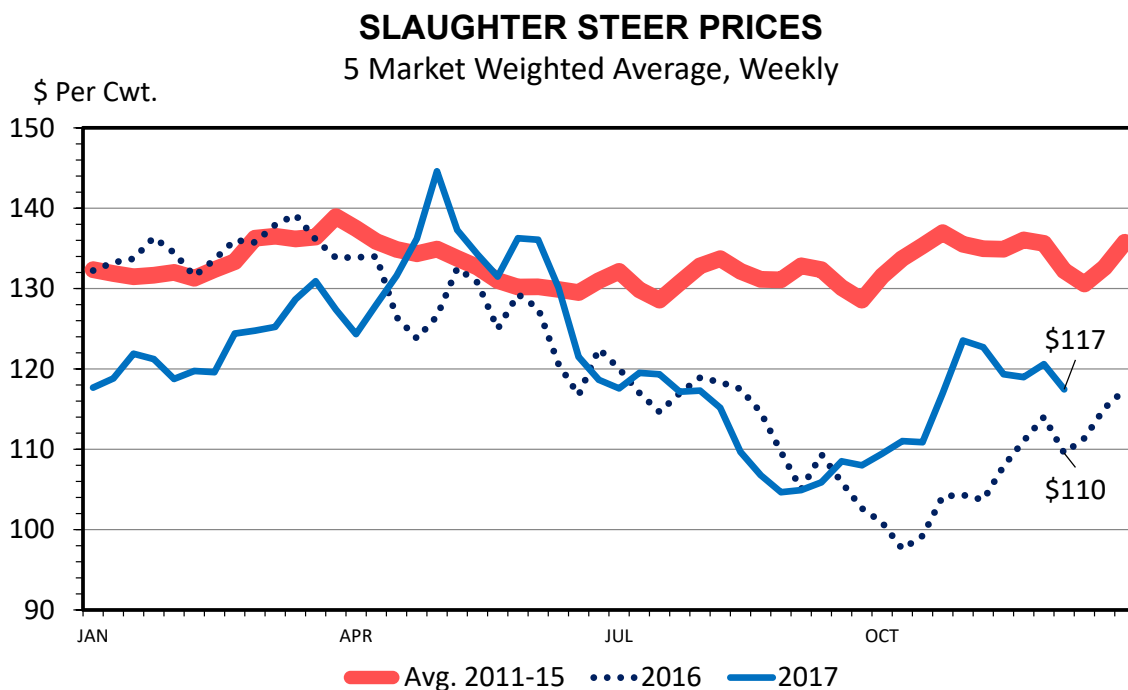
MED. & LRG. #1 FEEDER STEER PRICES

700-800 Pounds, Southern Plains, Weekly



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**

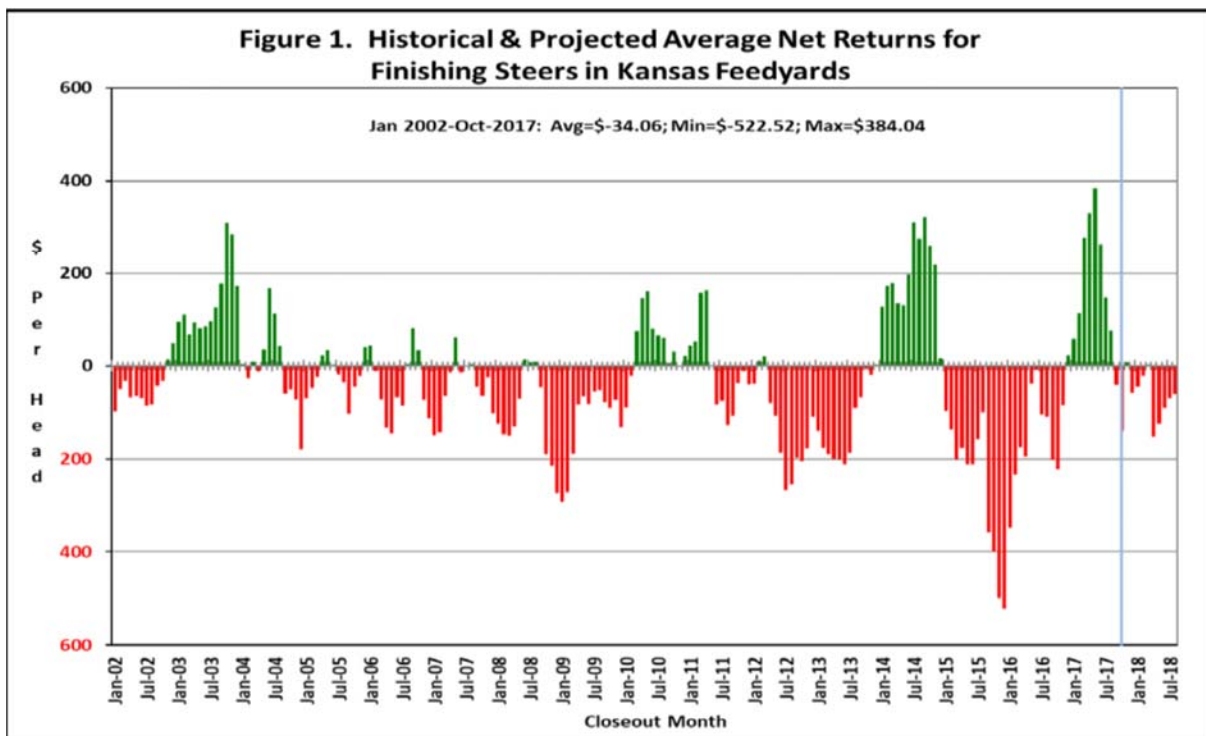
Table 1. Projected Values for Finishing Steers in Kansas Feedyards*

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

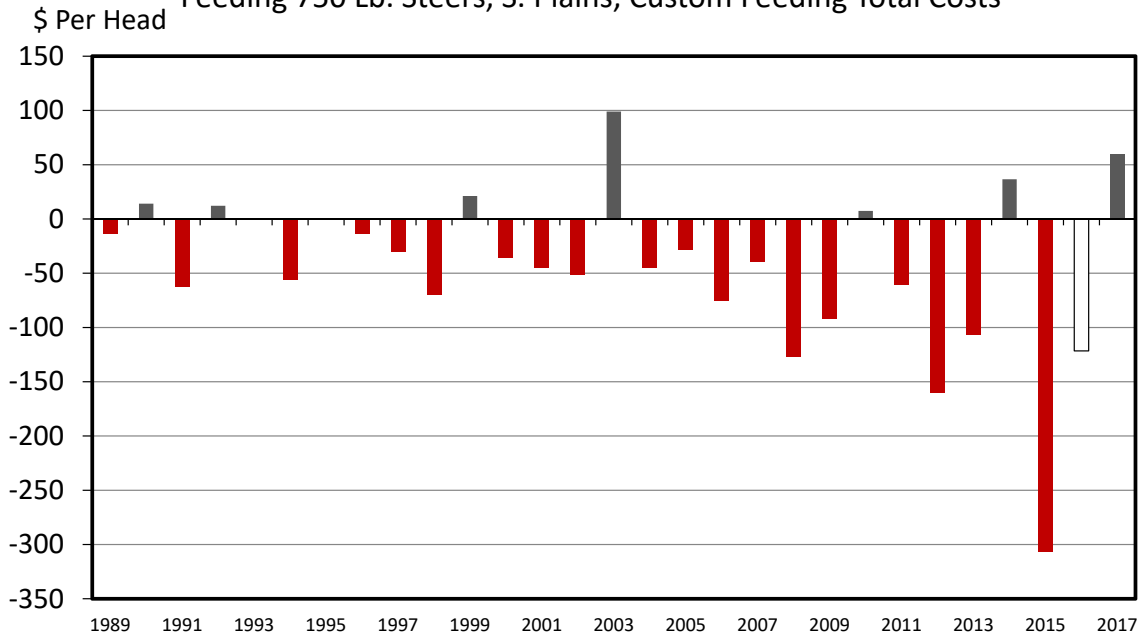
Historical and Projected Kansas Feedlot Net Returns (as of 12/11/17')

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



AVERAGE ANNUAL RETURNS TO CATTLE FEEDERS

Feeding 750 Lb. Steers, S. Plains, Custom Feeding Total Costs



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

C-P-10
12/02/17

Quarterly Forecasts (LMIC: 12/3/17)

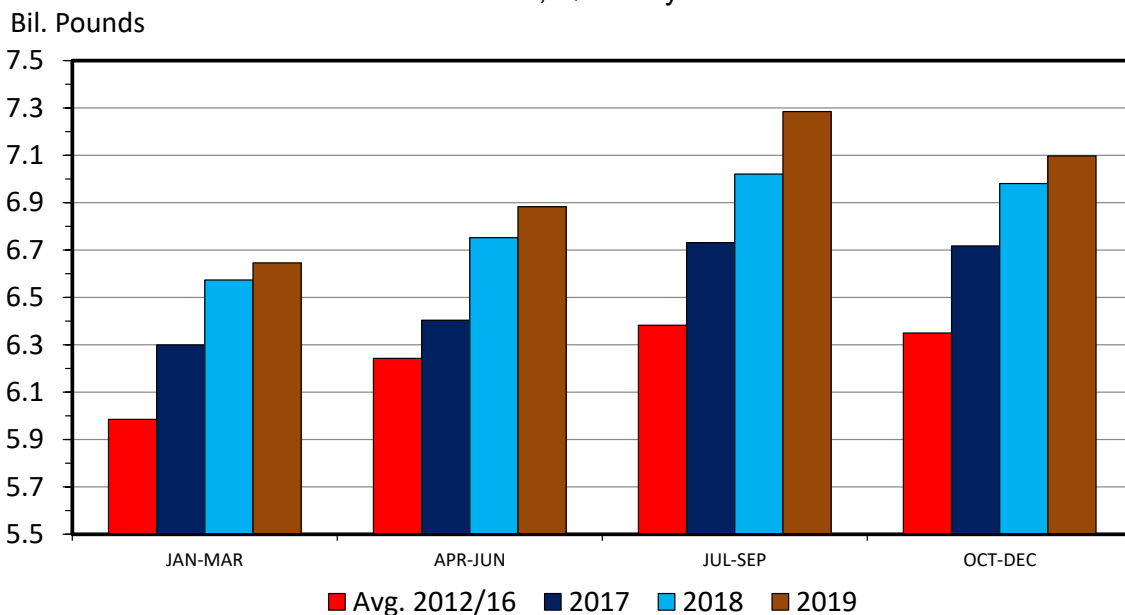
Year	Comm'l Slaughter	% Chg. from Year Ago	Average Dressed Weight	% Chg. from Year Ago	Comm'l Beef Production	% Chg. from Year Ago
2017						
I	7,711	7.3	817.0	-1.1	6,300	6.1
II	8,074	5.8	793.2	-2.2	6,404	3.5
III	8,249	5.2	815.9	-1.1	6,731	4.0
IV	8,149	2.9	825.3	-1.3	6,726	1.5
Year	32,183	5.2	812.9	-1.4	26,160	3.7
2018						
I	8,009	3.9	820.8	0.5	6,574	4.4
II	8,358	3.5	807.9	1.9	6,752	5.4
III	8,516	3.2	824.4	1.0	7,021	4.3
IV	8,384	2.9	834.0	1.0	6,992	4.0
Year	33,267	3.4	821.8	1.1	27,339	4.5
2019						
I	8,035	0.3	826.3	0.7	6,640	1.0
II	8,461	1.2	813.5	0.7	6,883	1.9
III	8,771	3.0	830.5	0.7	7,285	3.8
IV	8,446	0.7	840.5	0.8	7,099	1.5
Year	33,713	1.3	827.8	0.7	27,906	2.1

Quarterly Forecasts (LMIC: 12/3/17)

Year Quarter	Live Sltr. Steer Price	% Chg. from Year Ago	Feeder Steer Price Southern Plains	
	5-Mkt Avg		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	116-117	8.2	158-159	168-169
Year	121-122	0.5	148-149	165-166
2018				
I	119-121	-2.4	149-152	164-168
II	122-125	-7.0	145-149	164-169
III	109-113	-1.3	138-143	156-162
IV	112-117	-1.7	135-141	148-155
Year	116-118	-3.7	142-146	158-164
2019				
I	113-119	-3.3	136-143	151-159
II	115-122	-4.0	135-143	152-161
III	106-114	-0.9	130-139	148-158
IV	107-116	-2.6	127-137	143-154
Year	112-116	-2.6	133-139	149-157

Meat Supplies & Trade

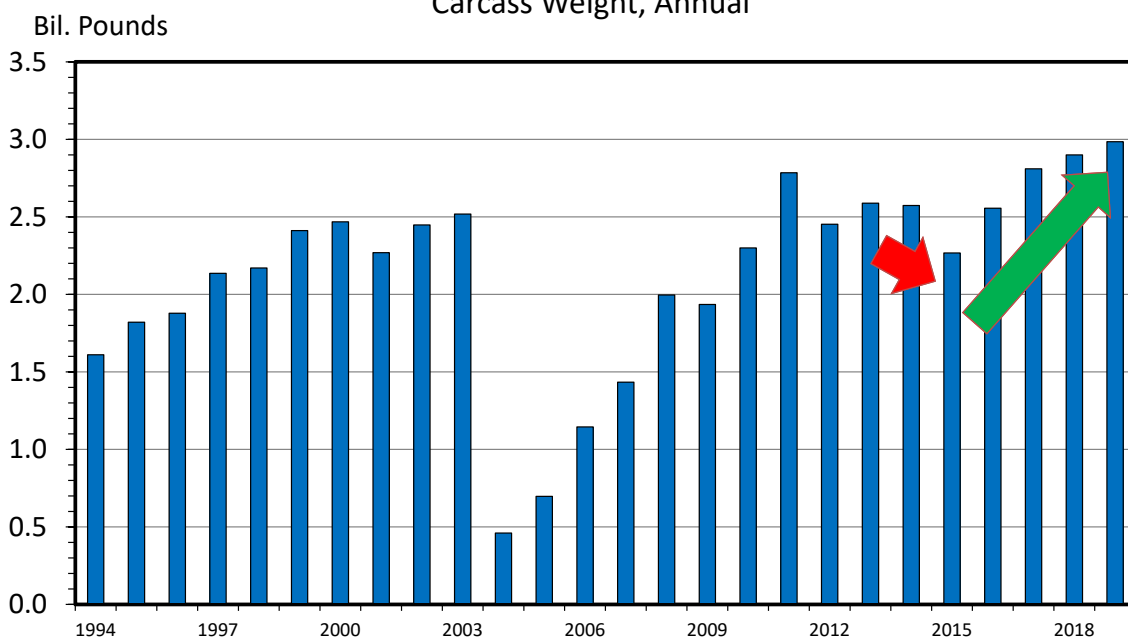
COMMERCIAL BEEF PRODUCTION US, Quarterly



Data Source: USDA-NASS, Forecasts by LMIC
Livestock Marketing Information Center

M-S-01
11/25/17

US BEEF AND VEAL EXPORTS Carcass Weight, Annual

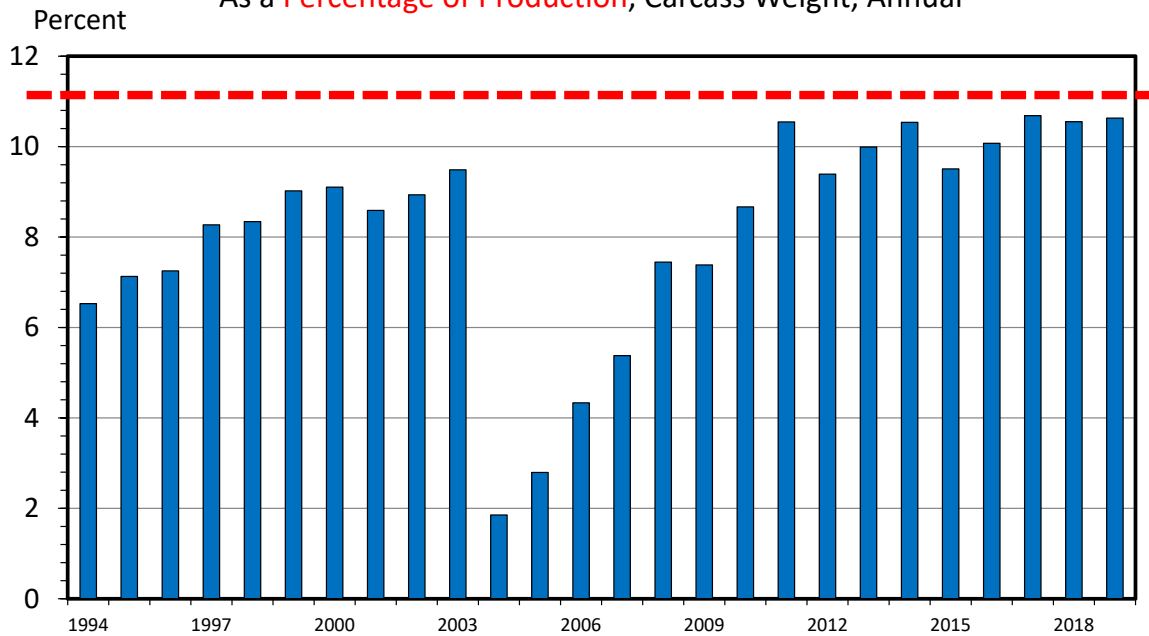


Data Source: USDA-ERS & USDA-FAS, Compiled and Forecasts by LMIC
Livestock Marketing Information Center

I-N-06
11/25/17

US BEEF AND VEAL EXPORTS

As a **Percentage of Production**, Carcass Weight, Annual

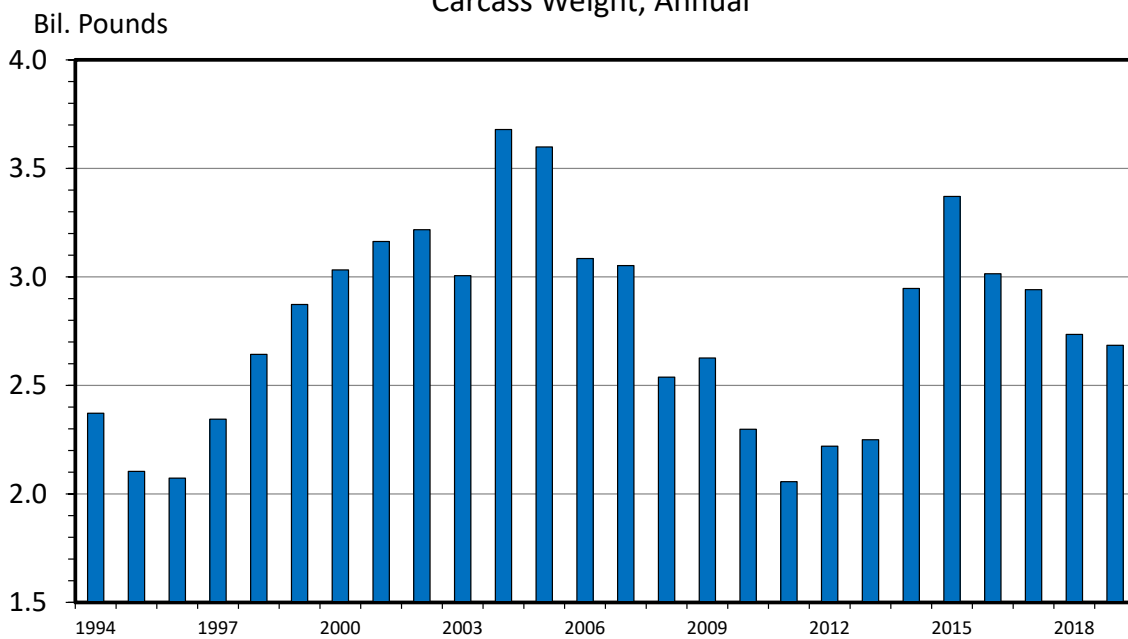


Data Source: USDA-ERS & USDA-FAS, Compiled and Forecasts by LMIC
Livestock Marketing Information Center

I-N-07
11/25/17

US BEEF AND VEAL IMPORTS

Carcass Weight, Annual

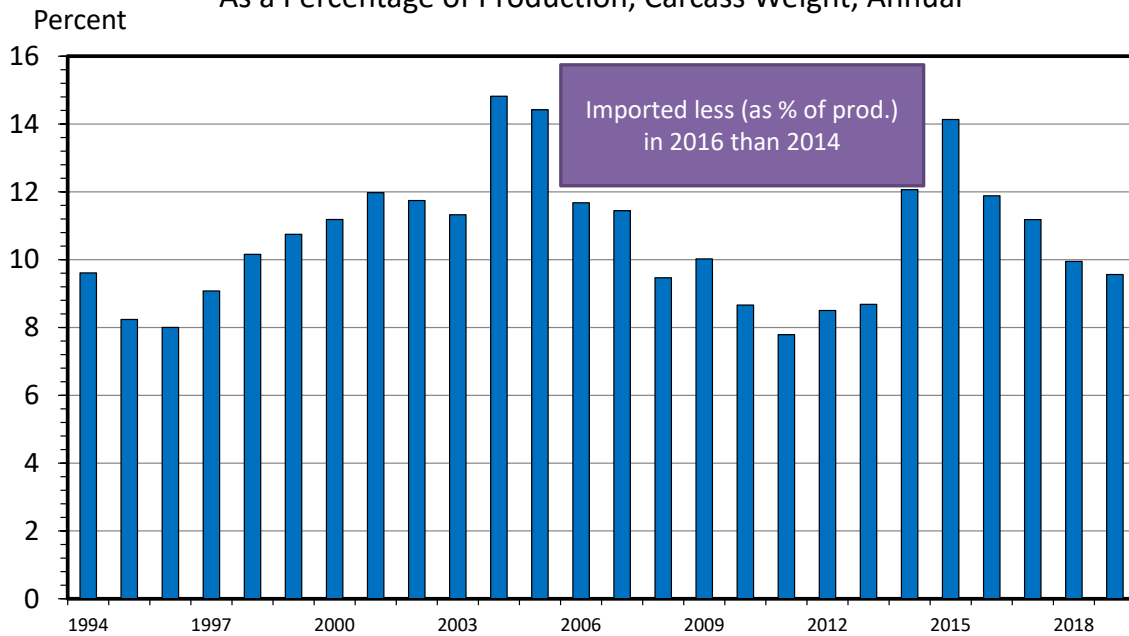


Data Source: USDA-ERS & USDA-FAS, Compiled and Forecasts by LMIC
Livestock Marketing Information Center

I-N-12
11/25/17

US BEEF AND VEAL IMPORTS

As a Percentage of Production, Carcass Weight, Annual

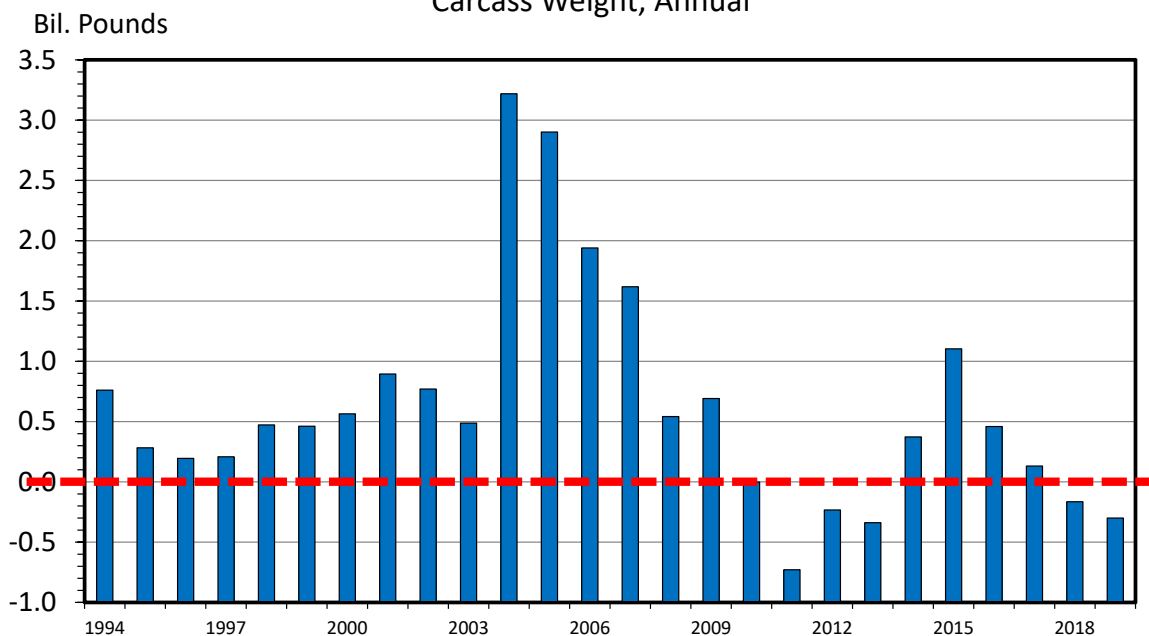


Data Source: USDA-ERS & USDA-FAS, Compiled and Forecasts by LMIC
Livestock Marketing Information Center

I-N-08
11/25/17

US BEEF AND VEAL NET IMPORTS

Carcass Weight, Annual

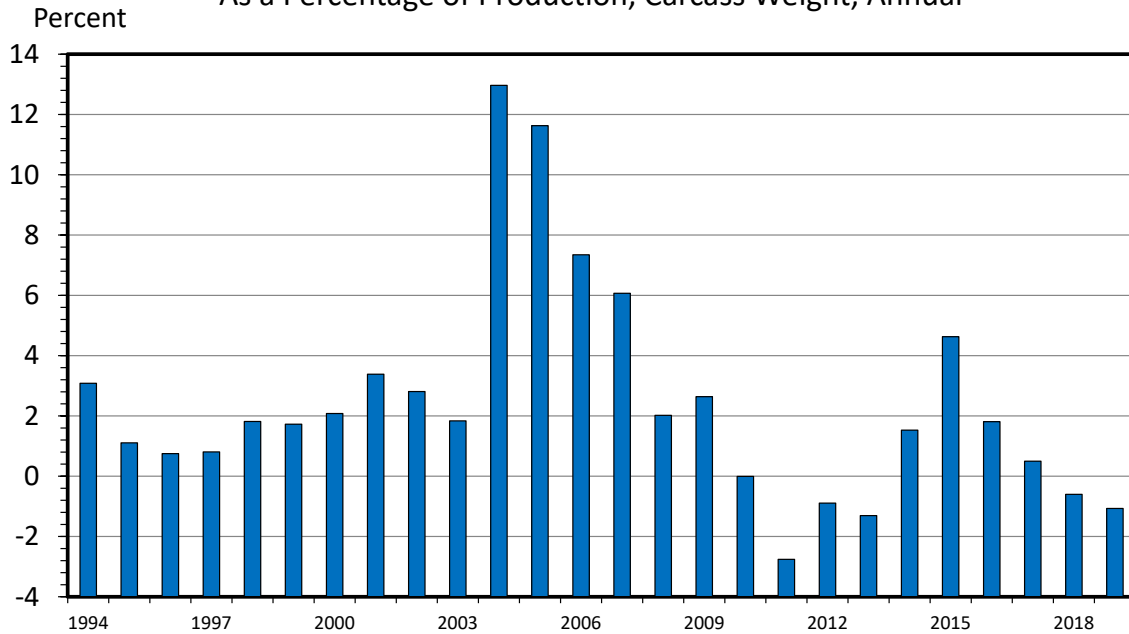


Data Source: USDA-ERS & USDA-FAS, Compiled and Forecasts by LMIC
Livestock Marketing Information Center

I-N-28
11/25/17

US BEEF AND VEAL NET IMPORTS

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-11
11/25/17

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.							

USDA Long-Term projections

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

2019 would be highest for beef since 2009

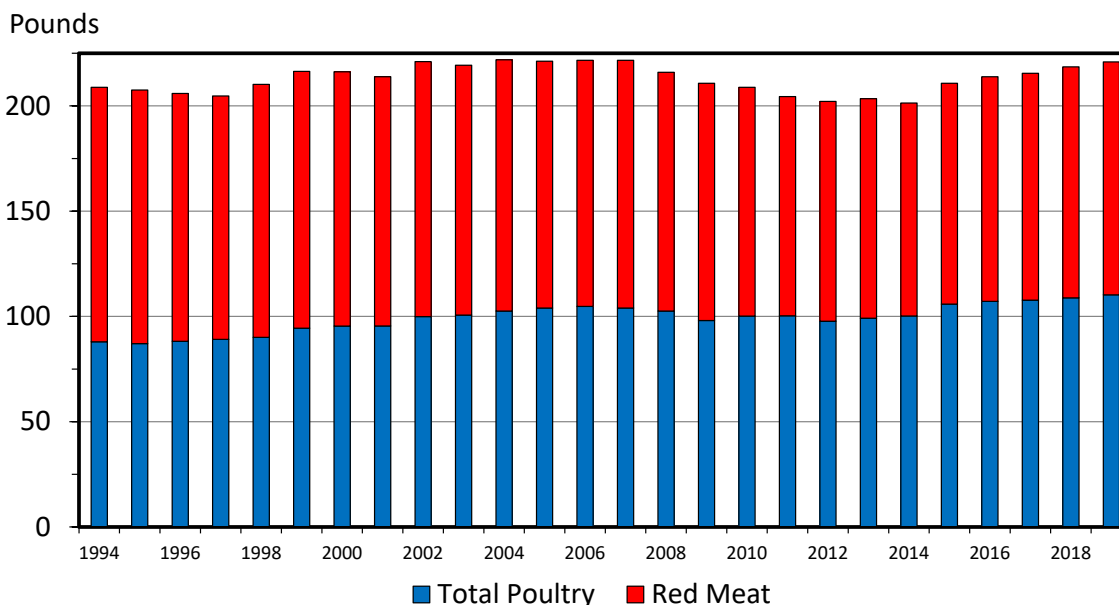
Item	2016	2017	2018	2019	2020	2027
Beef	55.6	57.3	59.2	60.9	60.9	59.0
Pork	50.1	50.4	52.1	52.2	51.9	52.0
Total red meat	107.0	109.0	112.6	114.4	114.1	112.2
Broilers	89.8	91.0	91.8	91.6	92.4	92.2
Total poultry	107.6	108.8	109.6	109.2	109.9	109.3
Red meat & poultry	214.6	217.8	222.2	223.6	224.0	221.5

Note: Totals may not add due to rounding.

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

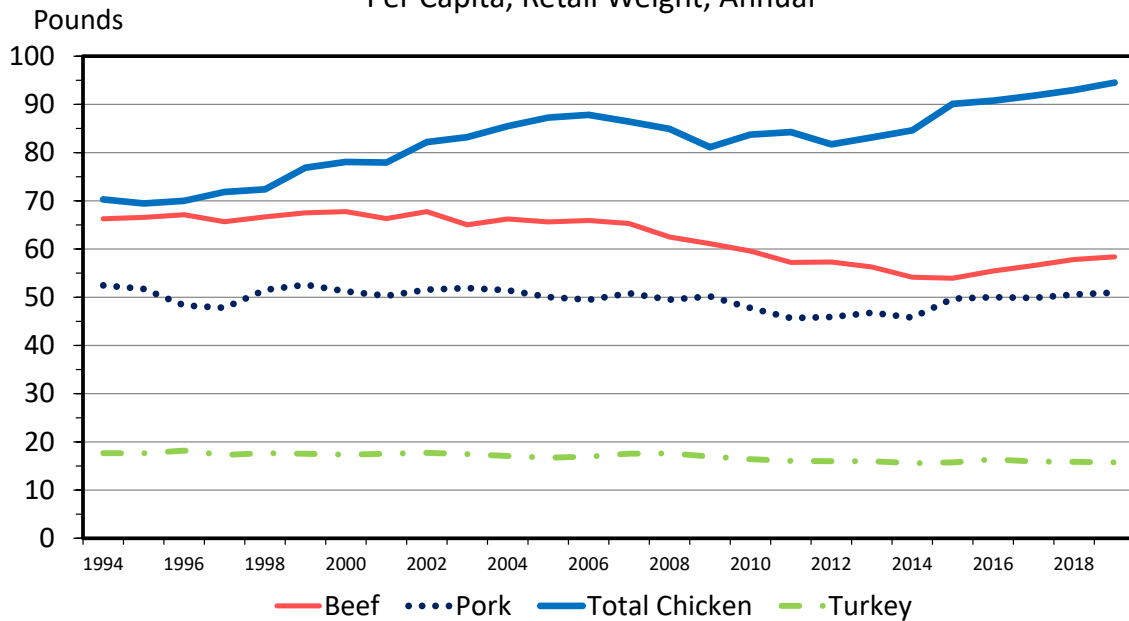
US RED MEAT & POULTRY CONSUMPTION

Per Capita, Retail Weight, Annual



US RED MEAT & POULTRY CONSUMPTION

Per Capita, Retail Weight, Annual

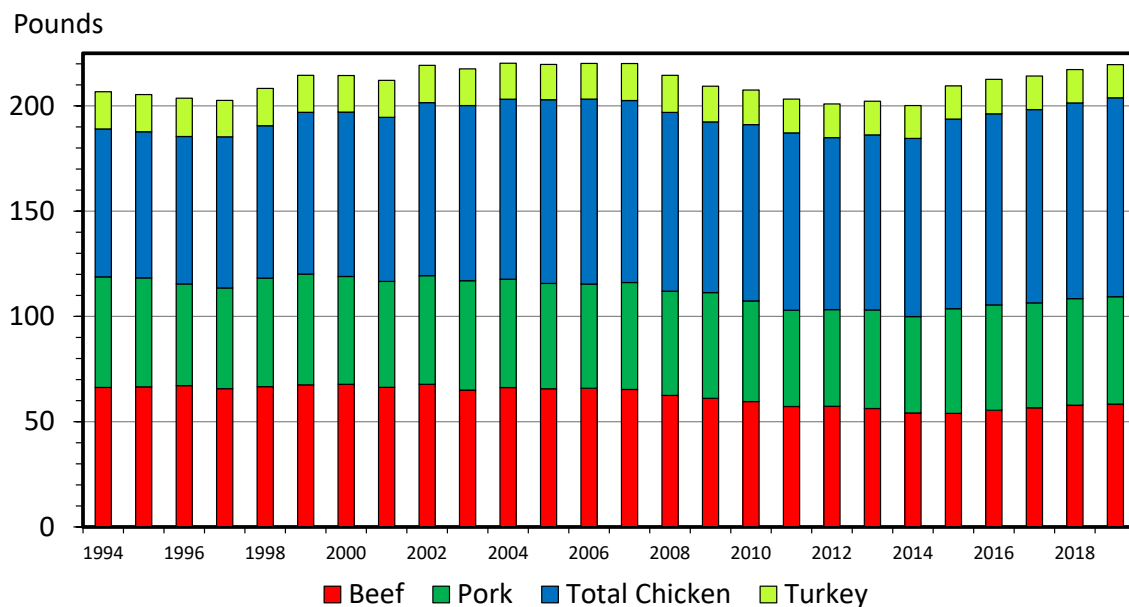


Data Source: USDA-NASS, Compiled & Analysis by LMIC
Livestock Marketing Information Center

M-C-10
12/05/17

US RED MEAT & POULTRY CONSUMPTION

Per Capita, Retail Weight, Annual

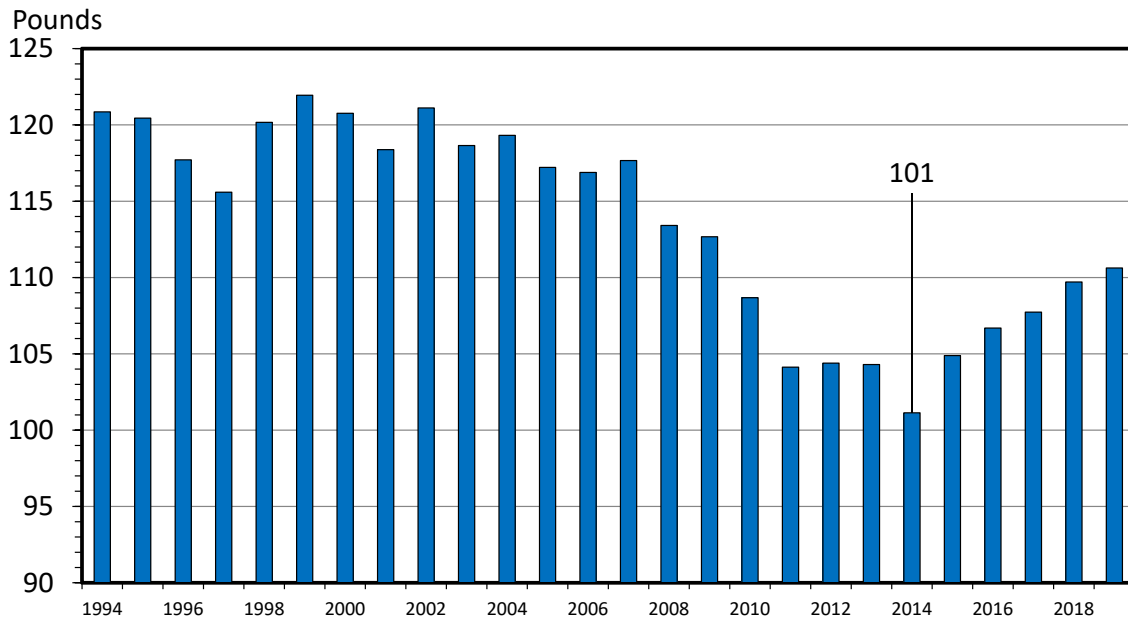


Data Source: USDA-NASS, Compiled & Analysis by LMIC
Livestock Marketing Information Center

M-C-01
12/05/17

US TOTAL RED MEAT CONSUMPTION

Per Capita, Retail Weight, Annual

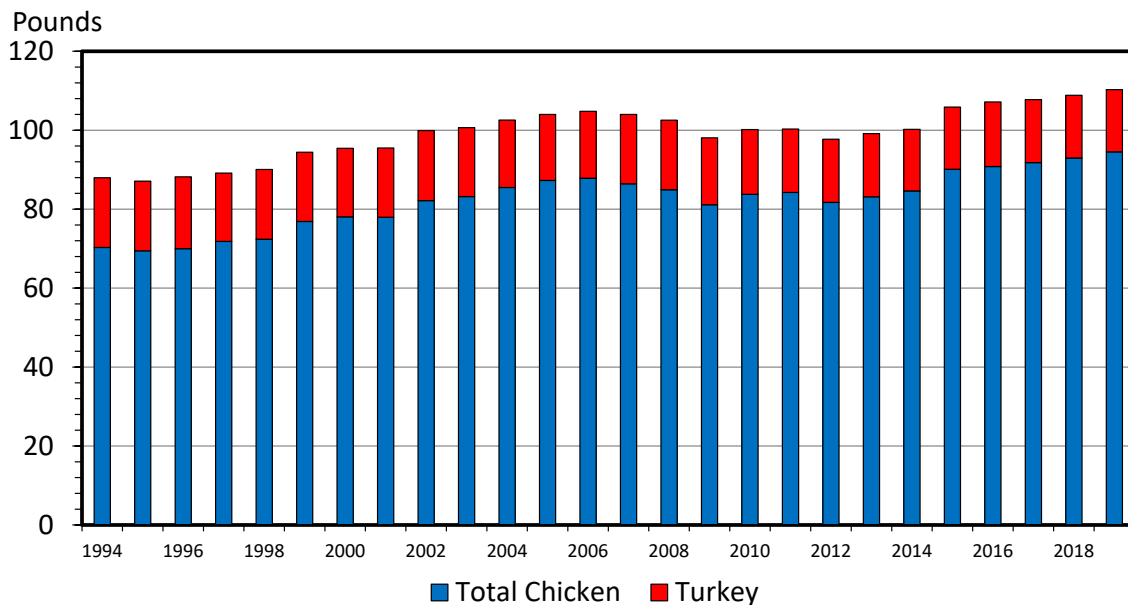


Data Source: USDA-NASS, Compiled & Analysis by LMIC
Livestock Marketing Information Center

M-C-02
12/05/17

US POULTRY CONSUMPTION

Per Capita, Retail Weight, Annual

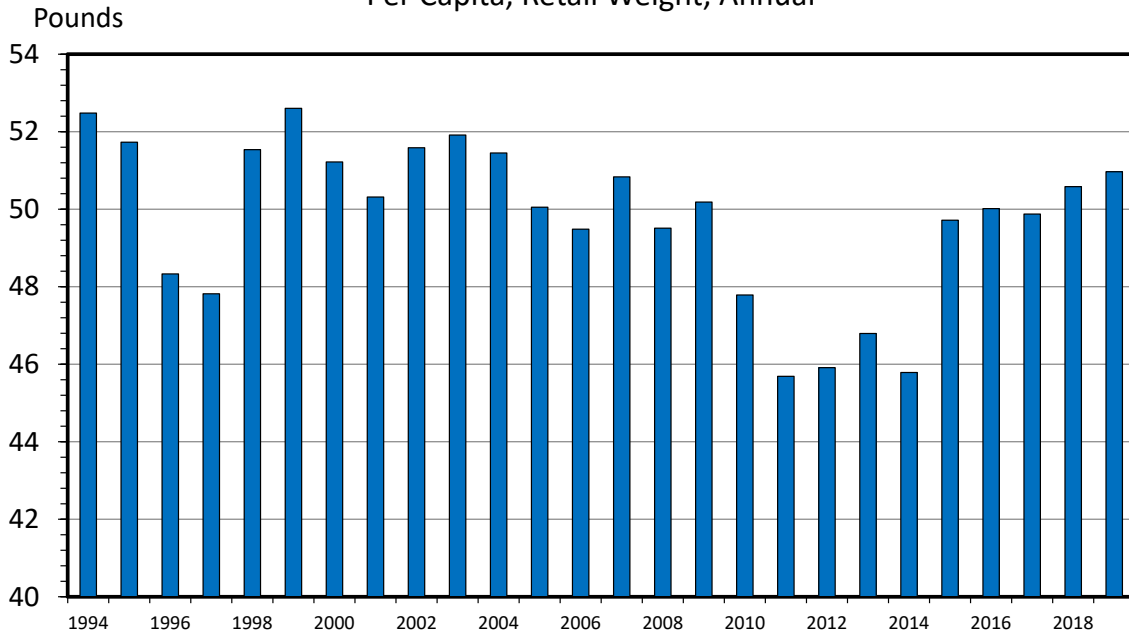


Data Source: USDA-NASS, Compiled & Analysis by LMIC
Livestock Marketing Information Center

M-C-03
12/05/17

US PORK CONSUMPTION

Per Capita, Retail Weight, Annual

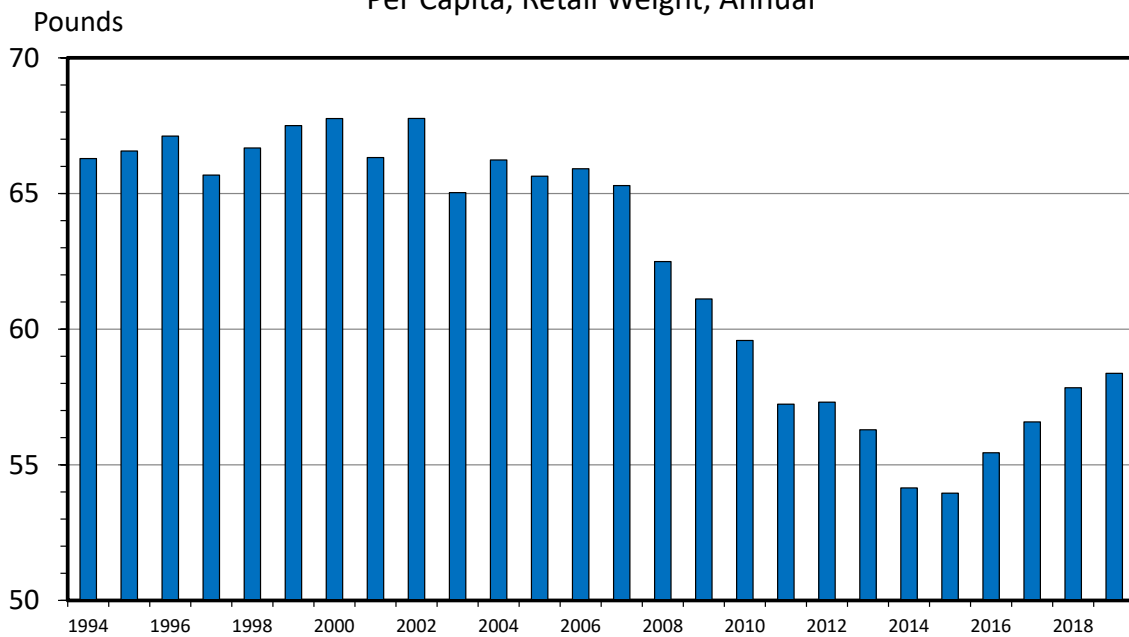


Data Source: USDA-NASS, Compiled & Analysis by LMIC
Livestock Marketing Information Center

M-C-14
12/05/17

US BEEF CONSUMPTION

Per Capita, Retail Weight, Annual



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

M-C-15
12/05/17

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.

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%

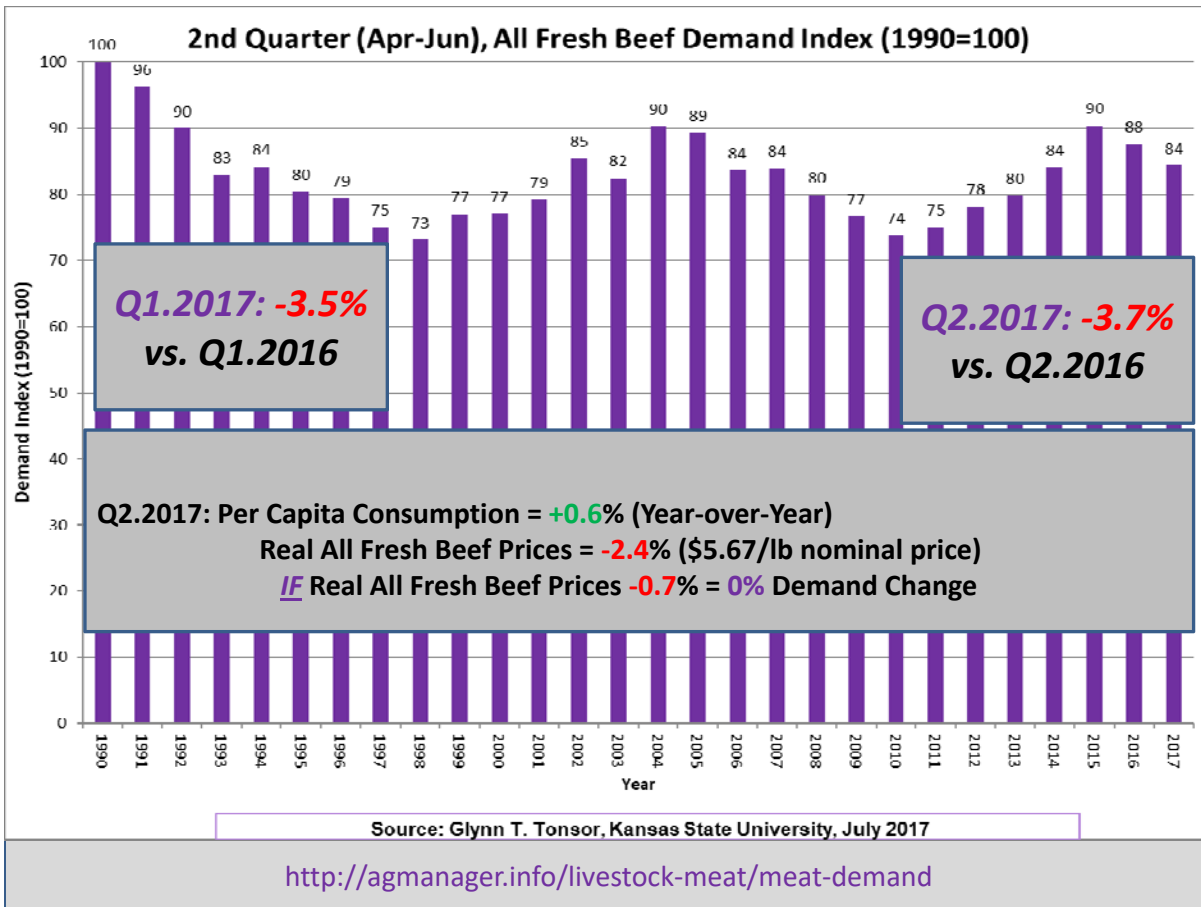
USDA Long-Term projections

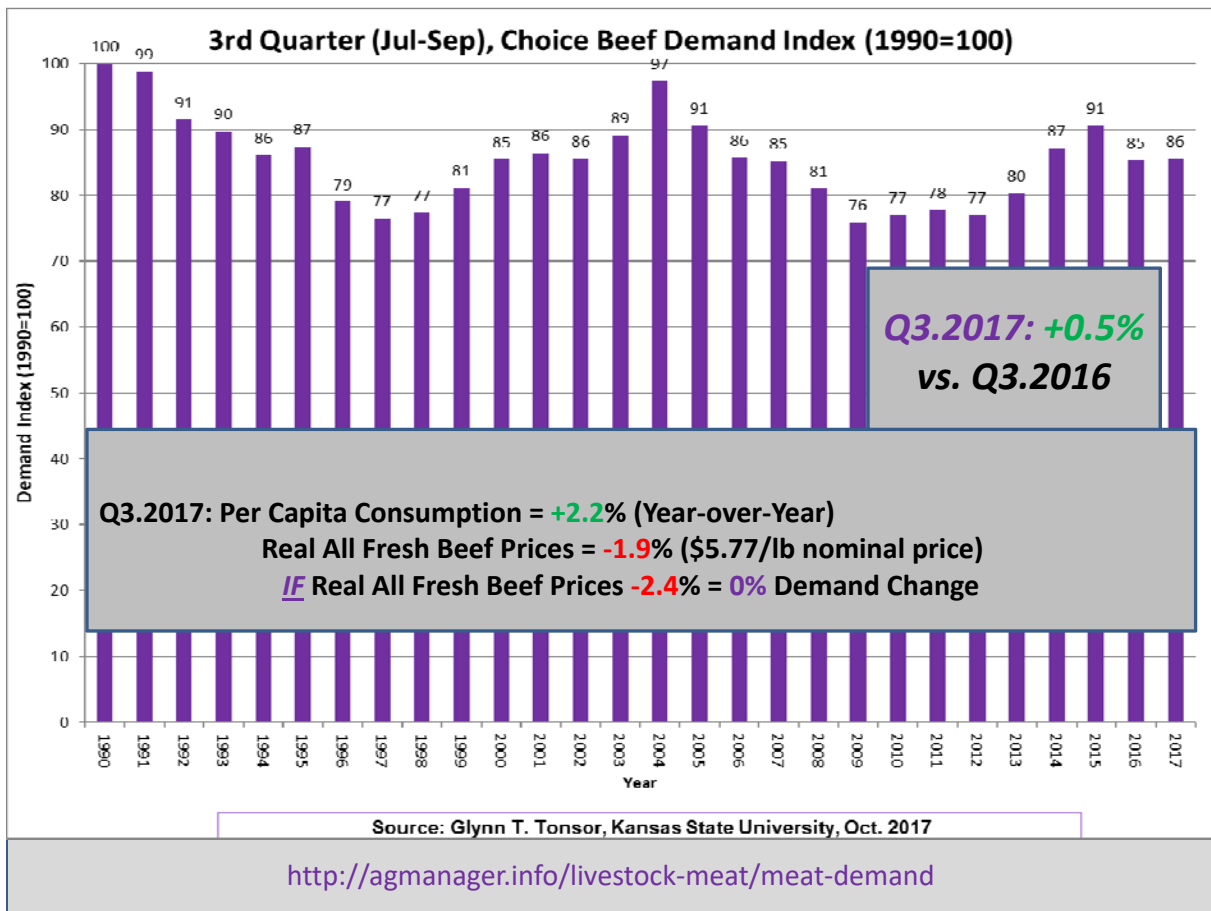
Feb. 2018 report, early release estimates

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

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%





Updated Retail Beef Demand Indices

Cattlemen's Beef Board
Sept. 18, 2017

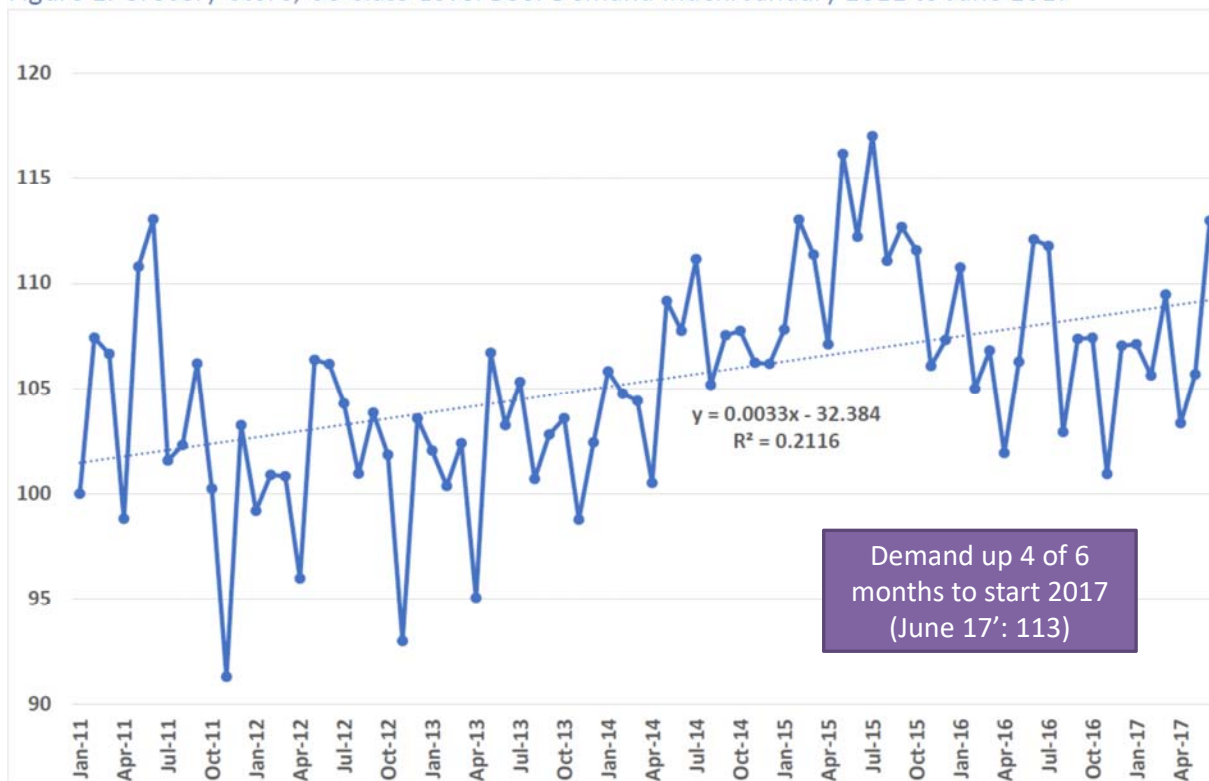
[https://www.beefboard.org/about/Retail%20Demand%20Indices%20Update%20\(9.18.17\).pdf](https://www.beefboard.org/about/Retail%20Demand%20Indices%20Update%20(9.18.17).pdf)

Table 1. Summary Statistics of Grocery-Store, Beef Demand Indices: January 2011 to June 2017

Variable	Mean	Min.	Max.	Min Date	Max Date	Current Month	Last Month	Last Year	Last Month	Last Year
						Jun-17	May-17	Jun-16	% Change	
US Class-Level, Beef	105.33	91.31	117.00	Nov-11	Jul-15	112.96	105.67	112.07	6.90	0.79
US Category-Level, Chuck	87.67	70.25	108.24	Jul-11	Oct-16	77.91	79.34	79.24	-1.81	-1.67
US Category-Level, Ground	113.49	98.46	140.13	Mar-12	Jul-15	120.85	110.90	118.85	8.97	1.68
US Category-Level, Loin	128.78	91.20	263.94	Nov-11	Jun-11	203.23	174.94	205.32	16.17	-1.02
US Category-Level, Round	81.30	73.16	100.00	Apr-17	Jan-11	74.72	73.81	76.83	1.22	-2.75
West Region Class-Level, Beef	108.75	97.18	122.08	Nov-12	Jul-15	112.80	106.94	113.67	5.47	-0.76
Midwest Region Class-Level, Beef	111.70	96.77	127.36	Nov-11	Oct-15	116.61	111.18	120.75	4.88	-3.43
South Region Class-Level, Beef	103.67	90.63	120.03	Nov-11	Feb-15	102.87	97.75	106.28	5.23	-3.21
Northeast Region Class-Level, Beef	103.49	84.07	123.07	Nov-11	Jun-16	122.77	106.44	123.07	15.34	-0.24

Note: All estimates and analyses based upon IRI data are by the author and not by IRI.

Figure 1. Grocery-Store, US Class-Level Beef Demand Index: January 2011 to June 2017



Note: All estimates and analyses based upon Information Resources, Inc. data are by the authors and not by Information Resources, Inc.

Figure 2. Grocery-Store, US Category-Level Beef Demand Indices: January 2011 to June 2017

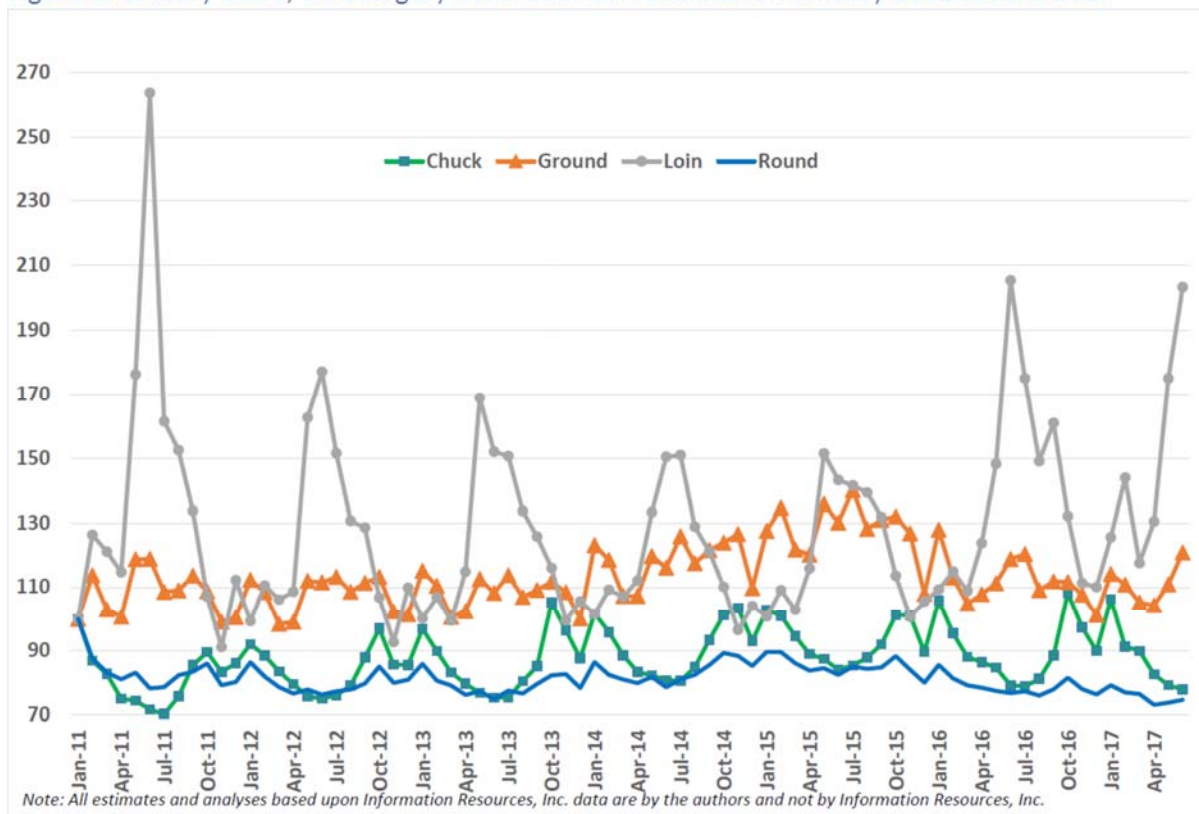
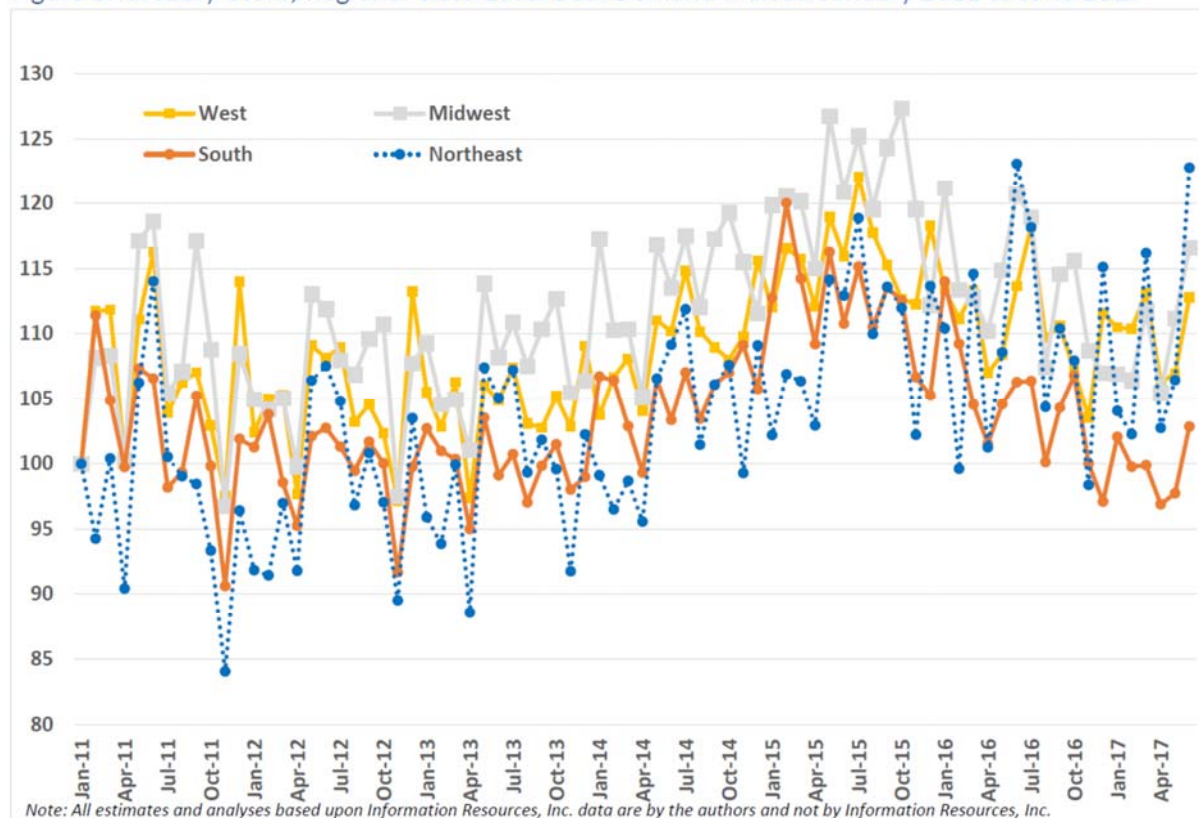


Figure 3. Grocery-Store, Regional Class-Level Beef Demand Indices: January 2011 to June 2017



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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