

BEEF-CATTLE OUTLOOK

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**[http://www.agmanager.info/about
/contributors/individual/tonsor.asp](http://www.agmanager.info/about/contributors/individual/tonsor.asp)**



Take-Home Summary

Supply Dynamics

- Expansion pending? (GT sees as likely in 25')
- Expect Capacity Utilization "Chatter"

Beef Demand

- Most Challenges are Macroeconomic Driven
 - Per Capita Consumption is NOT Demand

Quarterly Forecasts (LMIC: 3/11/24)

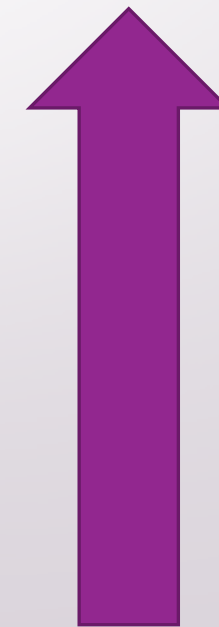
Year Quarter	Comm'l Slaughter	% Chg. from Year Ago	Average Dressed Weight	% Chg. from Year Ago	Comm'l Beef Production	% Chg. from Year Ago
2023						
I	8,314	-1.1	820.5	-1.8	6,822	-2.9
II	8,278	-4.6	810.6	-0.6	6,710	-5.1
III	8,098	-7.5	817.5	0.2	6,621	-7.3
IV	8,149	-4.0	835.9	0.7	6,812	-3.4
Year	32,839	-4.3	821.1	-0.4	26,964	-4.7
2024						
I	7,931	-4.6	831.8	1.4	6,598	-3.3
II	7,717	-6.8	820.6	1.2	6,332	-5.6
III	7,525	-7.1	827.9	1.3	6,230	-5.9
IV	7,494	-8.0	848.6	1.5	6,360	-6.6
Year	30,667	-6.6	832.1	1.3	25,519	-5.4
2025						
I	7,409	-6.6	840.0	1.0	6,224	-5.7
II	7,246	-6.1	828.0	0.9	6,000	-5.2
III	7,201	-4.3	836.1	1.0	6,021	-3.3
IV	7,129	-4.9	857.1	1.0	6,110	-3.9
Year	28,985	-5.5	840.2	1.0	24,355	-4.6

Data Source: Livestock Marketing Information Center



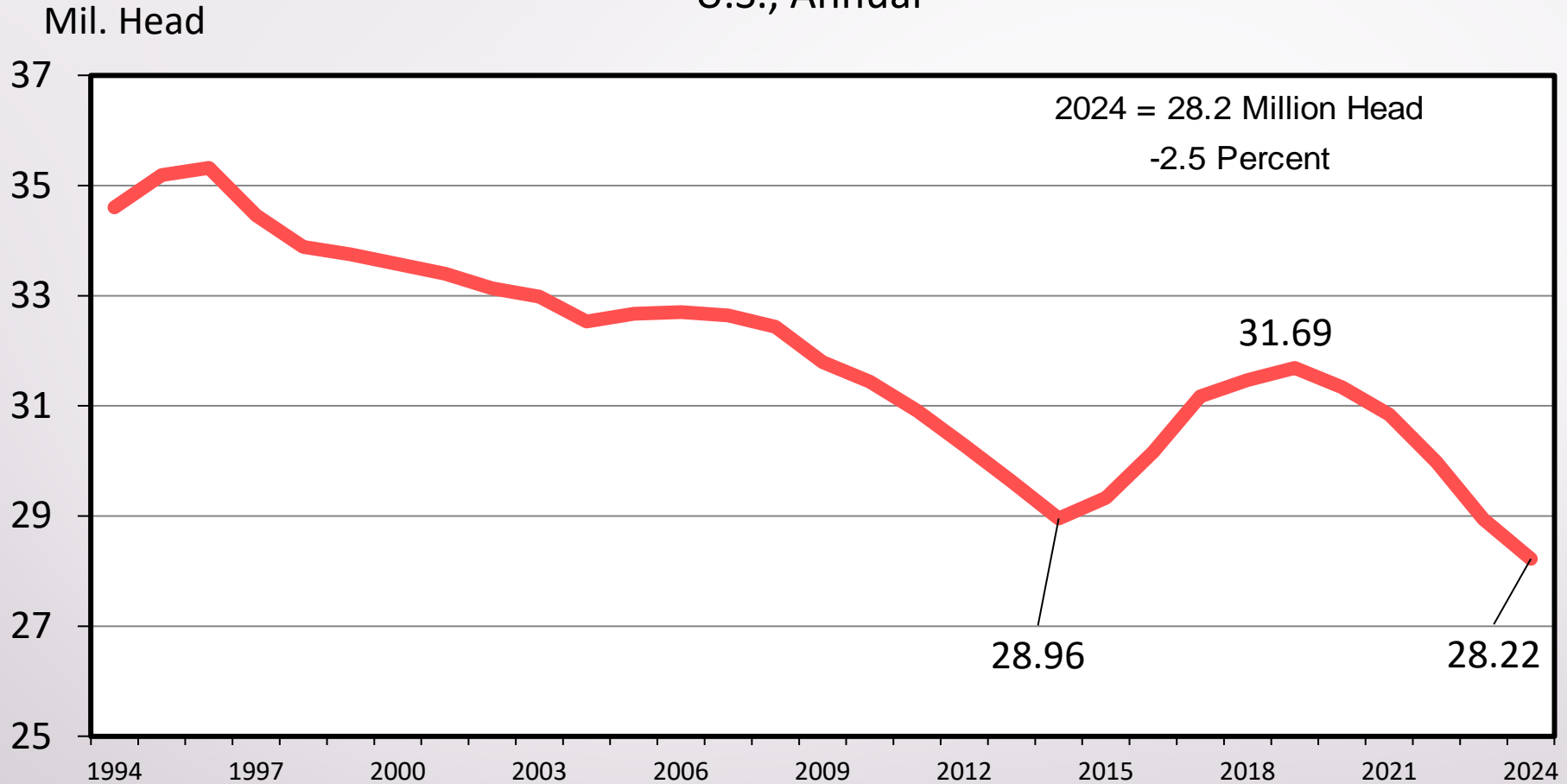
Quarterly Forecasts: Cattle (LMIC: 3/11/24)

Year Quarter	Live Sltr.	% Chg.	Feeder Steer Price	
	Steer Price 5-Mkt Avg	from Year Ago	Southern Plains 7-800#	5-600#
2023				
I	160.92	15.6	185.52	224.01
II	179.02	26.1	214.16	254.87
III	184	28.5	253	281
IV	178	18.3	235	278
Year	176	21.9	222	259
2024				
I	180-181	12.2	245-246	310-311
II	188-191	5.9	256-259	305-308
III	190-195	4.5	275-285	310-315
IV	205-210	16.6	280-290	312-317
Year	192-194	10.0	266-268	310-312
2025				
I	190-205	9.4	265-280	305-310
II	200-215	9.5	280-295	300-310
III	195-210	5.2	285-300	315-330
IV	225-240	12.0	275-290	325-340
Year	208-212	8.8	282-287	315-320



JANUARY 1 BEEF COW INVENTORY

U.S., Annual

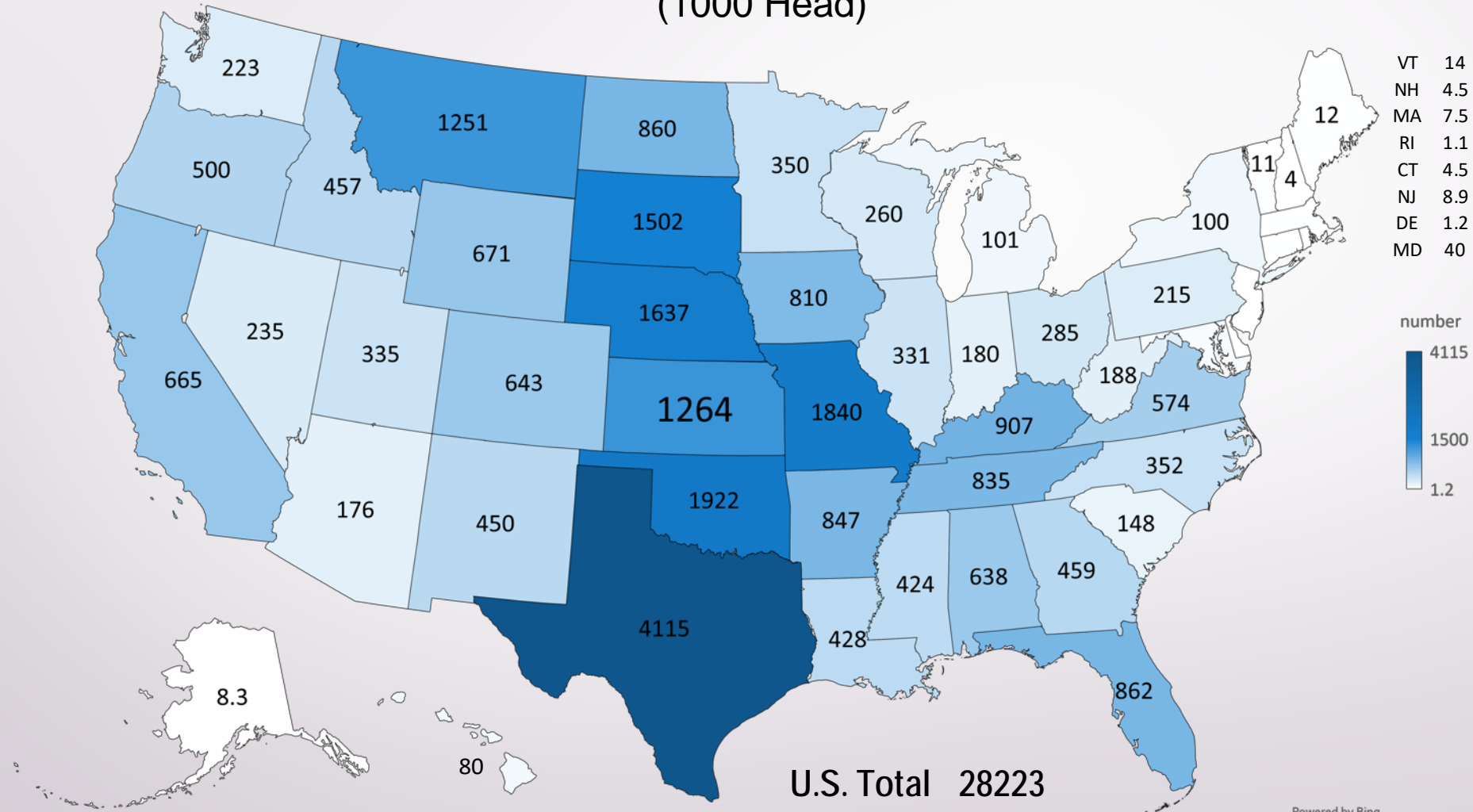


Data Source: USDA-NASS
Livestock Marketing Information Center

C-N-02
01/31/24

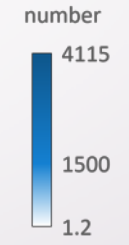
BEEF COWS THAT CALVED JANUARY 1, 2024

(1000 Head)

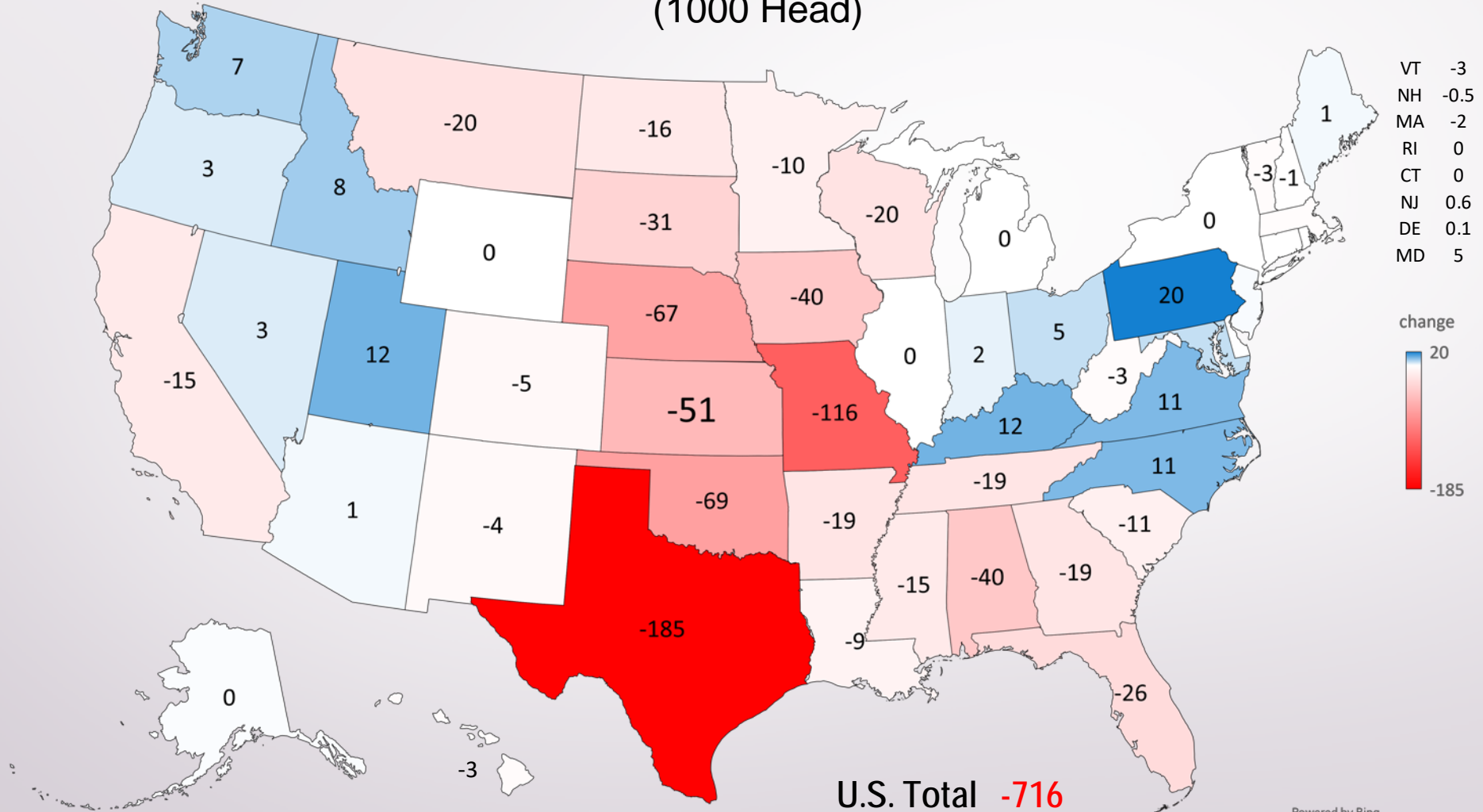


U.S. Total 28223

VT	14
NH	4.5
MA	7.5
RI	1.1
CT	4.5
NJ	8.9
DE	1.2
MD	40

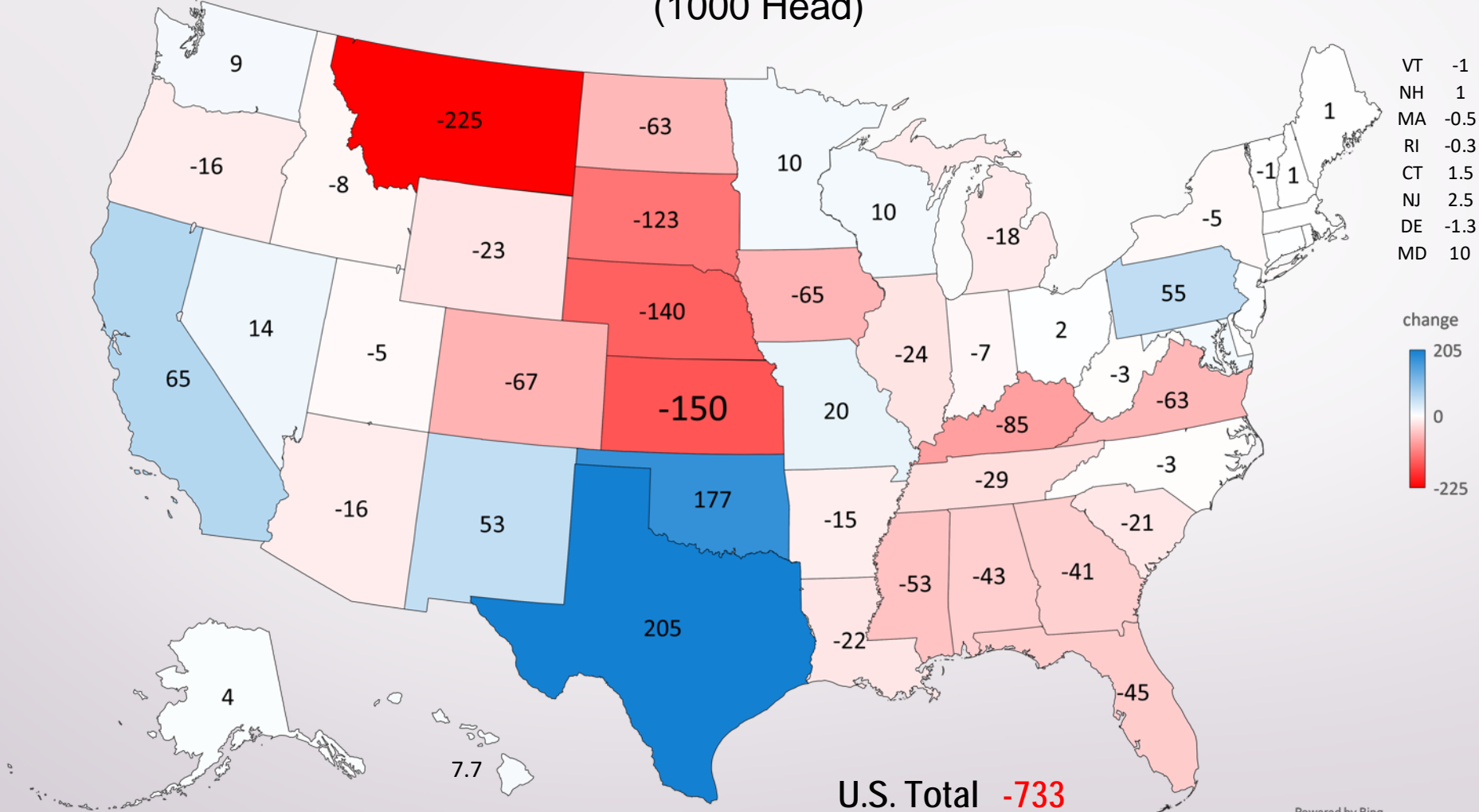


CHANGE IN BEEF COWS 2023 TO 2024 (1000 Head)



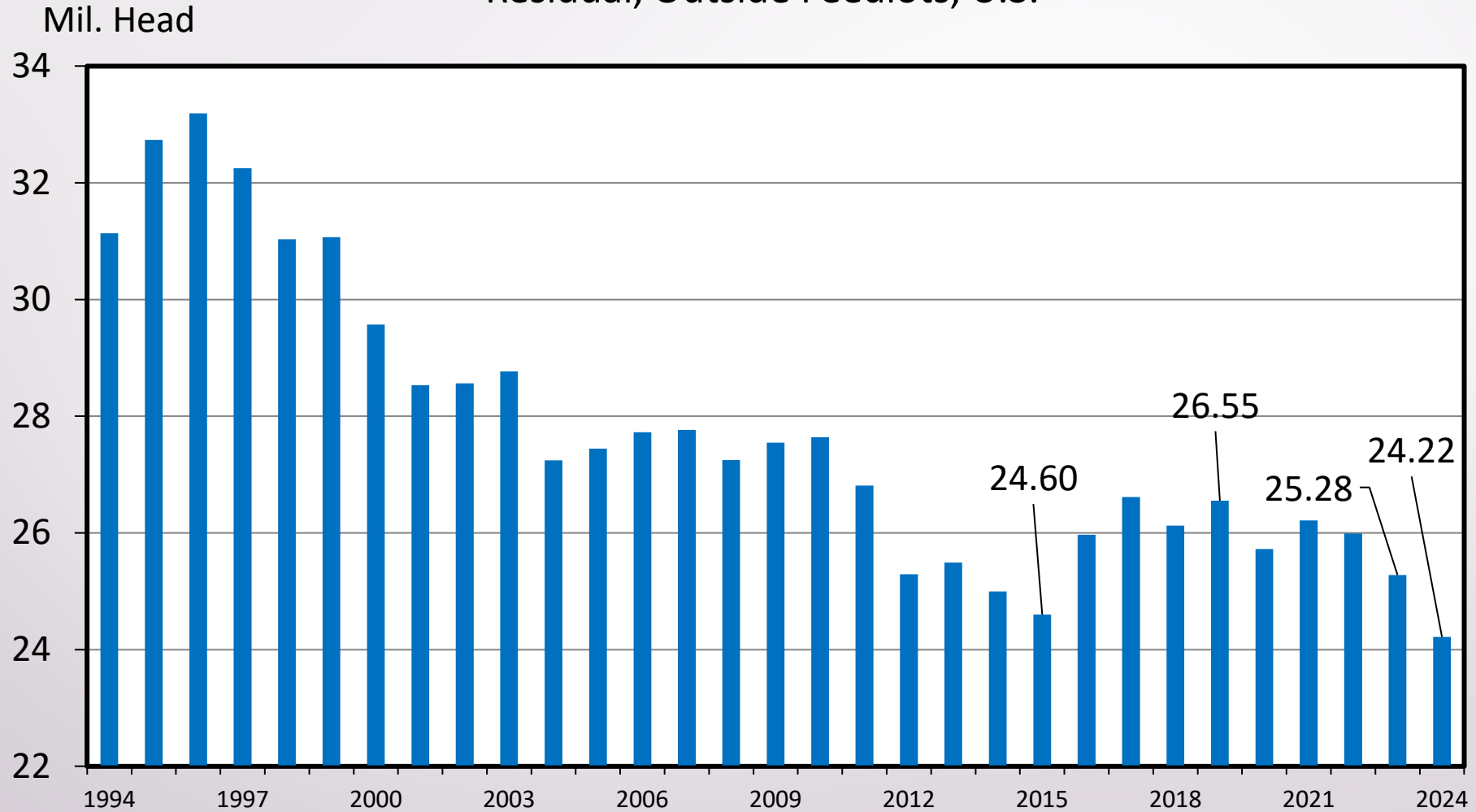
CHANGE IN BEEF COWS 2014 TO 2024

(1000 Head)



JANUARY 1 FEEDER CATTLE SUPPLIES

Residual, Outside Feedlots, U.S.

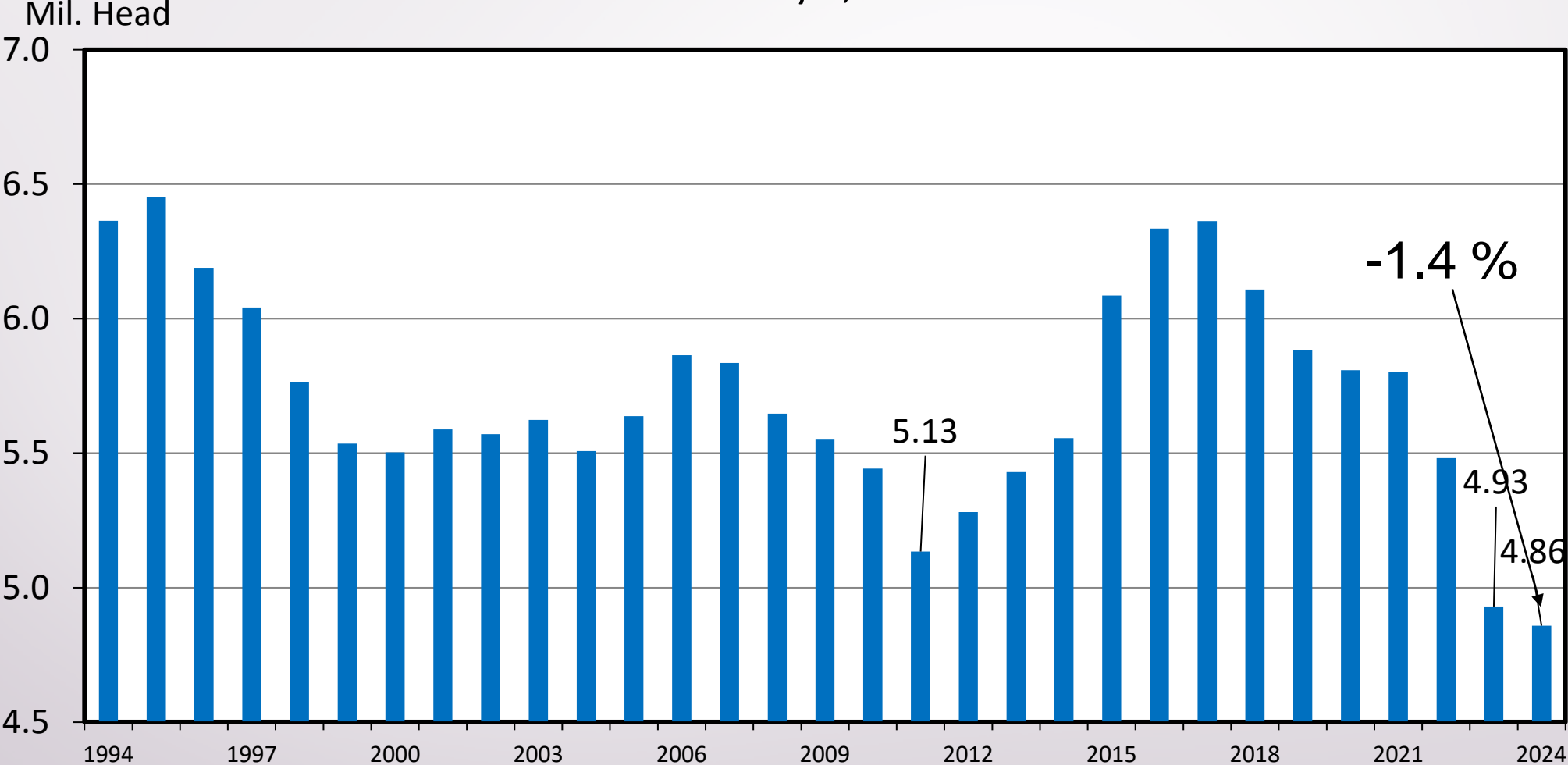


Data Source: USDA-NASS
Livestock Marketing Information Center

C-N-30
01/31/24

HEIFERS HELD AS BEEF COW REPLACEMENTS

January 1, U.S.

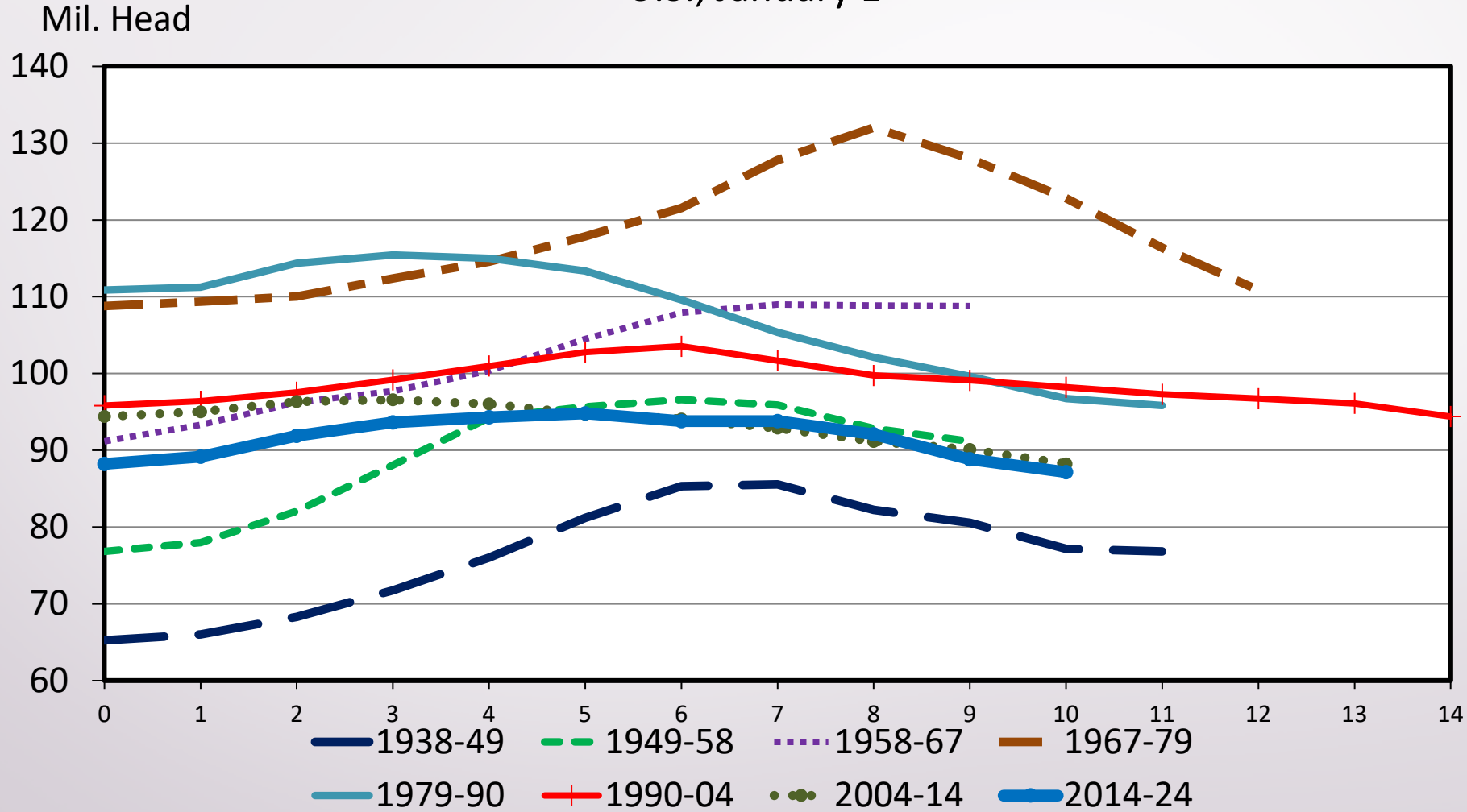


Data Source: USDA-NASS
Livestock Marketing Information Center

C-N-38
01/31/24

TOTAL CATTLE INVENTORY BY CYCLE

U.S., January 1



Data Source: USDA-NASS
Livestock Marketing Information Center

C-N-40
01/31/24

Context on Beef Cow Herd Dynamics

K-State Dept. of Agricultural Economics Extension Publication

03/21/2022

An Updated Evaluation of the U.S. Cattle Cycle

Jaime R. Luke (jrluke@ksu.edu)

Andrew E. Anderson (ander909@ksu.edu)

Glynn T. Tonsor (gtonsor@ksu.edu)

Kansas State University Department of Agricultural Economics

- <https://www.agmanager.info/livestock-meat/production-economics/updated-evaluation-us-cattle-cycle>

KSU – Beef Replacement Tool

<https://www.agmanager.info/livestock-meat/production-economics/ksu-beef-replacement>

Always good to “push the pencil” on decisions such as what to pay in herd expansion/rebuild efforts

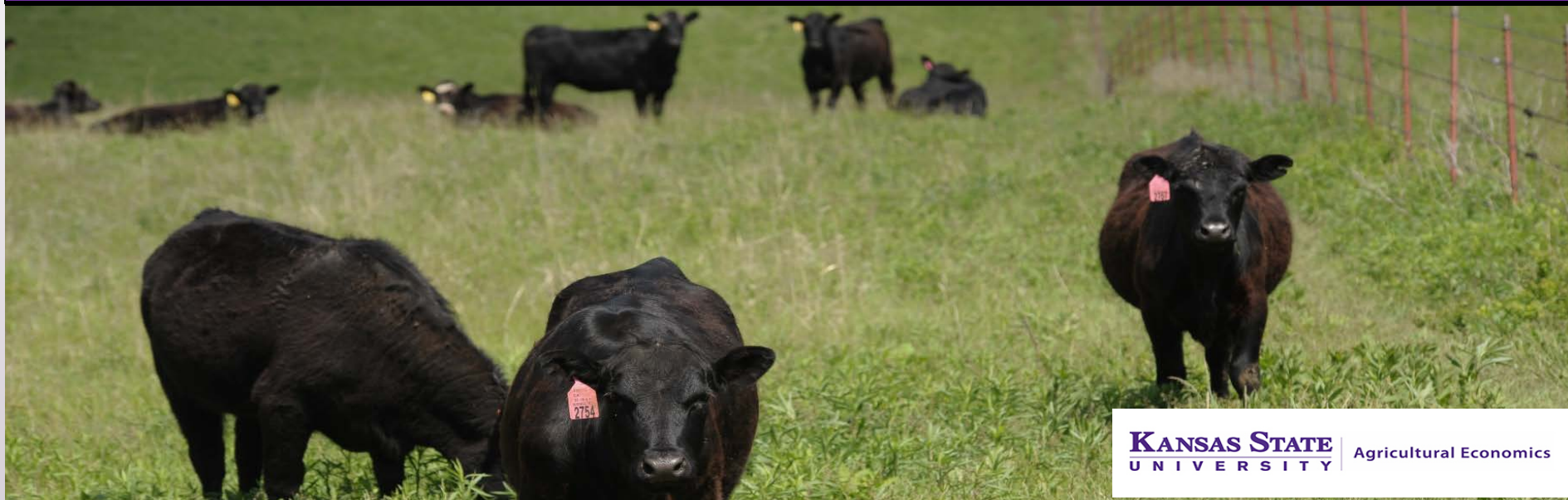
KSU-Beef Replacements

An Excel spreadsheet program to evaluate the economic value of purchasing beef replacement females.



AgManager
.info

Version- 12.7.2023



KANSAS STATE UNIVERSITY | Agricultural Economics

KSU – Beef Replacement Tool

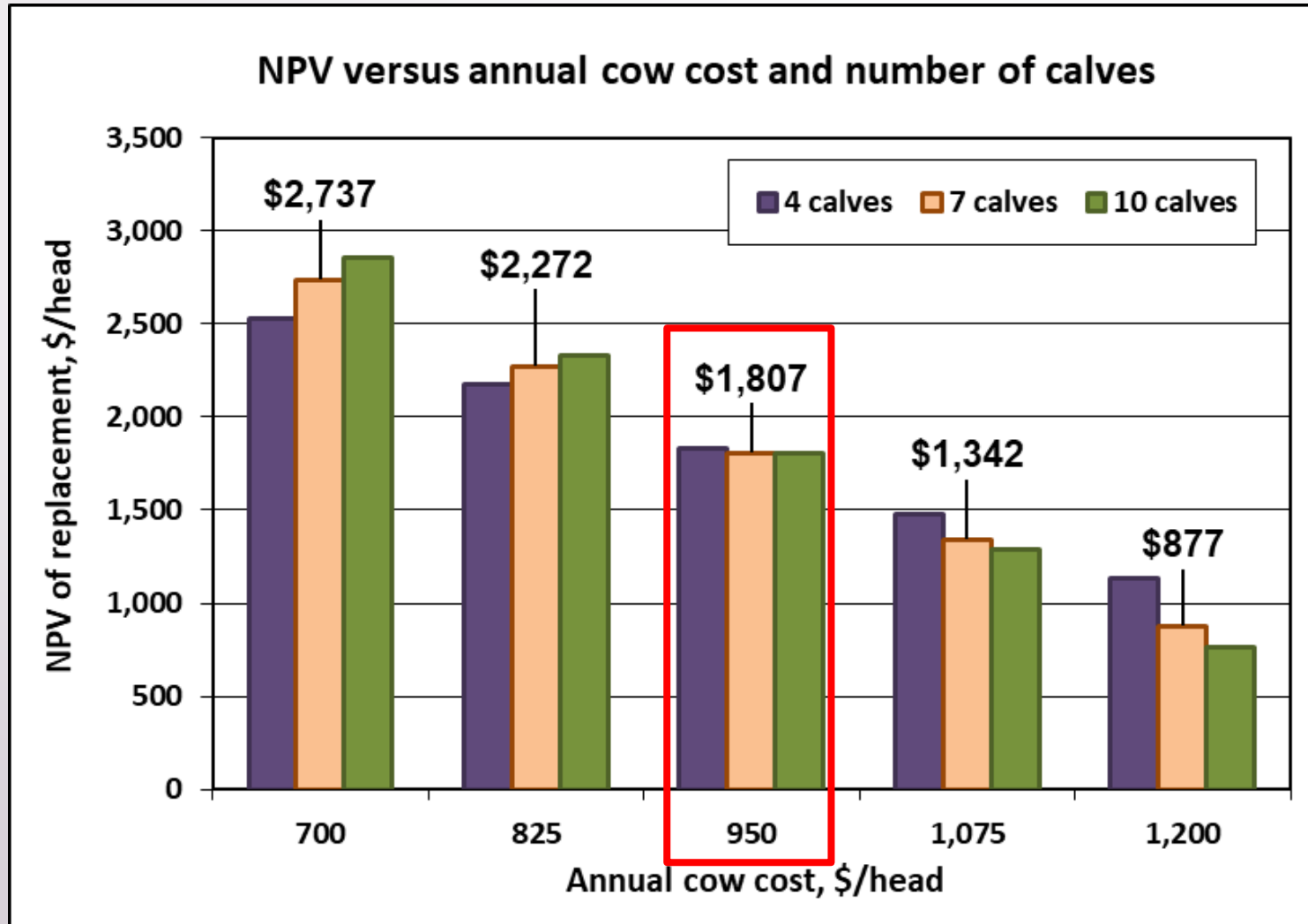
<https://www.agmanager.info/livestock-meat/production-economics/ksu-beef-replacement>

Base/Default Case

- Annual Cash Cow Costs \$950/year
- Annual inflation rate on costs 3.0%
- Discount Rate 9.0%
- USDA projected calf prices (\$295/cwt in 2024)
= Net Present Value of "7-calf heifer" is \$1,807

KSU – Beef Replacement Tool

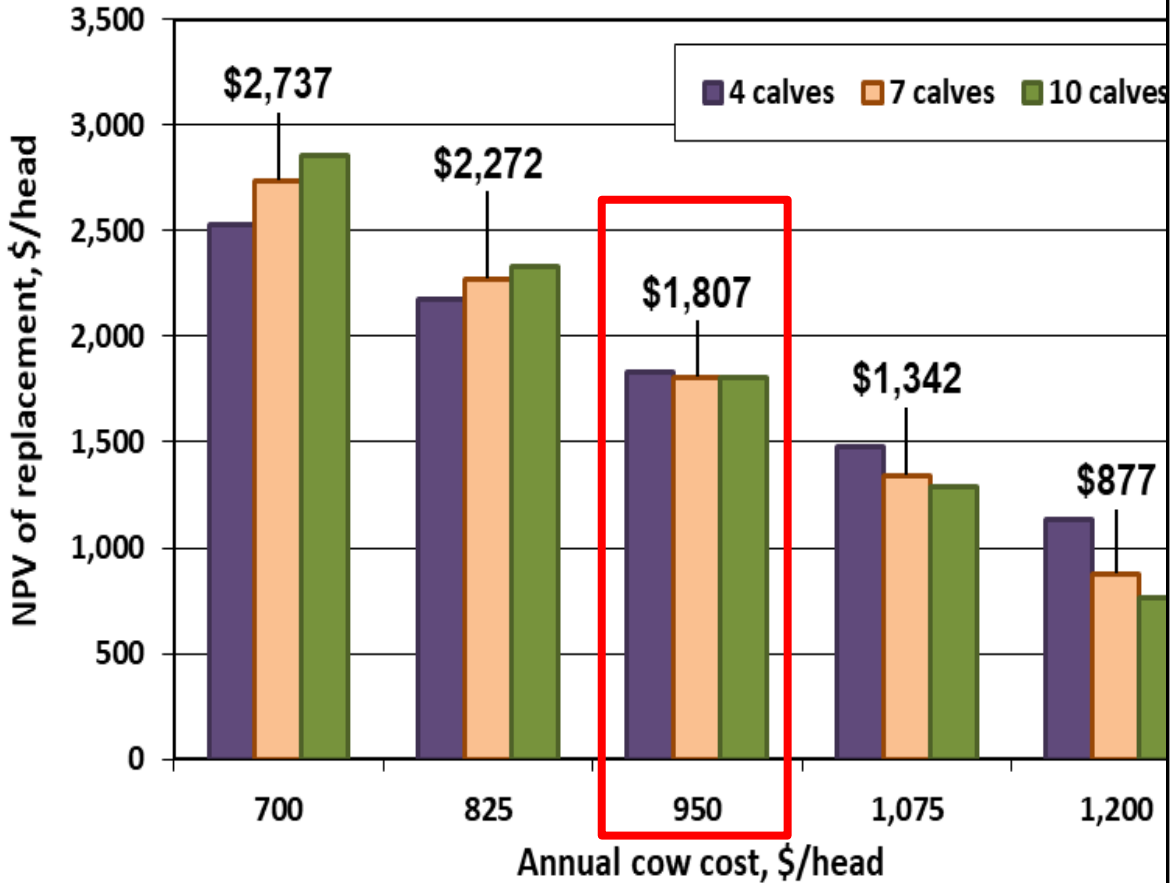
<https://www.agmanager.info/livestock-meat/production-economics/ksu-beef-replacement>



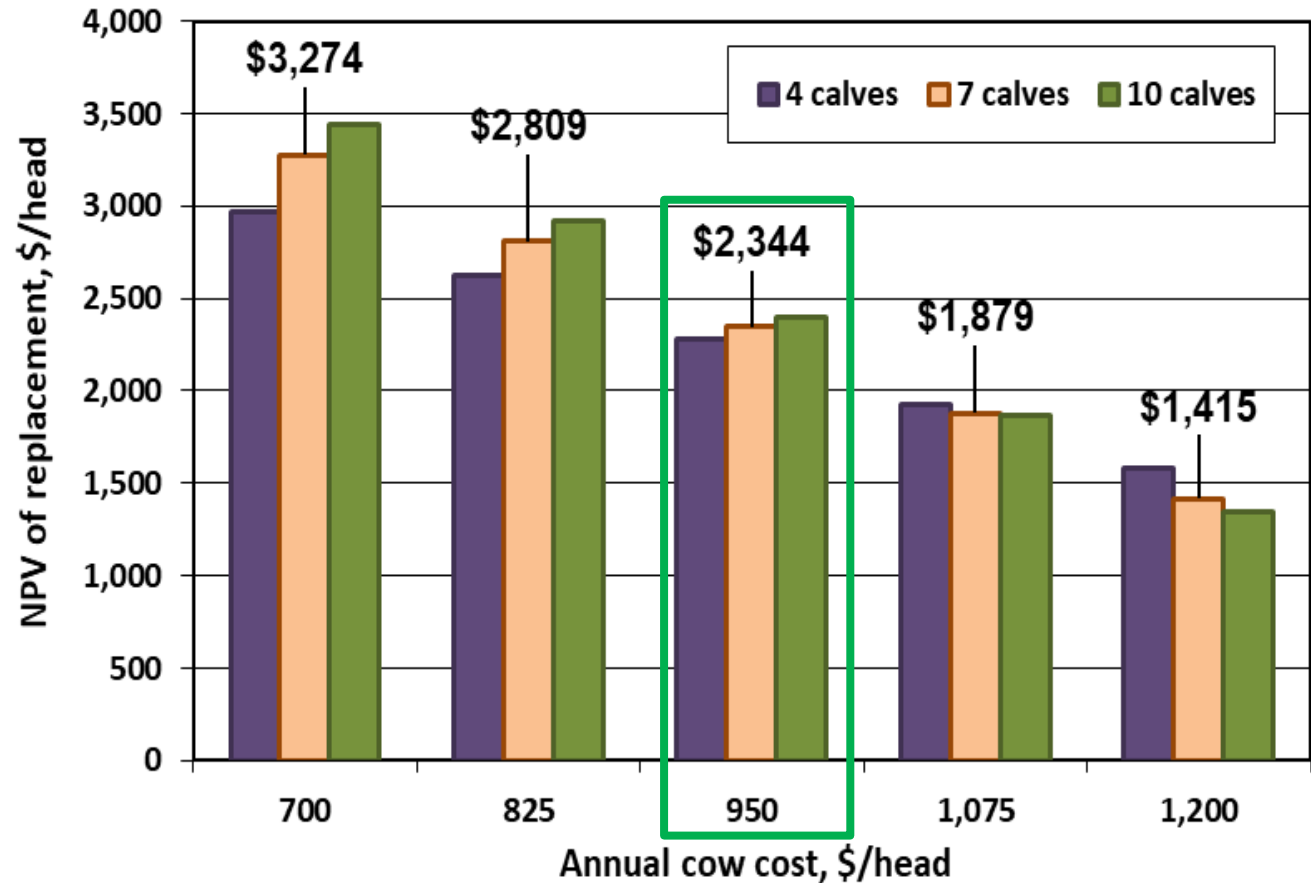
NPV Increases ~\$500 IF

Presumed Calf Prices are 10% Higher than USDA Projections

NPV versus annual cow cost and number of calves

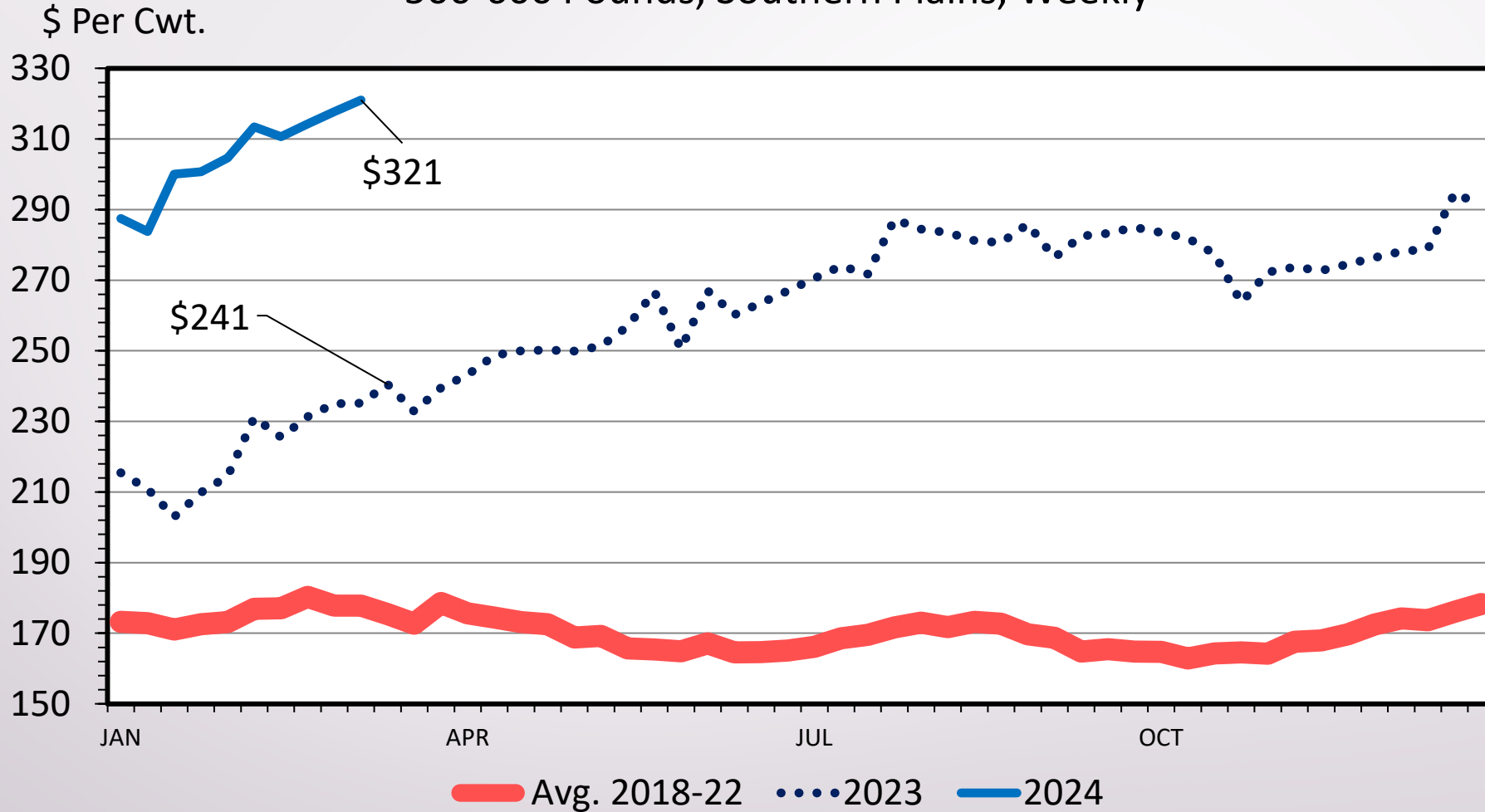


NPV versus annual cow cost and number of calves



MED. & LRG. #1 STEER CALF PRICES

500-600 Pounds, Southern Plains, Weekly

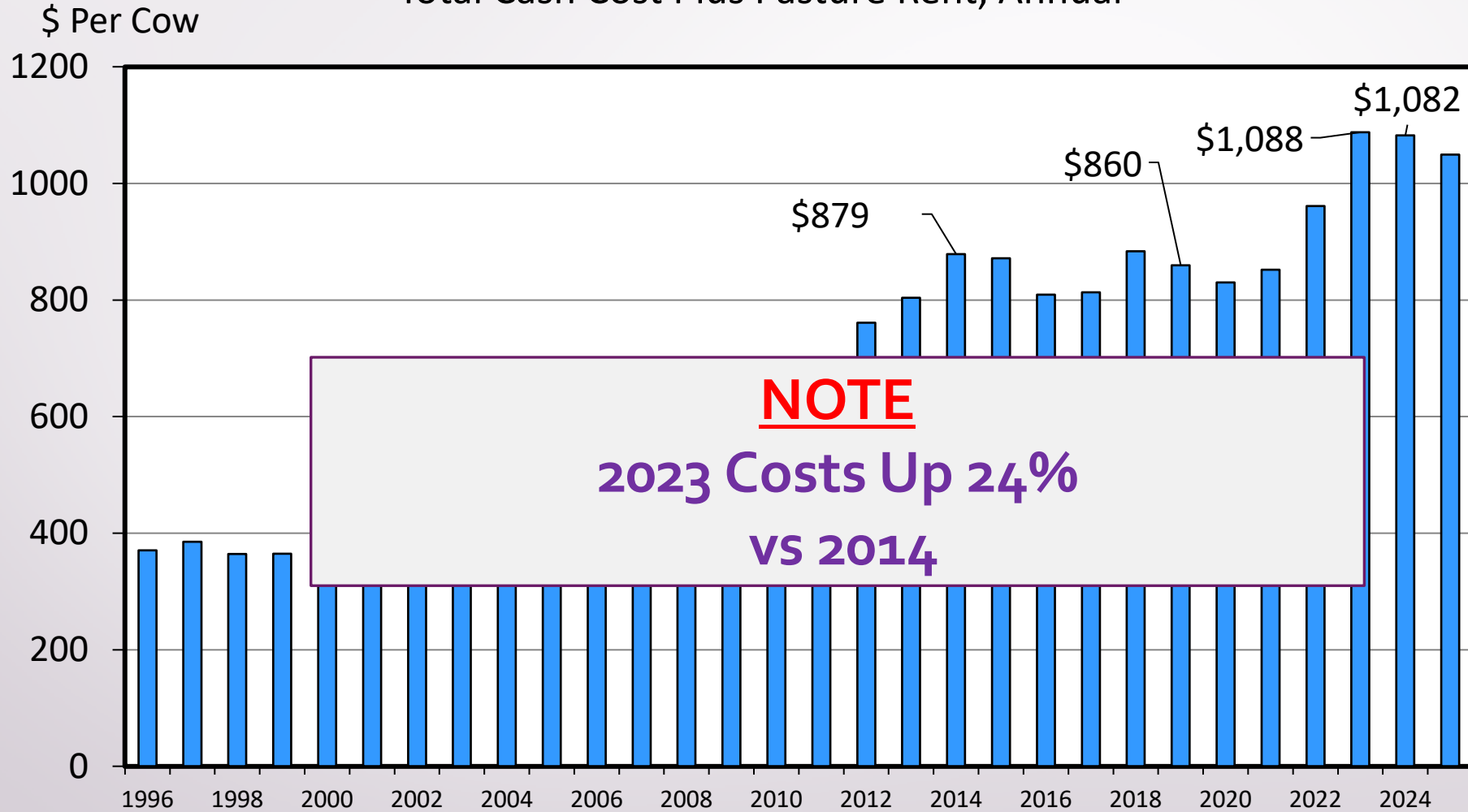


Data Source: USDA-AMS
Livestock Marketing Information Center

C-P-54
03/11/24

ESTIMATED AVERAGE COW CALF COSTS

Total Cash Cost Plus Pasture Rent, Annual



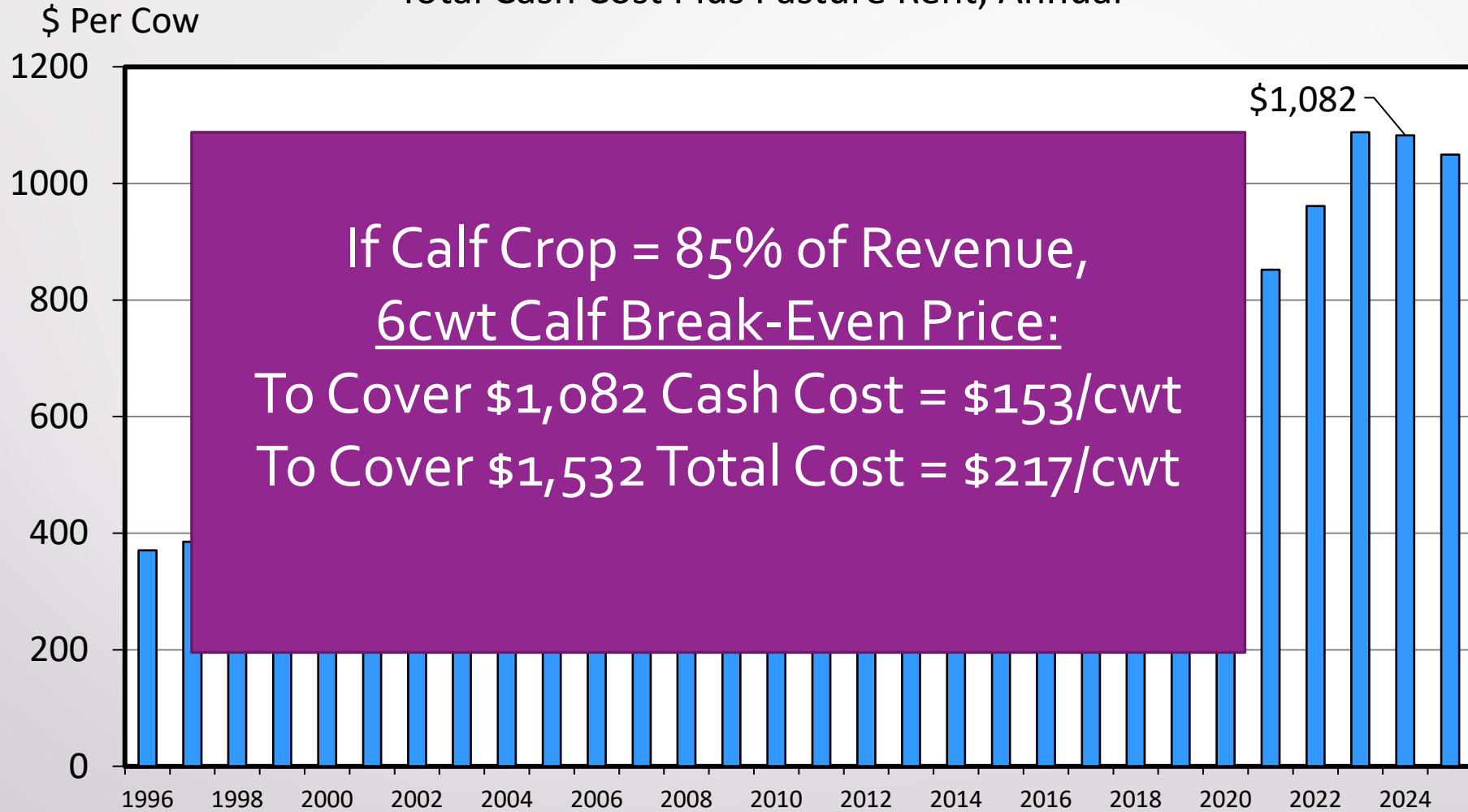
Data Source: USDA & LMIC, Compiled by LMIC

Livestock Marketing Information Center

11/30/23

ESTIMATED AVERAGE COW CALF COSTS

Total Cash Cost Plus Pasture Rent, Annual



If Calf Crop = 85% of Revenue,
6cwt Calf Break-Even Price:
To Cover \$1,082 Cash Cost = \$153/cwt
To Cover \$1,532 Total Cost = \$217/cwt

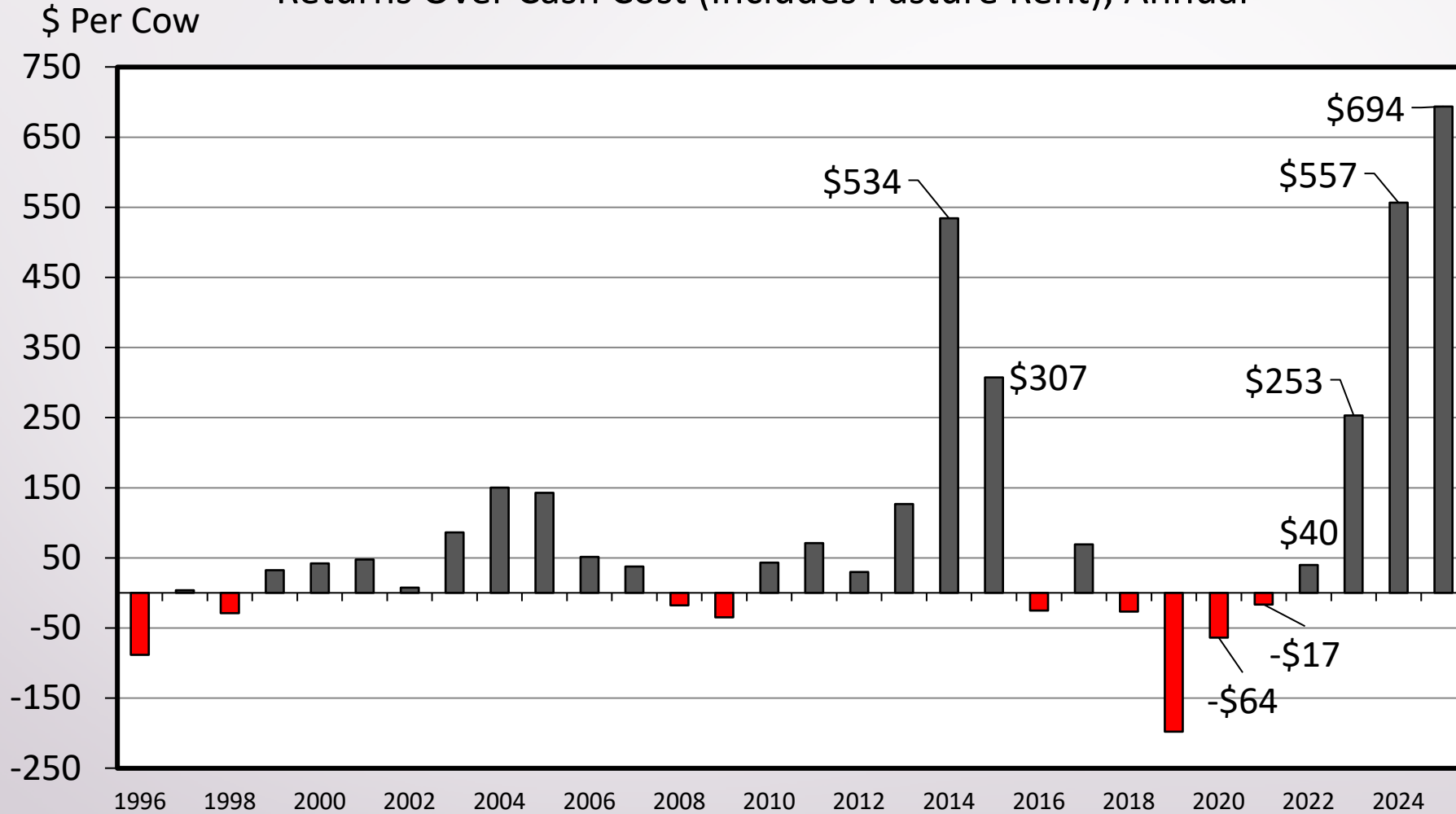
Data Source: USDA & LMIC, Compiled by LMIC

Livestock Marketing Information Center

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ESTIMATED AVERAGE COW CALF RETURNS

Returns Over Cash Cost (Includes Pasture Rent), Annual

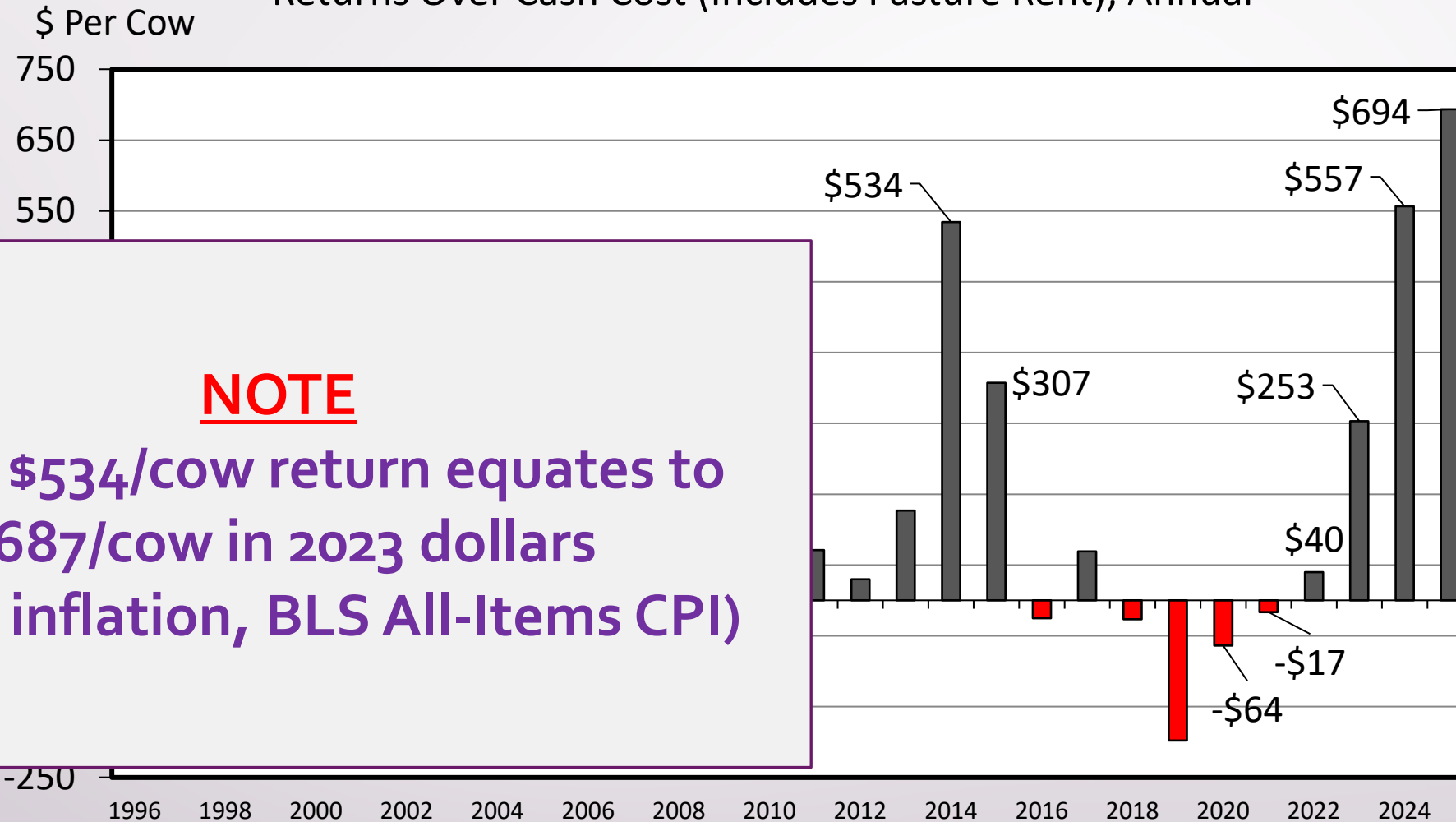


Data Source: USDA & LMIC, Compiled by LMIC
Livestock Marketing Information Center

C-P-66
03/11/24

ESTIMATED AVERAGE COW CALF RETURNS

Returns Over Cash Cost (Includes Pasture Rent), Annual



NOTE

2014's \$534/cow return equates to \$687/cow in 2023 dollars (28.7% inflation, BLS All-Items CPI)

Want Feeder Cattle Price, Basis, & VOG Projections?
Use BeefBasis.com

Salina **FALL CALF** Market, as of 3/20/24

10/16/2024 Sell @ Weaning @ 600 lbs

- ***Expected Cash Price: \$305/cwt***

Want Feeder Cattle Price, Basis, & VOG Projections?
Use BeefBasis.com

Salina *SUMMER GRASS* Market, as of 3/20/24

4/3/2024 Buy/Retain @ 750 lbs
9/4/2024 Sell @ 950 lbs
DOF=154 & ADG=1.3

- ***Expected Buy Price: \$262/cwt***
- ***Expected Sell Price: \$252/cwt***
- ***VOG: \$215/cwt (\$430/head)***

KSU-Feeder Cattle Risk Management Tool

<https://www.agmanager.info/k-state-feeder-cattle-risk-management-tool>

KSU-Feeder Cattle Risk Management Tool

An Excel spreadsheet for evaluating feeder cattle risk management strategies



Version- 2.11.2023

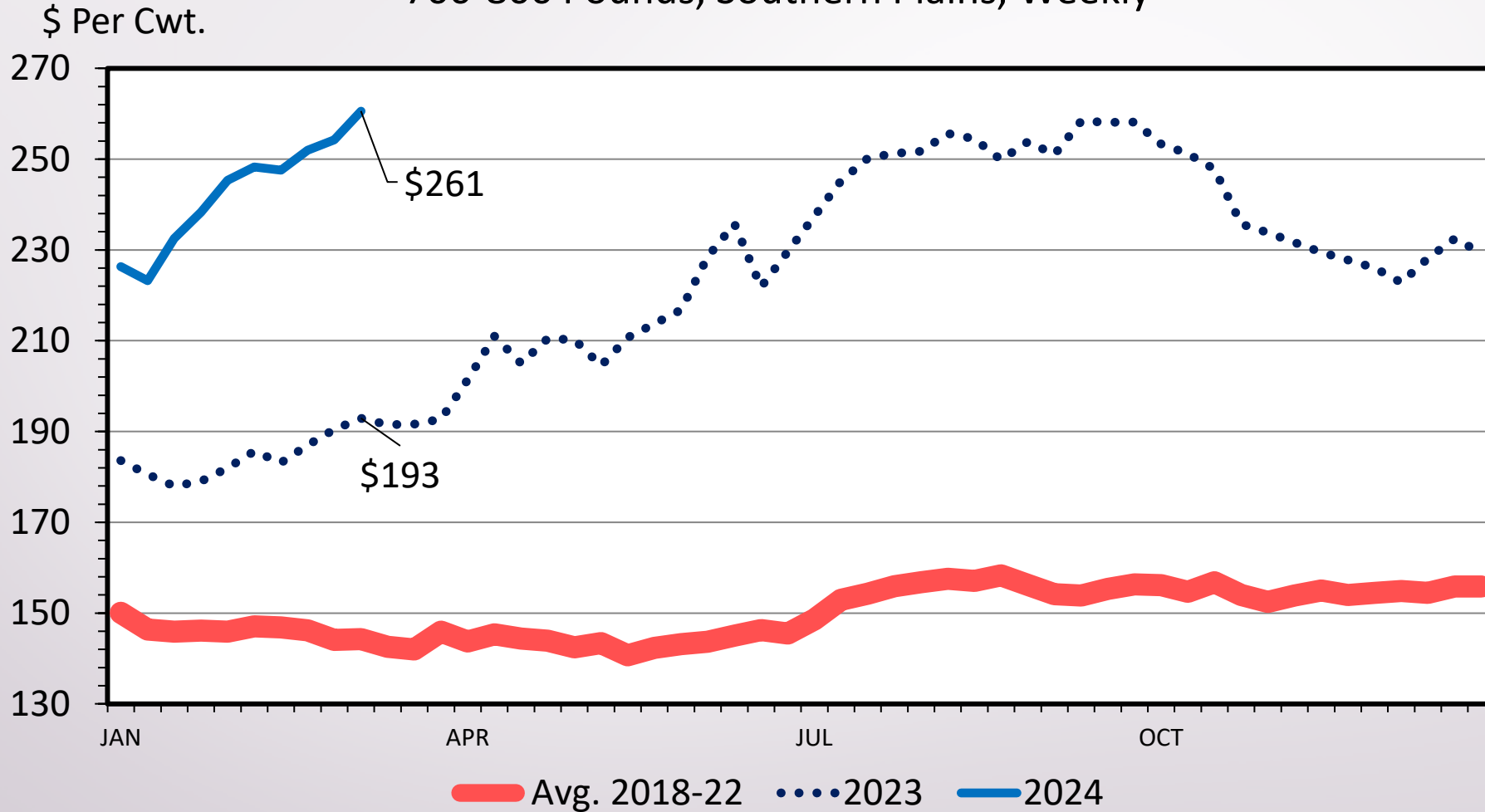


INTRODUCTION

This spreadsheet was developed as a decision-aid tool for producers interested in managing feeder cattle price risk. It can be used to compare the Expected Net Selling Price using alternative risk management tools available for pricing feeder cattle.

MED. & LRG. #1 FEEDER STEER PRICES

700-800 Pounds, Southern Plains, Weekly



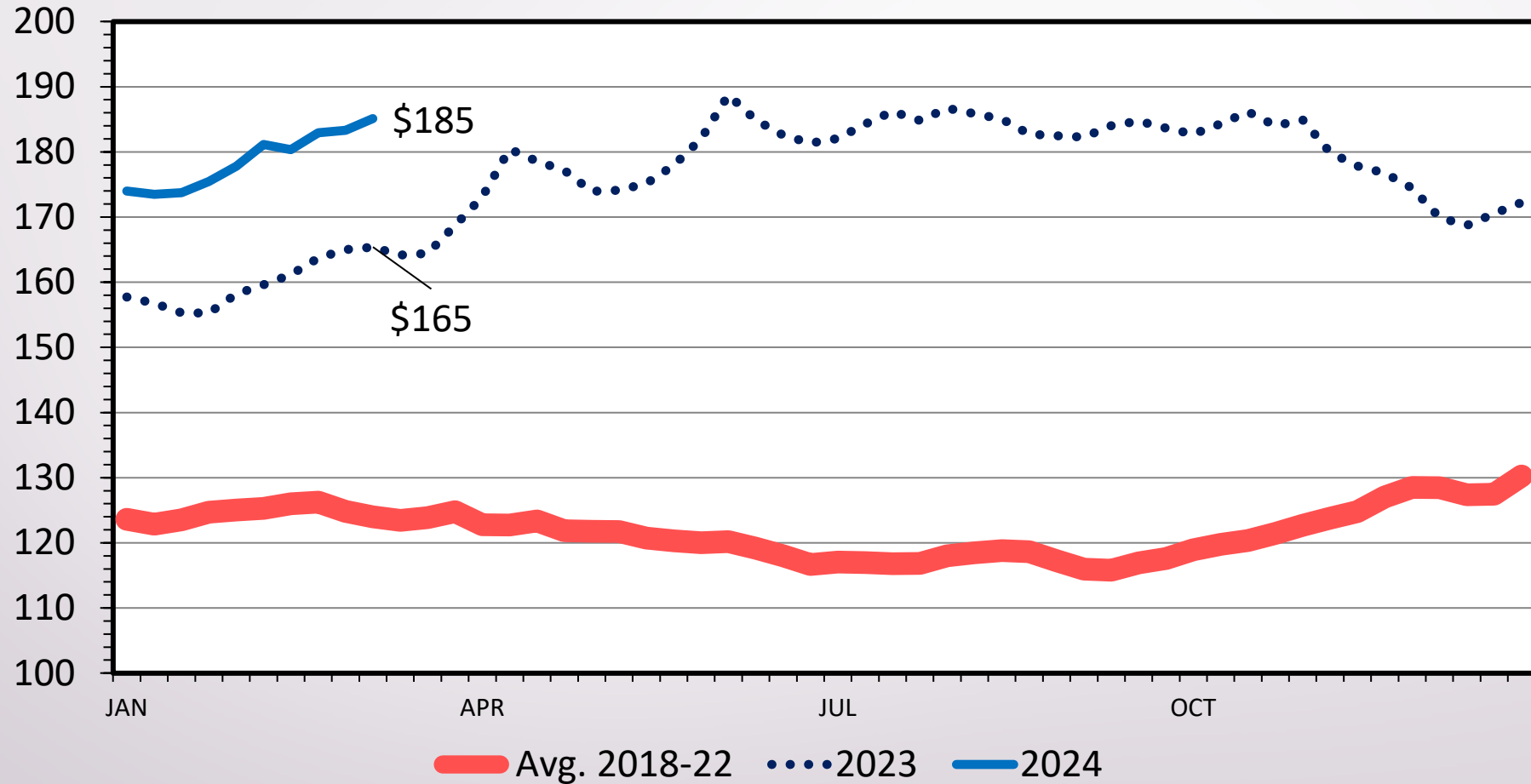
Data Source: USDA-AMS
Livestock Marketing Information Center

C-P-49
03/11/24

SLAUGHTER STEER PRICES

5 Market Weighted Average, Weekly

\$ Per Cwt.



Data Source: USDA-AMS
Livestock Marketing Information Center

03/11/24

Historical and Projected Kansas Feedlot Net Returns (as of 2/28/24')

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

Dec 23': -\$210/steer

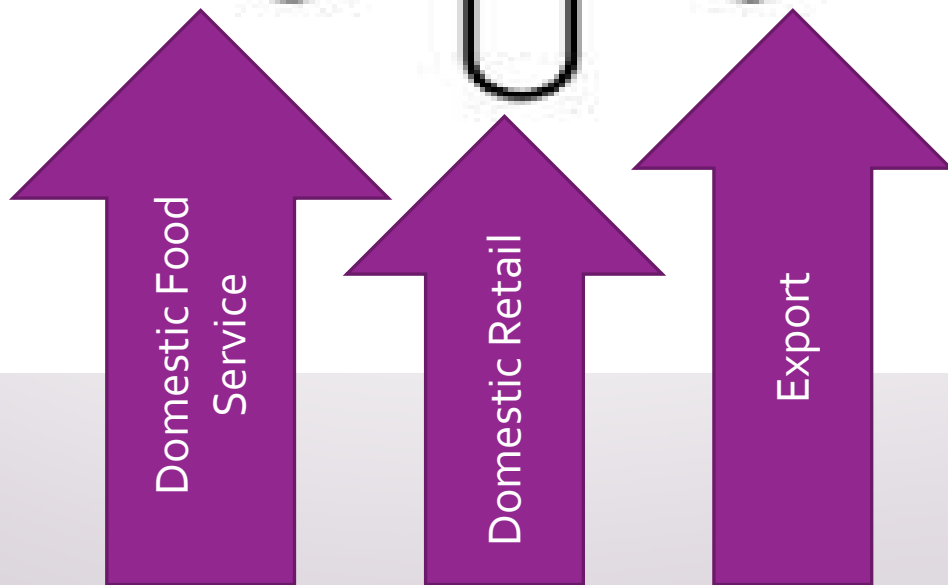
Table 1. Projected Values for Finishing Steers in Kansas Feedyards*

Closeout Mo-Yr	Net Return	FCOG**	Fed Price	Fed Futures	Fed Basis	Feeder Price	Breakeven FCOG**	Breakeven Fed Price	Breakeven Feeder Price
Jan-24	-215.87	123.59	173.29	173.73	-0.44	232.03	90.75	188.29	204.43
Feb-24	-62.02	121.53	186.26	186.13	0.13	241.95	112.53	190.56	233.70
Mar-24	-38.96	117.23	186.91	186.13	0.78	243.52	111.47	189.66	238.25
Apr-24	-102.01	111.21	183.53	182.18	1.35	246.52	95.63	190.71	233.20
May-24	-4.84	109.57	187.34	182.18	5.17	240.99	108.82	187.68	240.36
Jun-24	78.94	105.29	183.94	181.30	2.64	228.52	117.37	178.43	238.65
Jul-24	124.49	105.96	182.13	181.30	0.83	221.75	124.71	173.33	238.34
Aug-24	80.14	106.96	185.56	184.85	0.71	231.86	119.01	179.95	242.35
Sep-24	-140.91	110.68	184.61	184.85	-0.24	250.00	88.81	194.40	232.28
Oct-24	-84.41	112.22	189.21	188.33	0.88	255.43	99.79	195.04	244.43

Representative Barometer for Trends in Profitability



Beef Demand



See Nov 22' Extended Discussion w/ Matt Perrier on Practically Ranching:
<https://www.buzzsprout.com/1995747/11686340>

Monthly Meat Demand Monitor, Methods, and Supporting Information

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[Projected Feeder Cattle Prices](#)

[Cattle Finishing Returns](#)

[Meat Demand](#)

[Meat Demand Research Studies](#)

[Monthly Domestic Meat Demand Indices \[USDA/BLS Data\]](#)

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The Meat Demand Monitor (MDM) project is funded in-part by the beef checkoff and the pork checkoff. Monthly reports and supporting documentation are available here.



Monthly Meat Demand Monitor

Title	Author	Date	Downloads
Meat Demand Monitor - August 2020	Tonsor	September 4, 2020	Downloads
Meat Demand Monitor - July 2020	Tonsor	August 4, 2020	Downloads
Meat Demand Monitor - February-June 2020 Summary Report	Tonsor	July 27, 2020	Downloads
Meat Demand Monitor - June 2020	Tonsor	July 2, 2020	Downloads
Meat Demand Monitor - May 2020	Tonsor	May 29, 2020	Downloads
Meat Demand Monitor - Coronavirus (COVID-19) Impact on U.S. Meat Demand:	Tonsor	May 12, 2020	Downloads

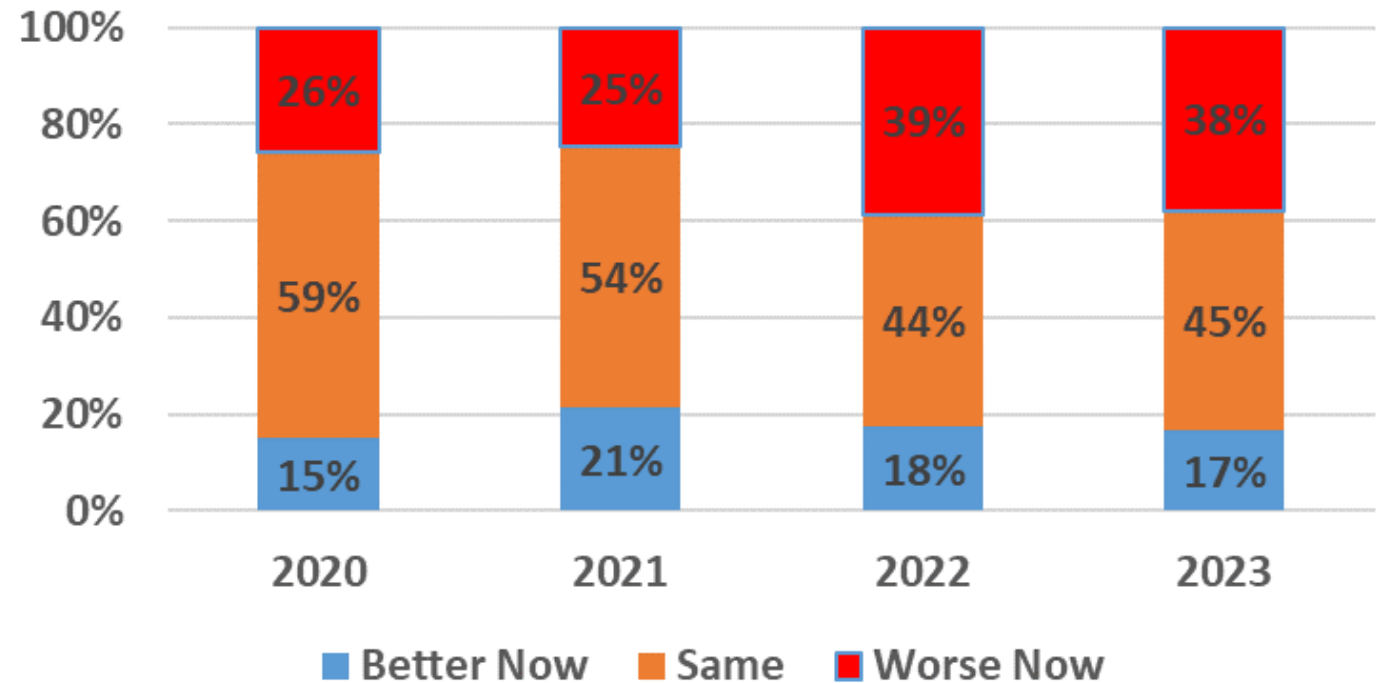
<https://www.agmanager.info/livestock-meat/meat-demand/monthly-meat-demand-monitor-survey-data>

MDM: Meat Demand Monitor

The MDM tracks U.S. consumer preferences, views, and demand for meat with separate analysis for retail and food service channels. MDM is a monthly online survey with a sample of over 2,000 respondents reflecting the national population.

U.S. Meat Demand Update & Role of Financial Sentiment: 2020-2023

Consumer Sentiment: Now vs. One Year Ago

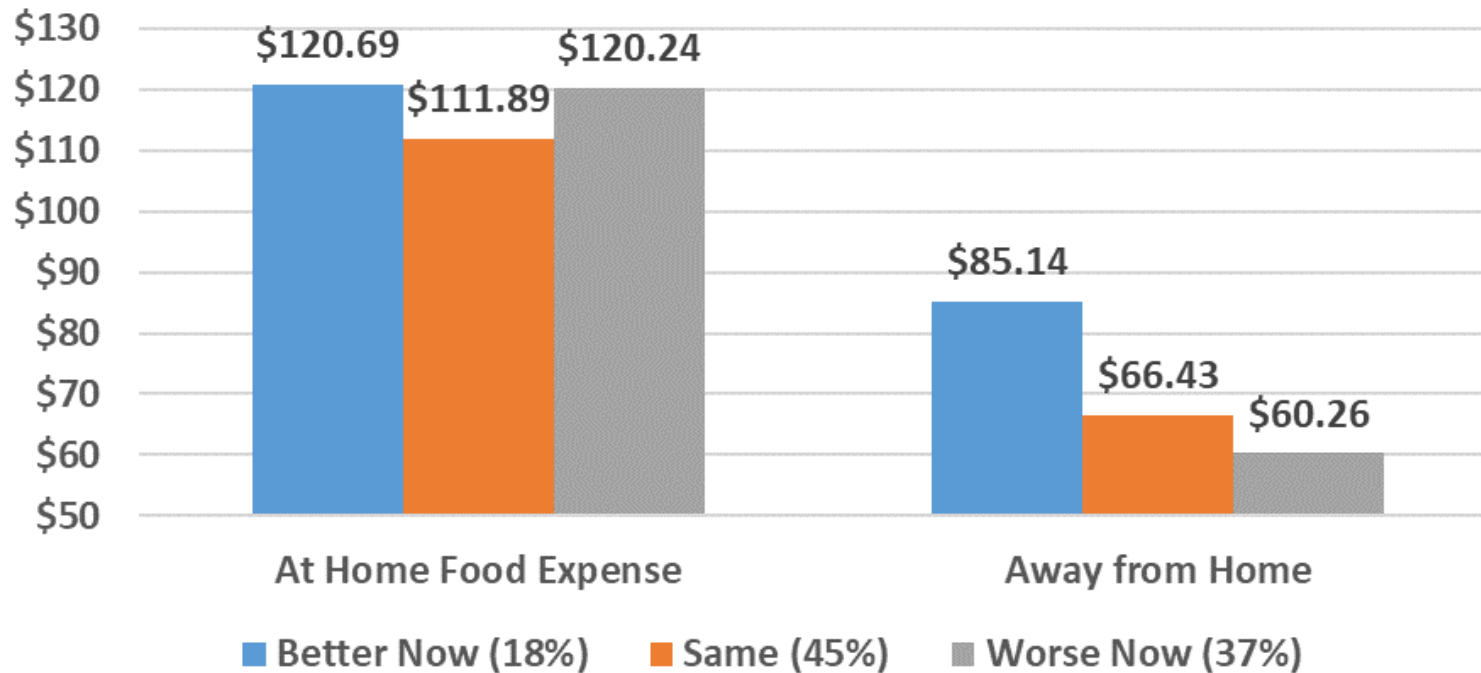


<https://www.agmanager.info/livestock-meat/meat-demand/monthly-meat-demand-monitor-survey-data>

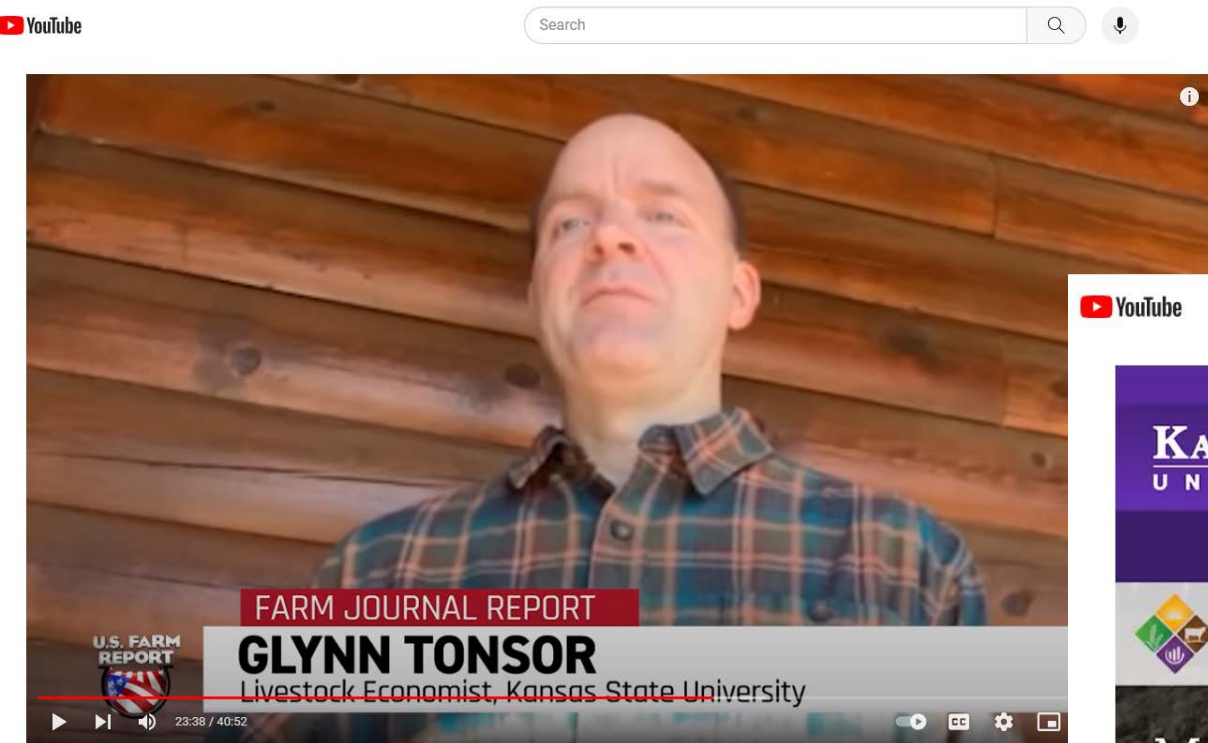
MDM: Meat Demand Monitor

The MDM tracks U.S. consumer preferences, views, and demand for meat with separate analysis for retail and food service channels. MDM is a monthly online survey with a sample of over 2,000 respondents reflecting the national population.

**Average Weekly Food Expenses, by Financial Sentiment
(Now vs One Year Ago) for Feb. 2024 (MDM)**



<https://www.agmanager.info/livestock-meat/meat-demand/monthly-meat-demand-monitor-survey-data>



U.S. Farm Report 08/12/23

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Monthly Meat Demand Monitor, Methods, and Supporting Information

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Meat Demand Monitor - July 2023

August 3, 2023
Glynn Tonsor

Page: 1 of 4 Automatic Zoom

U.S. Farm Report 08/12/23

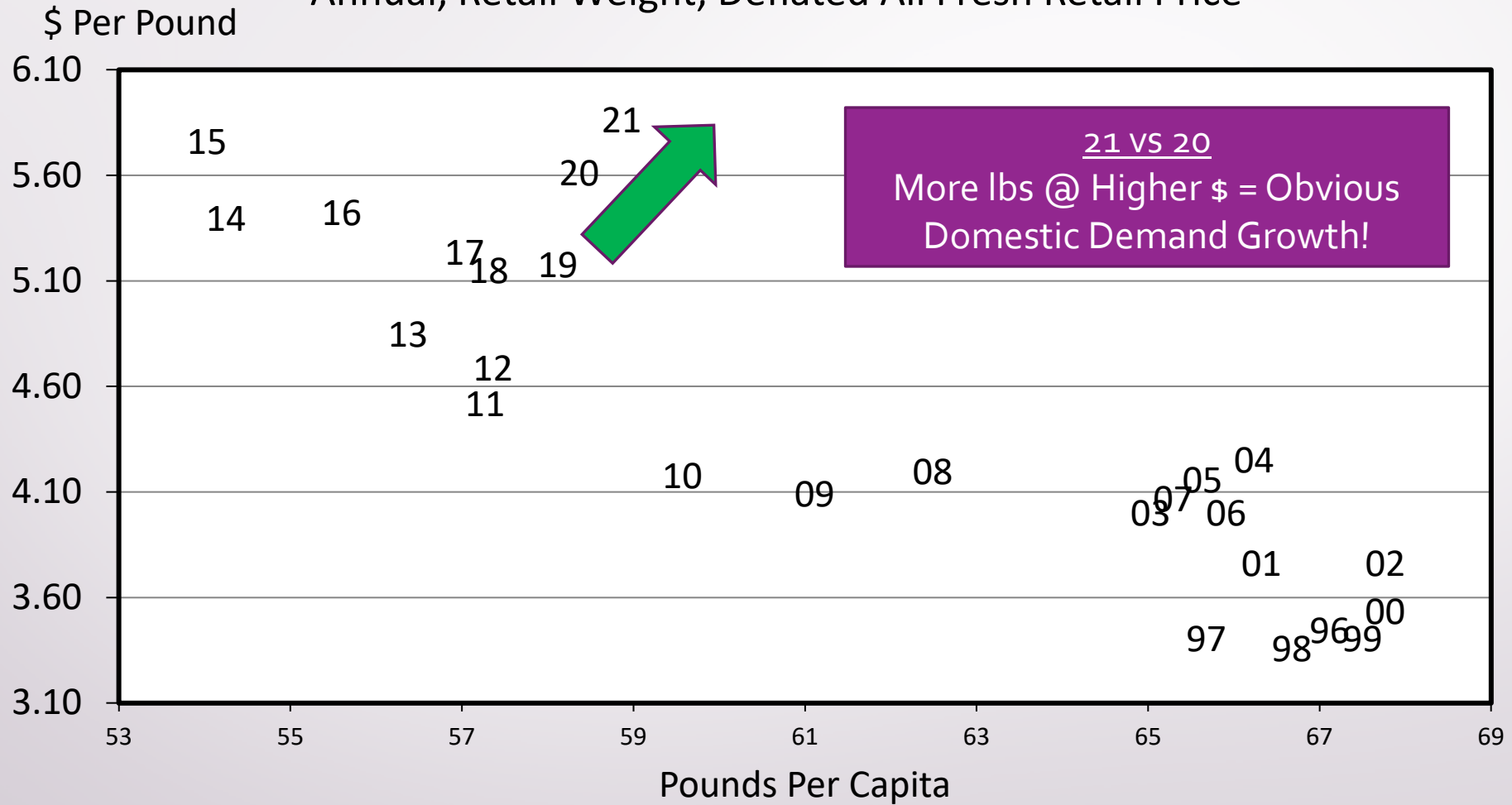
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BEEF PRICE-QUANTITY RELATIONSHIP

Annual, Retail Weight, Deflated All Fresh Retail Price

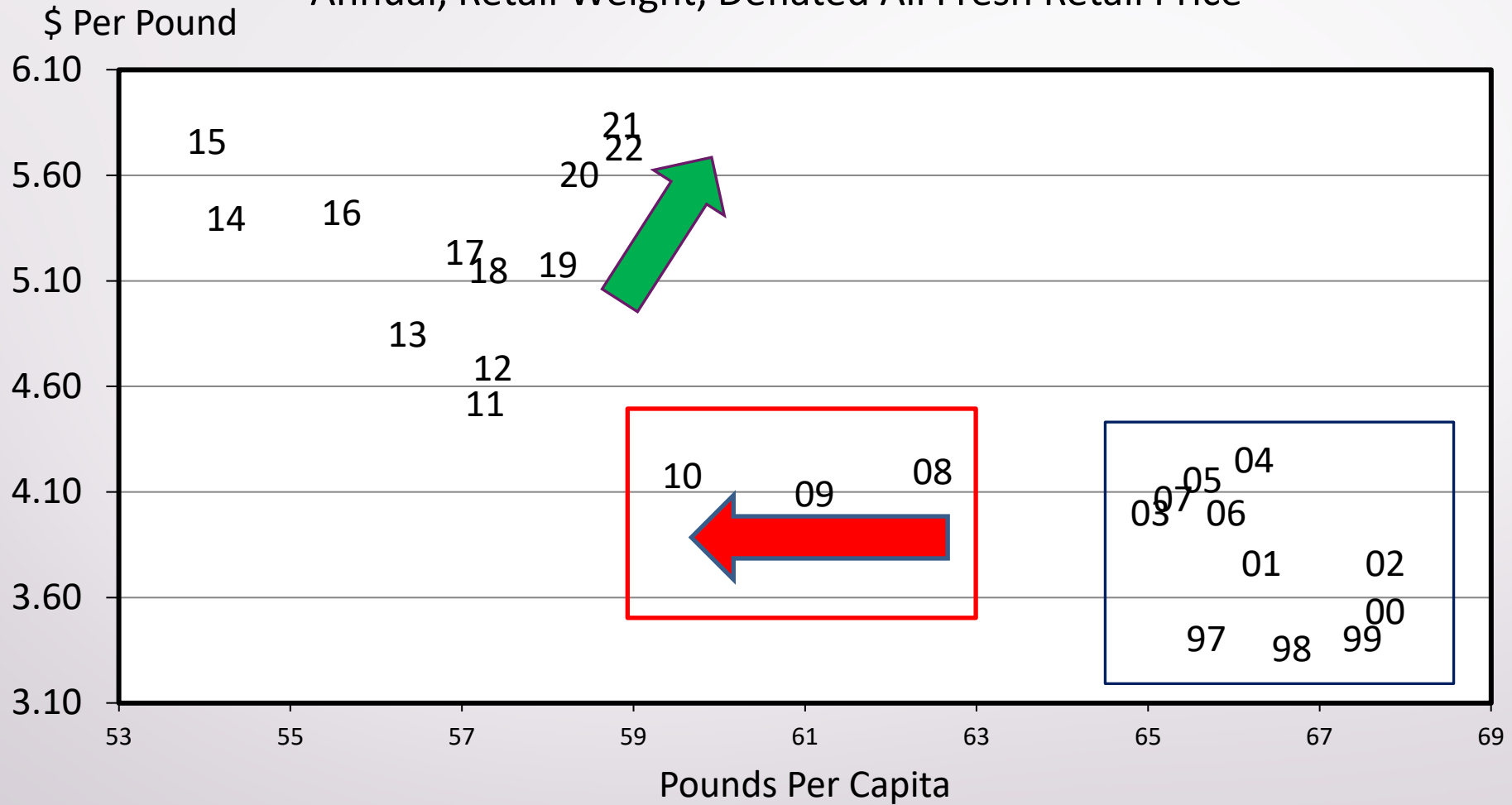


Data Source: Bureau of Economic Analysis & USDA-ERS, Compiled by LMIC

Livestock Marketing Information Center

BEEF PRICE-QUANTITY RELATIONSHIP

Annual, Retail Weight, Deflated All Fresh Retail Price

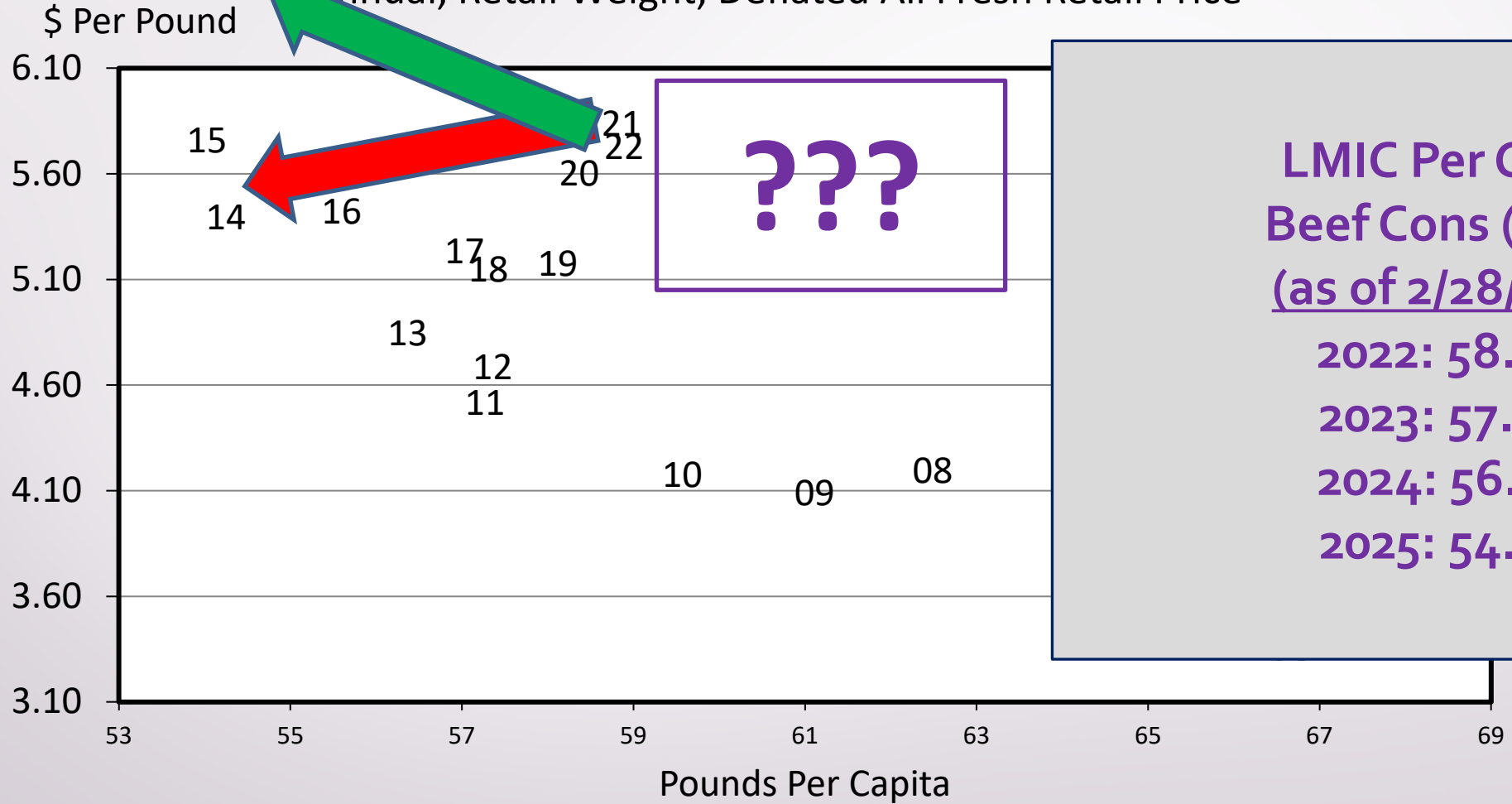


Data Source: Bureau of Economic Analysis & USDA-ERS, Compiled by LMIC

Livestock Marketing Information Center

BEEF PRICE-QUANTITY RELATIONSHIP

Annual, Retail Weight, Deflated All Fresh Retail Price



Data Source: Bureau of Economic Analysis & USDA-ERS, Compiled by LMIC
Livestock Marketing Information Center

Take-Home Summary

- **Herd Dynamics**
 - Reduced Beef Supplies = Likely Higher Cattle Prices
 - Impact on Profit Margins will Vary WIDELY
 - Elevated “Capacity Utilization Talks”
- **Demand Story Mixed**
 - Most Challenges are NOT Unique to Beef
 - To-Date Beef Demand Held Up Well vs GT Pre-Pandemic Expectations




More information available at:



This presentation will be available in PDF format at:

<http://www.agmanager.info/about/contributors/individual/tonsor.asp>

Host of additional industry resources are cross-linked as well



USDA's Long-Term Projections to 2033
Released Feb 14, 2024

[https://www.usda.gov/oce/commodity-
markets/baseline](https://www.usda.gov/oce/commodity-markets/baseline)

Table 18: Per capita meat consumption, retail weight

Item	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
	<i>Pounds</i>											
Beef	59.1	57.9	54.3	55.4	56.1	56.1	56.4	56.8	57.2	57.3	57.3	56.9
Veal	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Pork	51.1	50.2	51.0	50.9	51.6	52.2	52.8	53.3	53.6	53.4	53.0	52.7
Lamb and mutton	1.3	1.1	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3
Total red meat	111.6	109.4	106.7	107.8	109.0	109.7	110.6	111.6	112.3	112.1	111.7	111.0
Broilers	98.9	99.5	100.2	101.1	102.5	103.7	104.8	105.3	105.5	106.1	106.9	107.5
Other chicken	1.7	1.7	1.6	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Turkeys	14.6	15.3	15.5	15.6	15.6	15.6	15.6	15.6	15.5	15.5	15.4	15.4
Total poultry	115.2	116.5	117.4	118.2	119.6	120.8	121.9	122.4	122.6	123.1	123.8	124.4
Red meat and poultry	226.8	225.8	224.0	226.0	228.6	230.5	232.5	234.0	234.9	235.1	235.5	235.4

Note: Totals may not add due to rounding. The projections were completed in October 2023.

Source: USDA, Economic Research Service, based on data from USDA, Interagency Agricultural Projections Committee.

Table 19: Beef long-term projections

Item	Units	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Total production	Million lbs.	28,359	27,044	25,343	25,852	26,555	27,264	27,733	28,275	28,598	28,800	28,789	28,759
Imports	Million lbs.	3,390	3,617	3,650	3,768	3,560	3,310	3,208	3,253	3,293	3,316	3,337	3,327
Total supply	Million lbs.	32,425	31,385	29,593	30,270	30,815	31,224	31,591	32,177	32,566	32,791	32,826	32,736
Exports	Million lbs.	3,544	3,034	2,845	2,707	2,781	2,991	3,043	3,244	3,281	3,304	3,159	3,156
Total disappearance	Million lbs.	28,157	27,751	26,148	26,913	27,384	27,582	27,898	28,284	28,635	28,837	29,016	28,930
Per capita, retail weight	Pounds	59.1	57.9	54.3	55.4	56.1	56.1	56.4	56.8	57.2	57.3	57.3	56.9
Change from previous year	Percent	0.66	-1.44	-5.78	2.92	1.75	0.72	1.14	1.38	1.24	0.70	0.62	-0.30
Prices													
Beef cattle, farm	\$/cwt 1/	142.25	174.54	182.14	177.80	159.13	144.96	130.90	128.77	126.79	130.79	133.97	140.19
Calves, farm	\$/cwt	192.17	260.12	294.61	287.60	257.40	234.49	211.74	208.29	205.09	211.56	216.70	226.76
Steers, 5-area 2/	\$/cwt	144.40	177.30	185.00	180.60	161.63	147.24	132.96	130.79	128.78	132.85	136.08	142.39
Feeder steers, Oklahoma City	\$/cwt	165.94	224.61	253.75	246.34	214.80	190.85	167.01	163.26	159.78	166.41	171.74	182.08
Beef cow inventory	1,000 head	29,983	28,918	28,220	28,820	29,560	30,421	31,138	31,501	31,665	31,679	31,576	31,404
Total cow inventory	1,000 head	39,360	38,320	37,600	38,200	38,940	39,816	40,558	40,946	41,135	41,174	41,096	40,944

1/ Cwt = hundredweight (100 pounds). 2/ Texas/Oklahoma/New Mexico; Kansas; Nebraska; Colorado; Iowa/Minnesota feedlots. The projections were completed in October 2023

Note Totals may not add due to rounding.

Source: USDA, Economic Research Service, based on data from USDA, Interagency Agricultural Projections Committee.

Table 20: Pork long-term projections

Item	Units	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Total production	Million lbs.	27,011	27,304	27,910	28,333	28,903	29,512	30,142	30,731	31,249	31,570	31,840	32,193
Imports	Million lbs.	1,344	1,125	1,175	1,193	1,211	1,229	1,247	1,266	1,285	1,304	1,324	1,343
Total supply	Million lbs.	28,800	28,933	29,565	29,991	30,642	31,283	31,945	32,566	33,118	33,472	33,777	34,165
Exports	Million lbs.	6,345	6,761	6,950	7,159	7,373	7,594	7,822	8,057	8,299	8,631	8,976	9,335
Ending stocks	Million lbs.	504	480	465	529	542	556	570	584	598	613	629	644
Total disappearance	Million lbs.	21,951	21,693	22,150	22,303	22,727	23,133	23,553	23,925	24,221	24,228	24,173	24,185
Per capita, retail weight	Pounds	51.1	50.2	51.0	50.9	51.6	52.2	52.8	53.3	53.6	53.4	53.0	52.7
Change from previous year	Percent	0.38	-1.18	2.11	0.69	1.90	1.79	1.81	1.58	1.23	0.03	-0.23	0.05
Prices													
Hogs, farm	\$/cwt 1/	72.97	62.68	64.43	65.62	64.69	65.27	64.54	61.48	58.74	54.17	53.40	52.52
National base, live equivalent	\$/cwt	71.21	59.70	61.25	62.38	61.49	62.05	61.36	58.44	55.84	51.50	50.77	49.93
Hog inventory,													
December 1, previous year	1,000 head	74,446	74,849	73,300	73,100	74,337	75,667	77,041	78,303	79,377	79,944	80,381	80,832

1/ Cwt = hundredweight (100 pounds). The projections were completed in October 2023.

Note: Totals may not add due to rounding.

Source: USDA, Economic Research Service, based on data from USDA, Interagency Agricultural Projections Committee.

Table 21: Young chicken long-term projections

Item	Units	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Federally inspected slaughter	Million lbs.	46,206	46,494	47,110	47,815	48,700	49,533	50,309	50,856	51,271	51,811	52,461	53,063
Change from previous year	Percent	2.91	0.62	1.33	1.50	1.85	1.71	1.57	1.09	0.82	1.05	1.25	1.15
Production	Million lbs.	45,711	45,996	46,606	47,304	48,179	49,003	49,771	50,312	50,723	51,257	51,900	52,495
Total supply	Million lbs.	46,593	47,006	47,610	48,334	49,218	50,051	50,828	51,378	51,798	52,341	52,993	53,597
Change from previous year	Percent	2.62	0.89	1.28	1.52	1.83	1.69	1.55	1.08	0.82	1.05	1.25	1.14
Exports	Million lbs.	7,290	7,303	7,380	7,454	7,528	7,604	7,680	7,756	7,834	7,912	7,991	8,071
Disappearance	Million lbs.	38,411	38,834	39,340	39,985	40,789	41,542	42,238	42,707	43,044	43,504	44,071	44,591
Per capita, retail weight	Pounds	98.9	99.5	100.2	101.1	102.5	103.7	104.8	105.3	105.5	106.1	106.9	107.5
Change from previous year	Percent	2.8	1.1	1.3	1.6	2.0	1.8	1.7	1.1	0.8	1.1	1.3	1.2
Prices:													
Broilers, National composite	Cents/lb.	140.5	124.0	122.3	121.1	120.4	119.9	119.5	120.1	121.4	122.9	123.8	125.3

1/ Broiler feed price based on 58 percent corn price and 42 percent soybean price, as used by USDA, National Agricultural Statistics Service. The projections were completed in October 2023.

Note: Totals may not add due to rounding.

Source: USDA, Economic Research Service, based on data from USDA, Interagency Agricultural Projections Committee.