

2022 CENTRAL KANSAS BEEF SUMMIT

Tuesday, November 29th - 8:30 a.m. in Salina, KS



BEEF-CATTLE OUTLOOK

Dr. GLYNN T. TONSOR

EMAIL: gtonsor@ksu.edu

Twitter: @TonsorGlynn

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

Simple Summary

1. Beef Demand (Domestic & Export) Has Been Solid But Is Weakening
2. Supply Dynamics, Switching to Support Higher Cattle Prices
3. Think Global & Manage Local
 - **Stay Informed YET focus on what you can influence**

Quarterly Forecasts (LMIC: 11/10/22)

Year Quarter	Comm'l Slaughter	% Chg. from Year Ago	Average Dressed Weight	% Chg. from Year Ago	Comm'l Beef Production	% Chg. from Year Ago
2022						
I	8,405	1.5	835.6	0.3	7,022	1.8
II	8,669	1.9	815.4	-0.3	7,069	1.5
III	8,755	2.7	816.2	-0.3	7,146	2.4
IV	8,589	0.6	831.6	-0.1	7,143	0.5
Year	34,417	1.7	824.6	-0.1	28,380	1.5
2023						
I	7,882	-6.2	836.8	0.2	6,595	-6.1
II	8,284	-4.4	817.9	0.3	6,775	-4.1
III	8,222	-6.1	820.8	0.6	6,749	-5.6
IV	8,219	-4.3	835.3	0.4	6,866	-3.9
Year	32,607	-5.3	827.6	0.4	26,985	-4.9
2024						
I	7,171	-9.0	841.8	0.6	6,036	-8.5
II	7,547	-8.9	823.8	0.7	6,217	-8.2
III	7,758	-5.6	830.0	1.1	6,439	-4.6
IV	7,692	-6.4	844.5	1.1	6,496	-5.4
Year	30,167	-7.5	834.9	0.9	25,188	-6.7

Data Source: Livestock Marketing Information Center

Quarterly Forecasts: Cattle (LMIC: 11/10/22)

	Live Sltr.	% Chg.	Feeder Steer Price	
Year	Steer Price	from	Southern Plains	
Quarter	5-Mkt Avg	Year Ago	7-800#	5-600#
2022				
I	139.25	23.3	160.00	193.66
II	141.93	17.5	160.49	188.43
III	143	16.2	178	192
IV	148-150	12.6	177-180	186-188
Year	143-144	17.2	169-171	190-192
2023				
I	147-152	7.4	176-181	191-196
II	152-157	8.9	177-182	198-203
III	148-158	6.7	178-188	205-215
IV	150-160	4.0	181-191	220-230
Year	153-154	7.0	180-182	206-208
2024				
I	160-175	12.0	182-197	225-240
II	165-180	11.7	184-198	220-235
III	163-178	11.4	190-205	230-245
IV	167-182	12.6	187-202	235-250
Year	165-175	10.7	187-197	230-240

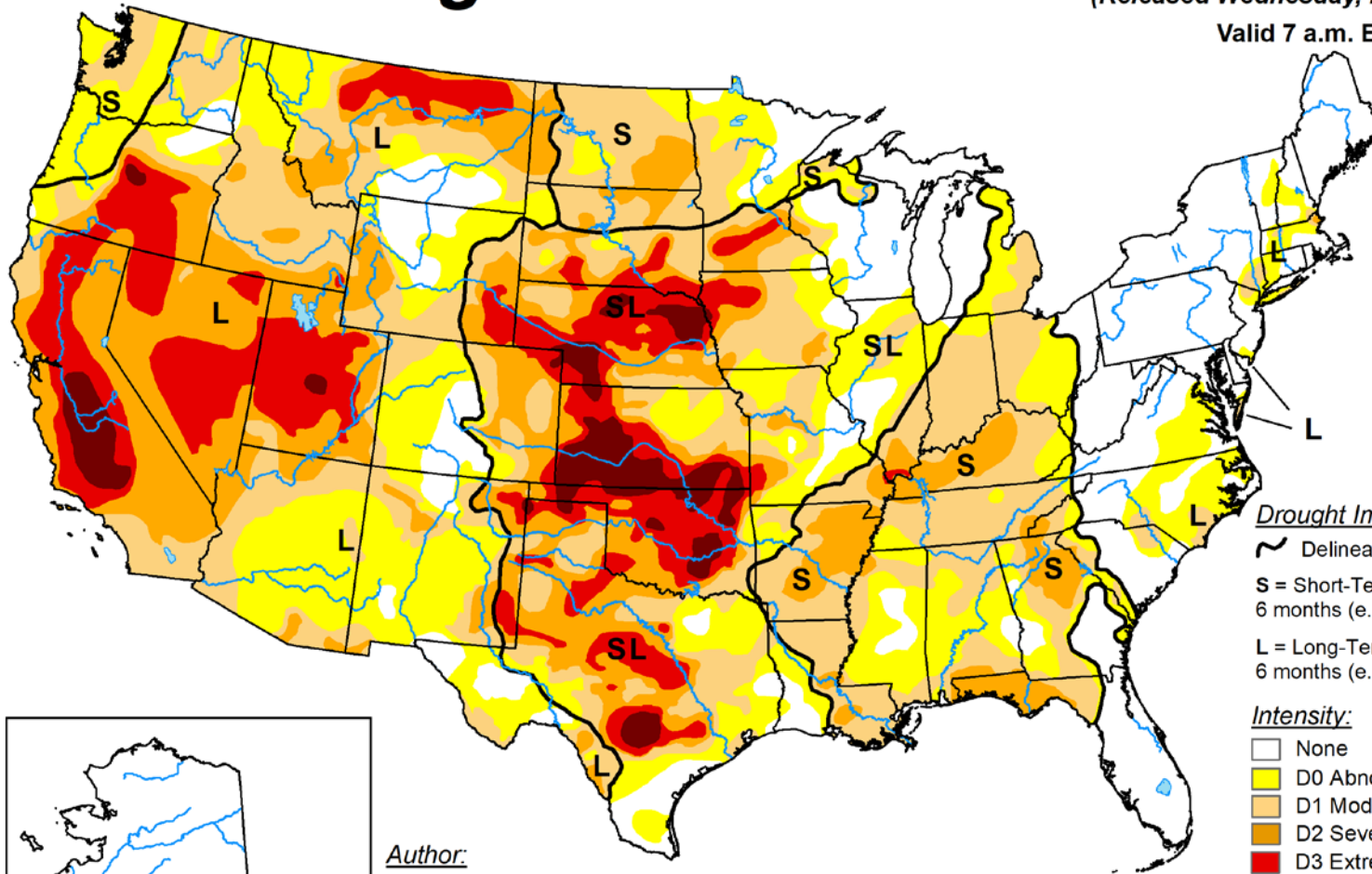
Data Source: Livestock Marketing Information Center

U.S. Drought Monitor

November 22, 2022

(Released Wednesday, Nov. 23, 2022)

Valid 7 a.m. EST



Drought Impact Types:

~ Delineates dominant impacts

S = Short-Term, typically less than 6 months (e.g. agriculture, grasslands)

L = Long-Term, typically greater than 6 months (e.g. hydrology, ecology)

Intensity:

None

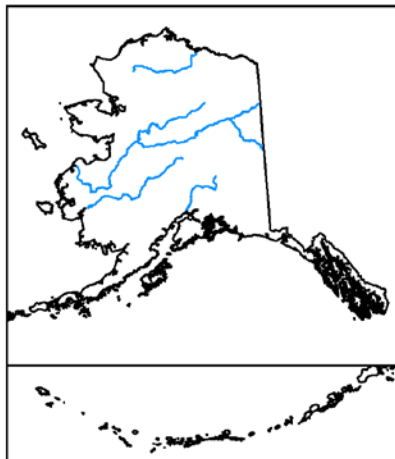
D0 Abnormally Dry

D1 Moderate Drought

D2 Severe Drought

D3 Extreme Drought

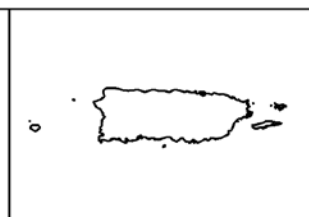
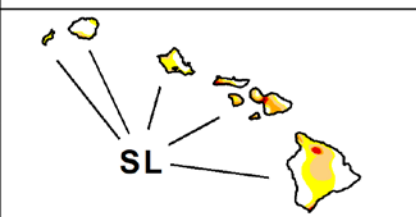
D4 Exceptional Drought



Author:

Brad Rippey

U.S. Department of Agriculture



The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. For more information on the Drought Monitor, go to <https://droughtmonitor.unl.edu/About.aspx>



droughtmonitor.unl.edu

Number of Beef Cows by Region							
	Western	Great Plains	Southern Plains	Cornbelt	Northeast	Southeast	U.S. Total
2016	9.9%	29.4%	20.6%	14.7%	1.2%	23.8%	30,166
2017	10.0%	29.2%	21.0%	15.0%	1.3%	23.3%	31,171
2018	10.2%	29.1%	21.0%	14.9%	1.3%	23.2%	31,466
2019	10.0%	29.1%	21.5%	14.7%	1.4%	23.0%	31,691
2020	10.2%	28.9%	21.3%	14.8%	1.4%	23.2%	31,339
2021	10.1%	28.7%	22.0%	14.4%	1.3%	23.2%	30,844
2022	10.3%	28.0%	21.9%	14.8%	1.3%	23.4%	30,125

Context on Beef Cow Herd Dynamics

Western: AZ, CA, ID, NV, NM, OR, UT, WA
 Great Plains: CO, **KS**, MT, NE, ND, SD, WY
 Southern Plains: OK, TX
 Cornbelt: IL, IN, IA, MI, MN, MO, OH, WI
 Southeast: AL, AR, FL, GA, KY, LA, MS, NC, SC, TN, VA, WV

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)

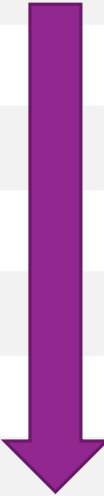
Kansas State University Department of Agricultural Economics

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

Context on Beef Cow Herd Dynamics

Table 1. Beef Cow Inventory (000's head)

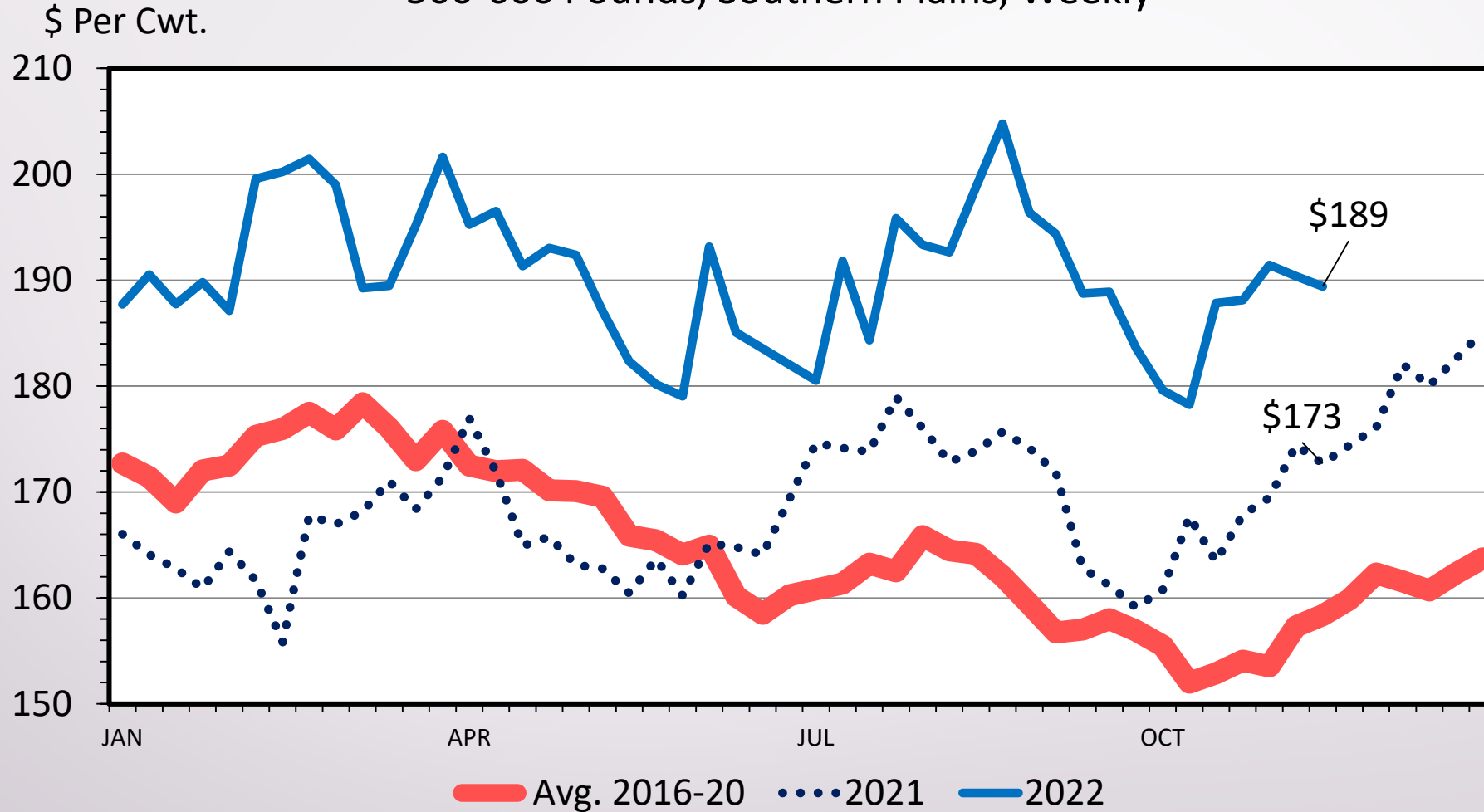
CATTLE CYCLE	AVERAGE	STD DEV	MIN	MAX	RANGE	RELATIVE RANGE*
1949-1958	21,772	3,867	15,919	25,659	9,740	44.7%
1958-1967	29,300	3,898	24,165	34,442	10,277	35.1%
1967-1979	39,505	3,520	34,708	45,711	11,003	27.9%
1979-1990	36,033	2,373	32,487	39,229	6,742	18.7%
1990-2004	33,688	909	32,454	35,318	2,864	8.5%
2004-2014	31,704	1,108	29,631	32,702	3,071	9.7%
2014-PRESENT	30,620	1,025	28,956	31,690	2,734	8.9%



* Relative range is calculated as $100 \times \text{range} / \text{average}$.

MED. & LRG. #1 STEER CALF PRICES

500-600 Pounds, Southern Plains, Weekly

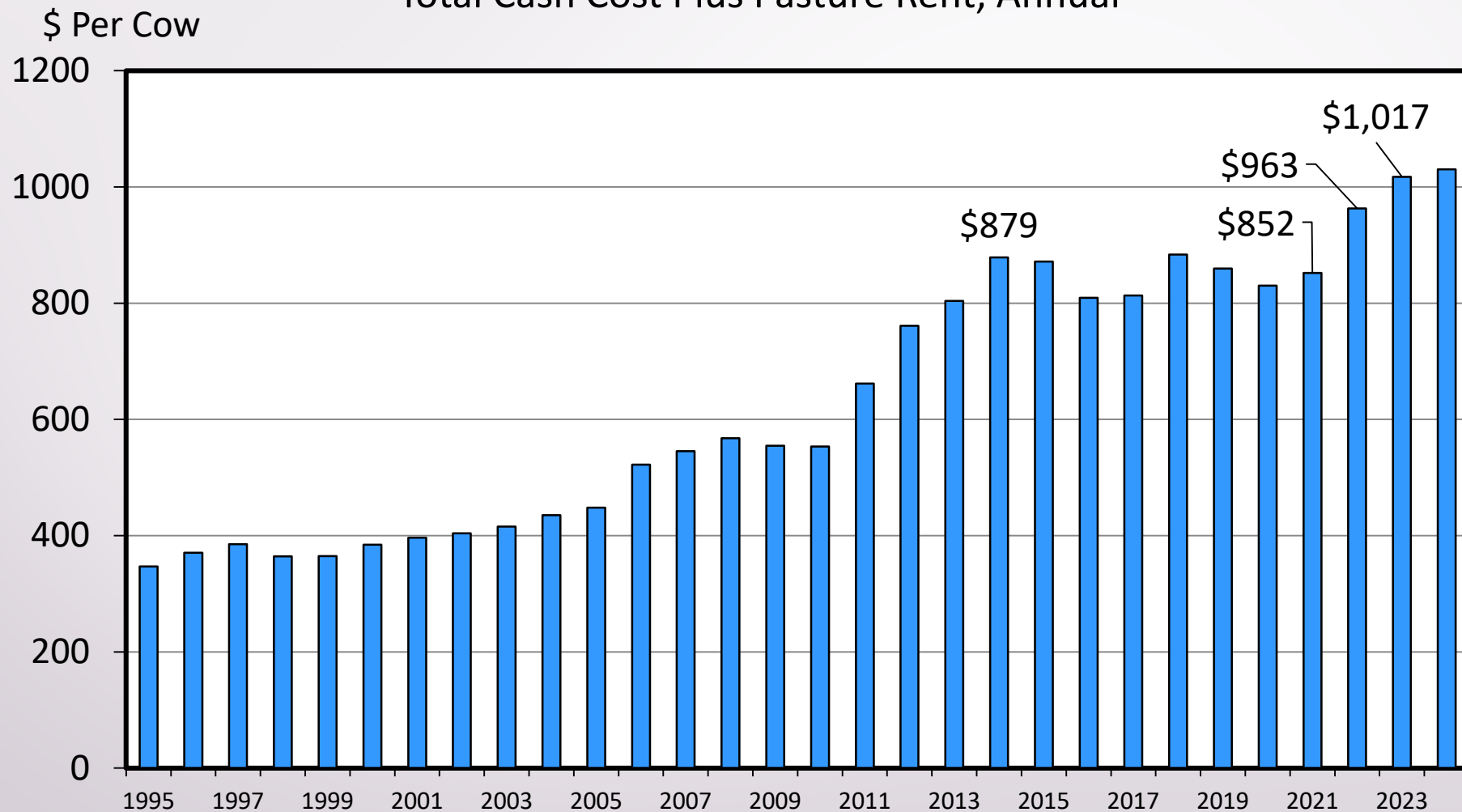


Data Source: USDA-AMS
Livestock Marketing Information Center

C-P-54
11/21/22

ESTIMATED AVERAGE COW CALF COSTS

Total Cash Cost Plus Pasture Rent, Annual



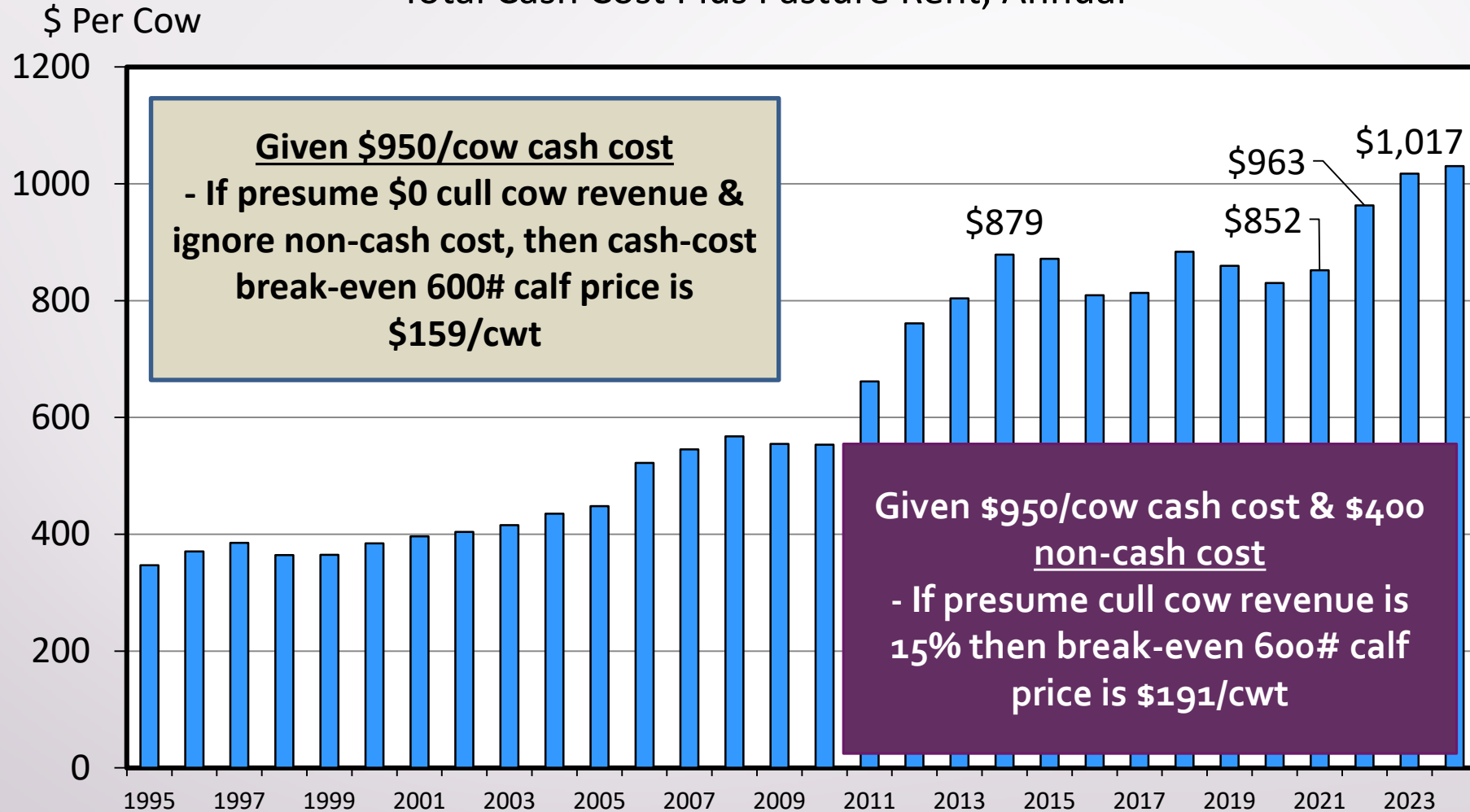
Data Source: USDA & LMIC, Compiled by LMIC

Livestock Marketing Information Center

11/10/22

ESTIMATED AVERAGE COW CALF COSTS

Total Cash Cost Plus Pasture Rent, Annual



Data Source: USDA & LMIC, Compiled by LMIC

Livestock Marketing Information Center

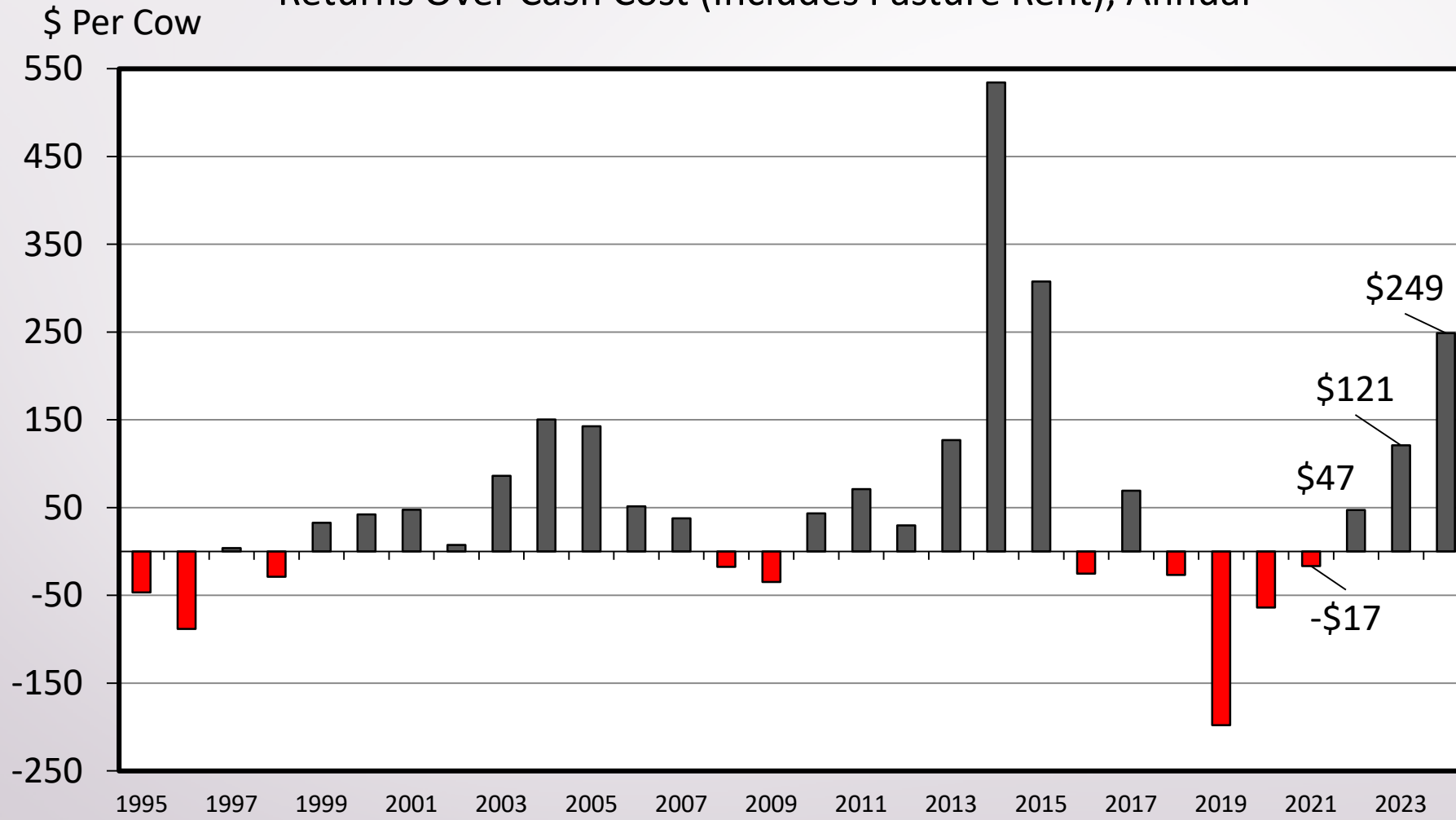
11/10/22



NET Margins Matter!

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
11/10/22

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

Salina **BACKGROUND** Market, as of 11/23

11/30/2022 Buy/Retain @ 600 lbs

2/8/2023 Sell @ 750 lbs

ADG=2.1

- *Expected Buy Price: \$199/cwt*
- *Expected Sell Price: \$188/cwt*
- *VOG: \$210/head (\$140/cwt)*

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

*Salina **SUMMER GRASS** Market, as of 11/23*

4/5/2023 Buy/Retail @ 750 lbs

9/6/2023 Sell @ 950 lbs

DOF=154 & ADG=1.3

- *Expected Buy Price: \$191/cwt*
- *Expected Sell Price: \$191/cwt*
 - *VOG: \$188/cwt (\$377/head)*



NET Margins Matter!

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

*Salina **FALL CALF** Market, as of 11/23*

10/12/2023 Sell @ Weaning @ 600 lbs

- *Expected Cash Price: \$225/cwt*

KSU-Feeder Cattle Risk Management Tool

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

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KSU-Feeder Cattle Risk Management Tool

An Excel spreadsheet for evaluating feeder cattle risk management strategies

Version- 12.14.2020



KANSAS STATE UNIVERSITY Agricultural Economics

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.

INSTRUCTIONS FOR THE!

Be sure to "Enable Content" and "Enable Macros" for the spreadsheet to function correctly.

In the Comparison sheet all blue numbers are input by the user. All black numbers are calculated using data provided by the user. The spreadsheet automatically recalculates every time an additional input is entered. Thus, it is important to wait until all data have been entered and reviewed before interpreting any of the calculated results (i.e., black numbers). Most of the input cells (i.e., blue number) have a red diamond in the upper right hand corner of the cell. By moving your mouse cursor over this diamond, a brief description of

FOR MORE INFORMATION:

To learn more about managing price risk and using LRP insurance visit www.AgManager.info or click on the following link

[P Insurance Informat](#) [Price Risk Management Information](#)

Updated by:

Glynn T. Tonsor, Ph.D.
Agricultural Economist
Department of Agricultural Economics
Kansas State University
gtonsor@k-state.edu
785-532-1518

ACKNOWLEDGEMENTS:

This spreadsheet was originally developed by Kevin Dhuyvetter, Ph.D., Agricultural Economist, Kansas State University. The authors gratefully acknowledge funding provided by USDA's Risk Management Agency (RMA) for initial development of this feeder cattle risk management tool.

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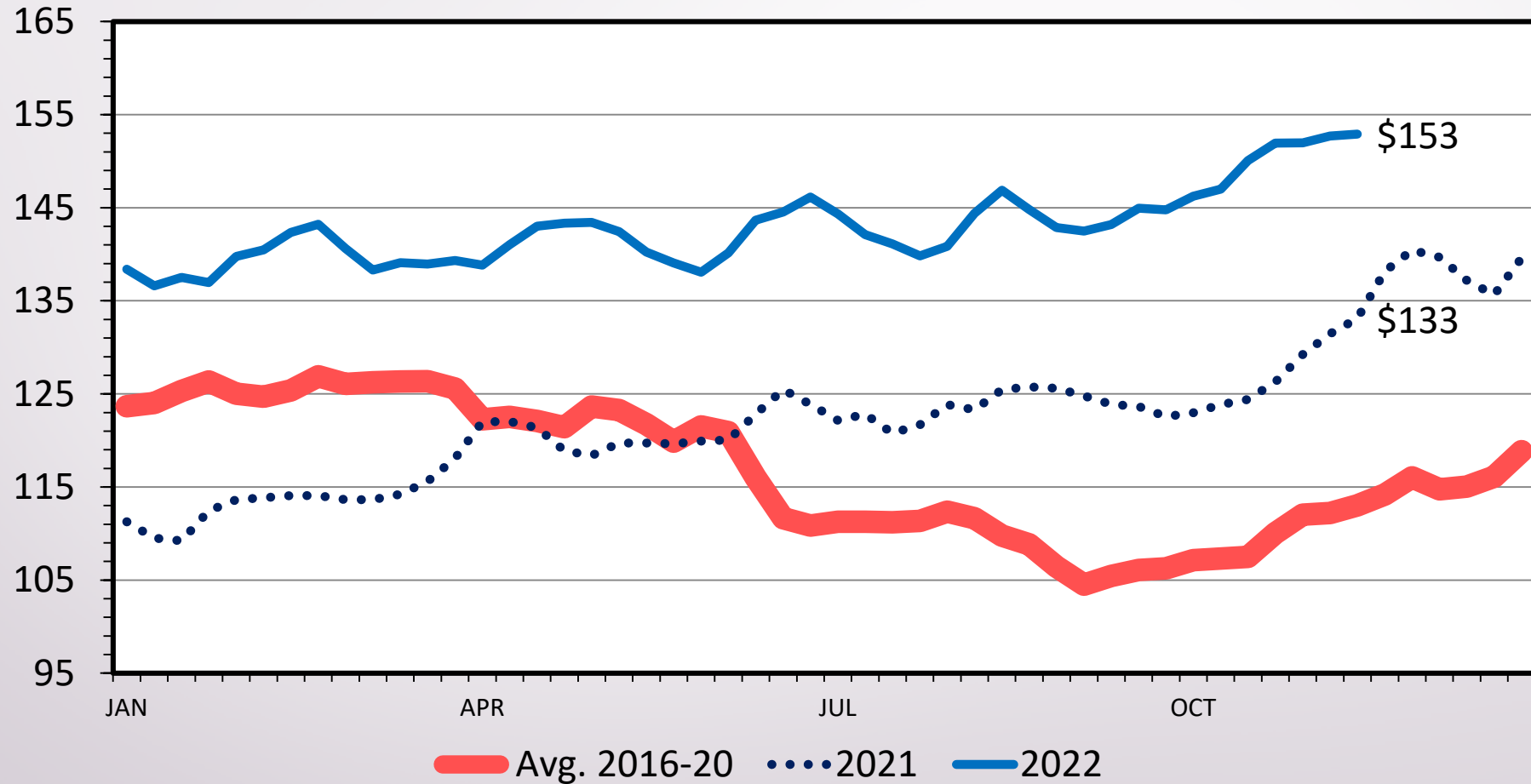
Always good to reassess
your situation

e.g. changes in LRP make
that more attractive to
some...

SLAUGHTER STEER PRICES

5 Market Weighted Average, Weekly

\$ Per Cwt.



Data Source: USDA-AMS

Livestock Marketing Information Center

11/21/22

Historical and Projected Kansas Feedlot Net Returns (as of 11/16/22')

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

Sept 22': -\$49/steer

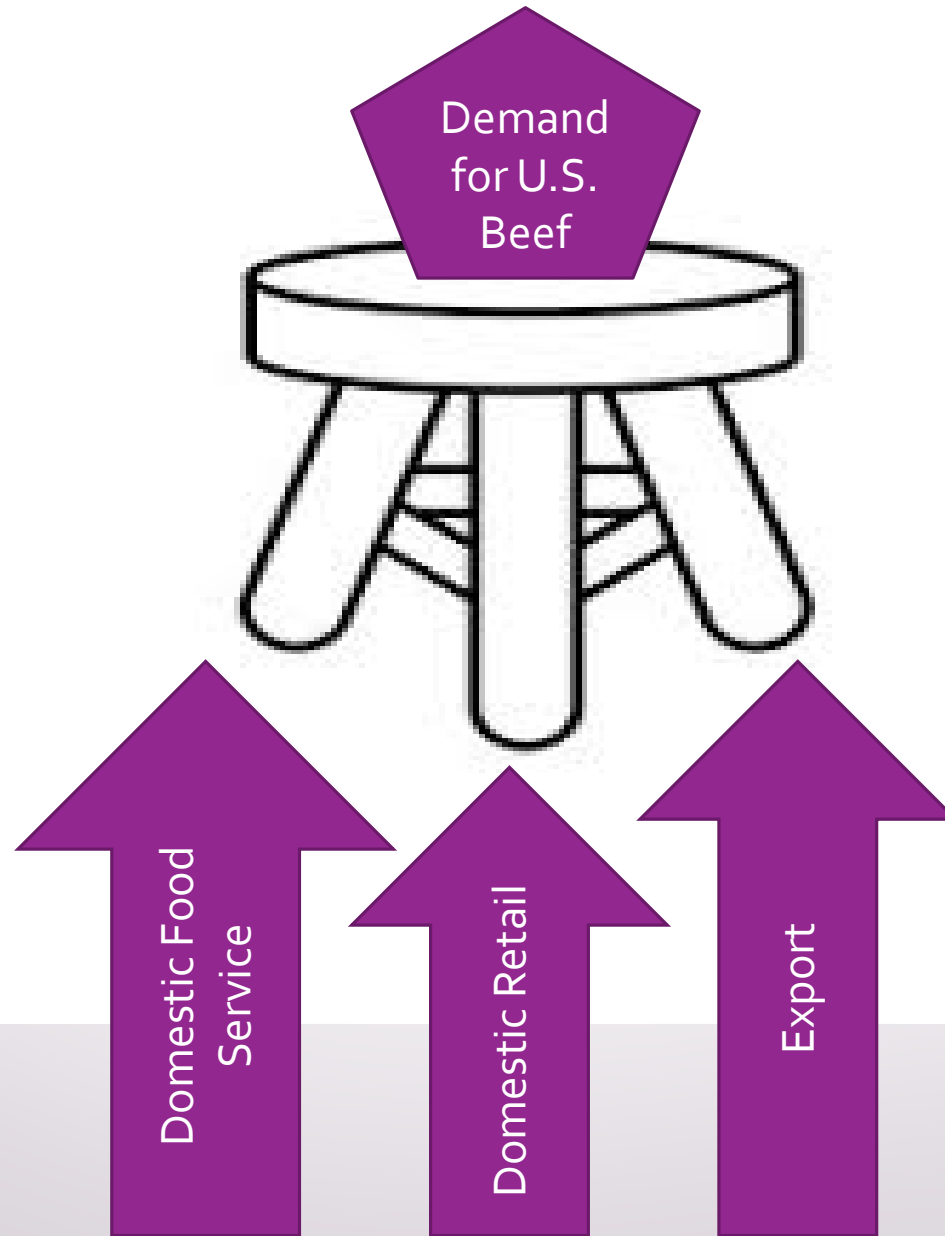
Table 1. Projected Values for Finishing Steers in Kansas Feedyards*

Closeout Mo-Yr	Net Return	FCOG**	Fed Price	Fed Futures	Fed Basis	Feeder Price	Breakeven FCOG**	Breakeven Fed Price	Breakeven Feeder Price
Oct-22	-44.91	135.49	146.95	147.77	-0.82	157.31	128.39	150.01	151.95
Nov-22	44.85	136.85	152.42	151.80	0.62	155.13	143.80	149.37	160.57
Dec-22	117.23	134.72	155.53	154.25	1.28	153.85	152.33	147.59	168.30
Jan-23	77.83	133.84	154.68	154.25	0.43	158.28	145.12	149.37	168.33
Feb-23	29.34	129.60	157.97	157.73	0.25	172.46	134.02	155.97	176.13
Mar-23	79.61	127.84	160.80	157.73	3.08	172.94	139.87	155.22	183.37
Apr-23	99.16	122.14	158.40	153.63	4.77	170.95	137.37	151.28	184.33
May-23	179.81	118.53	161.20	153.63	7.57	169.63	145.24	148.59	193.50
Jun-23	77.97	118.84	157.30	153.60	3.70	174.47	130.66	151.81	184.71
Jul-23	2.70	118.99	153.47	153.60	-0.13	176.32	119.40	153.28	176.67

Representative Barometer for Trends in Profitability



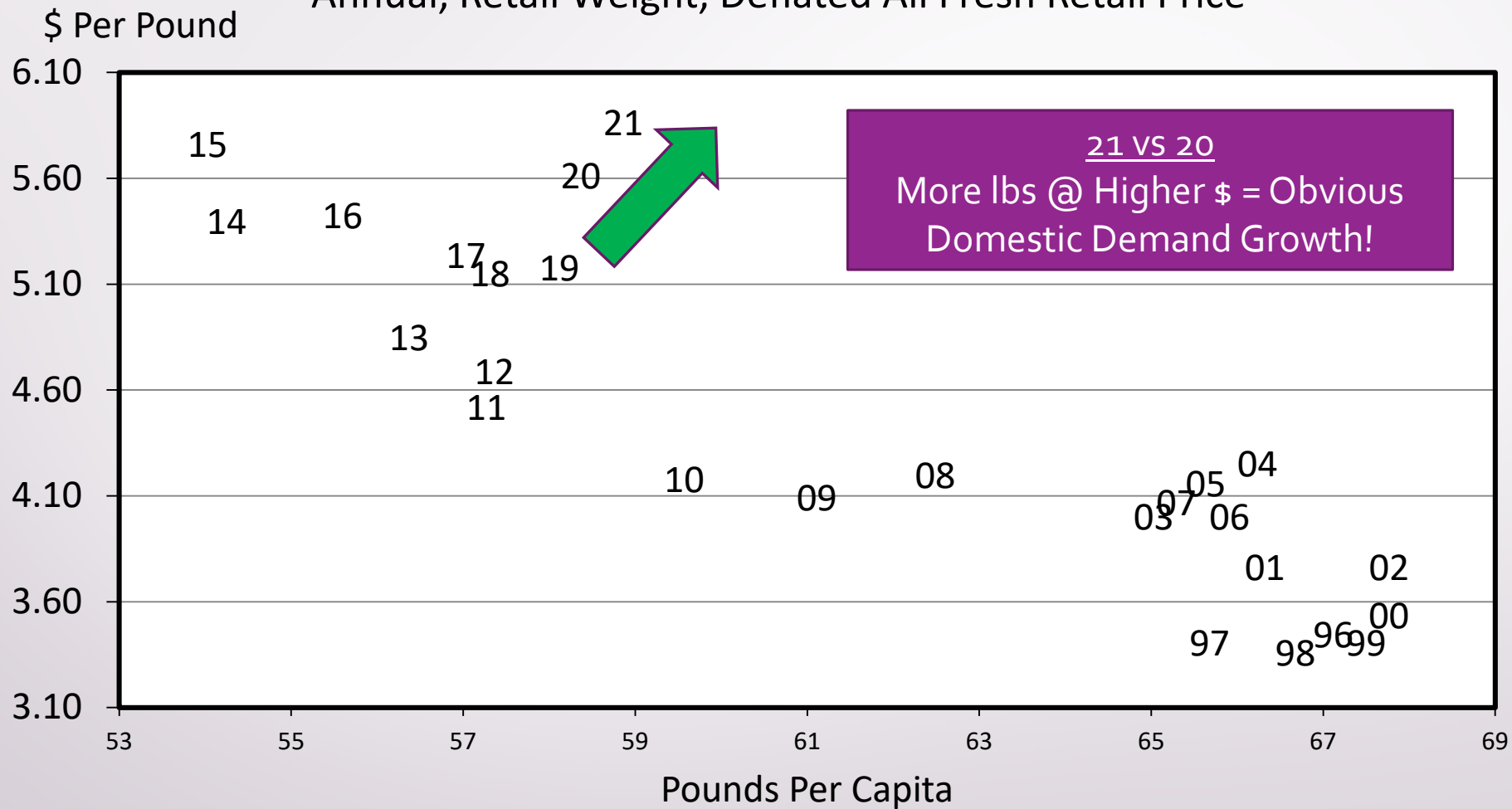
Beef Demand Patterns



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

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

C-P-65A
06/30/22

Monthly Meat Demand Monitor, Methods, and Supporting Information

[Home](#) / [Livestock & Meat](#) / [Meat Demand](#) / [Monthly Meat Demand Monitor \[Survey Data\]](#)

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Livestock & Meat

[Projected Feeder Cattle Prices](#)

[Cattle Finishing Returns](#)

[Meat Demand](#)

[Meat Demand Research Studies](#)

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

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

[Monthly Meat Demand Monitor \[Survey Data\]](#)

Monthly Meat Demand Monitor [Survey Data]

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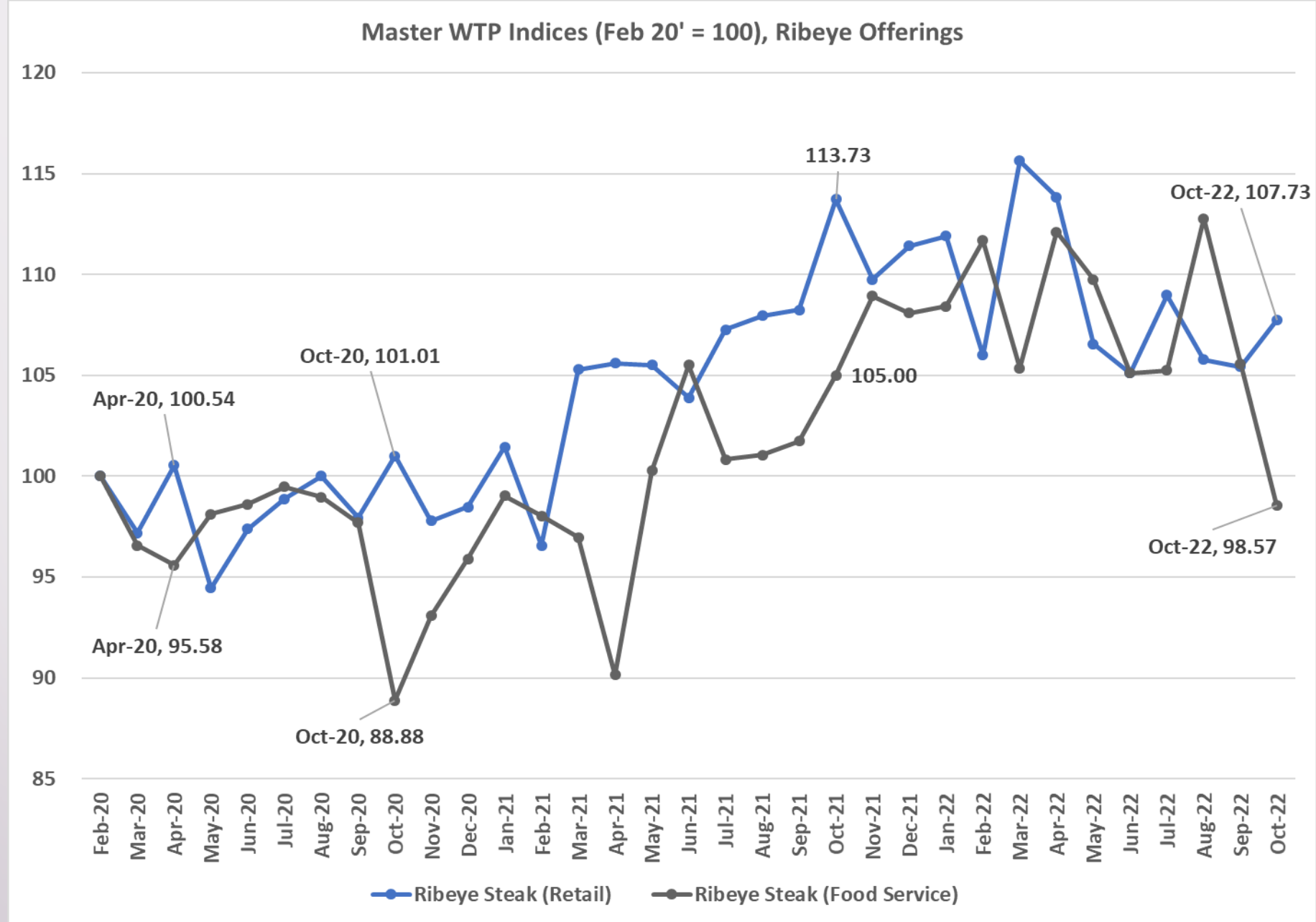
The Meat Demand Monitor (MDM) project is funded in-part by the beef checkoff and the pork checkoff. Monthly reports and supporting documentation are available here.



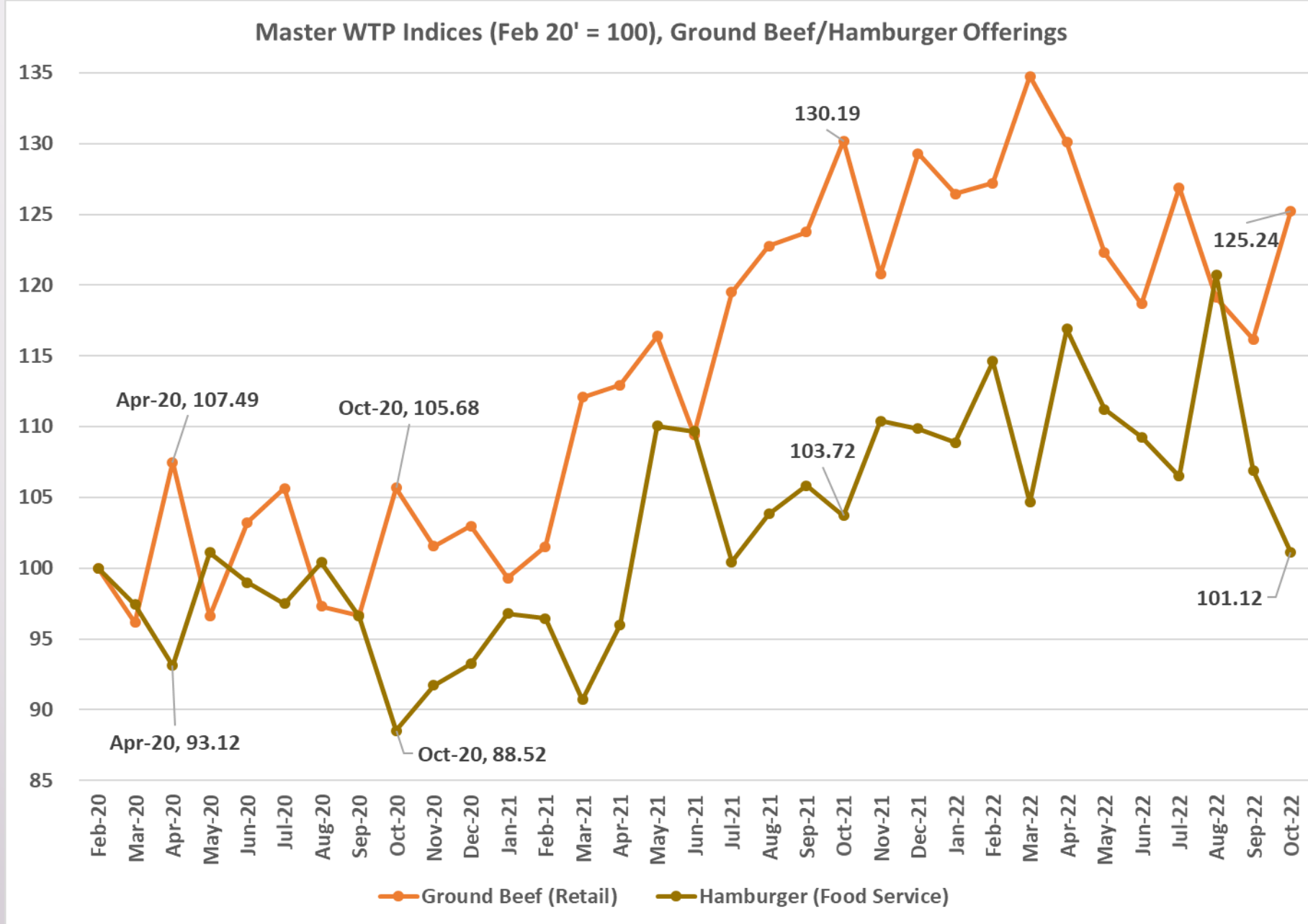
Monthly Meat Demand Monitor

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

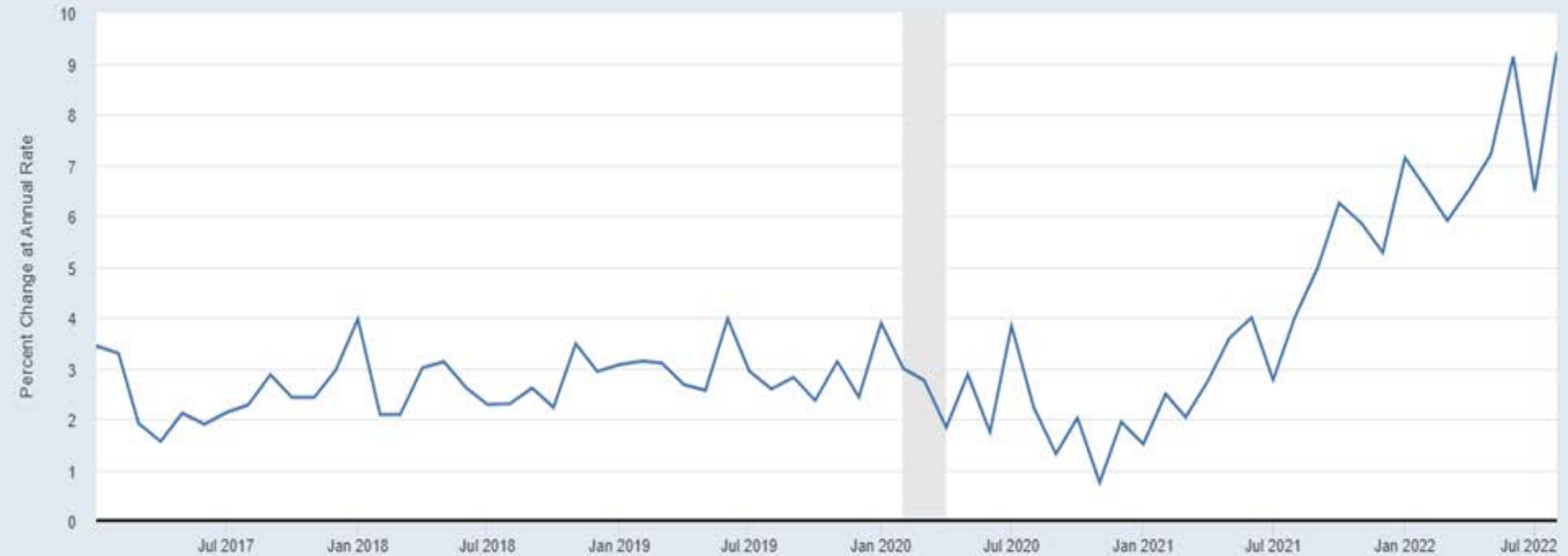
<https://www.agmanager.info/livestock-meat/meat-demand/monthly-meat-demand-monitor-survey-data>



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



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

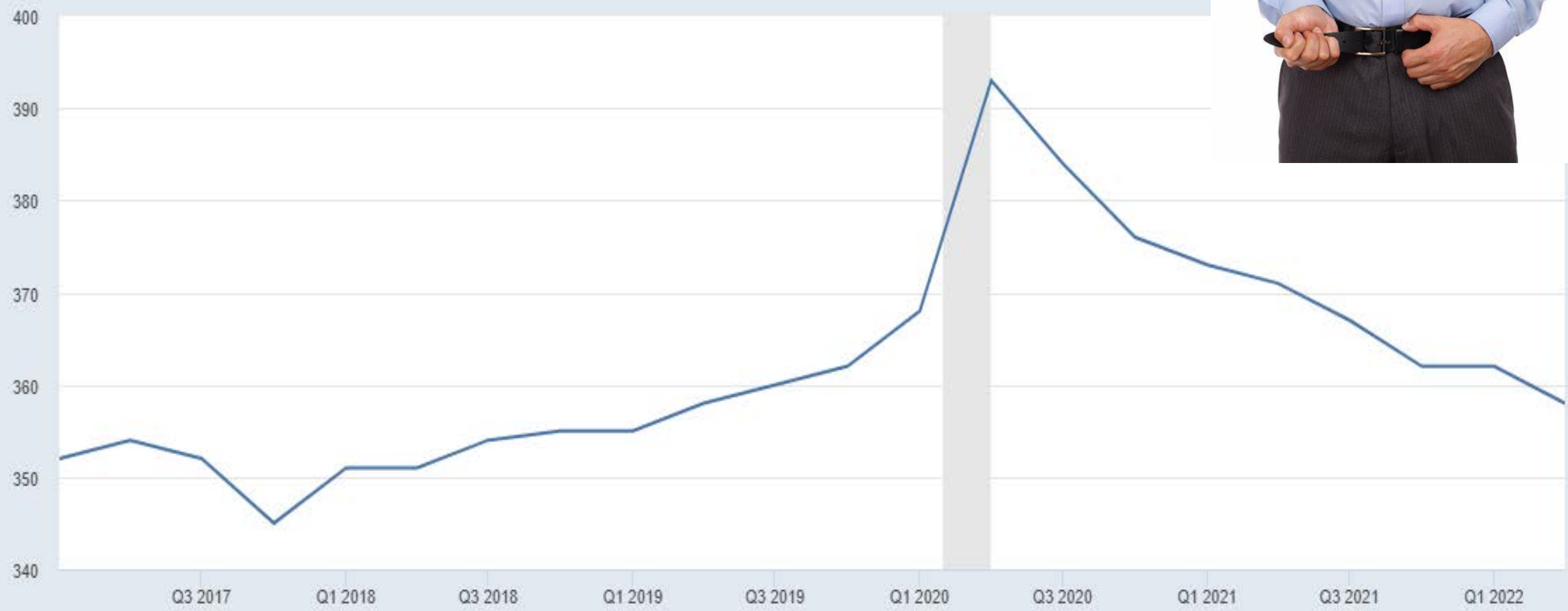


Shaded areas indicate U.S. recessions.

Source: Federal Reserve Bank of Cleveland

fred.stlouisfed.org

1982-84 CPI Adjusted Dollars



Shaded areas indicate U.S. recessions.

Source: U.S. Bureau of Labor Statistics

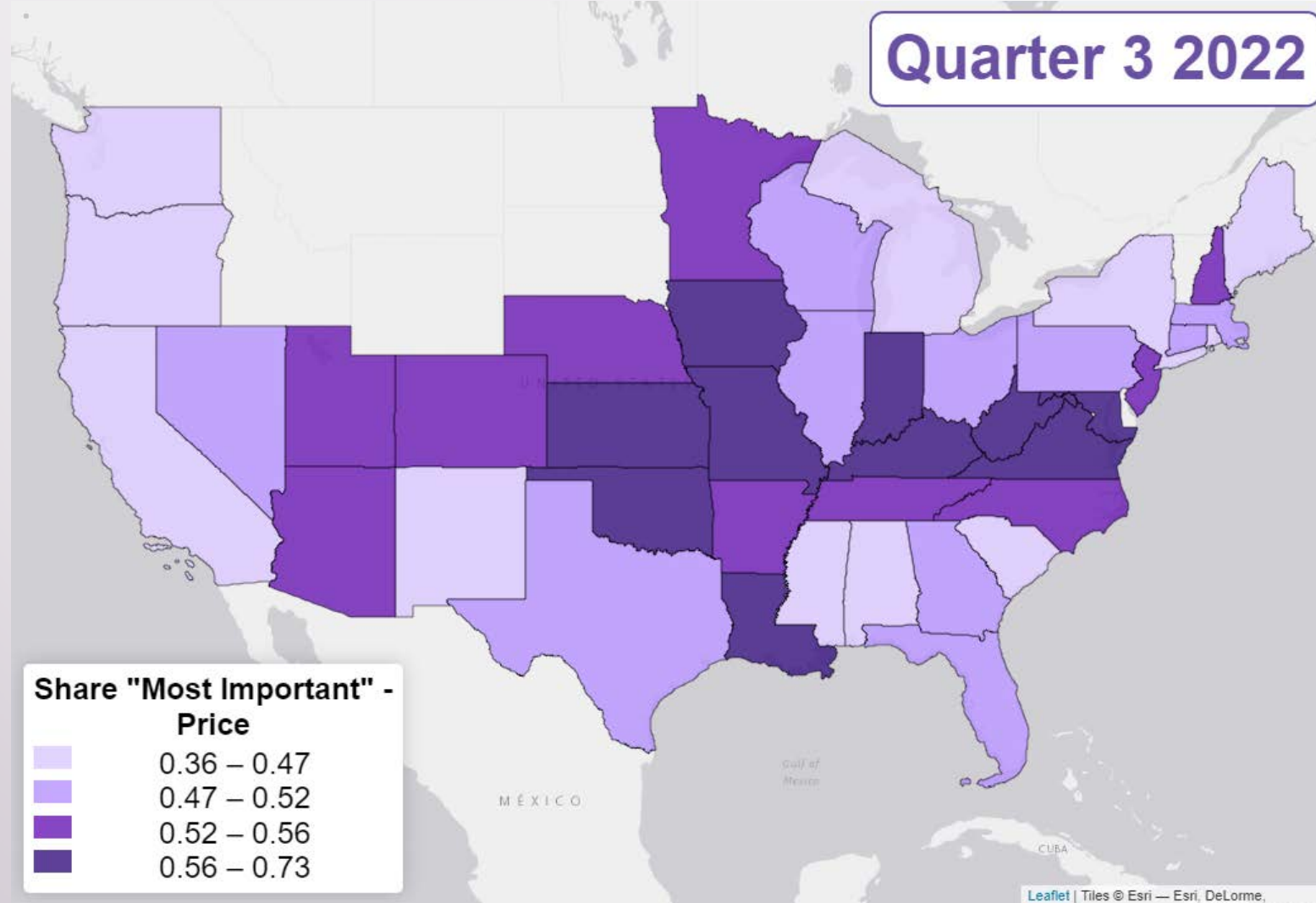
fred.stlouisfed.org

How Has Economy-Wide Inflation Impacted Consumer Sensitivity to Pork Prices?

Tonsor & Lusk, Sept 2022 – National Pork Board Report

- ☐ Real earnings declined since Q2.2020
- ☐ Relative importance of Price (#MDM) higher in Q2.2022 than Q2.2021
 - ☐ Update: Q3.2022 Price importance highest on record (Feb 2020 MDM start)
- ☐ Analysis of IRI Scanner data (Jan 2017 – Aug 2022)
 - ☐ Consumers are becoming more sensitive to prices on retail pork products

Where is Price Most Important in Protein Purchasing Decisions?



Q3-2022

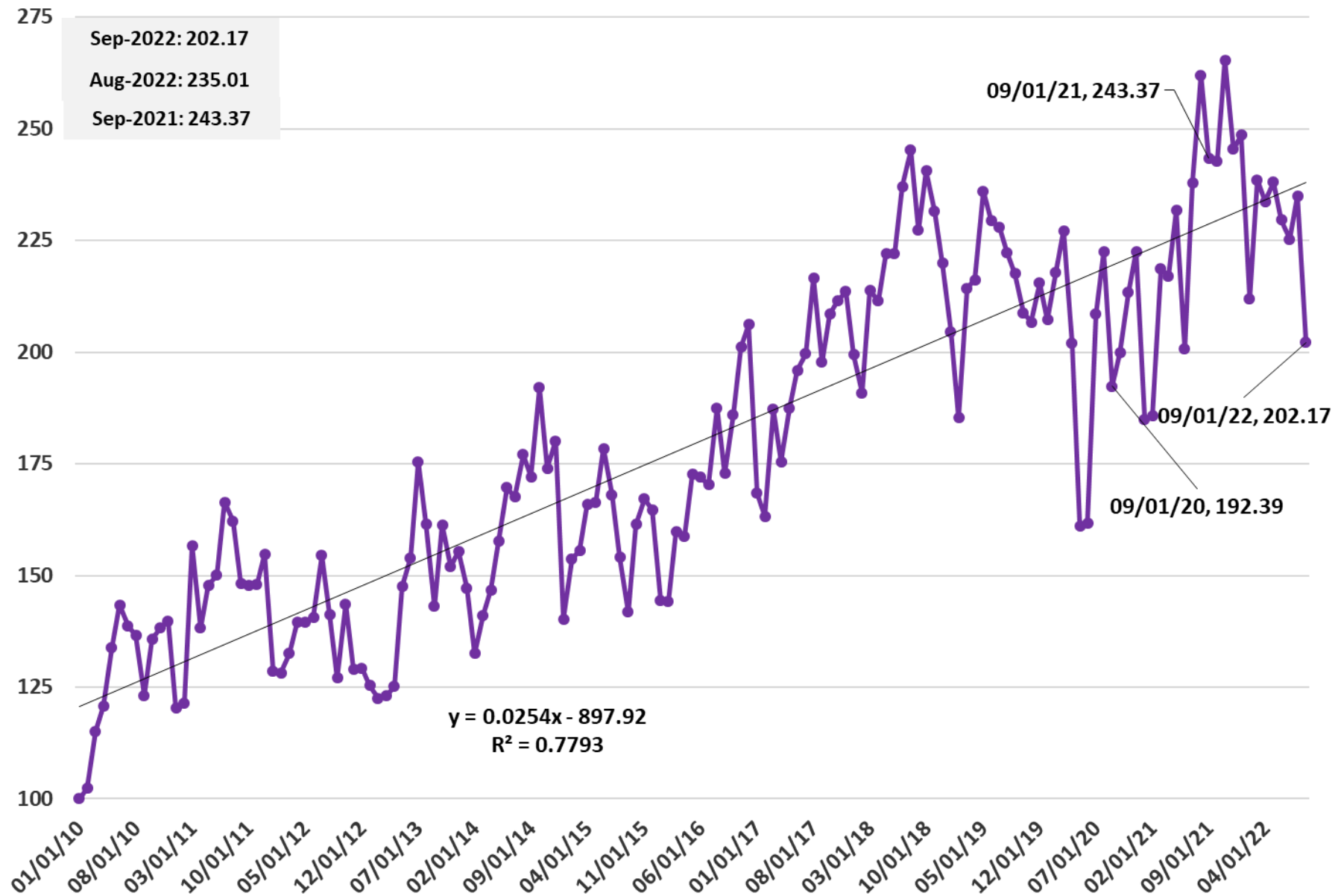
Nationally: 50%

IA: 73%
WV: 73%

RI: 36%
WA: 40%

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

Monthly U.S. Beef, Export Demand Index, Jan. 2010 (base) - present



<https://www.agmanager.info/livestock-meat/meat-demand/monthly-export-meat-demand-indices-usdabls-data>

Other Topics We Could Discuss

- Meat Demand Outdoes Meat Avoidance
(<https://www.sciencedirect.com/science/article/pii/S0309174022001115>)
- Capacity Discussions
 - See 8/22 KDA Ag Growth Summit Presentation, Beef Processing Update
 - Similar thought needed on Feedlot Capacity & Impact of Utilization on Margins
- Work to Improve Fed Cattle Price Reporting Continues
 - <https://onlinelibrary.wiley.com/doi/10.1002/aepp.13324>

Take-Home Summary

- Herd Dynamics = Reduced Beef Supplies = Likely Higher Cattle Prices
- Demand Story Mixed
 - Export Demand DESPITE Strong USD & Logistical Challenges
 - Domestic Demand Slipping as U.S. Consumer Buying Power Erodes
- ***Industry Continues to Operate in Period of Elevated Uncertainty...***



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