

# BEEF-CATTLE OUTLOOK

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

22<sup>nd</sup> ANNUAL  
BEEF STOCKER  
FIELD DAY

SEPTEMBER 30, 2021  
KSU Beef Stocker Unit  
Manhattan, Kansas



## Quarterly Forecasts (LMIC: 9/28/21)

Year Quarter	Comm'l Slaughter	% Chg. from Year Ago	Average Dressed Weight	% Chg. from Year Ago	Comm'l Beef Production	% Chg. from Year Ago
<b>2021</b>						
I	8,274	-1.5	833.4	1.0	6,895	-0.5
II	8,502	14.9	818.3	-0.1	6,957	14.8
III	8,508	-0.4	818.0	-1.8	6,960	-2.2
IV	8,106	-4.0	828.4	-1.1	6,715	-5.0
<b>Year</b>	<b>33,389</b>	<b>1.8</b>	<b>824.4</b>	<b>-0.5</b>	<b>27,526</b>	<b>1.3</b>
<b>2022</b>						
I	8,100	-2.1	835.7	0.3	6,769	-1.8
II	8,247	-3.0	823.0	0.6	6,787	-2.4
III	8,205	-3.6	823.8	0.7	6,759	-2.9
IV	7,891	-2.6	833.1	0.6	6,574	-2.1
<b>Year</b>	<b>32,444</b>	<b>-2.8</b>	<b>828.8</b>	<b>0.5</b>	<b>26,890</b>	<b>-2.3</b>
<b>2023</b>						
I	7,796	-3.8	842.6	0.8	6,569	-3.0
II	8,076	-2.1	830.4	0.9	6,706	-1.2
III	7,979	-2.8	835.8	1.5	6,669	-1.3
IV	7,722	-2.1	842.9	1.2	6,509	-1.0
<b>Year</b>	<b>31,573</b>	<b>-2.7</b>	<b>837.8</b>	<b>1.1</b>	<b>26,453</b>	<b>-1.6</b>

Data Source: Livestock Marketing Information Center

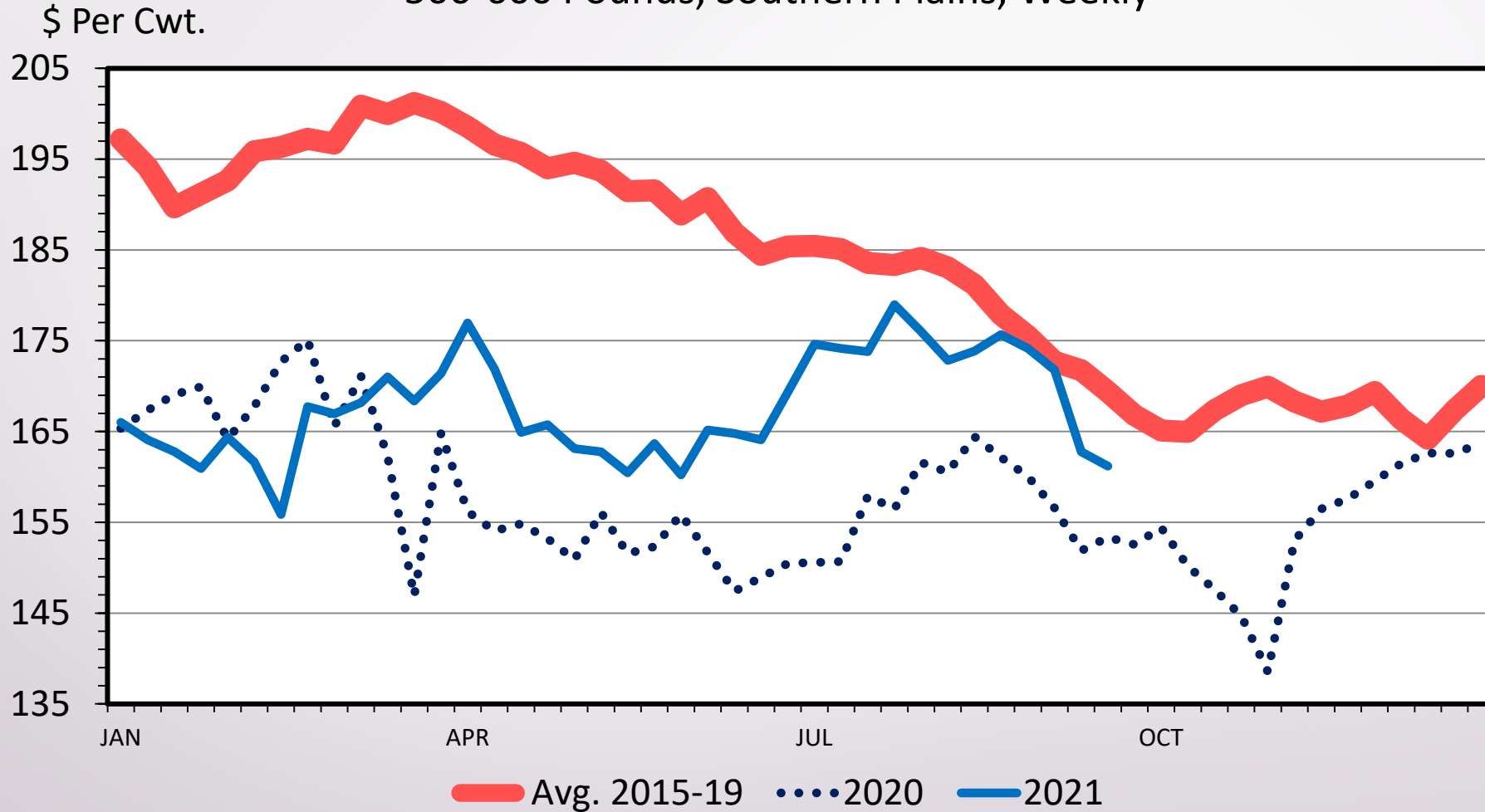
## Quarterly Forecasts: Cattle (LMIC: 9/28/21)

Year Quarter	Live Sltr.	% Chg.	Feeder Steer Price	
	Steer Price 5-Mkt Avg	from Year Ago	Southern Plains 7-800#	5-600#
2021				
I	112.98	-4.5	136.65	164.83
II	120.76	14.1	142.02	165.42
III	123-124	21.4	157	172
IV	126-128	17.4	154-156	169-171
<b>Year</b>	<b>121-122</b>	<b>12.0</b>	<b>147-148</b>	<b>168-169</b>
2022				
I	127-130	13.7	153-156	167-170
II	132-136	11.0	154-159	172-176
III	122-130	2.0	157-167	179-189
IV	126-134	2.4	155-165	177-187
<b>Year</b>	<b>128-130</b>	<b>6.2</b>	<b>156-160</b>	<b>175-178</b>
2023				
I	134-144	8.2	163-173	179-189
II	137-147	6.0	165-175	187-197
III	127-142	6.7	170-185	199-214
IV	132-147	7.3	175-190	205-220
<b>Year</b>	<b>134-144</b>	<b>7.8</b>	<b>170-180</b>	<b>193-203</b>

Data Source: Livestock Marketing Information Center

# MED. & LRG. #1 STEER CALF PRICES

500-600 Pounds, Southern Plains, Weekly

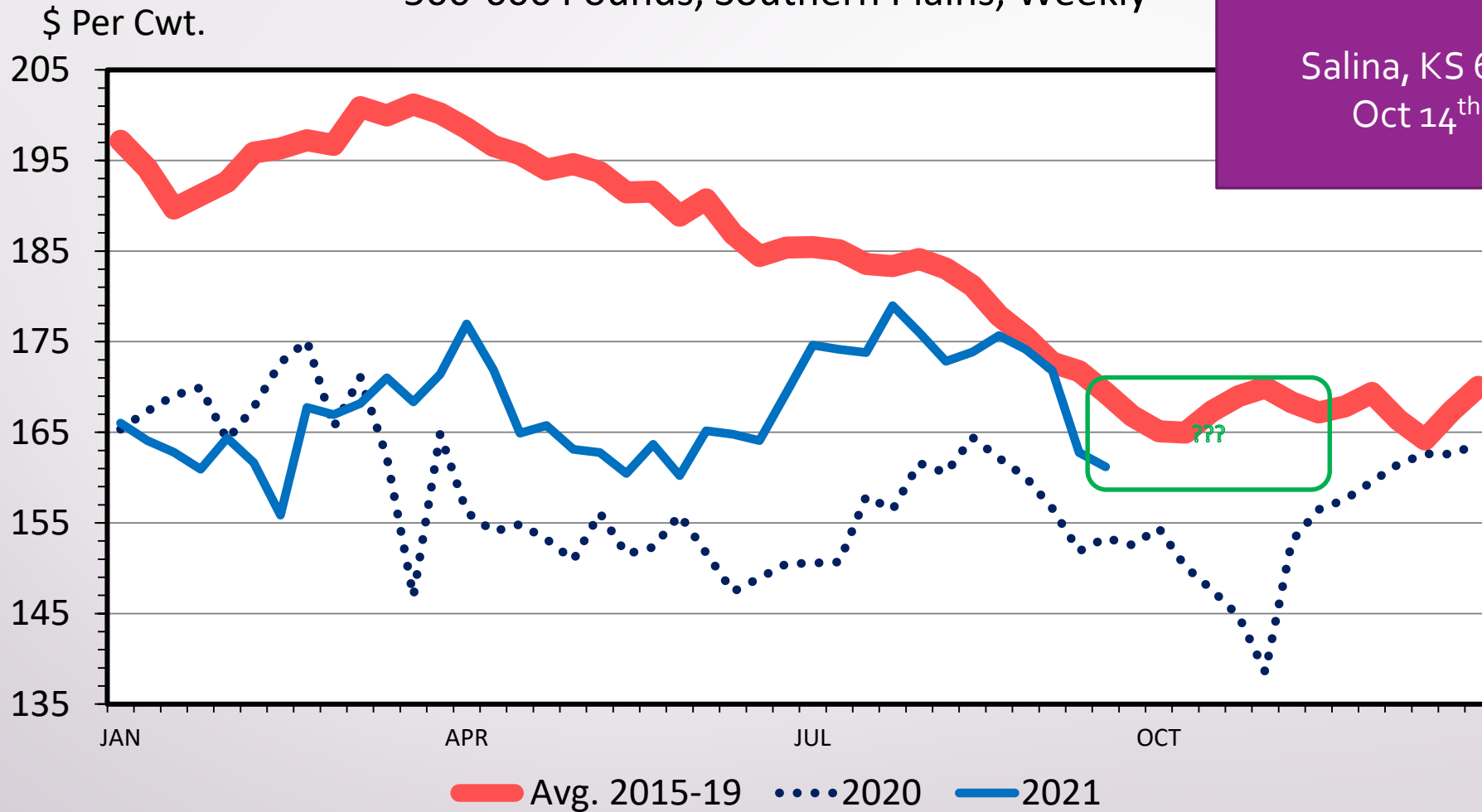


# MED. & LRG. #1 STEER CALF PRICES

500-600 Pounds, Southern Plains, Weekly

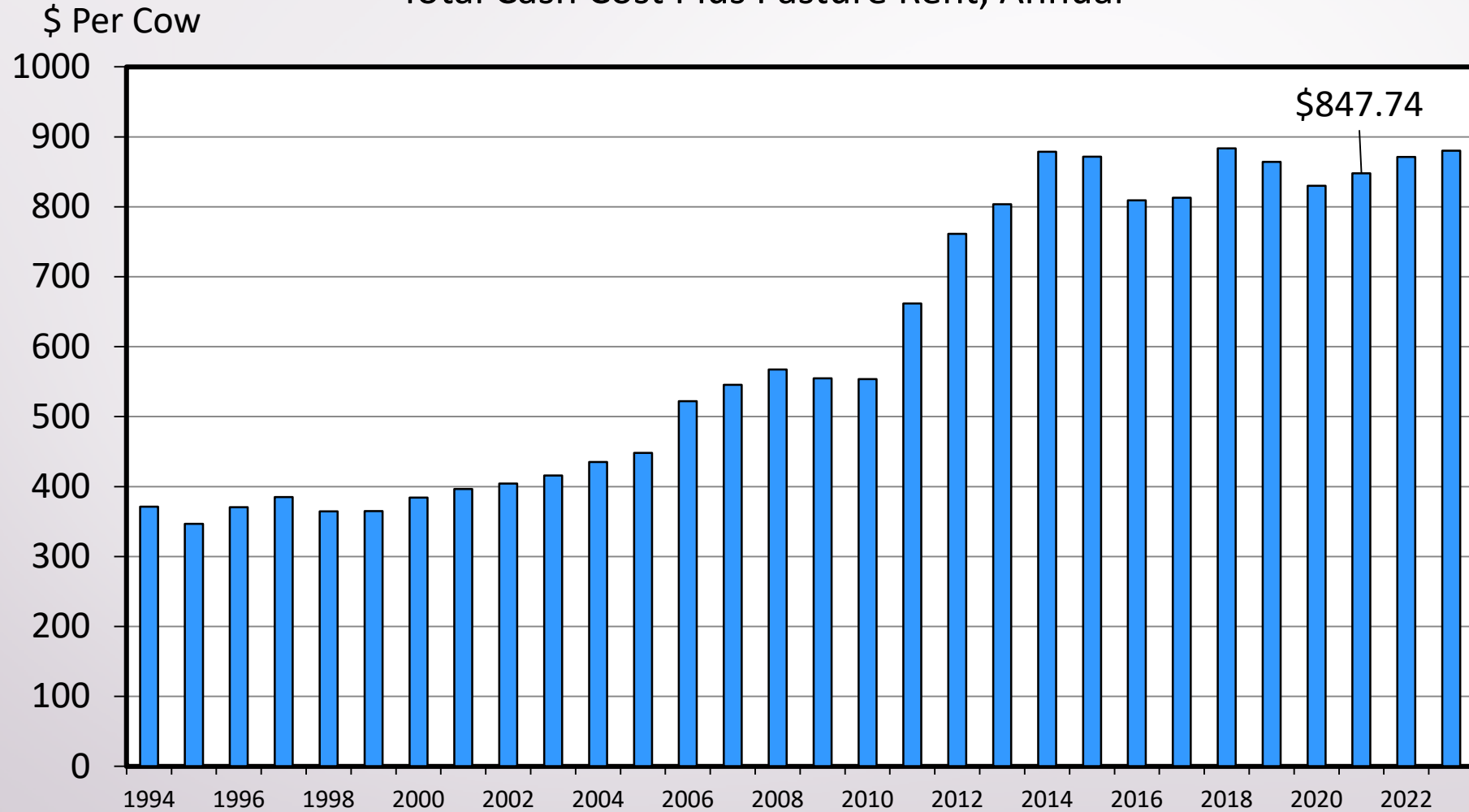
[BeefBasis.com](http://BeefBasis.com) (as of Sept. 29<sup>rd</sup>)

Salina, KS 6cwt Steer on  
Oct 14<sup>th</sup>: \$168/cwt



# ESTIMATED AVERAGE COW CALF COSTS

Total Cash Cost Plus Pasture Rent, Annual



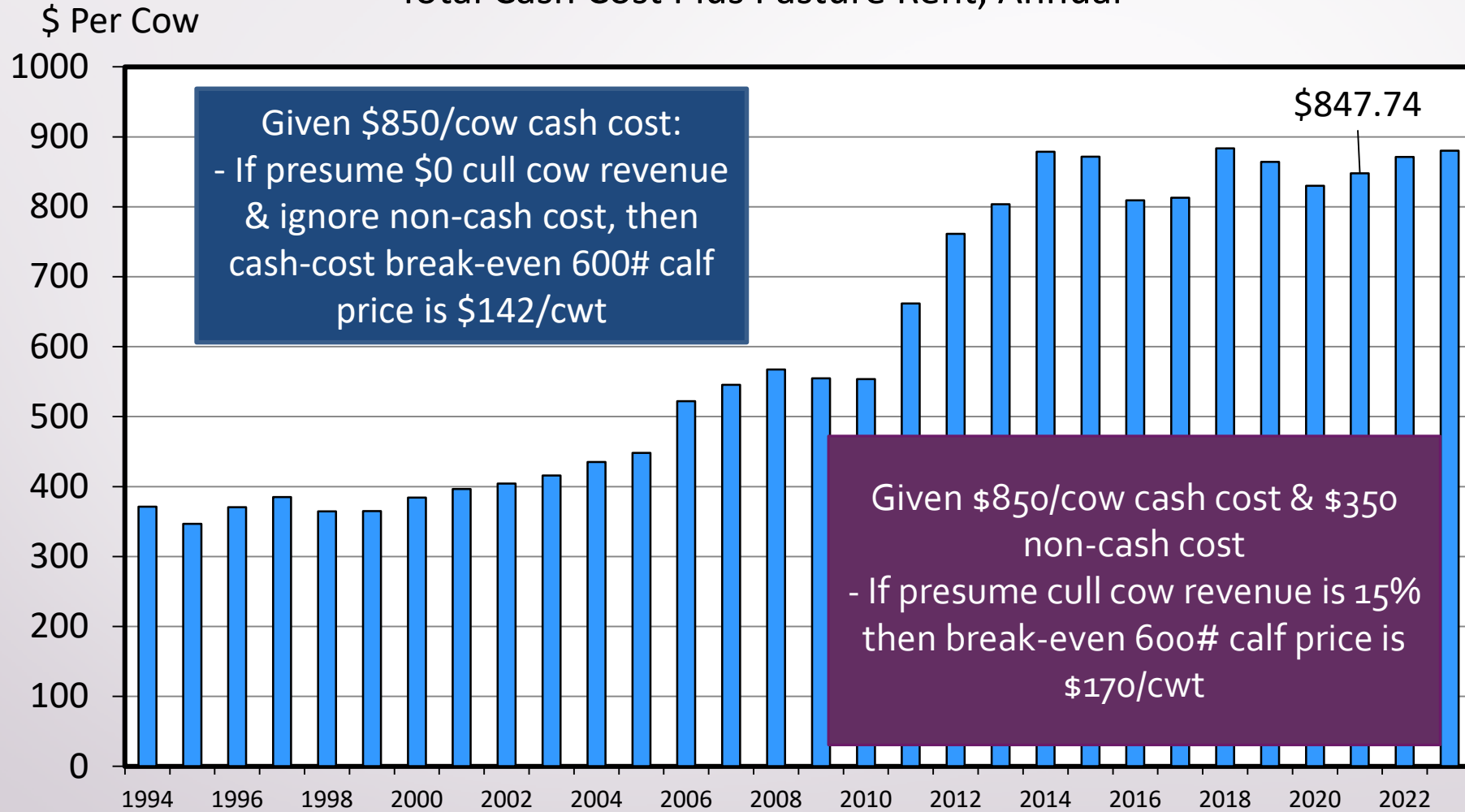
Data Source: USDA & LMIC, Compiled by LMIC

Livestock Marketing Information Center

09/01/21

# ESTIMATED AVERAGE COW CALF COSTS

Total Cash Cost Plus Pasture Rent, Annual



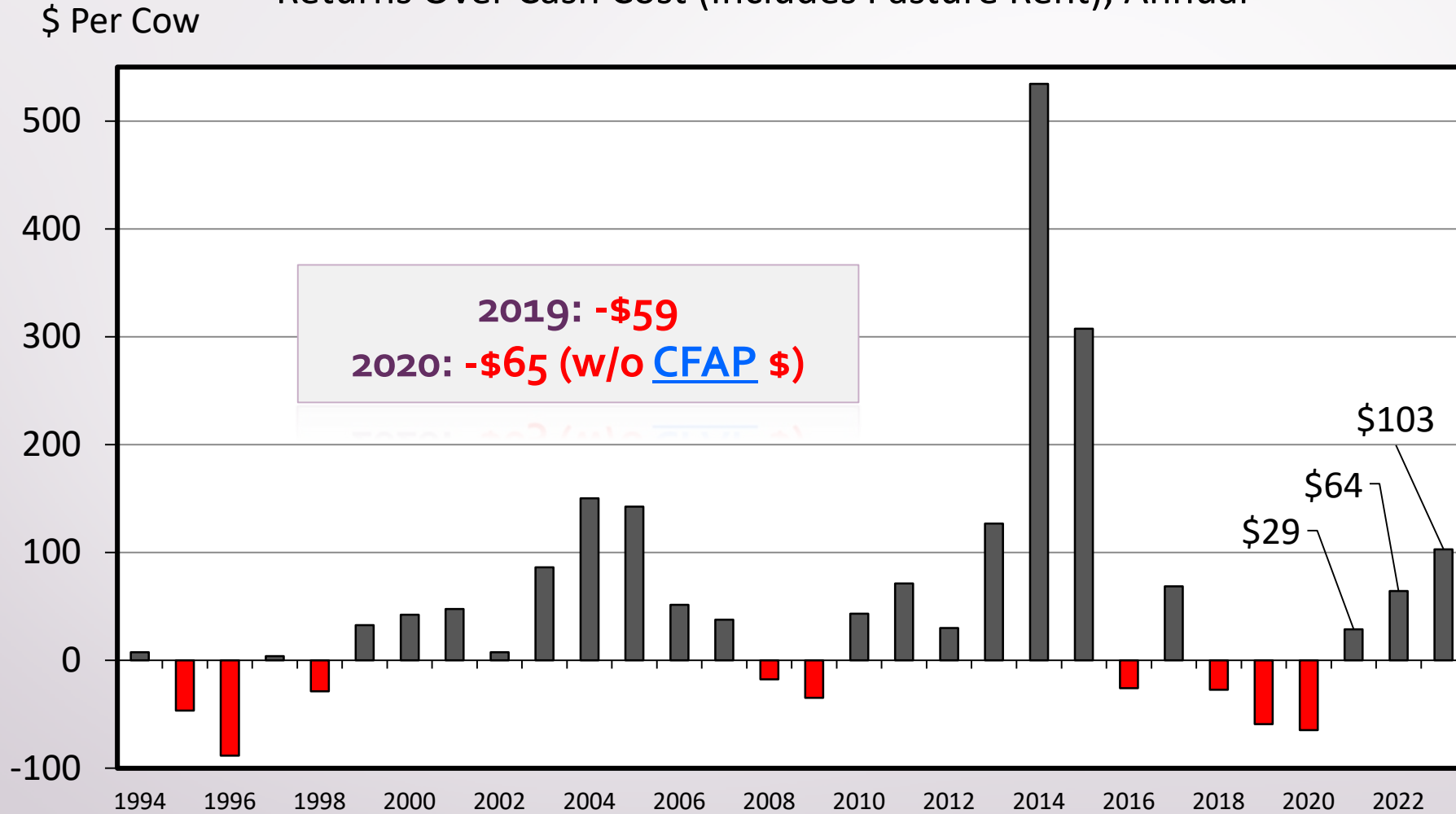
Data Source: USDA & LMIC, Compiled by LMIC

Livestock Marketing Information Center

09/01/21

# 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  
09/01/21



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

***Salina **FALL CALF** Market, as of 9/29***

***10/14/2021 Sell @ Weaning @ 600 lbs***

- ***Expected Cash Price: \$168/cwt***

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

**Salina *BACKGROUND* Market, as of 9/29**

***10/14/2021 Buy/Retail @ 600 lbs***

***1/13/2022 Sell @ 726 lbs***

***ADG=1.4***

- ***Expected Buy Price: \$168/cwt***
- ***Expected Sell Price: \$164/cwt***
  - ***VOG: \$182/head***

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

## Salina **BACKGROUND** Market, as of 9/29

**10/14/2021 Buy/Retail @ 600 lbs**  
**1/13/2022 Sell @ 726 lbs**  
**ADG=1.4**

- **Expected Buy Price: \$168/cwt**
  - **Expected Sell Price: \$164/cwt**
    - **VOG: \$182/head**
- **Could delay sale until Feb 12<sup>th</sup> (1.4 lbs/day)**
- **= \$65/hd higher expected revenue...**

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

**Salina *SUMMER GRASS* Market, as of 9/29**

***4/7/2022 Buy/Retail @ 725 lbs***  
***9/1/2022 Sell @ 950 lbs***  
***DOF=147 & ADG=1.53***

- ***Expected Buy Price: \$169/cwt***
- ***Expected Sell Price: \$159/cwt***
- ***VOG: \$126/cwt (\$284/head)***

# KSU-Feeder Cattle Risk Management Tool

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

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**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](http://www.AgManager.info) or click on the following link  
[P Insurance Informat](#) [Price Risk Management Information](#)

Updated by:  
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[gtonsor@k-state.edu](mailto: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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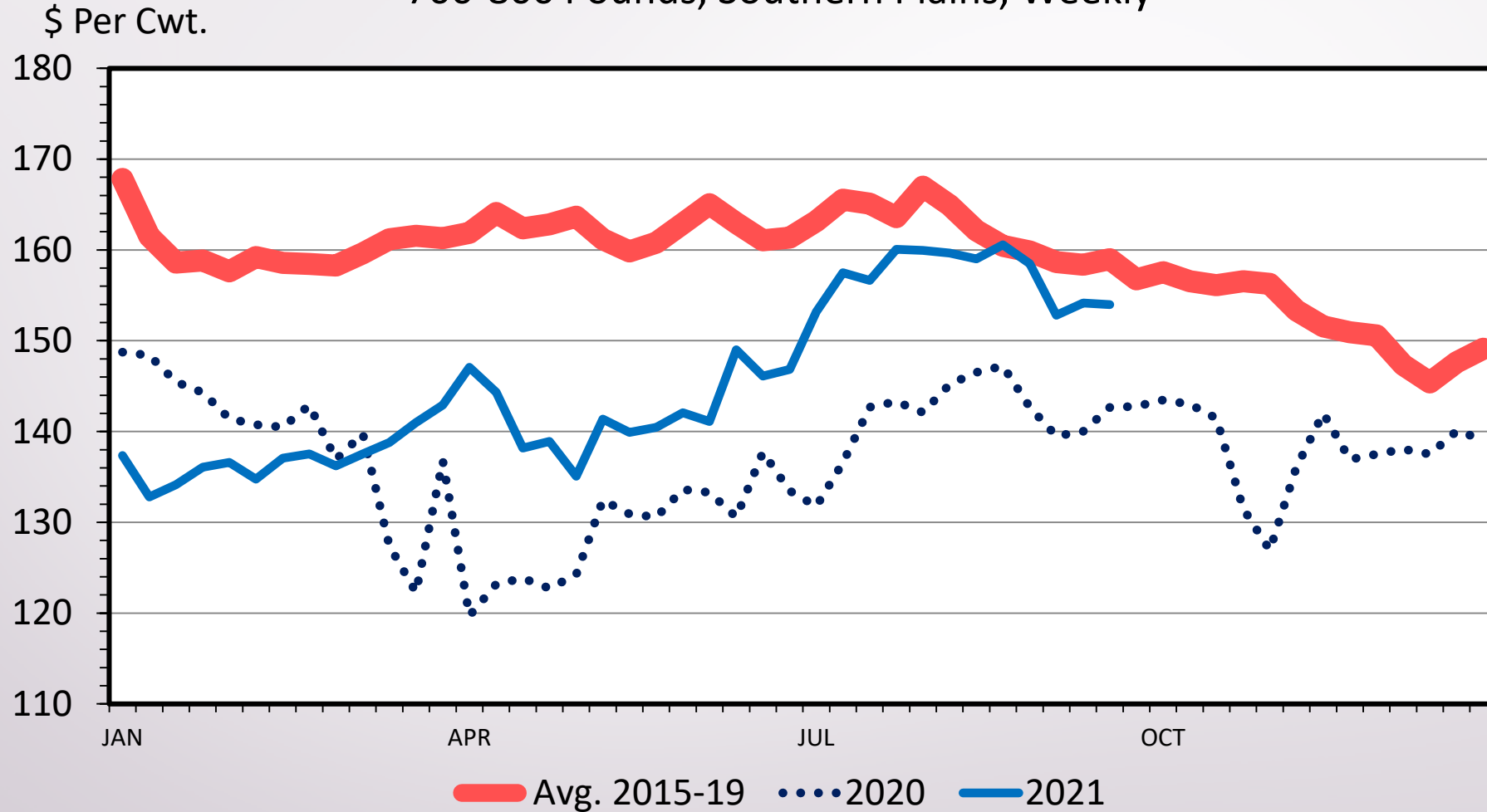


Always good to reassess  
your situation

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

# MED. & LRG. #1 FEEDER STEER PRICES

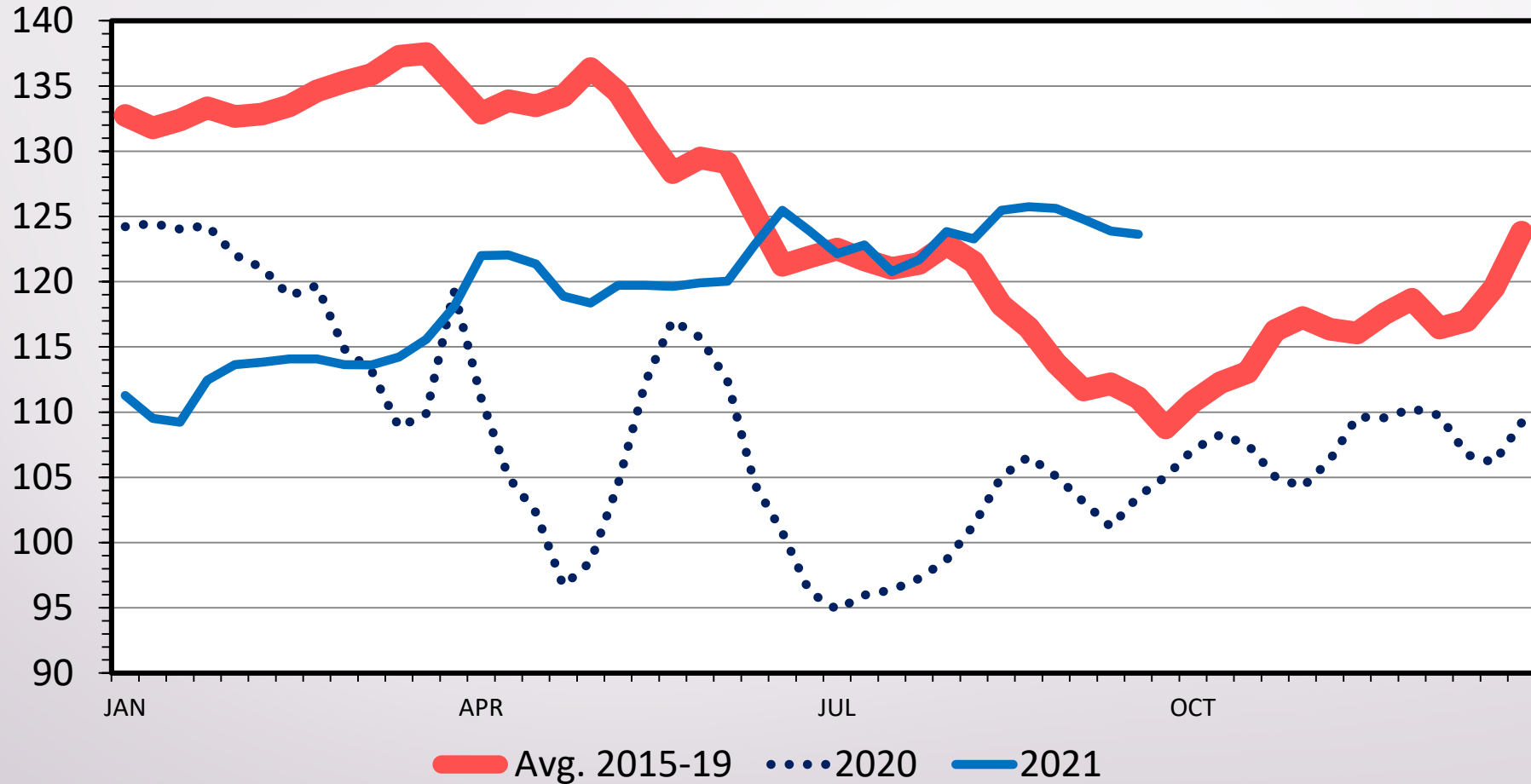
700-800 Pounds, Southern Plains, Weekly



# SLAUGHTER STEER PRICES

5 Market Weighted Average, Weekly

\$ Per Cwt.



# Historical and Projected Kansas Feedlot Net Returns (as of 9/10/21')

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

**July 21': -\$22/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
Aug-21	-35.45	111.15	121.70	123.19	-1.49	132.32	105.70	124.12	127.97
Sep-21	-77.80	113.79	123.59	123.43	0.17	138.68	101.44	129.02	129.01
Oct-21	-17.46	112.39	128.98	128.23	0.75	140.61	109.47	130.18	138.57
Nov-21	-12.26	109.97	128.65	128.23	0.43	142.07	108.01	129.49	140.60
Dec-21	26.77	108.32	132.81	132.02	0.79	144.84	112.72	131.00	147.93
Jan-22	-20.39	105.70	131.82	132.02	-0.21	150.44	102.34	133.21	148.06
Feb-22	-14.13	103.93	135.27	135.05	0.22	155.37	101.50	136.23	153.76
Mar-22	44.21	105.42	137.33	135.05	2.28	155.15	112.38	134.18	160.88
Apr-22	-8.77	103.82	133.70	129.88	3.82	156.17	102.41	134.33	155.03
May-22	58.31	102.78	136.90	129.88	7.03	156.53	111.58	132.77	164.34

**Representative Barometer for Trends in Profitability**





# Recent Beef Demand Patterns

# 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]

Add to Favorites



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.

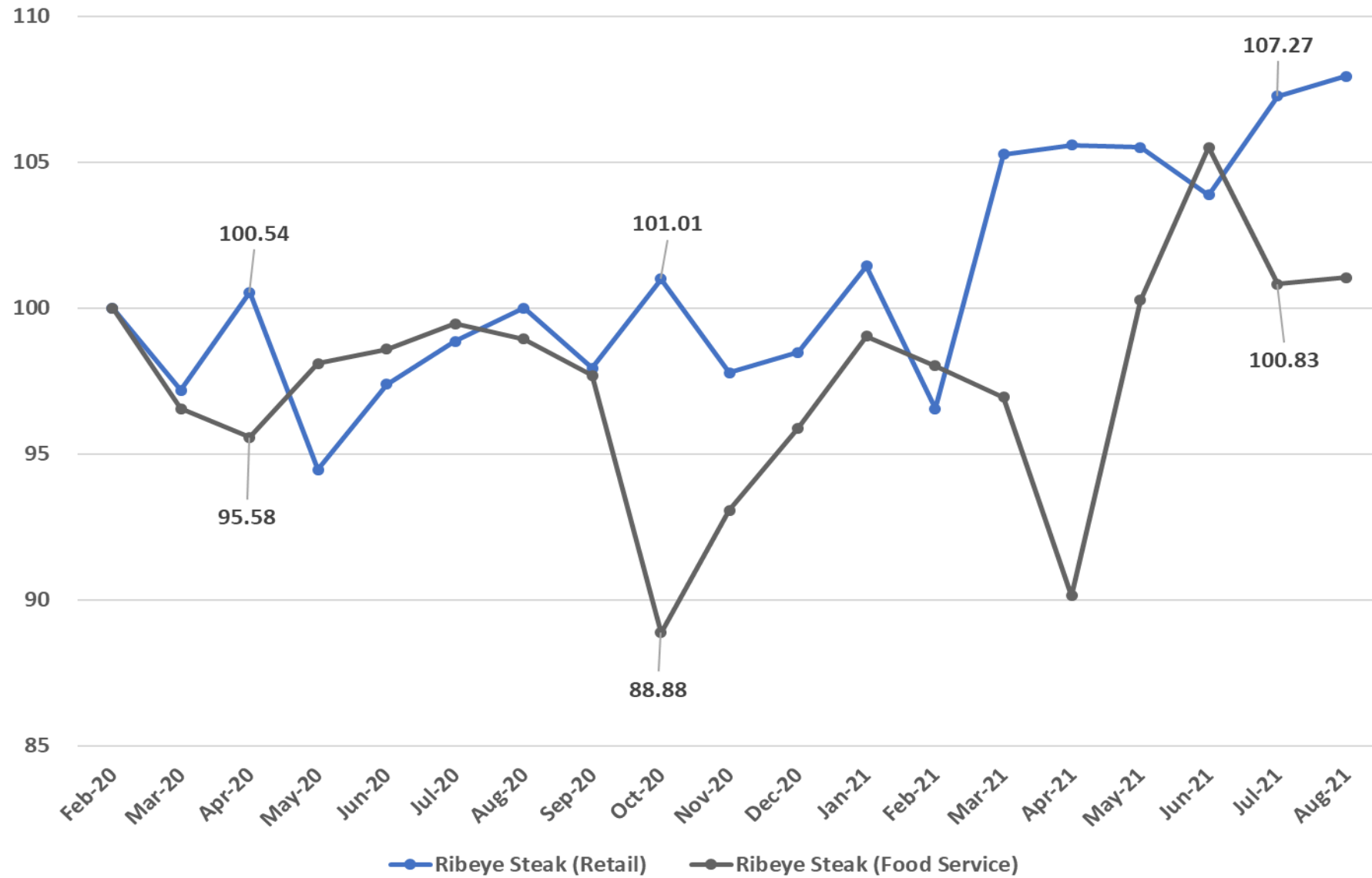


## Monthly Meat Demand Monitor

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

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

WTP Indices (Feb 20' = 100), Ribeye Steak



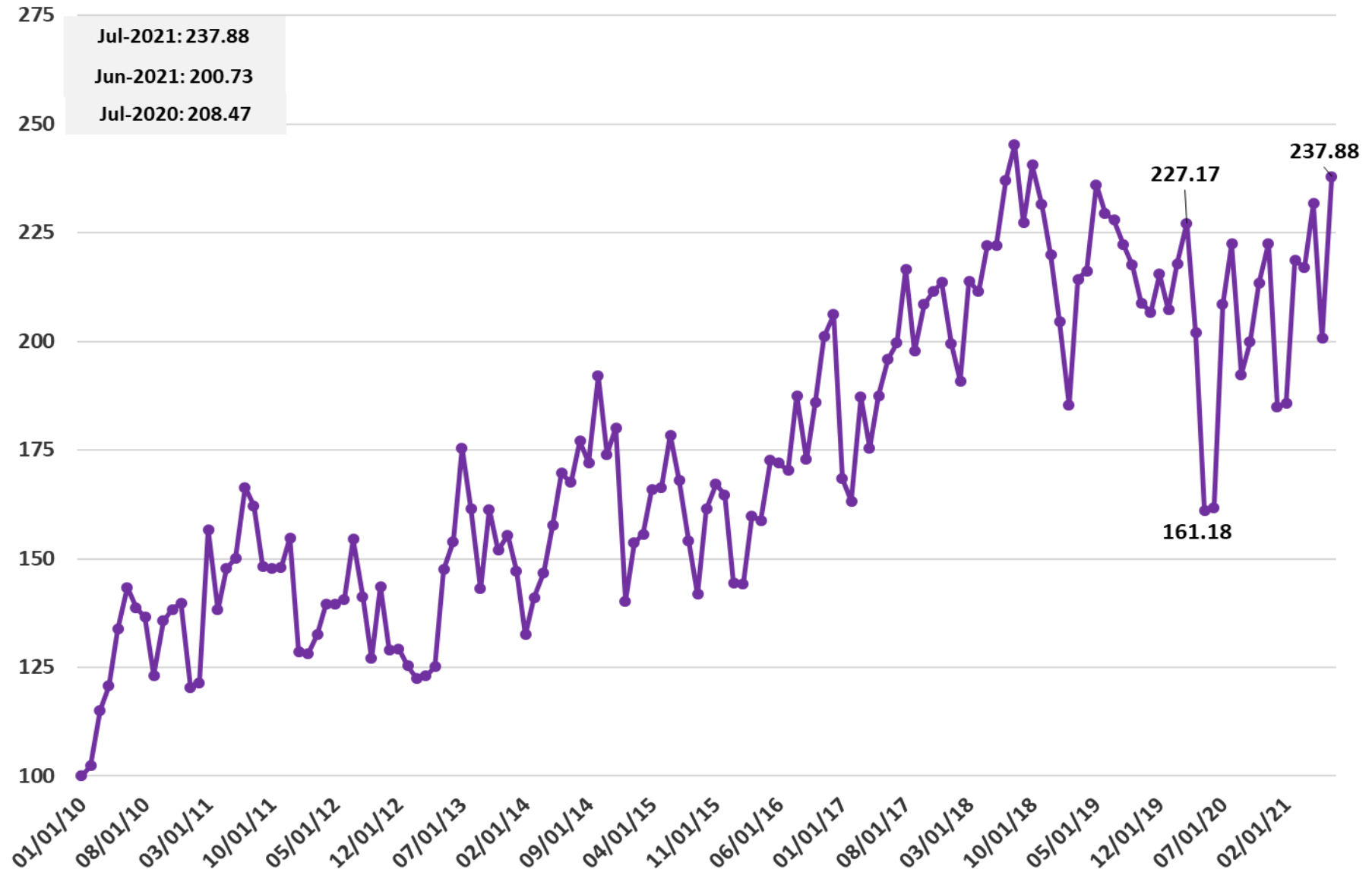
<https://www.agmanager.info/livestock-meat/meat-demand/monthly-meat-demand-monitor-survey-data>

WTP Indices (Feb 20' = 100), Ground Beef/Hamburger Meal Offerings



<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>



LOTS OF INDUSTRY ISSUES  
LET'S TOUCH ON 3...

- Fed Cattle Inventory & Packing Capacity
- Price Discovery & Price Levels
- LMR

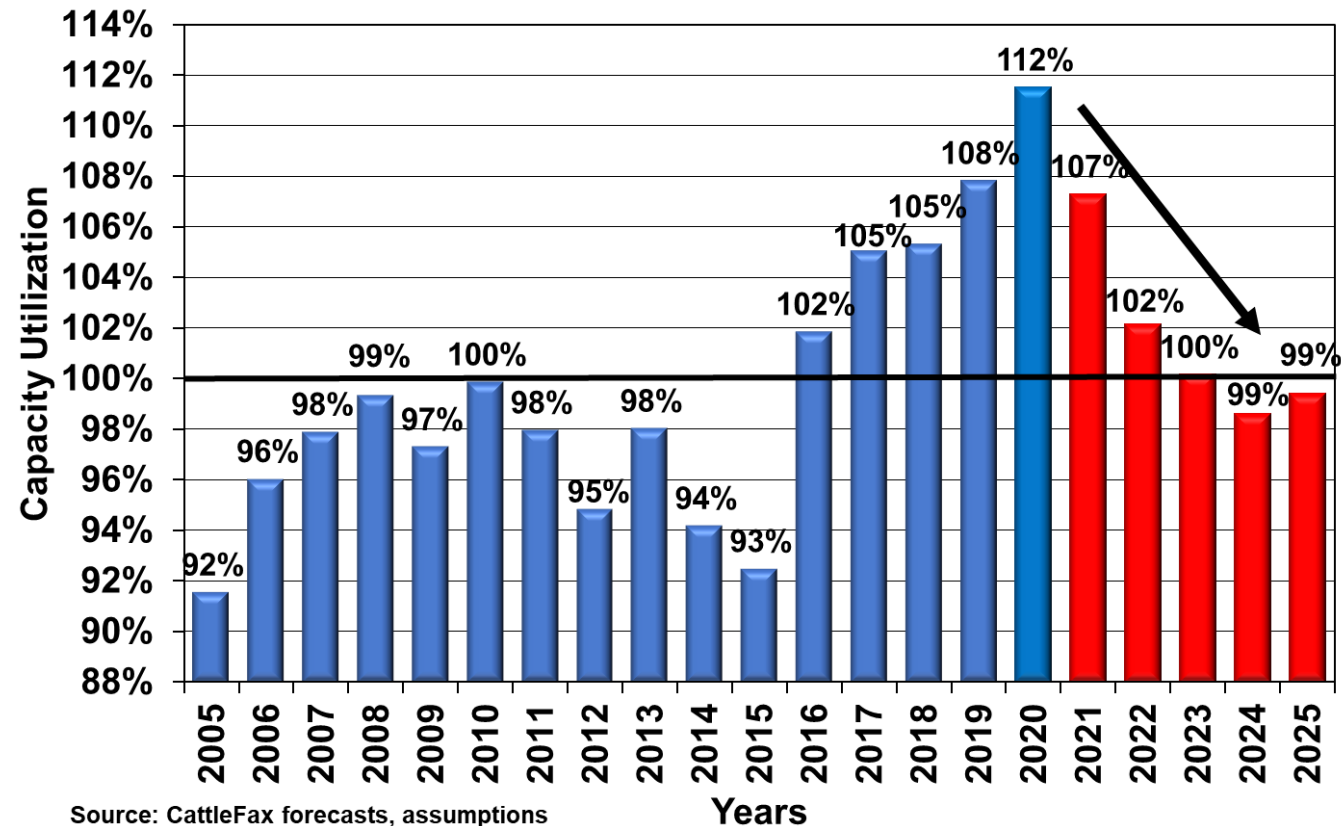
# Packing Capacity vs Fed Cattle Inventories

1. See 3/24/21 KS House Ag. Committee Hearing
  - <https://www.youtube.com/watch?v=FcktRbRbi1I&t=1037s>
2. See 6/23/21 U.S. Senate Committee on Ag., Nutrition, & Forestry Hearing
  - <https://www.agriculture.senate.gov/hearings/examining-markets-transparency-and-prices-from-cattle-producer-to-consumer>
  - this remains a key & mis-understood relationship in the industry

# Ongoing Evolution....

## Fed Slaughter Capacity Utilization

*Vs. Monday-Friday Packing Capacity*



“Too many cattle relative to capacity”  
- Wider beef-cattle \$ difference

“Too much capacity relative to cattle”  
- Narrower beef-cattle \$ difference

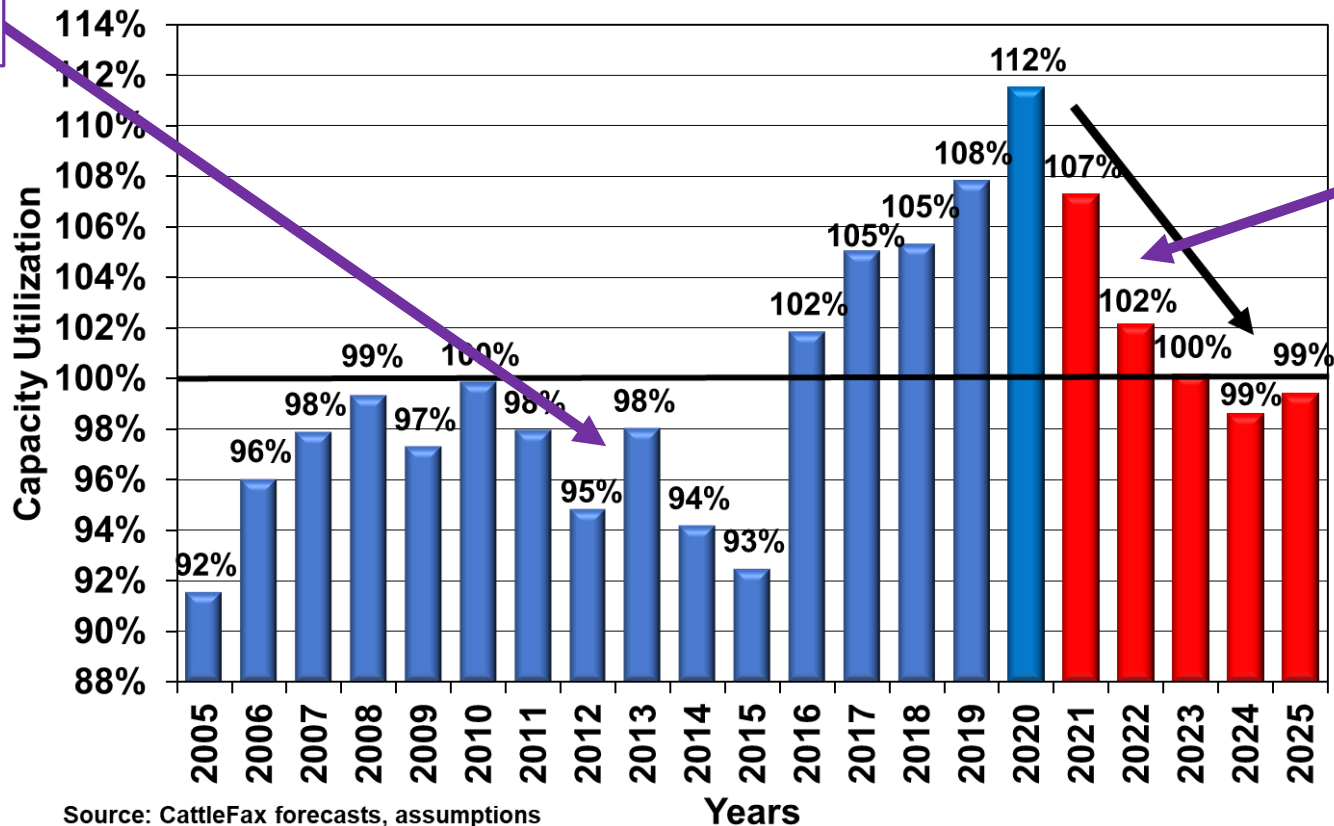
Source: CattleFax’s December 2020 Long-Term Outlook; Text box points added by Tonsor



# Ongoing Evolution....

2013 Cargill Closed Plainview, TX Plant (~4,500 hd/day)

**Fed Slaughter Capacity Utilization**  
Vs. Monday-Friday Packing Capacity



*Lower FI Slaughter*

2020 = 32.8 mil

2021 = 32.6 mil

2022 = 32.0 mil

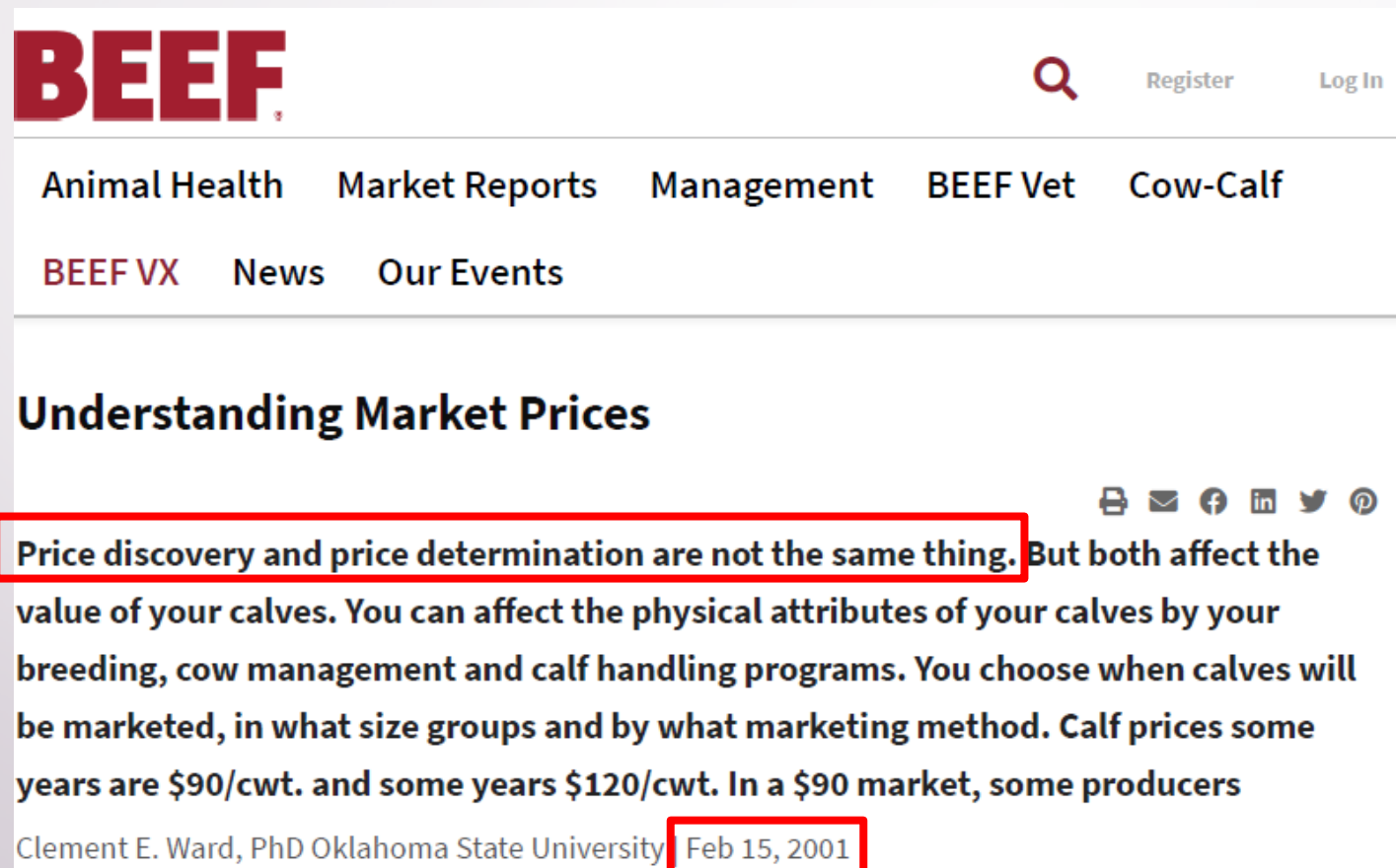
Added (?) Slaughter Capacity

- Tama, IA 2<sup>nd</sup> shift, up to 2,500 hd/day
- Jerome, ID new plant 500 hd/day
- North Platte, NE new plant 1,500/hd/day
- Many other announcements

Source: CattleFax's December 2020 Long-Term Outlook; Text box points added by Tonsor

# Price Discovery vs Price Level

- “Confusion” & “Increased Interest” correlates with periods of lower farm prices

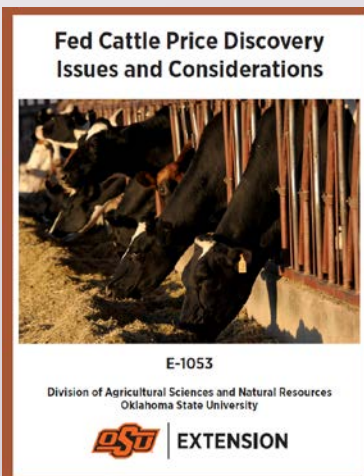


The screenshot shows the BEEF magazine website. The header features the BEEF logo in red, a search icon, and links for Register and Log In. Below the header is a navigation menu with links for Animal Health, Market Reports, Management, BEEF Vet, Cow-Calf, BEEF VX, News, and Our Events. The main content area displays the article title "Understanding Market Prices" with social media sharing icons. A red box highlights the first sentence: "Price discovery and price determination are not the same thing. But both affect the value of your calves. You can affect the physical attributes of your calves by your breeding, cow management and calf handling programs. You choose when calves will be marketed, in what size groups and by what marketing method. Calf prices some years are \$90/cwt. and some years \$120/cwt. In a \$90 market, some producers". Below the text, the author's name "Clement E. Ward, PhD Oklahoma State University" and the date "Feb 15, 2001" are displayed, with the date also highlighted by a red box.

[https://www.beefmagazine.com/mag/beef\\_understanding\\_market\\_prices](https://www.beefmagazine.com/mag/beef_understanding_market_prices)

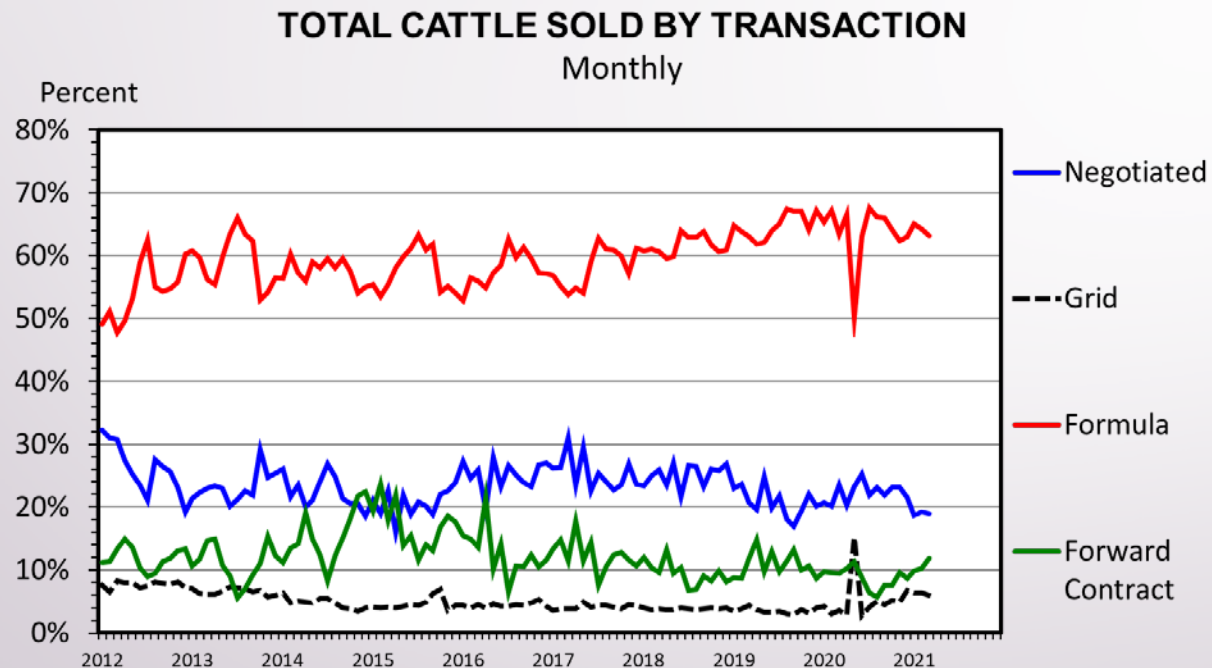
# Price Discovery vs Price Level

- Improved price DISCOVERY will not by itself change overall price LEVELS
  - Not just GT's opinion
    - Derrell Peel, David Anderson, John Anderson, Chris Bastian, Scott Brown, Steve Koontz, & Josh Maples in 2021 <https://extension.okstate.edu/fact-sheets/print-publications/e/fed-cattle-price-discovery-issues-and-considerations-e-1053.pdf>



# Price Discovery vs Price Level

- MANY sound economic reasons fed cattle marketing practices have evolved
  - Most of decline in % negotiated BEFORE 2012...



Source: Livestock Marketing Information Center & USDA-AMS

EFFECTIVE AND EFFICIENT CATTLE AND BEEF MARKET ALIGNMENT:  
PRICE AND VALUE DISCOVERY, DIVERGENT INCENTIVES, RISK MANAGEMENT,  
AND FUTURE PROSPECTS

Prepared by:  
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Brian K. Coffey,  
and  
Glynn T. Tonsor  
Agricultural Economics  
Kansas State University<sup>1</sup>

Prepared for:  
Office of the Chief Economist  
United States Department of Agriculture

Date: August 31, 2021

<https://www.agmanager.info/livestock-meat/marketing-extension-bulletins/marketing-strategies-and-livestock-pricing/effective>

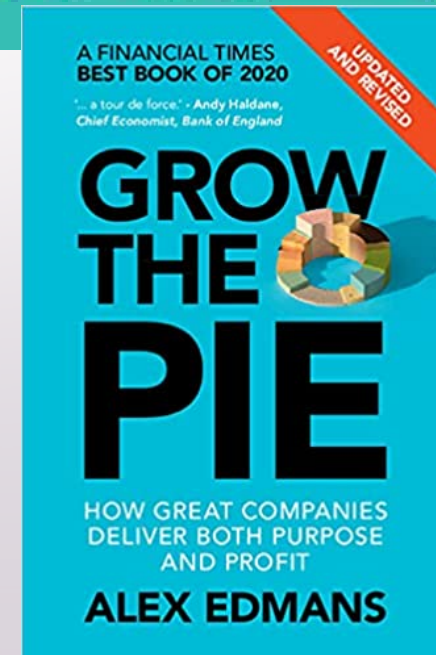
# Livestock Mandatory Reporting

- Sept. 30<sup>th</sup> deadline for reauthorization following 1-year extension in 2020
  - Sept. 27<sup>th</sup> Senate bill calls for extending LMR until Dec. 31, 2021
- Packer – USDA – Public
  - Reporting vs. Printing/Publishing
  - Calls for transparency need to appreciate related details!
- LMR has evolved notably over past 20 years
  - August 21' USDA AMS added two reports to “enhance price transparency”
    - [National Daily Direct Formula Base Cattle](#)
    - [National Weekly Cattle Net Price Distribution](#)

# What is the U.S. beef-cattle industry's future?



# What is the U.S. beef-cattle industry's future?





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