

# Livestock Outlook

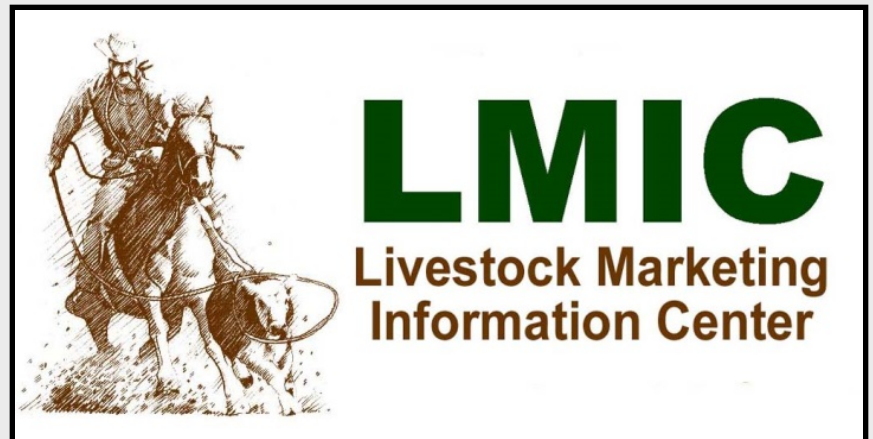
**American Farm Bureau Federation**

Annual Meeting  
Nashville, Tennessee

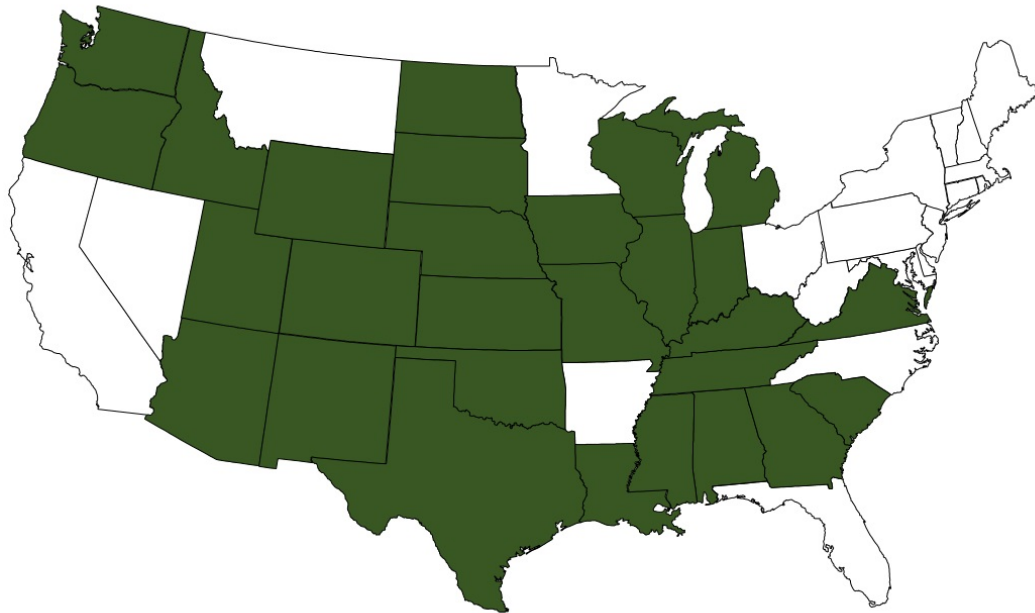
January 7-8, 2018

James G. Robb  
Director, LMIC

Website: [www.lmic.info](http://www.lmic.info)



## 28 US Land Grant Universities:



**USDA Data Sources** – NASS, AMS, FAS,  
and ERS

**All Forecasts by LMIC**

## 7 USDA Agencies:

AMS (Market News), APIS,  
ERS, GIPSA (Packers & Stock.),  
NASS, FAS, and WAOB

## 12 Associate Members:

**AFBF**

ASI

NCBA

NPB

CME-Group

Canadian Consortium

Noble Research Institute

CoBank

TCFA

TCU

NWFCS

DLR

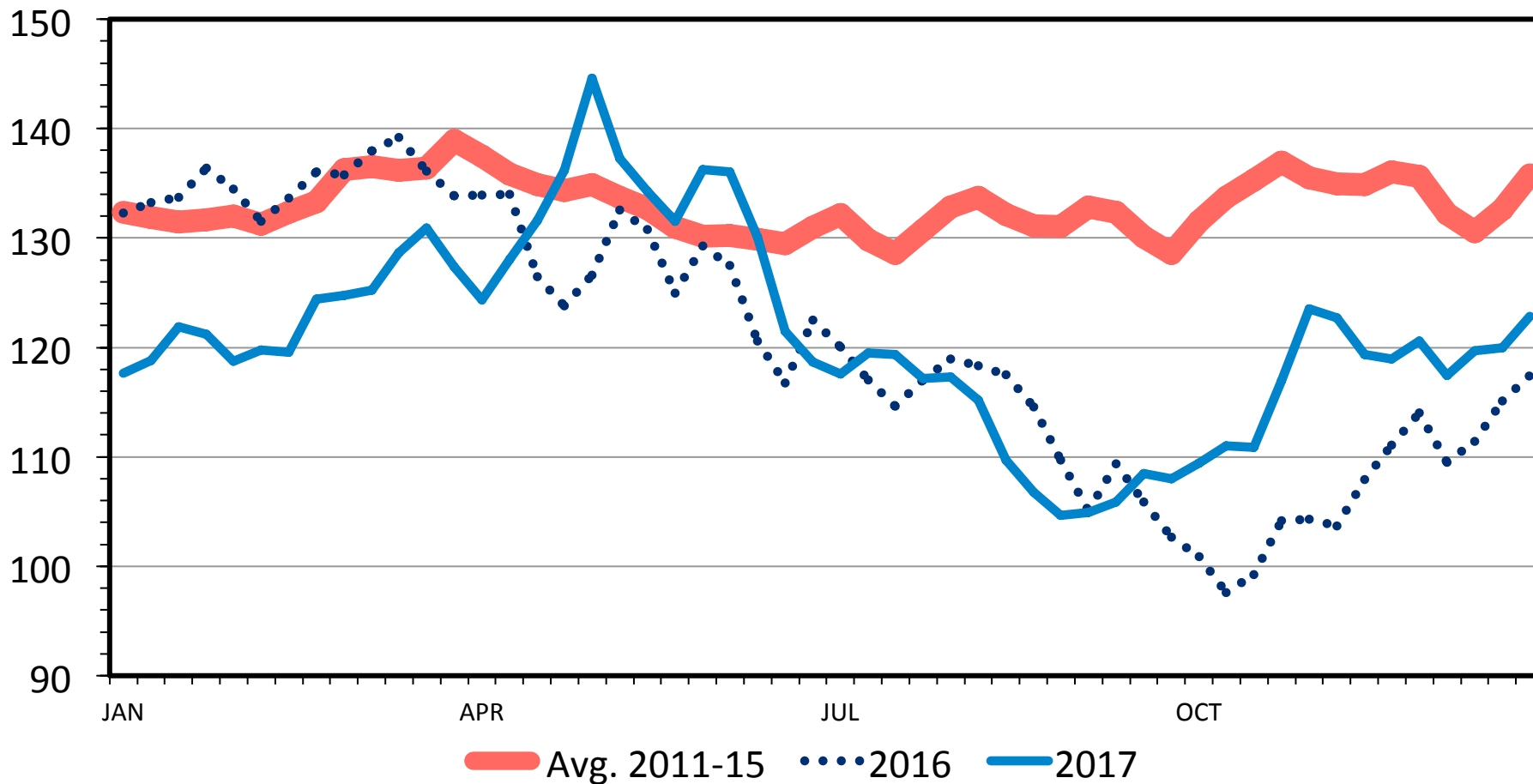
# Topics: Economic Drivers and ....

- **LMIC's Forecasts**
  - Where Prices Are
  - Price Outlook
- **Economic Environment**
  - Perspective on Demand
  - Packer and Retailer Margins
- **Feedstuffs**
- **Dairy Sector**
- **More on: Pork, Chicken, and Total**
- **More on Cattle and Beef**
  - International Trade
  - Cyclically – 2017/18 a Key Transition
  - Returns (Cow-Calf and Feedlot)
  - Management Environment Comments
- **Topical Issues ....**

# SLAUGHTER STEER PRICES

5 Market Weighted Average, Weekly

\$ Per Cwt.

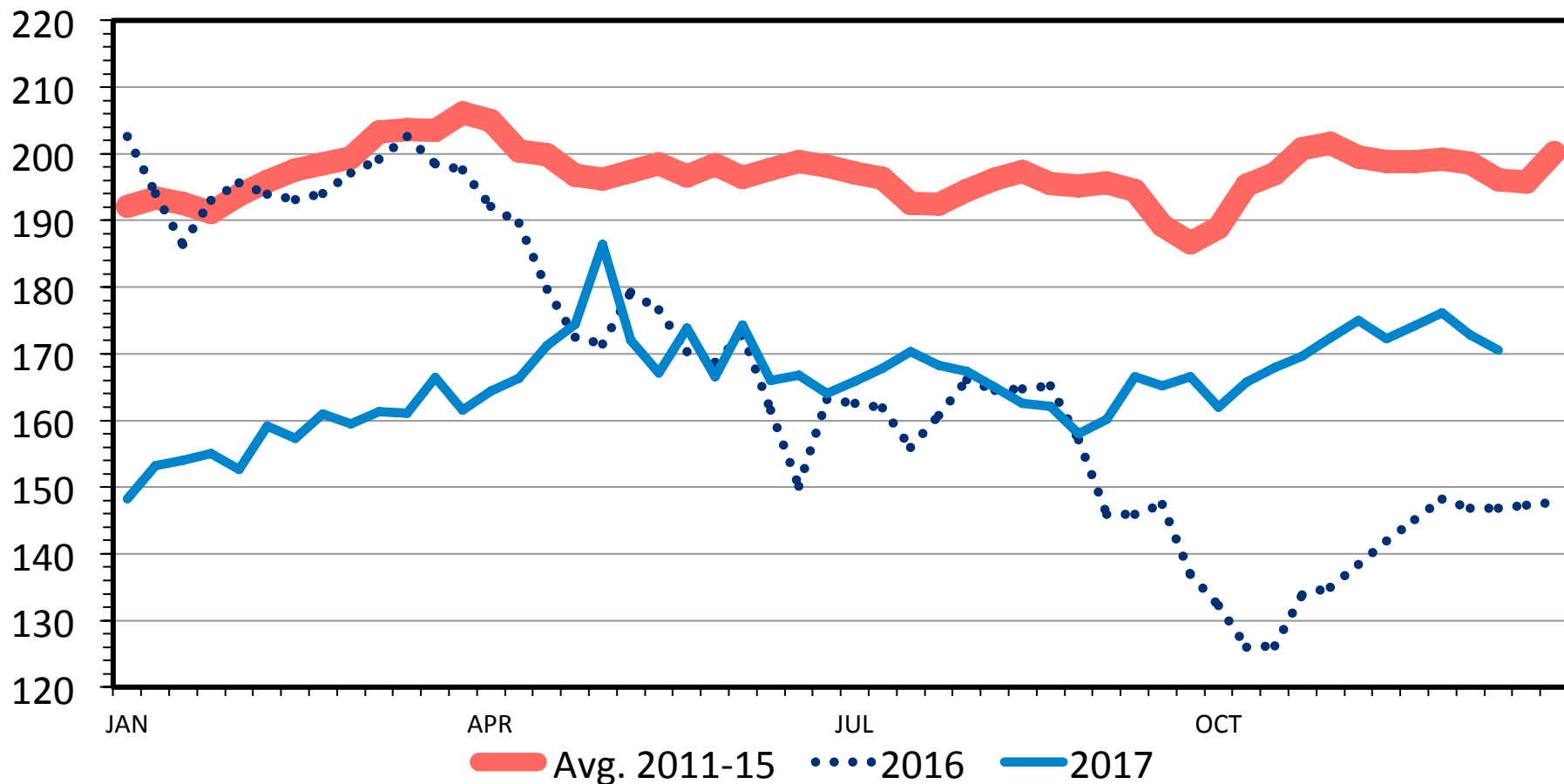


Data Source: USDA-AMS

# MED. & LRG. #1 STEER CALF PRICES

500-600 Pounds, Southern Plains, Weekly

\$ Per Cwt.

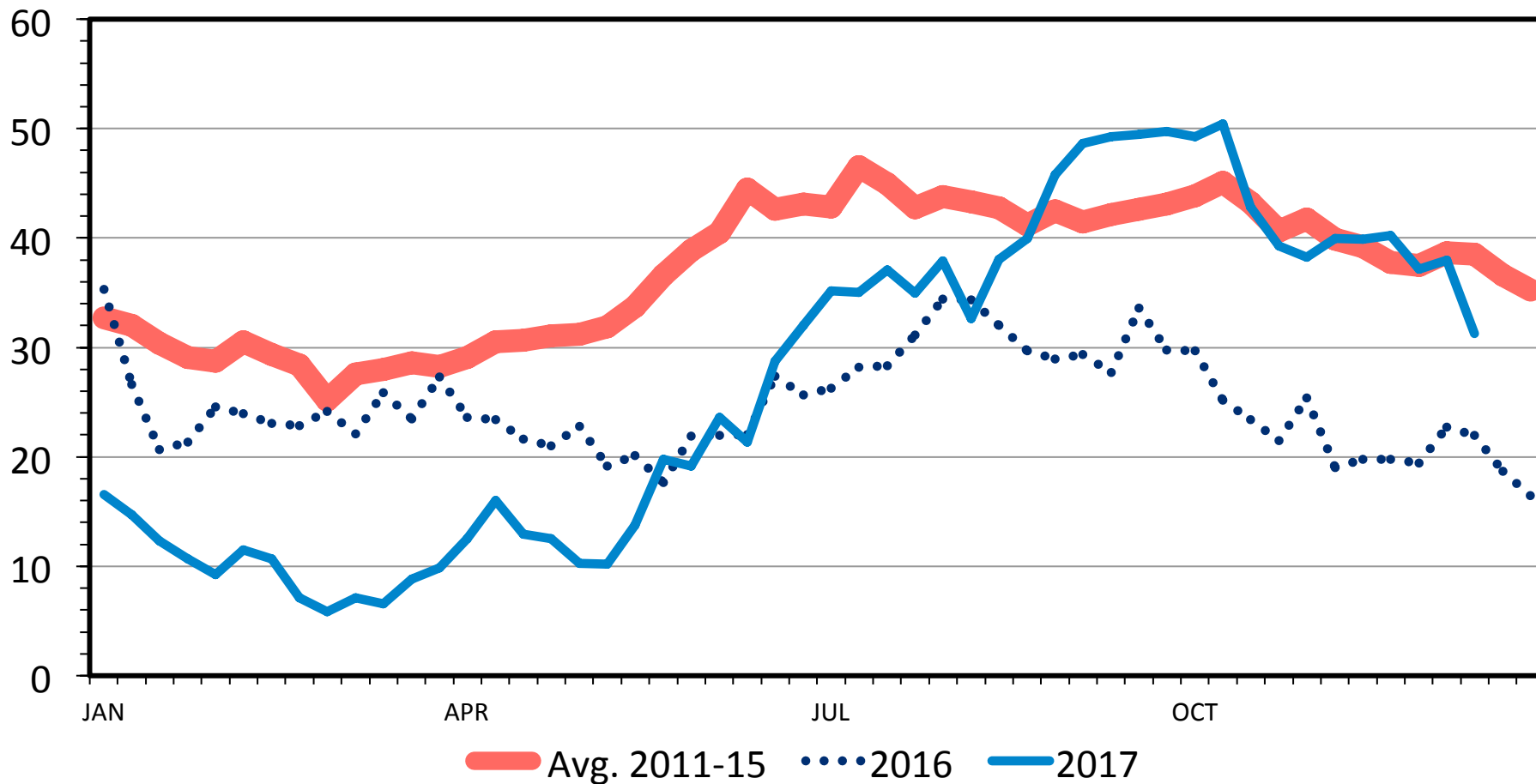


Data Source: USDA-AMS

# FEEDER STEER vs FED STEER PRICES

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

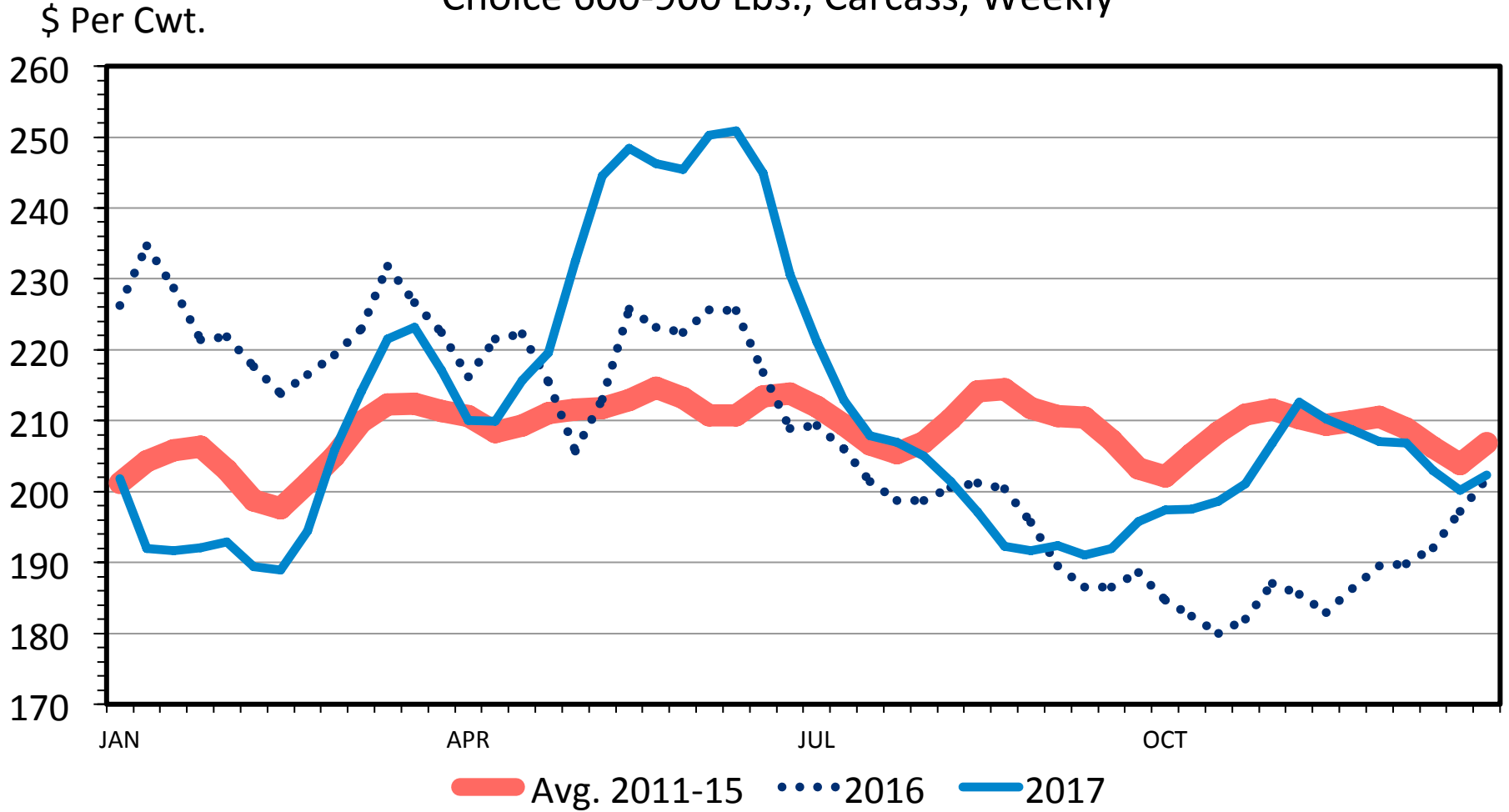
\$ Per Cwt.



Data Source: USDA-AMS, Compiled by LMIC

# BOXED BEEF CUTOUT VALUE

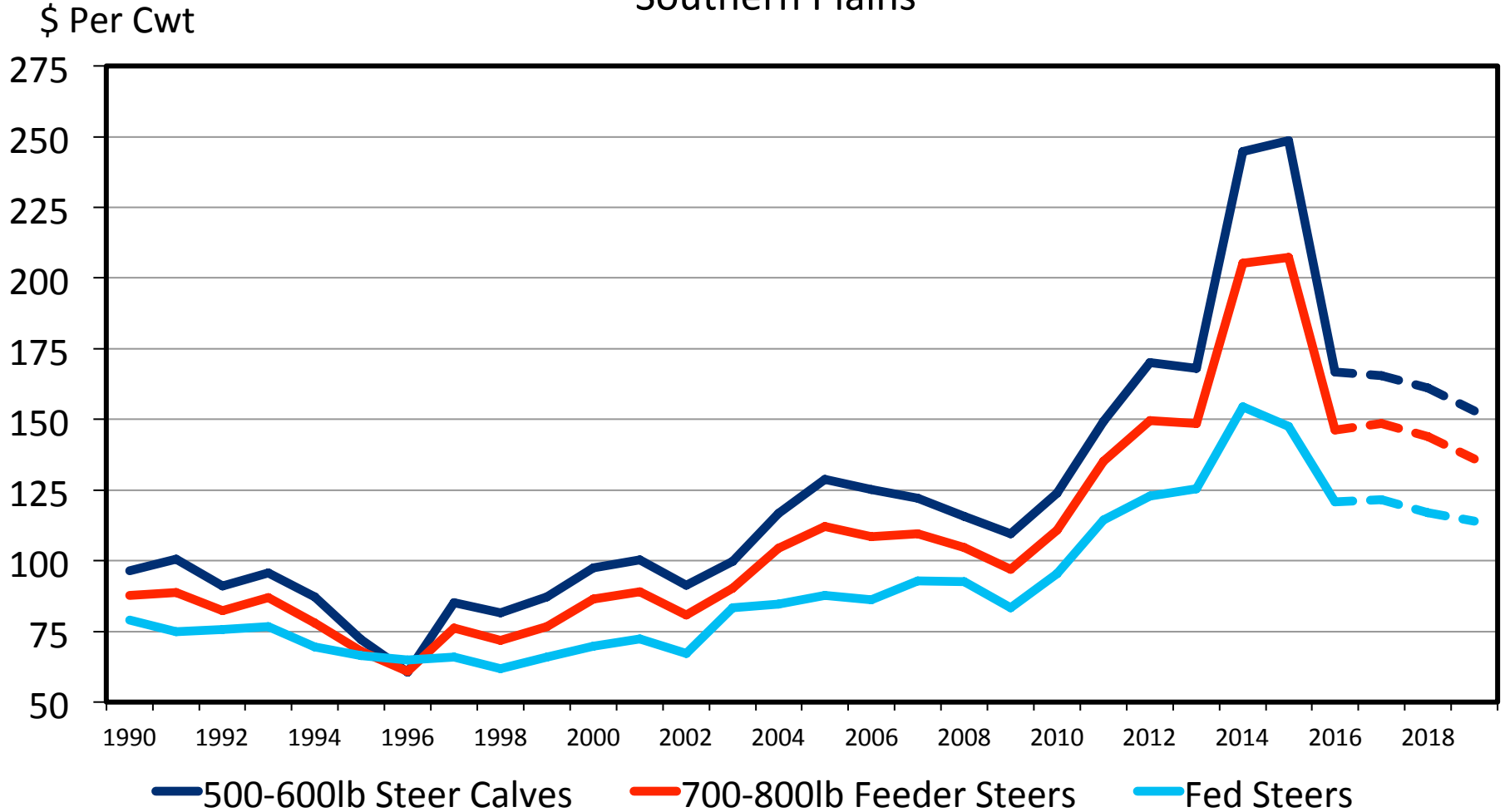
## Choice 600-900 Lbs., Carcass, Weekly



Data Source: USDA-AMS

# AVERAGE ANNUAL CATTLE PRICES

## Southern Plains



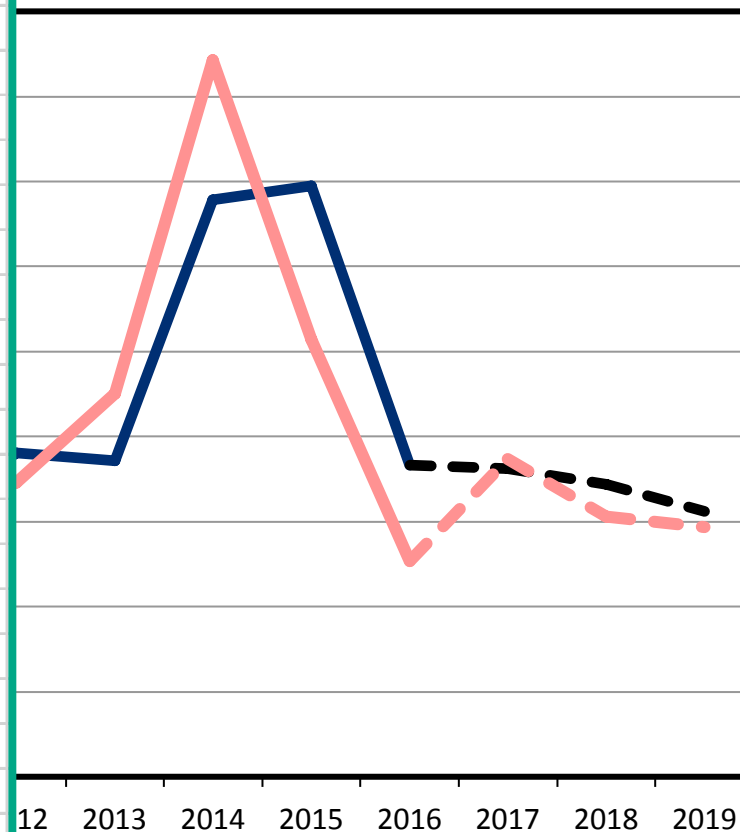
Data Source: USDA-AMS, Compiled and Forecasts by LMIC



Year Quarter	Live Sltr.	% Chg.	Feeder Steer Price	
	Steer Price 5-Mkt Avg	from Year Ago	Southern Plains <sup>d</sup> 7-800#	5-600#
	(\$/Cwt.)		(\$/Cwt.)	
2016				
I	134.81	-17.0	160.06	195.73
II	127.68	-19.2	149.22	173.86
III	113.22	-21.5	144.10	157.12
IV	107.69	-15.7	129.07	138.44
Year	120.85	-18.4	145.61	166.29
2017				
I	122.96	-8.8	132.88	157.38
II	132.76	4.0	149.30	170.49
III	112.47	-0.6	153.36	165.47
IV <sup>b</sup>	117.88	9.1	157.13	170.66
Year	121.52	0.5	148.17	166.00
2018				
I <sup>c</sup>	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	-4.6	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

# PRICES

## Southern Plains



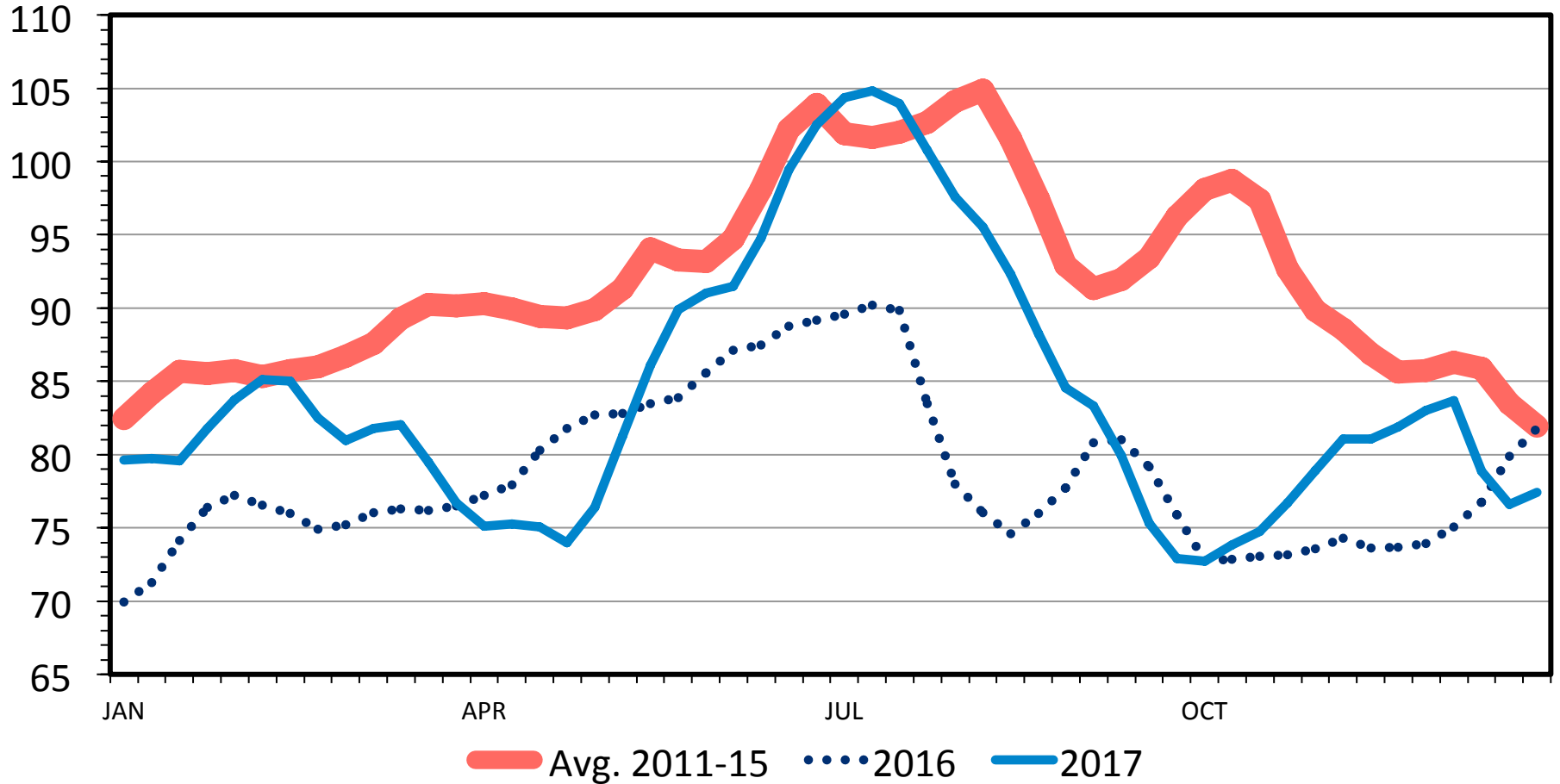
4th Quarter

<sup>d</sup> Average of Kansas and Oklahoma Weekly Combined reports

# PORK CUTOUT VALUE

(Voluntary data prior to 2013), Weekly

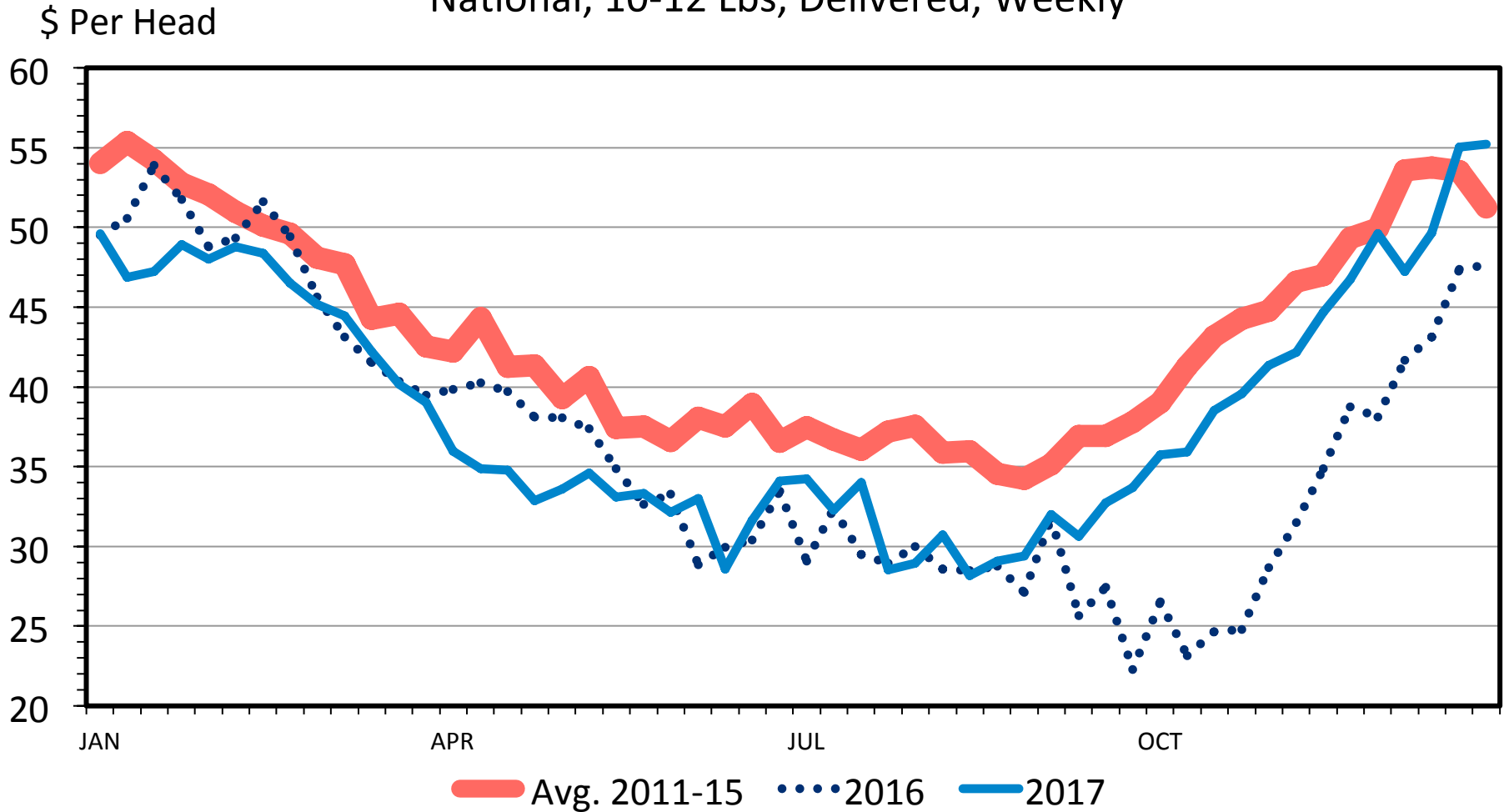
\$ Per Cwt.



Data Source: USDA-AMS, Compiled by LMIC

# EARLY WEANED PIG PRICES

## National, 10-12 Lbs, Delivered, Weekly



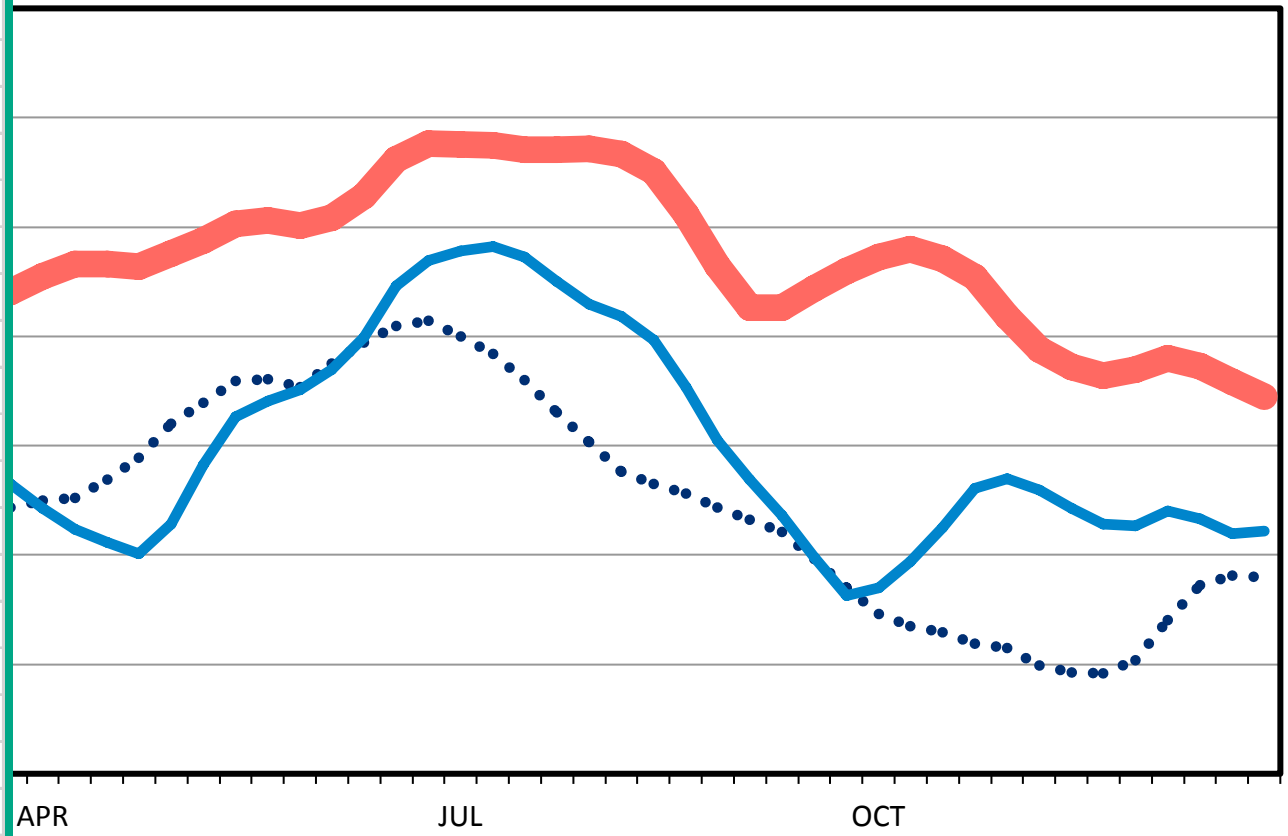
Data Source: USDA-AMS

Year	Quarter	Carcass Price National Wtd Avg Base (\$/Cwt.)
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## BASE SLAUGHTER HOG PRICES

National, Weighted Average Carcass Price, Weekly

2016		
I		62.15
II		73.38
III		68.31
IV		53.15
Year		64.24
2017		
I		67.79
II		71.13
III		75.72
IV <sup>a</sup>		63.06
Year		69-70
2018		
I <sup>b</sup>		64-67
II		69-73
III		70-75
IV		55-61
Year		66-68
2019		
I		61-67
II		67-74
III		67-75
IV		51-60
Year		63-68

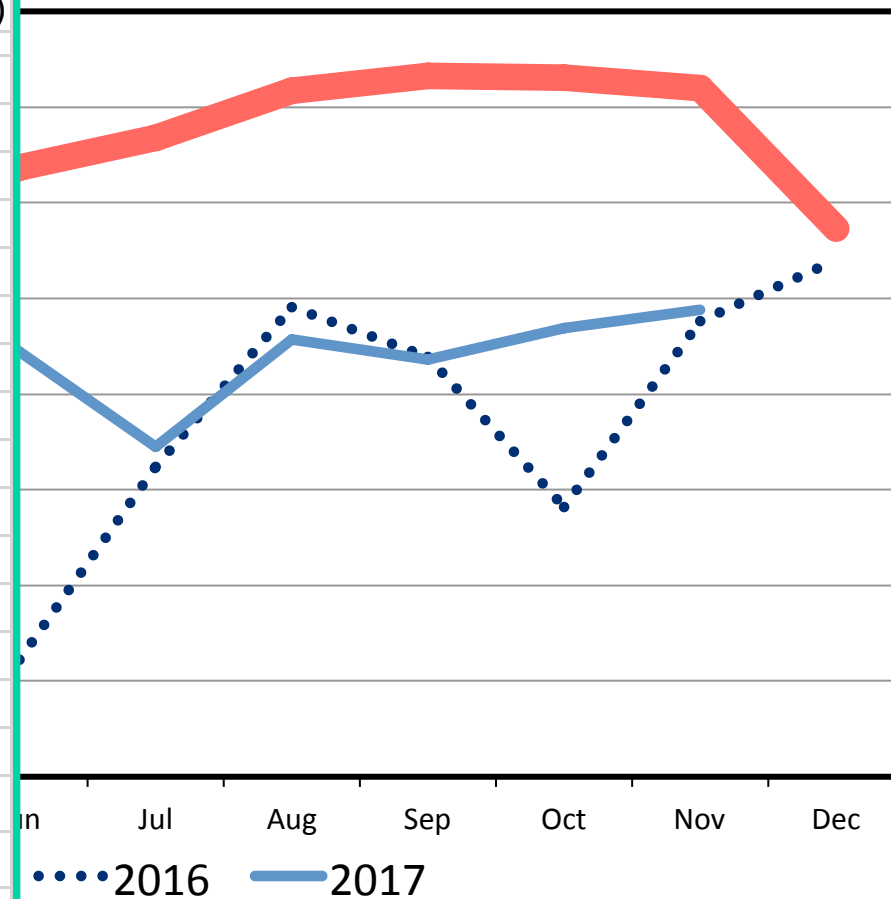


— Avg. 2011-15   
 •••• 2016   
 — 2017

# MILK PRICES

## Monthly

Year Quarter	Class III Price (\$/Cwt.)	% Chg. from Year Ago	US All Milk Price (\$/Cwt.)
2016			
I	13.75	(12.6)	15.70
II	13.20	(18.7)	14.80
III	16.18	0.2	16.90
IV	16.33	8.4	17.80
Year	14.87	(5.9)	16.30
2017			
I	16.49	19.9	18.23
II	15.74	19.2	16.83
III	16.13	(0.3)	17.70
IV <sup>b</sup>	16.70-16.90	2.9	17.85-18.05
Year	16.25-16.35	9.6	17.65-17.75
2018			
I <sup>c</sup>	15.45-15.95	(4.8)	17.00-17.50
II <sup>c</sup>	15.35-16.35	0.7	16.90-17.90
III <sup>c</sup>	16.25-17.25	3.9	17.75-18.75
IV <sup>c</sup>	16.25-17.75	1.2	18.00-19.50
Year	15.83-16.83	0.2	17.41-18.41

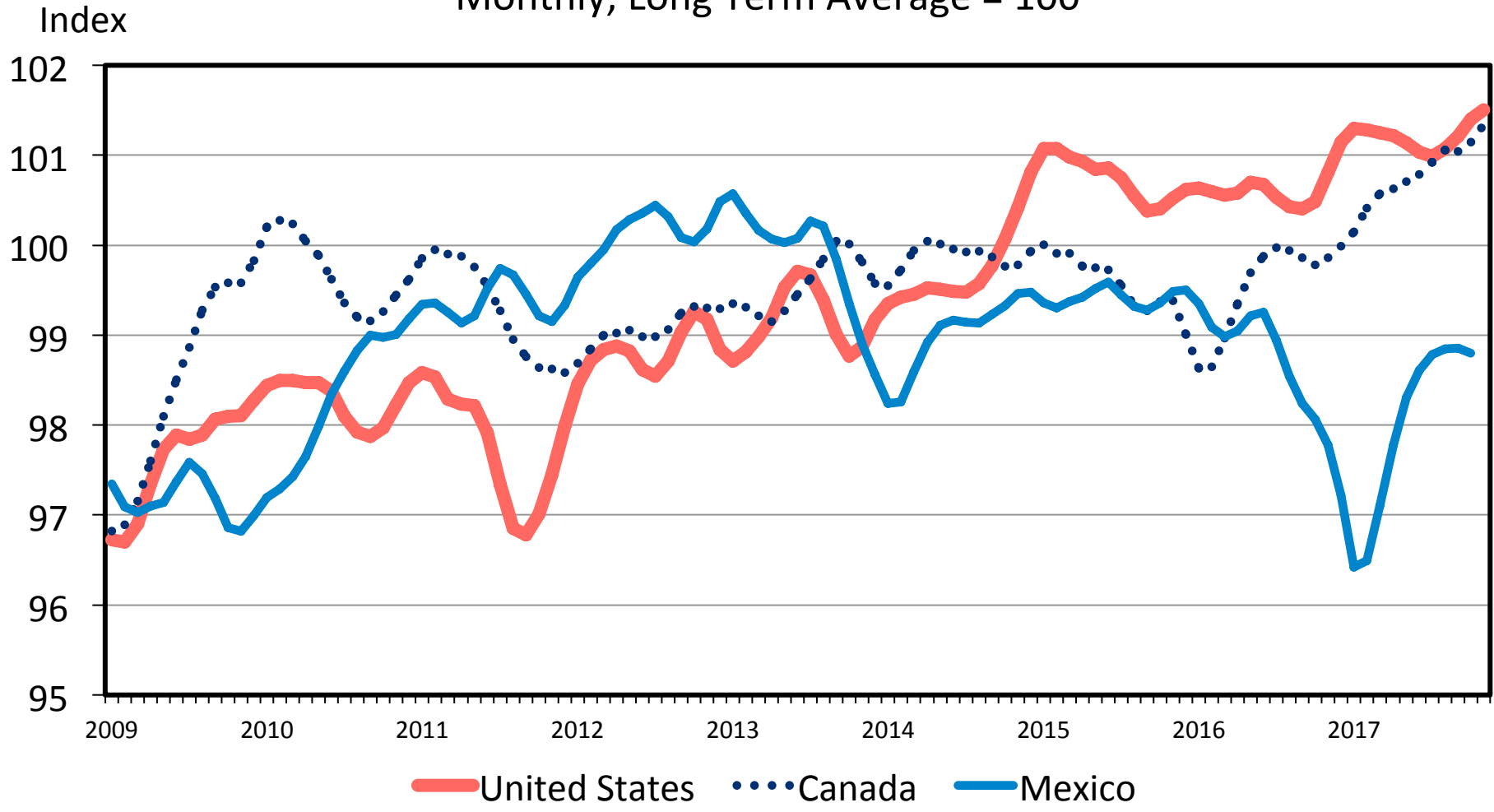


# Economic Environment (Demand)



# North America Consumer Confidence

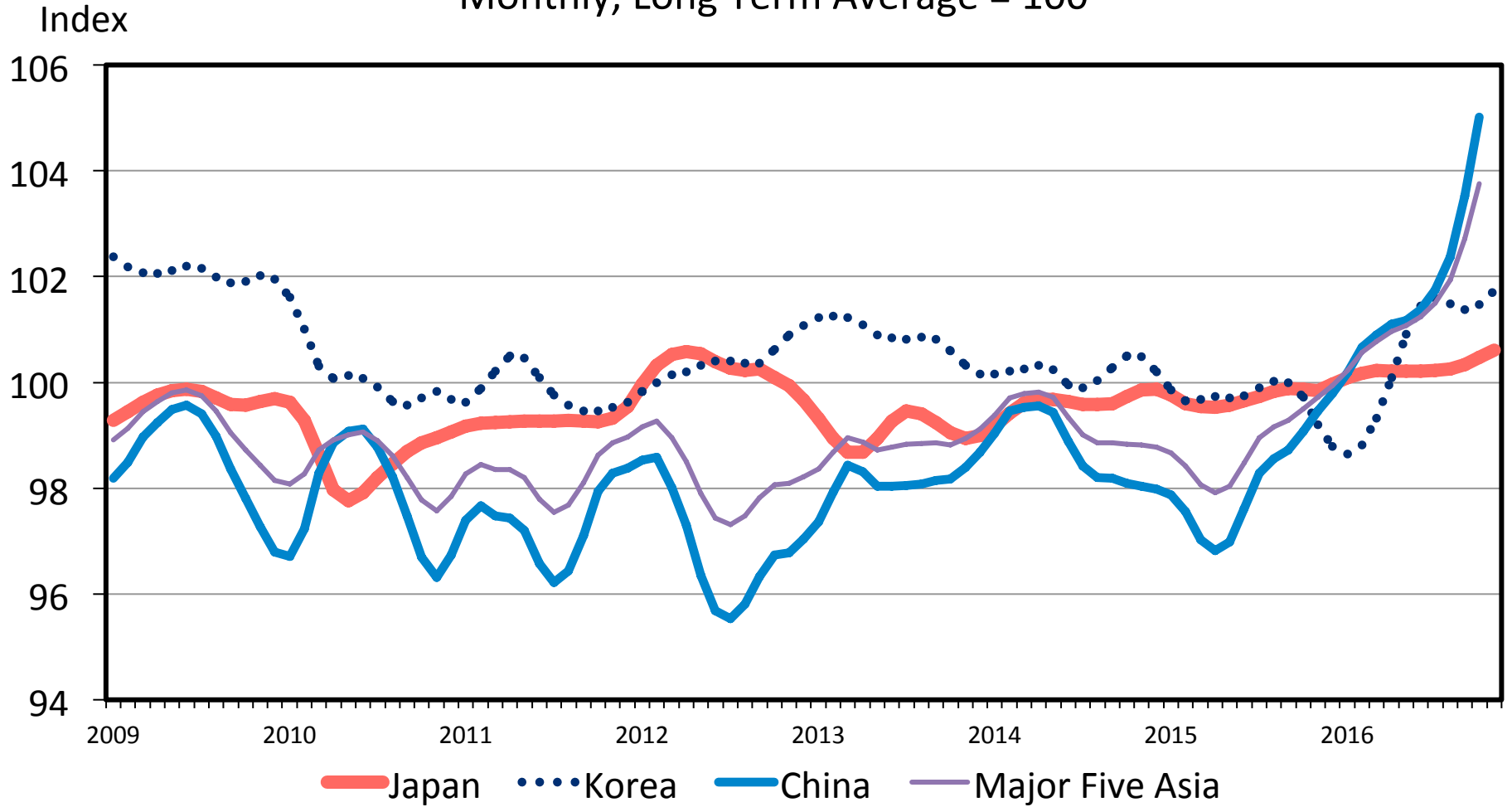
Monthly, Long Term Average = 100



Data Source: OECD

# Asia Consumer Confidence

Monthly, Long Term Average = 100

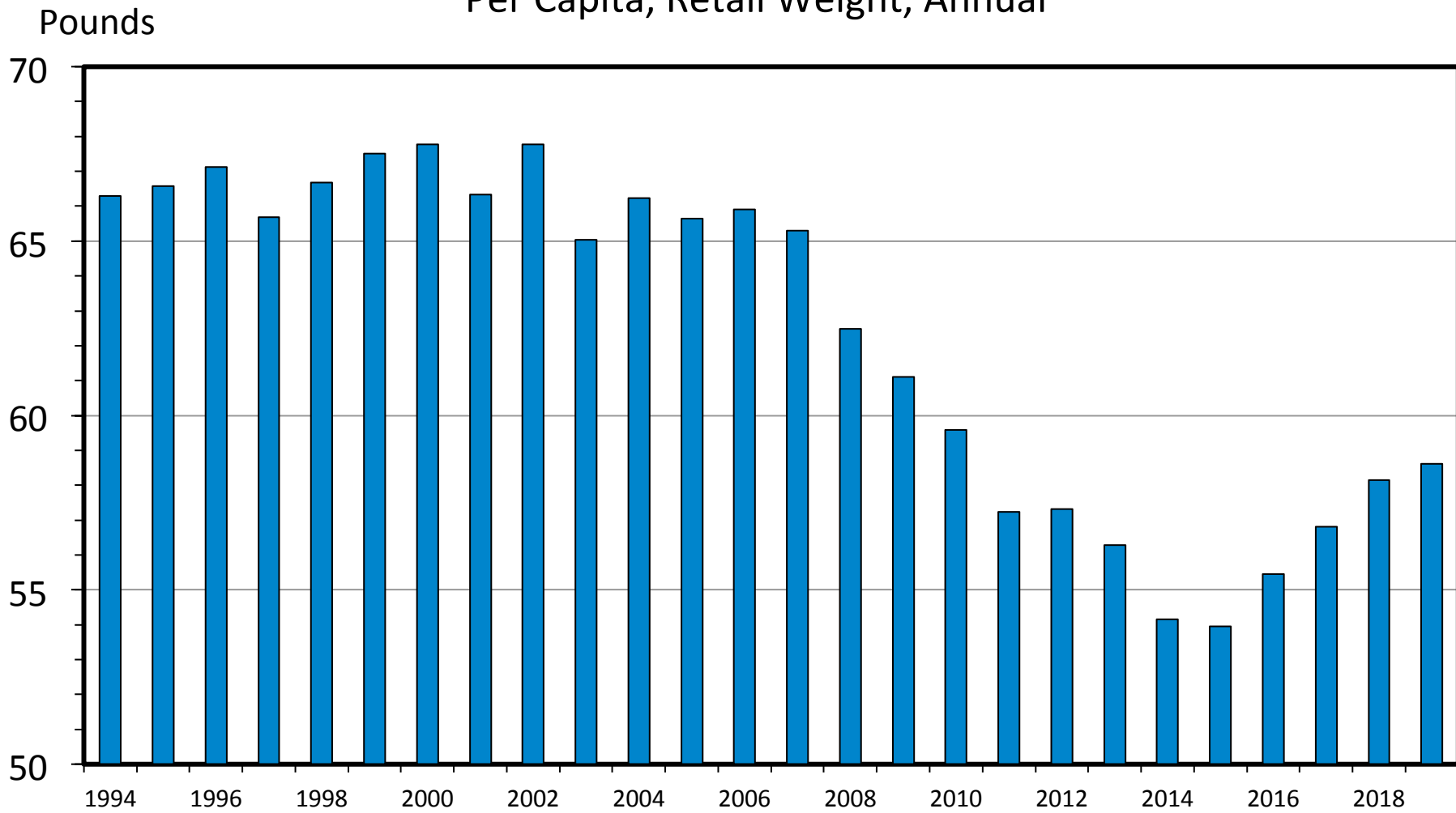


Data Source: OECD



# US BEEF CONSUMPTION

## Per Capita, Retail Weight, Annual

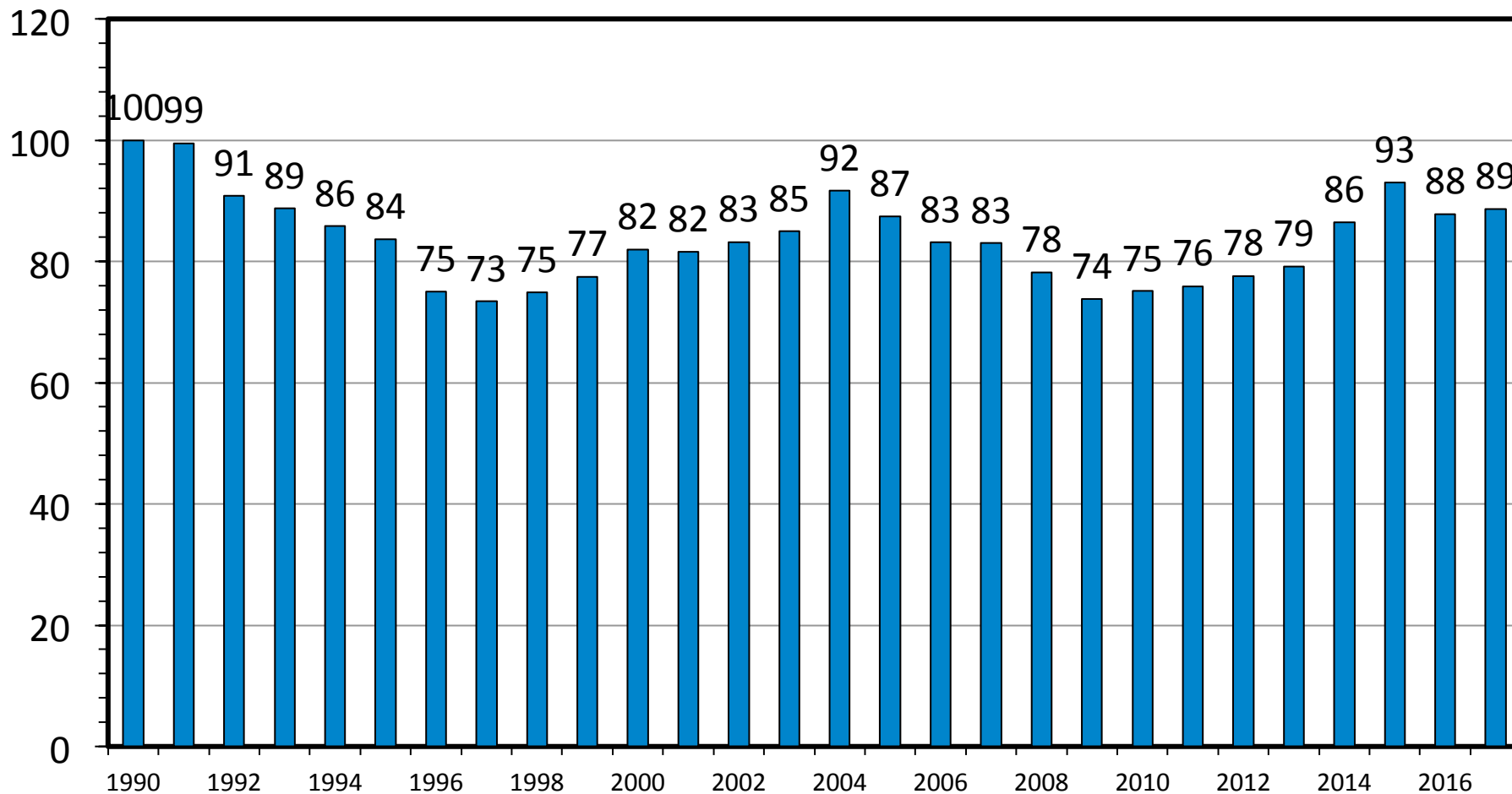


Data Source: USDA-NASS, Compiled & Analysis by LMIC

# RETAIL ALL FRESH BEEF DEMAND INDEX

Third Quarter, Using CPI 1990=100

Index Value

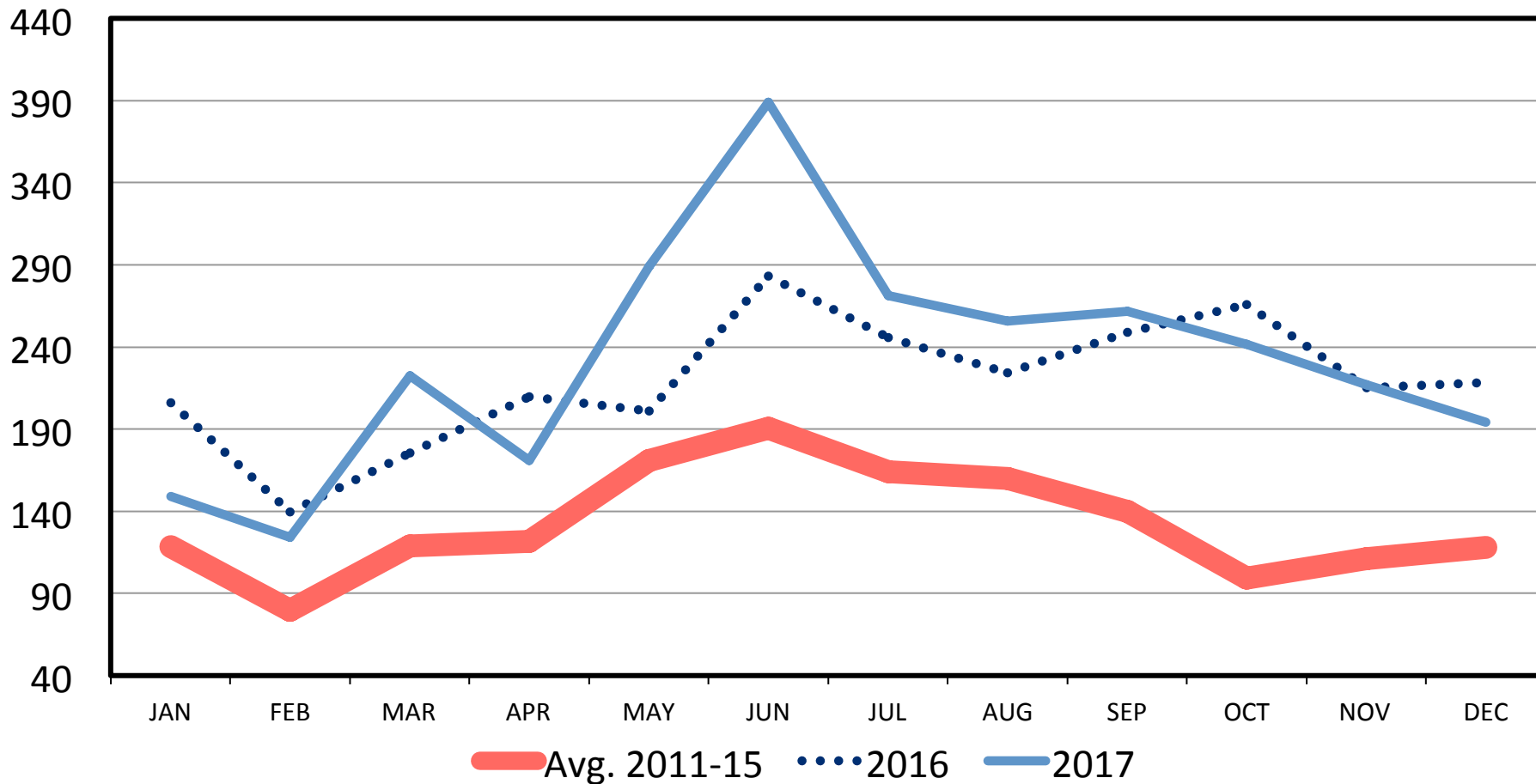


Data Source: Bureau of Labor Statistics, USDA-ERS, Compiled & Analysis by LMIC

# LIVE TO CUTOUT BEEF PRICE SPREAD

Monthly

\$ Per 1000 lbs

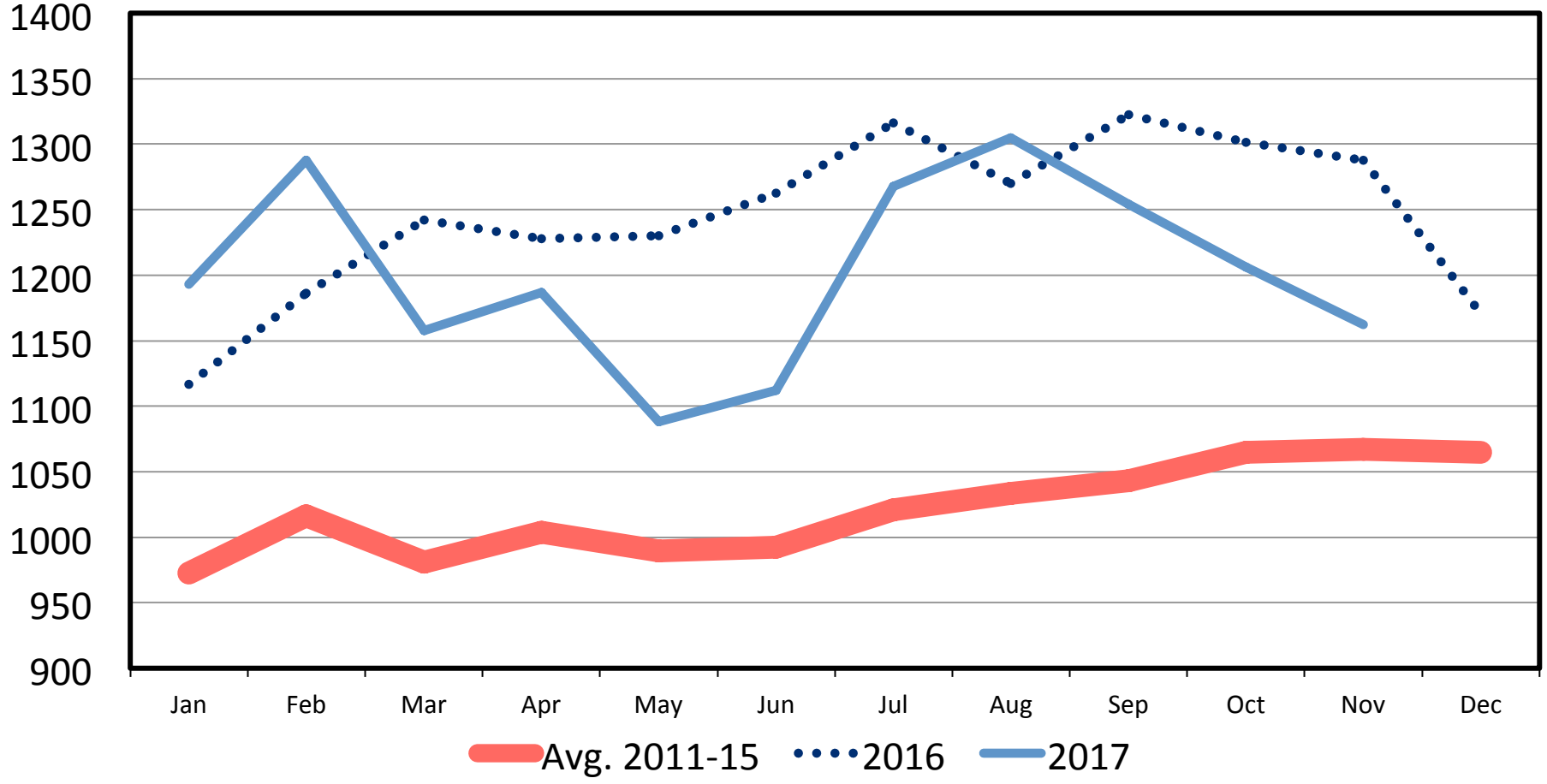


Data Source: USDA-AMS & USDA-ERS, Compiled & Analysis by LMIC

# CUTOUT TO RETAIL BEEF PRICE SPREAD

Monthly

\$ Per 1000 lbs

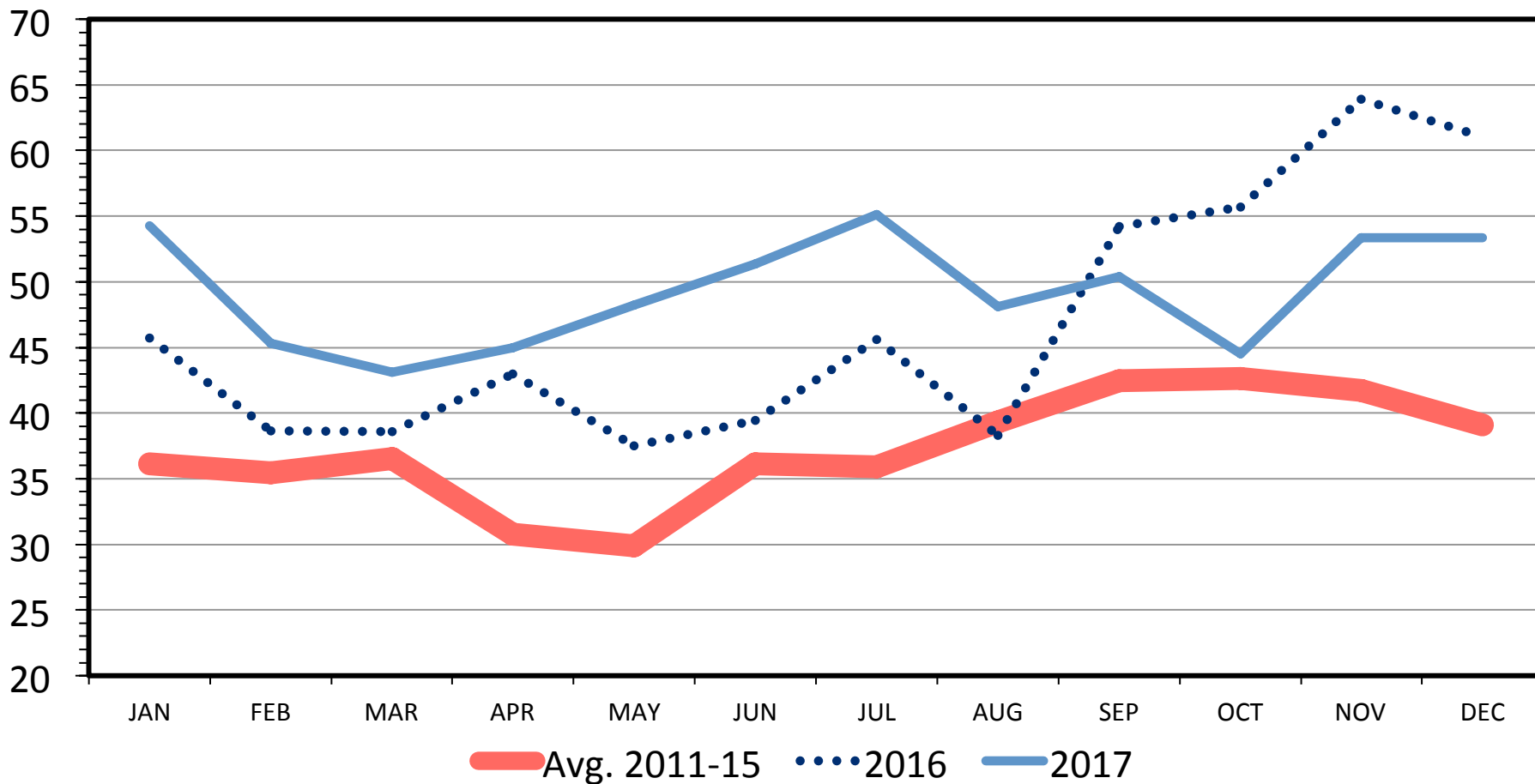


Data Source: USDA-AMS & USDA-ERS, Compiled & Analysis by LMIC

# LIVE TO CUTOUT PORK PRICE SPREAD

Monthly

\$ Per Head



Data Source: USDA-AMS & USDA-ERS, Compiled & Analysis by LMIC

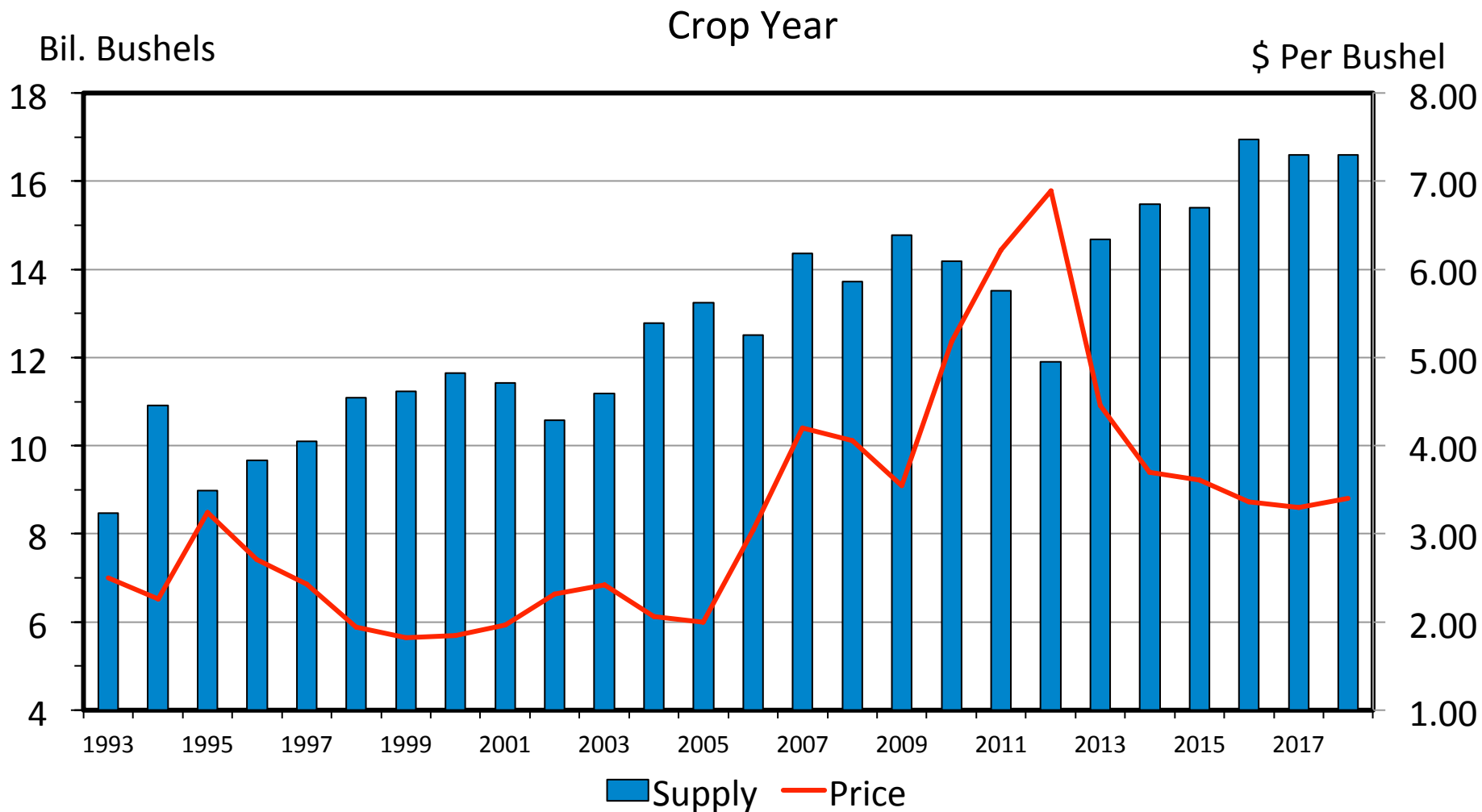
Note: Prior to 2013 pork cutout was voluntary



# Feedstuffs



# US TOTAL CORN SUPPLY AND PRICE



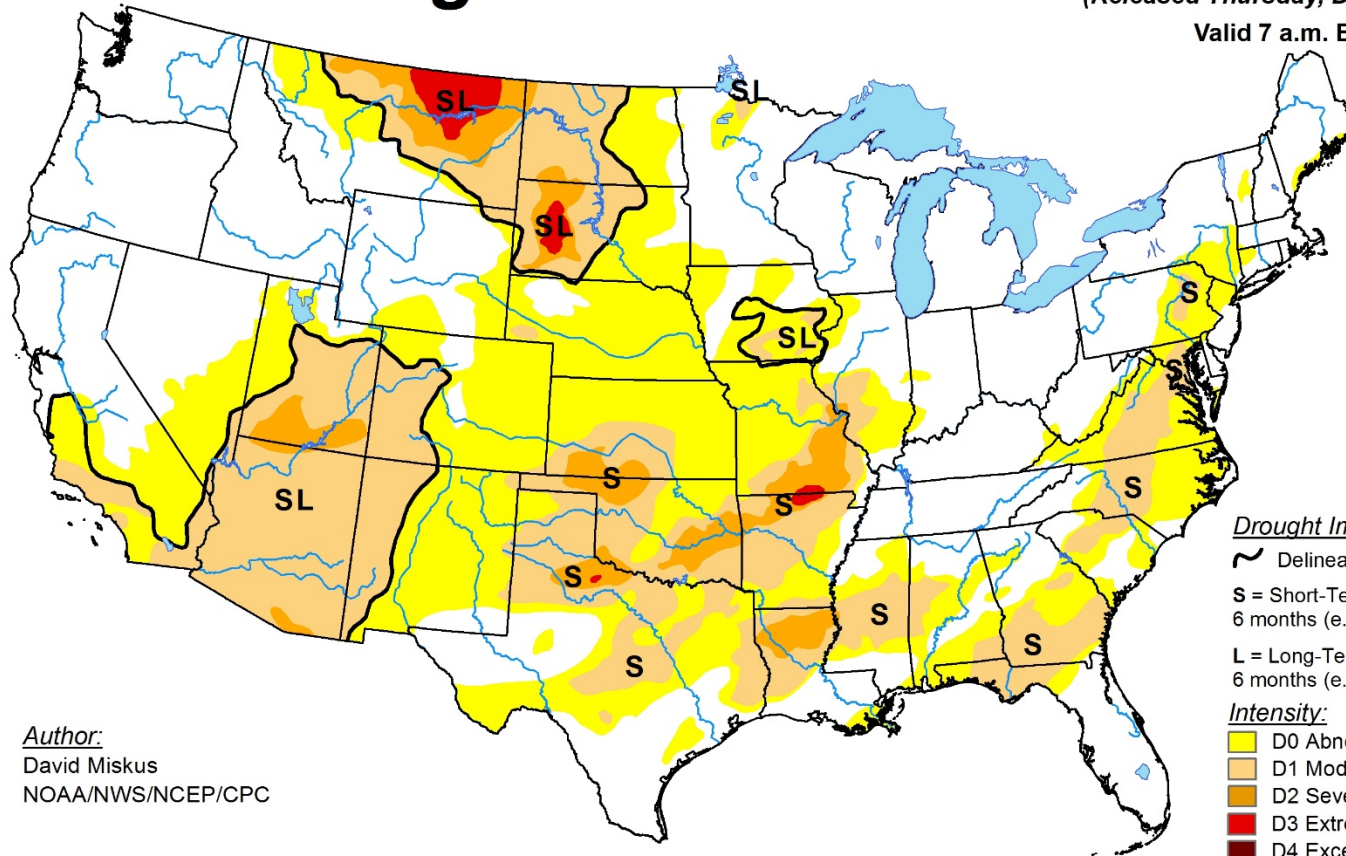
Data Source: USDA-NASS, Compiled & Forecasts by LMIC



# U.S. Drought Monitor

**December 26, 2017**  
 (Released Thursday, Dec. 28, 2017)

Valid 7 a.m. EST



Author:  
 David Miskus  
 NOAA/NWS/NCEP/CPC

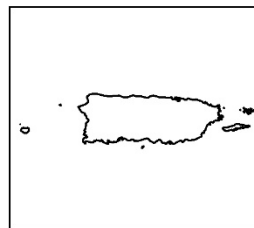
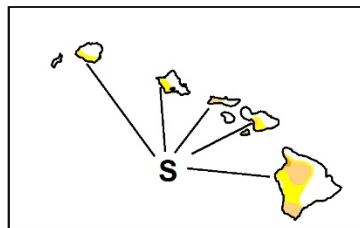
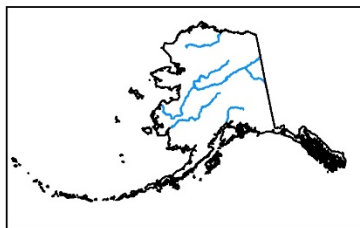
Drought Impact Types:

- ~ 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:

- D0 Abnormally Dry
- D1 Moderate Drought
- D2 Severe Drought
- D3 Extreme Drought
- D4 Exceptional Drought

The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.



<http://droughtmonitor.unl.edu/>





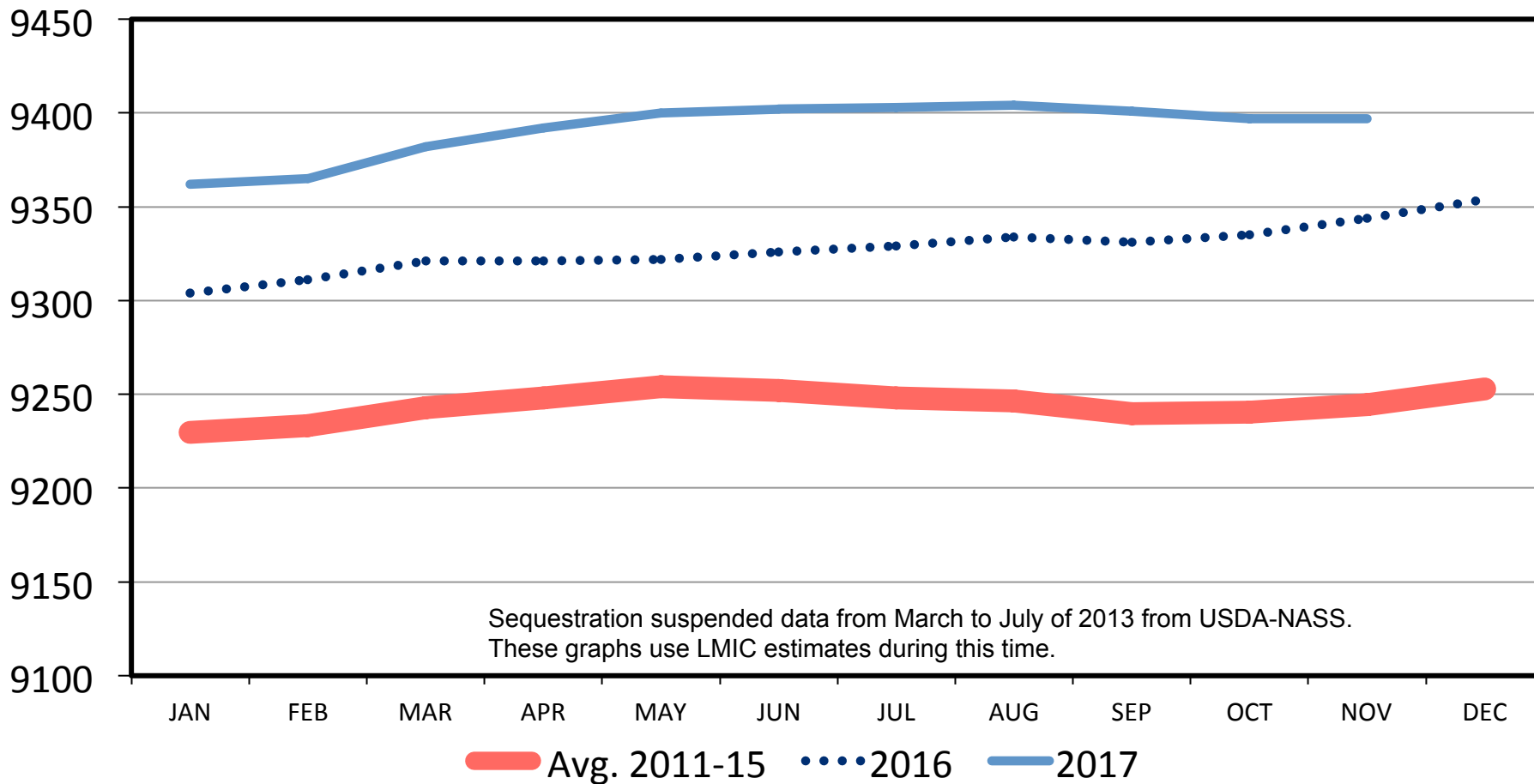
# Dairy



# DAIRY COW INVENTORY

US Total, Monthly

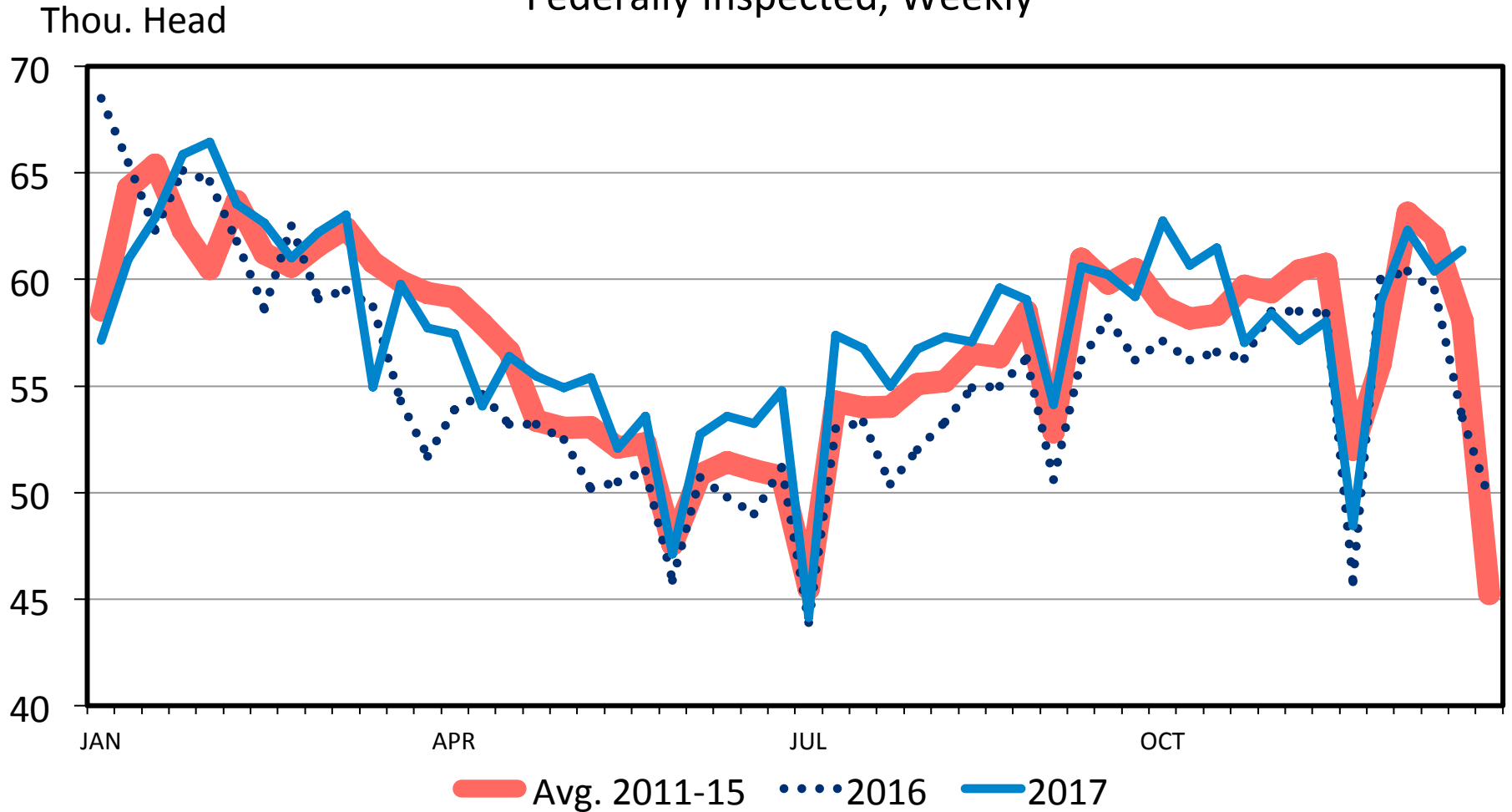
Thou. Head



Data Source: USDA-NASS

# DAIRY COW SLAUGHTER

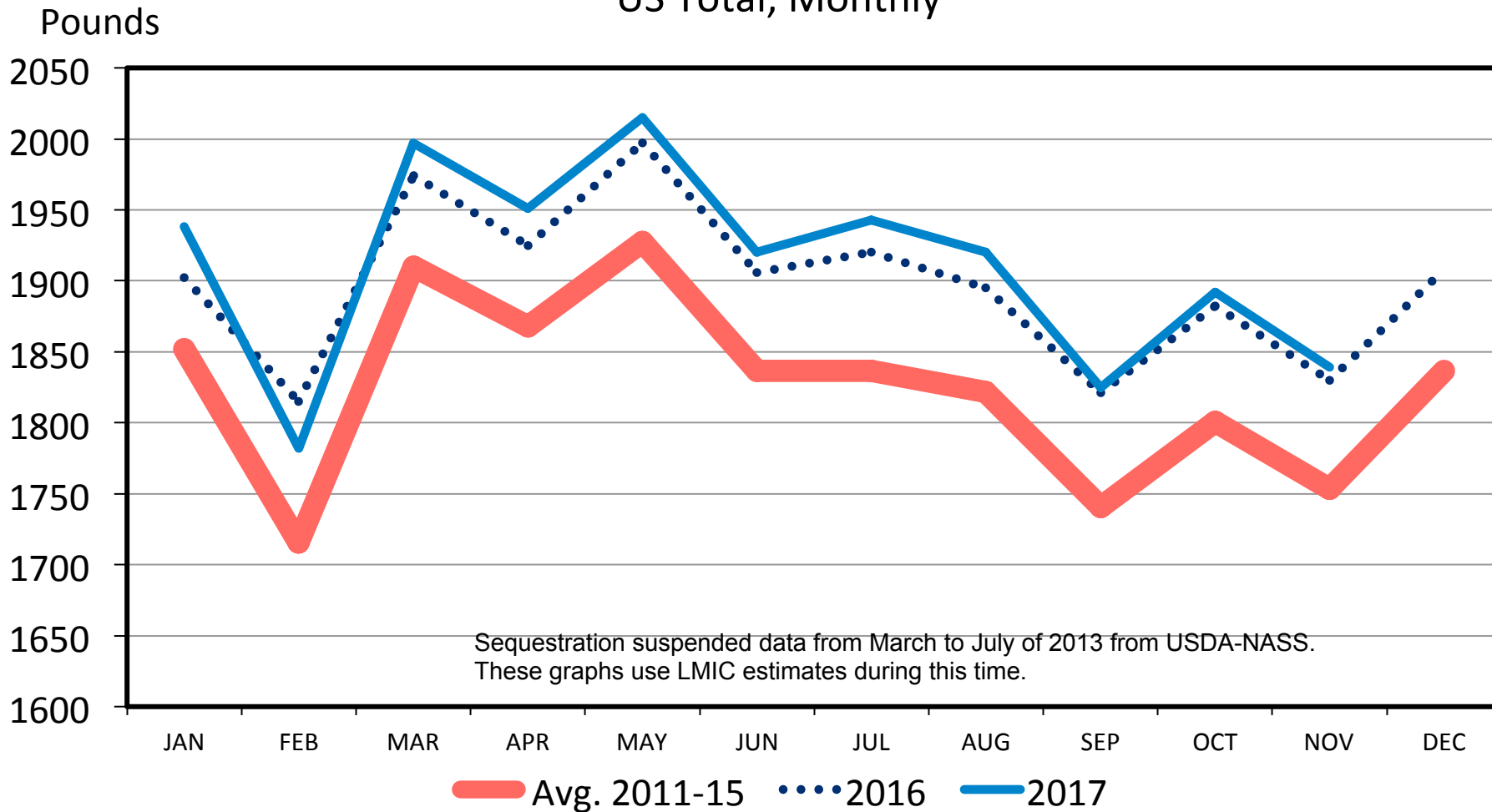
## Federally Inspected, Weekly



Data Source: USDA-AMS & USDA-NASS

# MILK PRODUCED PER COW

US Total, Monthly

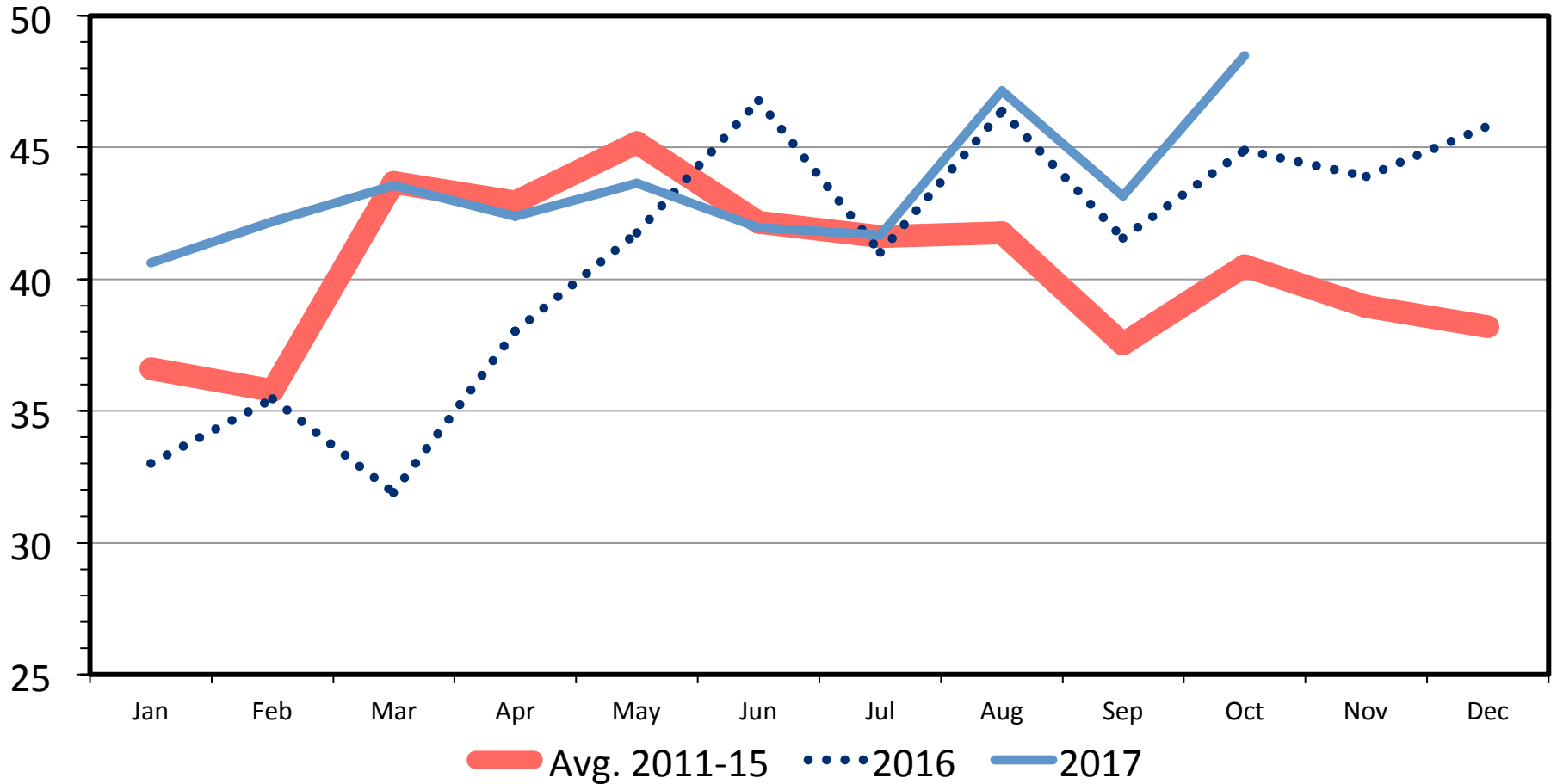


Data Source: USDA-NASS

# WHEY AND NATURAL MILK EXPORTS

Monthly

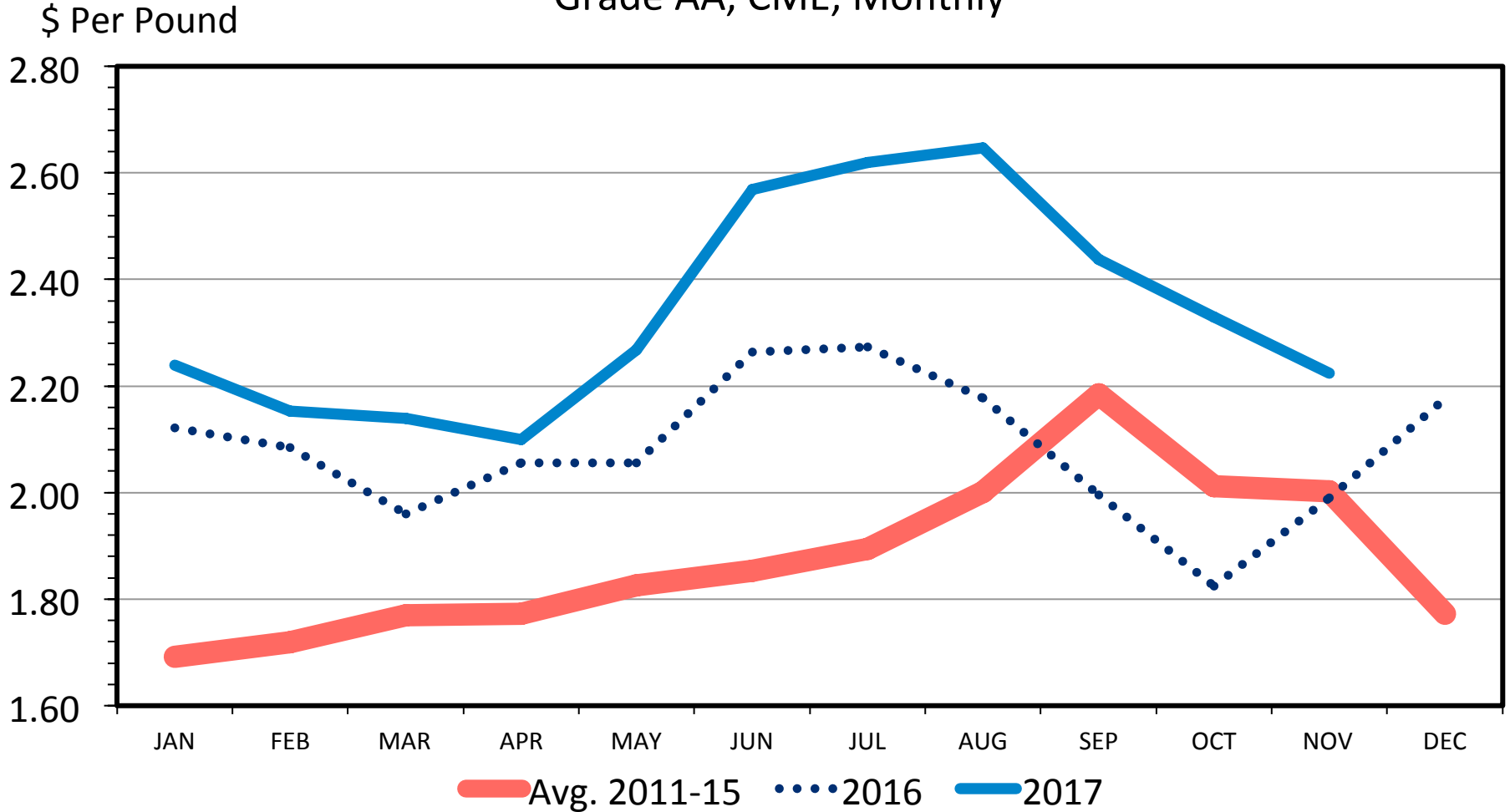
1000 MT



Data Source: USDA-FAS

# BUTTER PRICES

## Grade AA, CME, Monthly

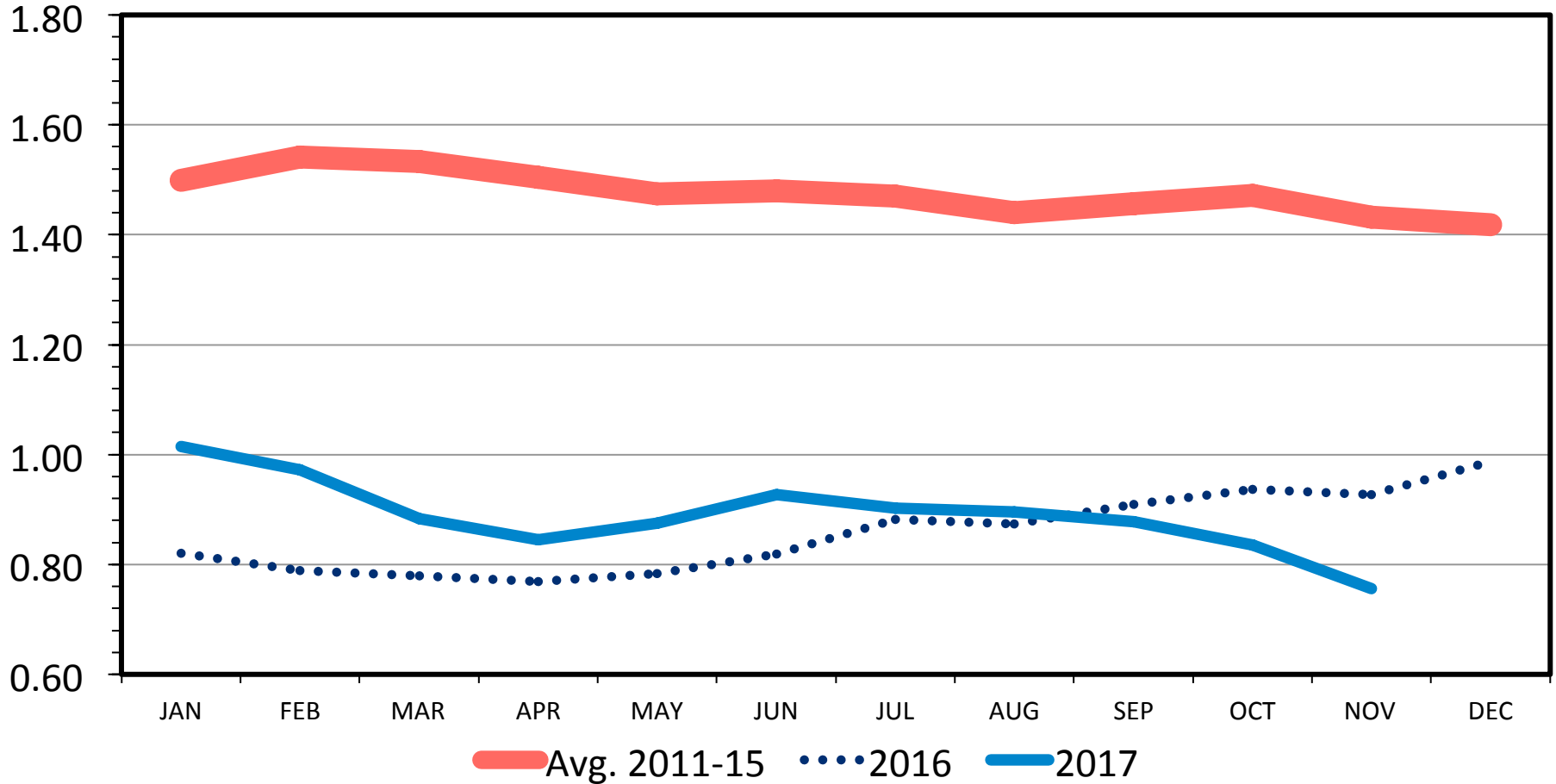


Data Source: USDA-AMS, Dairy Market News

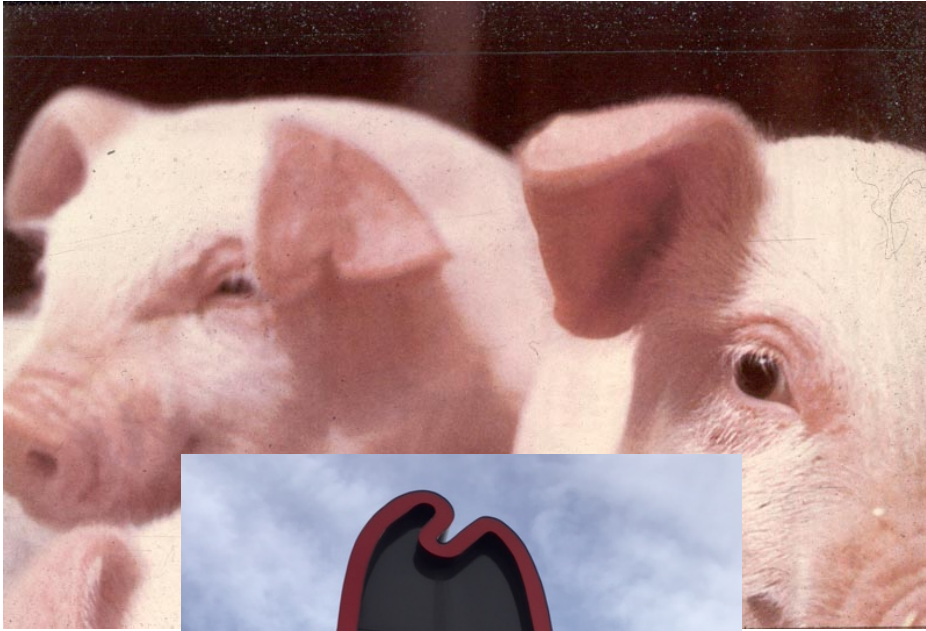
# NONFAT DRY MILK PRICES

## Central and East, Monthly

\$ Per Pound



Data Source: USDA-AMS, Dairy Market News



# Pork, Chicken, and **Total Red Meat and Poultry Output**

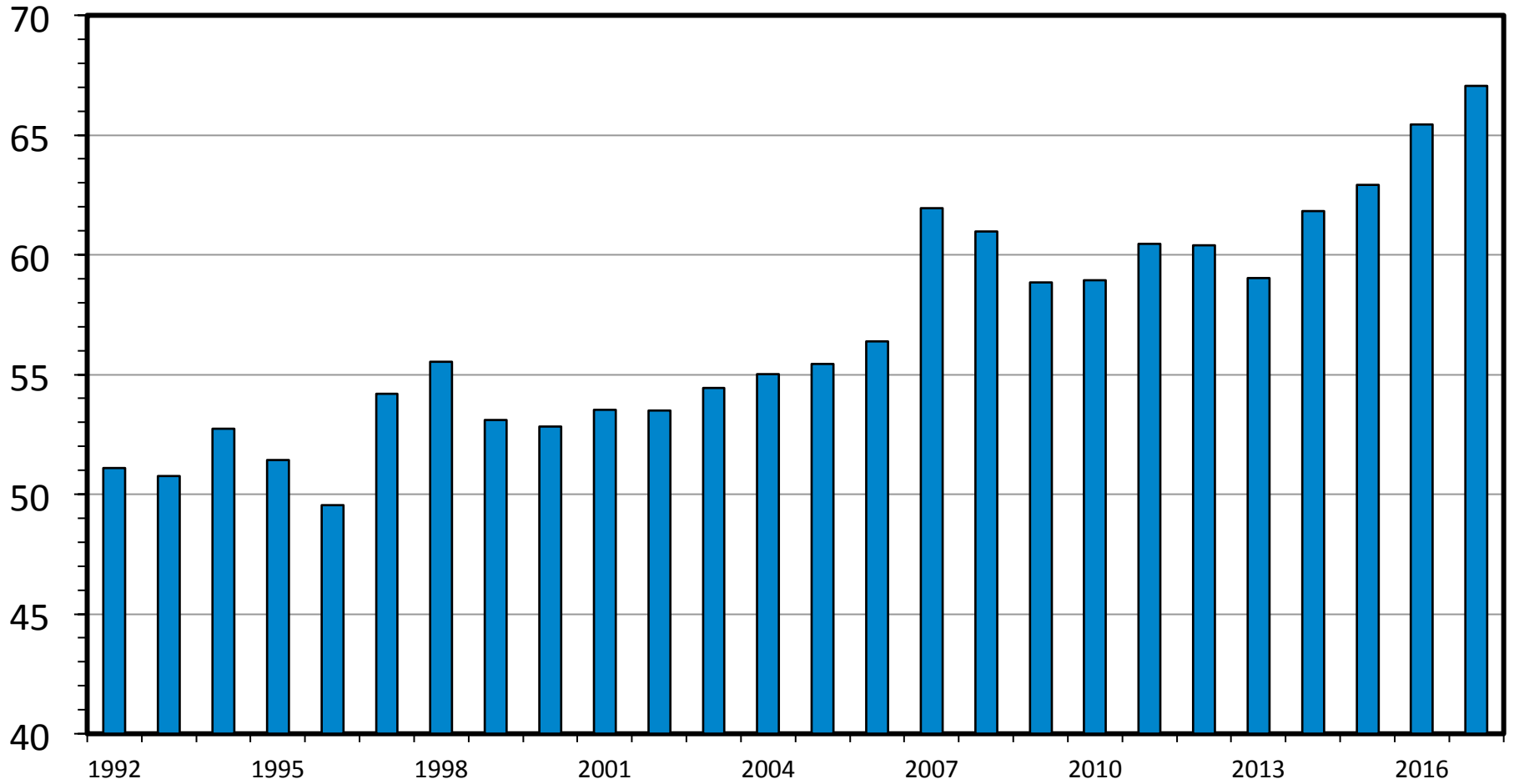




# DECEMBER 1 MARKET HOGS

U.S. Inventory

Mil. Head

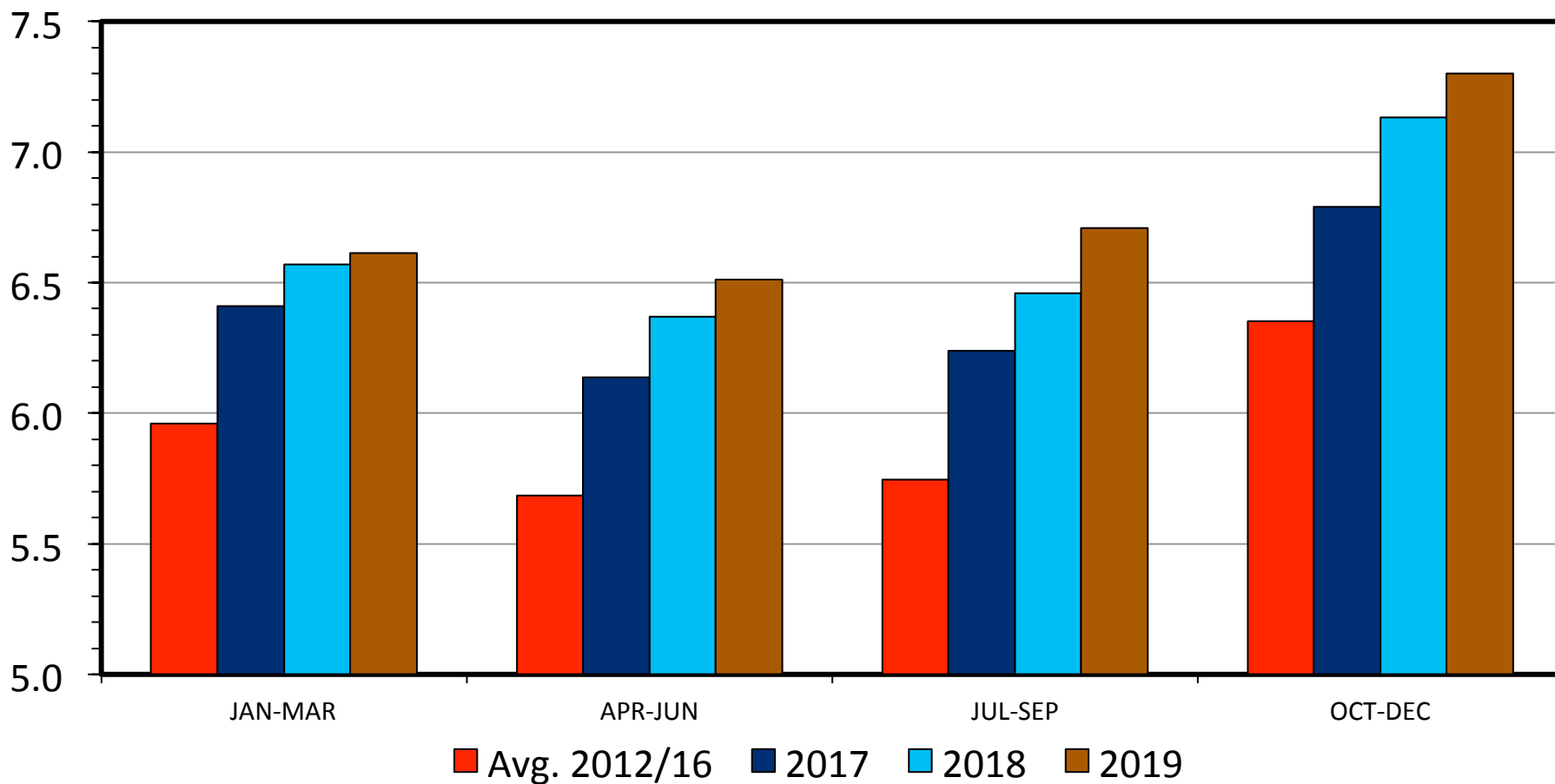


Data Source: USDA-NASS

# COMMERCIAL PORK PRODUCTION

## US, Quarterly

Bil. Pounds

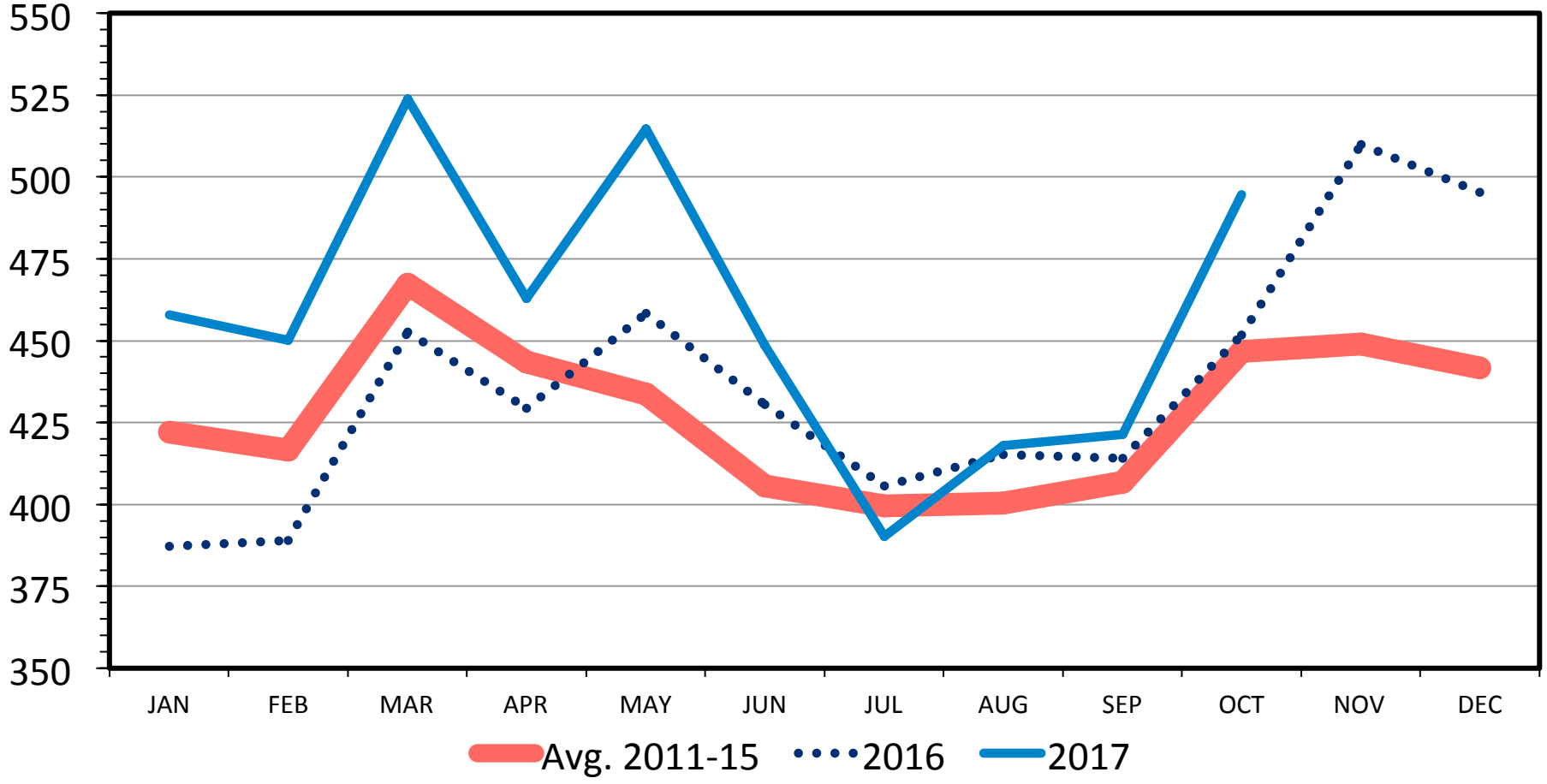


Data Source: USDA-NASS, Forecasts by LMIC

# US PORK EXPORTS

## Carcass Weight, Monthly

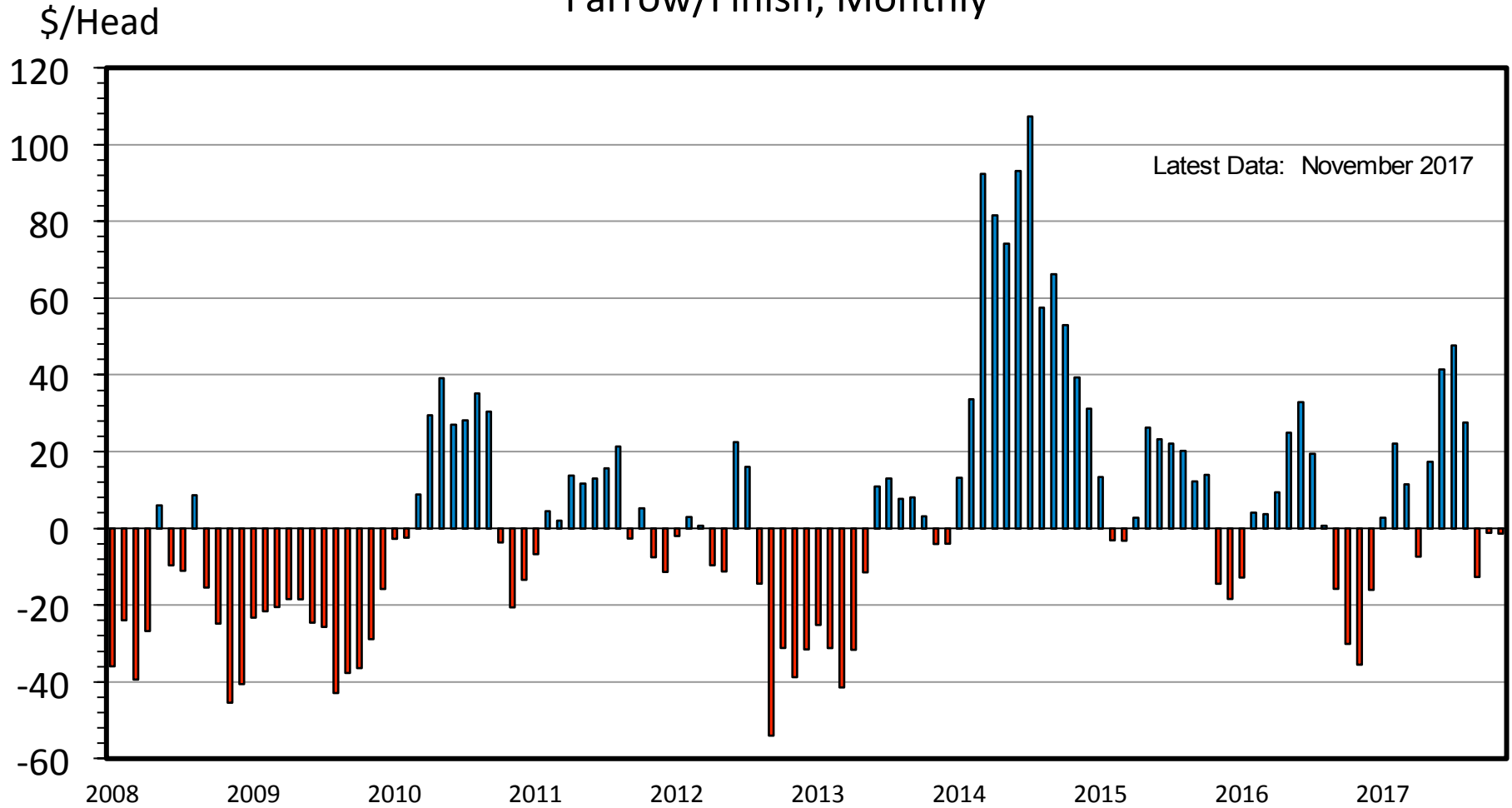
Mil. Pounds



Data Source: USDA-ERS & USDA-FAS

# IOWA MARKET HOG PROFIT

## Farrow/Finish, Monthly

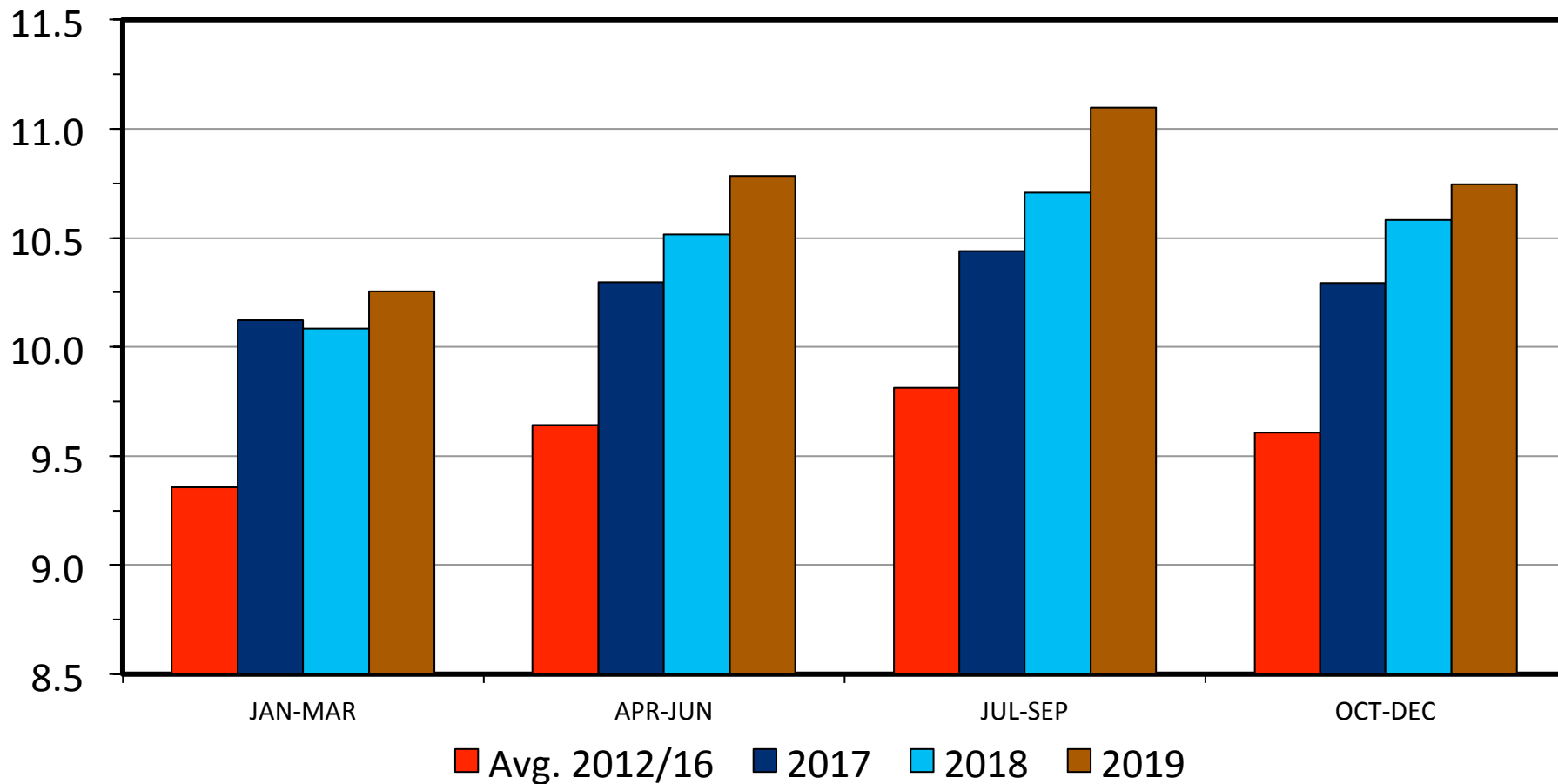


Data Source: Iowa State University

# RTC BROILER PRODUCTION

US, Quarterly

Bil. Pounds

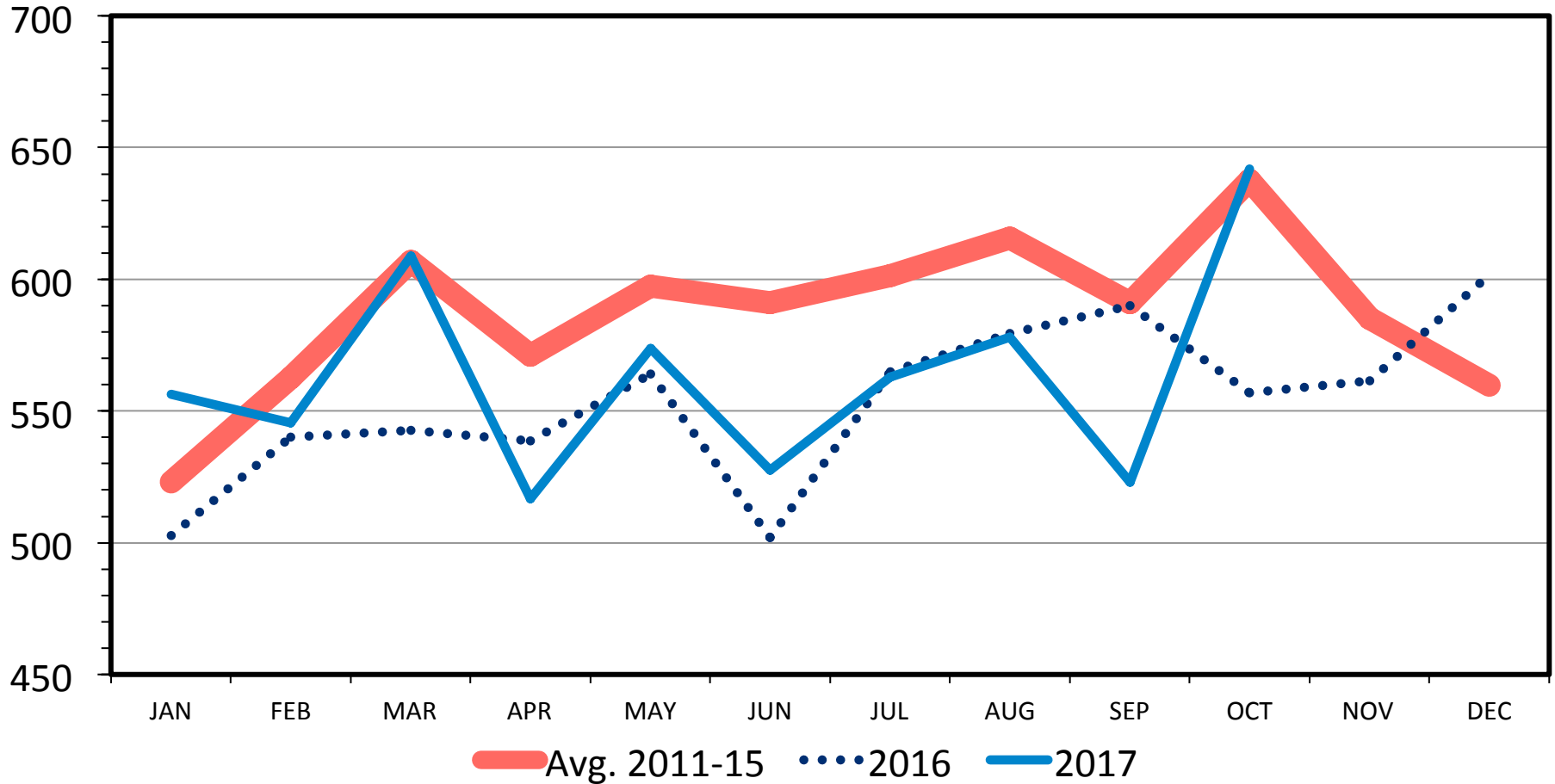


Data Source: USDA-NASS, Forecasts by LMIC

# US BROILER EXPORTS

## RTC Weight, Monthly

Mil. Pounds

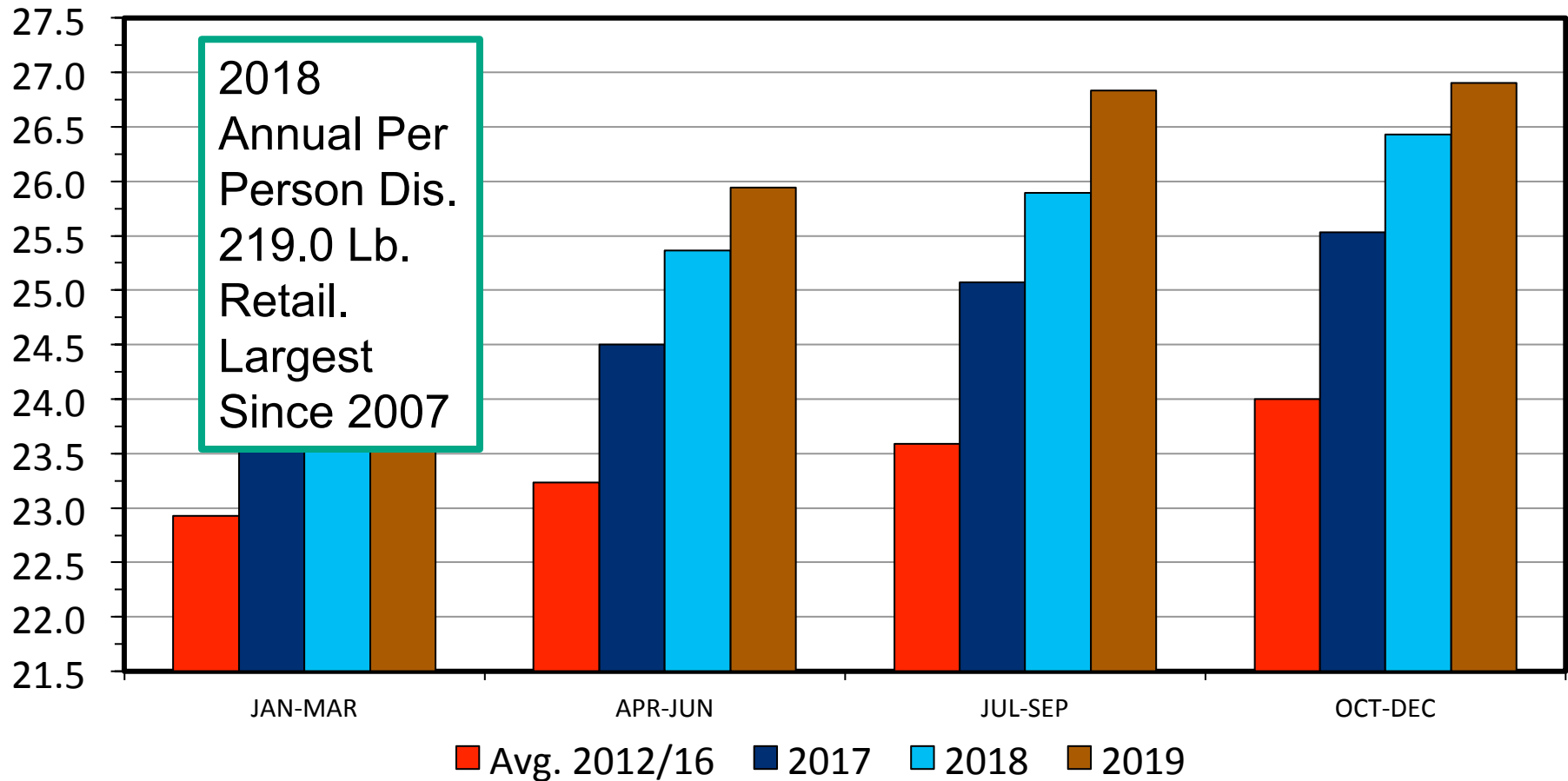


Data Source: USDA-ERS & USDA-FAS

# TOTAL RED MEAT & POULTRY PRODUCTION

## US, Quarterly

Bil. Pounds



Data Source: USDA-NASS, Forecasts by LMIC



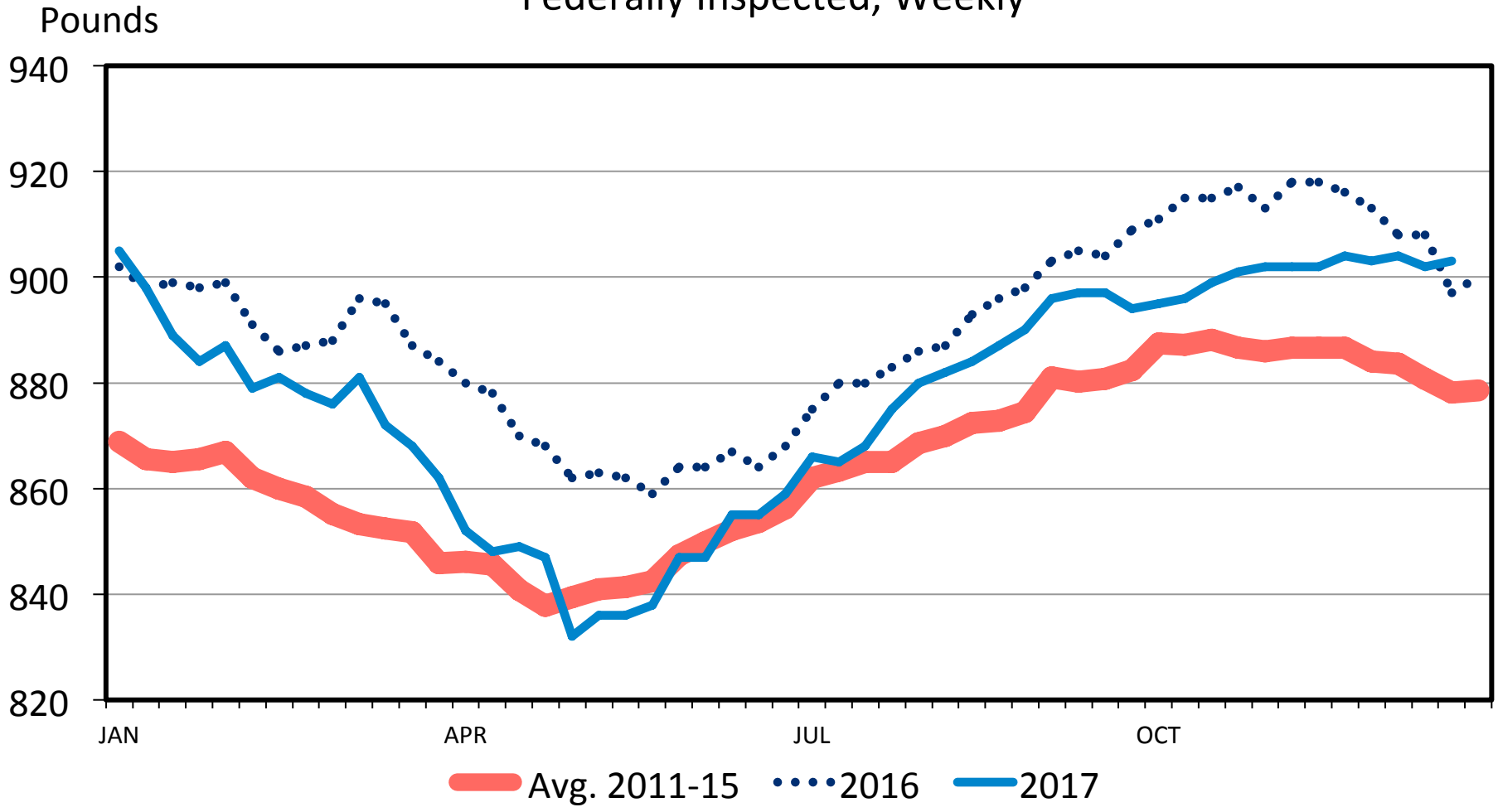
# Cattle





# STEER DRESSED WEIGHT

## Federally Inspected, Weekly

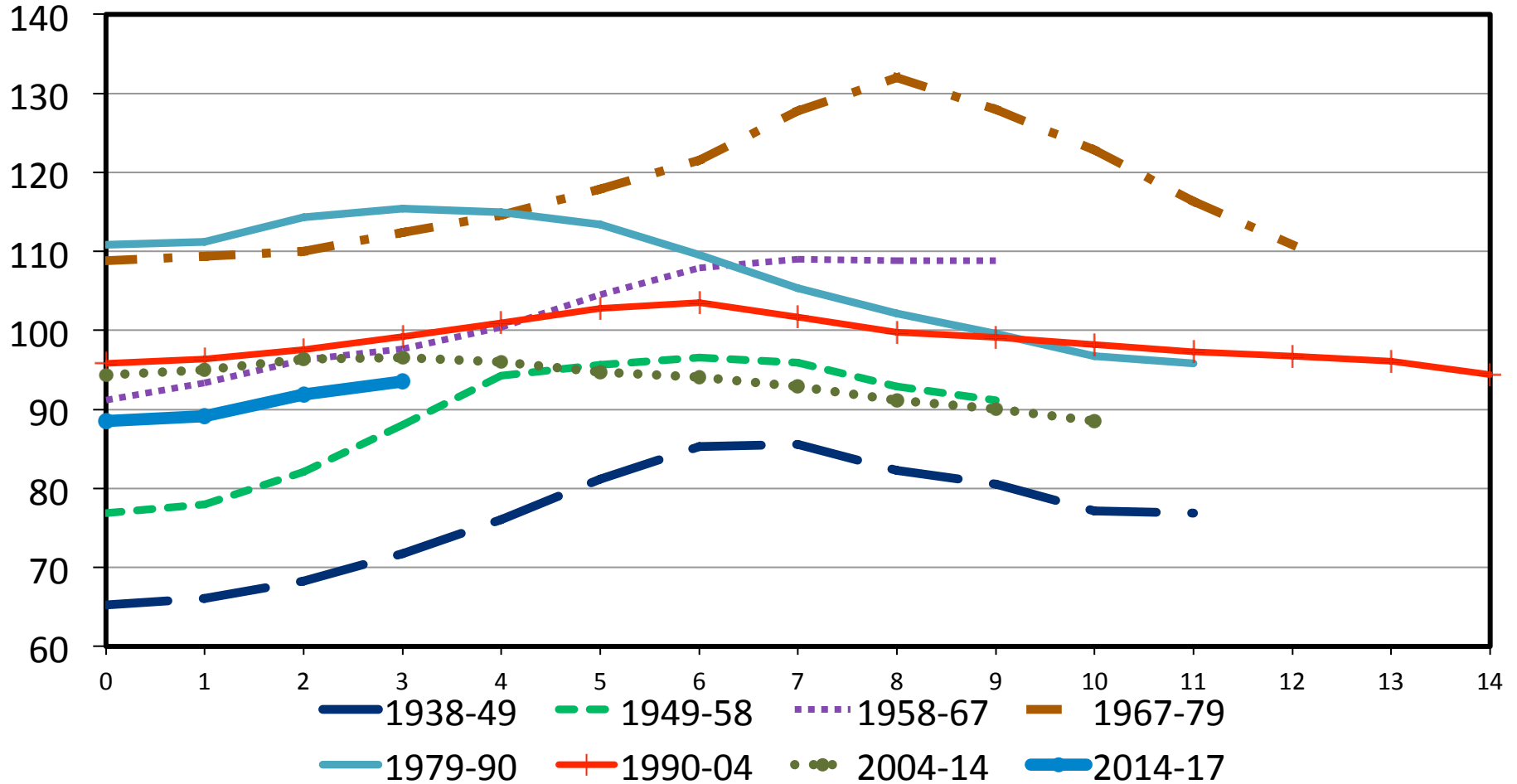


Data Source: USDA-AMS & USDA-NASS

# TOTAL CATTLE INVENTORY BY CYCLE

U.S., January 1

Mil. Head

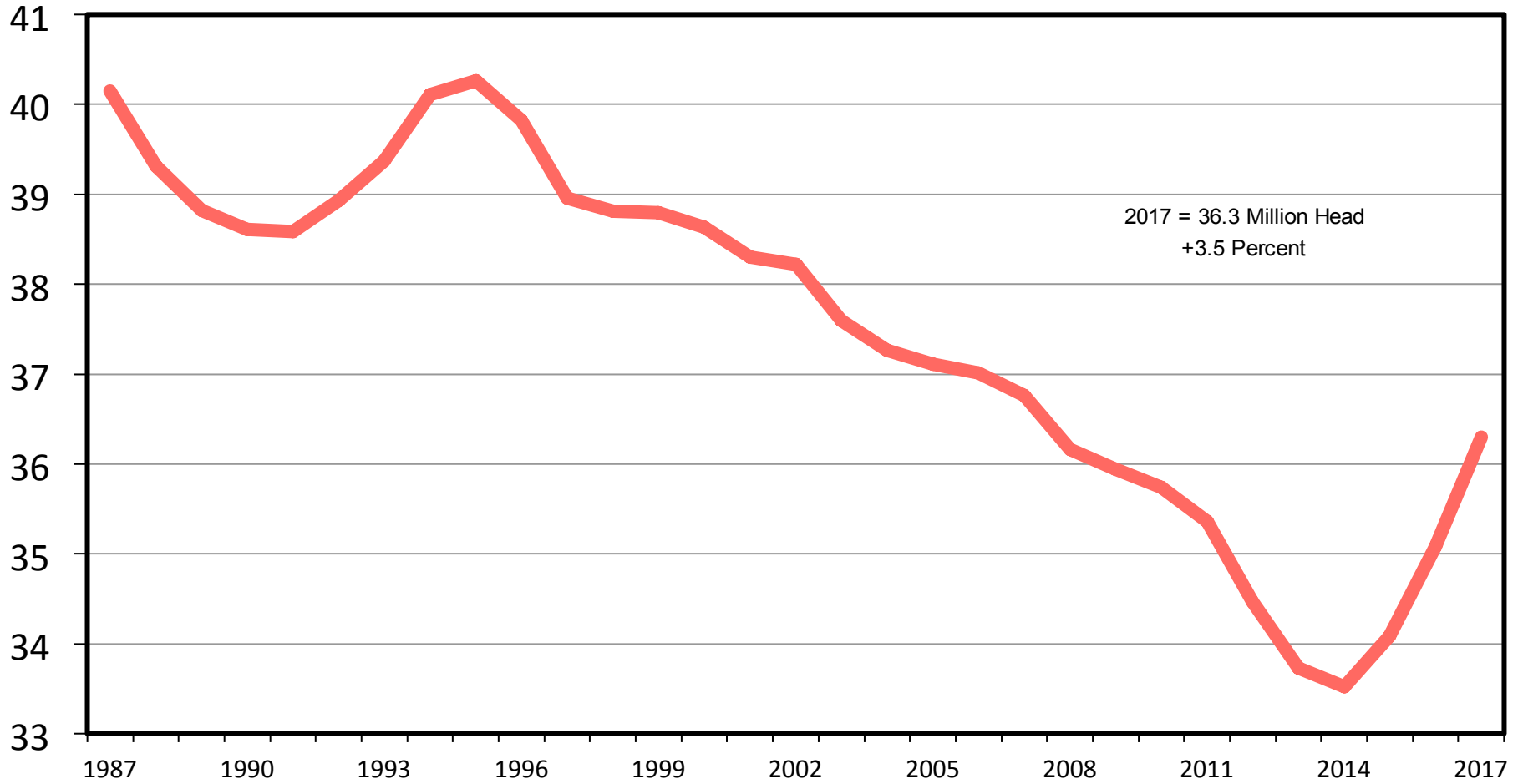


Data Source: USDA-NASS

# CALF CROP

July Estimates, U.S., Annual

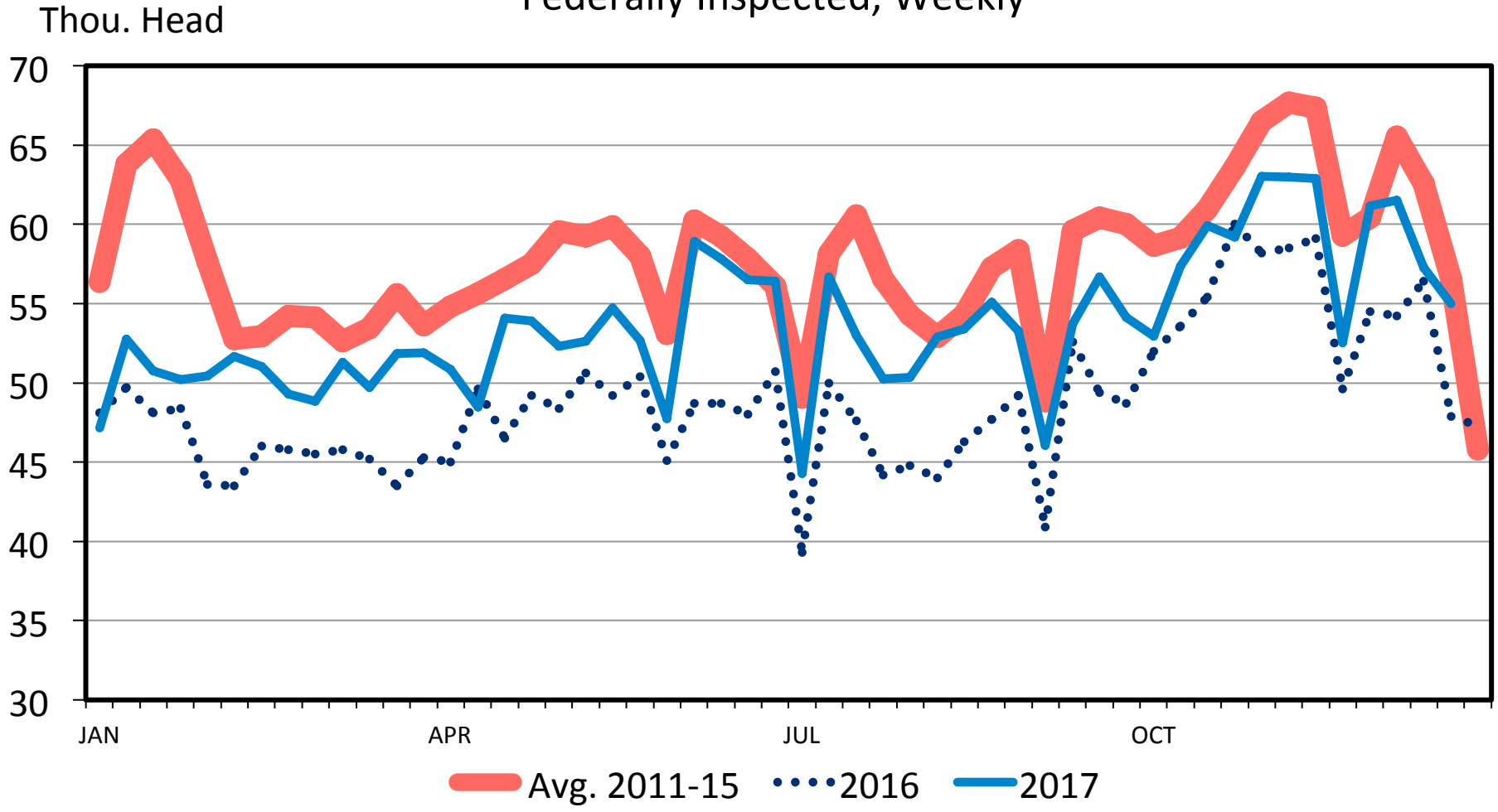
Mil. Head



Data Source: USDA-NASS

# BEEF COW SLAUGHTER

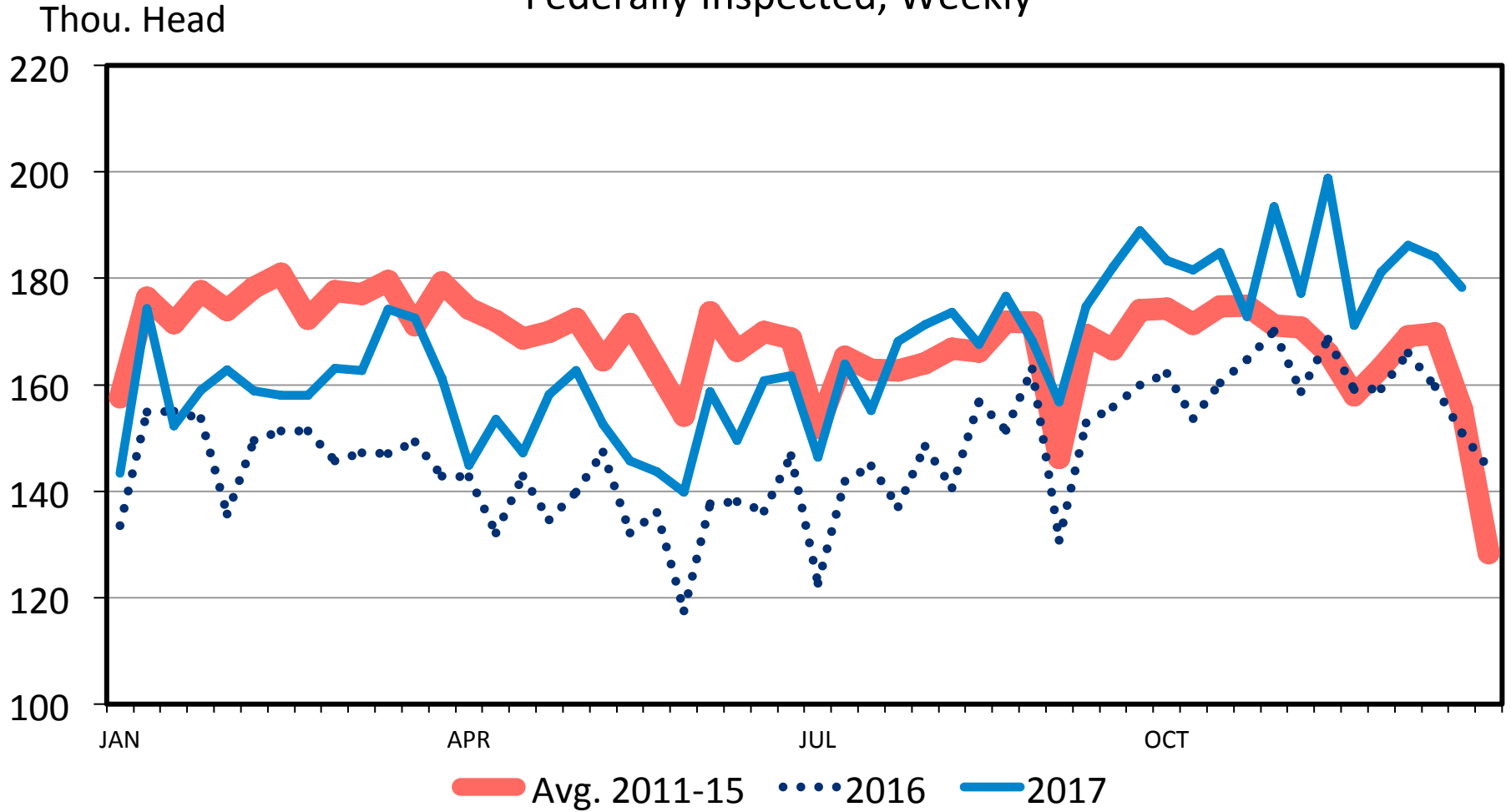
## Federally Inspected, Weekly



Data Source: USDA-AMS & USDA-NASS

# HEIFER SLAUGHTER

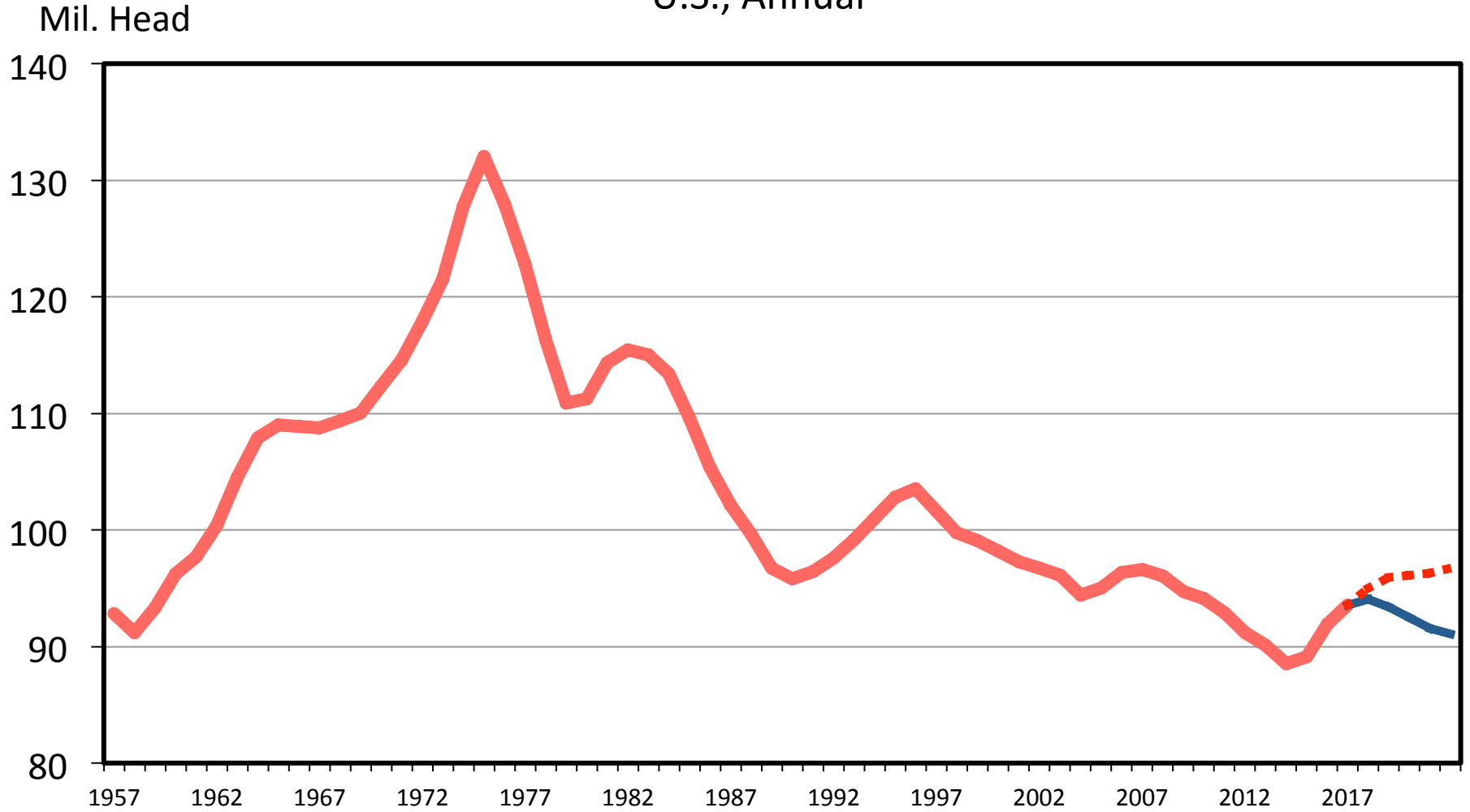
## Federally Inspected, Weekly



Data Source: USDA-AMS & USDA-NASS

# JANUARY 1 TOTAL CATTLE INVENTORY

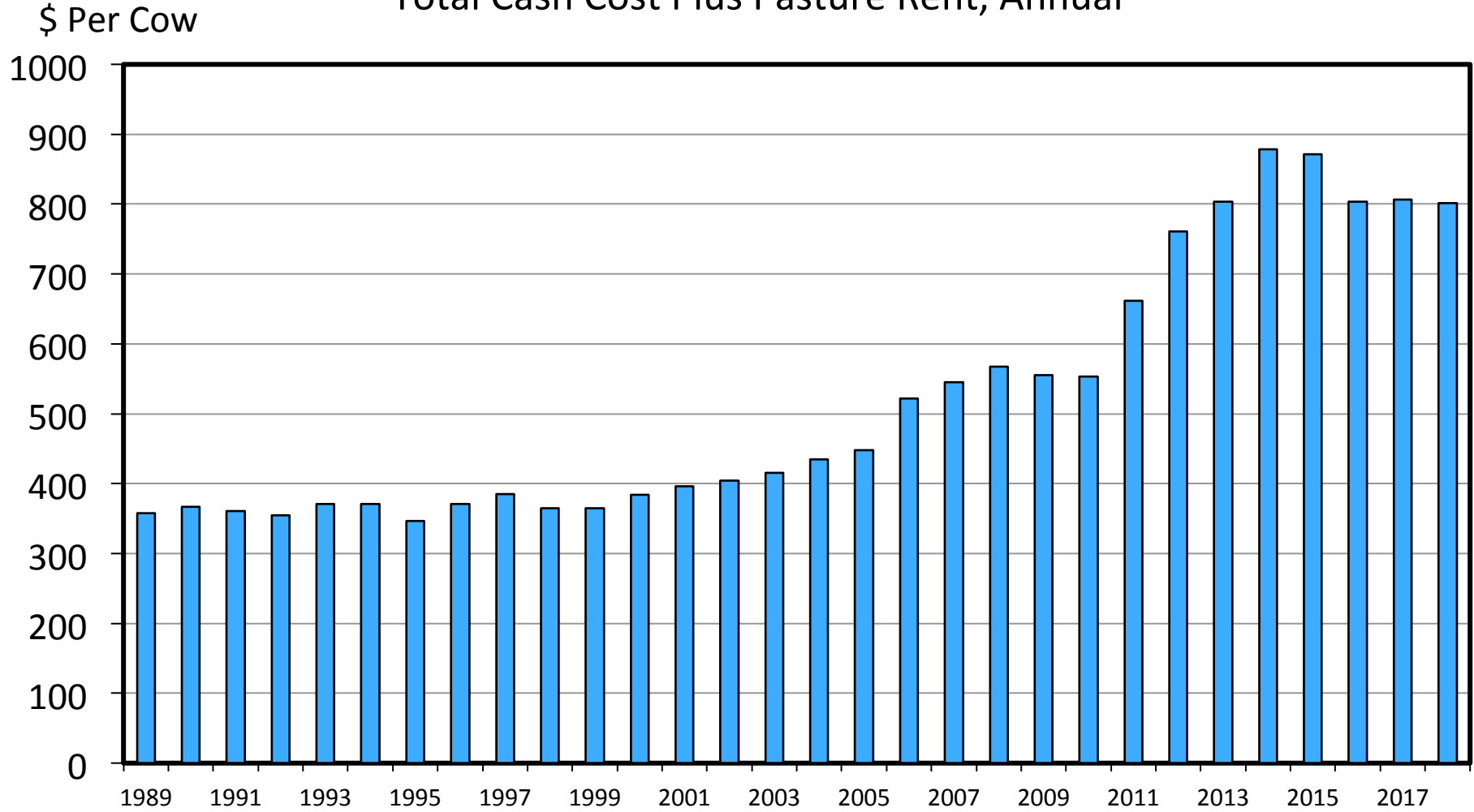
## U.S., Annual



Data Source: USDA-NASS; Forecasts by LMIC

# ESTIMATED AVERAGE COW CALF COSTS

Total Cash Cost Plus Pasture Rent, Annual

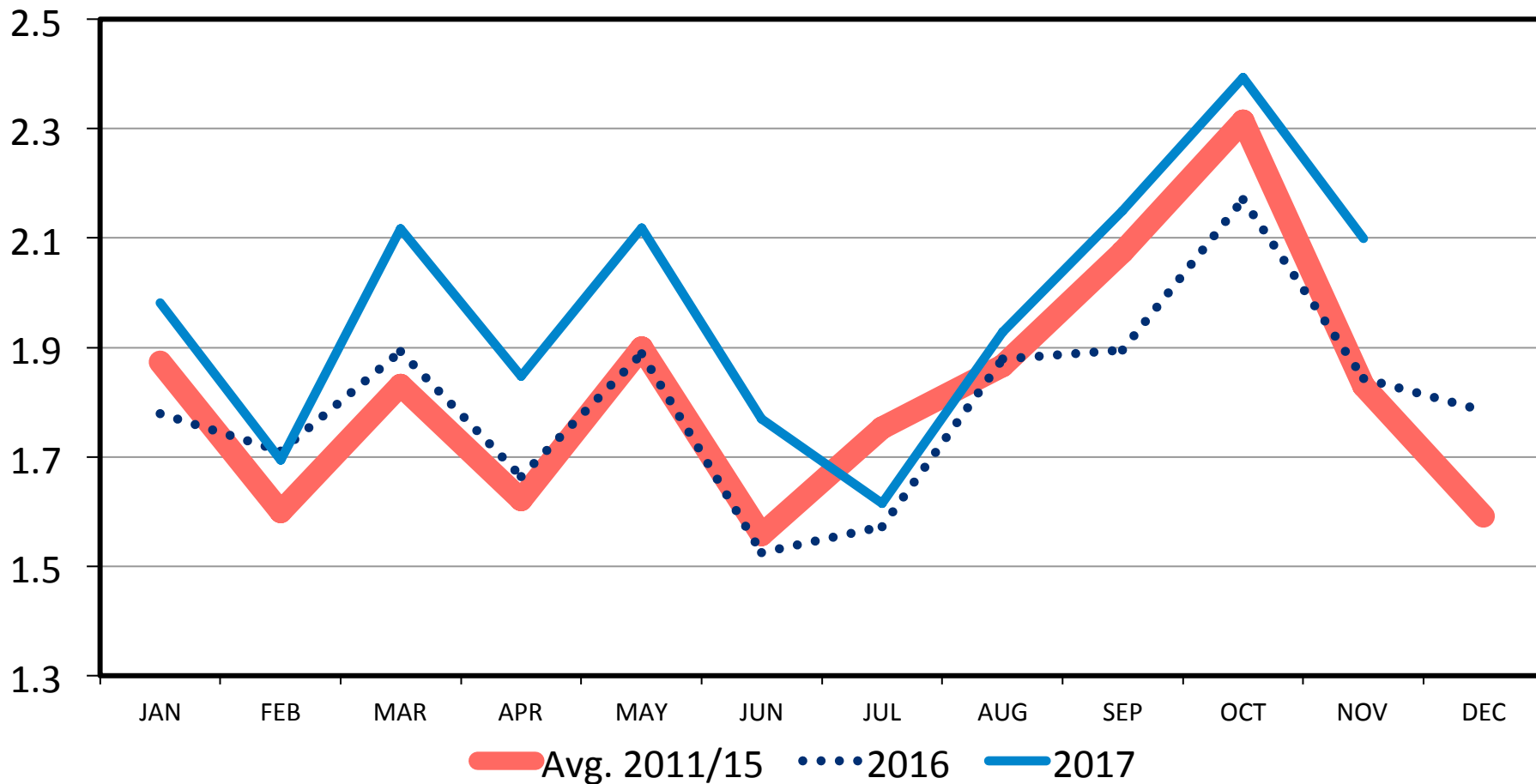


Data Source: USDA & LMIC, Compiled by LMIC

# FEEDLOT PLACEMENTS

US Total, Monthly

Mil. Head



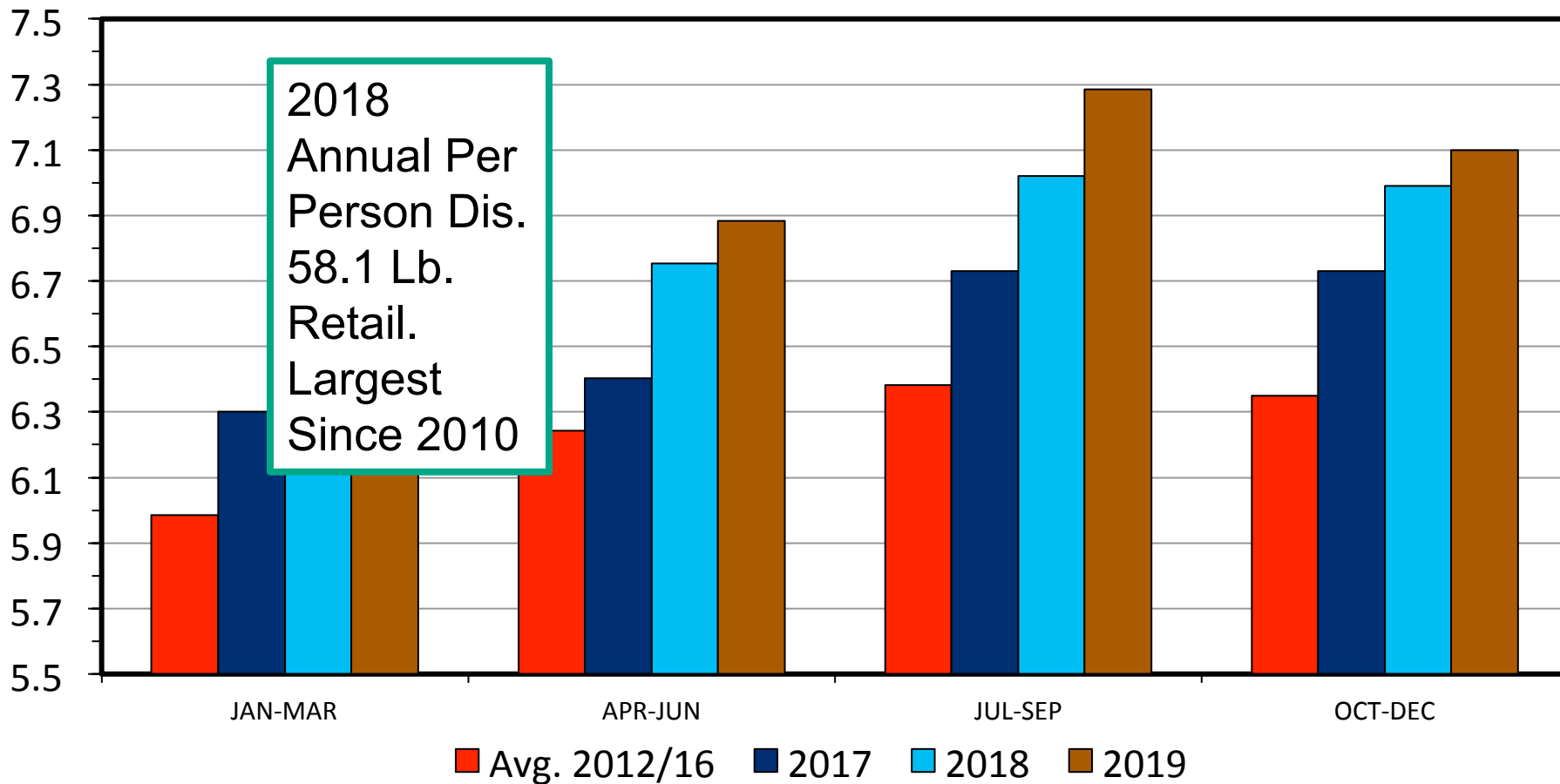
Data Source: USDA-NASS



# COMMERCIAL BEEF PRODUCTION

## US, Quarterly

Bil. Pounds



Data Source: USDA-NASS, Forecasts by LMIC



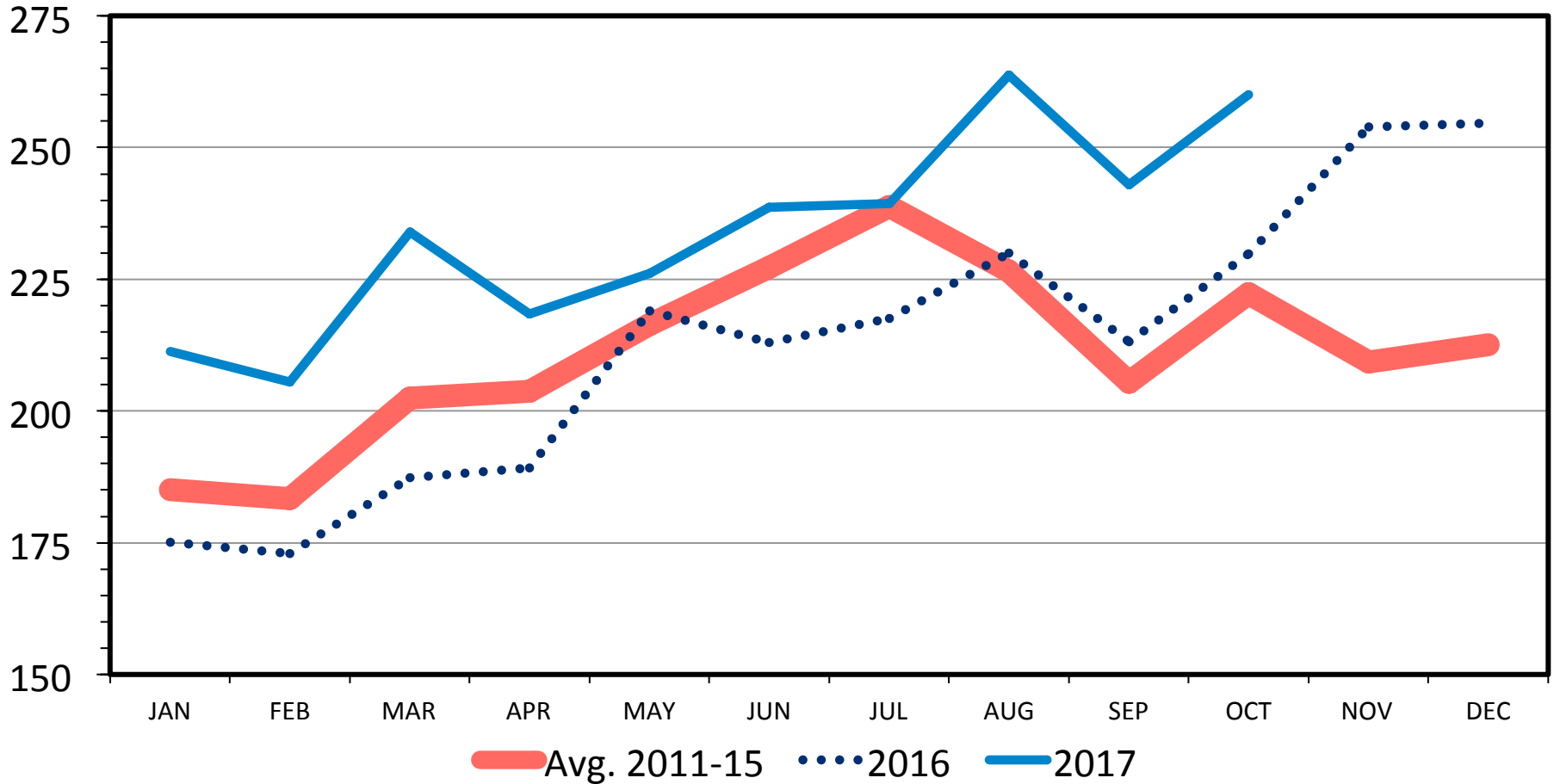
# Beef Exports and Imports



# US BEEF AND VEAL EXPORTS

Carcass Weight, Monthly

Mil. Pounds

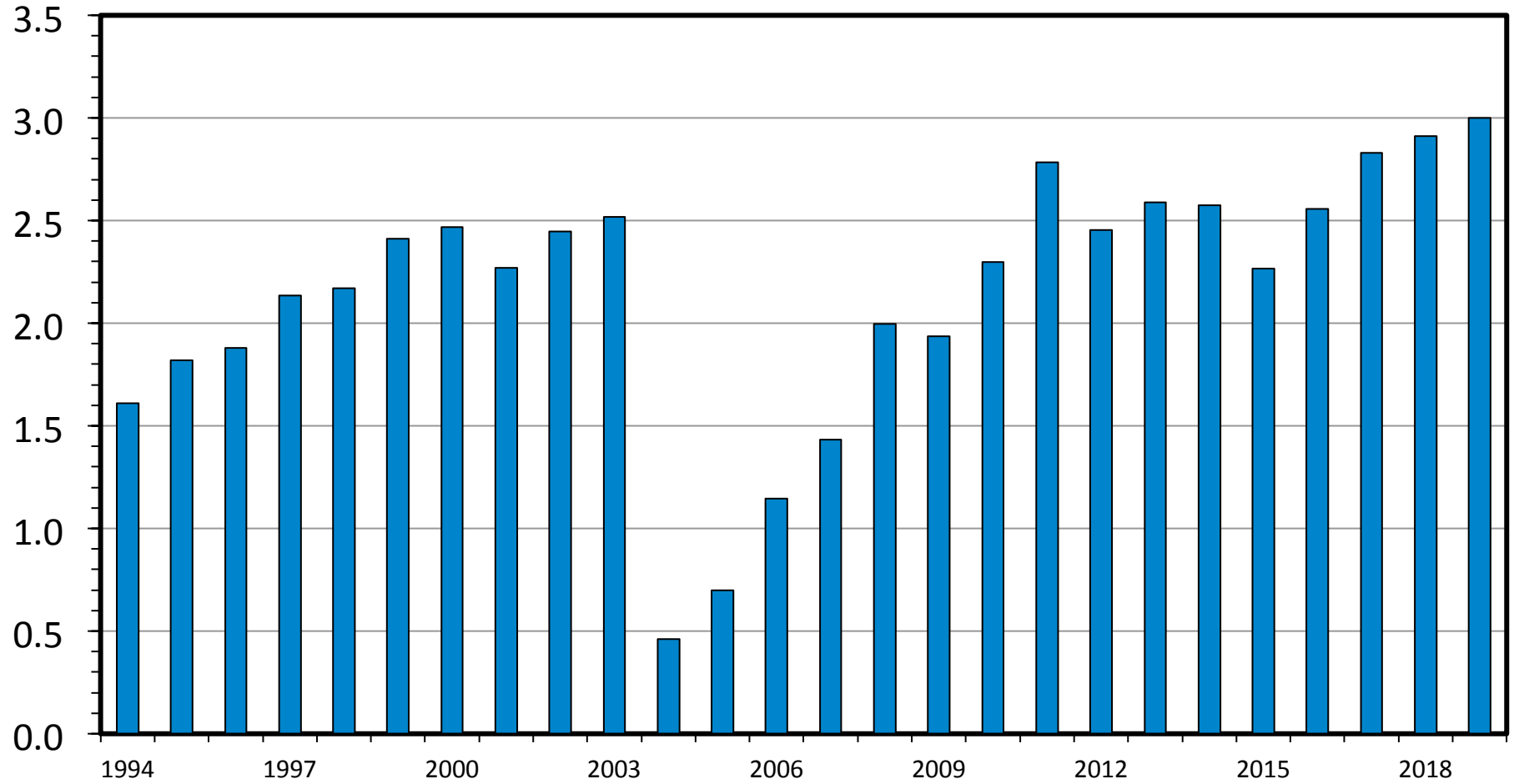


Data Source: USDA-ERS & USDA-FAS

# US BEEF AND VEAL EXPORTS

Carcass Weight, Annual

Bil. Pounds

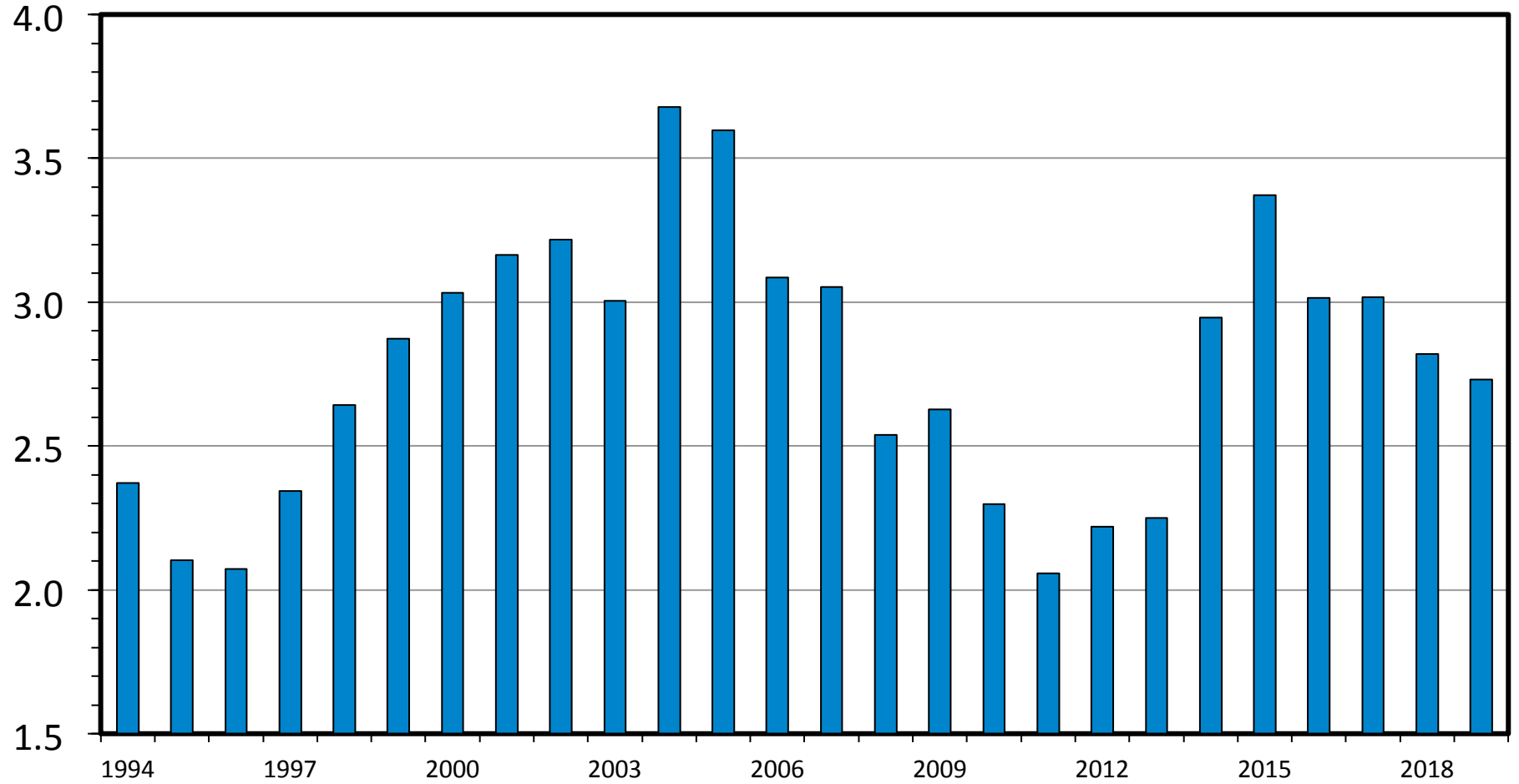


Data Source: USDA-ERS & USDA-FAS

# US BEEF AND VEAL IMPORTS

Carcass Weight, Annual

Bil. Pounds

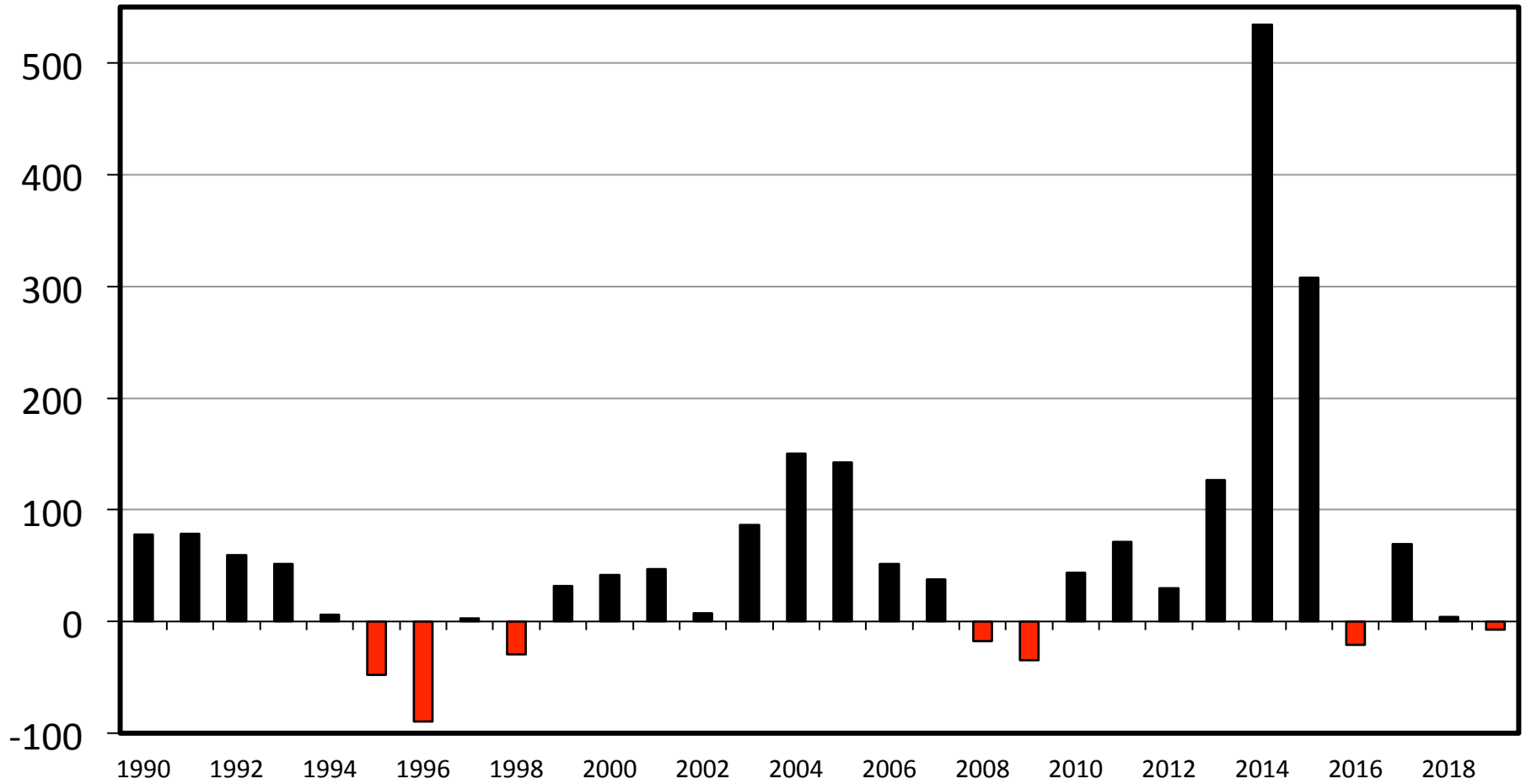


Data Source: USDA-ERS & USDA-FAS

# ESTIMATED AVERAGE COW CALF RETURNS

Returns Over Cash Cost (Includes Pasture Rent), Annual

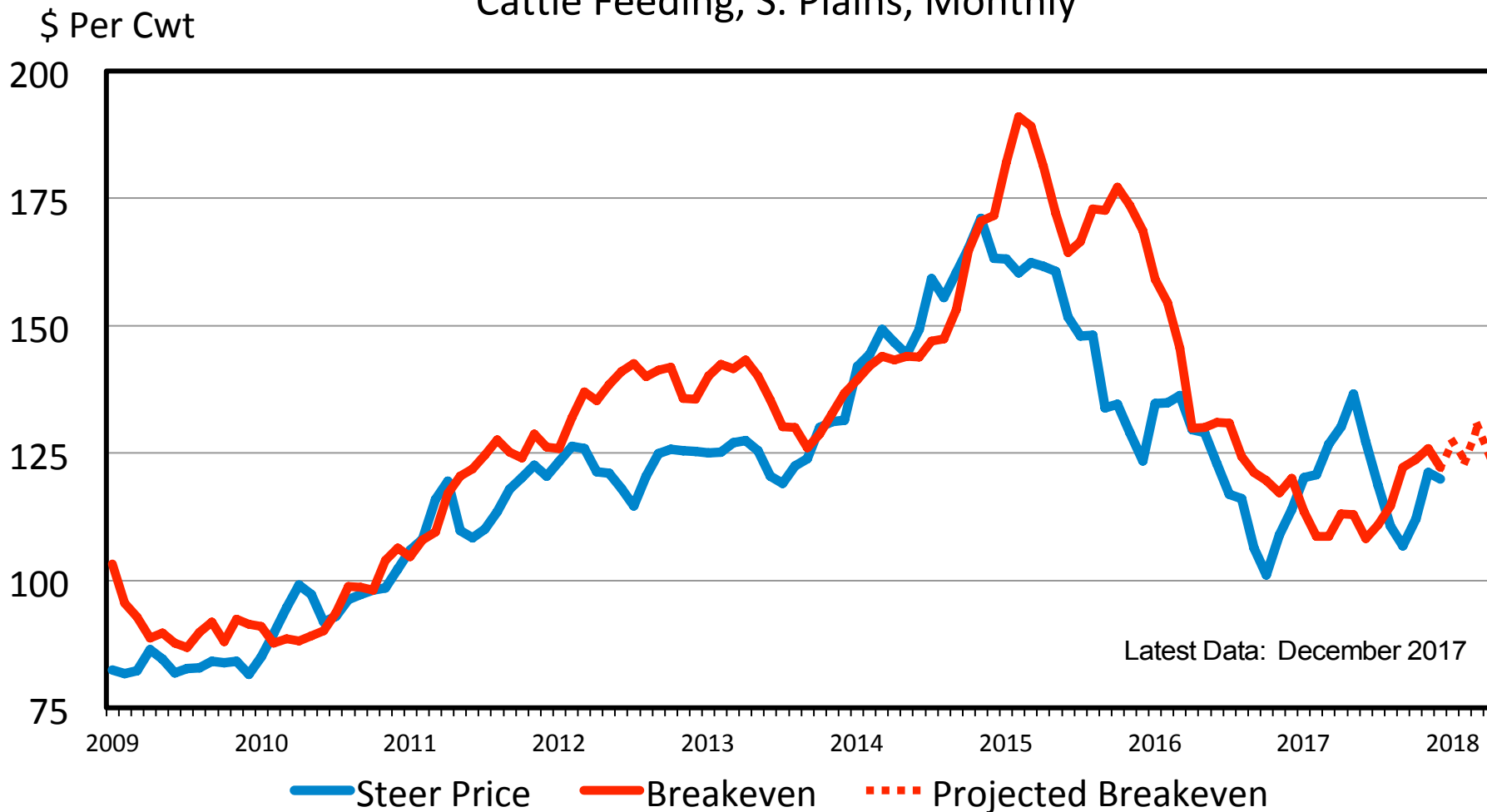
\$ Per Cow



Data Source: USDA & LMIC, Compiled by LMIC

# CHOICE STEER PRICE vs BREAKEVEN

Cattle Feeding, S. Plains, Monthly

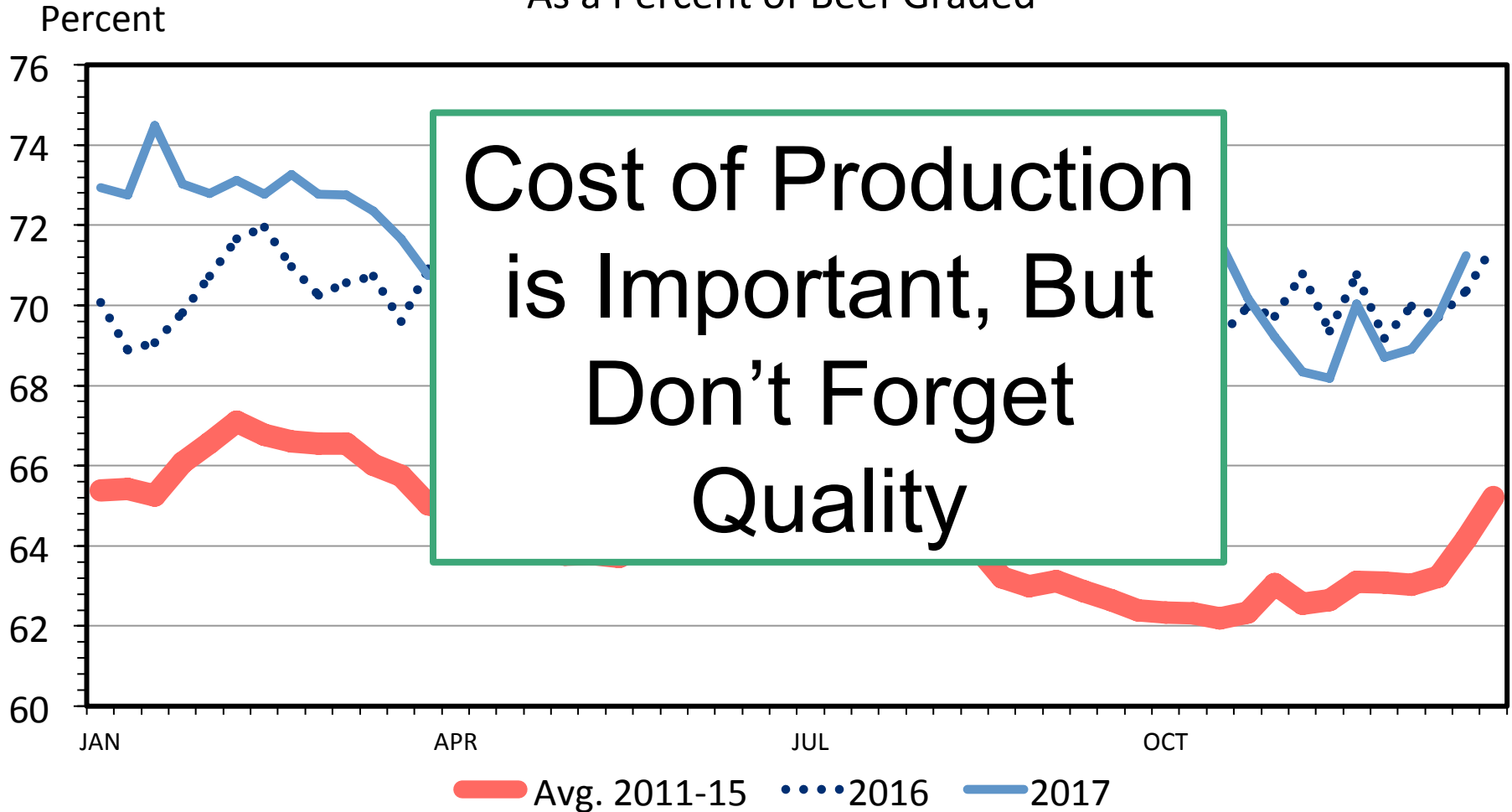






# BEEF GRADED CHOICE

As a Percent of Beef Graded



## In The News ....

- U.S. Beef Exports to China
- JBS Corruption Scandal
- Japanese Beef Safeguard
- NAFTA Renegotiation
- Federal Government Shutdown and Debt Ceiling
- Geopolitical Environment in Asia
- Korean Free Trade Agreement
- Grading, Cattle and Hogs (Quality Grade)
- Tax Cuts Impact on Consumer Demand
- .....

Livestock Marketing Info x

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 Livestock Marketing  
 Information Center

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### U.S. BEEF AND VEAL EXPORTS

Carcass Weight, Monthly



Mil. Pounds

Month	2017 (Mil. Pounds)	2016 (Mil. Pounds)	Avg. 2011-15 (Mil. Pounds)
JAN	215	175	185
FEB	205	175	185
MAR	235	190	195
APR	220	190	195
MAY	225	215	215
JUN	235	220	225
JUL	245	230	235
AUG	225	235	225
SEP	205	215	215
OCT	225	245	215
NOV	215	255	215
DEC	215	255	215

Data Source: USDA-ERS & USDA-FAS  
 Livestock Marketing Information Center

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