Marketing 2018 Feeder Calves

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Tariffs

• A tariff is a tax on imports or exports between sovereign states.
• Tariffs (from key countries) levied against U.S. Beef will cause a decline in price.
• Anything is possible.
• The market is likely to be volatile, both up and down...

• Key Beef Countries
  • Japan
  • South Korea
  • Mexico
  • Canada
  • Hong Kong

2018 Beef Cattle Market Prices
MED. & LRG. #1 FEEDER STEER PRICES
700-800 Pounds, Southern Plains, Weekly

SLAUGHTER COW PRICES
Southern Plains, 85-90% Lean, Weekly

Supply
CATTLE SLAUGHTER
Federally Inspected, Weekly

Data Source: USDA-AMS & USDA-NASS
Livestock Marketing Information Center

TOTAL COW SLAUGHTER
Federally Inspected, Weekly

Data Source: USDA-AMS & USDA-NASS
Livestock Marketing Information Center

STEER SLAUGHTER
Federally Inspected, Weekly

Data Source: USDA-AMS & USDA-NASS
Livestock Marketing Information Center
TOTAL POULTRY IN COLD STORAGE
End of the Month

Mil. Pounds

Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec

2012-16 | 2017 | 2018

Avg. 2012-16 --- 2017 --- 2018

Data Source: USDA-NASS
Livestock Marketing Information Center

TURKEY IN COLD STORAGE
End of the Month

Mil. Pounds

Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec

2012-16 | 2017 | 2018

Avg. 2012-16 --- 2017 --- 2018

Data Source: USDA-NASS
Livestock Marketing Information Center

CHICKEN IN COLD STORAGE
End of the Month

Mil. Pounds

Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec

2012-16 | 2017 | 2018

Avg. 2012-16 --- 2017 --- 2018

Data Source: USDA-NASS
Livestock Marketing Information Center
Cost of Gain in Feedlots

OMAHA CORN PRICES
Weekly

KANSAS CITY SORGHUM PRICES
Weekly

Data Source: USDA-AMS
Livestock Marketing Information Center
Cost of Gain in Feedlots

- Relatively Cheap Feedstuffs
  - Could potentially become even cheaper with Tariffs

When feed gets cheap, what happens?
- Without incentive to market cattle...
  - Feedlots will feed cattle longer, making them bigger, making already large beef supplies... EVEN LARGER.

Looking Forward – “Live Cattle”
What are Markets Projecting?

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<th>Avg</th>
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Looking Forward – “Feeder Cattle”
What are Markets Projecting?

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Looking Forward – FL 550 lb. Feeder Steers
What are Markets Projecting?

Looking Forward – OKC Feeder Steers
What is USDA Projecting?

Summary

- 2018 U.S. Beef Production is projected to be record large. (up 1.2 Billion Pounds, Total 27.4 Billion Pounds)
- U.S. Red Meat and Poultry Supplies are expected to increase 2.8 Billion Pounds and total ~ 103 Billion Pounds.
- U.S. Meat Protein supplies are building in cold storage (up over 10 percent over last year).
Summary

• U.S. meat supply is expected to outpace U.S. meat demand resulting in lower meat prices.

• If tariffs on U.S. meats are enforced, U.S. meat prices are expected to be pressured lower.

• Strong U.S. meat export demand is the glue that is holding things together (volume and value).

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Feeder Calves

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