

# Industry Margins

## Surviving High Prices

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**David P. Anderson**  
**Professor and Extension Economist**  
**Livestock and Food Products Marketing**



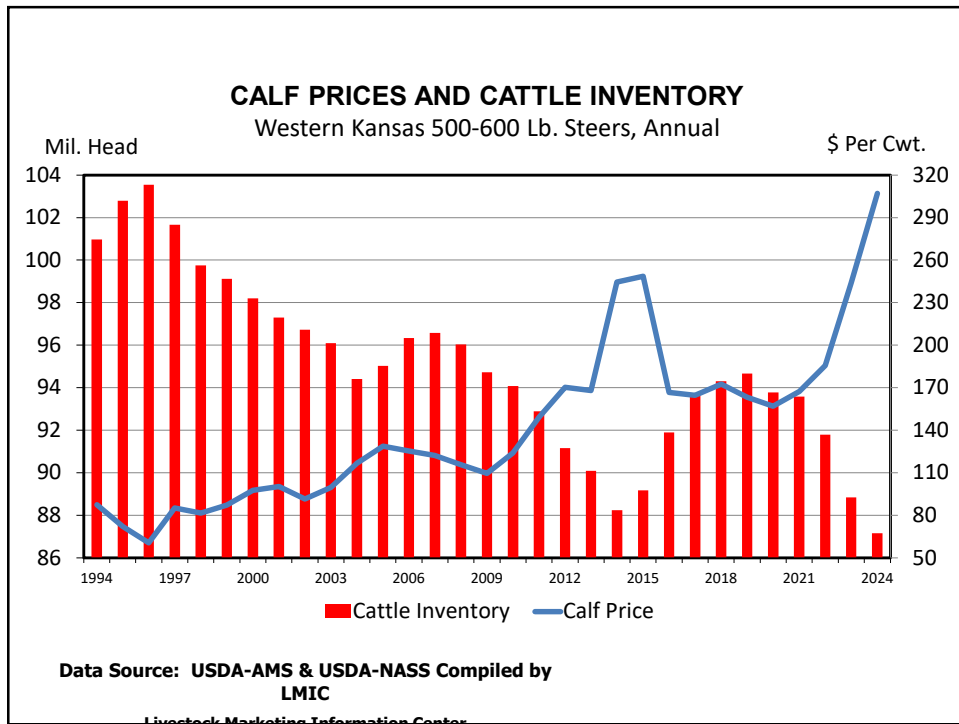
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## Overview

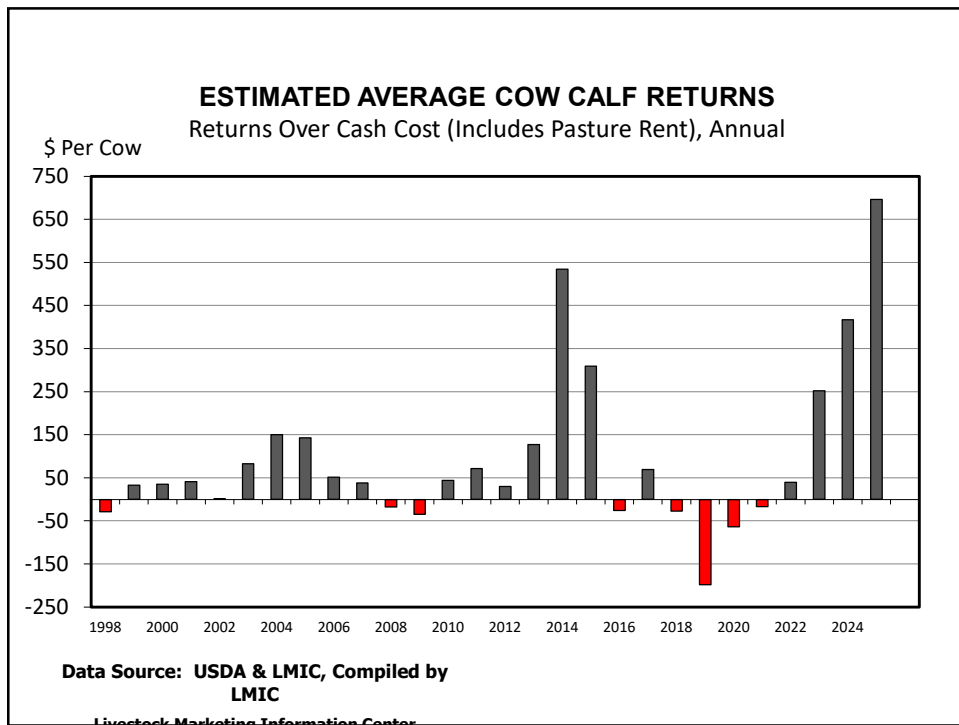
- Cyclical Industry
- Independent Segments
- Margins
- So Who's Making Money?



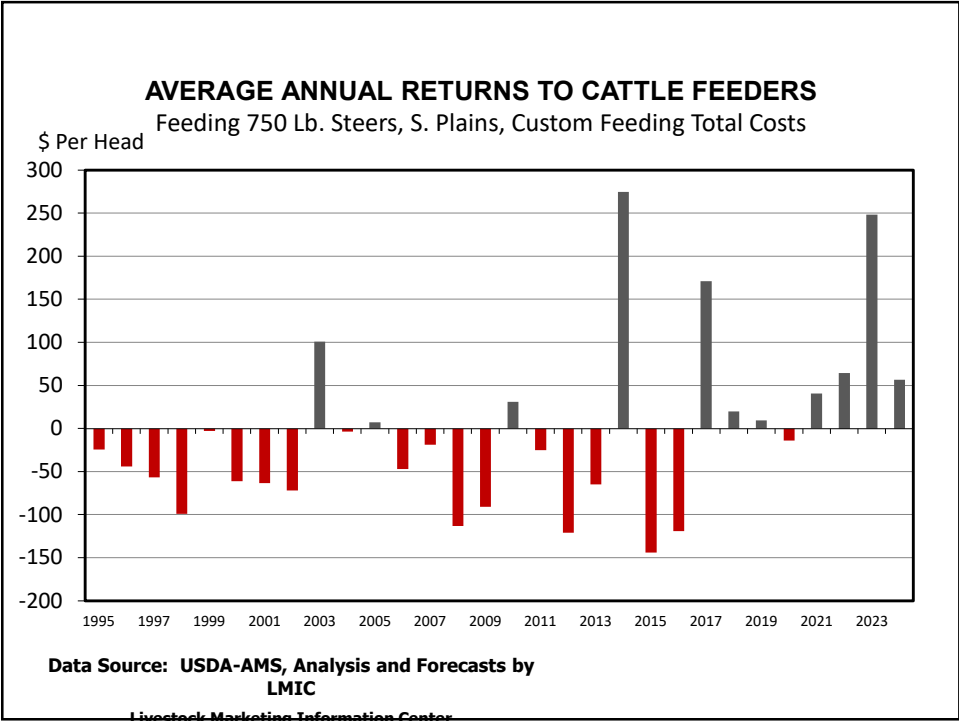
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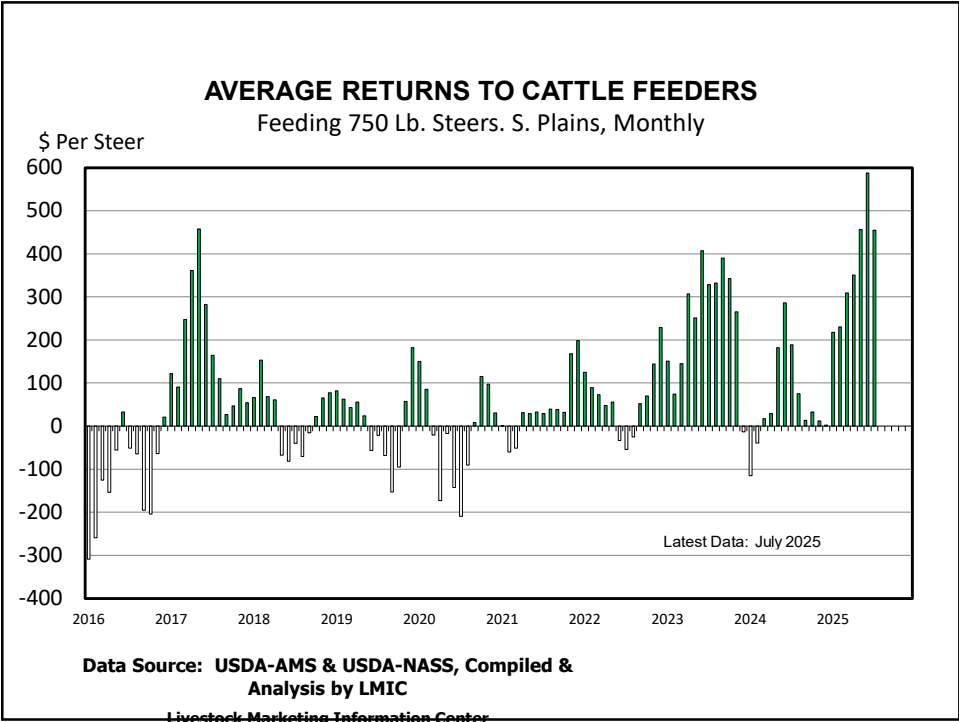
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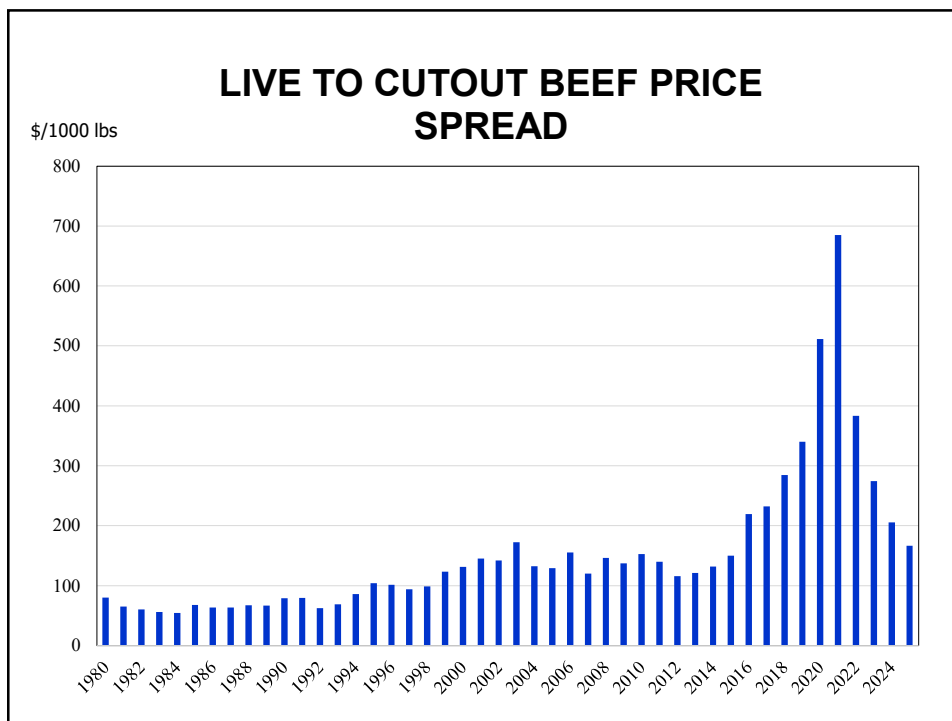


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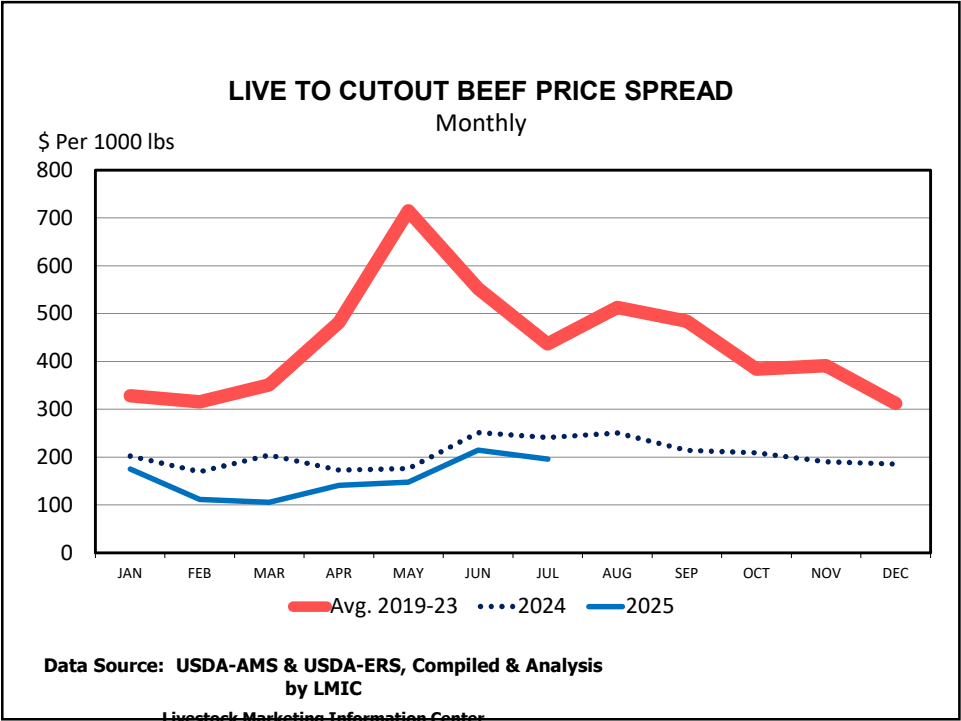
## Spreads Are Not Margins!

- Price Spreads Are Deceiving
- Production Costs Are Not Subtracted
  - Live to Cutout is wholesale value minus the fed cattle value plus the drop credit
  - Gross margin idea
  - Leaves out other value added
- Same With Cutout to Retail
- Its Not Profit
- But We Can Infer Good, Bad Years

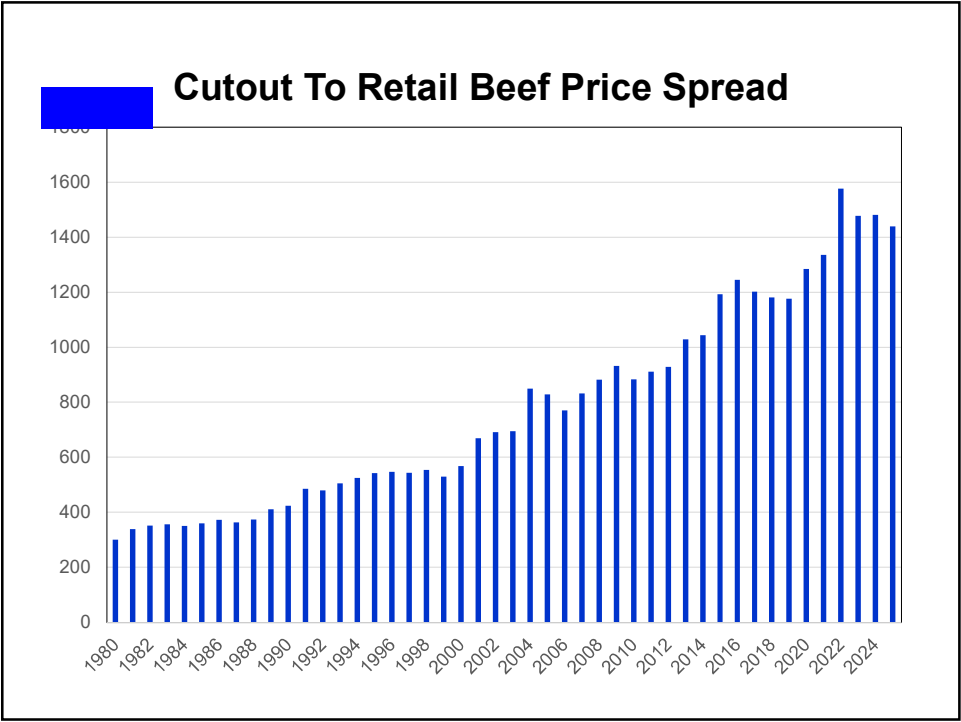
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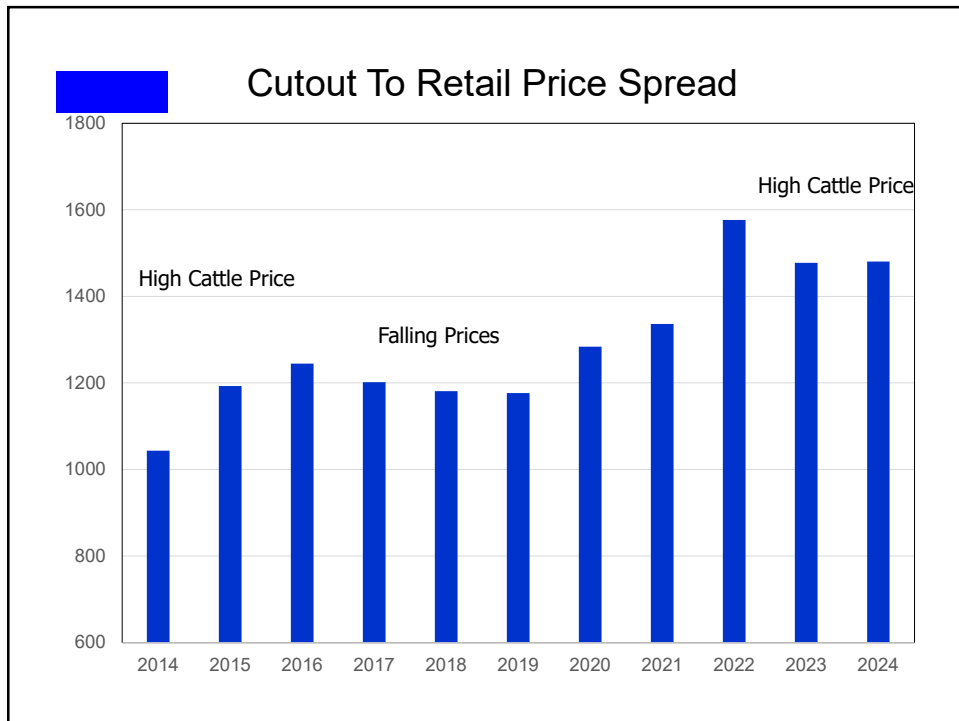
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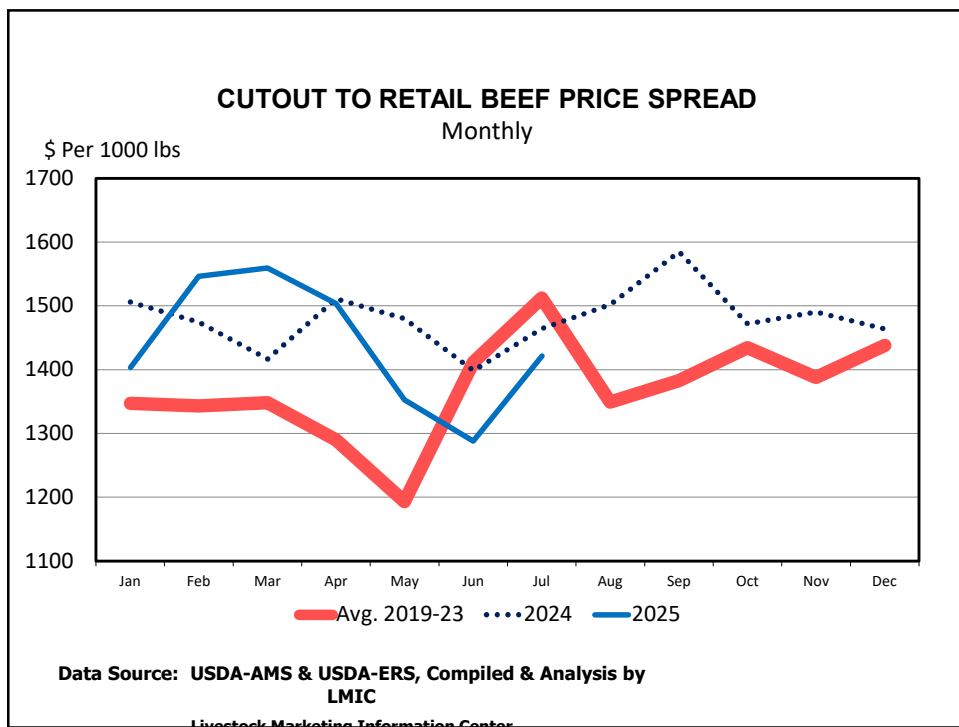
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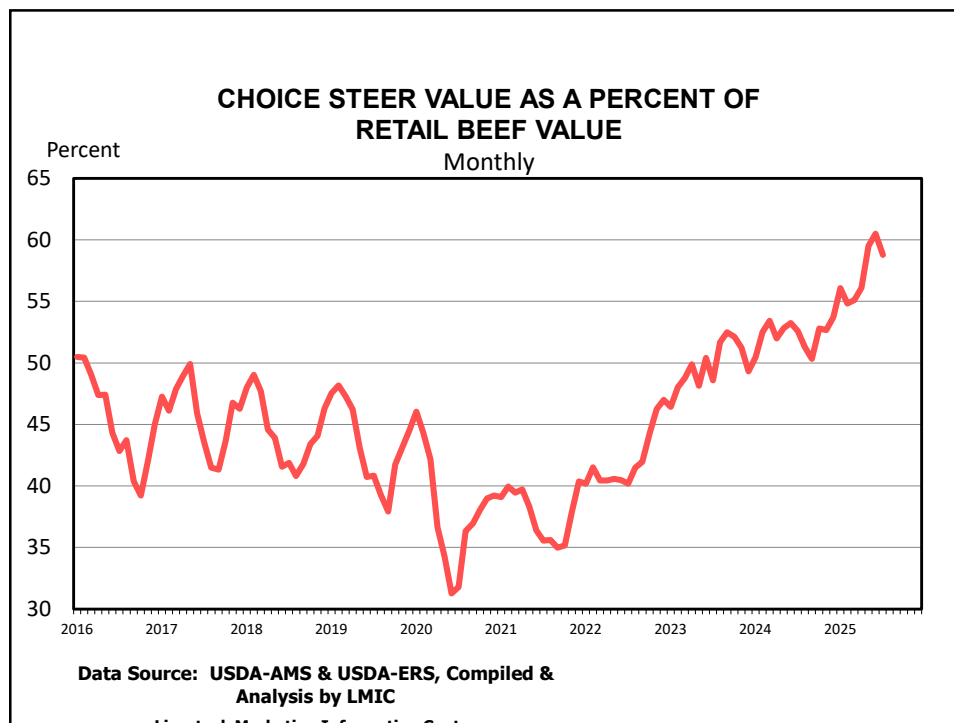


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## Who's Making Money?

- Hard For All to Profit at the Same Time
- Different Price Dynamics and Timing by Segment
- Margins Get Squeezed
- Prices Increase Farther and Faster for Calves Than Feeders, Feds, Cutout, Retail

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## **Margin Squeeze**

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- Since 2022:
- Calves Up 136 Percent
- Feeders Up 107 Percent
- Feds Up 70 Percent
- Cutout Up 59 Percent
- Retail Price Up 21 Percent

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**THANK YOU!**

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