

Marketing 2018 Feeder Calves

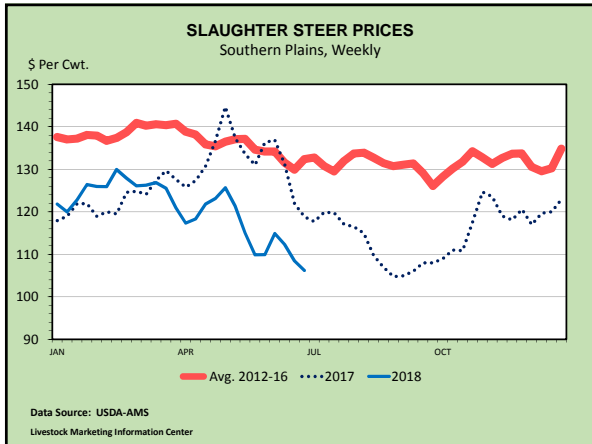
Chris Prevatt
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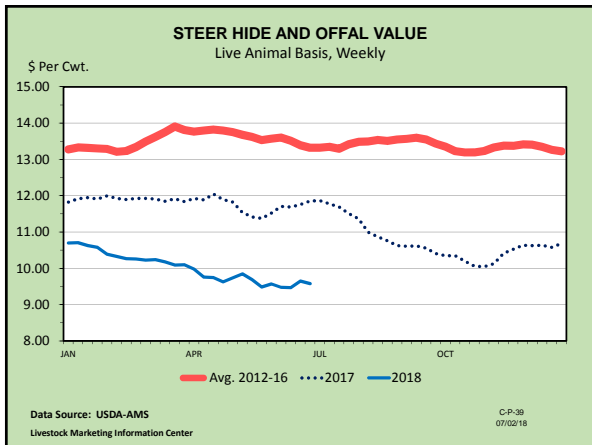
Tariffs

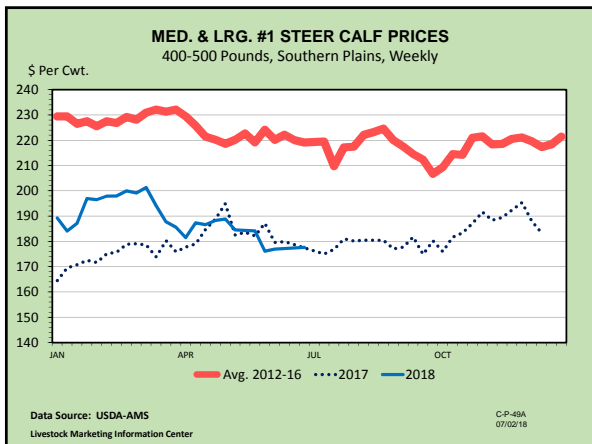
- A tariff is a **tax** on imports or exports between sovereign states.
- Tariffs (from key countries) levied against U.S. Beef will cause a decline in price.
- Anything is possible.
- The market is likely to be volatile, both up and down...
- Key Beef Countries
 - Japan
 - South Korea
 - Mexico
 - Canada
 - Hong Kong

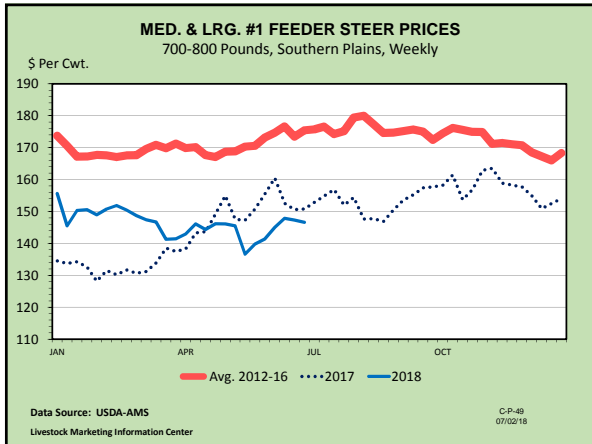
2018 Beef Cattle Market Prices

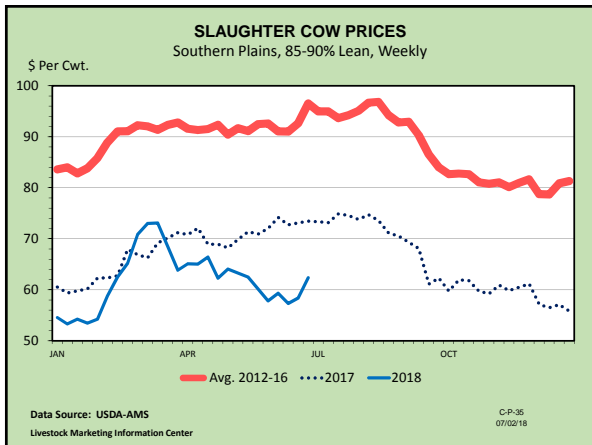




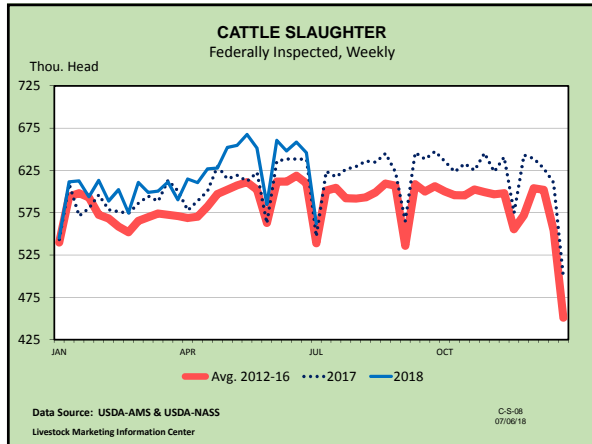


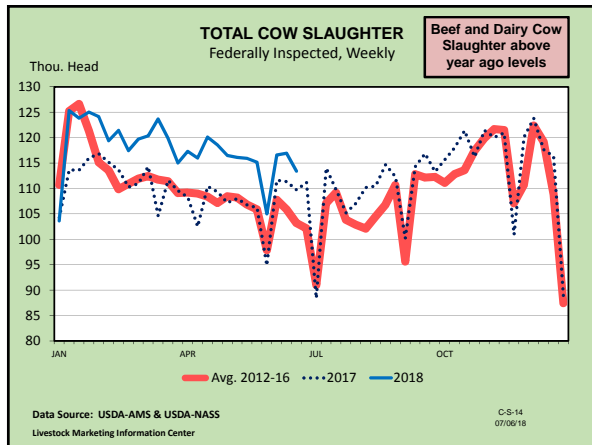


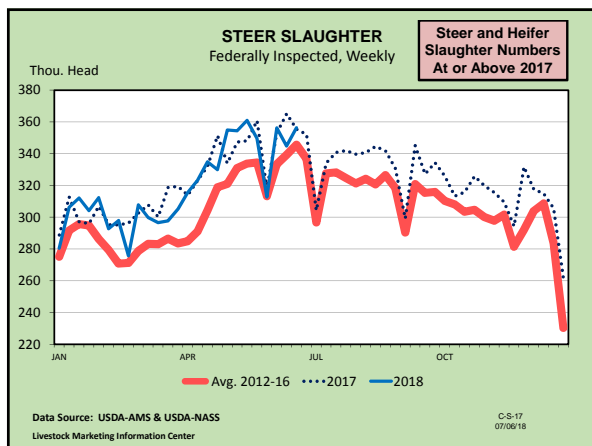


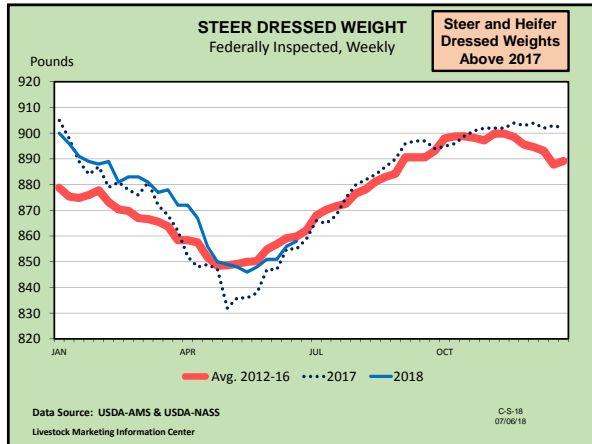


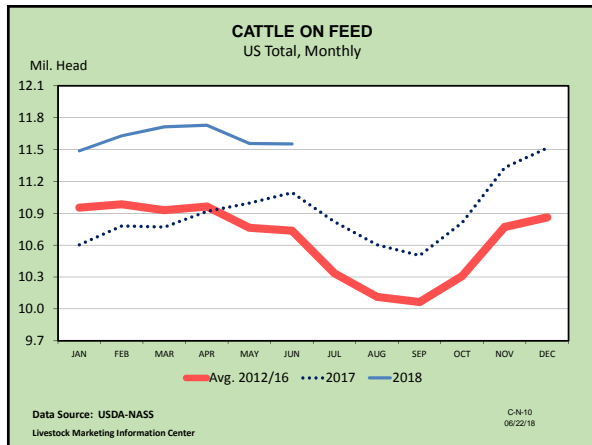


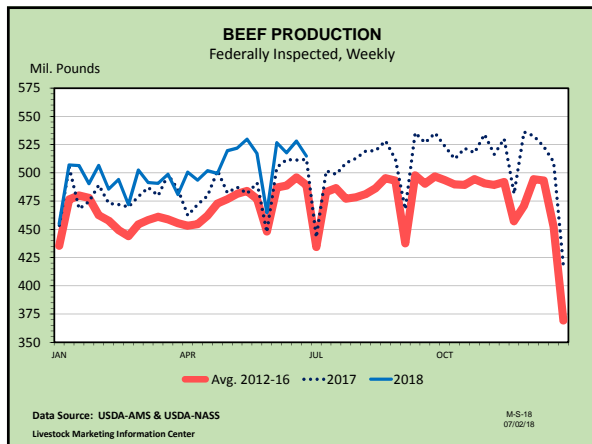


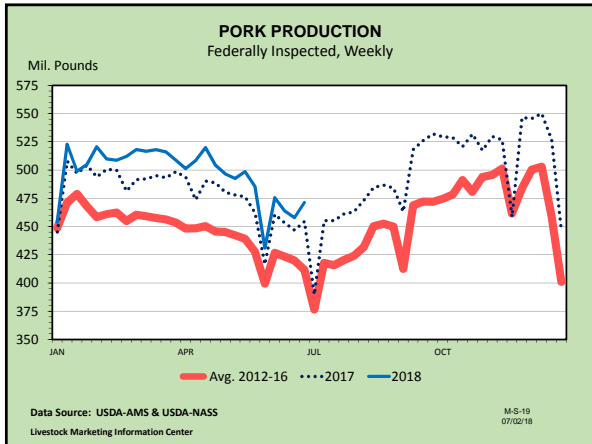


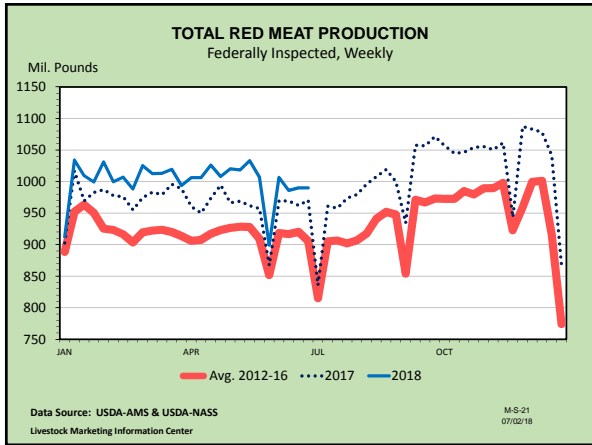




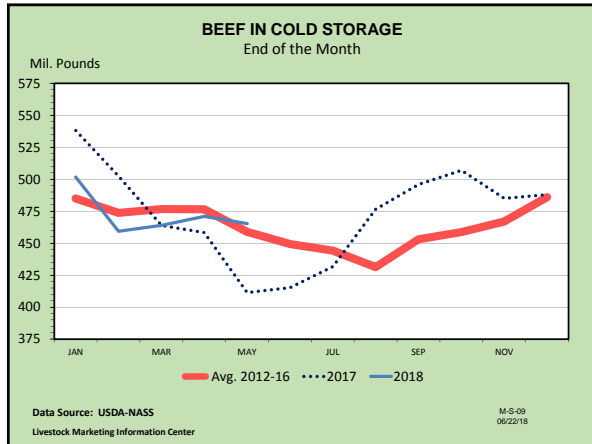


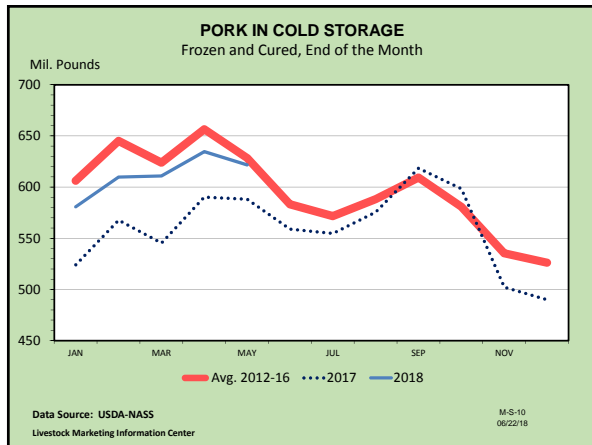


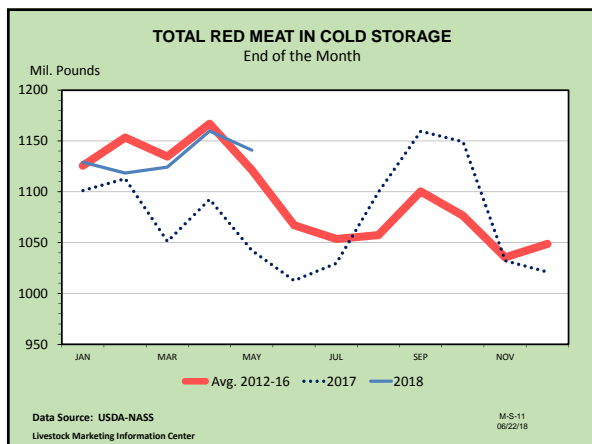


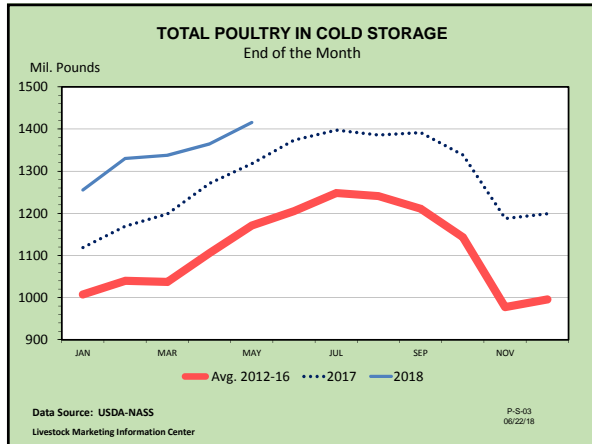


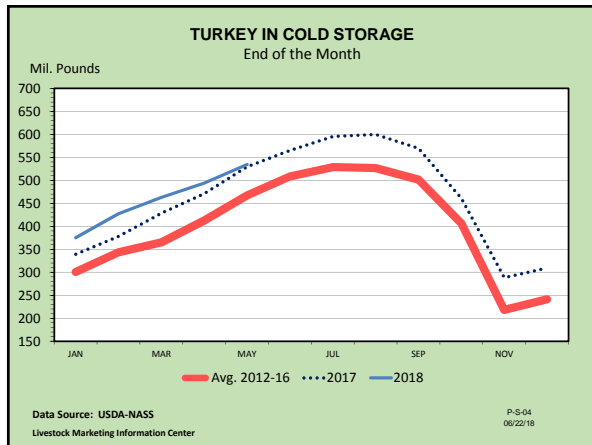


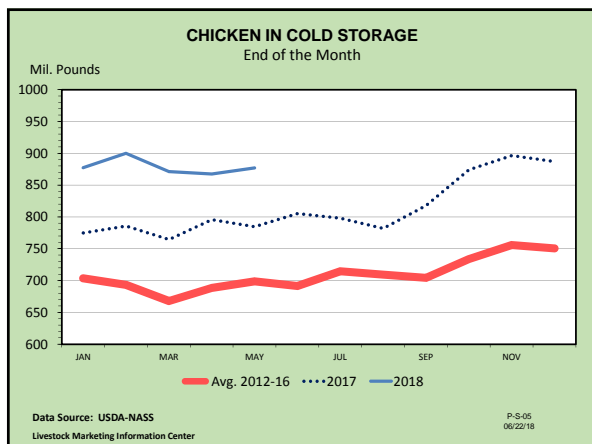








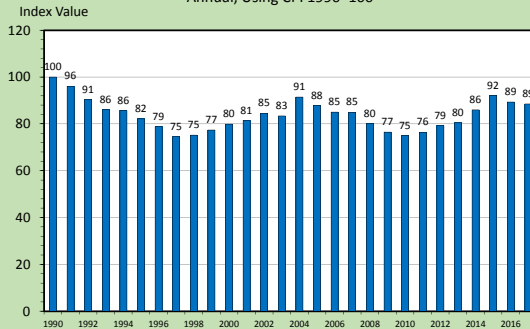




Demand

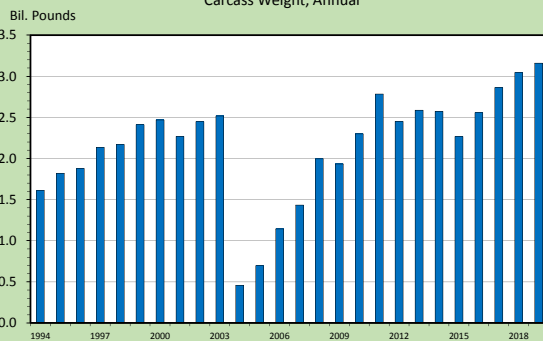


RETAIL ALL FRESH BEEF DEMAND INDEX
Annual, Using CPI 1990=100



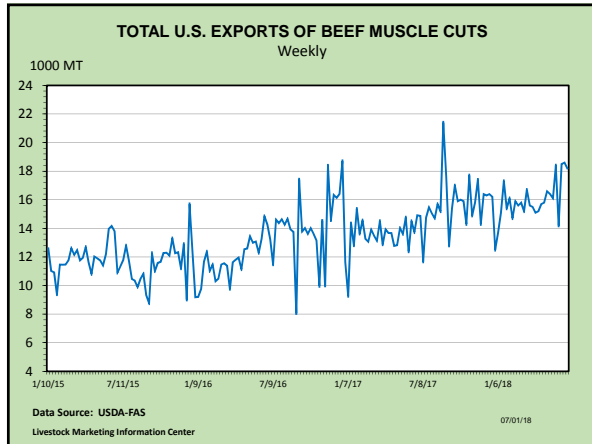
Data Source: Bureau of Labor Statistics, USDA-ERS, Compiled & Analysis by LMIC
Livestock Marketing Information Center

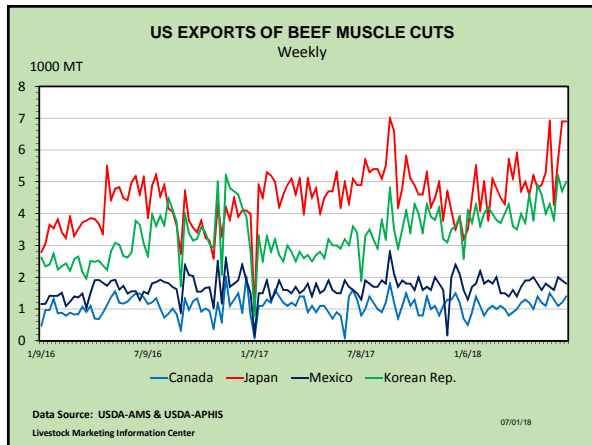
US BEEF AND VEAL EXPORTS
Carcass Weight, Annual

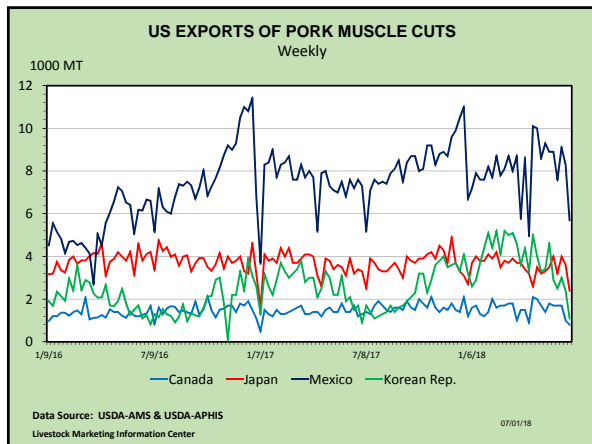


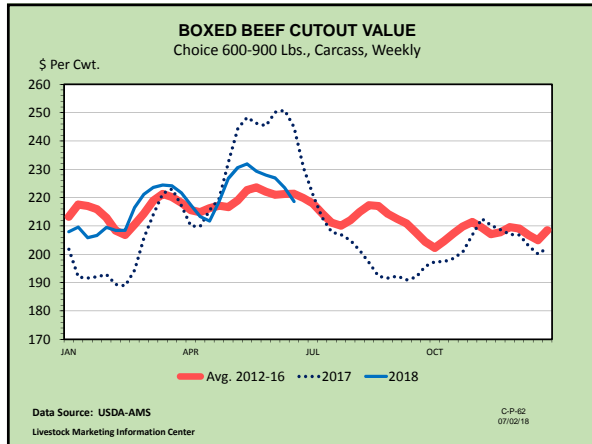
Data Source: USDA-ERS & USDA-FAS, Compiled and Forecasts by LMIC
Livestock Marketing Information Center

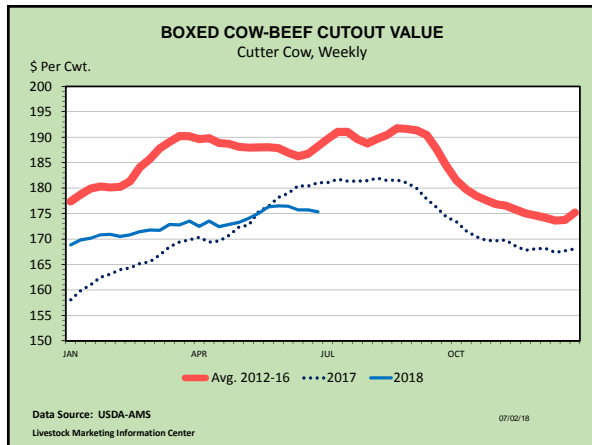
JAN-08
06/13/18

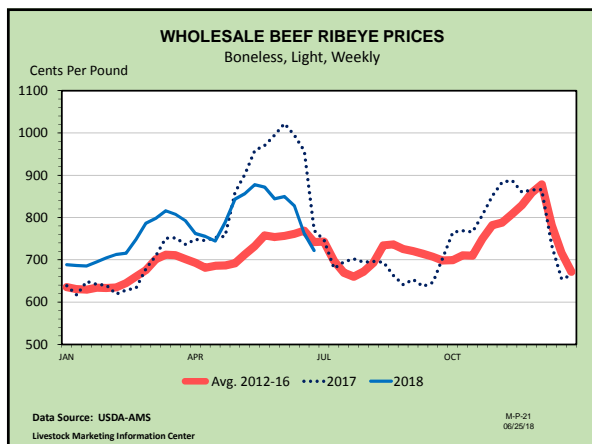






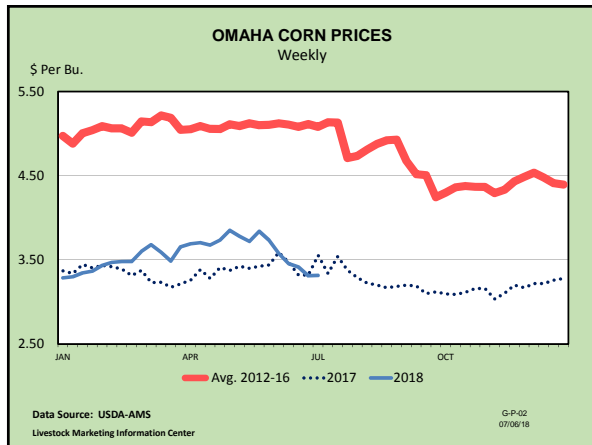


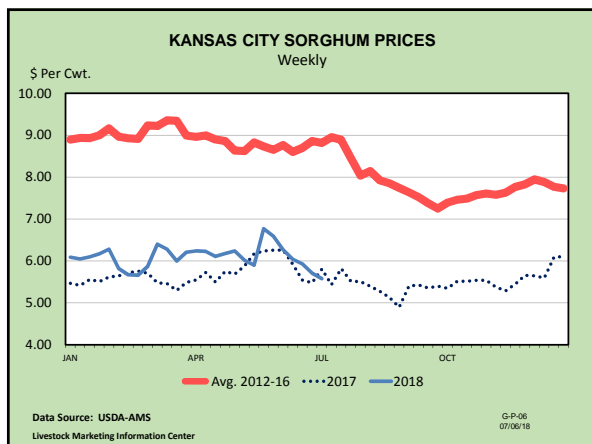


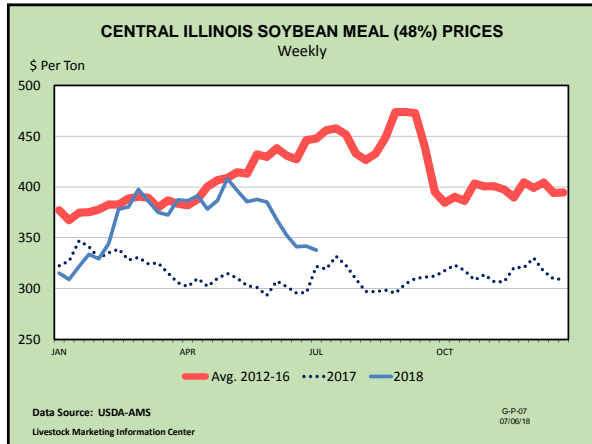


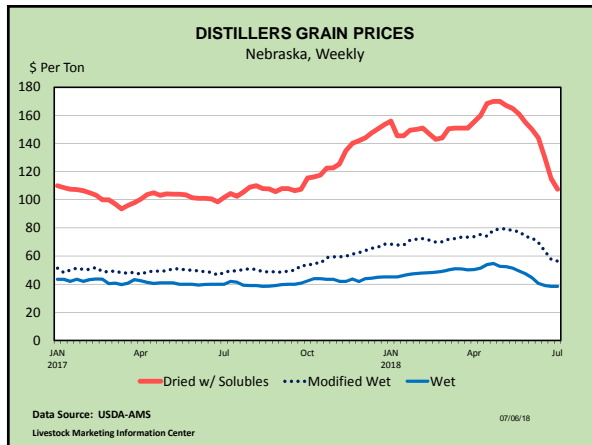
Cost of Gain in Feedlots

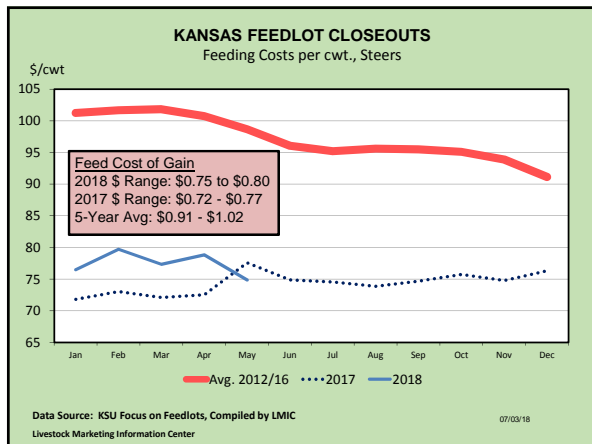












Cost of Gain in Feedlots


- **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?



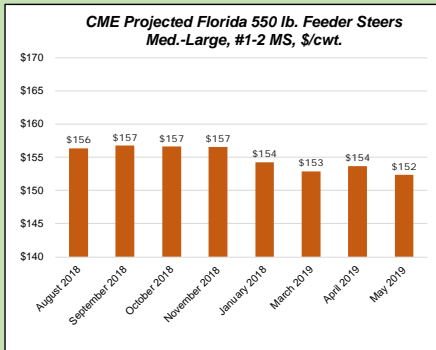
Month	Options	Charts	Last	Change	Prior Settle	Open	High	Low	Volume	H/L / Low Limit	Updated
AUG 2018	Options	Charts	106.675	-0.300	106.375	106.850	107.325	105.775	26,943	108.125 / 103.125	17:51:26 CT / 09 Jul 2018
OCT 2018	Options	Charts	108.650	-0.975	109.825	109.900	110.275	108.300	23,066	/ CT	111.625 17:50:42 CT / 09 Jul 2018
DEC 2018	Options	Charts	112.825	-0.875	113.700	113.775	114.050	112.400	12,470	/ CT	115.850 17:50:27 CT / 09 Jul 2018
FEB 2019	Options	Charts	116.325	-0.200	116.525	116.500	116.775	115.300	8,115	119.400 / 113.400	17:51:11 CT / 09 Jul 2018
APR 2019	Options	Charts	117.825	-0.425	118.250	118.450	118.450	117.125	3,159	121.050 / 116.050	17:50:38 CT / 09 Jul 2018
JUN 2019	Options	Charts	119.650	-0.500	111.150	111.175	111.175	110.000	495	113.800 / 107.800	17:51:35 CT / 09 Jul 2018
AUG 2019	Options	Charts	109.675	-0.325	110.000	109.700	110.000	108.950	102	112.875 / 106.875	17:51:23 CT / 09 Jul 2018
OCT 2019	Options	Charts	111.000	-0.600	111.800	111.000	111.000	111.000	7	114.000 / 108.000	17:51:20 CT / 09 Jul 2018
										115.000 / 115.000	17:51:15

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

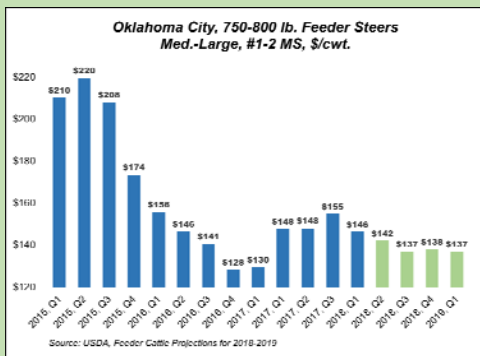


Month	Options	Charts	Last	Change	Prior Settle	Open	High	Low	Volume	H/L / Low Limit	Updated
AUG 2018	Options	Charts	151.325	-0.875	152.200	152.225	152.950	150.350	7,791	155.950 / 146.950	17:51:24 CT / 09 Jul 2018
SEP 2018	Options	Charts	151.750	-0.525	152.275	152.350	152.650	150.675	4,141	156.275 / 147.275	17:51:10 CT / 09 Jul 2018
OCT 2018	Options	Charts	151.625	-0.525	152.150	151.625	152.575	150.600	1,800	156.225 / 147.225	17:51:01 CT / 09 Jul 2018
NOV 2018	Options	Charts	151.875	-0.400	152.025	151.600	152.425	150.525	1,408	156.100 / 144.100	17:50:55 CT / 09 Jul 2018
JAN 2019	Options	Charts	148.250	-0.125	149.375	149.275	149.725	147.875	781	153.725 / 144.725	17:50:55 CT / 09 Jul 2018
MAR 2019	Options	Charts	147.900	-0.200	148.100	147.600	148.400	146.800	187	152.325 / 143.325	17:50:45 CT / 09 Jul 2018
APR 2019	Options	Charts	148.675	+0.125	148.500	148.050	148.875	147.250	62	153.175 / 144.175	17:51:01 CT / 09 Jul 2018
MAY 2019	Options	Charts	147.400	-0.700	148.100	147.900	148.000	147.000	31	152.075 / 143.075	17:51:10 CT / 09 Jul 2018

**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 out pace 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).

Marketing 2018 Feeder Calves

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