

# Stocker Cattle Outlook

February 2009

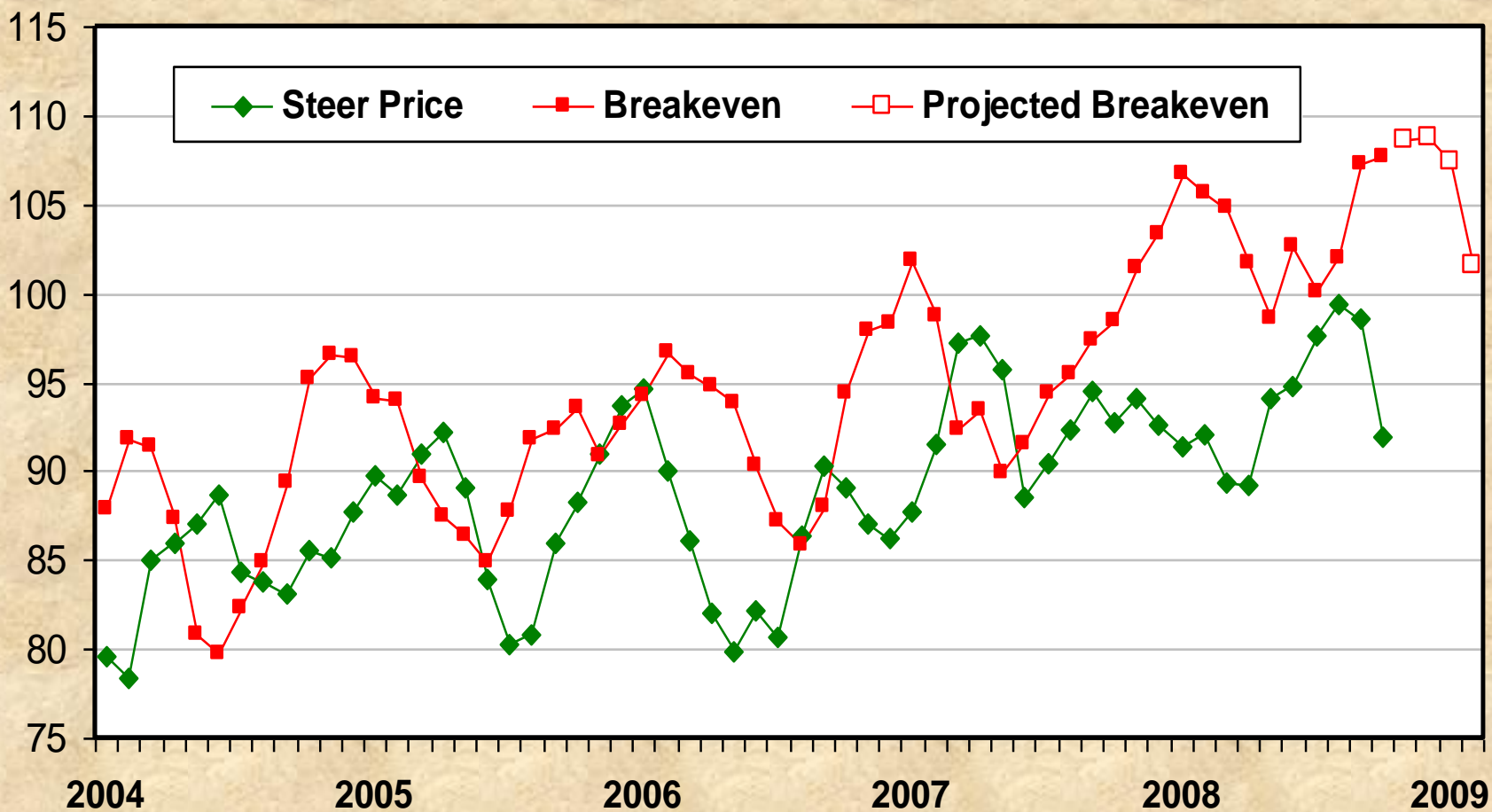
**Ron Plain**  
**Extension Economist**  
**University of Missouri-Columbia**



# Choice Steer Price & Breakeven

S. Plains Cattle Feedlots, Monthly

\$ Per Cwt

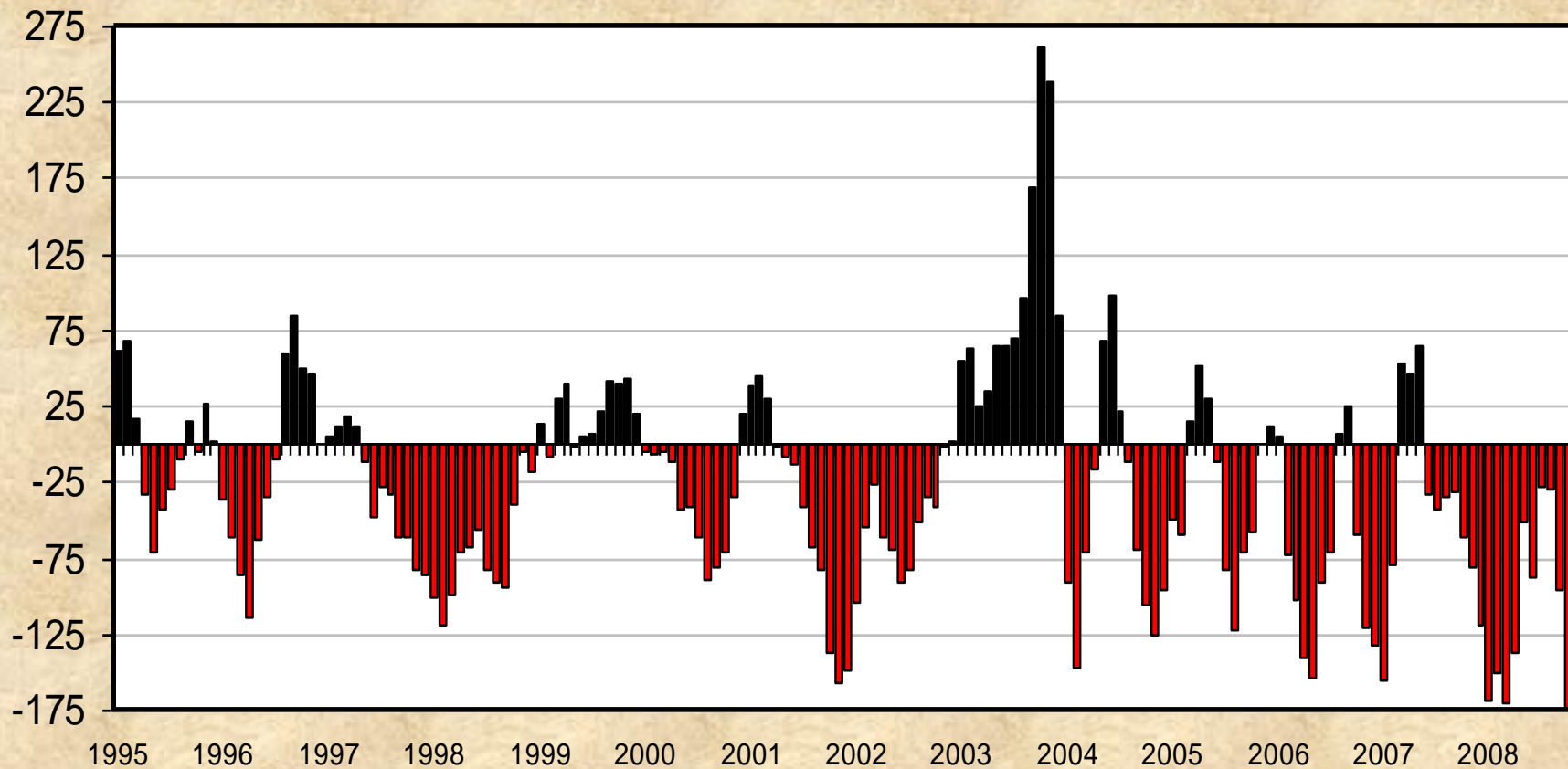


Source: LMIC

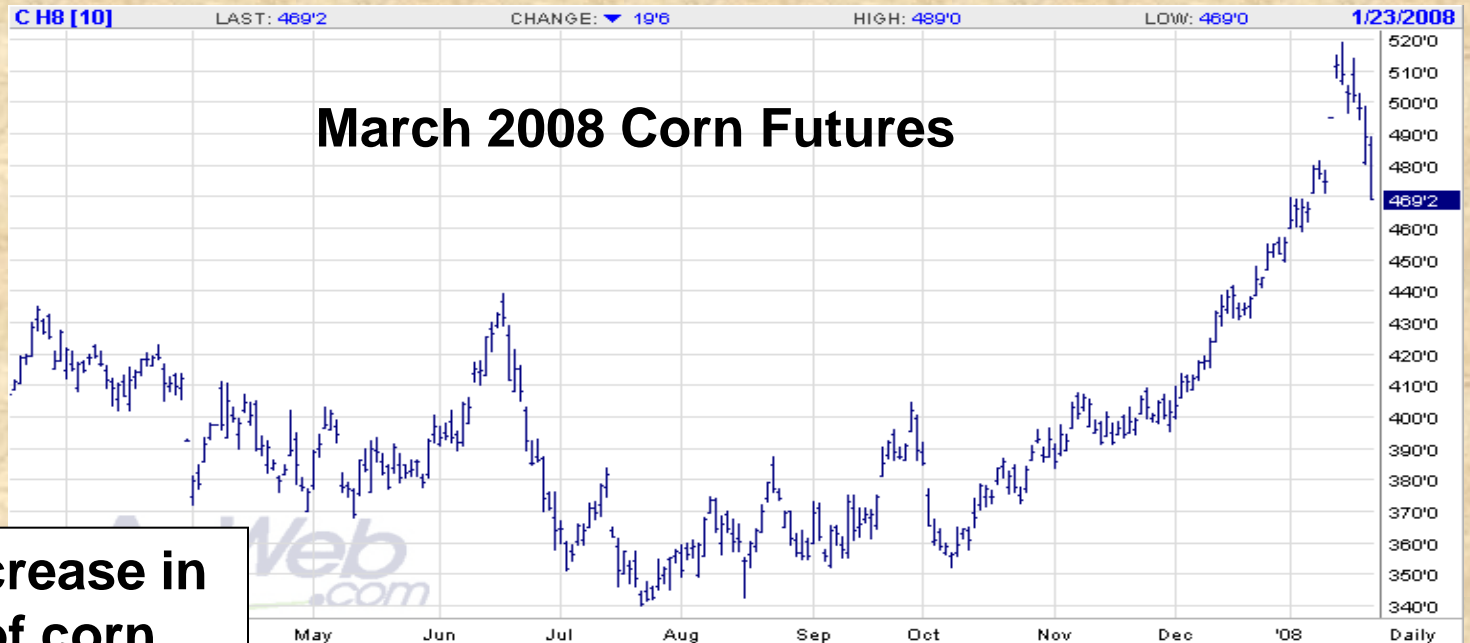
# Average Returns to Cattle Feeders

Feeding 725 Lb. Steers, S. Plains, Monthly

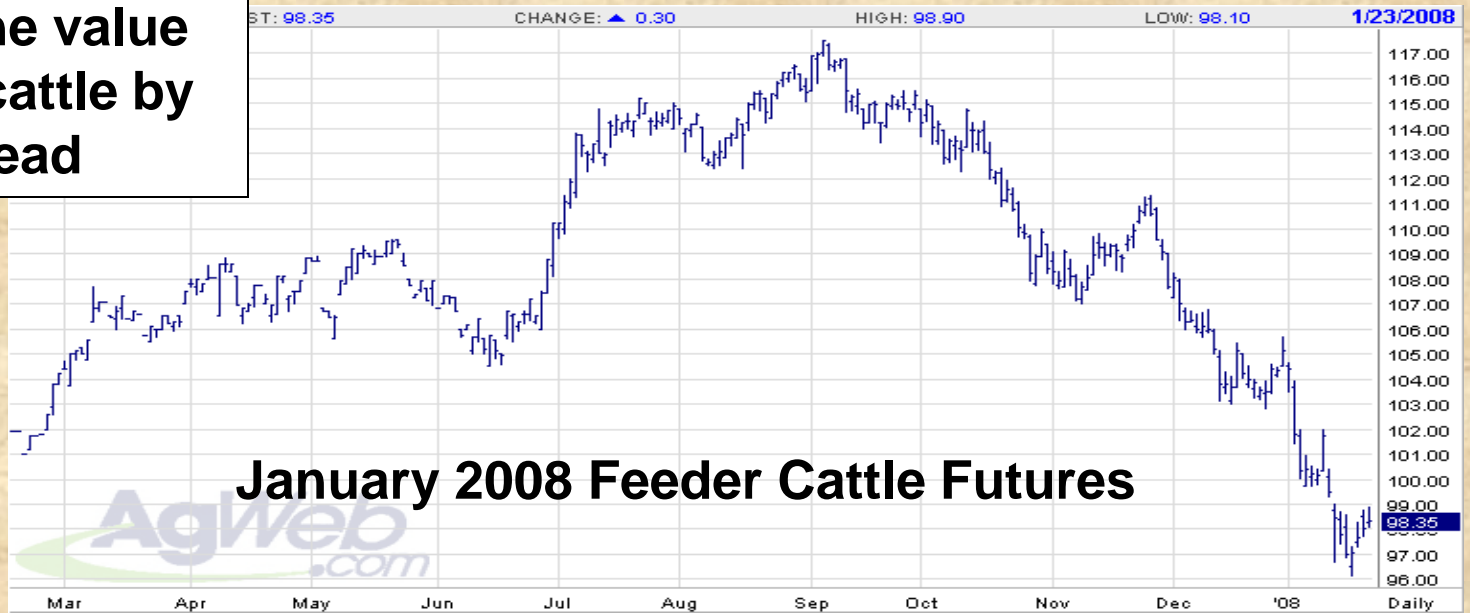
\$ Per Head



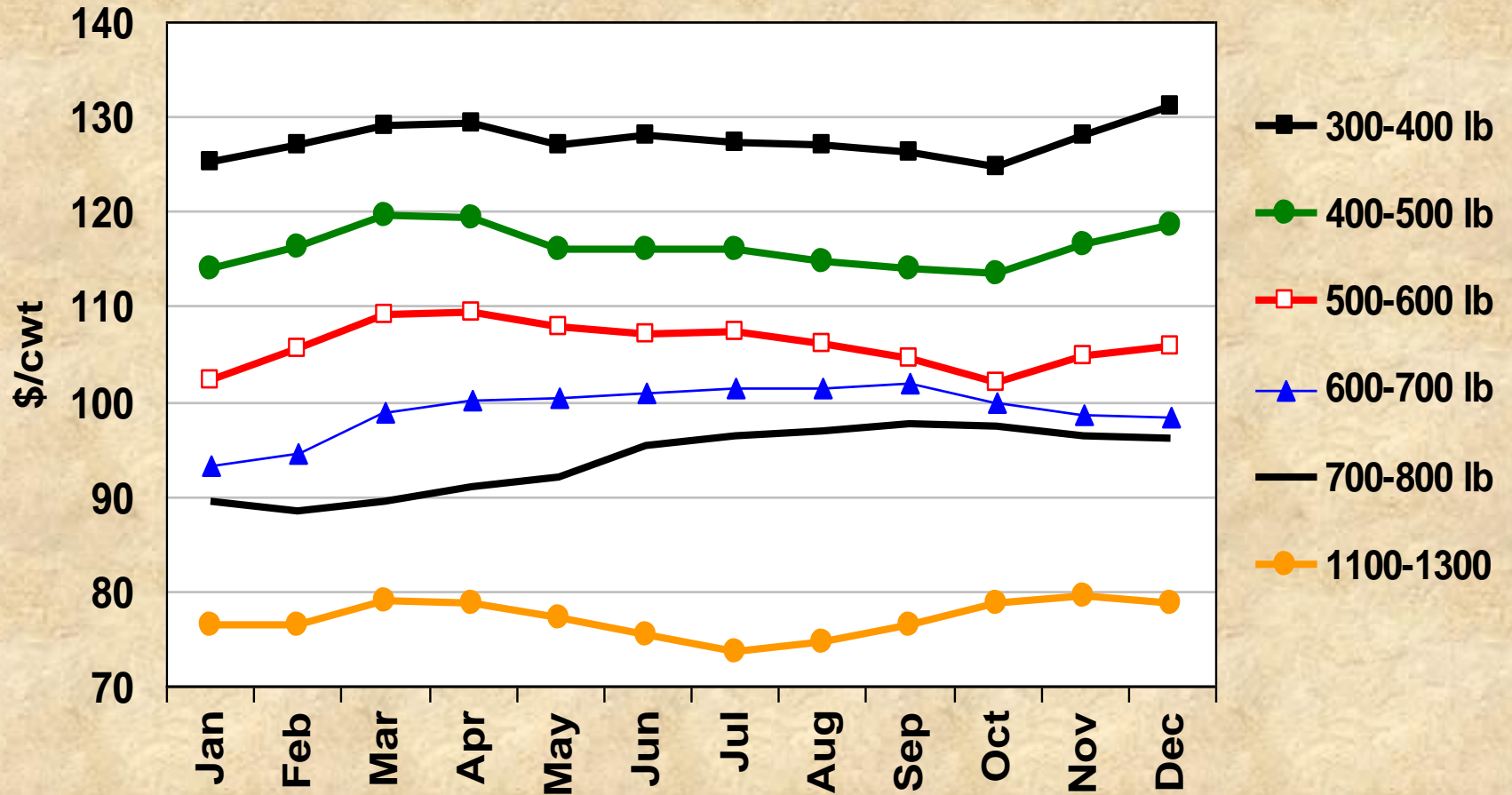
Source: LMIC



**A dime increase in the price of corn reduces the value of feeder cattle by \$6-9 per head**



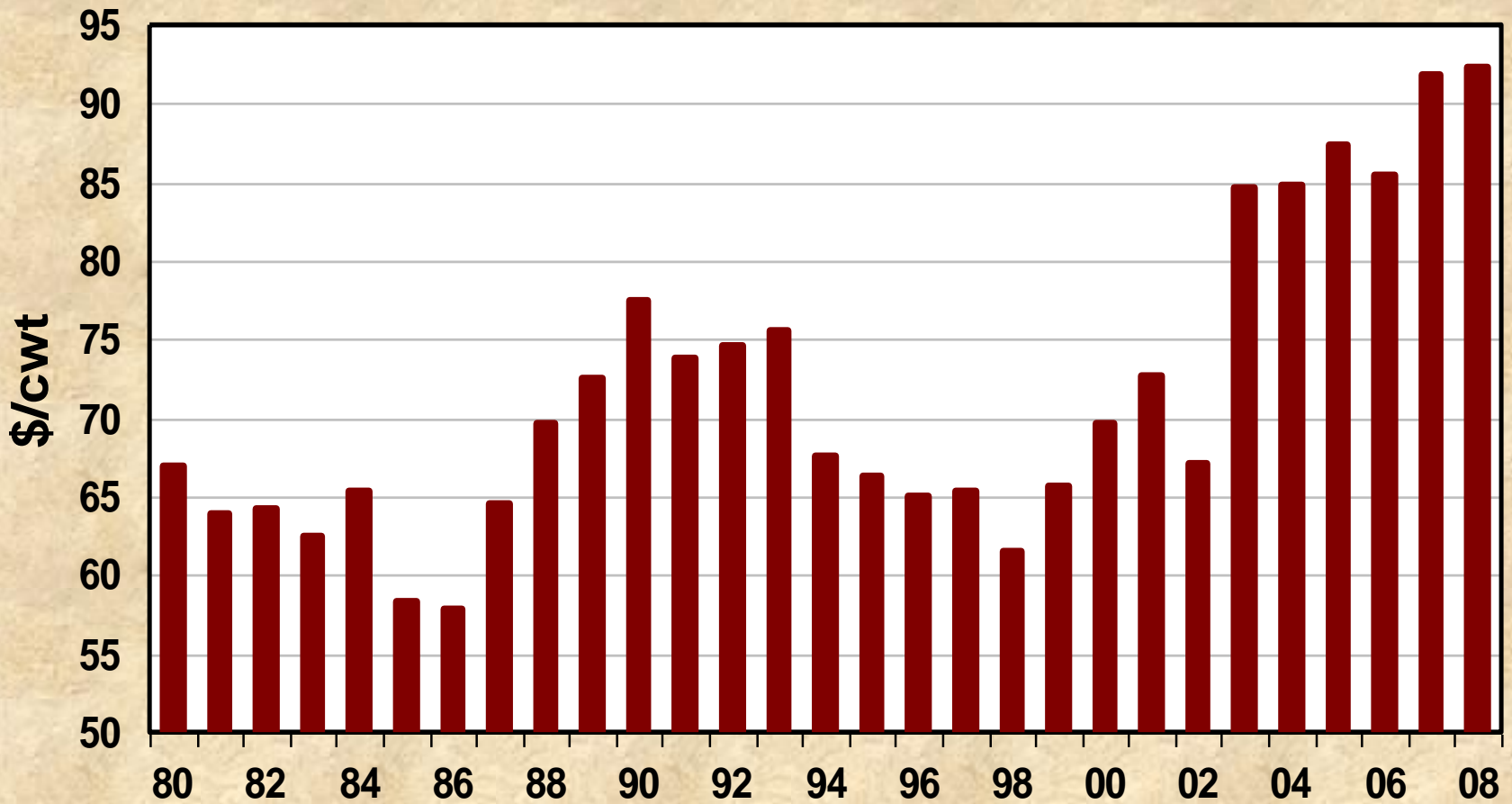
# Monthly Average Steer Prices, Oklahoma City, 1998-2007



**5 Years  
of High Fed Cattle Prices**

# Choice 1100-1300 Lb. Steers

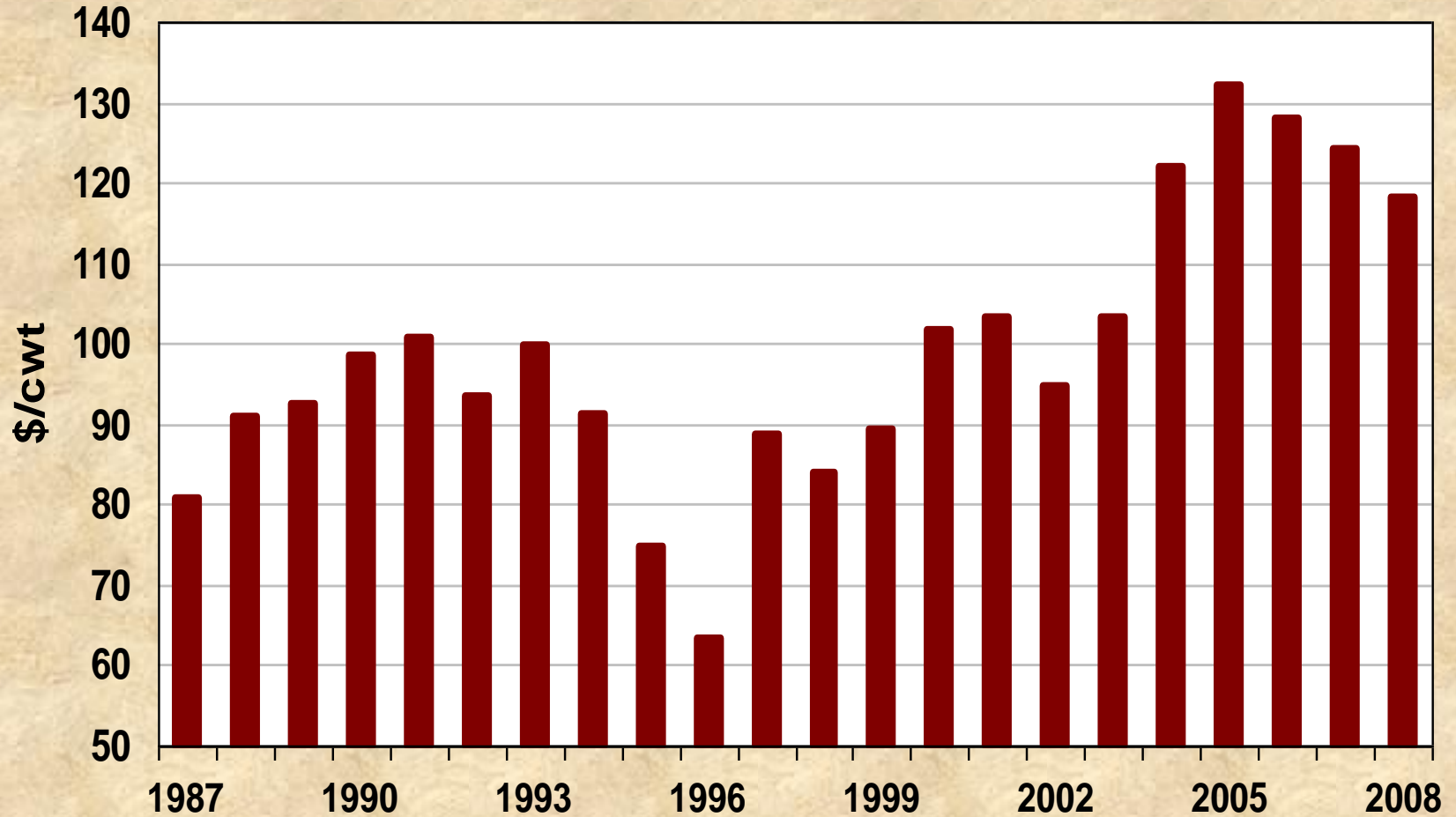
## Yield Grade 2-4, Nebraska Direct



**2009 prices are expected to be down**

# 500-550 Lb. Steers

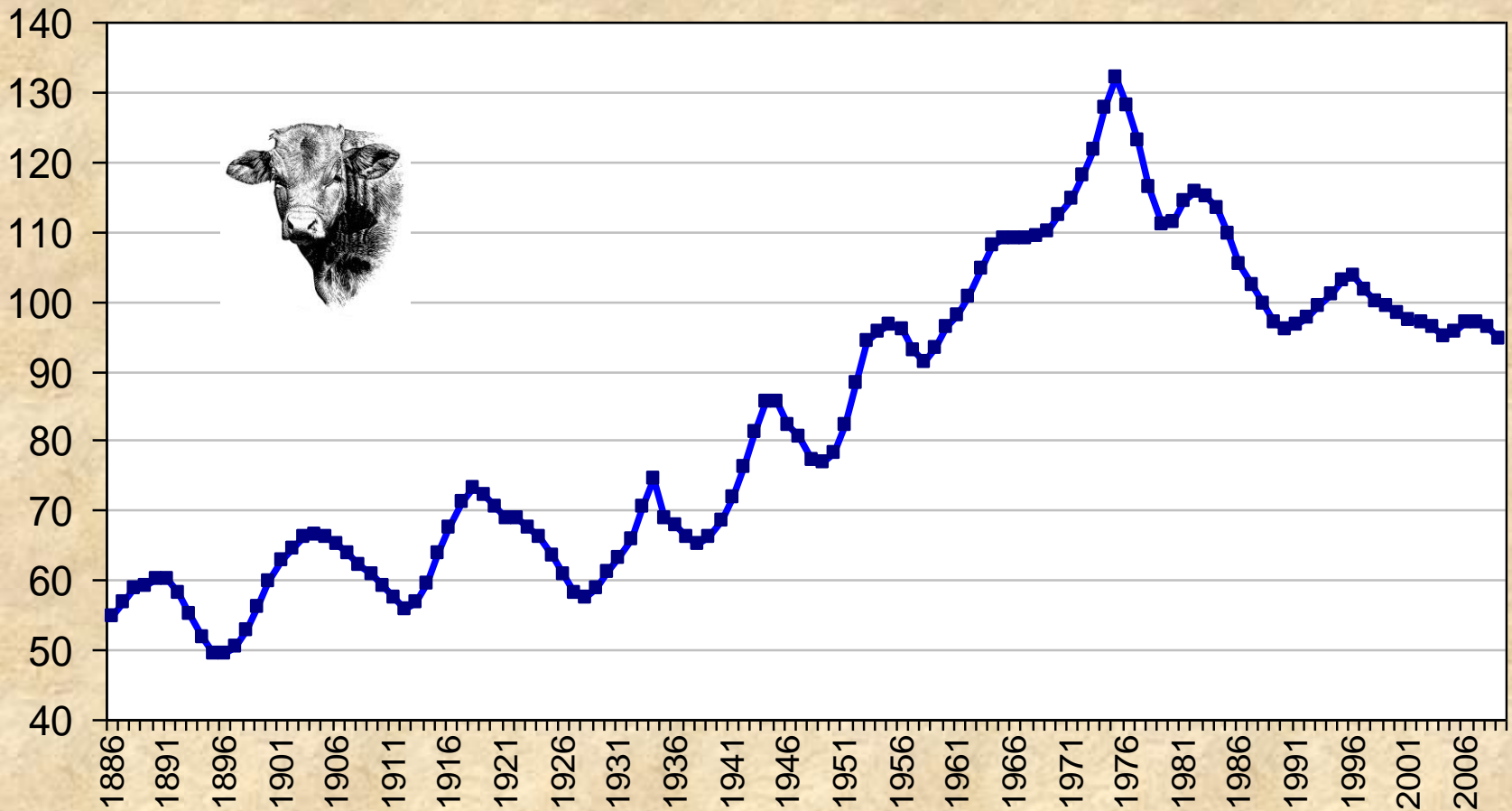
## Medium & Large #1, Oklahoma City





# U.S. Cattle Inventory, 1886-2009

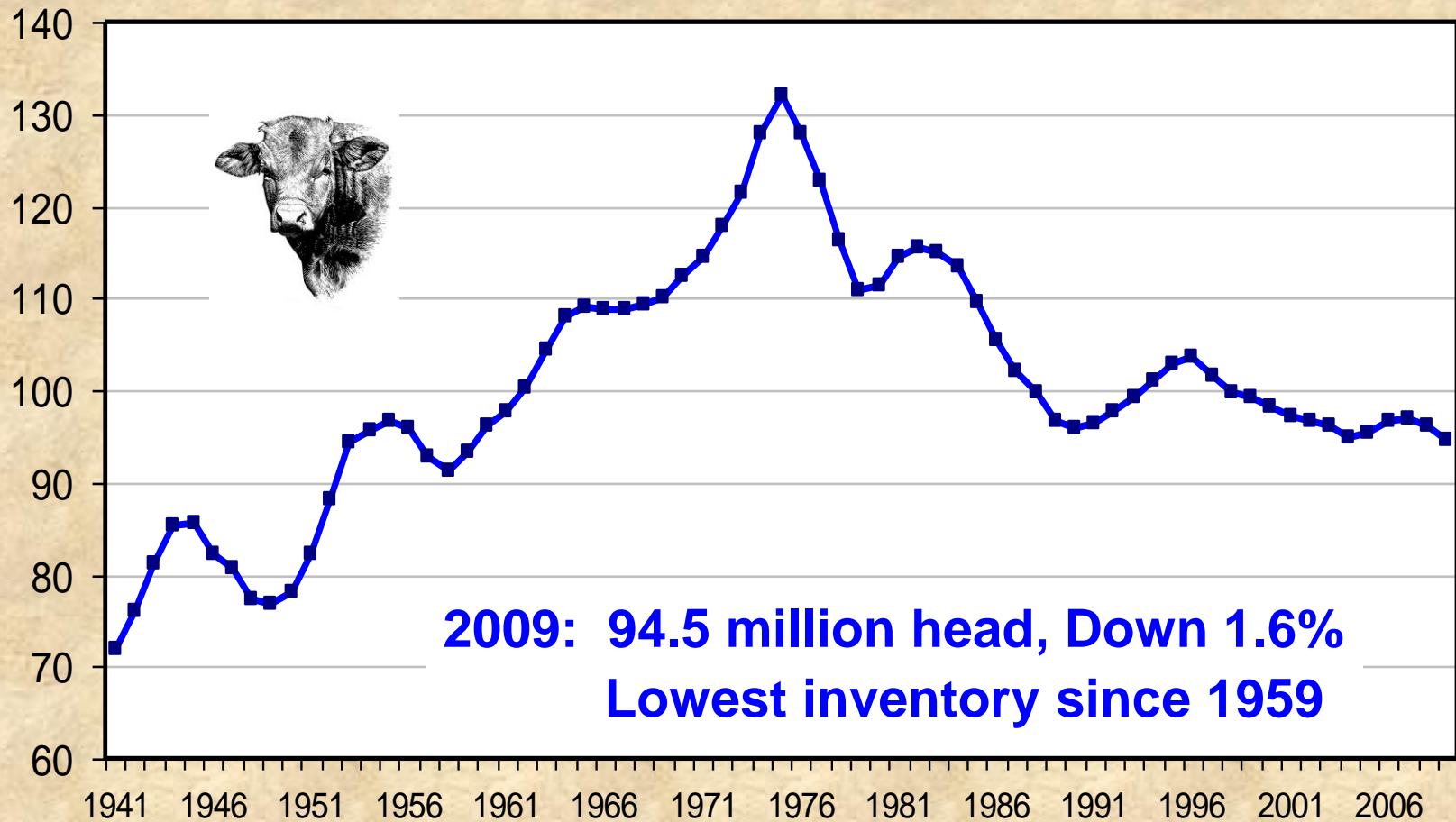
Mil. Head



Source: USDA/NASS

# U.S. Cattle Inventory, January 1

Mil. Head



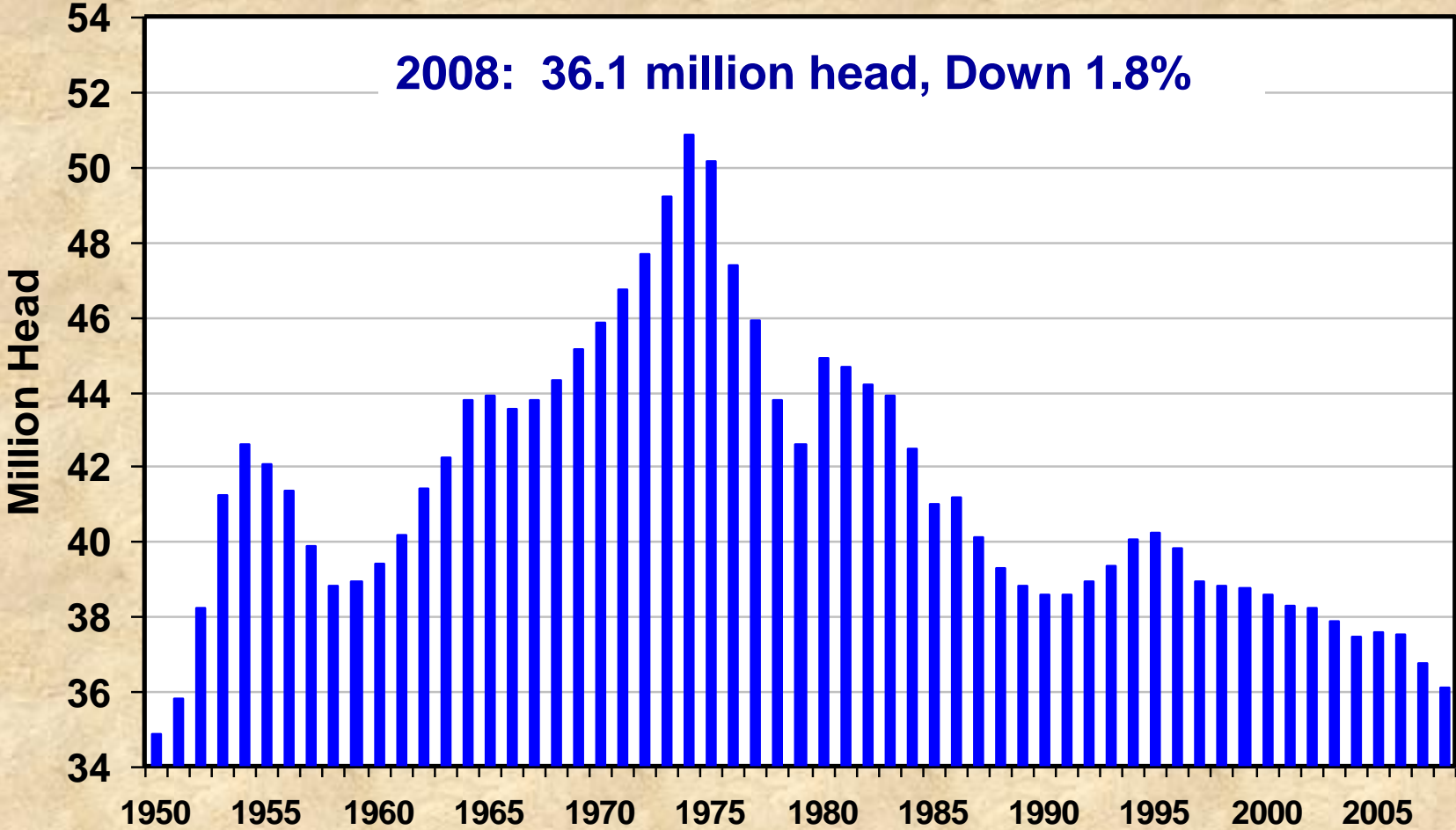
**2009: 94.5 million head, Down 1.6%  
Lowest inventory since 1959**

# January 2009 Cattle Inventory

Percent of year earlier

All Cattle & Calves	98.4
Beef Cows	97.6
Dairy Cows	100.8
Beef Replace. Heifers	97.9
Dairy Replace. Heifers	99.9
Other Heifers	98.5
Steers 500 lbs & up	97.7
Calves under 500 lbs	98.8

# U.S. Calf Crop, 1950-2009



# Feeder Steer vs. Fed Steer Prices

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

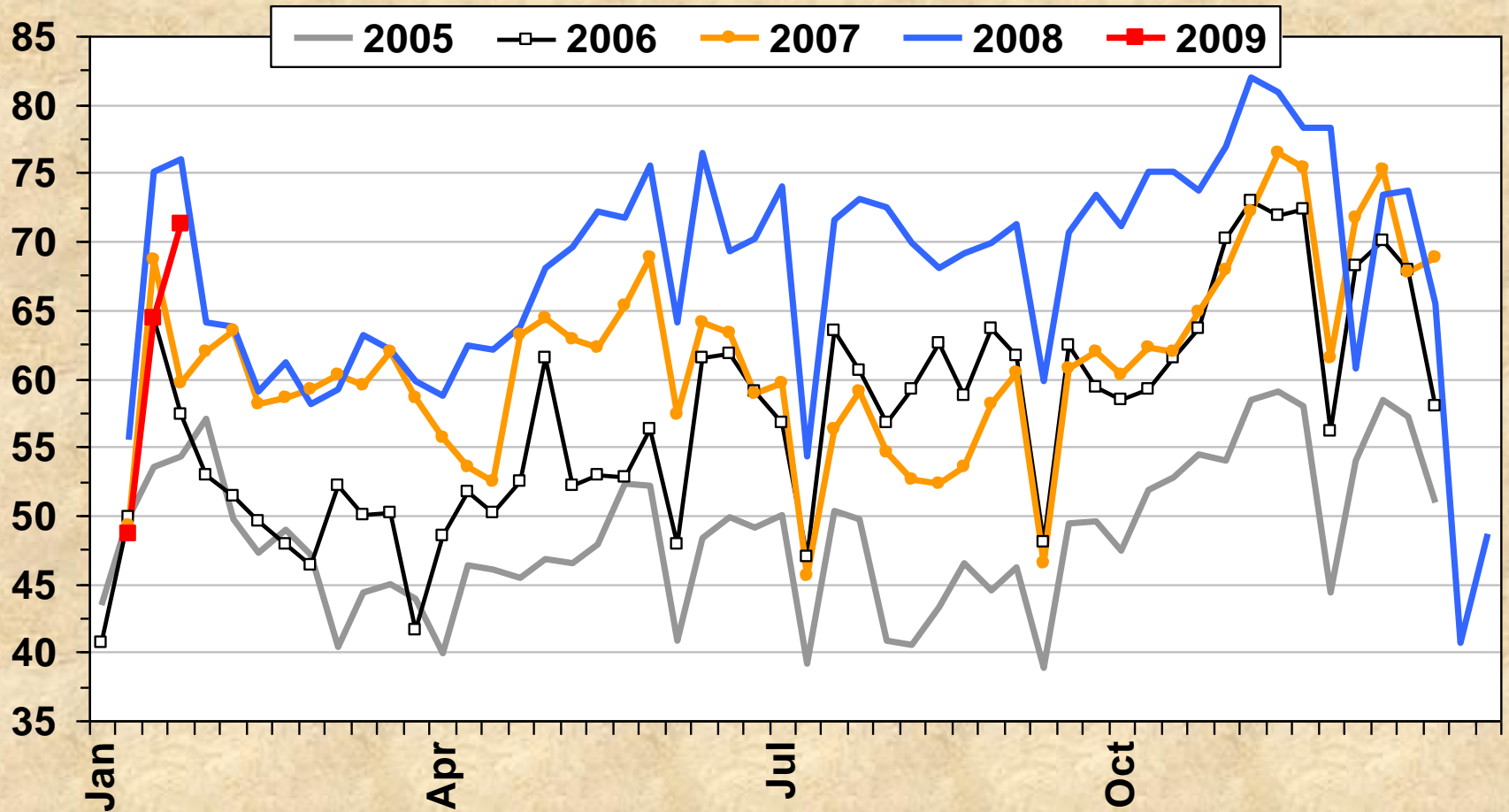
\$ per cwt.



# Beef Cow Slaughter

Federally Inspected, Weekly

Thou. Head



**2008 beef cow slaughter was up 12.3%**

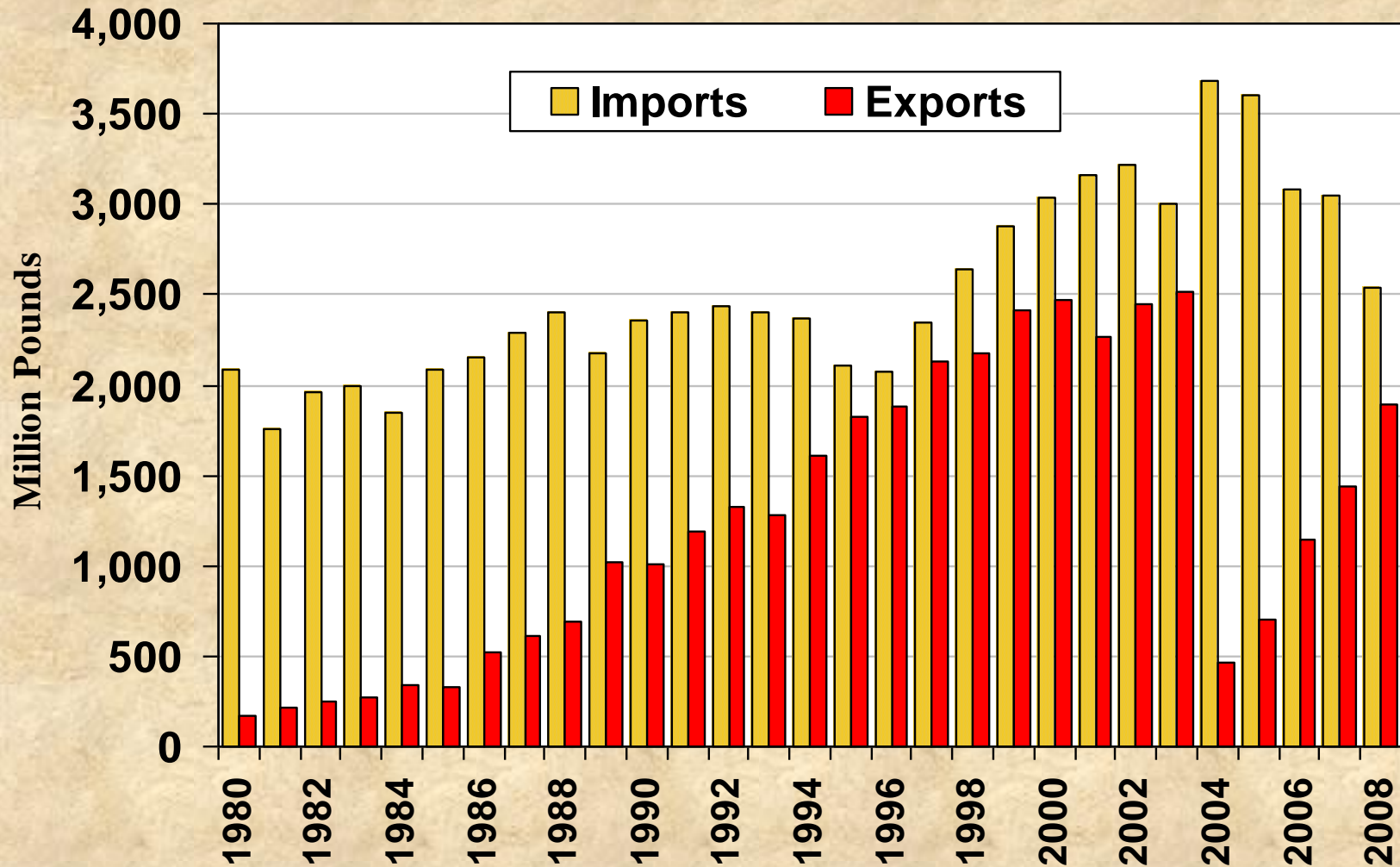
# January Cattle on Feed Report

- Steers on feed down 7.5%
- Heifers on feed down 6.4%

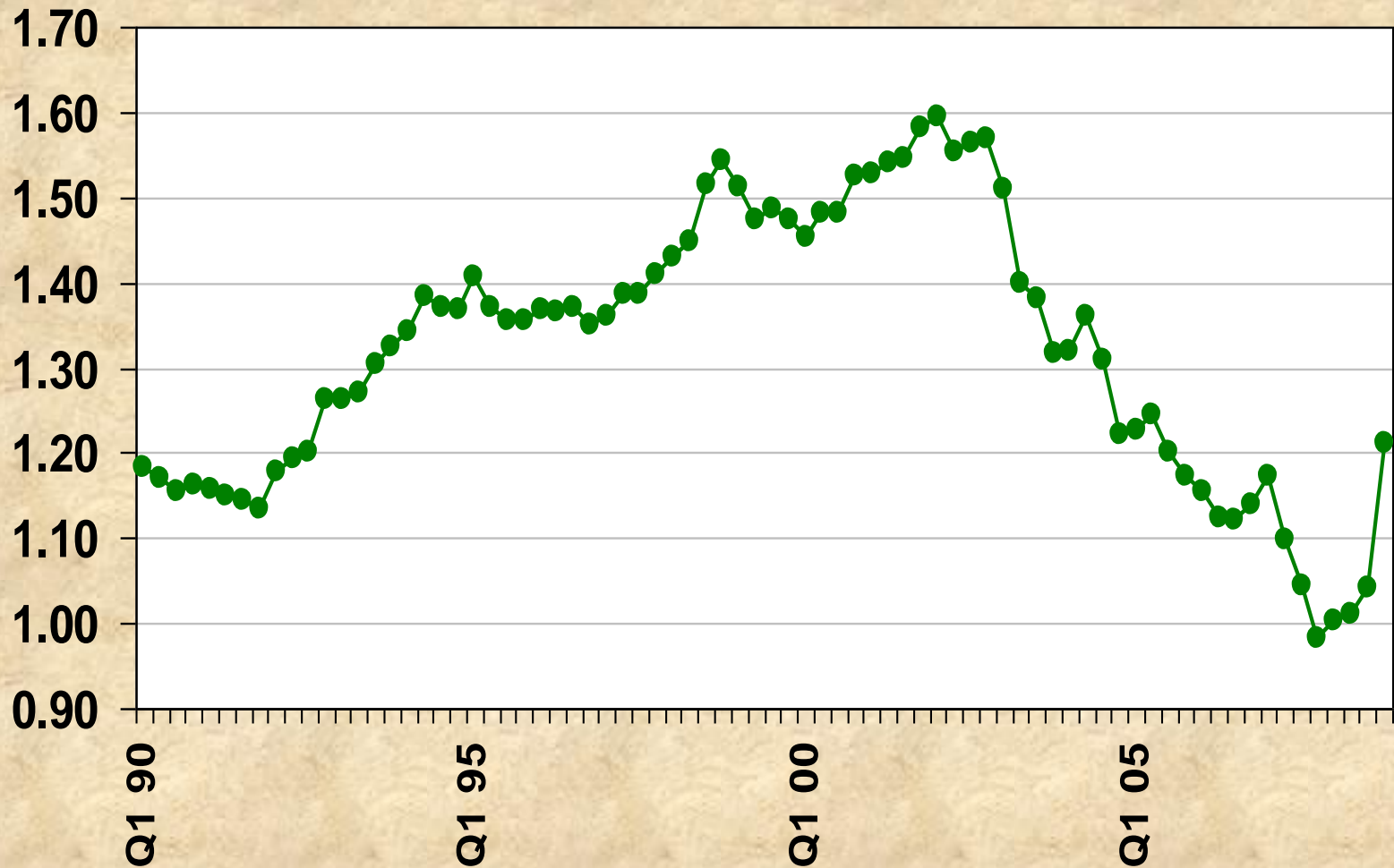
# **Beef Trade**



# U.S. Beef Imports & Exports

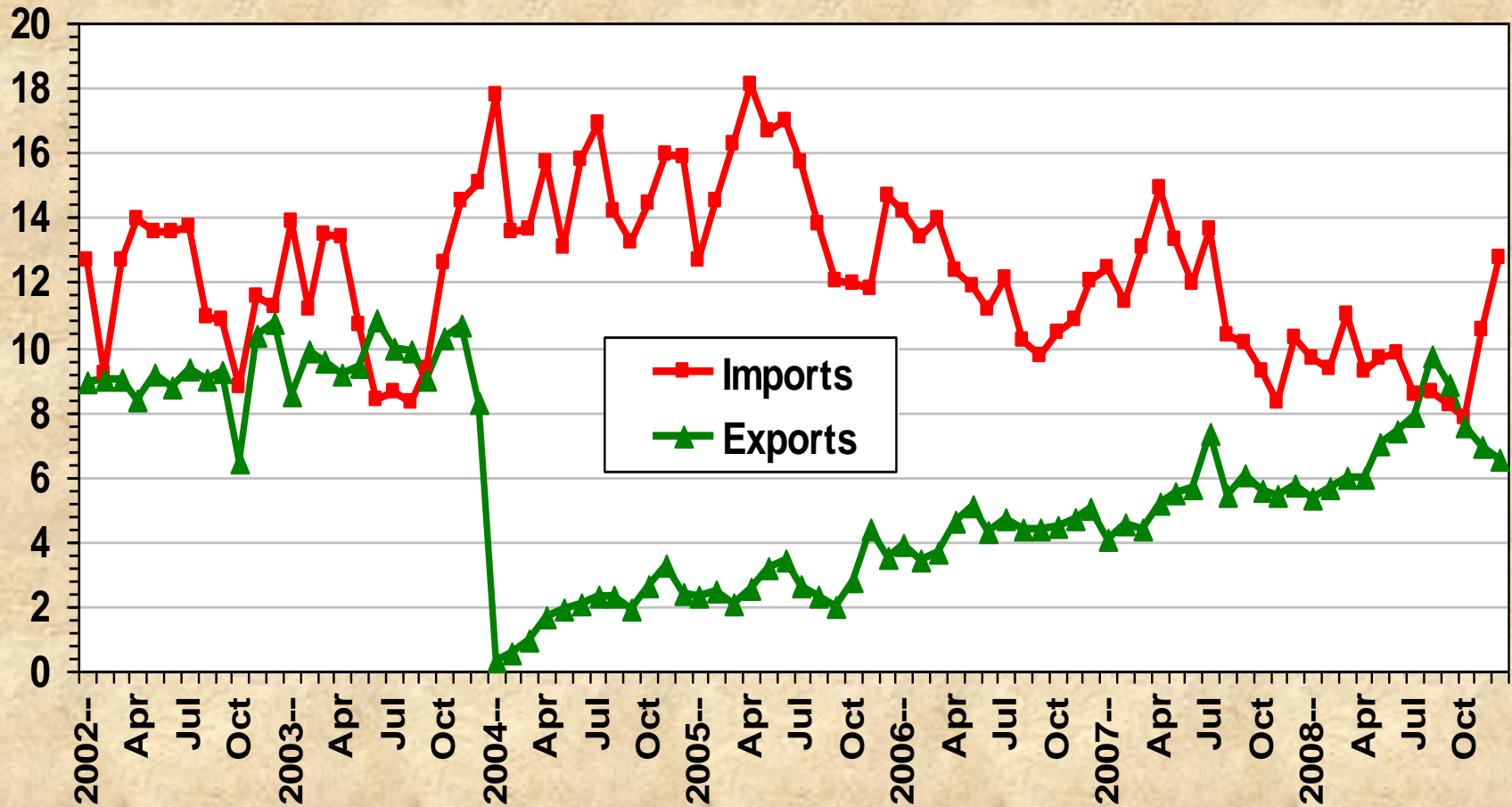


# Exchange Rate: Can \$ Per US \$



# U.S. Beef Imports & Exports as % of U.S. Production, Monthly

Percent



# U.S. Beef Production, Exports & Imports

million pounds, YTD, 2007 & 2008

	Jan-Dec 2007	Jan-Dec 2008	Percent Change
<b>U.S. beef production</b>	<b>26,420.8</b>	<b>26,564.6</b>	<b>+ 0.54%</b>
<b>U.S. beef exports</b>	<b>1,434.0</b>	<b>1,888.2</b>	<b>+ 31.68%</b>
<b>U.S. beef imports</b>	<b>3,052.2</b>	<b>2,537.9</b>	<b>- 16.85%</b>
<b>Production - exports + imports</b>	<b>28,039.0</b>	<b>27,214.3</b>	<b>- 2.94%</b>

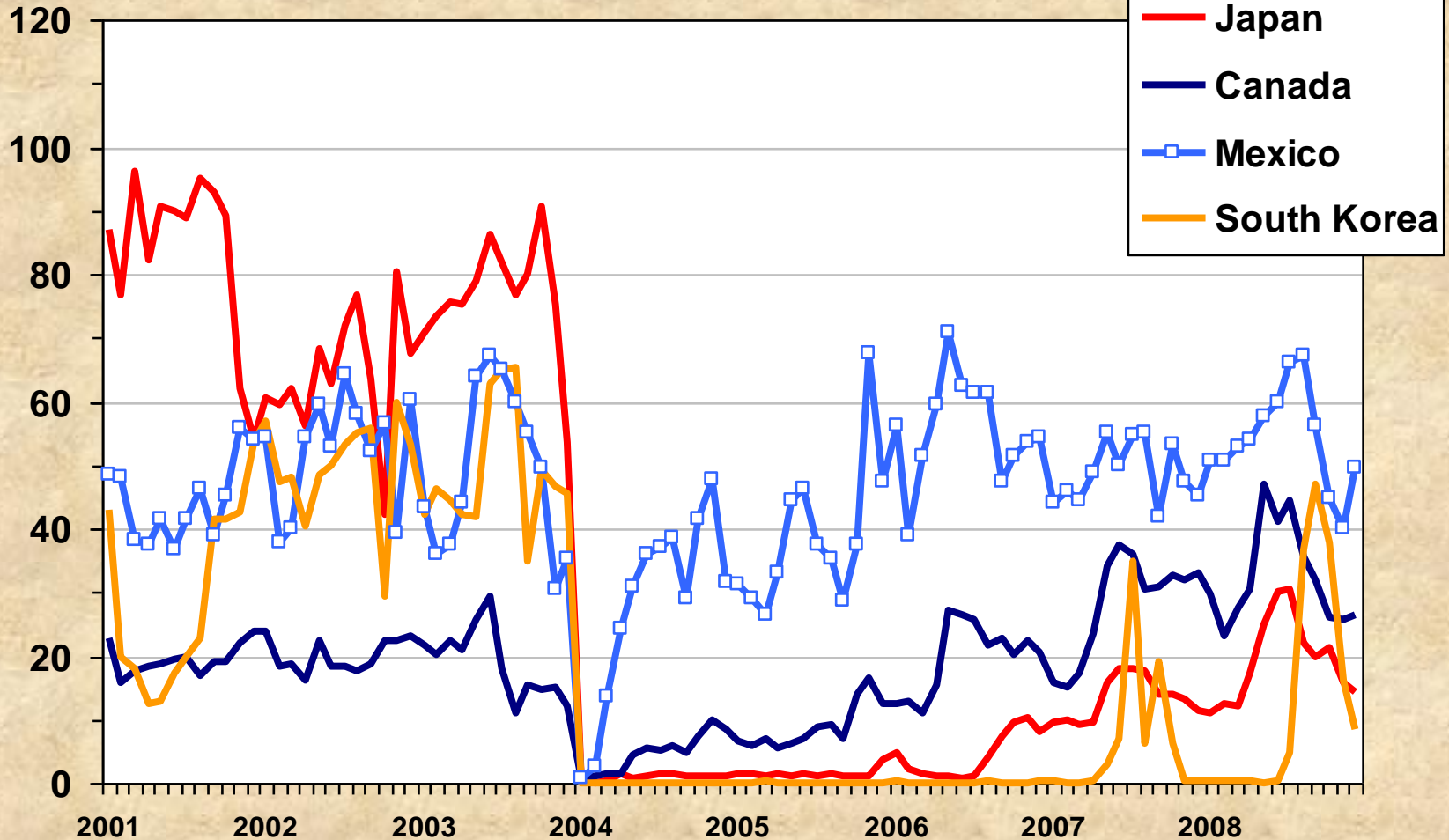
# U.S. Beef Exports, Jan-Dec 08

<u>Country</u>	<u>Change from Year Ago</u>	
	<u>000 lbs</u>	<u>Percent</u>
Mexico	62,920	+ 10.73%
Canada	49,676	+ 14.65%
Japan	71,677	+ 44.96%
Vietnam	80,056	+191.21%
Taiwan	14,713	+ 20.82%
Hong Kong	154	+ 0.48%
S Korea	74,177	+ 95.20%
TOTAL	454,262	+ 31.68%

# U.S. Beef Exports to Major Markets

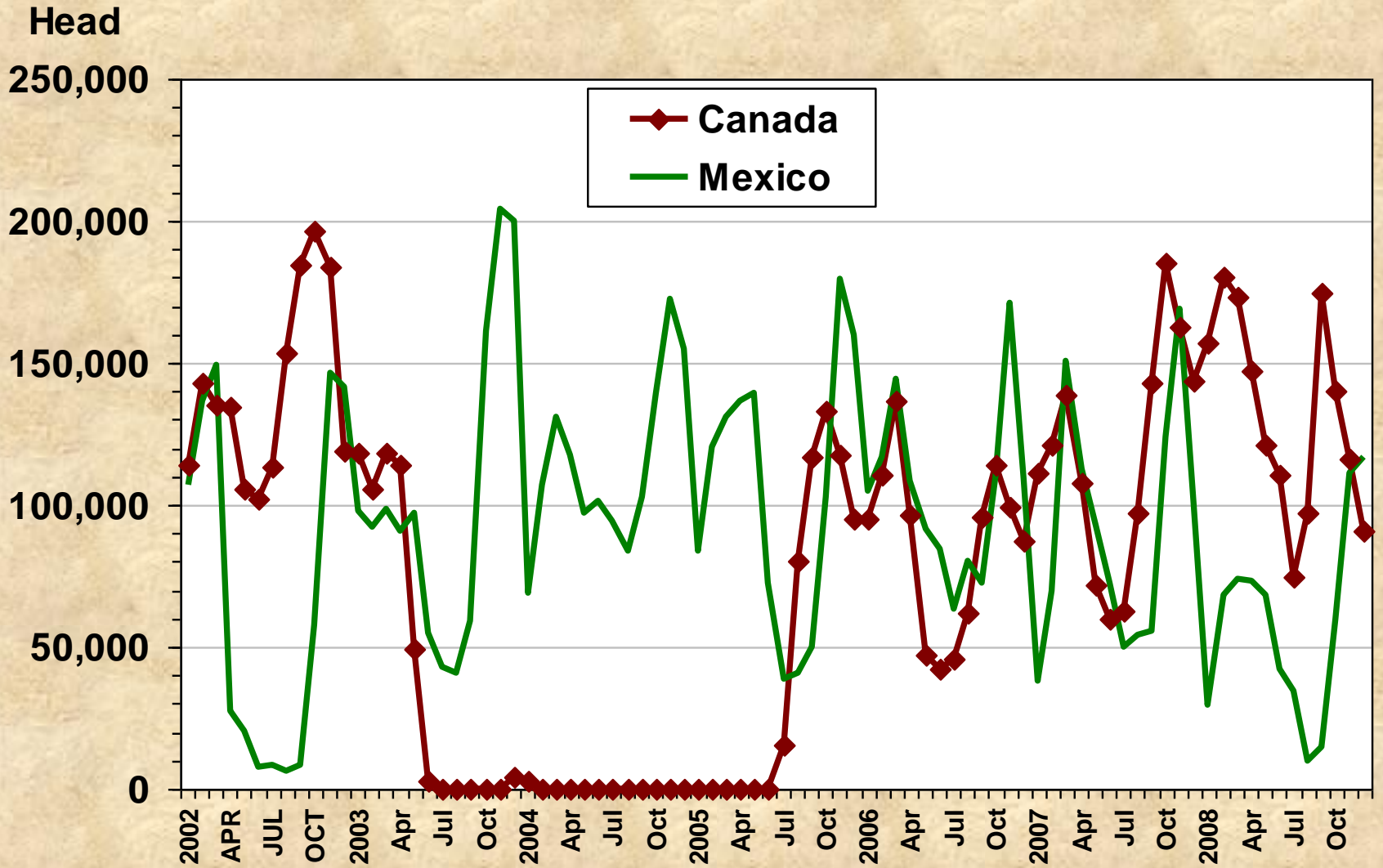
Carcass Weight, Monthly

Mil. Pounds



# **Cattle Imports**

# U.S. Monthly Cattle Imports

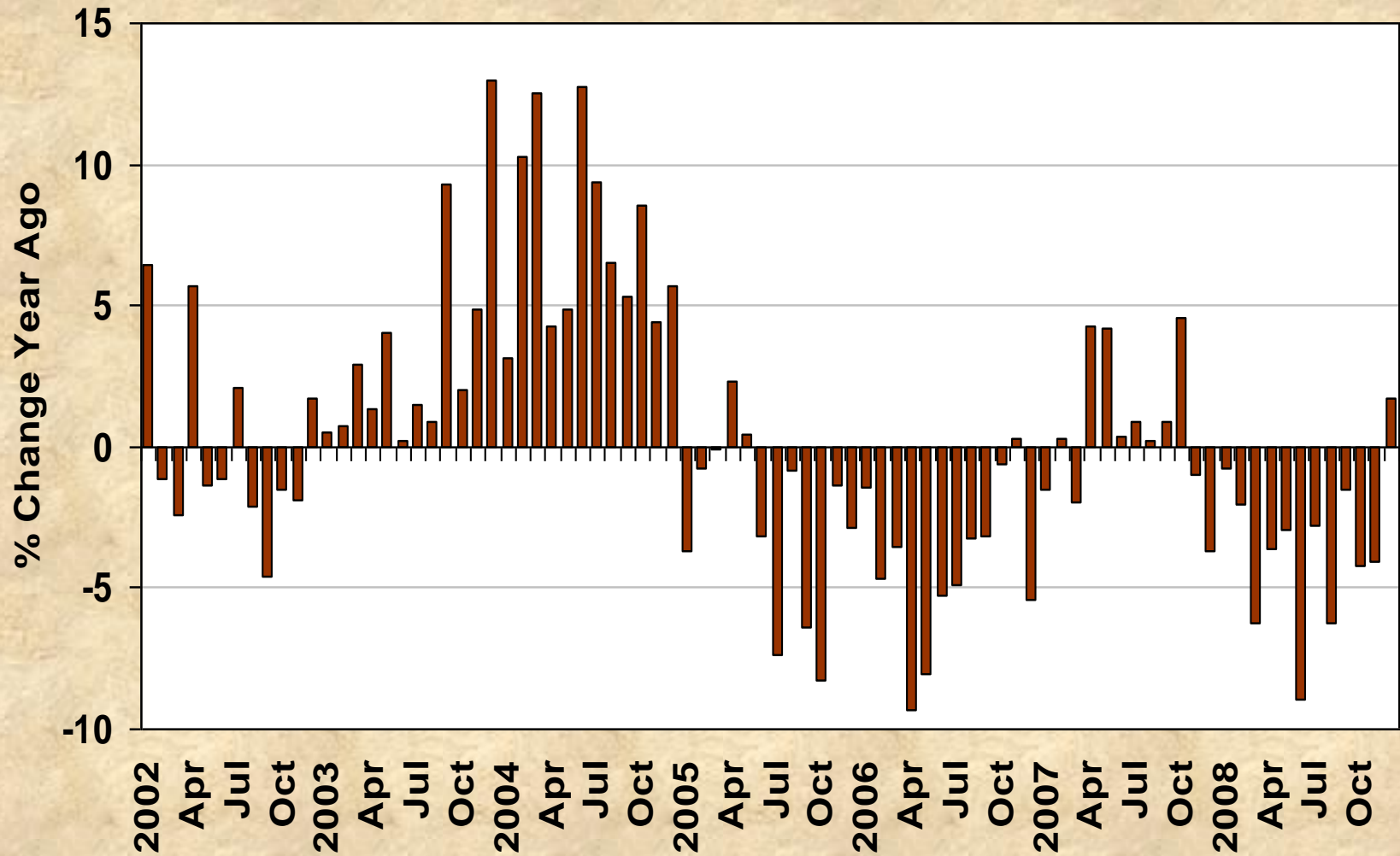




# **Beef Demand**

# Change in Domestic Beef Demand

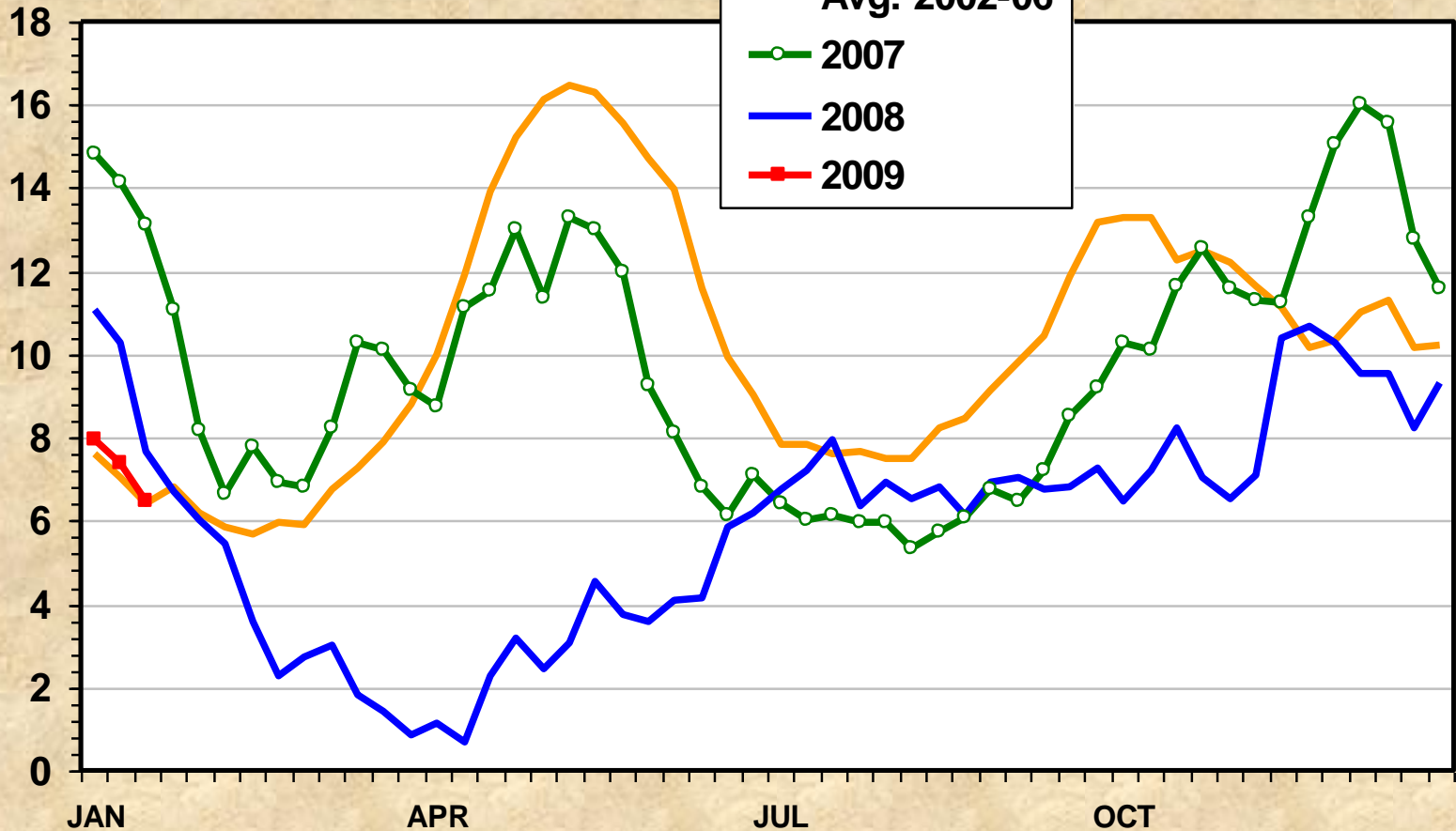
Base Elasticity = -0.75



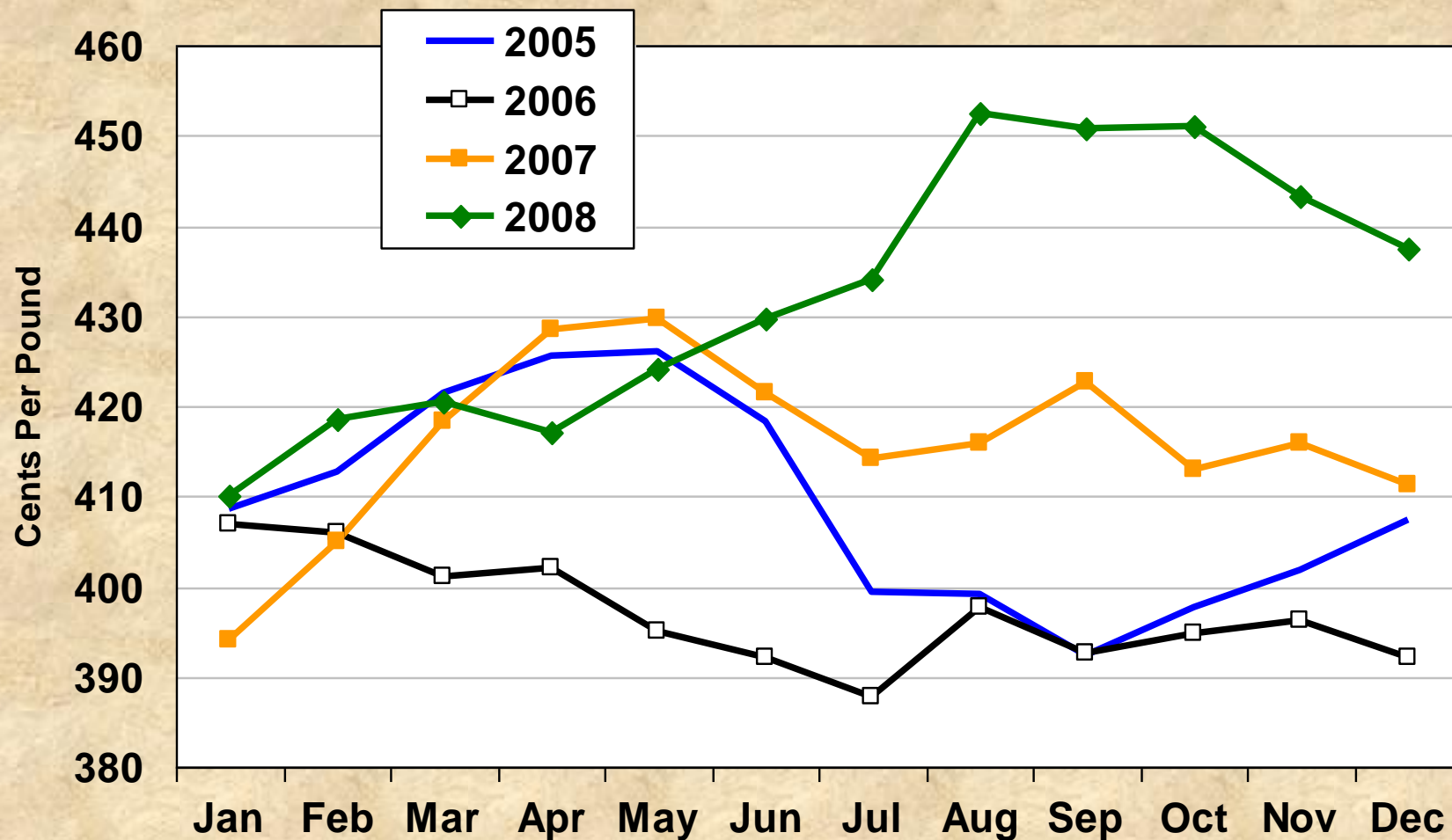
# Choice Minus Select Beef Prices

Carcass Cutout Value 600-900 Lbs., Weekly

\$ Per Cwt.



# Retail Price of Choice Beef



# **Beef Supply**

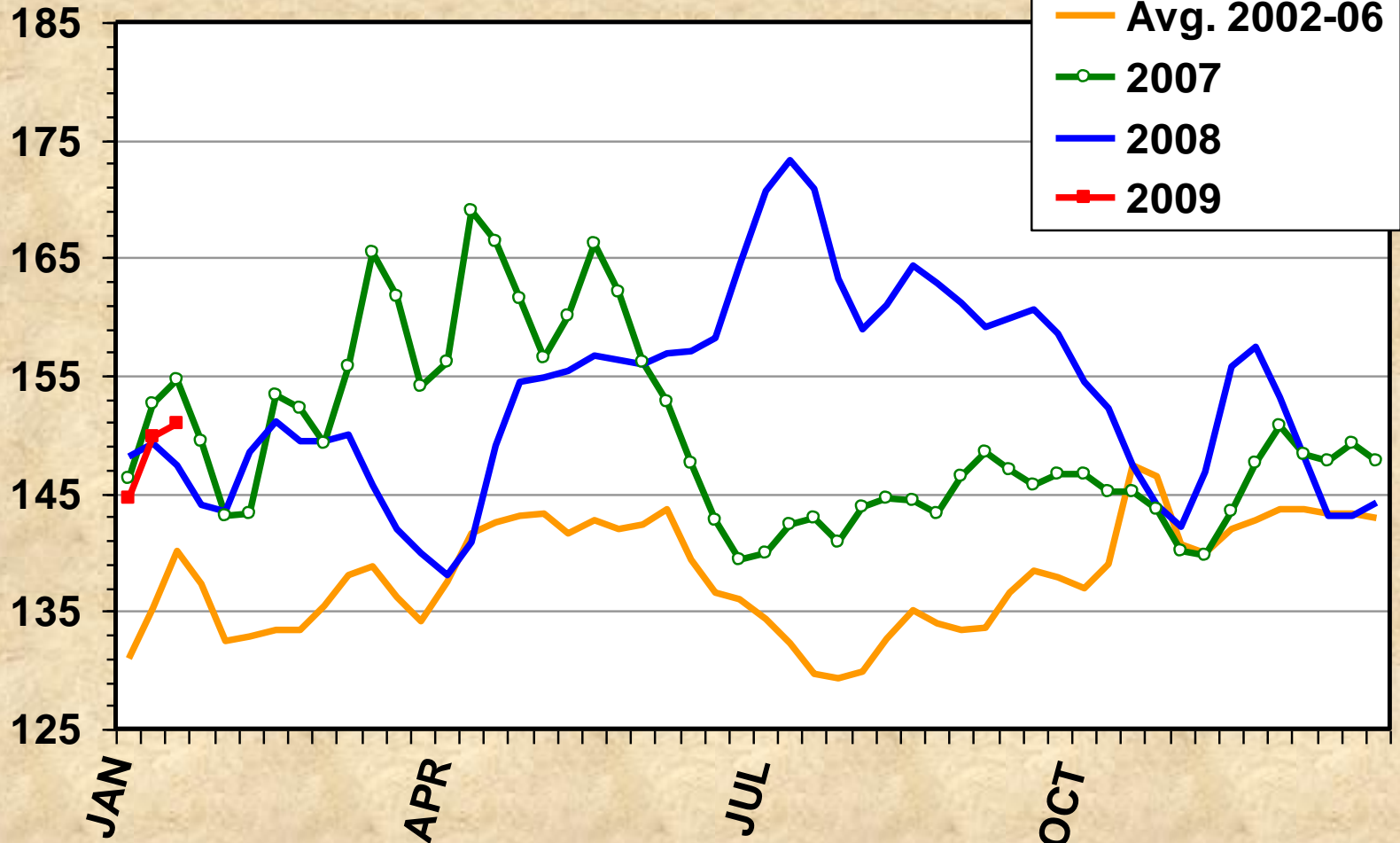




# Boxed Beef Cutout Value

Choice 600-900 Lbs. Carcass, Weekly

\$ Per Cwt.



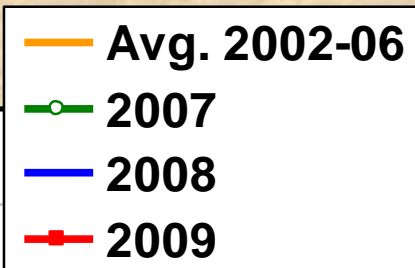


# Steer Hide and Offal Value

Live Animal Basis, Weekly

\$ Per Cwt.

13.00  
12.00  
11.00  
10.00  
9.00  
8.00  
7.00  
6.00  
5.00



JAN

APR

JUL

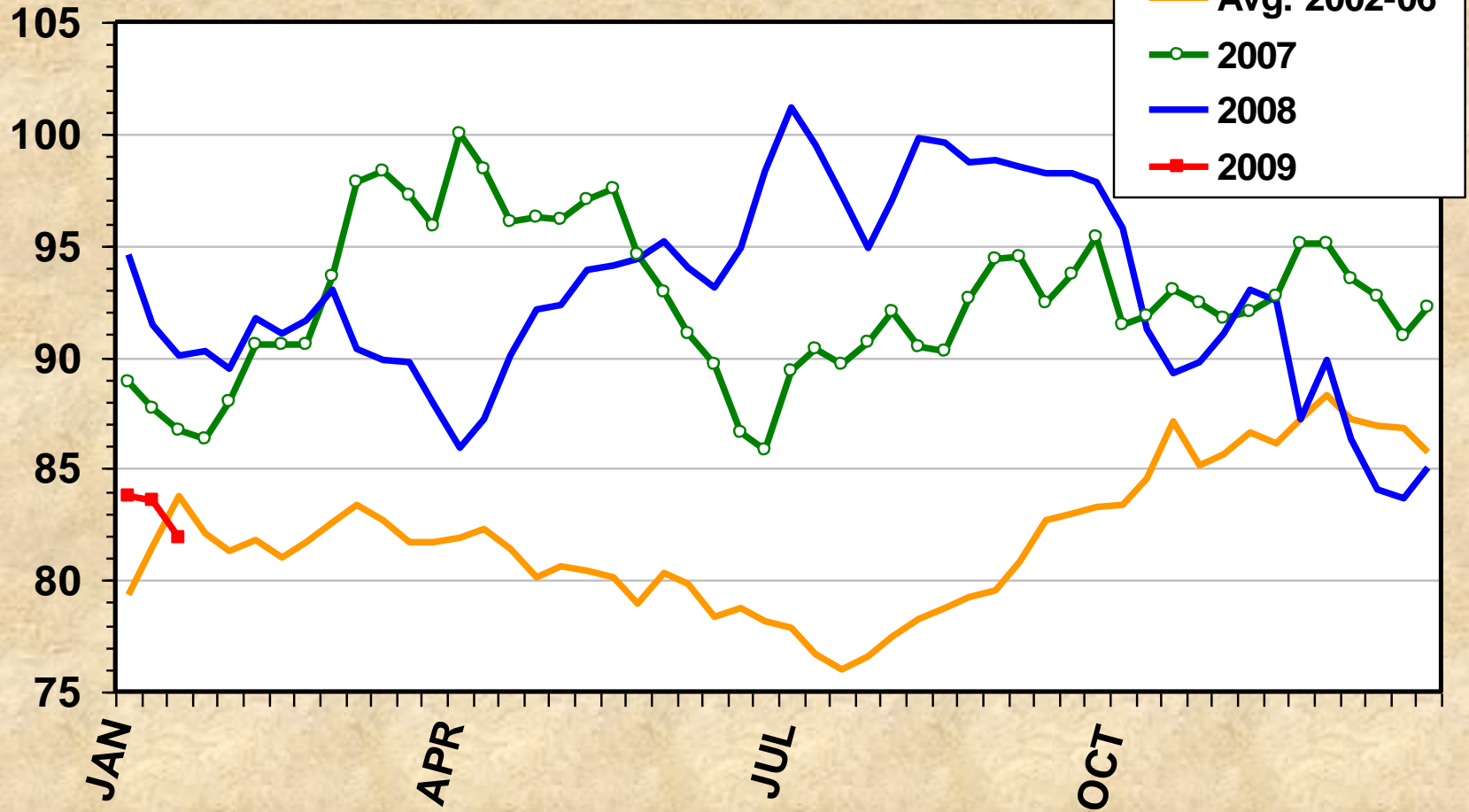
OCT

Livestock Marketing Information Center

# Slaughter Steer Prices

5 Market Weighted Average, Weekly

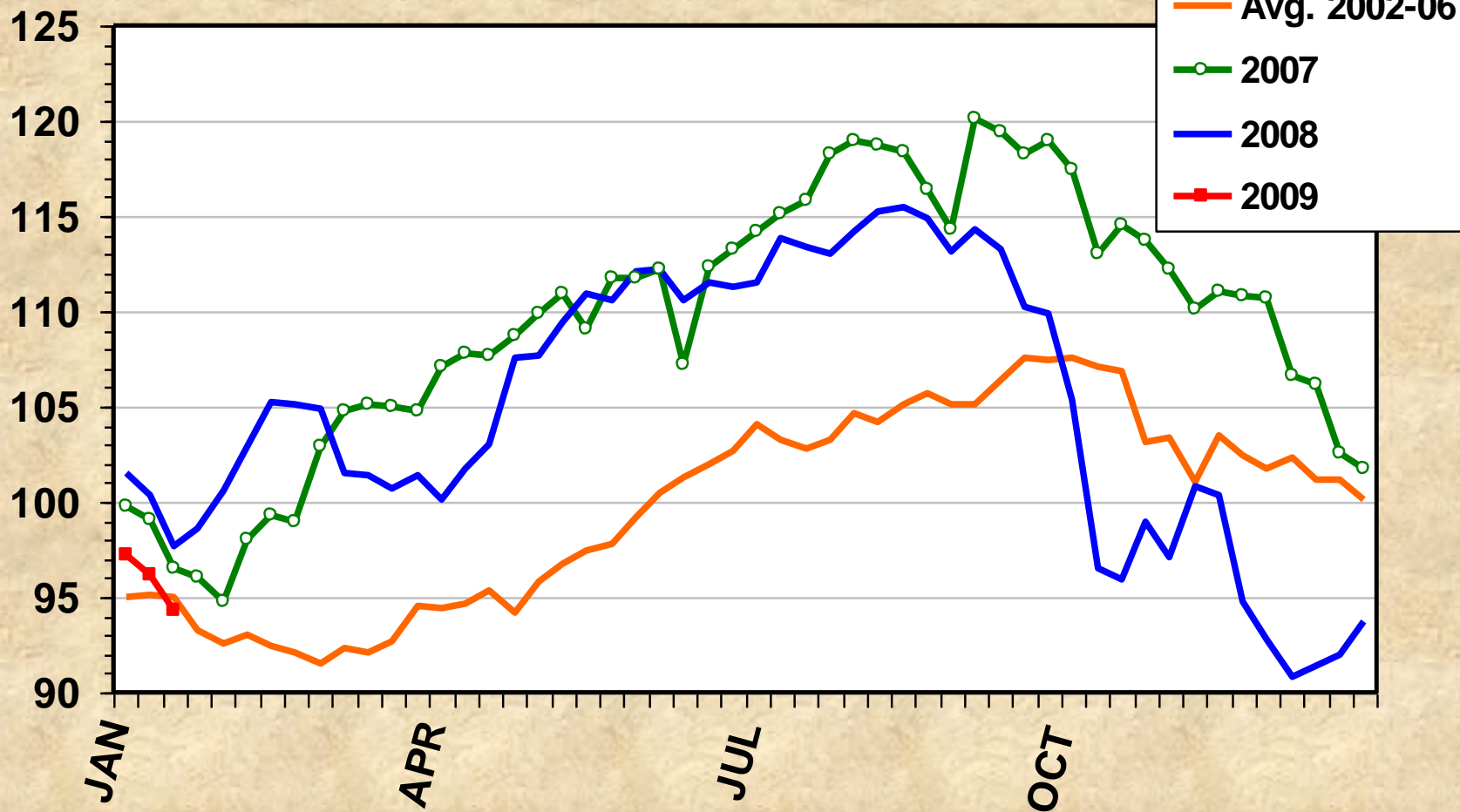
\$ Per Cwt.



# Med. & Large #1 Feeder Steer Prices

700-800 Pounds, Southern Plains, Weekly

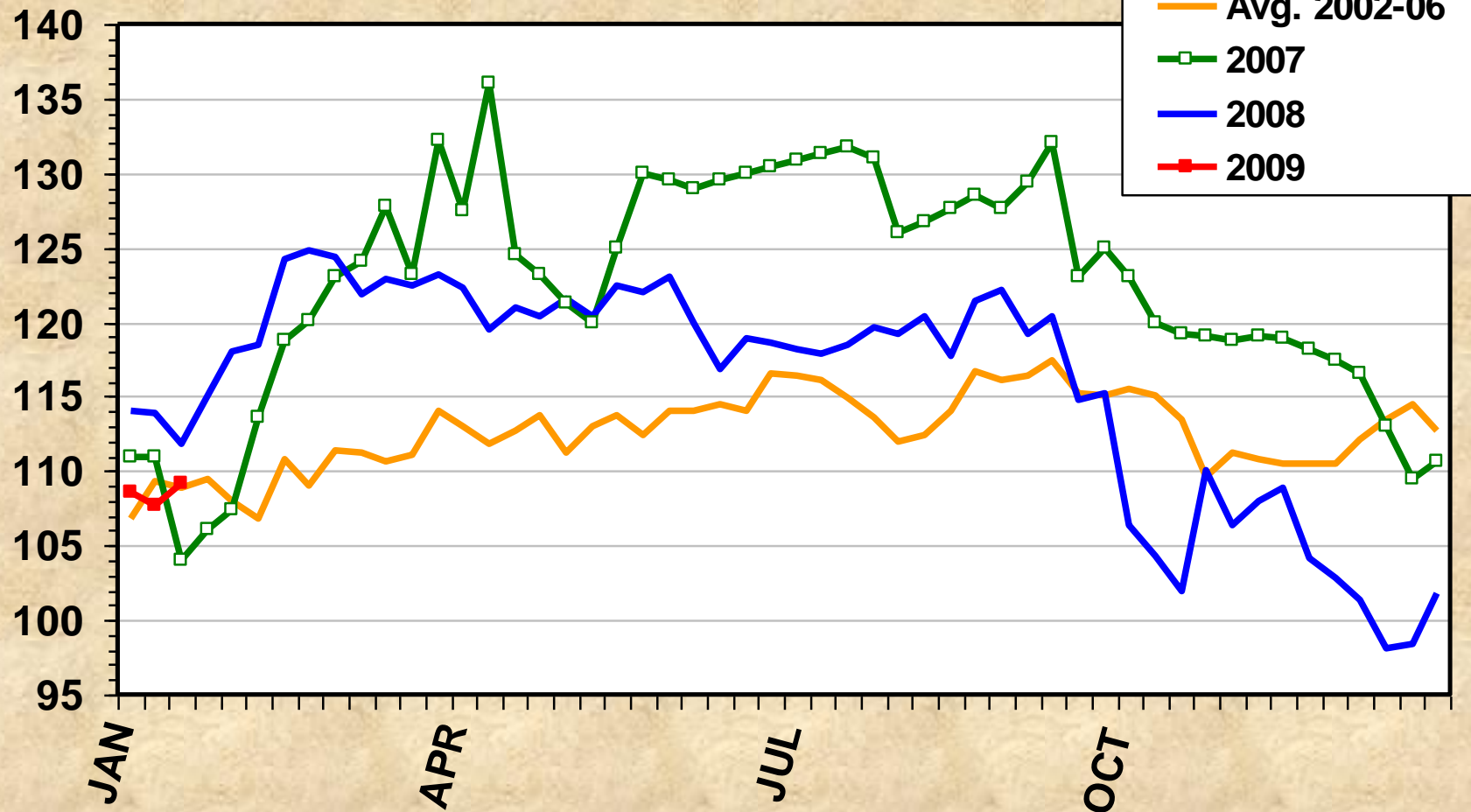
\$ per cwt.



# Med. & Large Steer Calf Prices

500-600 Pounds, Southern Plains, Weekly

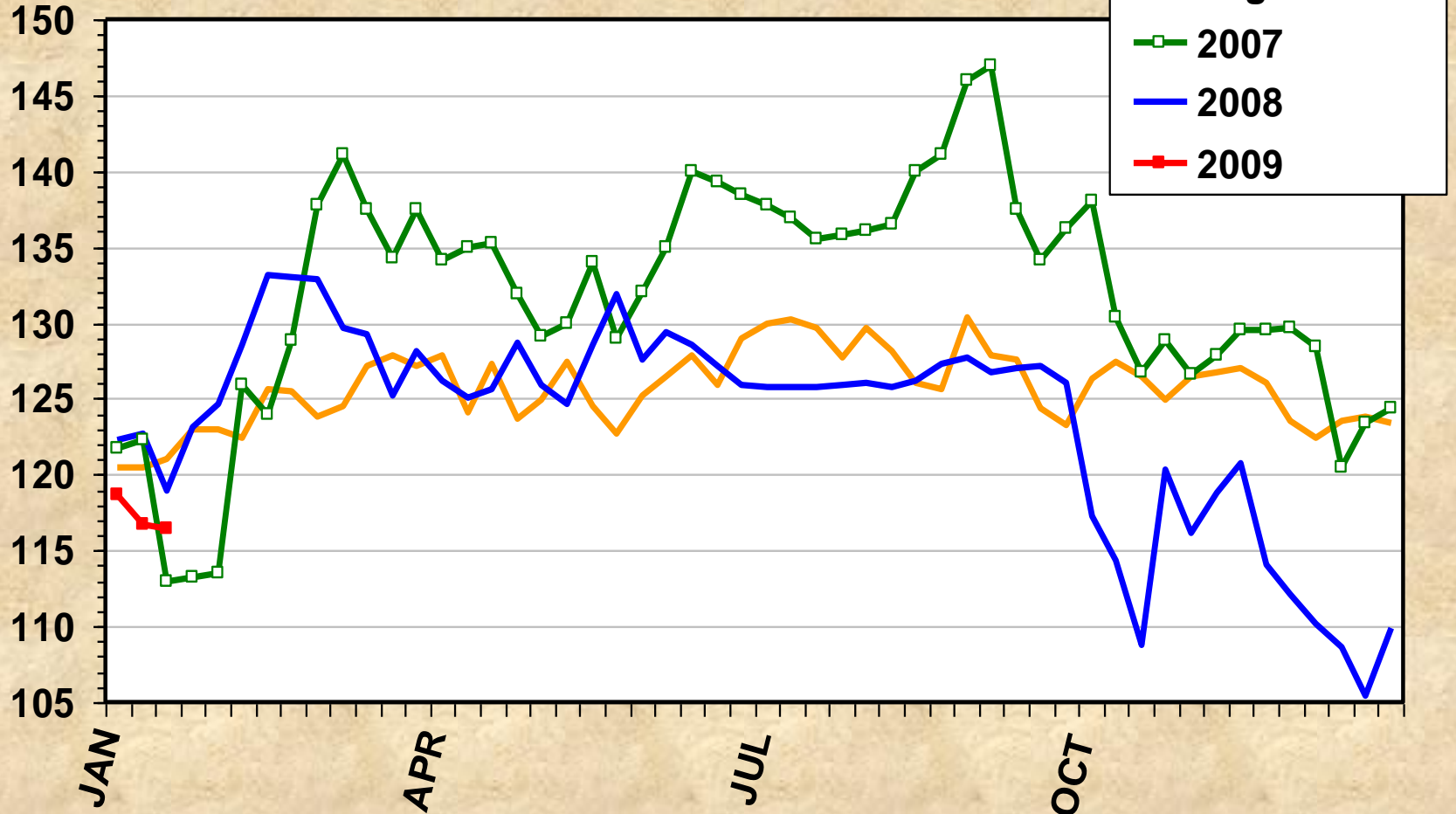
\$ per cwt.



# Med. & Large Steer Calf Prices

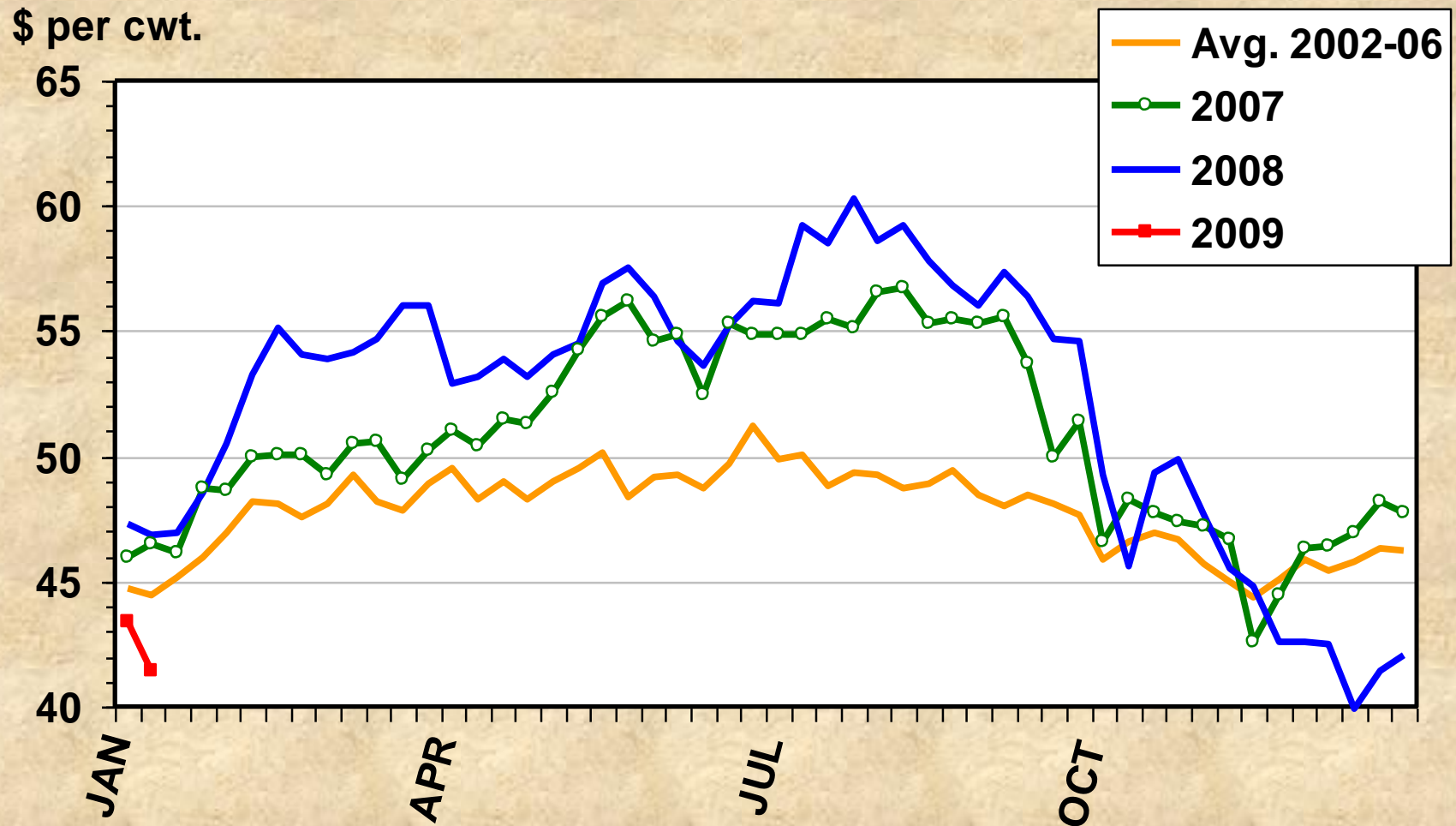
400-500 Pounds, Southern Plains, Weekly

\$ Per Cwt.



# Slaughter Cow Prices

Southern Plains, 85-90% Lean, Weekly



# **Forecast for 2009**

# U.S. Commercial Beef Production

## Million Pounds

	2007	2008	2009	-----Change-----	
				07-08	08-09
Qtr 1	6,237	6,371	6,225*	+2.1%	- 2.3%
Qtr 2	6,649	6,897	6,630*	+3.7%	- 3.9%
Qtr 3	6,802	6,911	6,830*	+1.6%	- 1.2%
Qtr 4	6,733	6,385	6,425*	- 5.2%	+0.6%
<b>Year</b>	<b>26,421</b>	<b>26,564</b>	<b>26,110*</b>	+0.5%	- 1.7%

**\*forecast**

Note: Q3 07 & Q1 09 have only 63 slaughter days



# Nebraska Slaughter Steer Prices

## Choice Steers Per Live Hundredweight

	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Qtr 1	\$89.24	\$90.61	\$89.59	82-84*
Qtr 2	\$80.39	\$93.45	\$92.82	83-88*
Qtr 3	\$85.40	\$91.36	\$98.45	83-88*
Qtr 4	\$86.61	\$91.85	\$88.22	85-90*
<b>Year</b>	<b>\$85.41</b>	<b>\$91.82</b>	<b>\$92.27</b>	<b>\$83-88*</b>

**\*forecast**

# Cattle Price Forecast, 2009

<u>Yr. -- Qtr.</u>	<u>Steer Prices, \$/cwt</u>		
	<u>11-1300# Nebraska</u>	<u>750-800# Okla. City</u>	<u>500-550# Okla. City</u>
2008 – 1*	89.59	99.88	121.75
2008 – 2*	92.82	106.60	122.19
2008 – 3*	98.45	110.81	122.85
2008 – 4*	88.22	94.62	105.22
<b>2009 – 1</b>	<b>82-84</b>	<b>93-98</b>	<b>108-113</b>
<b>2009 – 2</b>	<b>83-88</b>	<b>94-99</b>	<b>108-113</b>
<b>2009 – 3</b>	<b>83-88</b>	<b>95-100</b>	<b>103-108</b>
<b>2009 – 4</b>	<b>85-90</b>	<b>93-98</b>	<b>100-105</b>

\*Actual

# Major Uncertainties

- Corn prices & cost of gain
- Pasture conditions
  - Fertilizer prices
- Beef exports
  - Exchange rates
  - Japan & South Korea
- Domestic demand

# Marketing Strategies

- Feedlot cost of gain is way up
  - Background calves longer
  - Increase placement weights
  - Decrease cow numbers
- Rebuild your hay stocks
  - Lower your stocking rate
- There is a growing supply of DDGS
  - Try feeding some

# Forecast Summary

- Calf crop trending down
- Stable beef exports
- Weak domestic demand
- High feed cost
- Red ink for cattle producers

