

Beef Cattle Outlook



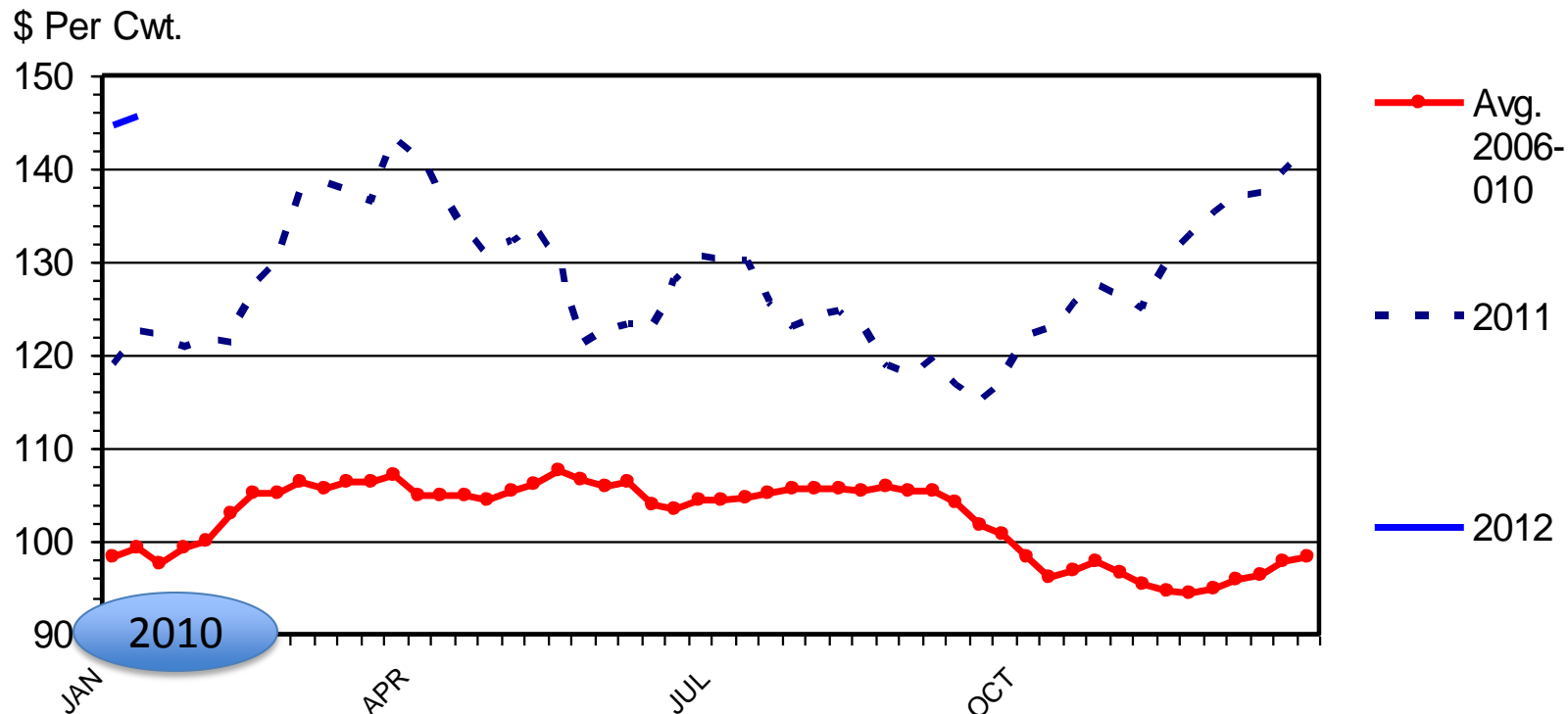
Dr. Curt Lacy
Extension Economist-Livestock
University of Georgia
Florida Cattlemen's Institute
January 26, 2012

Overview

- Recent Trends
- Outlook for 2012 and beyond
- Marketing Alternatives

MED. & LRG. #1 & 2 STEER CALF PRICES

500-600 Pounds, Georgia, Weekly



Livestock Marketing Information Center

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



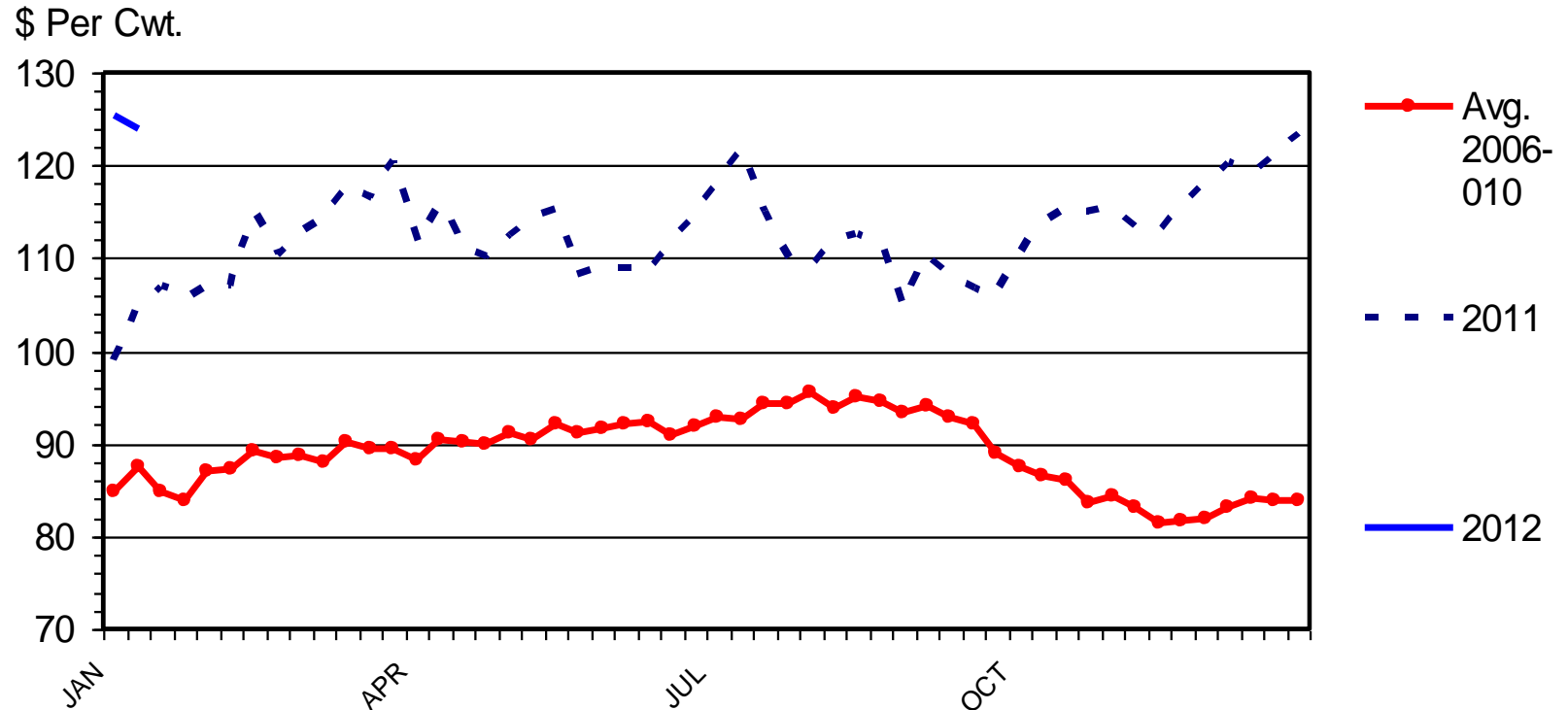
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01/18/12

MED. & LRG. #1 & 2 FEEDER STEER PRICES

700-800 Pounds, Georgia, Weekly



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

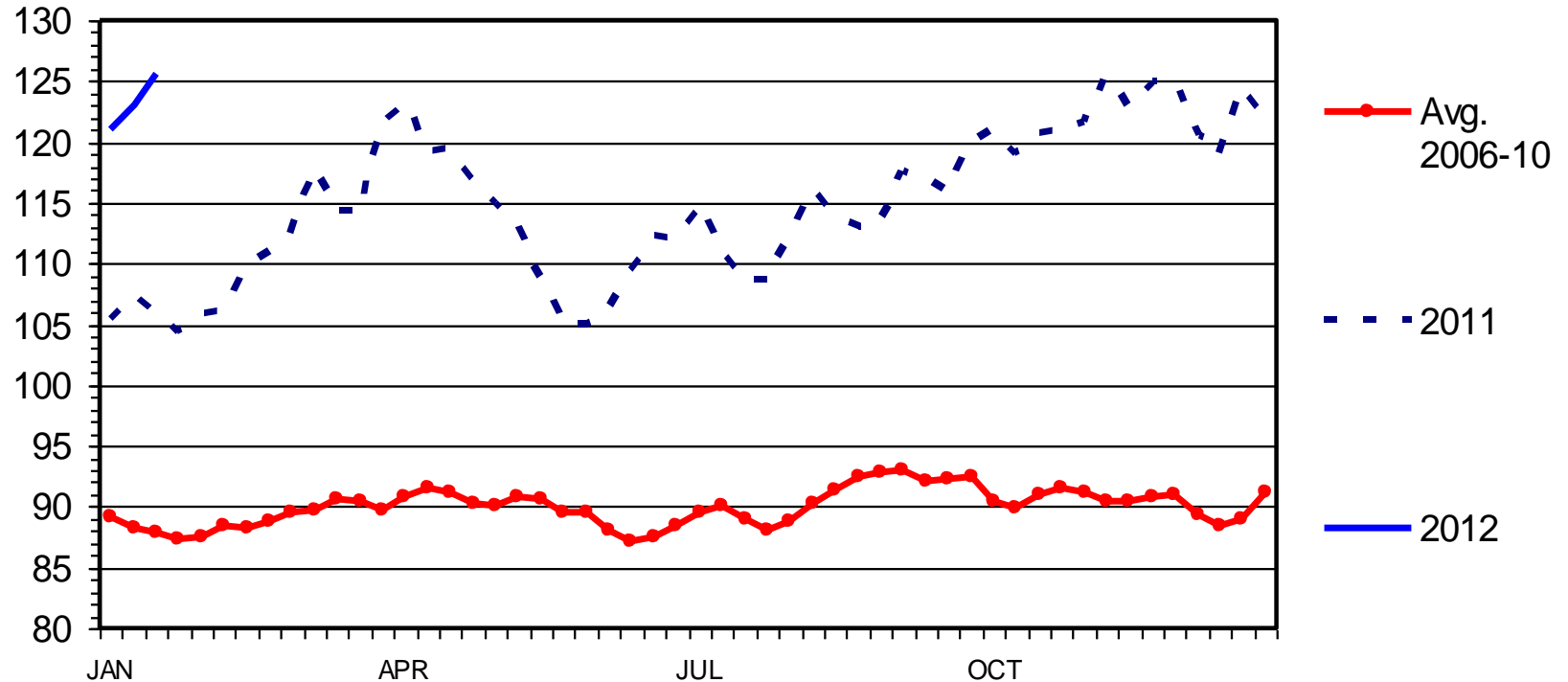


01/18/12

SLAUGHTER STEER PRICES

5 Market Weighted Average, Weekly

\$ Per Cwt.

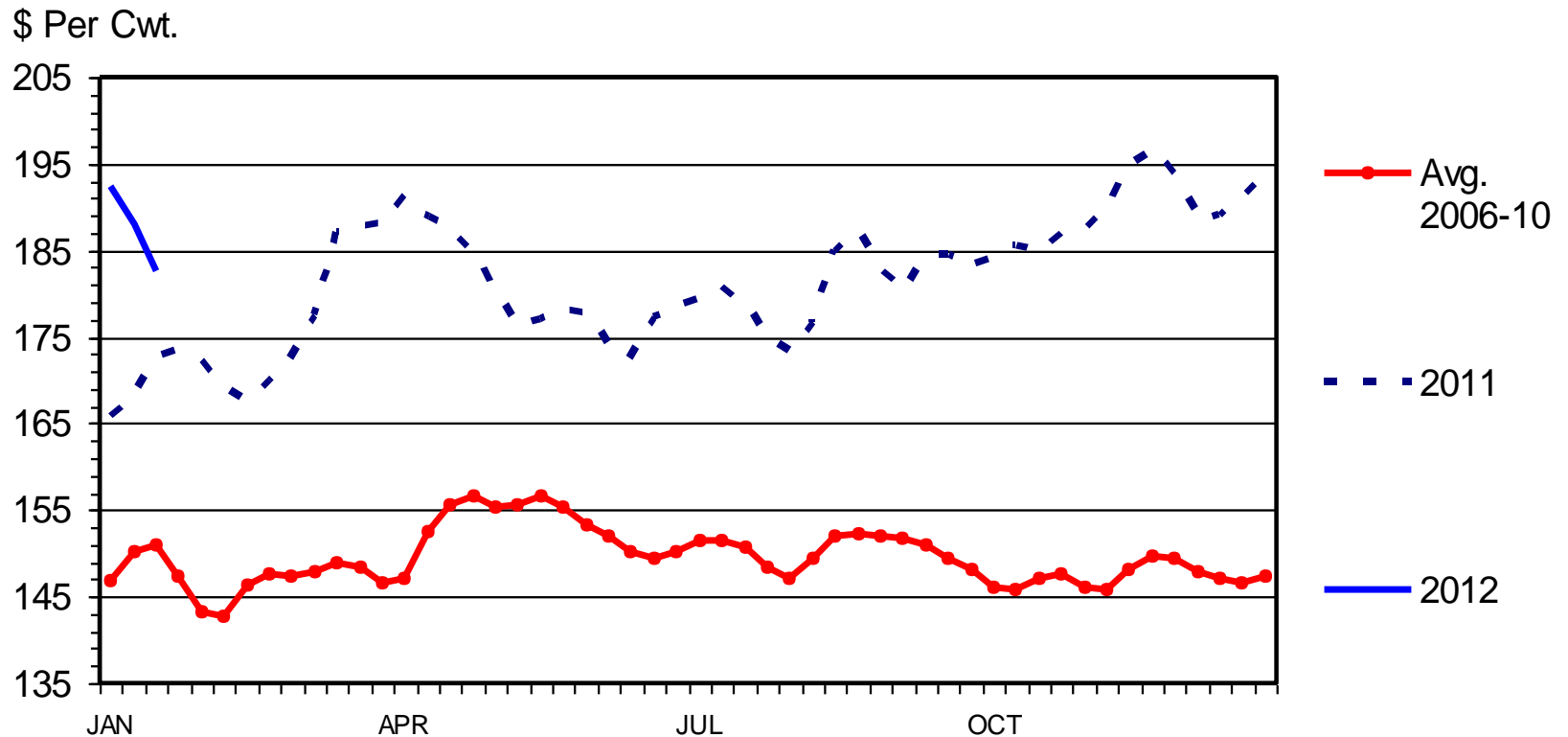


Livestock Marketing Information Center

Data Source: USDA-AMS

BOXED BEEF CUTOUT VALUE

Choice 600-900 Lbs. Carcass, Weekly



Livestock Marketing Information Center

Data Source: USDA-AMS

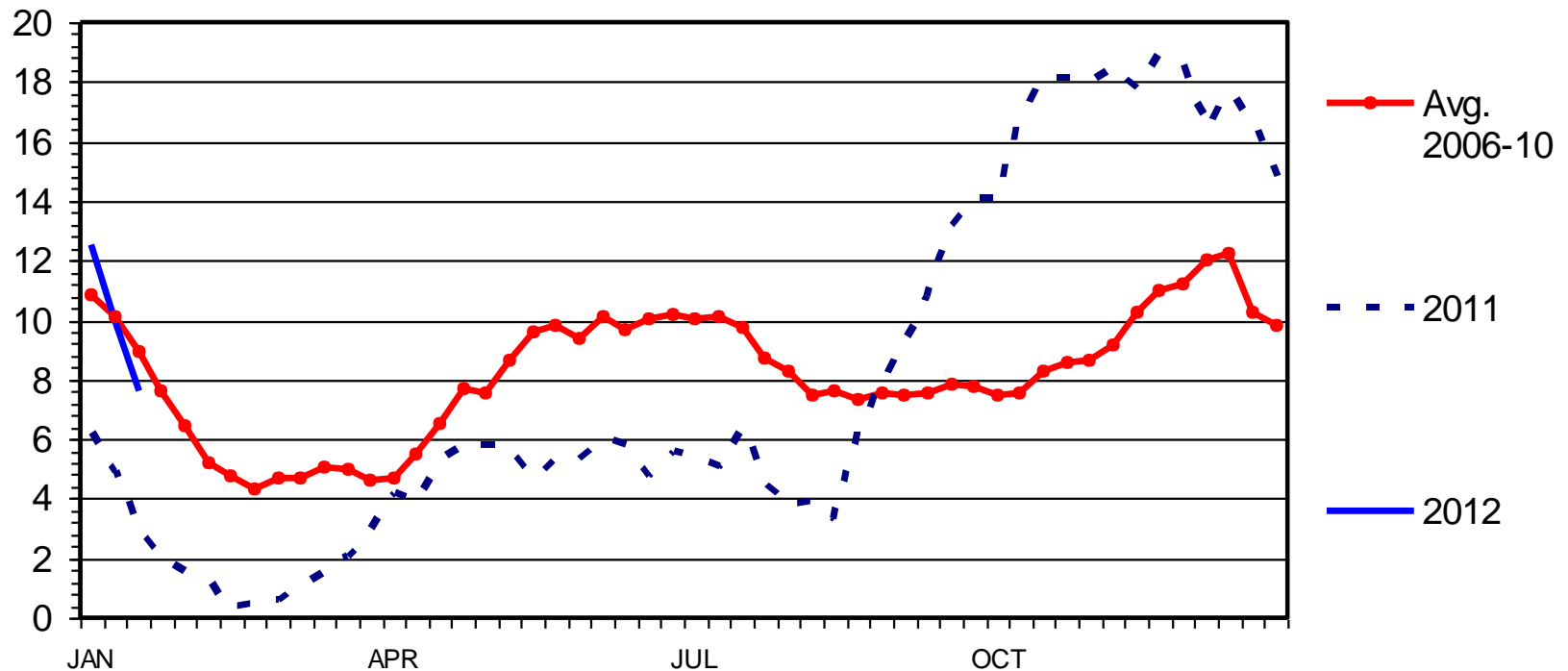


C-P-62
01/23/12

CHOICE MINUS SELECT BEEF PRICES

Carcass Cutout Value 600-900 Lbs., Weekly

\$ Per Cwt.



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



C-P-68
01/23/12

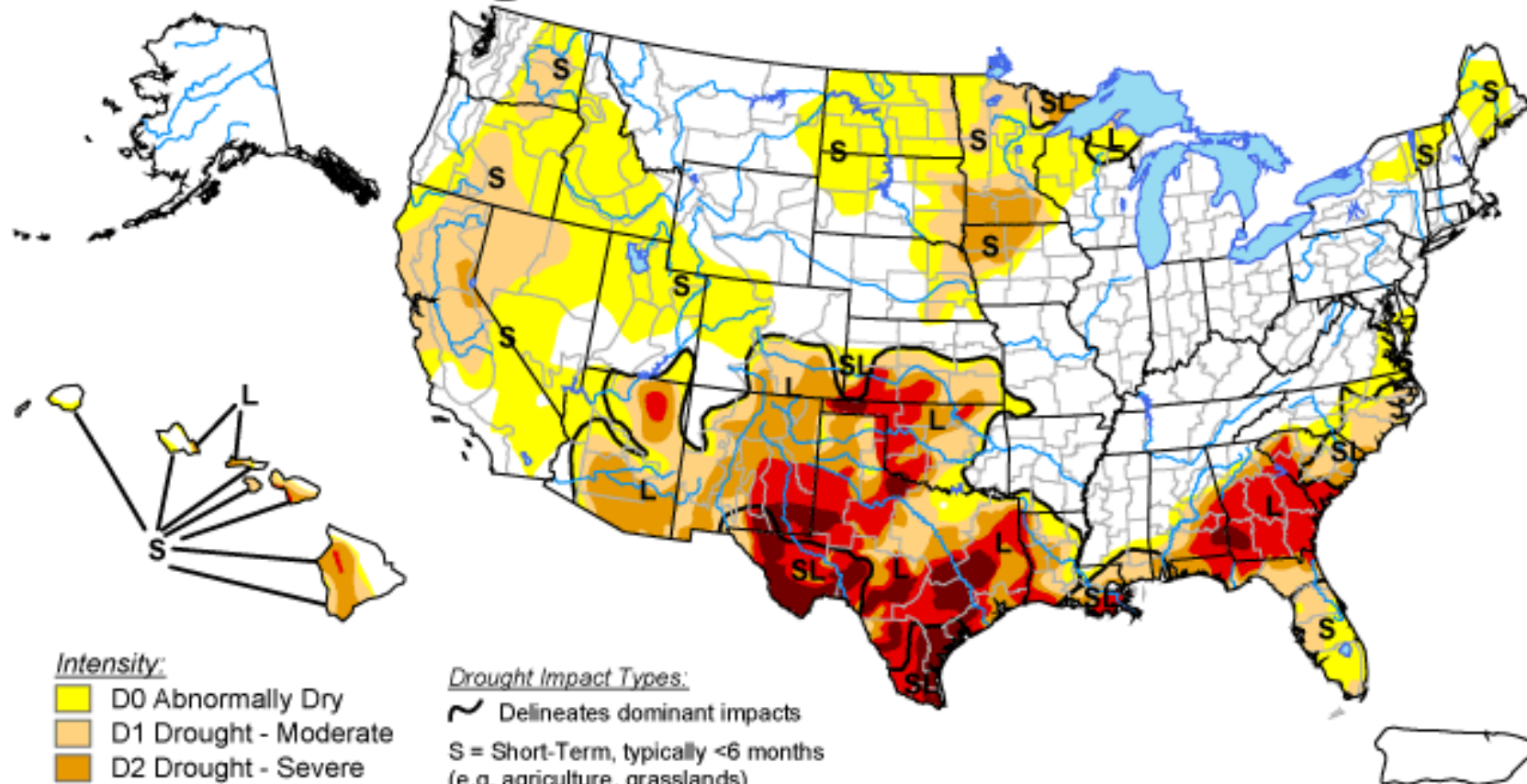
5 THINGS SHAPING MARKETS TODAY AND FOR 2012



U.S. Drought Monitor

January 17, 2012

Valid 7 a.m. EST



Intensity:

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

Drought Impact Types:

- Delineates dominant impacts
- S = Short-Term, typically <6 months
(e.g. agriculture, grasslands)
- L = Long-Term, typically >6 months
(e.g. hydrology, ecology)

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

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



Released Thursday, January 19, 2012

Author: Laura Edwards, WRCC, South Dakota State University

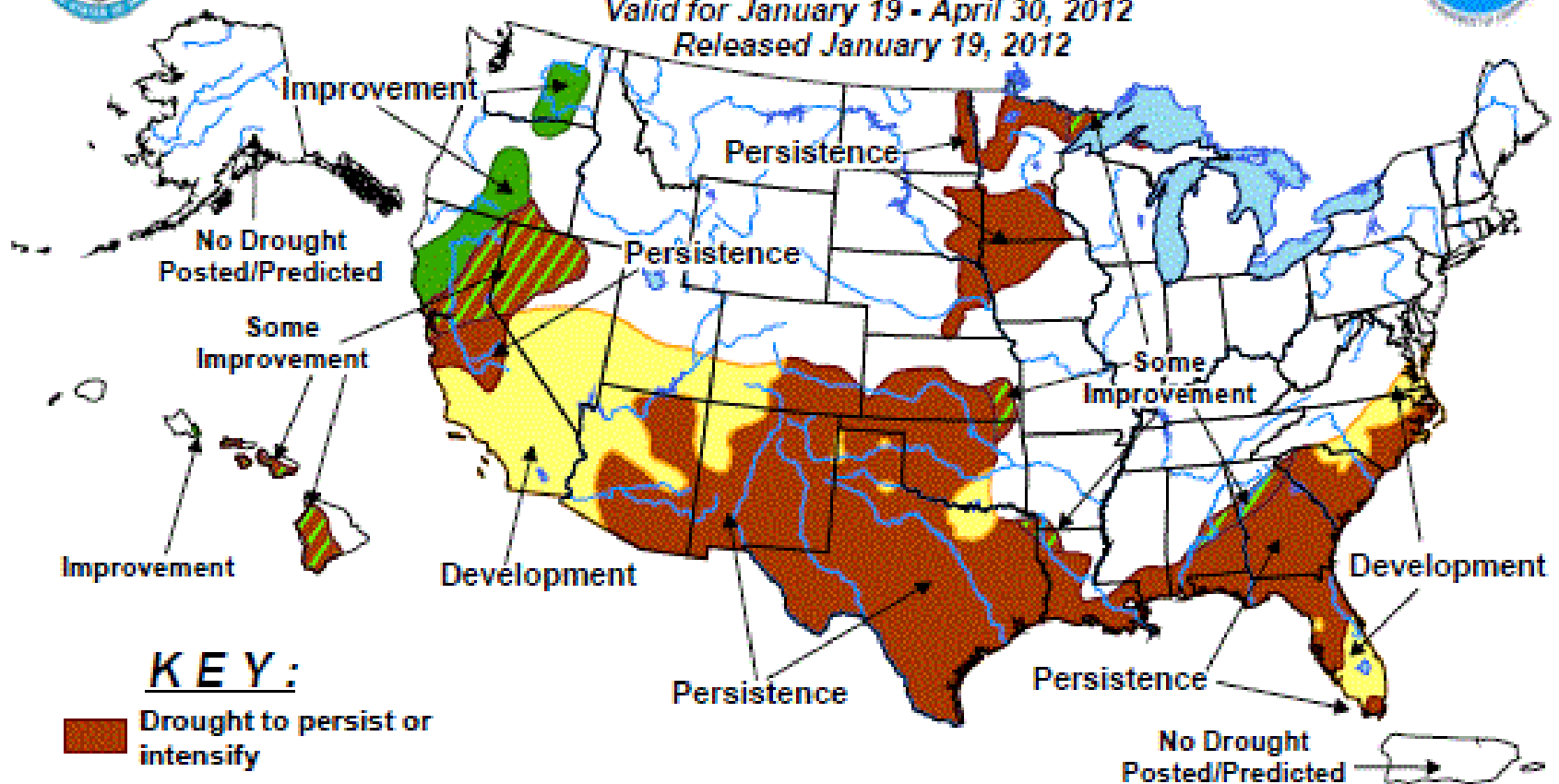


U.S. Seasonal Drought Outlook





Drought Tendency During the Valid Period

Valid for January 19 - April 30, 2012

Released January 19, 2012



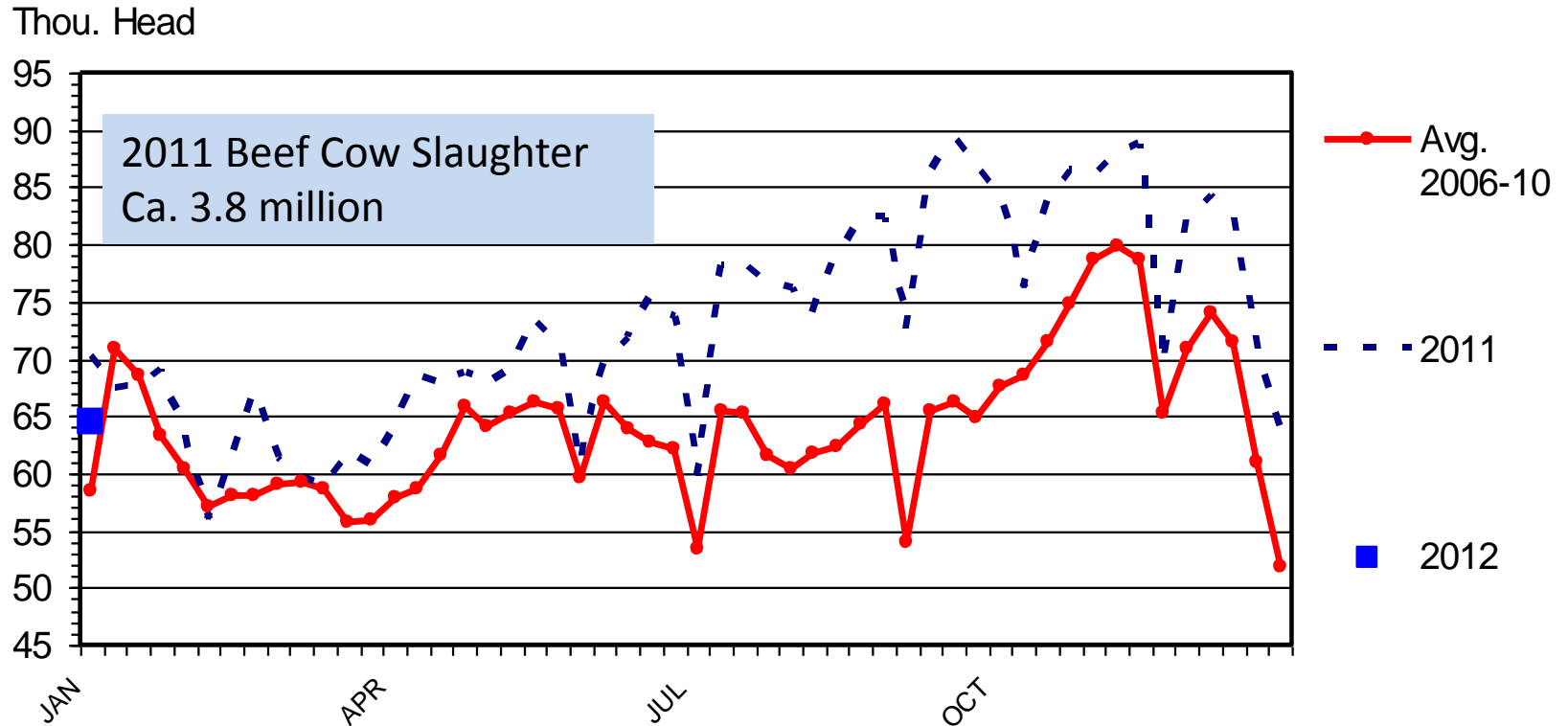
KEY:

-  Drought to persist or intensify
-  Drought ongoing, some improvement
-  Drought likely to improve, impacts ease
-  Drought development likely

Depicts large-scale trends based on subjectively derived probabilities guided by short- and long-range statistical and dynamical forecasts. Short-term events – such as individual storms – cannot be accurately forecast more than a few days in advance. Use caution for applications – such as crops – that can be affected by such events. "Ongoing" drought areas are approximated from the Drought Monitor (D1 to D4 Intensity). For weekly drought updates, see the latest U.S. Drought Monitor. NOTE: the green Improvement areas imply at least a 1-category improvement in the Drought Monitor Intensity levels, but do not necessarily imply drought elimination.

BEEF COW SLAUGHTER

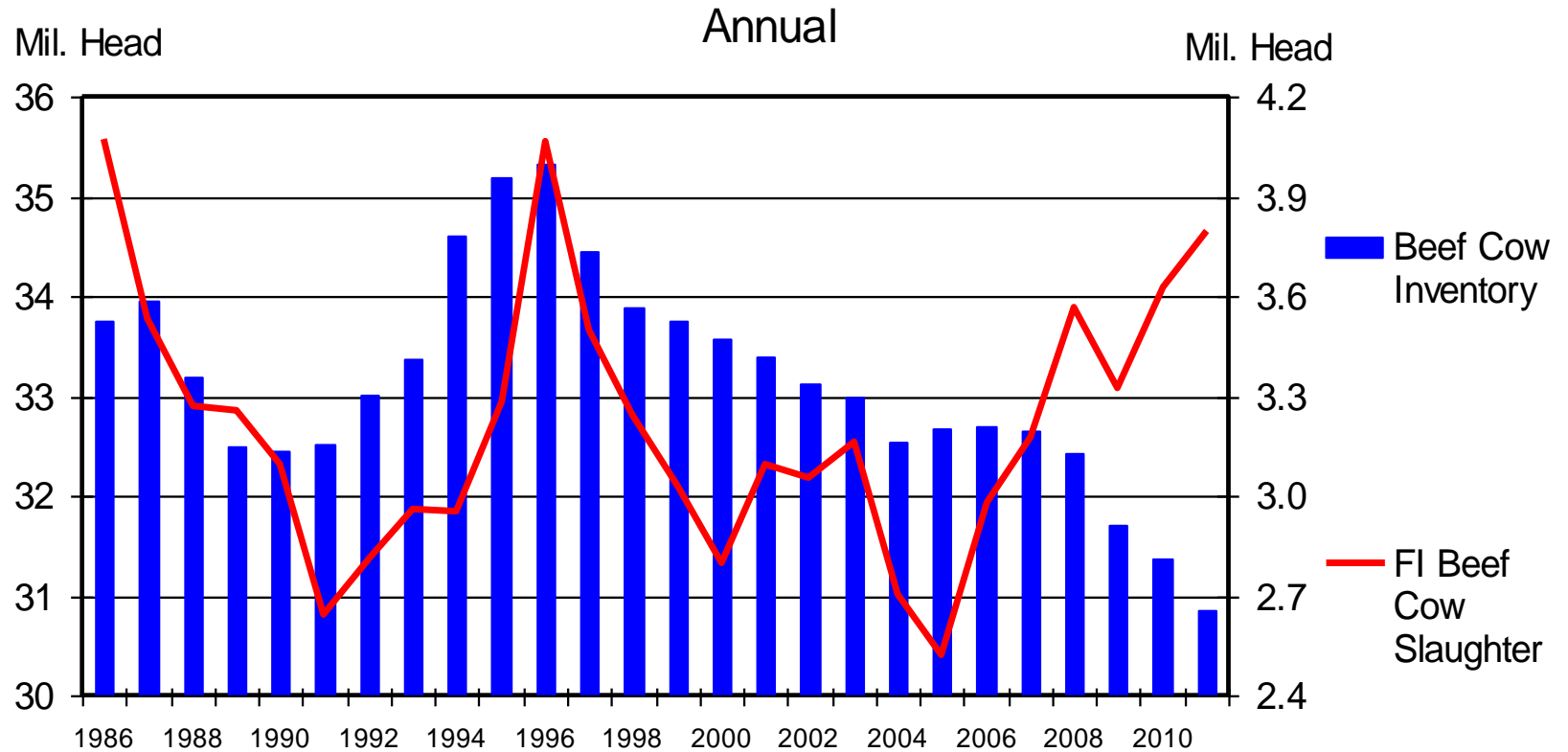
Federally Inspected, Weekly



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Data Source: USDA-AMS & USDA-NASS

U S BEEF COW INVENTORY vs FI BEEF COW SLAUGHTER

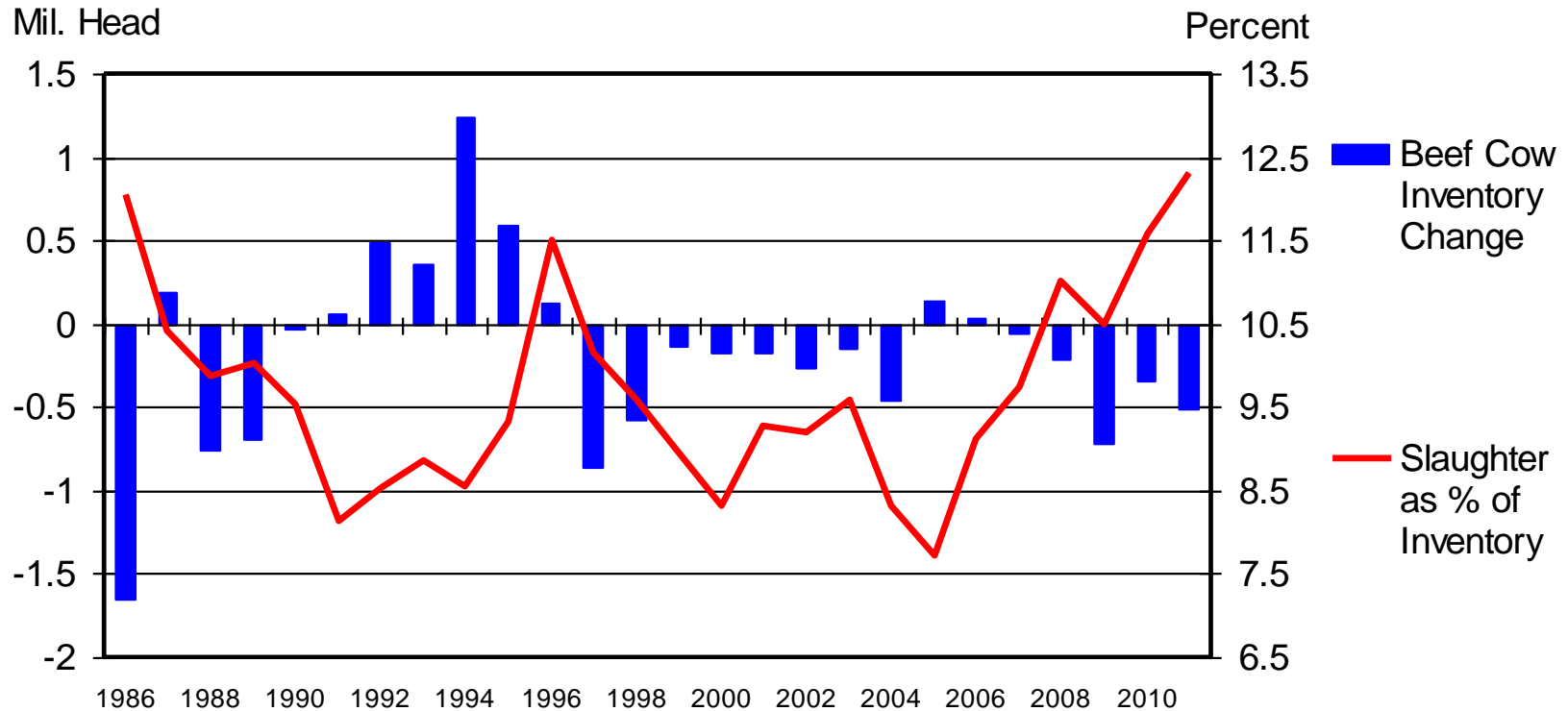


Livestock Marketing Information Center

Data Source: USDA-NASS

U S BEEF COW INVENTORY CHANGE vs FI BEEF COW SLAUGHTER

As a Percent of Total Cow Inventory, Annual

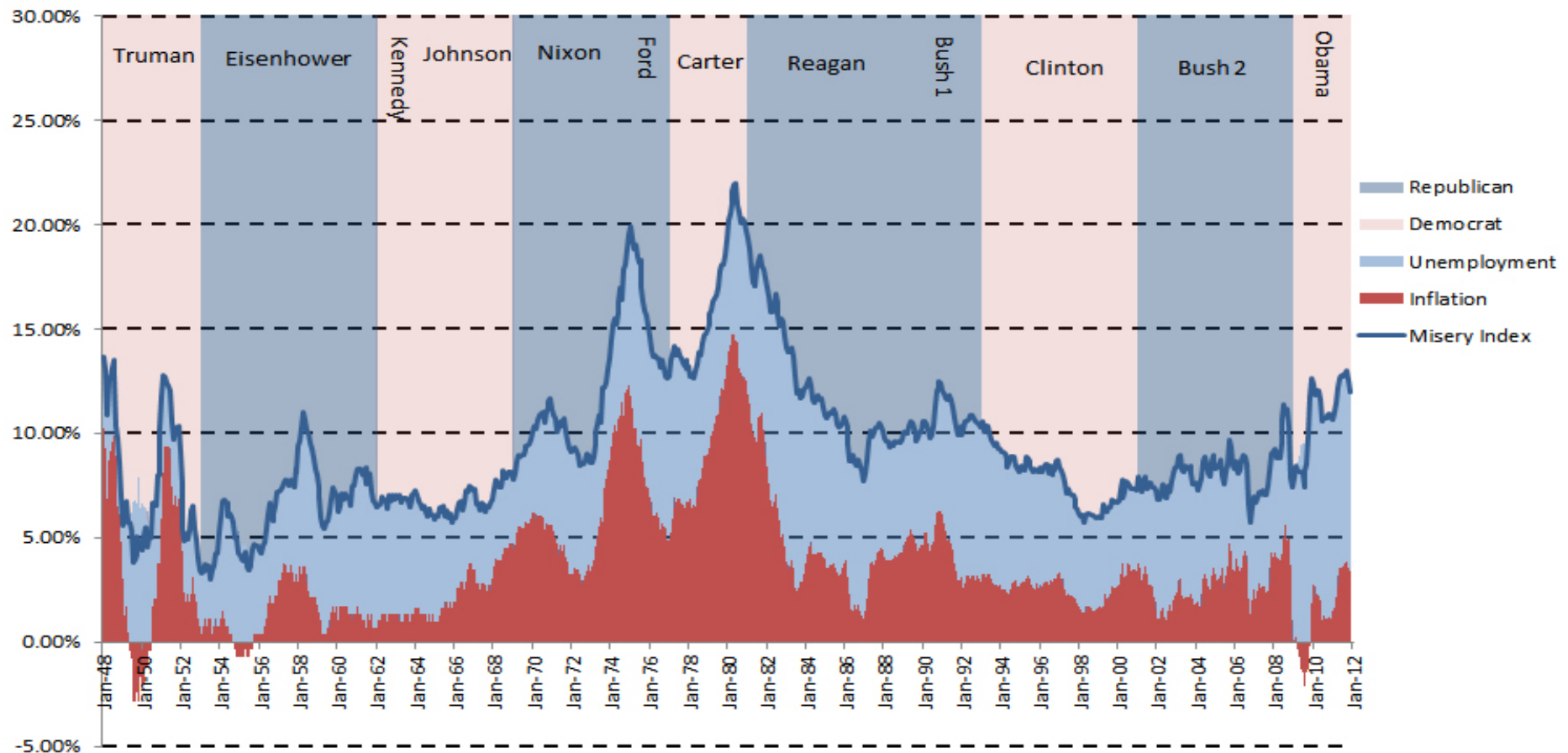


Livestock Marketing Information Center

Data Source: USDA-NASS

U.S. Misery Index 1948 - Present

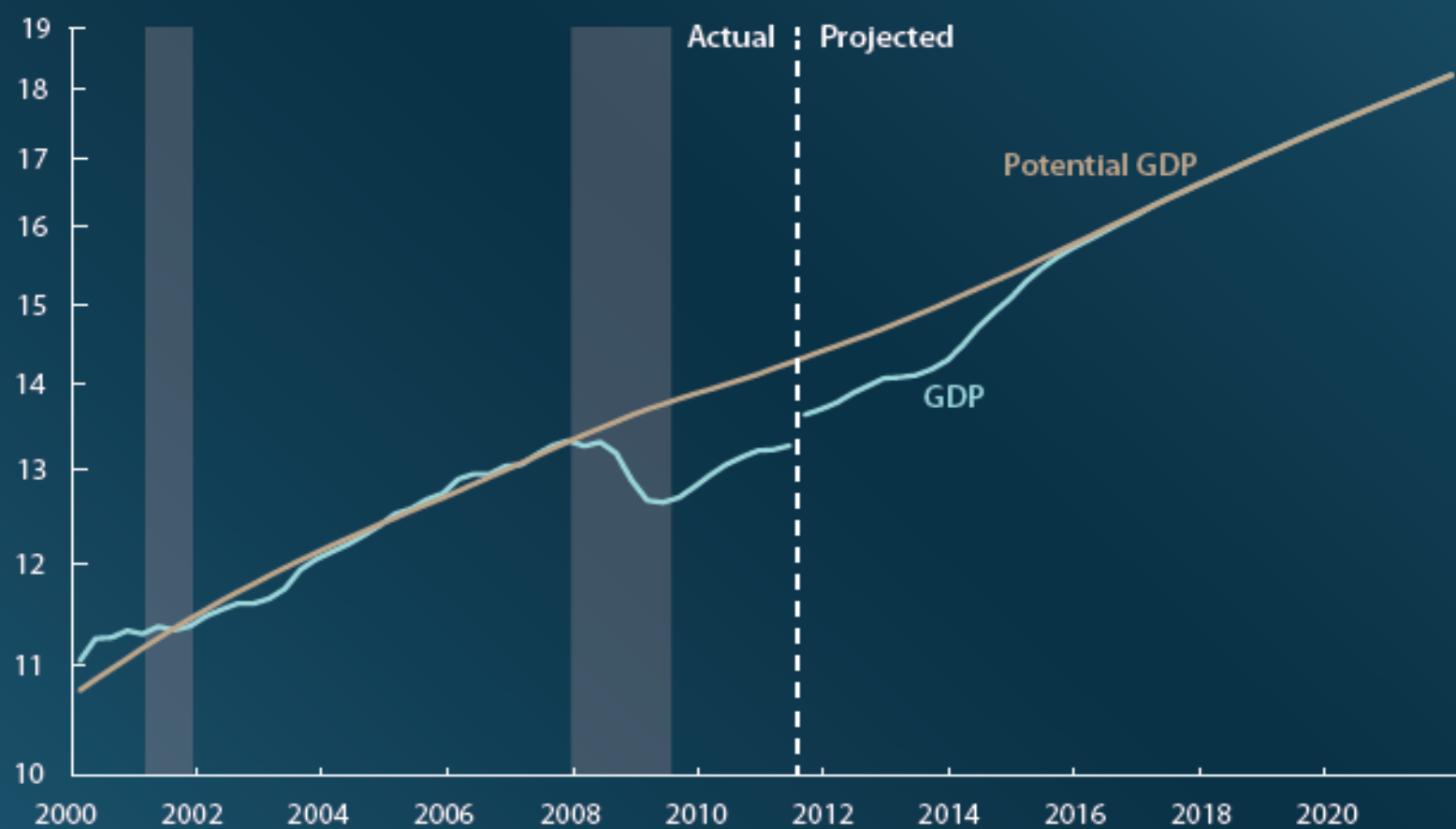
© 2011 www.InflationData.com
Prepared By Timothy McMahon
Updated 12/16/2011



Real Gross Domestic Product

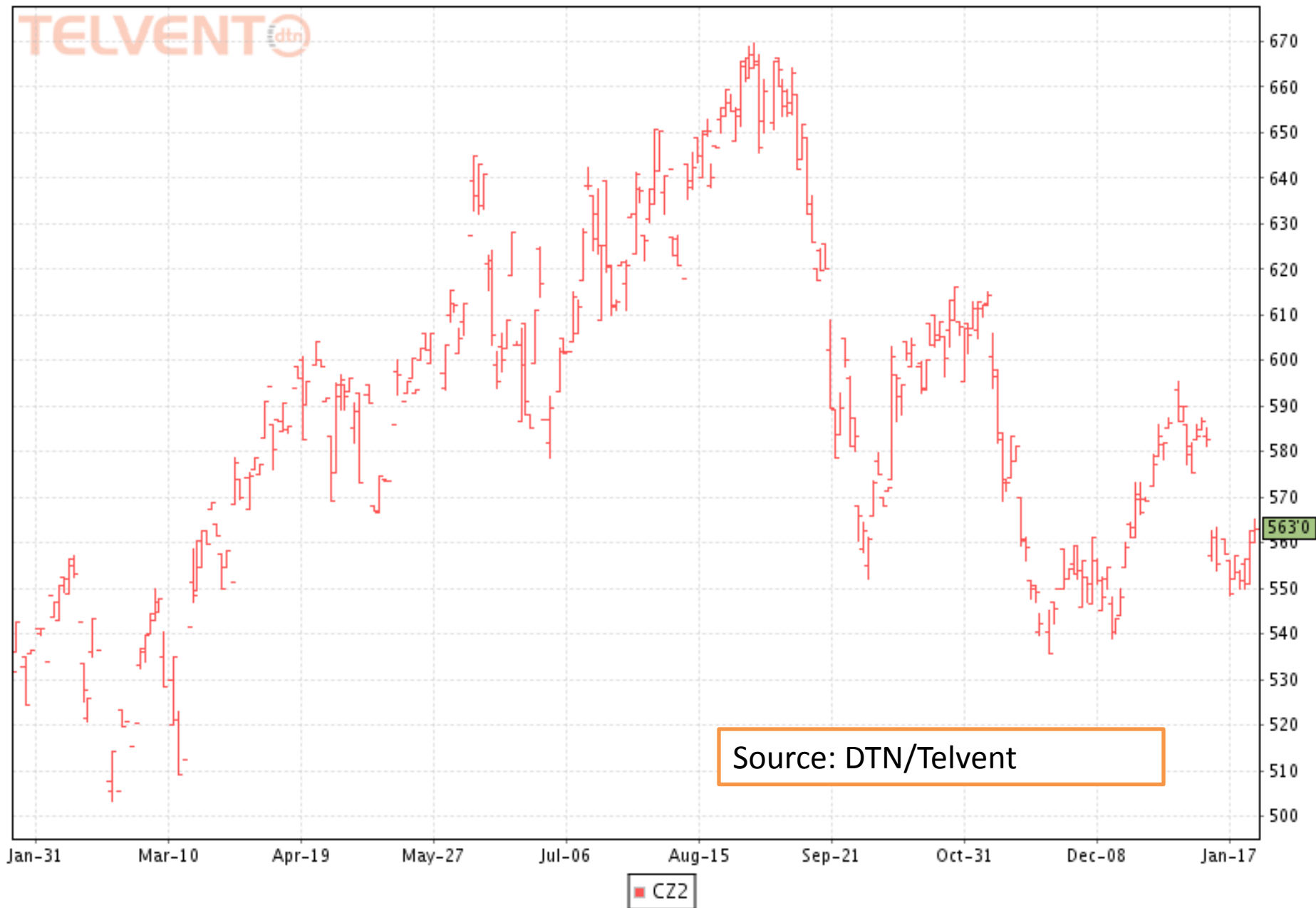
(Trillions of 2005 dollars, logarithmic scale)

CBO expects that the economic recovery will continue but that real (inflation-adjusted) GDP will stay below the economy's potential—a level that corresponds to a high rate of use of labor and capital—until 2017.

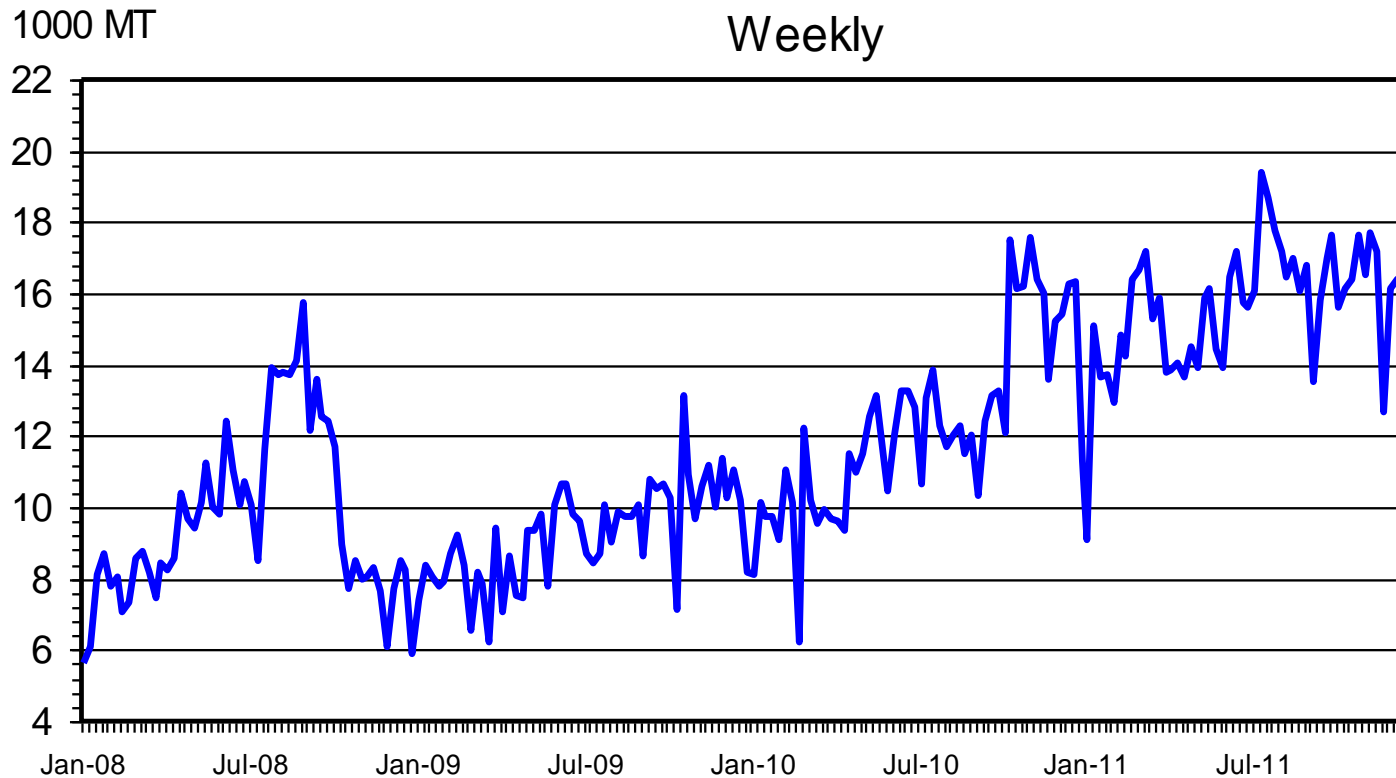


Sources: Congressional Budget Office; Department of Commerce, Bureau of Economic Analysis.

Notes: Real gross domestic product is the output of the economy adjusted to remove the effects of inflation. Potential GDP is CBO's estimate of the output that the economy would produce with a high rate of use of its labor and capital resources. Data are quarterly. Actual data for GDP, which are plotted through the second quarter of 2011, incorporate the July 2011 revisions of the national income and product accounts. Projections of GDP, which are plotted through the fourth quarter of 2021, are based on data issued before the revisions. Shaded bars indicate periods of recession.




TOTAL U.S. EXPORTS OF BEEF MUSCLE CUTS



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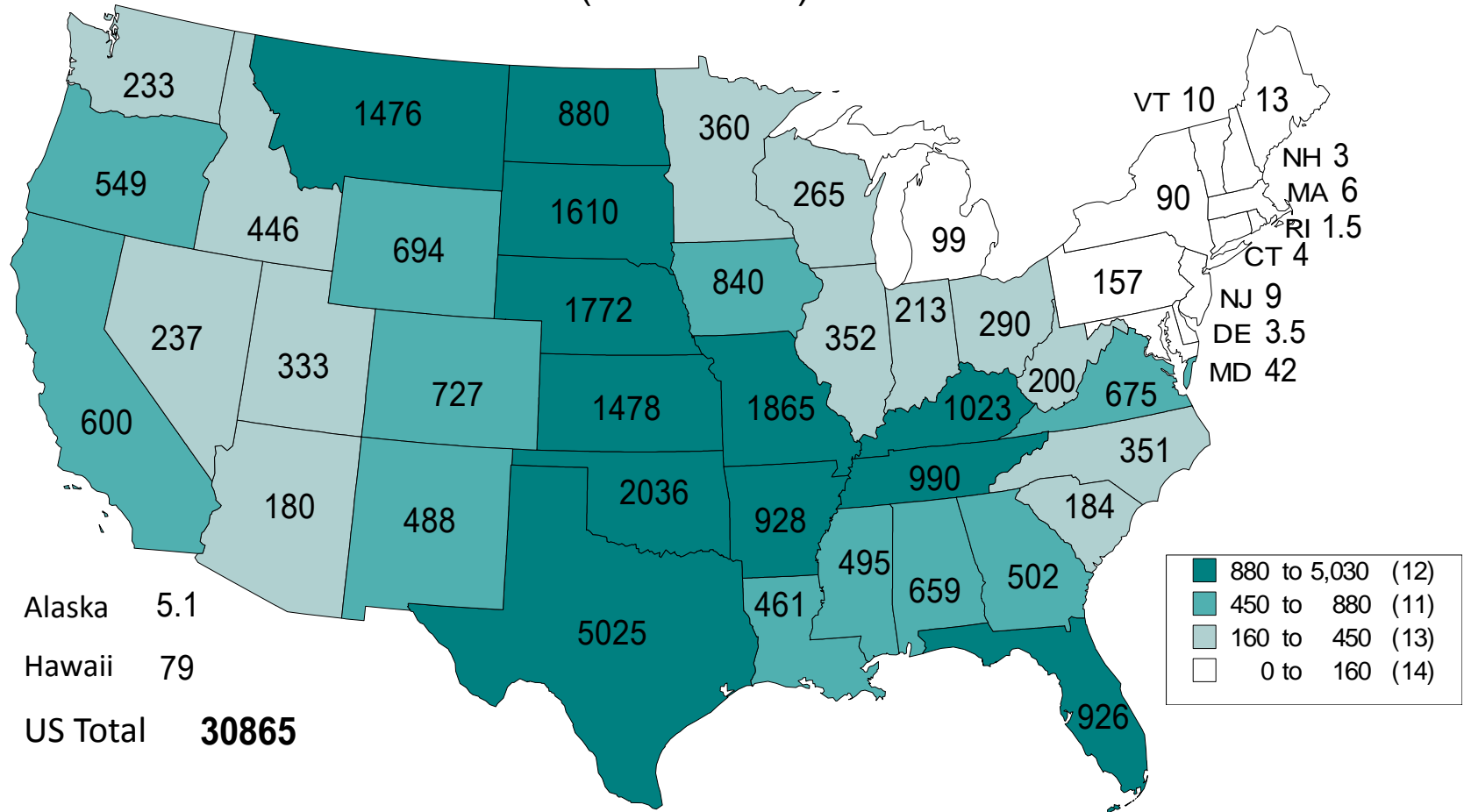
Data Source: USDA-FAS



What can we expect this year and next?

OUTLOOK FOR 2012 AND BEYOND

BEEF COWS THAT HAVE CALVED
JANUARY 1, 2011
(1000 Head)



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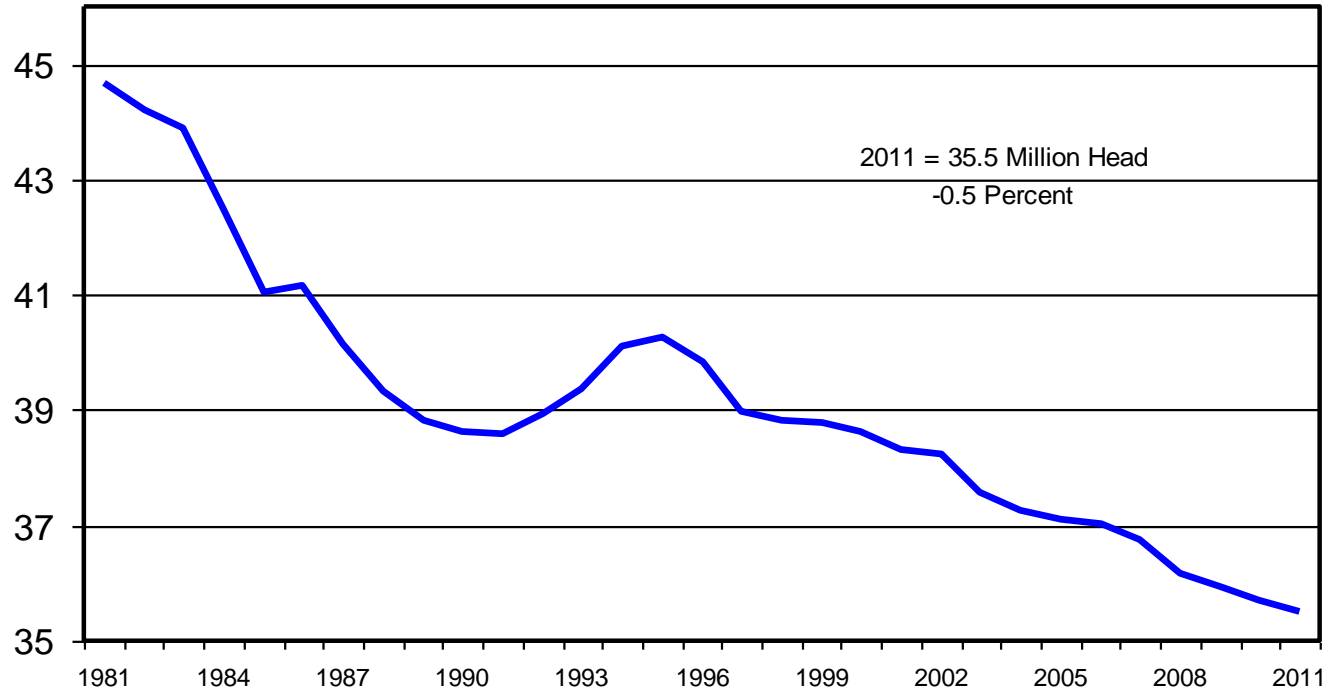
Data Source: USDA/NASS

C-N-15
01/28/11

CALF CROP

July 1 Estimates, U.S., Annual

Mil. Head



Livestock Marketing Information Center

Data Source: USDA-NASS



C-N-18B

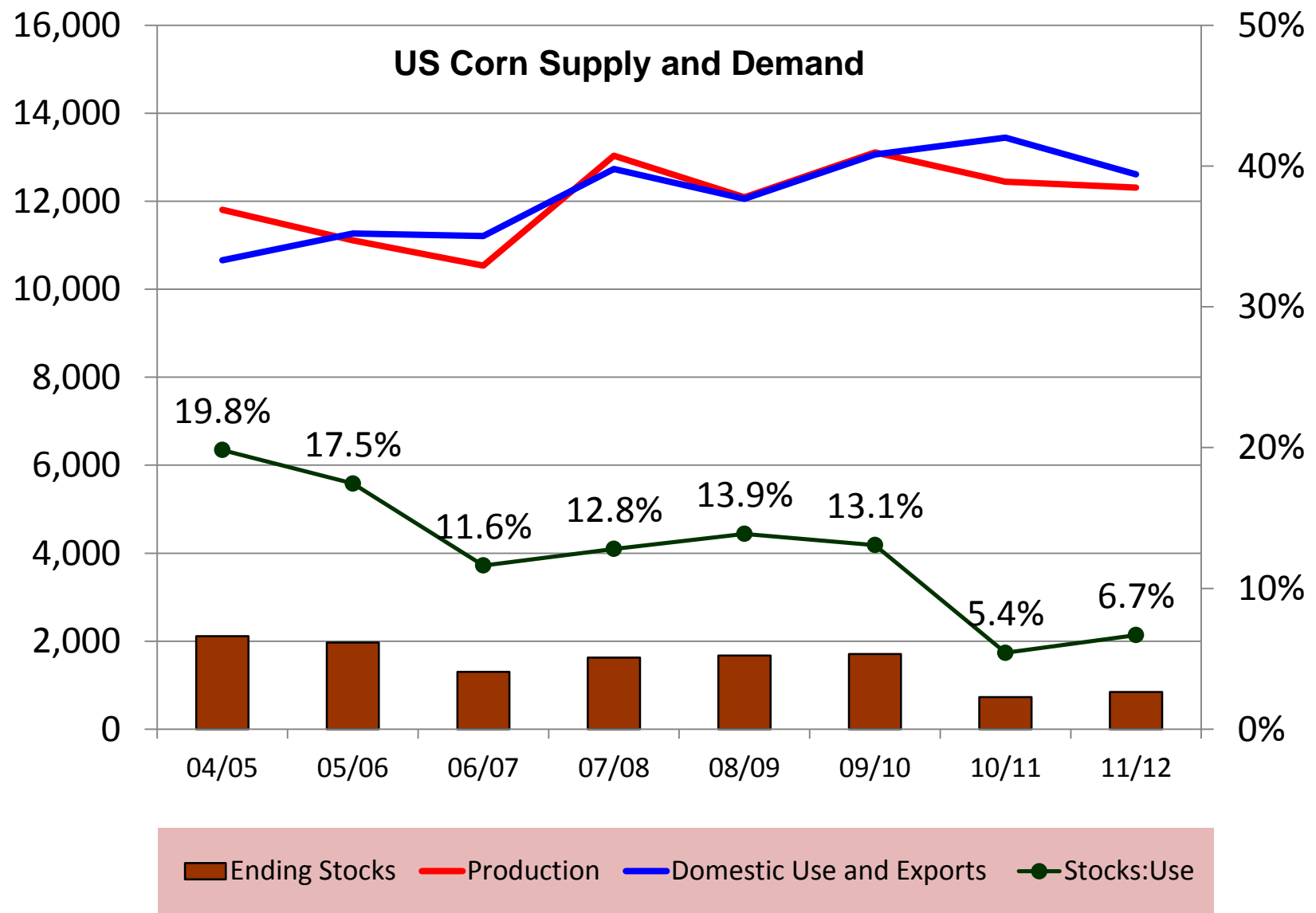
07/22/11

Meat supplies were slightly larger in 2011 but will be lower in 2012

Commodity	2010	2011 Projected	2012 Forecast	11 vs 10	12 vs 11
	BILLION POUNDS			PERCENT CHANGE	
Beef	26.41	26.30	25.08	-0.42%	-4.86%
Pork	22.46	22.78	23.21	1.40%	1.85%
Total Red Meat*	49.18	49.37	48.58	0.38%	-1.63%
Broilers	36.52	36.84	36.11	0.87%	-2.02%
Total Poultry**	42.59	43.09	42.39	1.16%	-1.65%
Total RedMeat & Poultry	91.77	92.46	90.97	0.75%	-1.64%

Source: USDA-WASDE, January 2012 Report

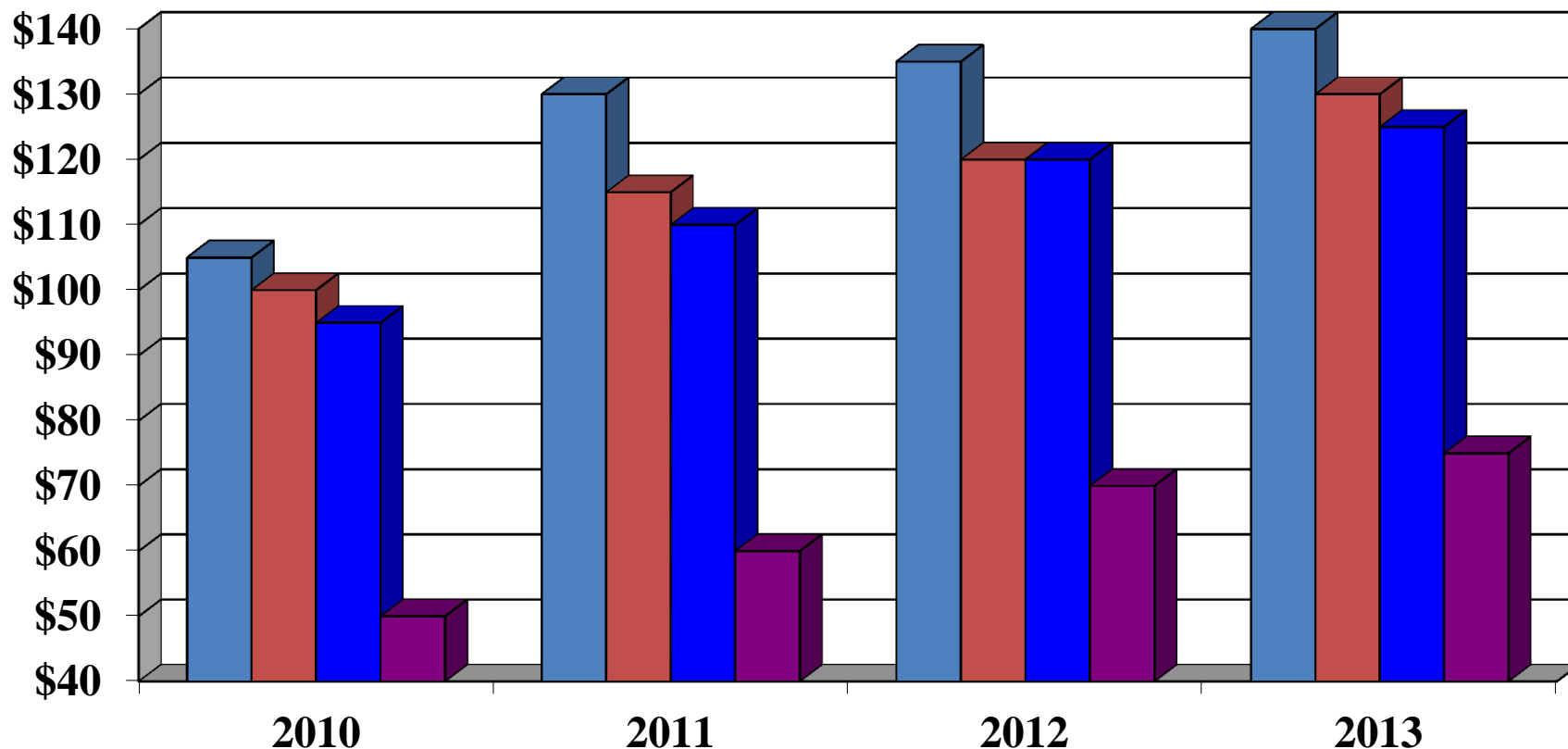
Tight Stocks Since 1995 in Feed Crops Despite Large Crops



Economic (Demand) Outlook

- Positives
 - Low interest rates
 - Little inflation pressure
 - Generally strong corporate balance sheets
 - Recently improving hiring prospects
- Negatives
 - Uncertainty over European situation
 - Federal debt/deficit
 - Political uncertainty

Projected Prices 2011 and Beyond



Source: USDA, LMIC and UGA

■ GA 500# steer ■ GA 750# steer ■ Choice fed steer ■ GA Slaughter cow

A large herd of cattle, primarily black with some brown and white markings, is gathered in a grassy field. Many of the cattle have yellow ear tags. The background shows a line of trees and a utility pole under a cloudy sky.

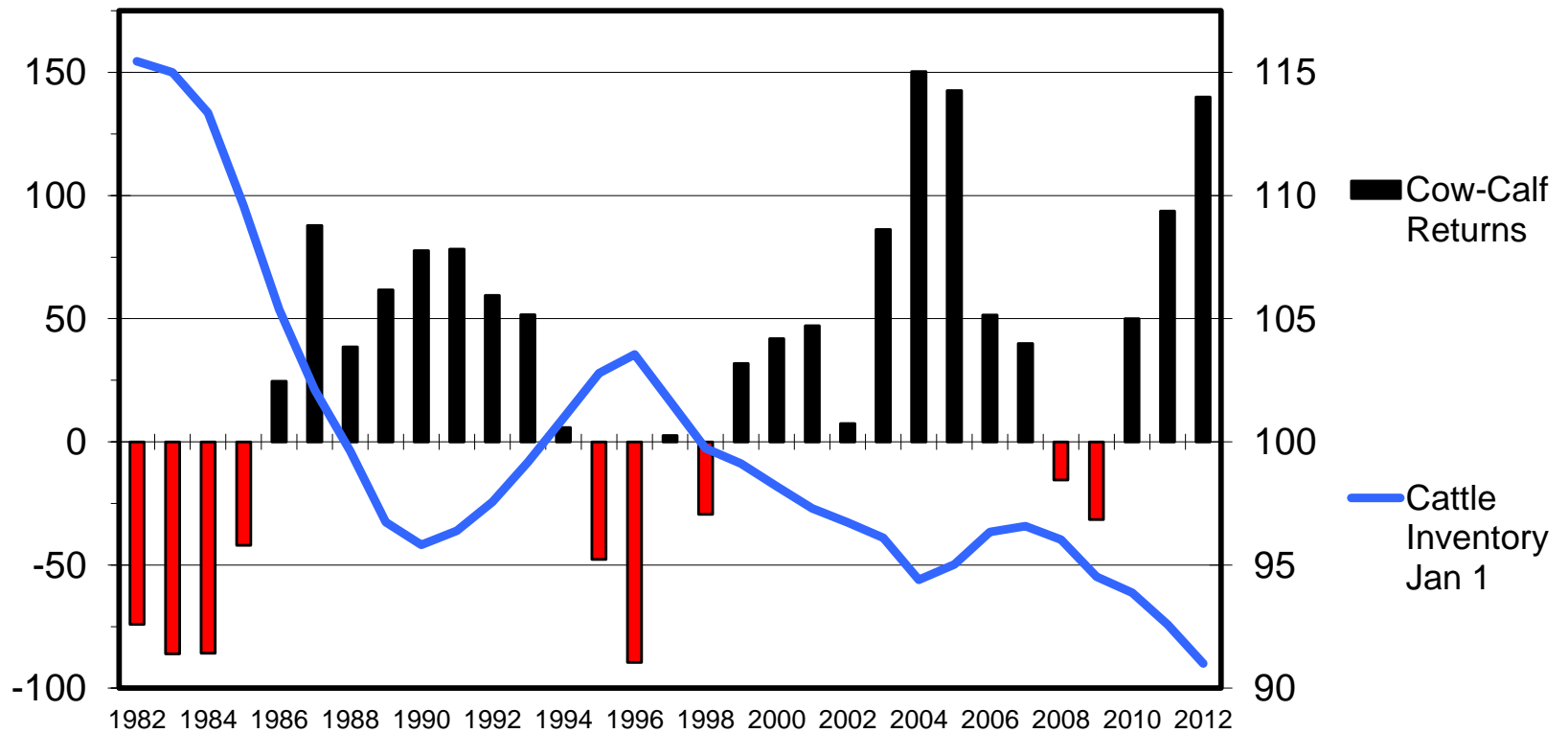
INPUTS, PROFITS AND RISK MANAGEMENT FOR 2012

COW-CALF RETURNS AND CATTLE INVENTORY

U.S., Annual

\$ Per Cow

Mil. Head



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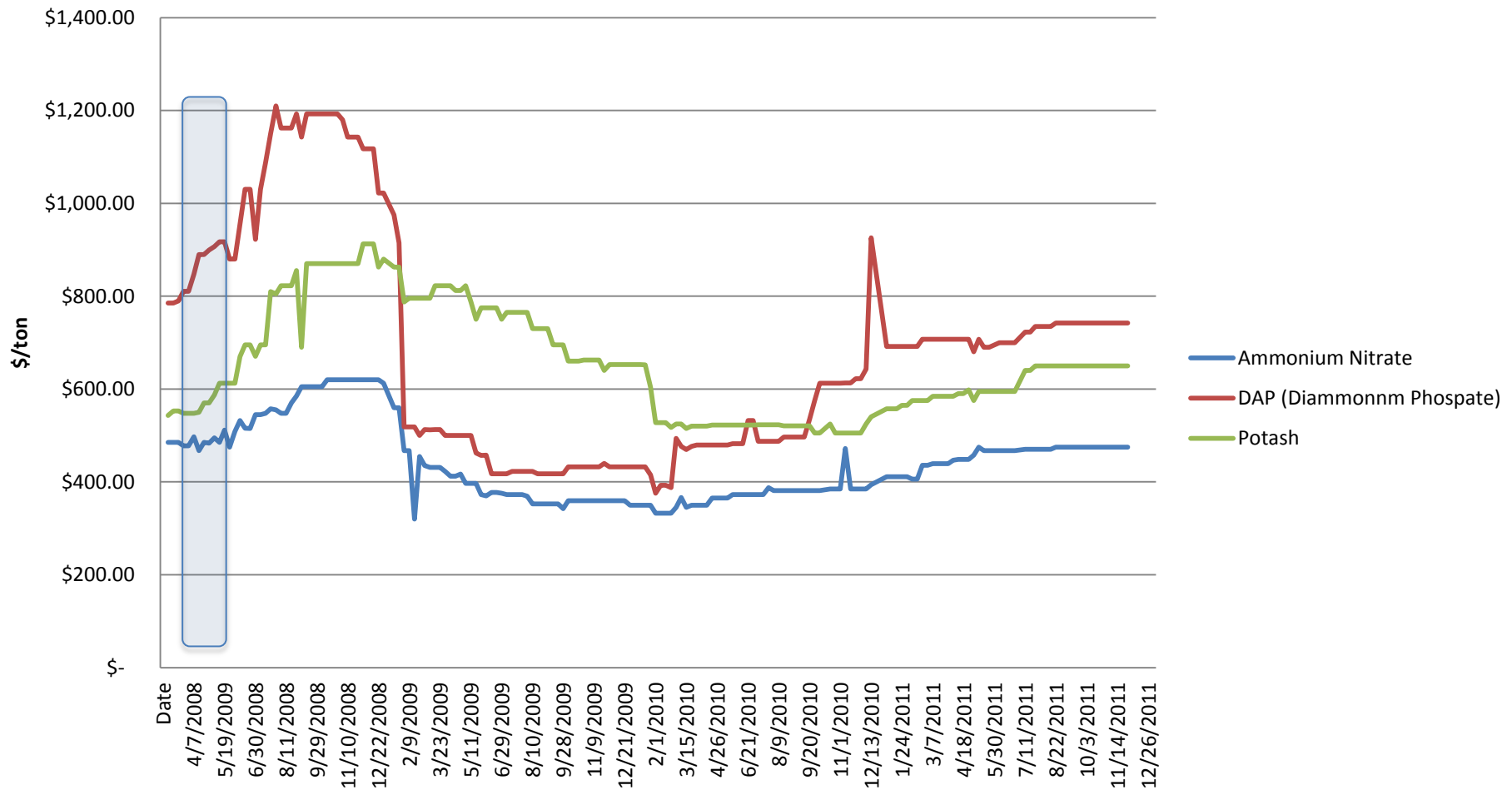
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11/17/11

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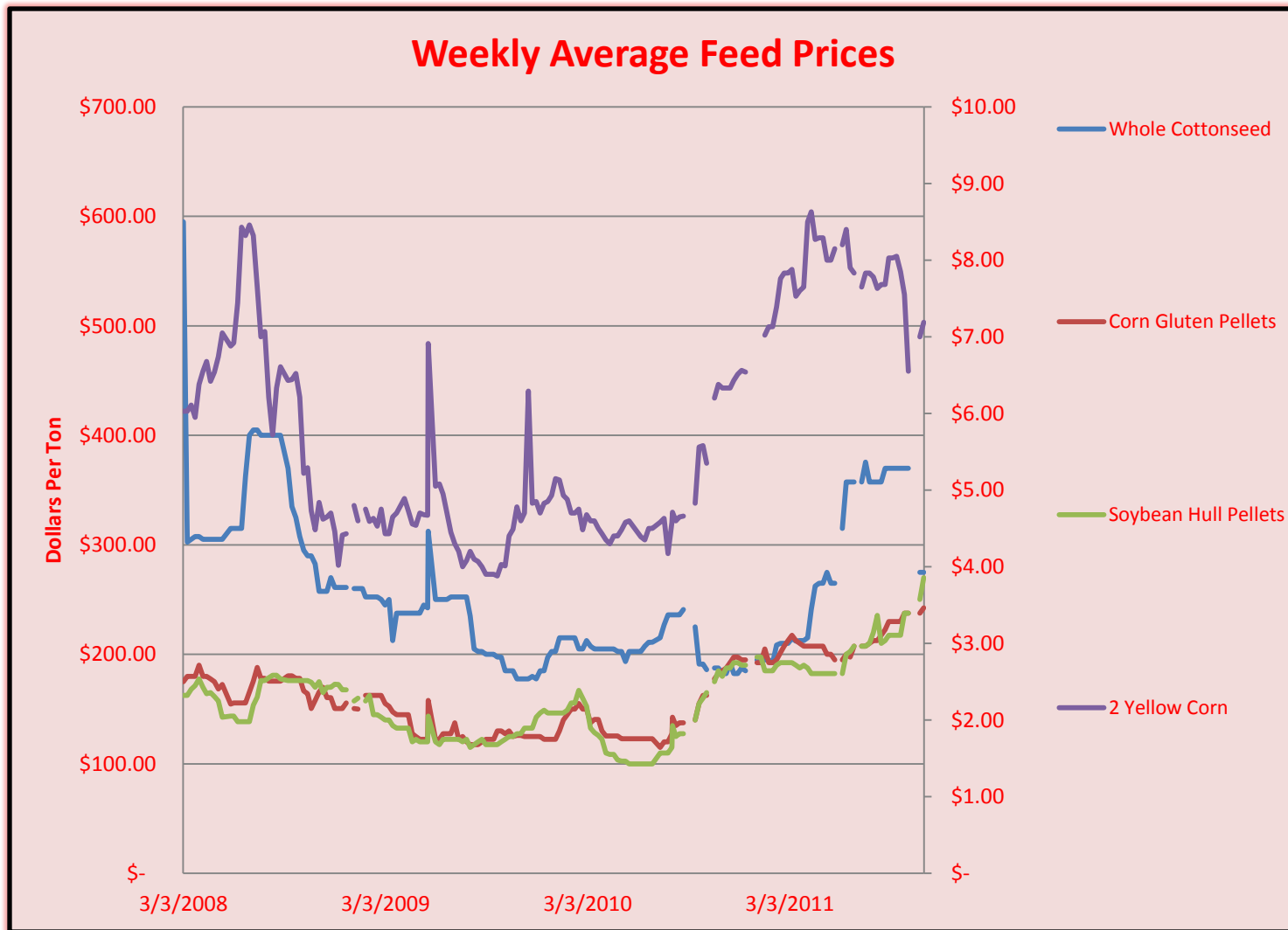
Data Source: USDA-AMS & USDA-NASS, Compiled & Analysis by LMIC

Don't look for fertilizer prices to go down

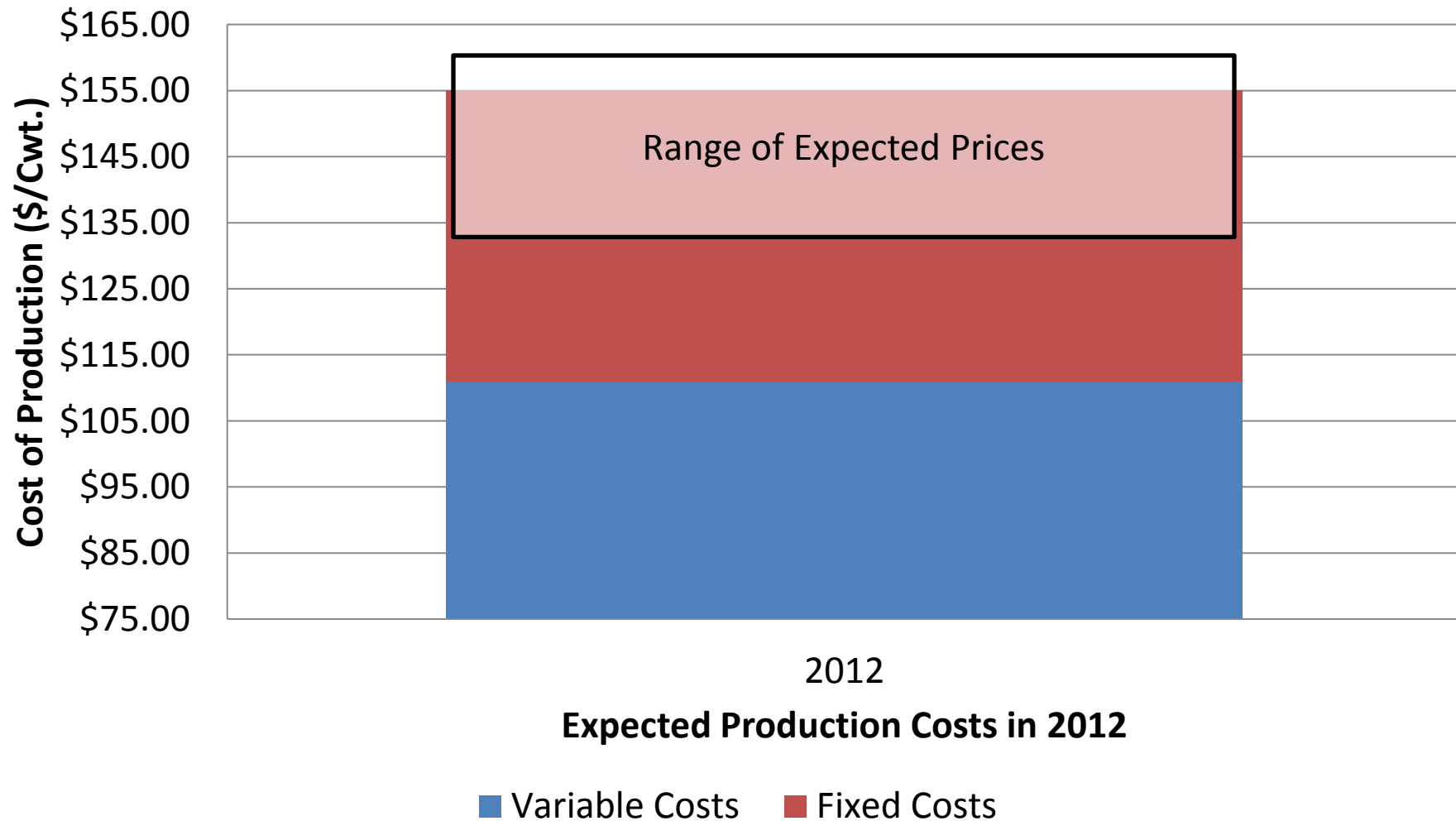
Fertilizer Prices 2002-2011



Feedstuffs will be higher also

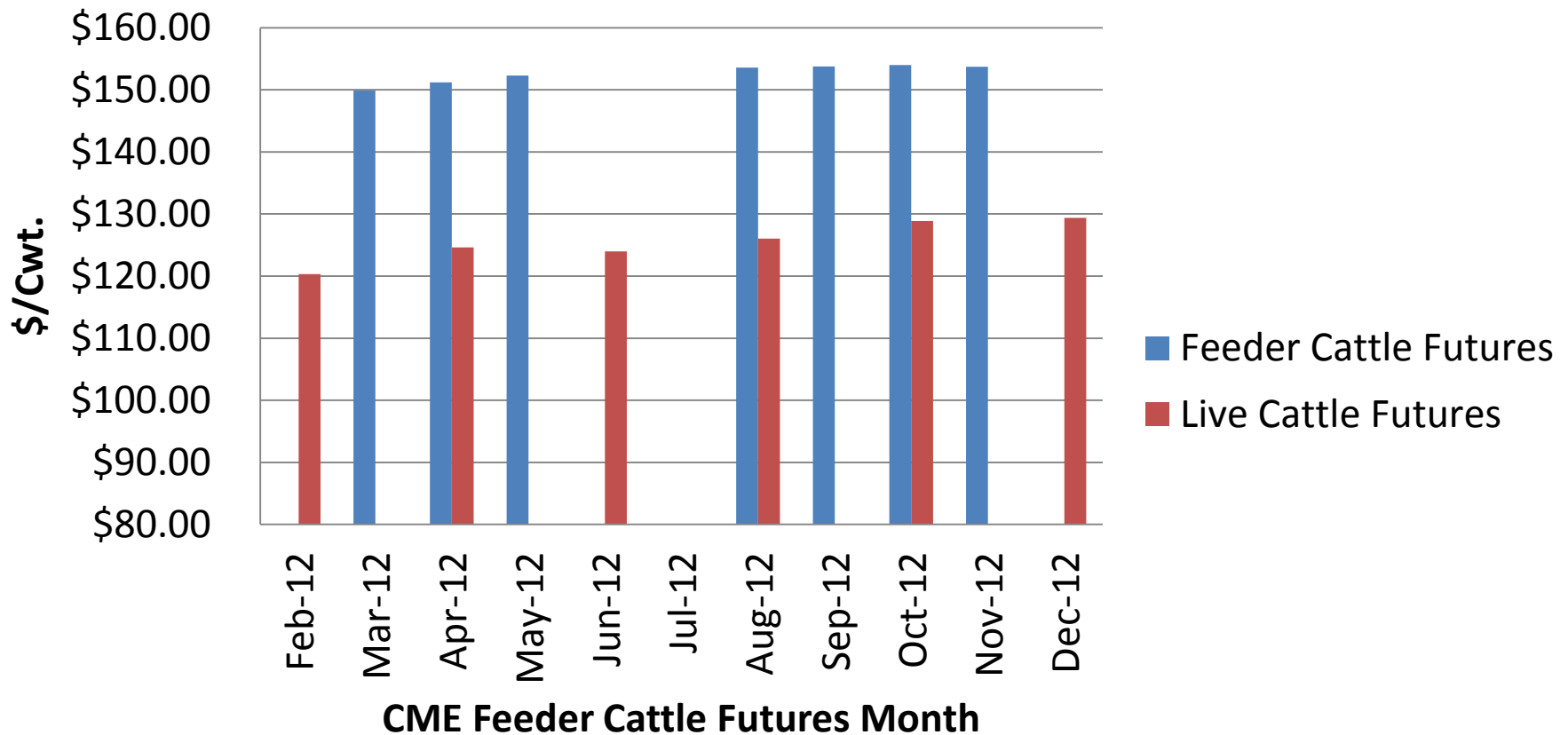


Cost of production will be higher but should be manageable for most



There are opportunities to manage risk

**CME Live and Feeder Cattle Futures Close
for January 25, 2012**



Beef Cattle Outlook Summary

Fewer cows = less beef

-less competing meats

+slowly improving economy

Higher Prices in 2011

Beef Cattle Outlook

R. Curt Lacy, Ph.D.

Extension Economist-Livestock

www.secattleadvisor.com

