

FEEDSTUFFS, BEEF, FORAGE & DAIRY OUTLOOK

R. Curt Lacy, Ph.D.
Extension Economist-
Livestock

OUTLINE

- Things to watch in 2011 and forward.
- Market updates and outlooks.

THINGS TO WATCH IN 2011

- Fertilizer prices
- Trade Issues/global politics
- Weather
- “Rules of the Game”

FERTILIZER

- Expected to be higher in 2011.
- Mostly caused by increased crop prices.
- Will increase hay costs and pasture costs.
- Optimum level of fertilization will continue to be a moving target.



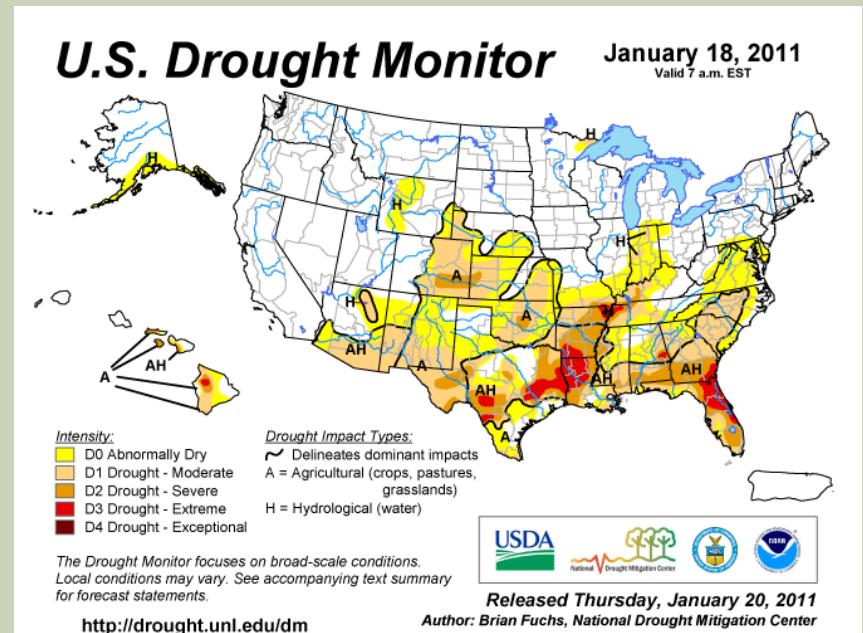
TRADE ISSUES/GLOBAL POLITICS



- Exchange rates
- Foreign demand
- “Health” concerns
- Exports

WEATHER

- Major unknown.
- Two primary concerns
 - Pasture growth
 - Corn crop → Corn prices → cattle prices.
 - Extremely tight carryout of corn and beans.
 - Last major drought in US was 1988.
 - IA State (Dr. Elwyn Taylor) suggests that the US is due for a significant drought event.



WEATHER

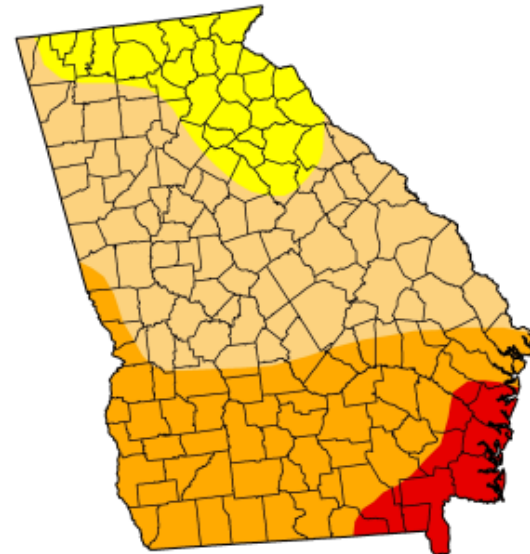
U.S. Drought Monitor Georgia

January 18, 2011
Valid 7 a.m. EST

	Drought Conditions (Percent Area)					
	None	D0-D4	D1-D4	D2-D4	D3-D4	D4
Current	0.00	100.00	85.28	40.63	6.49	0.00
Last Week (01/11/2011 map)	2.40	97.60	85.33	40.63	6.49	0.00
3 Months Ago (10/19/2010 map)	9.66	90.34	45.53	9.20	0.00	0.00
Start of Calendar Year (12/28/2010 map)	2.42	97.58	85.37	40.34	6.49	0.00
Start of Water Year (09/28/2010 map)	4.80	95.20	39.24	5.11	0.00	0.00
One Year Ago (01/12/2010 map)	100.00	0.00	0.00	0.00	0.00	0.00

Intensity:

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



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

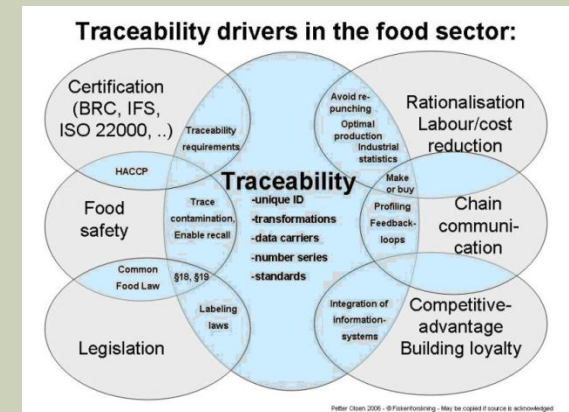
<http://drought.unl.edu/dm>



Released Thursday, January 20, 2011
B. Fuchs, National Drought Mitigation Center

RULES OF THE GAME

- GIPSA
- Animal welfare
- Animal health
- Traceability

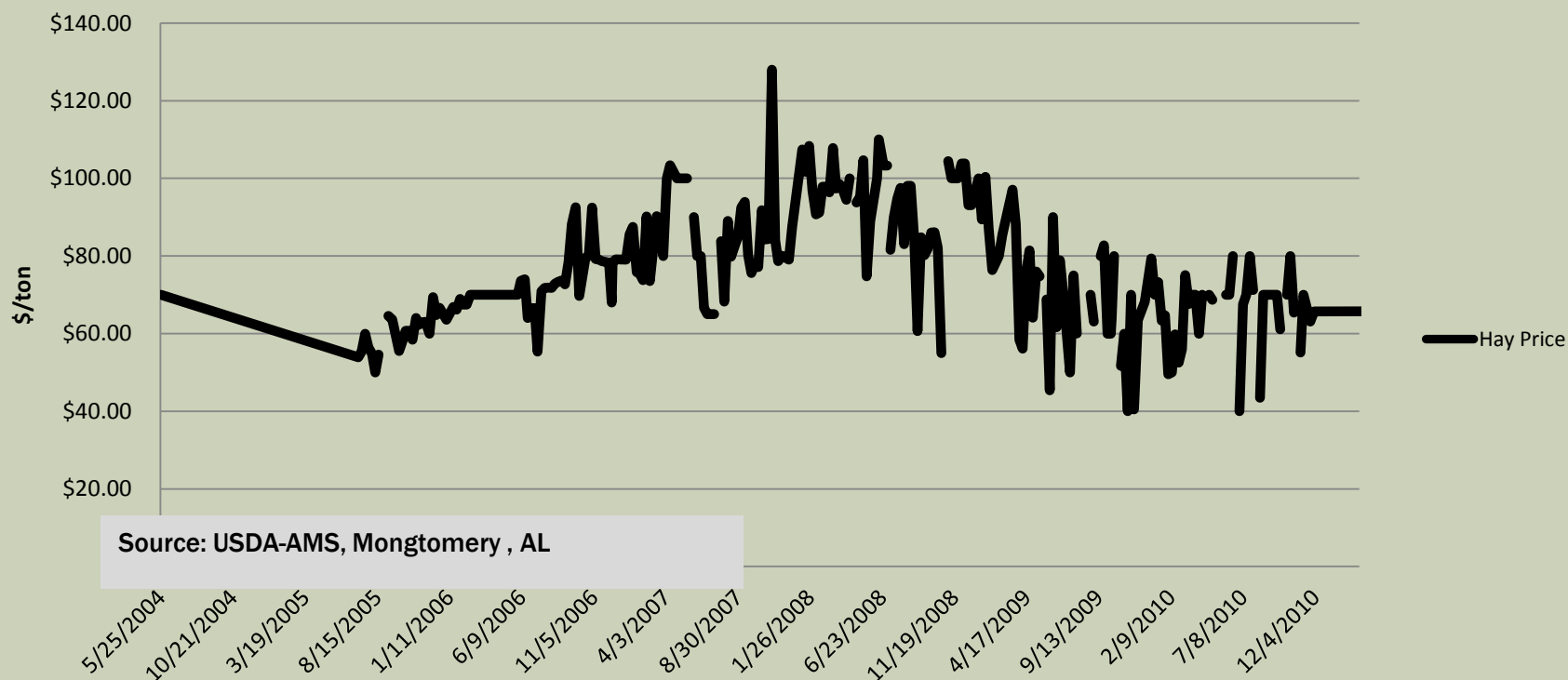


FEEDSTUFFS OUTLOOK



HAY PRICES HAVE BEEN BETTER THIS YEAR.

Southeastern Hay Prices, 2004-Present
Good Quality Bermuda Hay

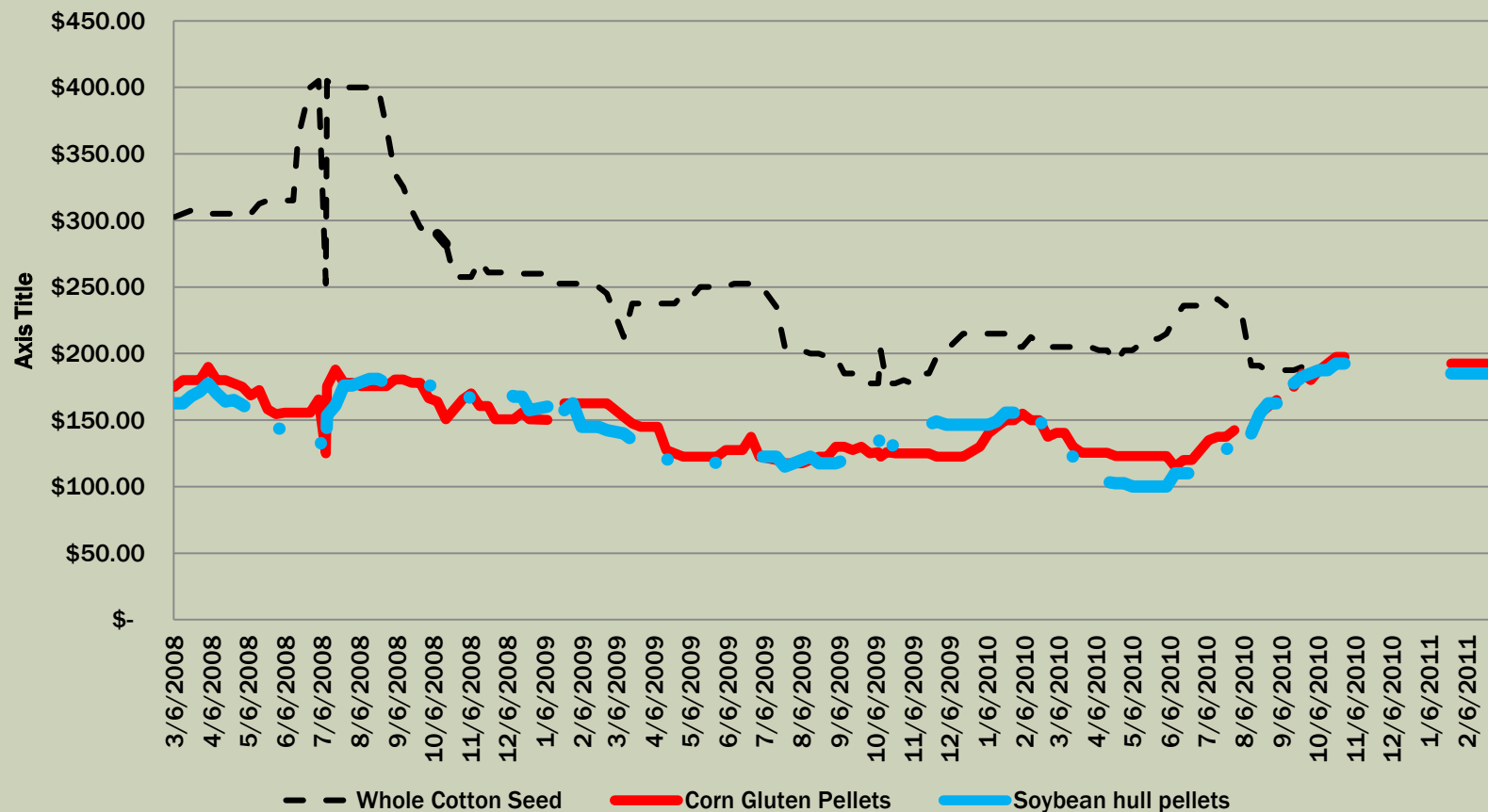


PROJECTED SUPPLY, UTILIZATION AND PRICES FOR U.S. AND SOUTHEASTERN HAY

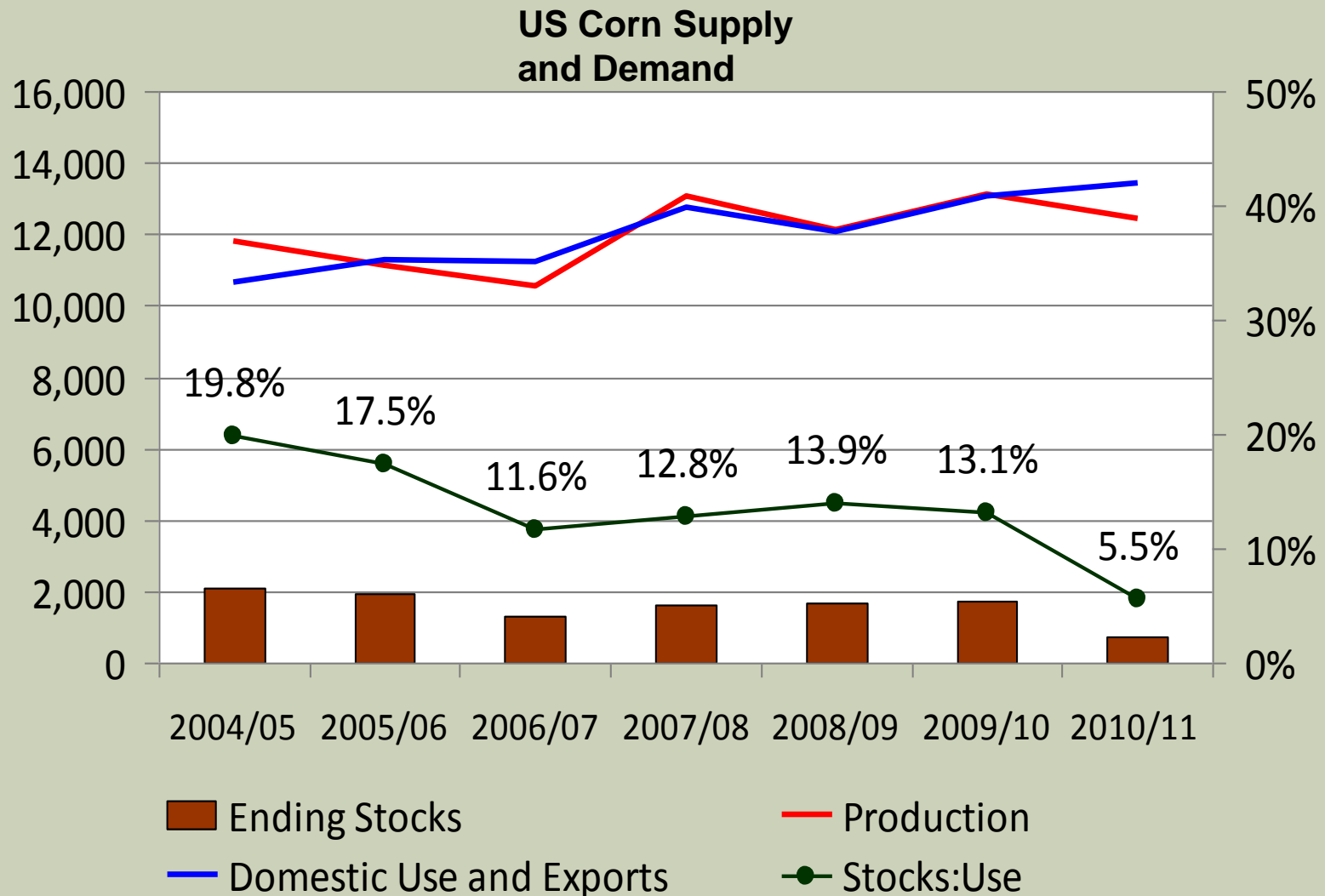
	U.S. Other Hay (million tons)
Stocks May 1	10.80
Total Production	81.10
Total Supply	91.80
Disappearance	80.20
Ending Stocks	11.6
Season Average Price (all hay \$/ton)	\$98.36
Southeast Average Price (grass hay \$/ton)	\$75-\$100

WHILE OTHER FEEDSTUFFS HAVE REMAINED MANAGEABLE THEY ARE INCREASING


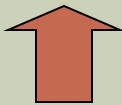


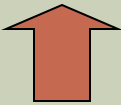



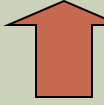

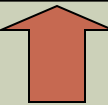
**Prices of Selected Feedstuffs
2008-Present**



TIGHT STOCKS SINCE '07 IN FEED CROPS DESPITE LARGE CROPS



PROTEIN AND ENERGY FEEDSTUFFS SITUATION & OUTLOOK

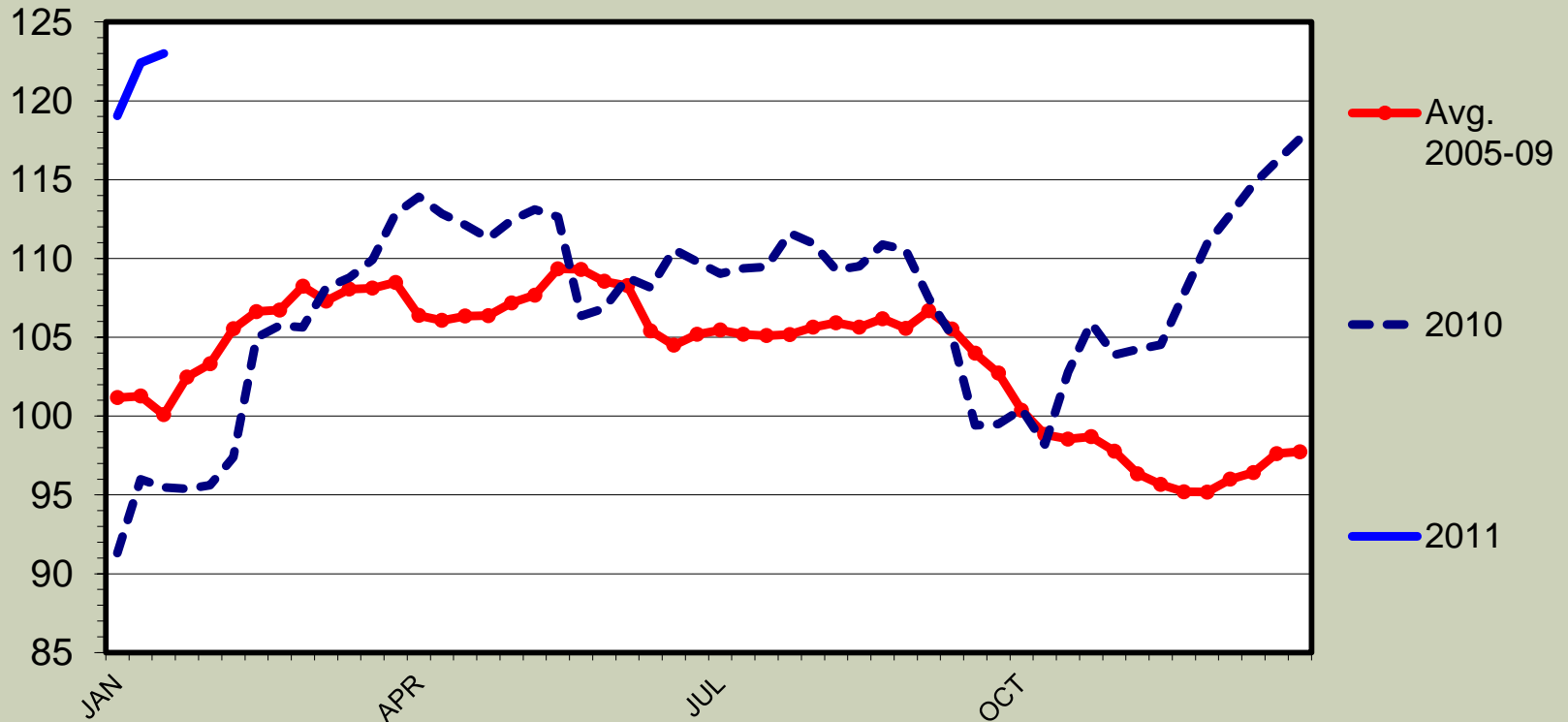
Commodity (complex)	2010 Beginning Stocks	2010 Production	2010-2011 Price
Corn (grain, gluten, distiller's grains)	1.71 bil. Bu.		
Soybean Meal	303k tons		 
Cottonseed (seed, meal, hulls)	6.23M tons		 
Hay			 

CATTLE OUTLOOK FOR 2010



MED. & LRG. #1 & 2 STEER CALF PRICES 500-600 Pounds, Georgia, Weekly

\$ Per Cwt.



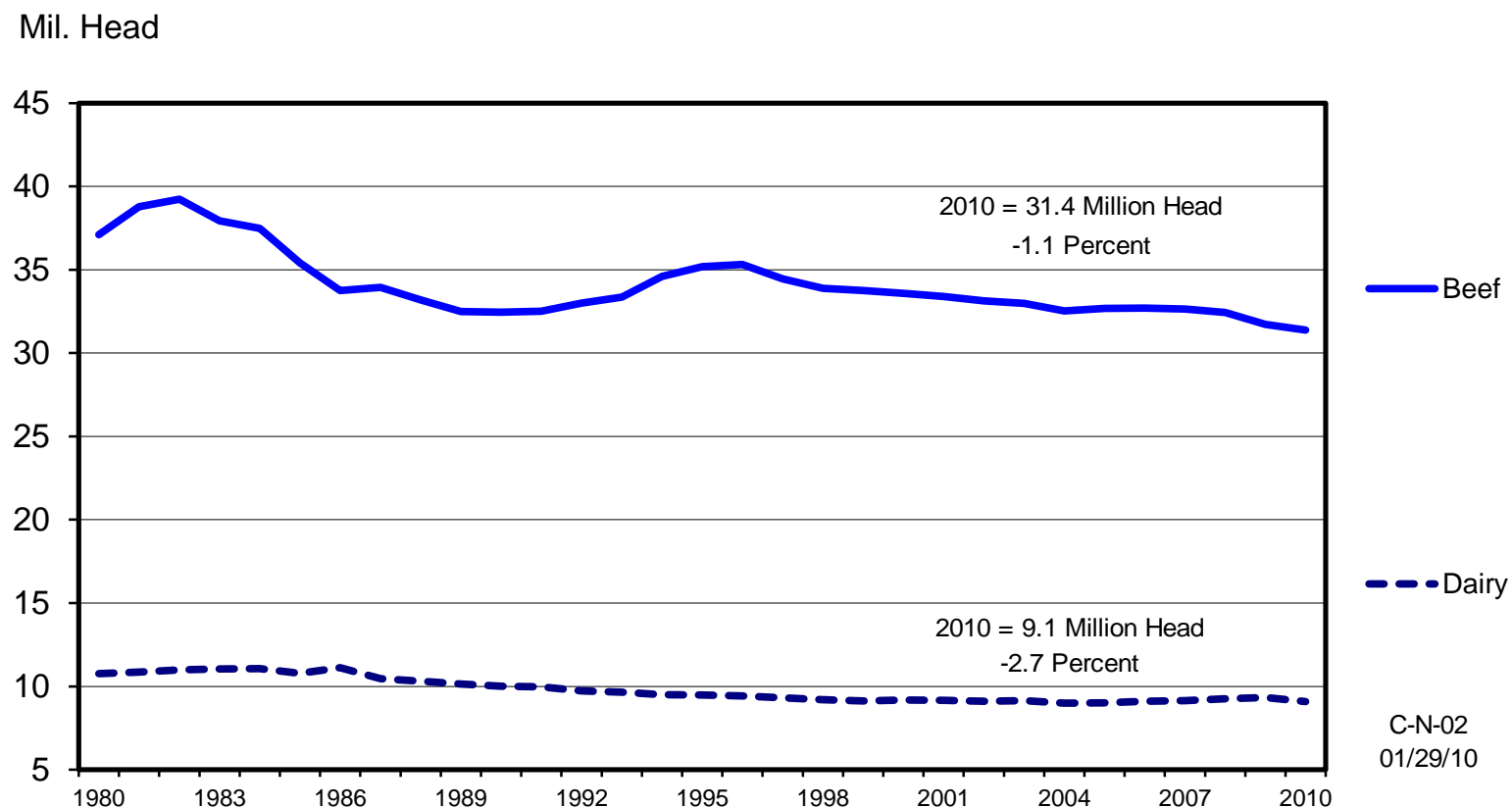
Livestock Marketing Information Center

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

01/18/11

DECLINING COW NUMBERS REFLECT LACK OF PROFITABILITY IN THE SECTOR

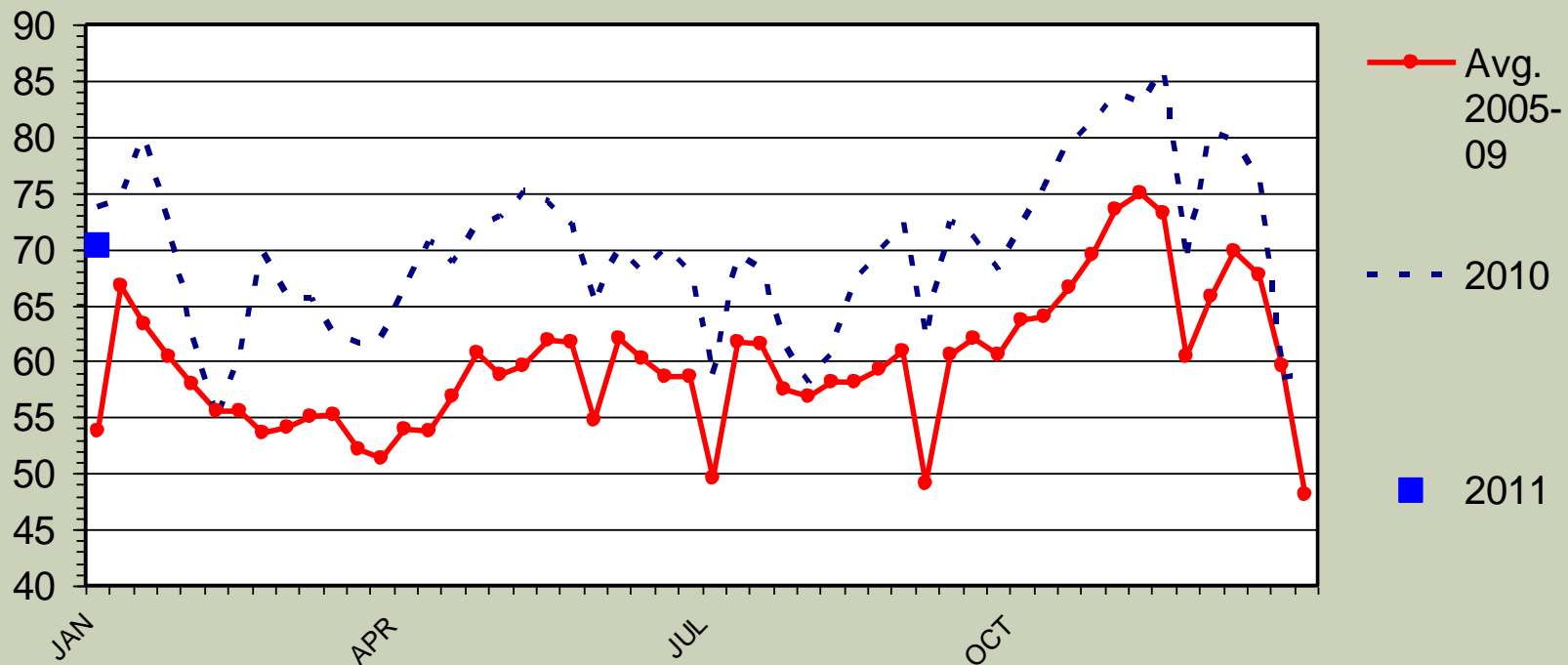
JANUARY 1 COW INVENTORY
U.S., Annual



BEEF COW SLAUGHTER

Federally Inspected, Weekly

Thou. Head

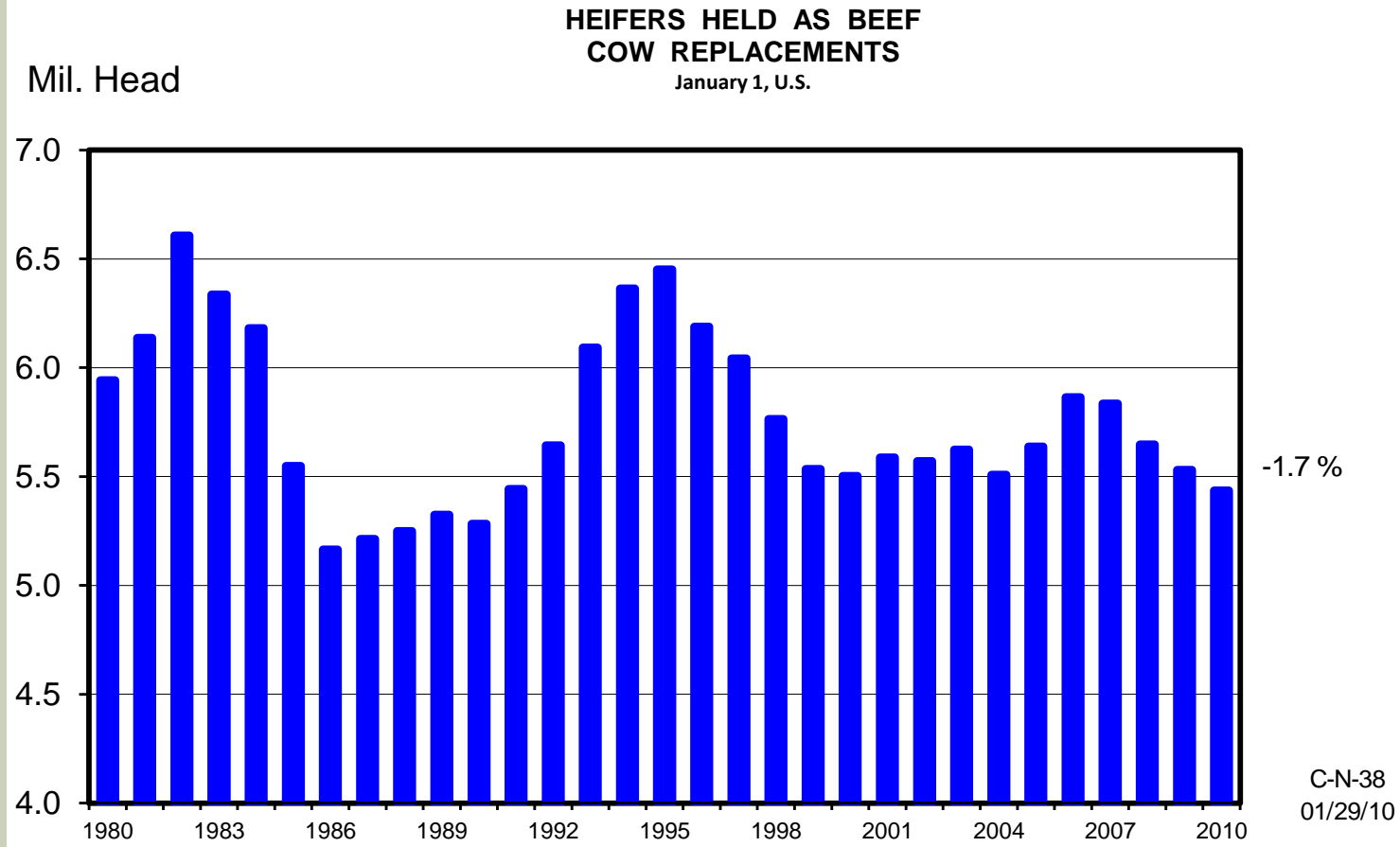


Livestock Marketing Information Center

Data Source: USDA-AMS & USDA-NASS

C-S-34
01/20/11

DON'T LOOK FOR HEIFER RETENTION TO INCREASE MUCH ANYTIME SOON

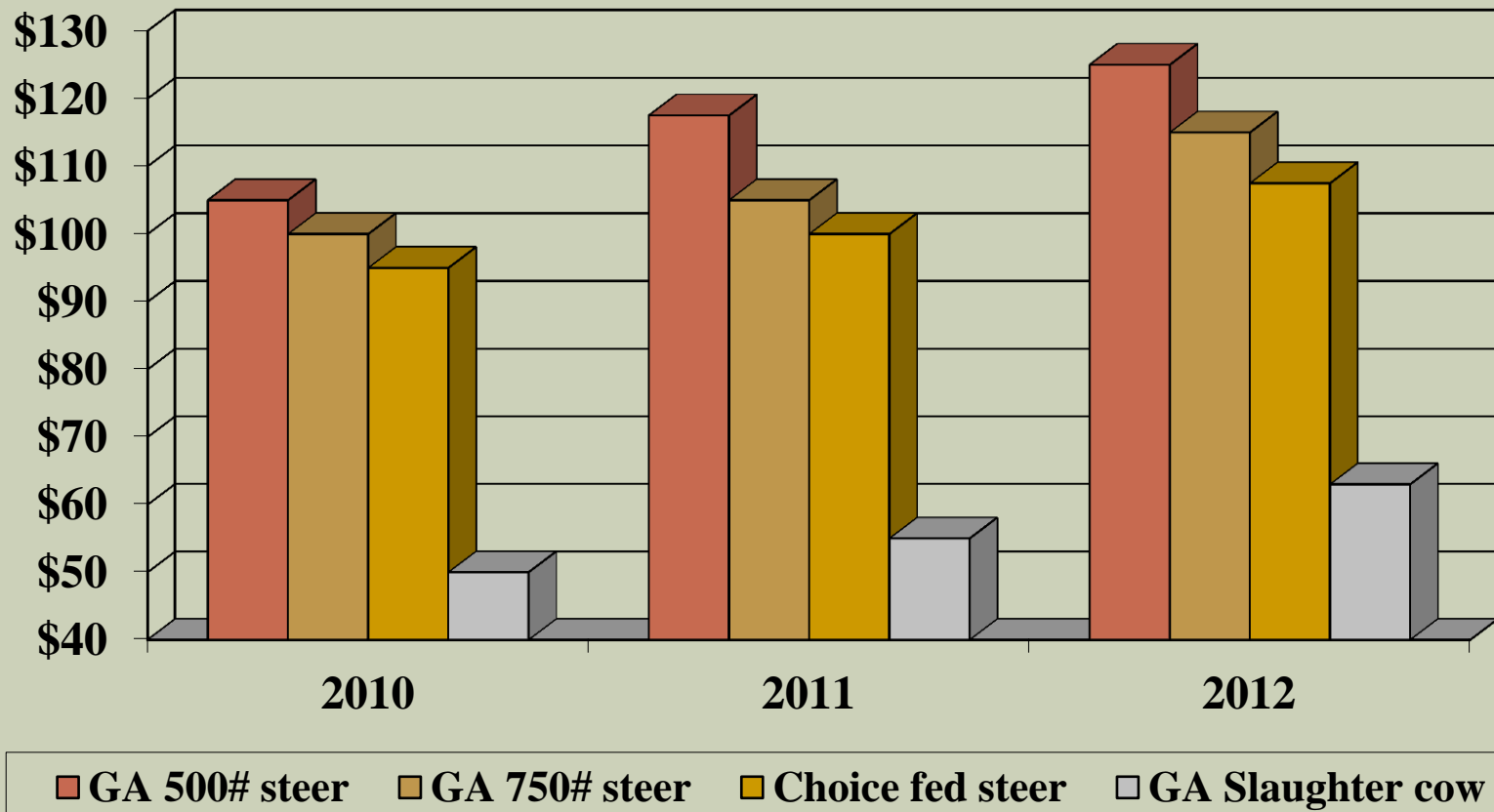


MEAT SUPPLIES WILL BE DOWN SLIGHTLY IN 2011

Commodity	2009	2010	2011 Projected	10 vs 09	11 vs 10
	BILLION POUNDS			PERCENT CHANGE	
Beef	25.96	26.31	25.66	1.33%	-2.53%
Pork	22.99	22.44	22.55	-2.45%	0.49%
Total Red Meat*	49.27	49.05	48.49	-0.45%	-1.15%
Broilers	35.51	36.85	37.25	3.64%	1.07%
Total Poultry**	41.67	42.99	43.31	3.07%	0.74%
Total Red Meat & Poultry	90.95	92.04	91.80	1.18%	-0.26%

Source: USDA-WASDE, January 2011 Report

PROJECTED PRICES 2011 AND BEYOND



Source: USDA, LMIC and UGA

PROJECTED PROFITS FOR 2011

- Not very pretty
- Fertilizer and feed costs will be the differences in profits (or lack of).
- Longer-term producers are going to have look at increasing forage/less feeding.

	North Georgia	South Georgia
Variable Costs (\$/cow)	\$497	\$466
Variable Costs (\$/Cwt.)	\$117	\$105
Total Costs (\$/cow)	\$730	\$641
Total Costs (\$/Cwt.)	\$172	\$145

DAIRY OUTLOOK

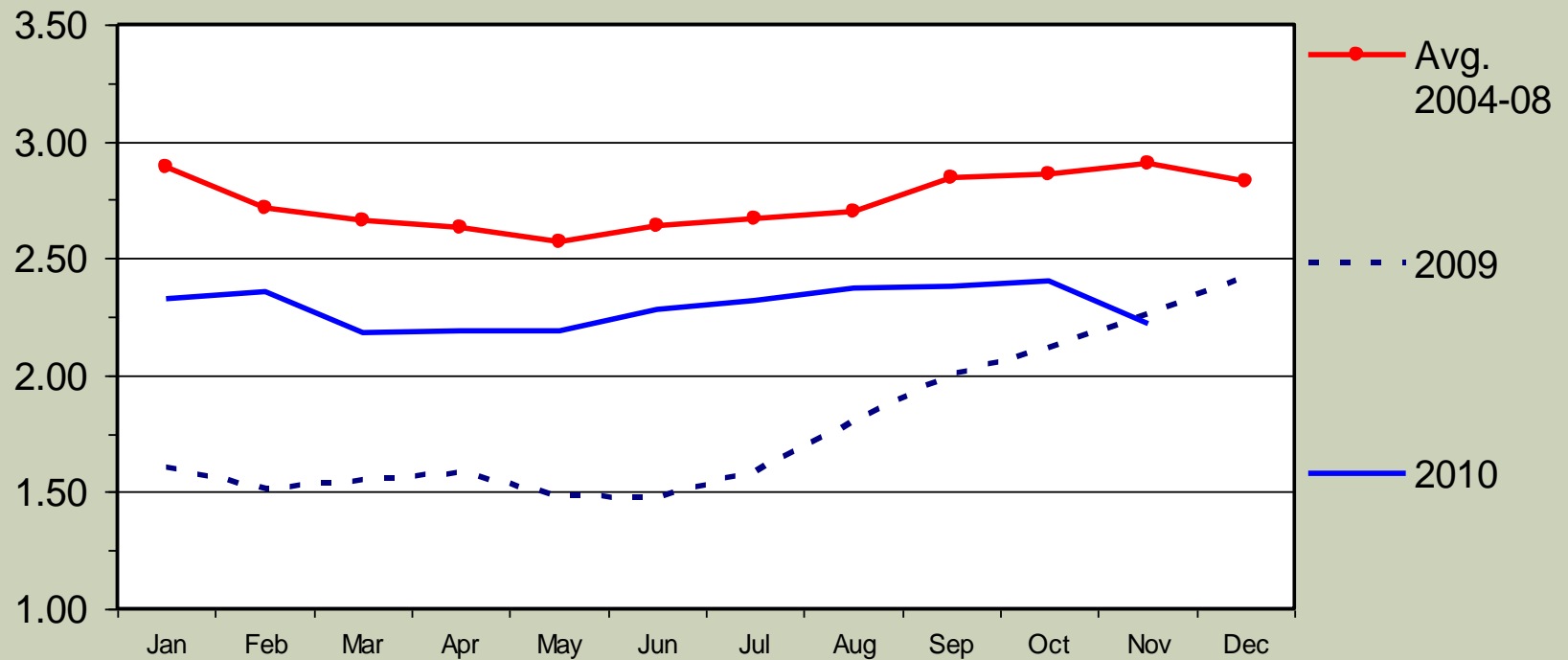
Slides adapted from Georgia Ag Forecast
book as presented by Dr. Tommie Shepherd,
UGA CAED.



MILK-FEED PRICE RATIO

US, Monthly

\$ Per Pound



Livestock Marketing Information Center

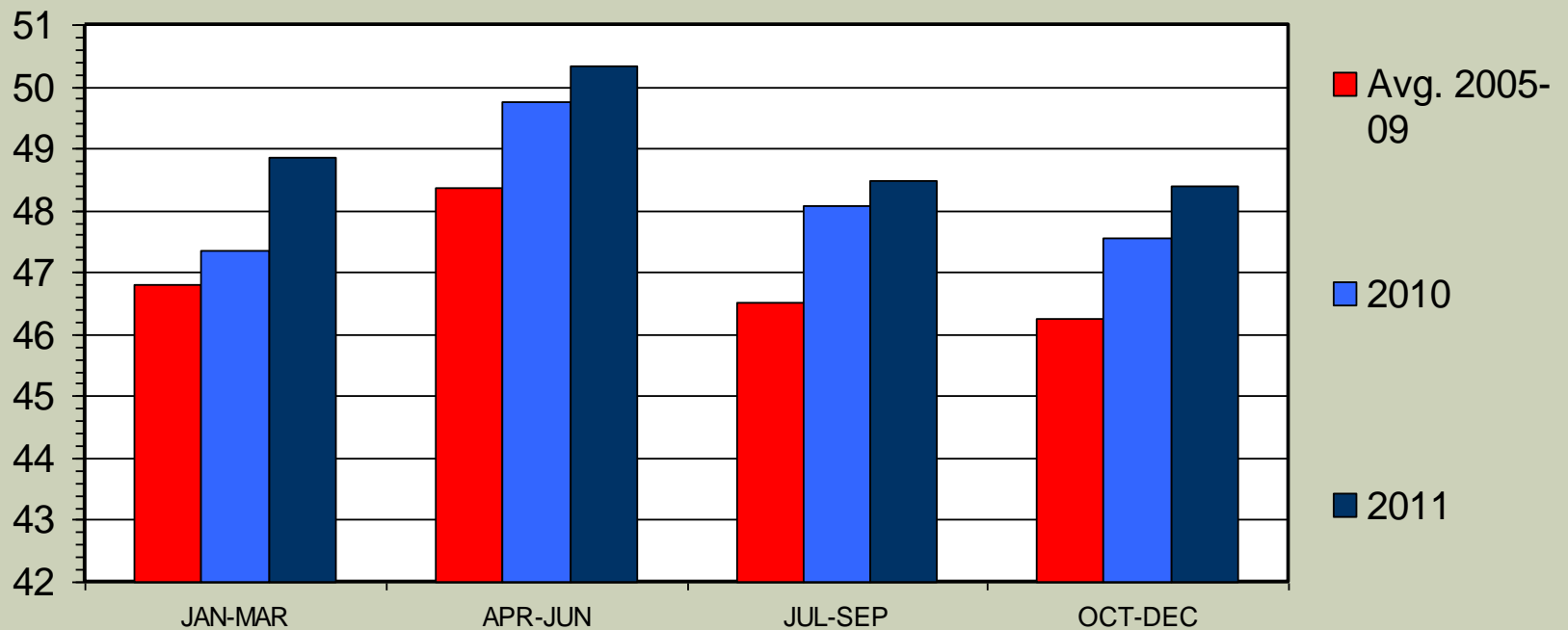
Data Source: USDA-NASS, Agricultural Prices

01/07/11

MILK PRODUCTION FORECASTS

US Total, Quarterly

Bil. Pounds

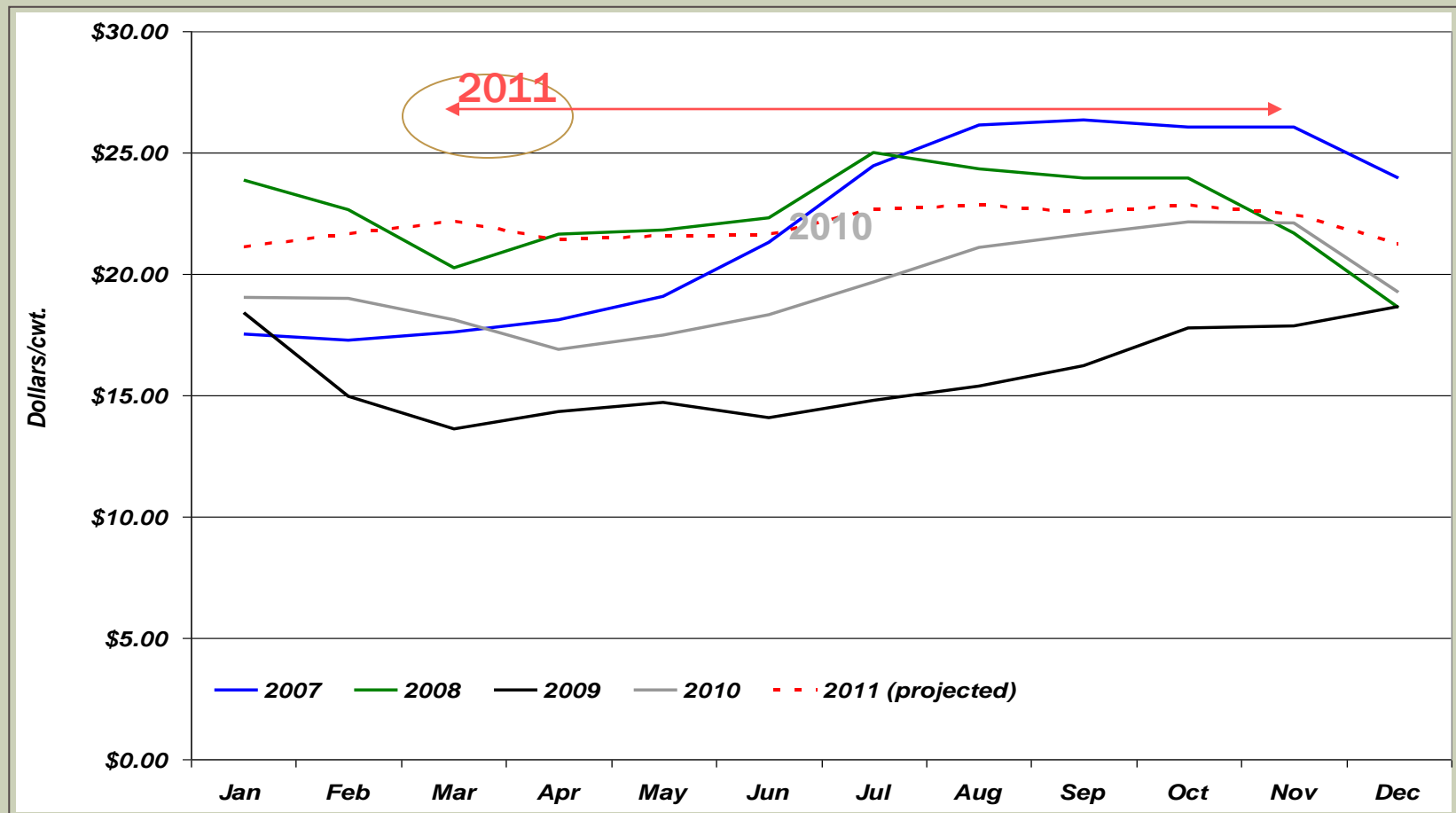


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Data Source: USDA-NASS, Compiled & Analysis by LMIC

01/19/11

DAIRY PRICE RELATIVELY HIGH BUT PROFITS SLIM



OVERALL SUMMARY

- Higher input prices
- Higher sales prices
- Volatile beef cattle profits
- Lower dairy profits
- Key is risk management and lowering your cost of production

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www.secattleadvisor.com

R. Curt Lacy, Ph.D.
Extension Economist-
Livestock

Agricultural &
Applied Economics
P.O. Box 1209, RDC
Tifton, GA 31793

229-386-3512
clacy@uga.edu