Cattle, Dairy, and Feed Market Outlook

Ag in Uncertain Times: Managing Drought and Disaster Impacts

LMIC
Livestock Marketing Information Center

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Cattle Market
Drought – A Game Changer

US RANGE AND PASTURE CONDITION
Percent Poor and Very Poor, Weekly

Data Source: USDA-NASS
JANUARY 1 TOTAL COW INVENTORY
U.S., Annual

Mil. Head

Data Source: USDA-NASS, Forecasts by LMIC

JANUARY 1 FEEDER CATTLE SUPPLIES
Residual, Outside Feedlots, U.S.

Mil. Head

Data Source: USDA-NASS
COMMERCIAL BEEF PRODUCTION
Quarterly

Bil. Pounds

JAN-MAR APR-JUN JUL-SEP OCT-DEC

Avg. 2007/11 2012 2013 2014

Data Source: USDA-NASS, Forecasts by LMIC

ANNUAL AVERAGE CATTLE PRICES
Southern Plains

$ Per Cwt

55 75 95 115 135 155 175

500-600lb Steer Calves
700-900lb Feeder Steers
Fed Steers

Data Source: USDA-AMS, Forecasts by LMIC
ESTIMATED AVERAGE COW CALF RETURNS

Returns Over Cash Cost (Includes Pasture Rent), Annual

$ Per Cow

Data Source: USDA-AMS, NASS, Analysis and Forecasts by LMIC

Market Comments….

- Price volatility will continue (globalization, ethanol, etc.).
- Market shocks will continue (9-11-2001; BSE; 2008 Credit Crisis).
- Economic incentive to stabilize and re-build cowherd overcome by drought.
- Factors already in place for reduced beef output.
- High feedstuff price range expected to continue.
- Cattle feeding red ink is the current challenge to calf and yearling prices.
- Mistakes are costly, sound business practices required.
- Agile firms will benefit…. Be Adaptable NOT Adapted.
Dairy Market Outlook

- 2012
- Dairy Trade
- Key Drivers
- Outlook

MILK PRODUCTION
US Total, Monthly

Livestock Marketing Information Center
Data Source: USDA-NASS
DAIRY COW INVENTORY
US Total, Monthly

Livestock Marketing Information Center
Data Source: USDA-NASS

CLASS III MILK PRICES
FMMO, Monthly

Livestock Marketing Information Center
Data Source: USDA-AMS, Dairy Market News
Key Drivers

- Exports
- Cow Herd Liquidation
- Profitability: Feed Costs
## U.S. Quarterly Milk Production, Commercial Disappearance, and Selected Prices

**Sources:** Historical data from various USDA Publications by NASS, AMS, ERS

<table>
<thead>
<tr>
<th>Year</th>
<th>Quarter</th>
<th>Average Number of Milk Cows (1,000 Head)</th>
<th>% Chg. from Year Ago</th>
<th>Production Per Cow (Lbs.)</th>
<th>% Chg. from Year Ago</th>
<th>Total Milk Production (Mil. Lbs.)</th>
<th>% Chg. from Year Ago</th>
<th>% Chg. from Year Ago</th>
<th>Class III Milk Price ($/Cwt.)</th>
<th>% Chg. from Year Ago</th>
<th>US All Milk Price ($/Cwt.)</th>
<th>% Chg. from Year Ago</th>
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### Hay Outlook

*Images of hay harvesting equipment are shown.*
ALL HAY ACRES

Livestock Marketing Information Center
Data Source: USDA-NASS

ALFALFA HAY - MONTHLY AVERAGE PRICE
Received by Farmers, U.S., Crop Year

Livestock Marketing Information Center
Data Source: USDA-NASS
Hay Drivers

- Short-Term:
  - Winter Weather
  - Disappearance/ Availability of Substitutes
- Long Term
  - Acreage Battle with Other Crops
  - Normal Weather Patterns
  - Export Markets
### ALL HAY SUPPLY AND DEMAND BALANCE SHEET

#### U.S., Annual 11/19/12

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<th>Year</th>
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<th>Production May 1</th>
<th>Alfalfa Total</th>
<th>Total Supply</th>
<th>Disappearance</th>
<th>Ending Stocks Harvested</th>
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* Roughage Consuming Animal Unit
* Projections
* Forecasts

### Corn Outlook

- **2012**
  - Anticipation of a Large Crop
  - Weather/Drought
- **Demand**
- **Forecasts**
Key Drivers: Corn

- **Short Term:**
  - Rationing the Current Corn Crop
  - Who will adjust?
- **Long Term**
  - Planting Acres
  - Weather/Yield
  - World Supply
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<th>Begin Stocks</th>
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<th>Imports</th>
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* Estimated
b Forecast

Questions

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