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Measuring Performance Makes Cent\$

The previous newsletter discussed the idea of SMART goals with SMART standing for Specific, Measurable, Related, and Tractable (Manageable). A producer's goal may include financially motivated goals such as providing a certain level of income each year for retirement, vacations, living expenses, etc. Even if the goals of an operation are not financially motivated, accurate records will be necessary to assess performance of the operation's enterprises.

Commercially based software is available to help producers maintain production and financial records. Some products, such as Quicken®, which may not have been developed for agricultural purposes, can be readily adaptable for maintaining production records (training is available for this program to interested agents/producers through the LSU AgCenter). Spreadsheets developed in Excel or similar programs can help producers track performance and financial data. Computer based software is not necessary to track operation records as paper and pencil will work as well. It's more important to maintain the records in a format that will be of use to the producer, his/her lender, and for tax preparation purposes than the manner in which those records are kept. Set aside time on a regular basis to update records, but do so at least once a month.

Keeping accurate records of an operation is time consuming when done properly as information on production and financial aspects will be maintained. The benefits from keeping these include improved information to make production and financial decisions, benchmarking against other available data, and more accurate representation of the operation being presented to your lender. Some of these important statistics include investment per cow, stocking rates, calving percentage, and weaning percentage. Though these statistics may be simple to calculate, the information they provide can improve a producer's bottom line by identification of unproductive animals which cost the producer money. Cow/calf producers have very little, if any, impact on the prices they receive for animals sold, but controlling costs through effective herd management can improve a producer's bottom line.

Finally, records will also serve as a certification of production practices including source and age verification. Participants in the Louisiana Calf to Carcass program have benefited from premiums that accompany source and age verification. With a market niche available or currently being developed for every conceivable product, accurate records are needed to market to the specified niche. Keeping accurate records opens up new marketing opportunities which is the next part of a business plan.

The June USDA World Agricultural Supply and Demand Estimates were released on Wednesday with one of the key projections being that corn use will exceed production by about 525 million bushels in 2009/10 marketing year. The projection is the result of late plantings and emergence in the Corn Belt due to heavy rainfalls as planting season began. The price for the 2009/10 marketing year is placed at \$3.90 to \$4.70 a bushel, an increase of \$0.20/bushel on both ends from last month's projections. Ethanol usage was left unchanged for the upcoming marketing year even though crude oil prices have been on the rise lately, breaking the \$70/barrel threshold in the past few weeks and enhancing ethanol refineries possibility of profitability. Some of this rise in crude prices is attributable to the arrival of summer and increased demand, tightening fuel supplies, and a relatively weak dollar.

The higher corn prices combined with a sluggish economy resulted in lower production expectations for beef, broilers, and pork for the remainder of this year and next year. Exports are expected to be slightly stronger than projected last month for beef and broilers. Beef production was reduced by 65 million pounds for 2009 due to slower slaughter rates and reduced carcass weights. Broiler production was reduced by 72 million pounds. Prices for fed steers were lowered to \$84-87/cwt for 2009 with an increase for broilers as the reduction in broiler supplies help that industry (\$0.80-\$0.83/lb). Milk production is expected to dip slightly with the 2009 annual all milk projected to be \$11.95-\$12.35/cwt.

Futures market trading was mixed throughout the week, though gains were posted in most (cattle) contract months compared to last Friday. This strength comes on the heels of some rather strong losses last week. Weekly boxed beef prices have dropped the past four weeks at a time when seasonal strength is typically enjoyed. It's unlikely that any counter-seasonal strength will be seen in cutout values which occurred largely due to the arrival of 2008 stimulus checks. While cutout values are the lowest since April, this week's cutout values were still above the weekly average values seen through most of February to early April. Next week's *Cattle on Feed* report may inspire some confidence in the futures market for deferred contracts, but there doesn't seem to be much upside in the market for nearer term contracts (a quick summary of the report will be sent next week).

Weekly dairy cow slaughter has been rising the past few weeks as the CWT program cows apparently are being sent to slaughter. Beef cow slaughter was about 65 thousand last week nationally, well below the 75 thousand that were slaughtered a year ago. Pasture conditions have been better than last year which explains the decrease in beef cow slaughter rates. Cull cow prices are likely to hold steady until the seasonal decline occurs in the fall, barring any unforeseen events.

Cash cattle trade did not develop until Friday this week with moderate to active trade occurring in the Southern Plains on moderate to good demand with live prices being \$82. Kansas, Colorado, and Nebraska saw live prices in the \$81 to \$82 range with dressed prices at \$129 to \$131.

Compared to last week, slaughter cows sold \$1-\$3 lower. Slaughter bulls sold \$1-\$1.50 lower. Feeder steers sold mostly \$1-\$4 lower. Feeder heifers sold mostly \$2-\$5 lower. There was a group of steers weighing 715 lbs that sold for \$94.50/cwt and a group of 780 steers selling for \$88/cwt.

Table 1. Louisiana Auction Prices for the Week Ending June 12th, 2009

Weight	Steers	Heifers	Slaughter Classes	
200-250	N/A	\$120-129	Breaking	\$42-46.75
250-300	\$108-128	N/A	Boners	\$39-48.50
300-350	\$104-125	\$100-117	Lean (850 -1200)	\$36-44
350-400	\$100-118	\$84-98		
400-450	\$96-108	\$82-97	Bulls, YG 1-2, >1,500 lbs	\$52-59
450-500	\$90-109	\$85-97		
500-550	\$81-101 ¹	\$74-93 ¹		
550-600	\$81-101 ¹	\$74-93 ¹		
600-650	\$80-95 ¹	\$71-90 ¹		
650-700	\$80-95 ¹	\$71-90 ¹		

Note: All prices are in \$/cwt, steers and heifers are Medium and Large 1-2

Price ranges may reflect higher prices received in northern areas of the state in the middle of the week

¹ Represents the price was reported in hundred pound increments as opposed to fifty pound increment.

Source: USDA AMS

Table 2. Louisiana Auction Prices for the Week Ending June 5th, 2009

Weight	Steers	Heifers	Slaughter Classes	
200-250	N/A	\$112-120	Breaking	\$42-48
250-300	N/A	\$93-106	Boners	\$41-49
300-350	\$106-129	\$90-108	Lean (850-1200)	\$39-45.50
350-400	\$105-123	\$90-103		
400-450	\$96-116	\$85-101	Bulls, YG 1-2, >1,500 lbs	\$54.50-60
450-500	\$90-108	\$80-102		
500-550	\$92-103	\$84-103		
550-600	\$90-100	\$82-98		
600-650	\$89-99 ¹	\$81-93		
650-700	\$89-99 ¹	\$80-89		

Note: All prices are in \$/cwt, steers and heifers are Medium and Large 1-2

Price ranges may reflect higher prices received in northern areas of the state in the middle of the week

¹ Represents the price was reported in hundred pound increments as opposed to fifty pound increment.

Source: USDA AMS

Table 3. Futures Prices

Month	Live Cattle	Change*	Feeder Cattle	Change*	Corn	Change*
Jun	\$ 80.475	0.325				
Jul					425 1/2	-18 1/2
Aug	\$ 81.600	0.450	\$ 97.575	0.950		
Sept			\$ 97.575	0.650	434 1/2	-19 1/2
Oct	\$ 87.100	0.500	\$ 98.625	1.050		
Nov			\$ 98.325	0.675		
Dec	\$ 88.825	-0.100			447 3/4	-19 3/4
Jan			\$ 98.000	1.850		
Feb	\$ 90.275	-0.600				
Mar			\$ 96.000	0.450	459 1/2	-18 3/4
Apr	\$ 92.200	-0.600	\$ 95.250	-0.250		
May			\$ 95.250	-0.250	467	-18 1/2

Source: DTN

* Change is from the previous Friday's close

Table 4. State and National Market Information

Commodity	This Week	Last Week	Last Year
5 – Area Fed Steer Price			
Live	\$ 81.22	\$ 82.10	\$ 93.11
Dressed	\$ 129.79	\$ 131.63	\$ 147.02
Oklahoma City Feeder Cattle Prices			
5-5.5 cwt Med and Large #1	\$ 106.83	\$ 108.10	\$ 121.25
7.5-8 cwt Med and Large #1	\$ 95.52	\$ 98.26	\$ 108.79
Boxed Beef Cutout Values (weekly average)			
600-900 lb Choice cutout	\$ 139.78	\$ 141.39	\$ 157.03
600-900 lb Select cutout	\$ 132.83	\$ 135.68	\$ 152.91
Georgia Dock Broilers	\$ 88.18	\$ 87.54	\$ 84.53
Georgia B/S Breasts	\$ 158.50	\$ 157.00	\$ 148.50
Georgia Leg Quarters	\$ 52.50	\$ 51.00	\$ 48.50
Meat production (million lbs)			
Beef	508.6	513.4	523.5
Pork	421.9	427	407.3
Slaughter (1,000 head)			
Cattle	663	670	683
Hogs	2,075	2,100	2,048
Broilers/Fryers	162.450	159.415	169.26
Average Dressed Weight			
Cattle	770	769	768
Hogs	203	203	199
	6/6/2009	5/30/2009	6/8/2008
Poultry Placements (in thousands)¹			
LA Broiler Egg Sets	2,260	2,260	3,651
US Broiler Egg Sets	204,253	204,734	217,504
LA Broiler Chick Placements	1,922	1,933	3,794
US Broiler Chick Placements	170,307	169,353	179,821

Source: USDA Agricultural Marketing Service, USDA National Agricultural Statistics Service and Livestock Marketing Information Center

¹Note the placements numbers are lagged by one week prior to publishing.