

Beef Cattle Market Outlook



**Louisiana Agricultural Outlook Forum
January 10, 2024**

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LSU AgCenter**

Profitability Outlook

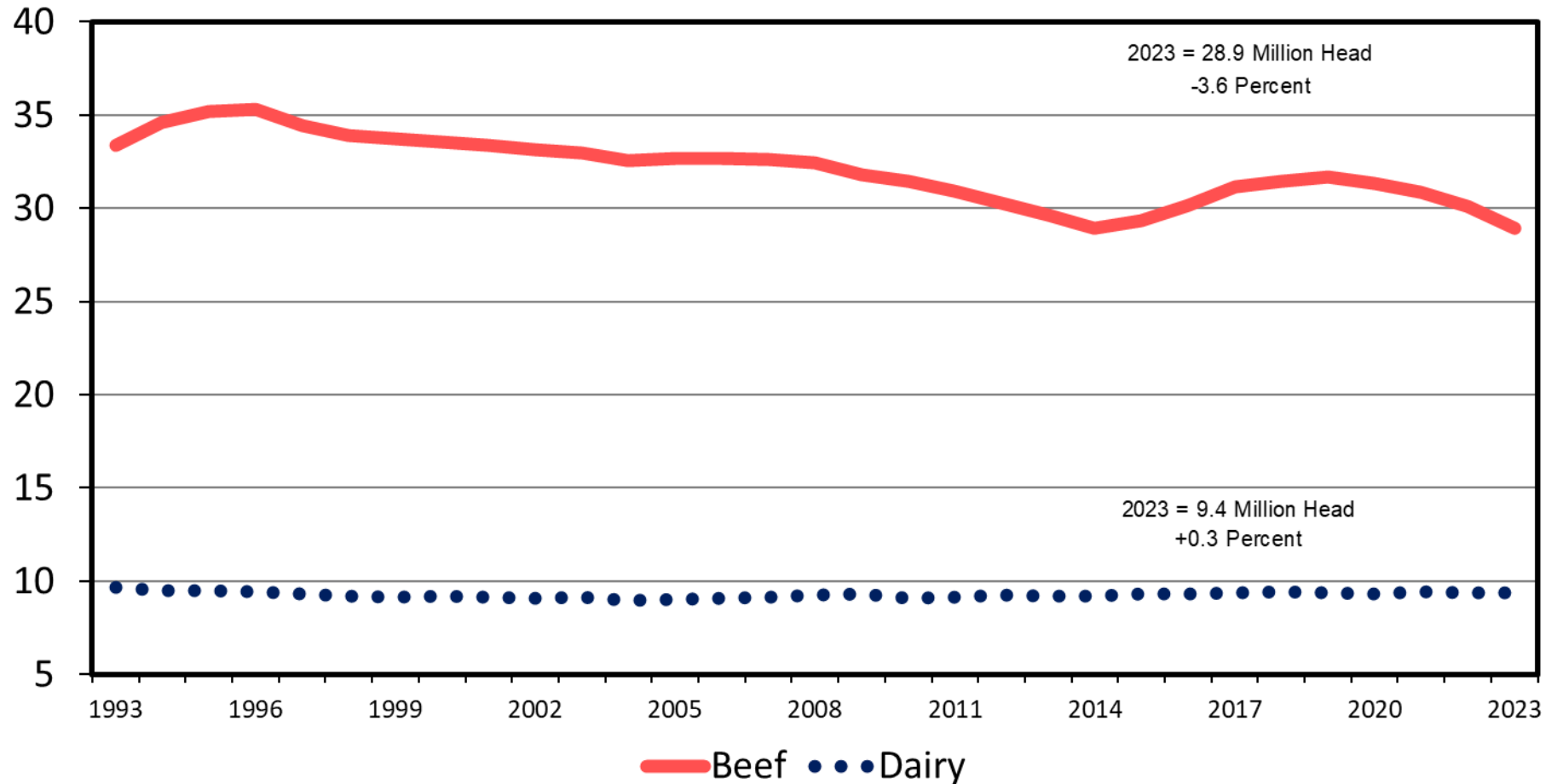
- Prospects for profitability – impacted by both revenue and cost factors
- Revenue factors – both supply and demand influences
 - Supply influences primary driver for cattle prices and revenue
 - Lower supplies, higher prices, and constraints disposable income all create some concern for beef demand
- Cost factors
 - While still high, input costs (fertilizer, fuel, feedstuffs) have declined
 - Still concerns on labor costs and availability and interest rates

Cattle and Beef Supplies Form Strong Support for Cattle Prices

JANUARY 1 COW INVENTORY

U.S., Annual

Mil. Head



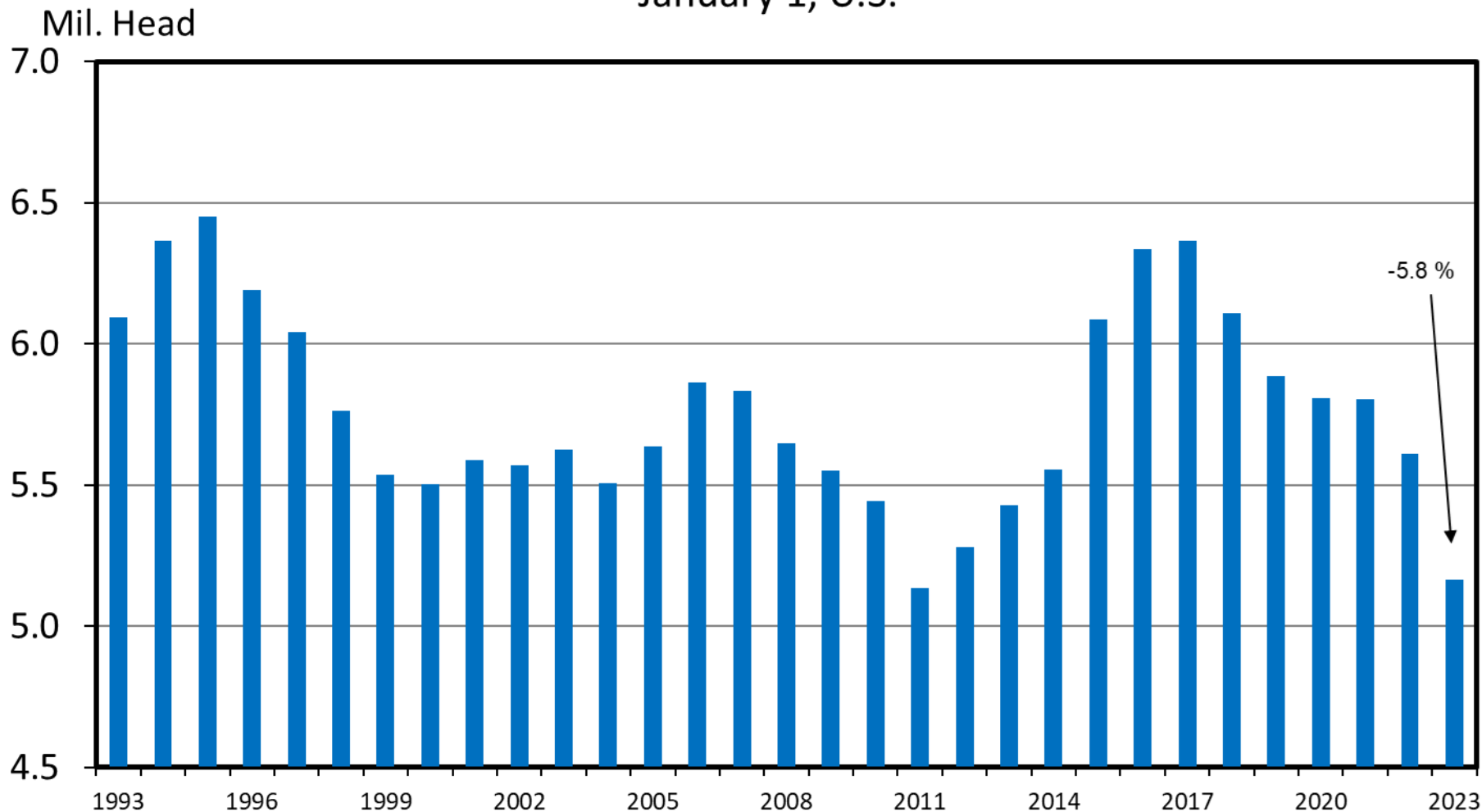
Data Source: USDA-NASS

Livestock Marketing Information Center

C-N-02
01/31/23

HEIFERS HELD AS BEEF COW REPLACEMENTS

January 1, U.S.



Data Source: USDA-NASS

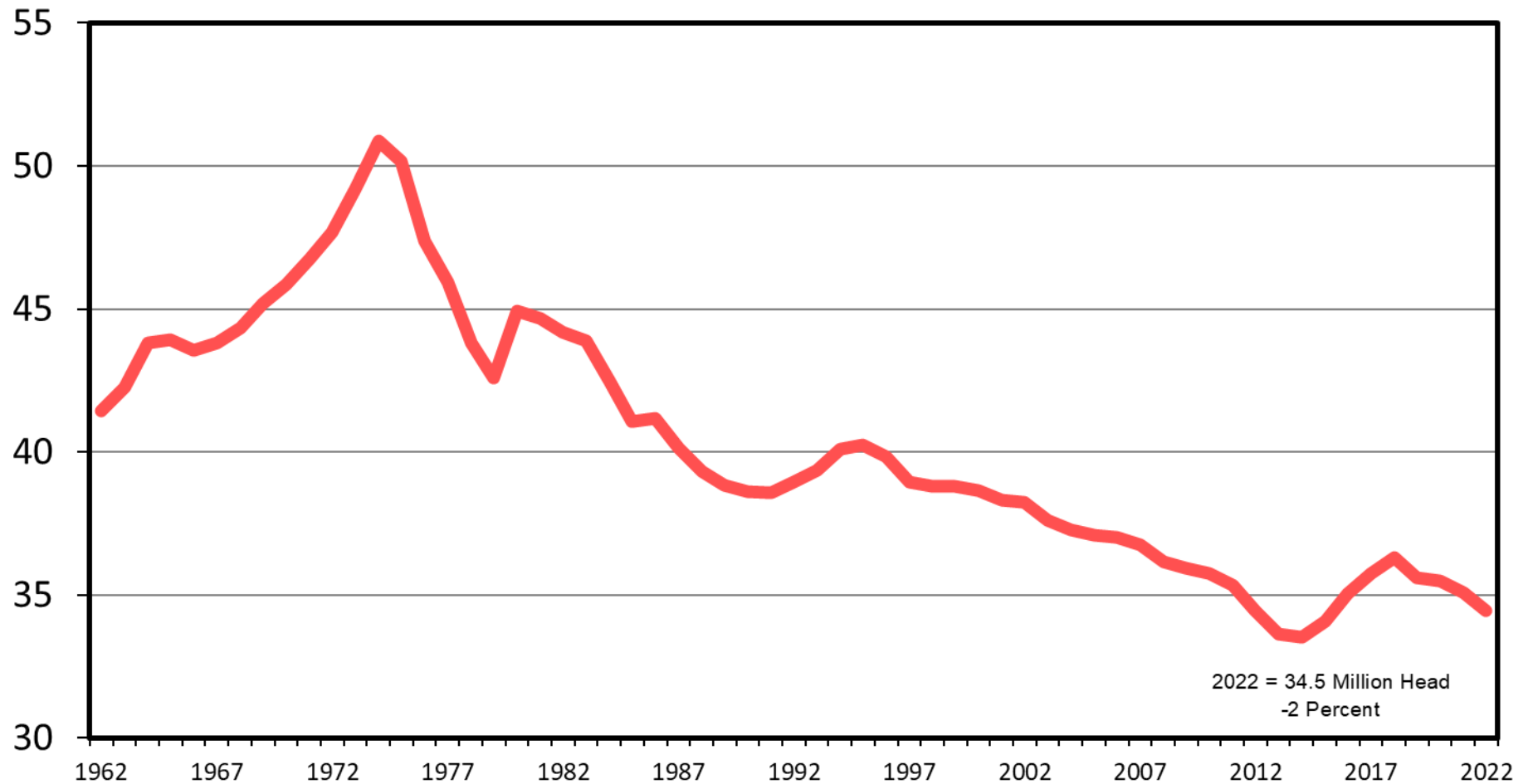
Livestock Marketing Information Center

C-N-38
01/31/23

CALF CROP

U.S., Annual

Mil. Head



Data Source: USDA-NASS

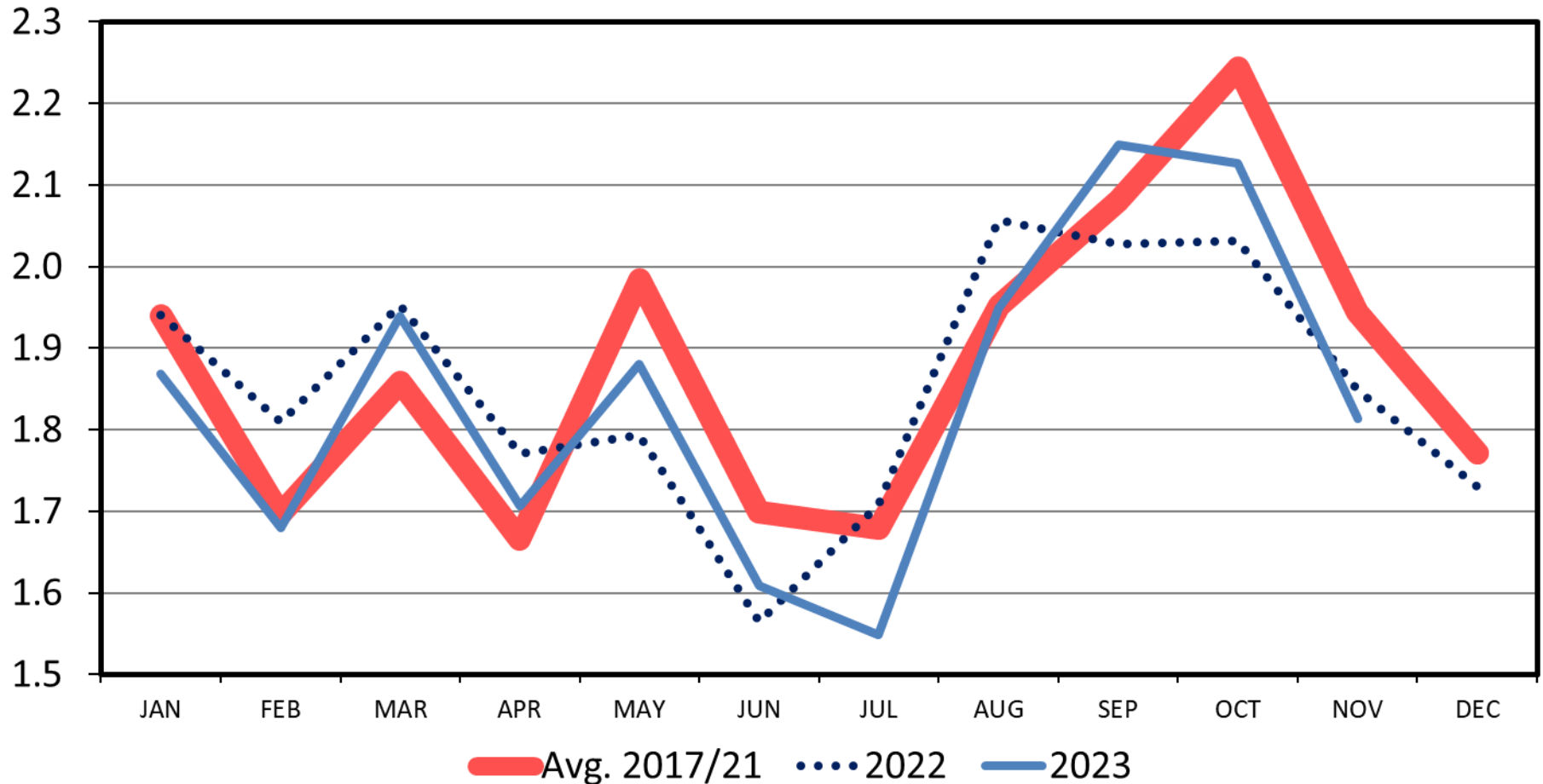
Livestock Marketing Information Center

C-N-18A
01/31/23

NET FEEDLOT PLACEMENTS

US Total, Monthly

Mil. Head



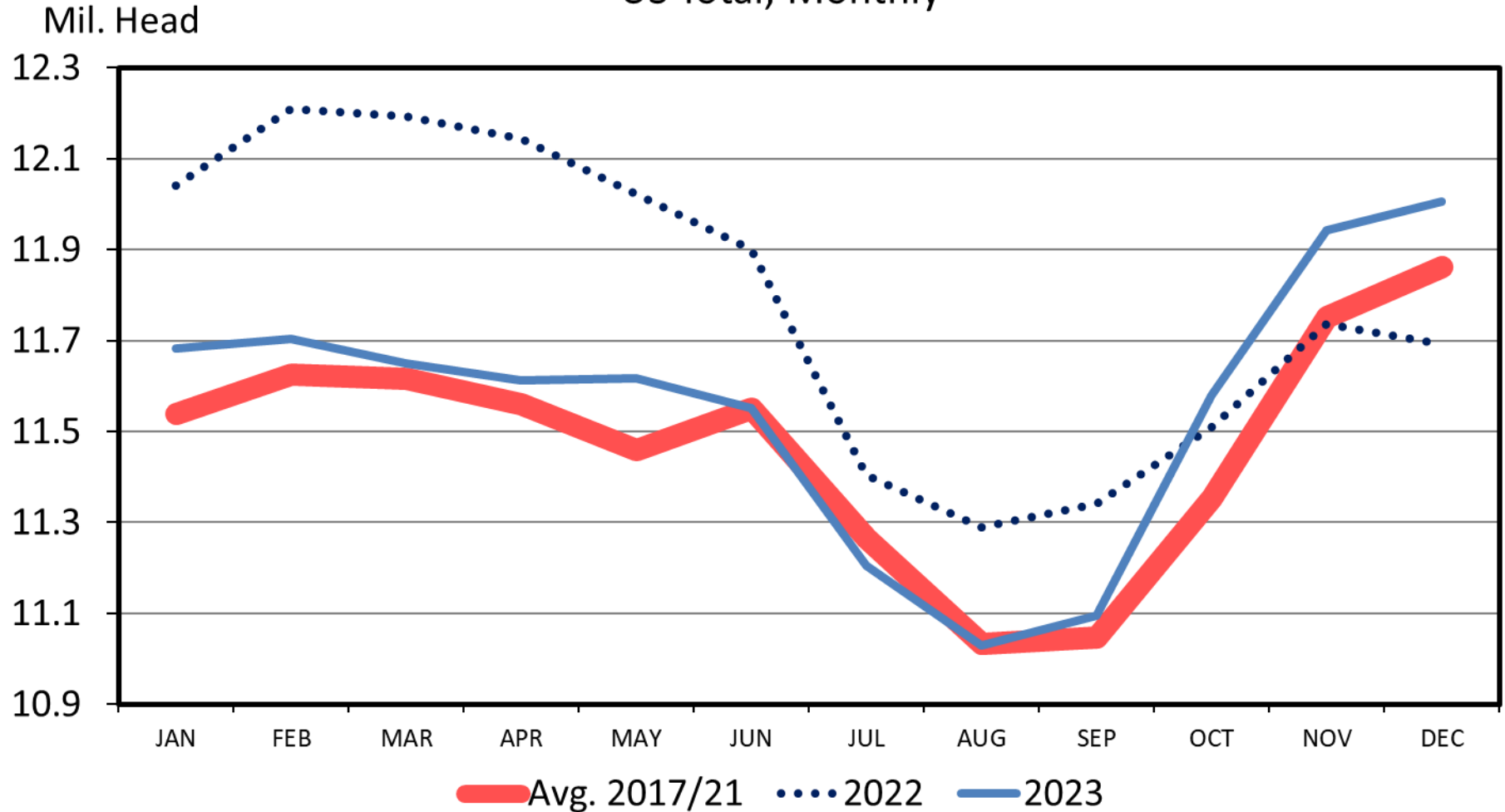
Data Source: USDA-NASS, Compiled by LMIC

Livestock Marketing Information Center

C-N-09
12/22/23

CATTLE ON FEED

US Total, Monthly



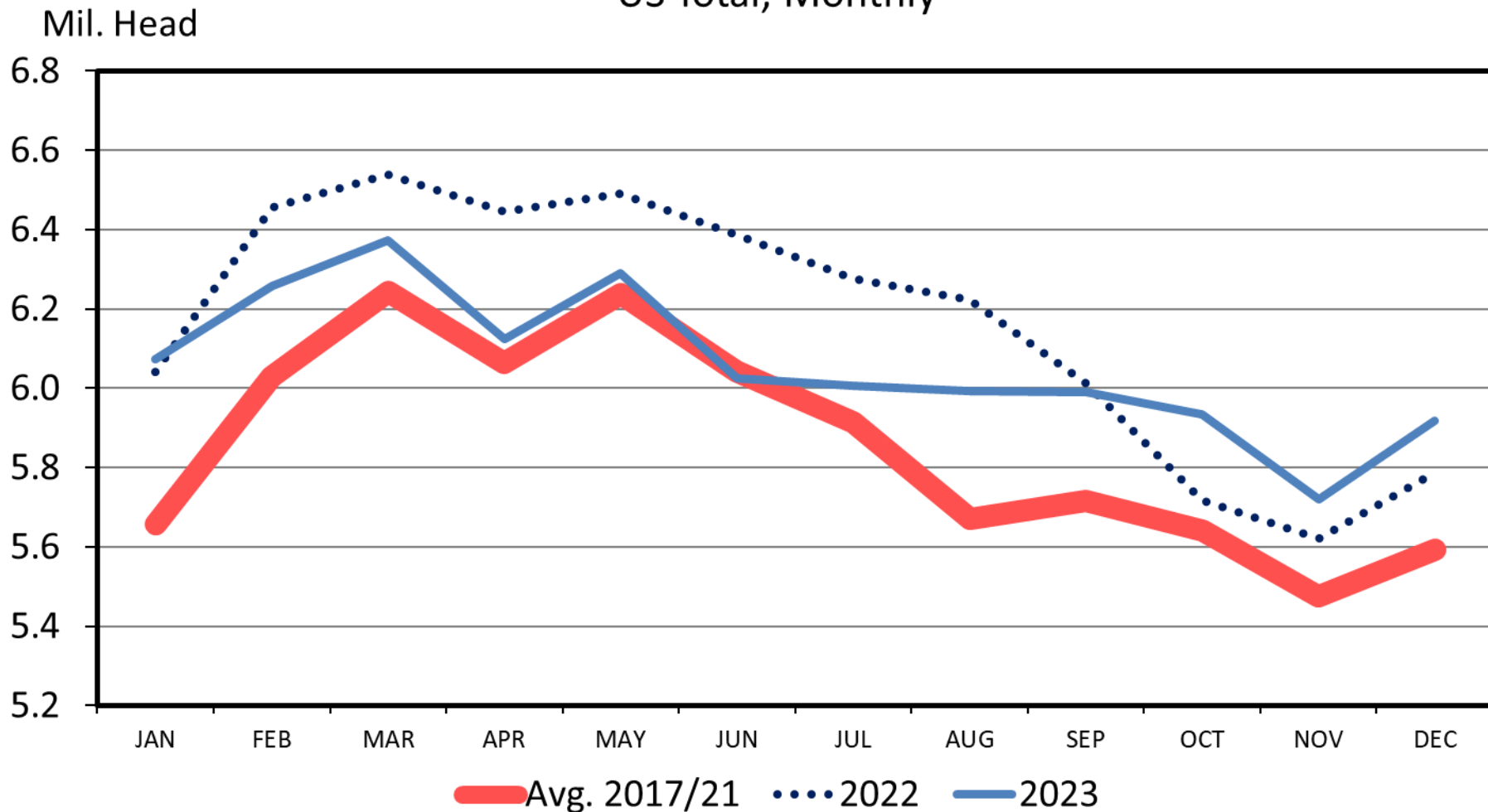
Data Source: USDA-NASS

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C-N-10
12/22/23

CATTLE ON FEED OVER 90 DAYS

US Total, Monthly



Data Source: USDA-NASS, Compiled by LMIC

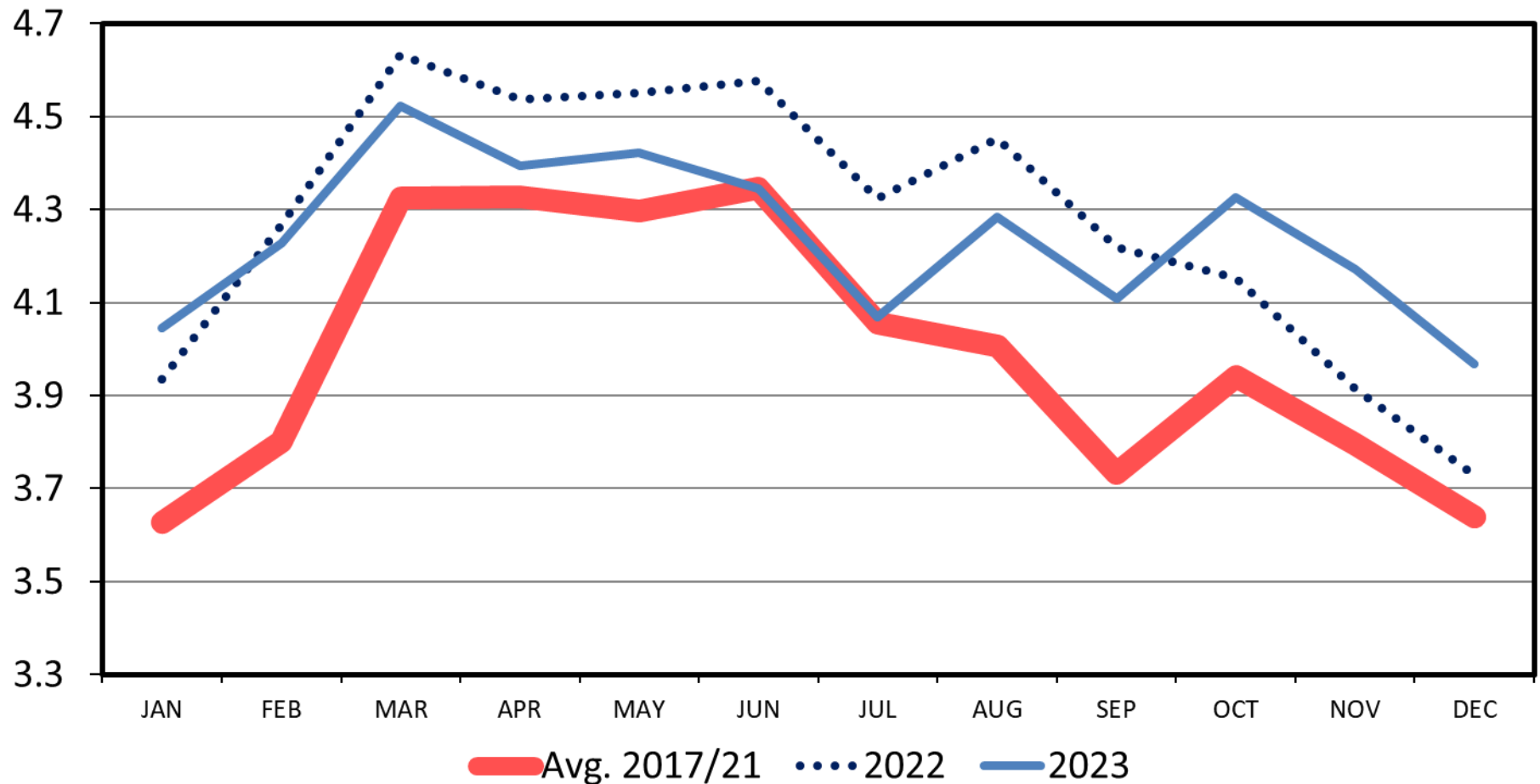
Livestock Marketing Information Center

C-N-11
12/22/23

CATTLE ON FEED OVER 120 DAYS

US Total, Monthly

Mil. Head



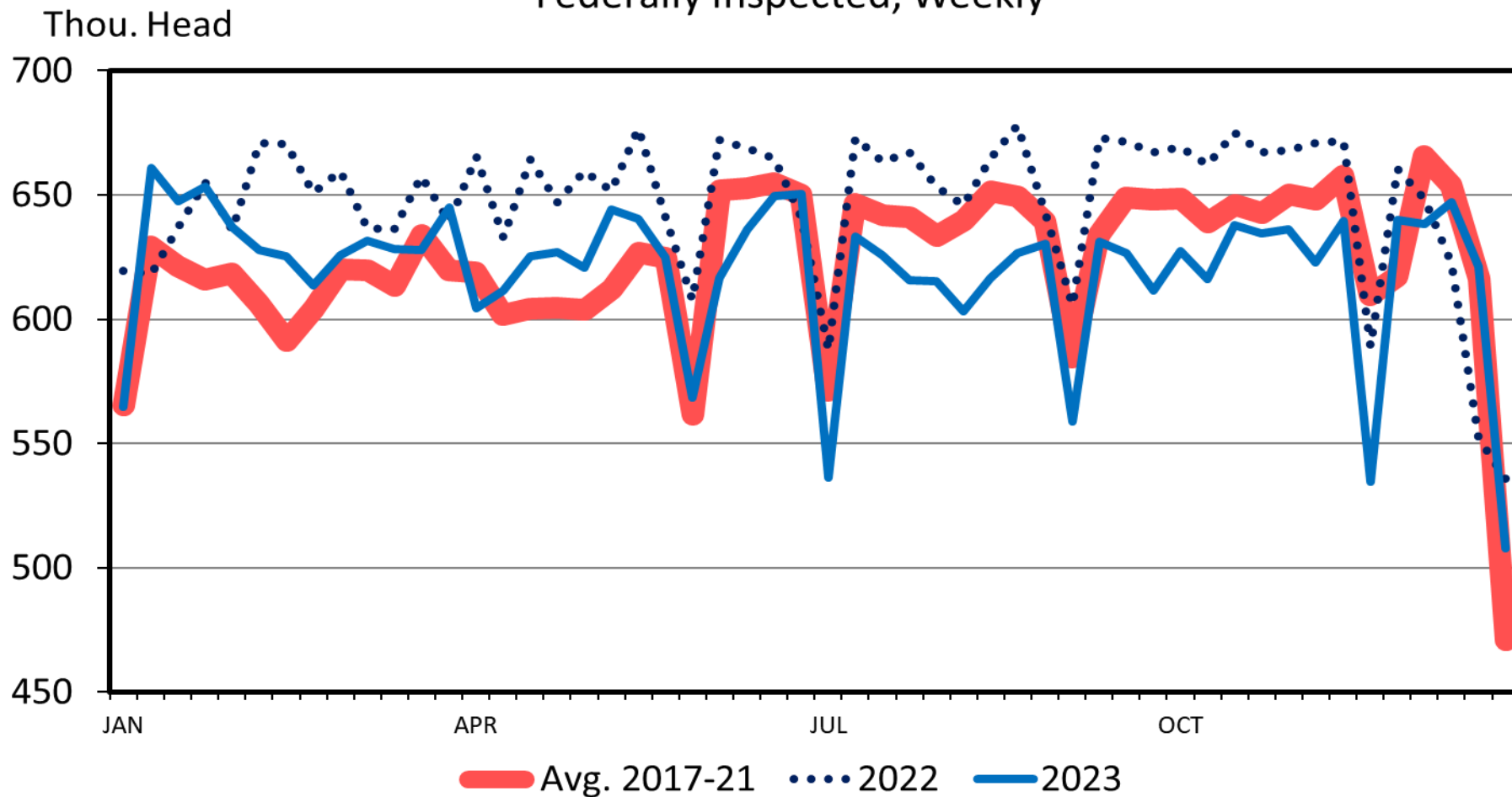
Data Source: USDA-NASS, Compiled by LMIC

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C-N-12
12/22/23

CATTLE SLAUGHTER

Federally Inspected, Weekly



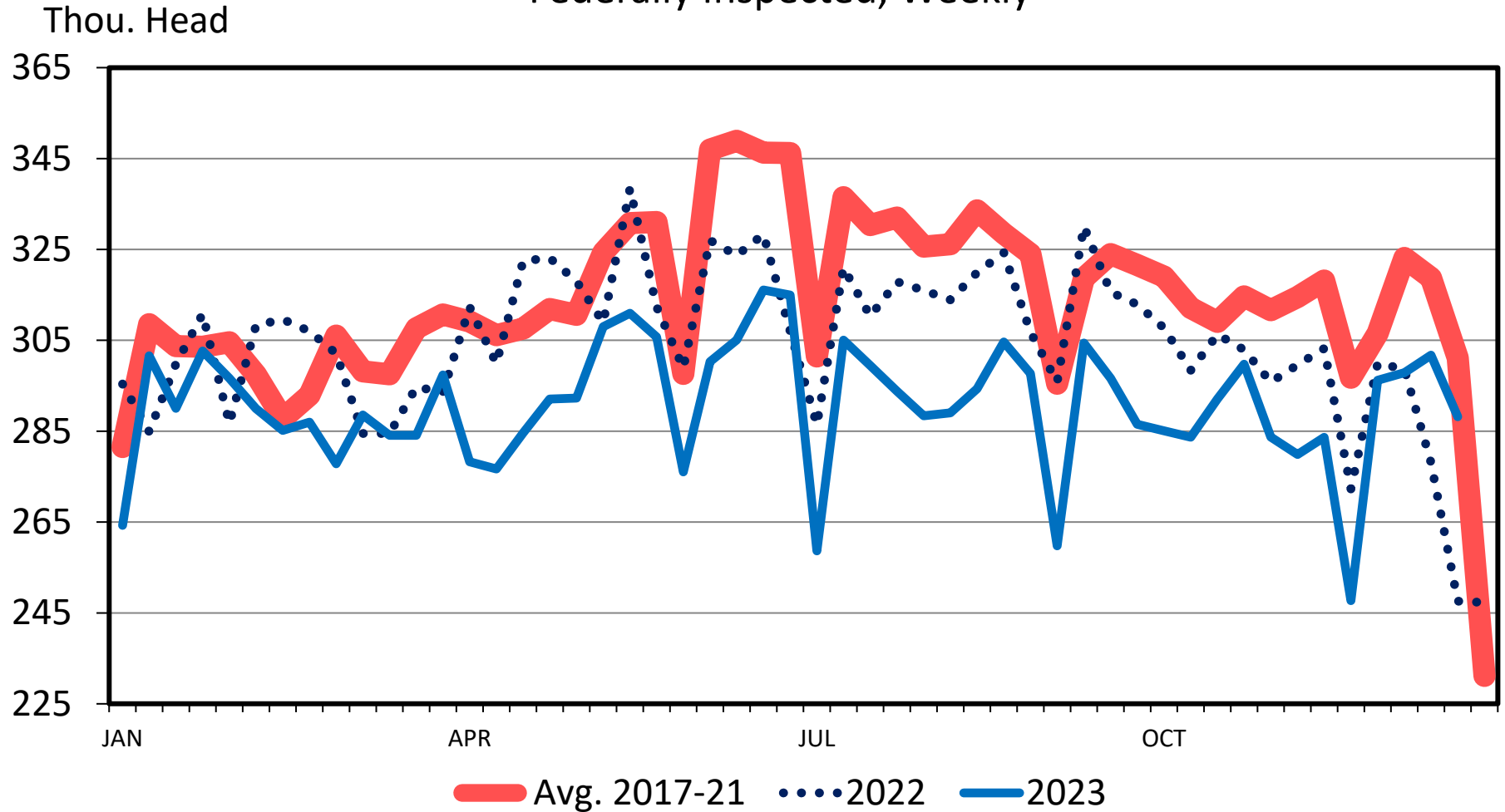
Data Source: USDA-AMS & USDA-NASS

Livestock Marketing Information Center

C-S-08
01/05/24

STEER SLAUGHTER

Federally Inspected, Weekly



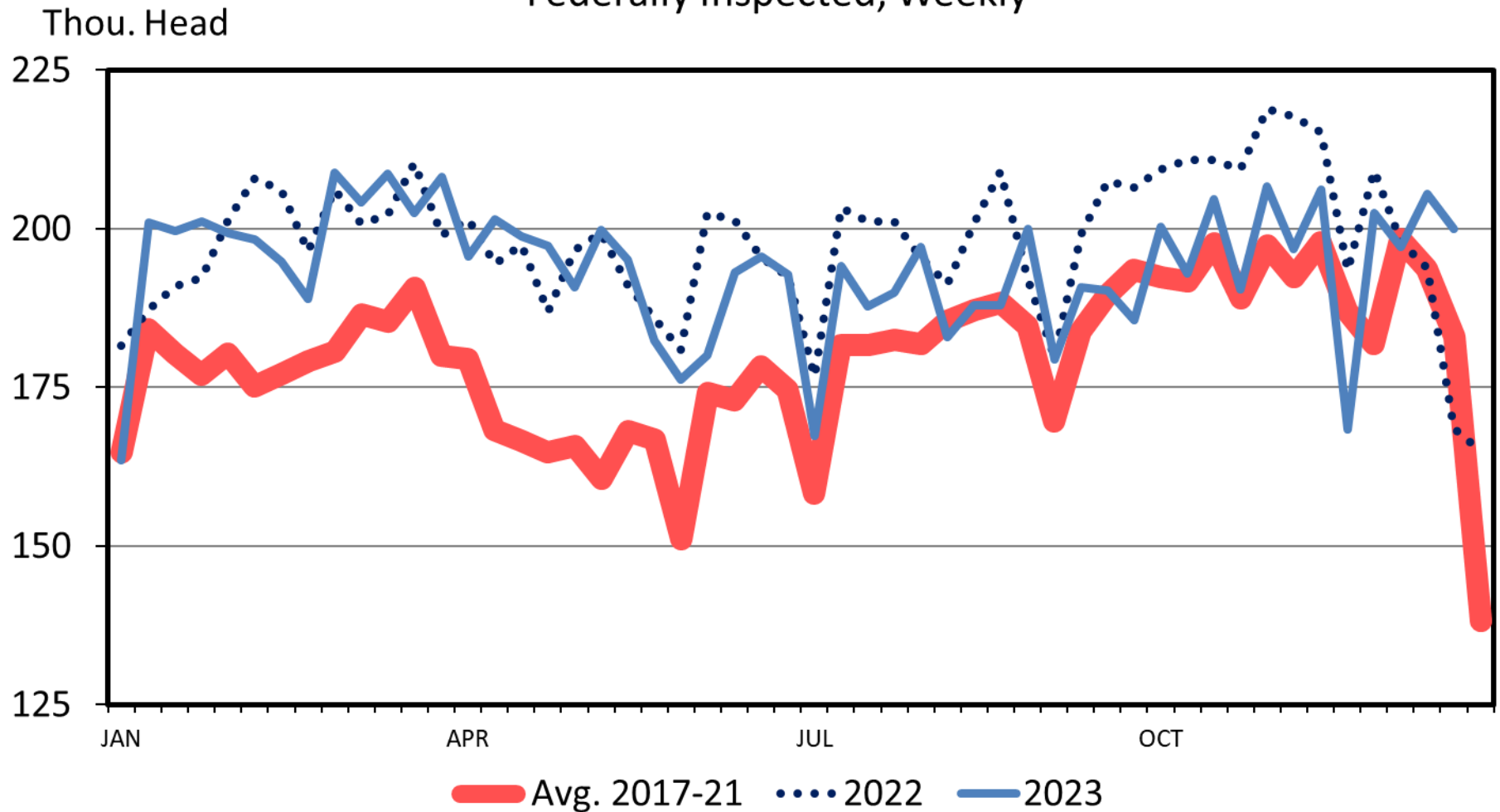
Data Source: USDA-AMS & USDA-NASS

Livestock Marketing Information Center

C-S-17
01/05/24

HEIFER SLAUGHTER

Federally Inspected, Weekly



Data Source: USDA-AMS & USDA-NASS

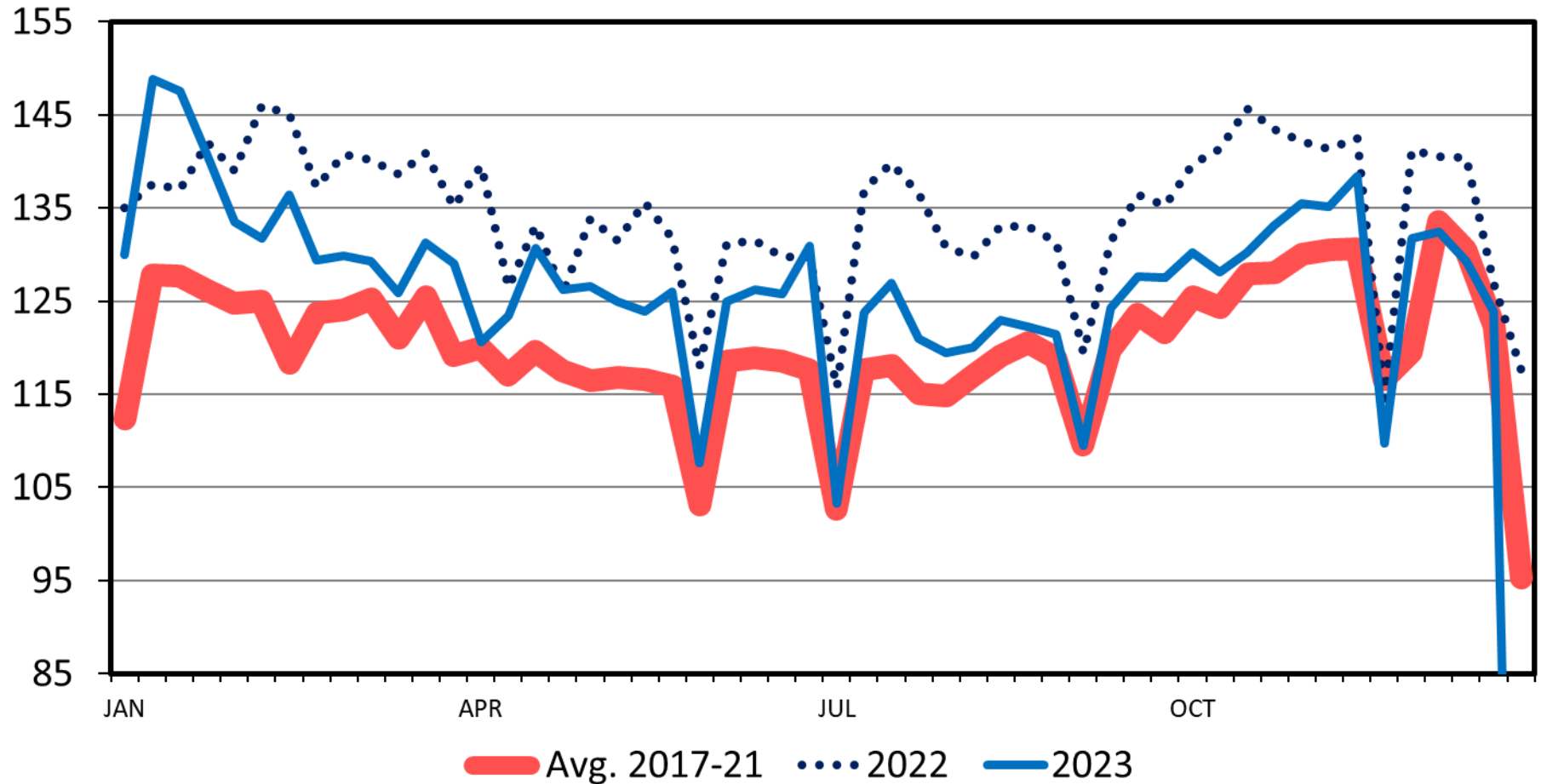
Livestock Marketing Information Center

C-S-13
01/05/24

TOTAL COW SLAUGHTER

Federally Inspected, Weekly

Thou. Head



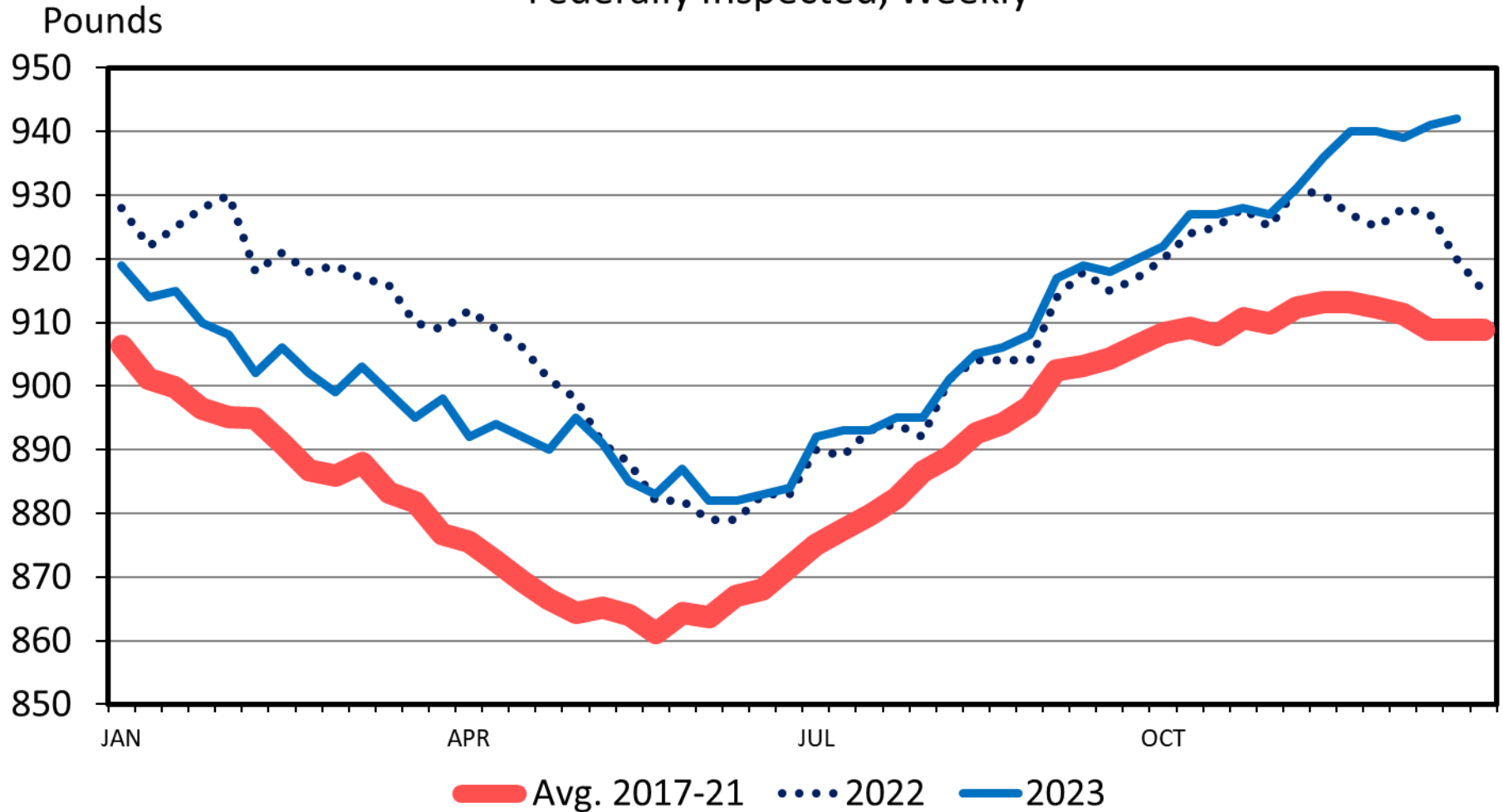
Data Source: USDA-AMS & USDA-NASS

Livestock Marketing Information Center

C-S-14
01/05/24

STEER DRESSED WEIGHT

Federally Inspected, Weekly



Data Source: USDA-AMS & USDA-NASS

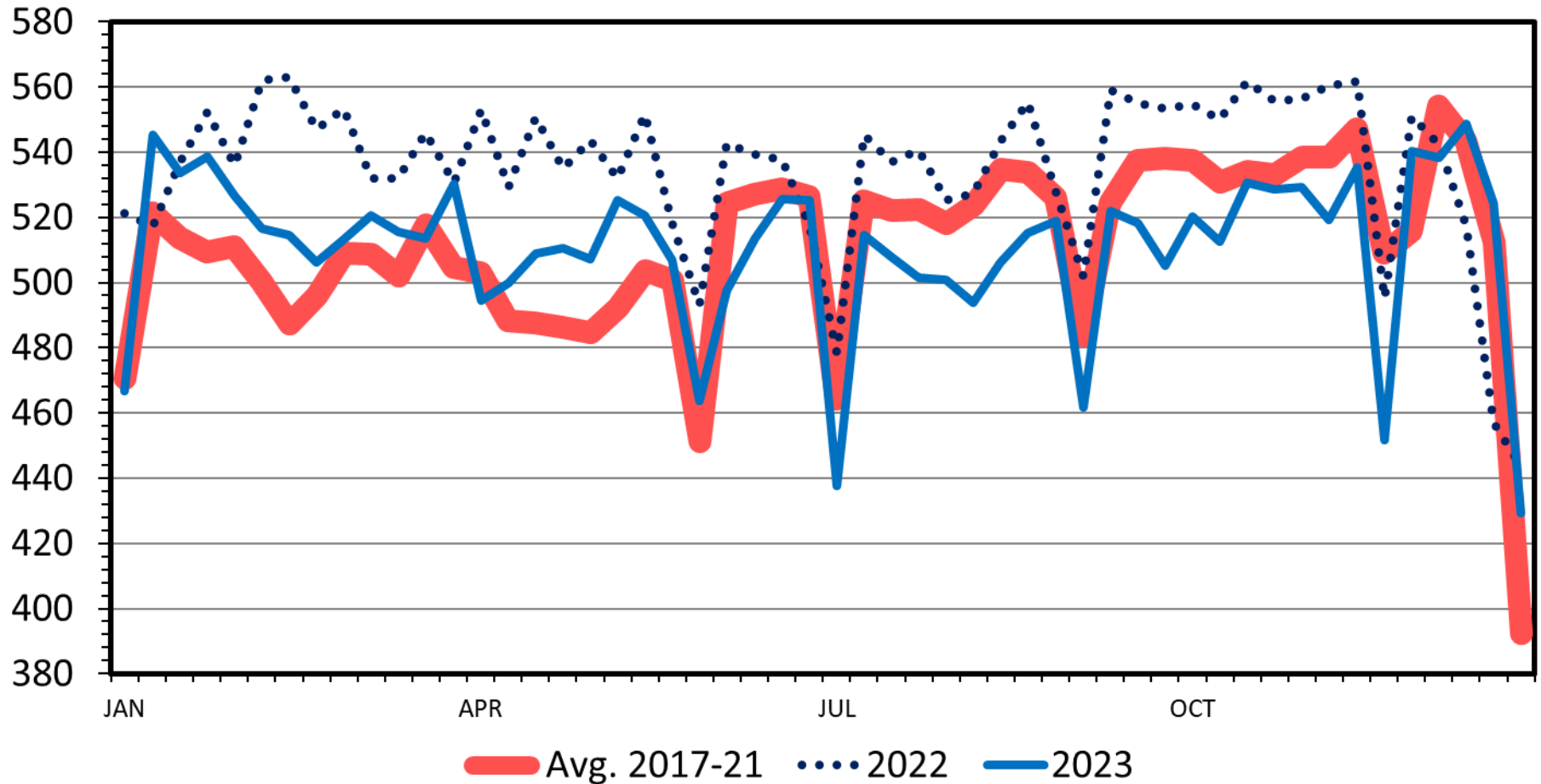
Livestock Marketing Information Center

C-S-18
01/05/24

BEEF PRODUCTION

Federally Inspected, Weekly

Mil. Pounds



Data Source: USDA-AMS & USDA-NASS

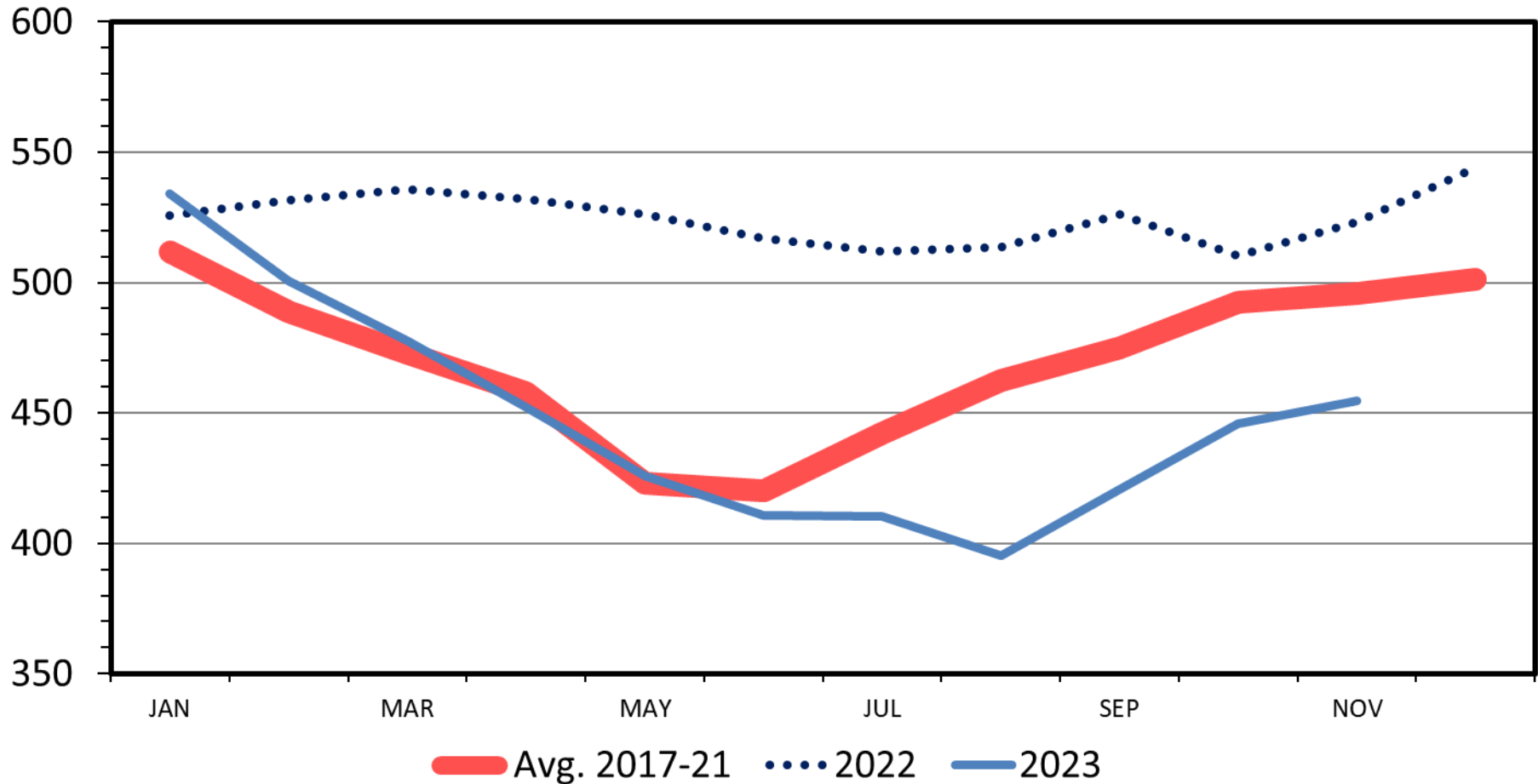
Livestock Marketing Information Center

M-S-18
12/29/23

BEEF IN COLD STORAGE

End of the Month

Mil. Pounds



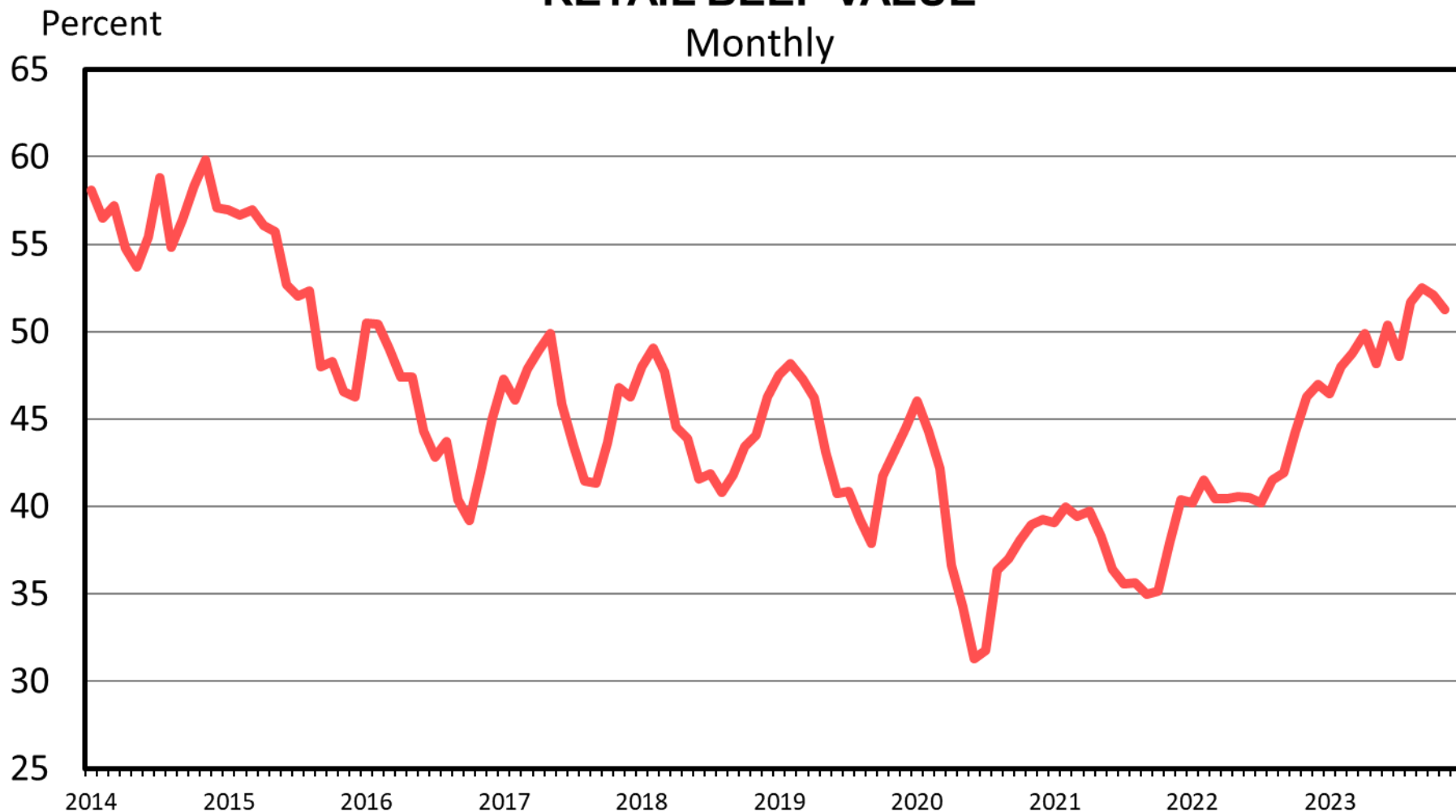
Data Source: USDA-NASS

Livestock Marketing Information Center

M-S-09
12/22/23

How Has Lower Supplies and Higher Prices Impacted The Markets

CHOICE STEER VALUE AS A PERCENT OF RETAIL BEEF VALUE



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

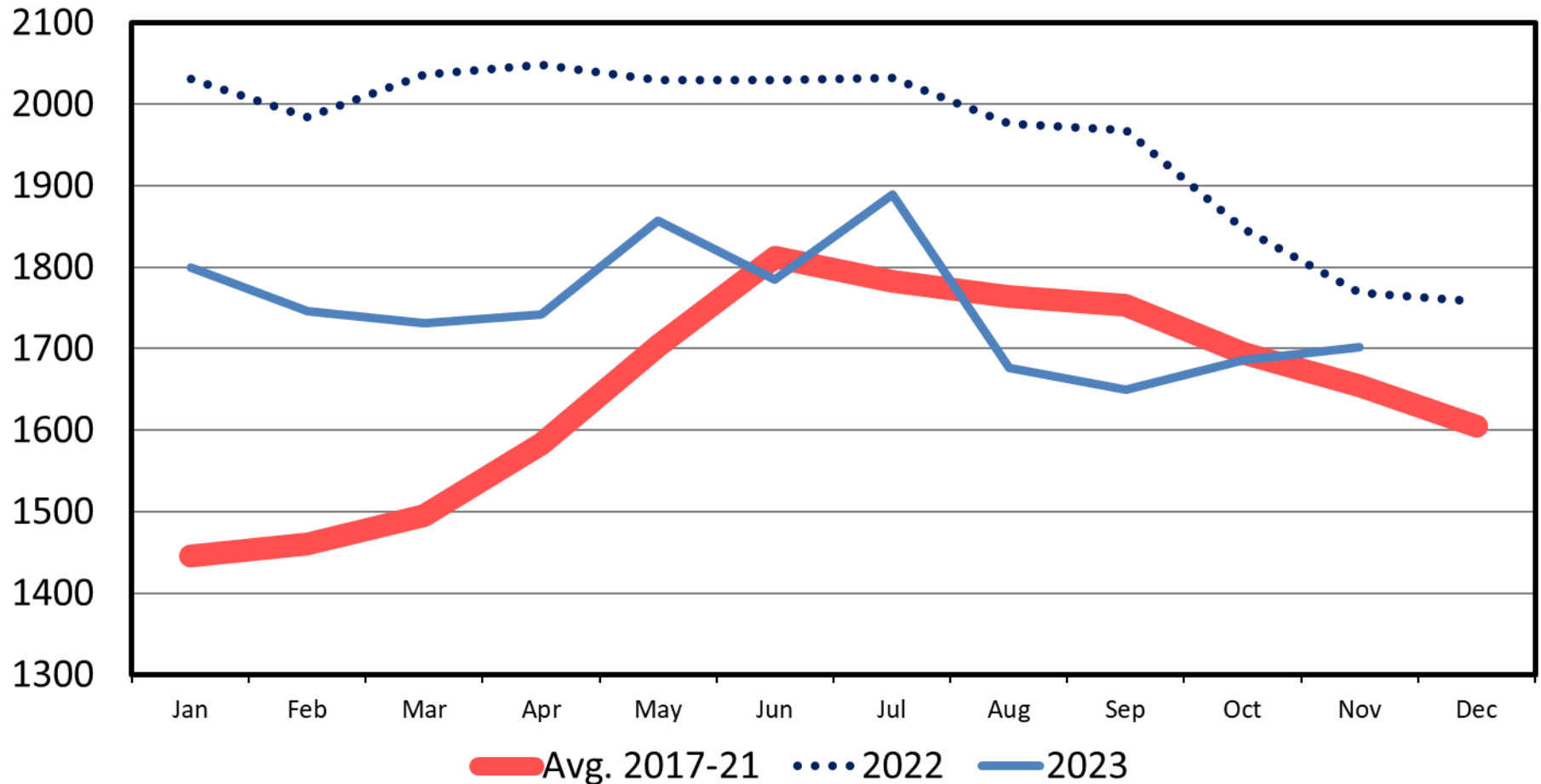
Livestock Marketing Information Center

C-P-05
12/12/23

LIVE TO RETAIL BEEF PRICE SPREAD

Monthly

\$ Per 1000 lbs



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

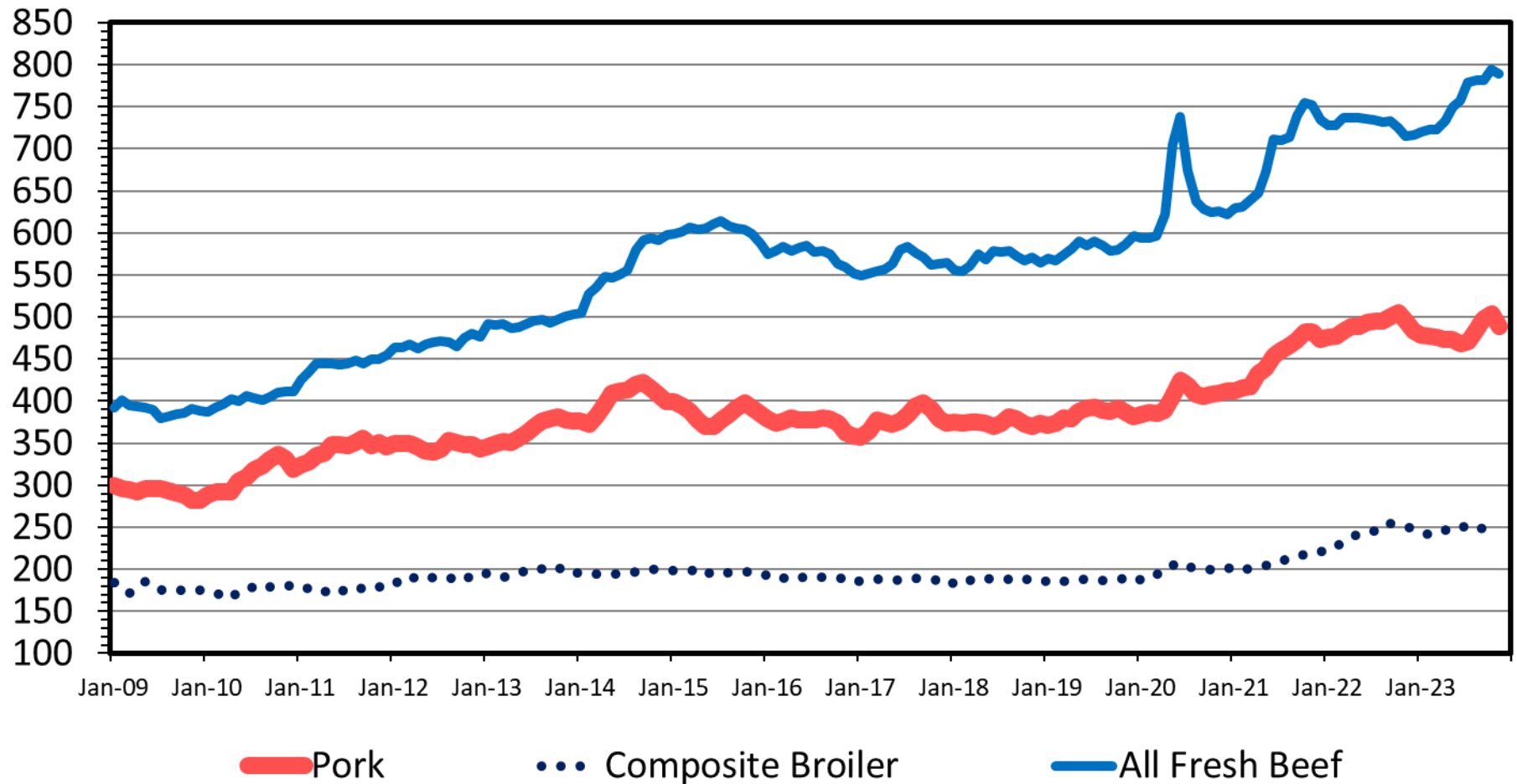
Livestock Marketing Information Center

C-P-07
12/12/23

RETAIL PRICE COMPARISON

Monthly

Cents Per Pound

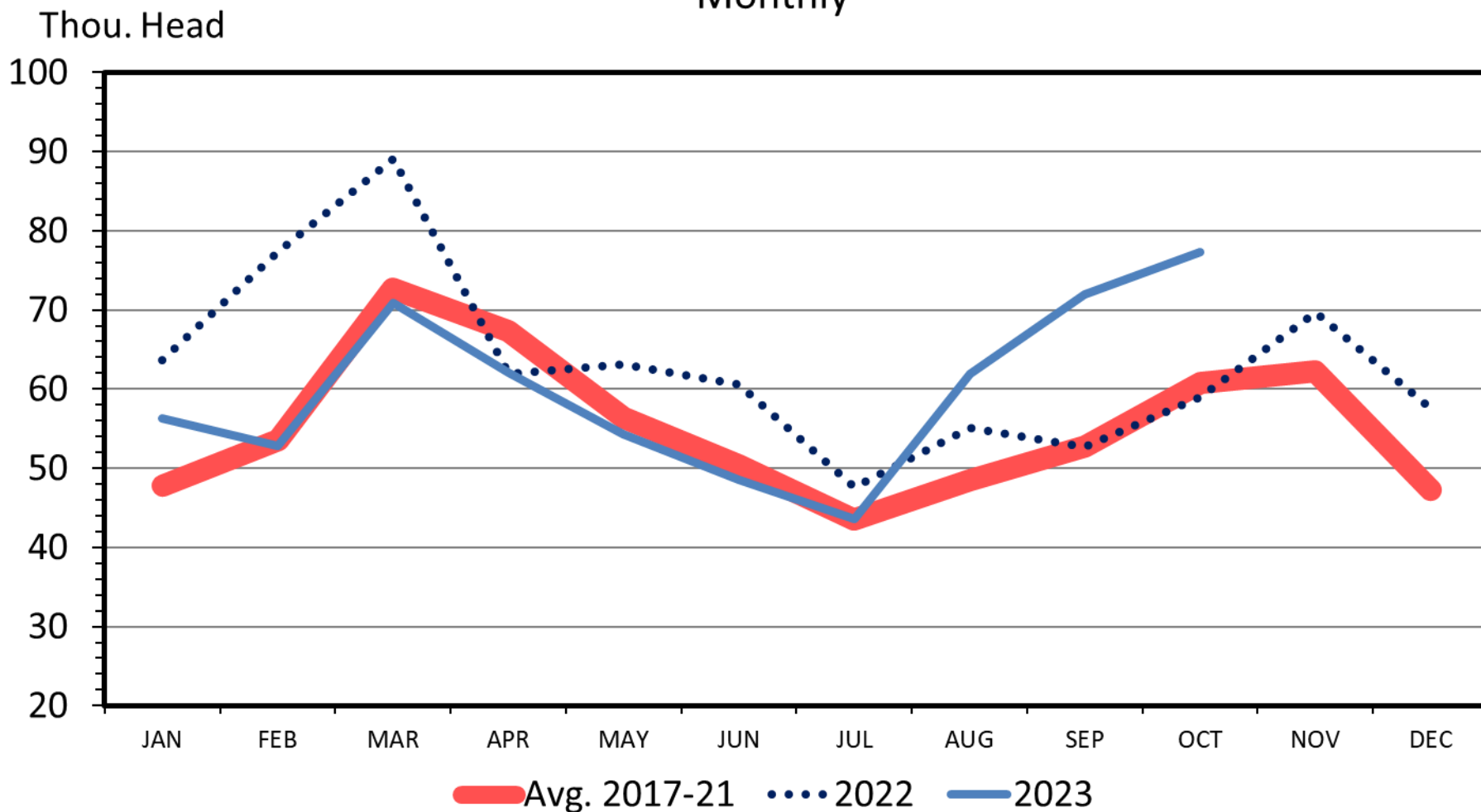


Data Source: Bureau of Labor Statistics & USDA-ERS

Livestock Marketing Information Center

US CATTLE IMPORTS FROM CANADA

Monthly



Data Source: USDA-ERS & USDA-FAS

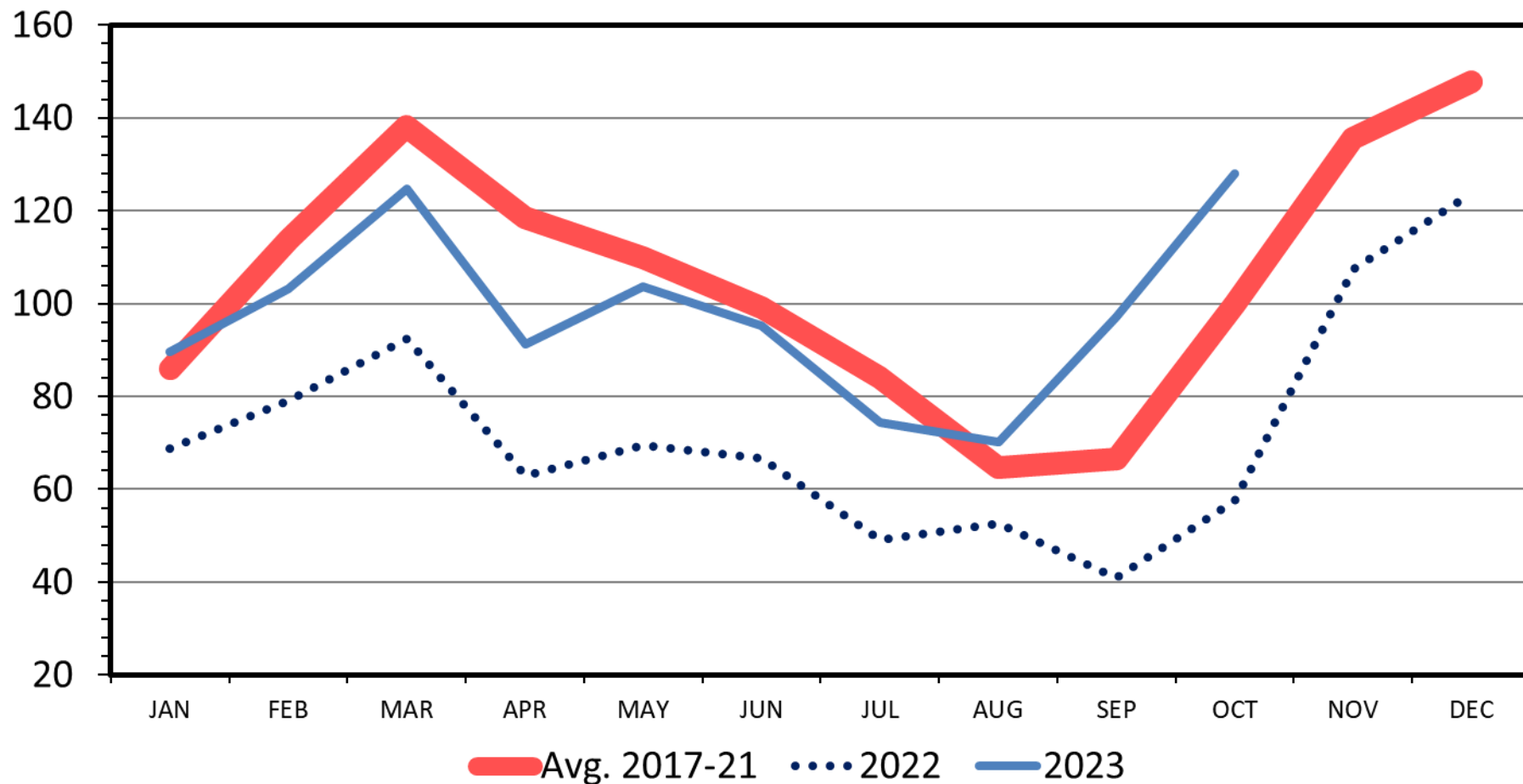
Livestock Marketing Information Center

LN-04
12/07/23

US CATTLE IMPORTS FROM MEXICO

Monthly

Thou. Head



Data Source: USDA-ERS & USDA-FAS

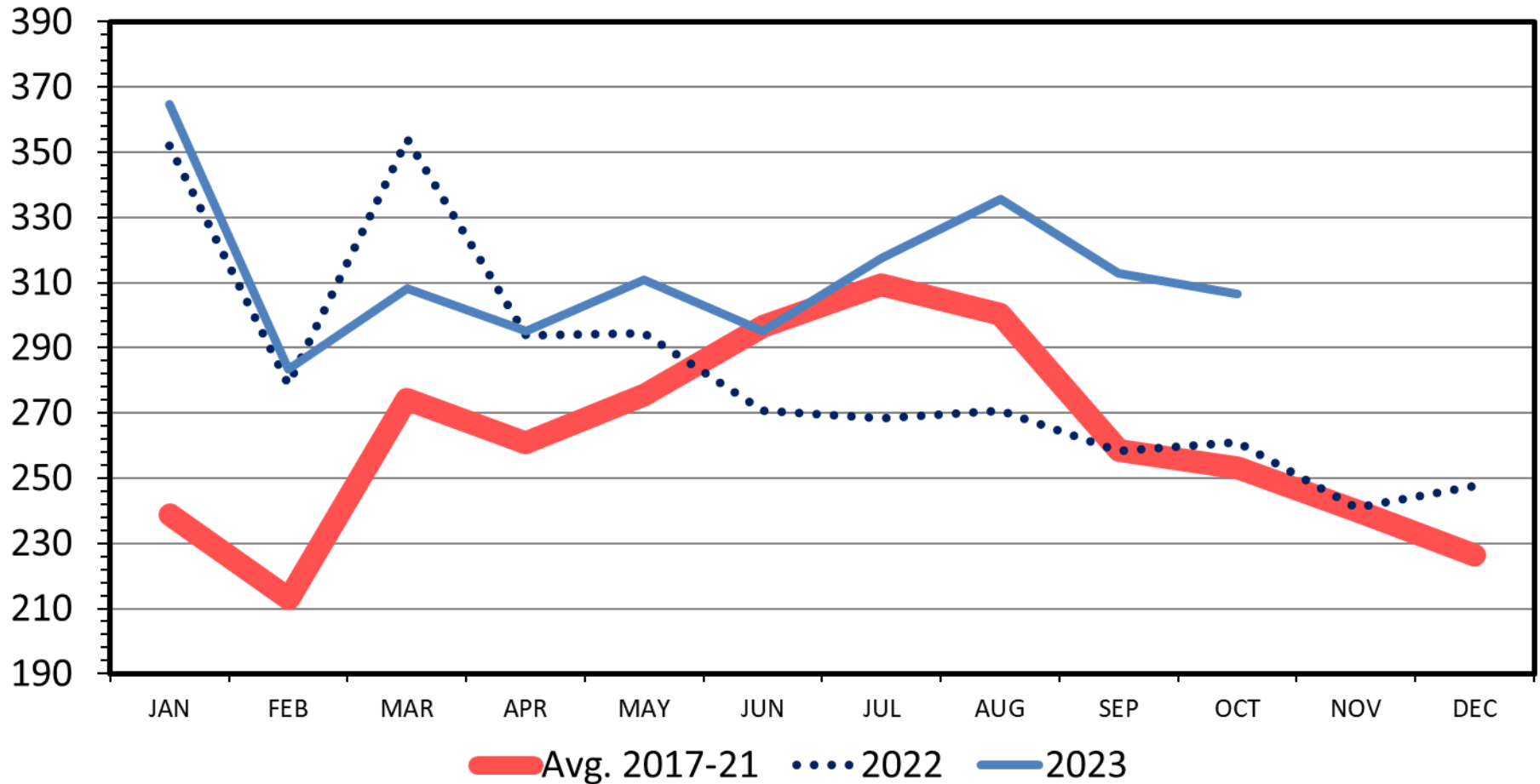
Livestock Marketing Information Center

LN-03
12/07/23

US BEEF AND VEAL IMPORTS

Carcass Weight, Monthly

Mil. Pounds



Data Source: USDA-ERS & USDA-FAS

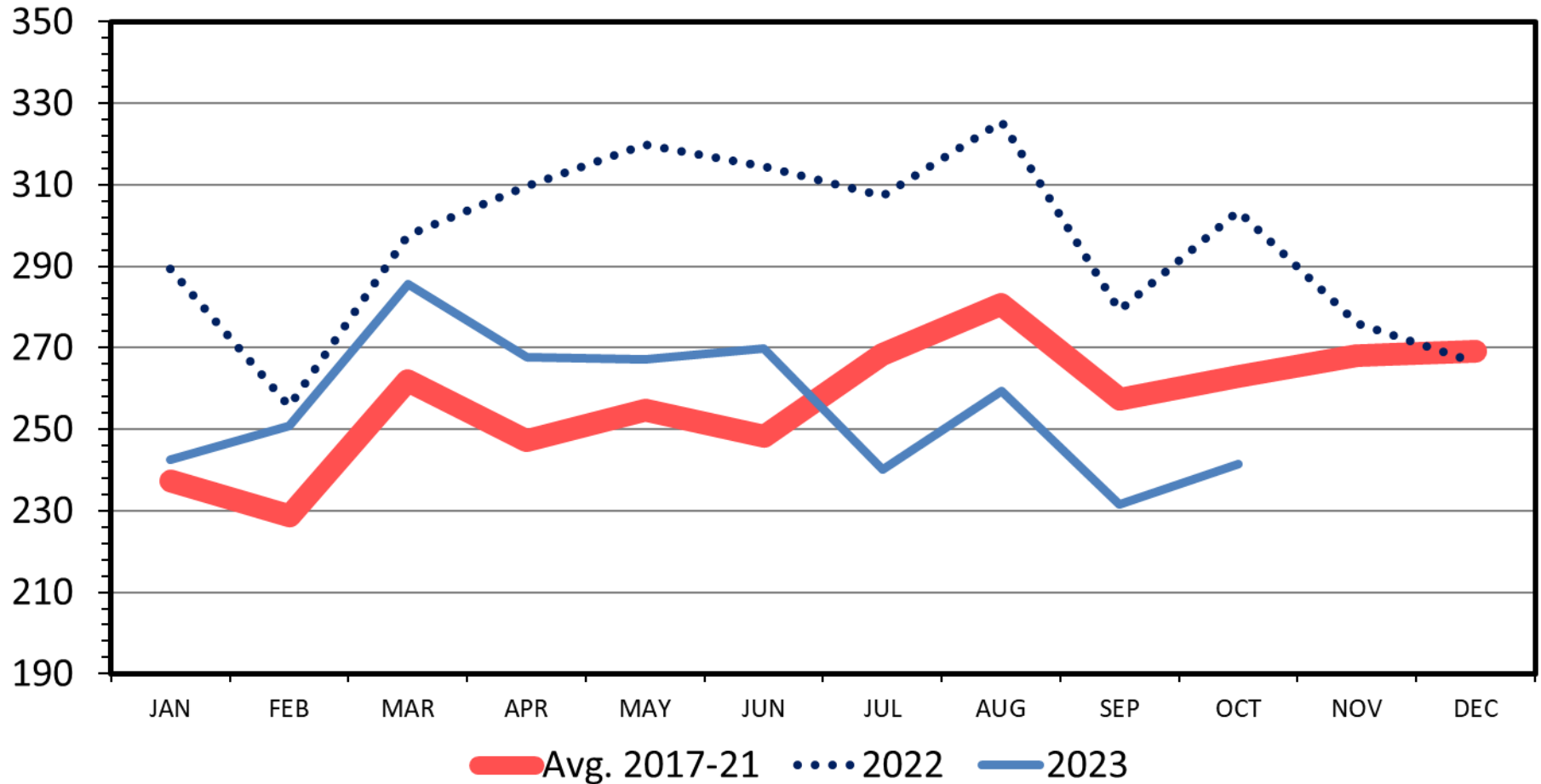
Livestock Marketing Information Center

LN-15
12/07/23

US BEEF AND VEAL EXPORTS

Carcass Weight, Monthly

Mil. Pounds



Data Source: USDA-ERS & USDA-FAS

Livestock Marketing Information Center

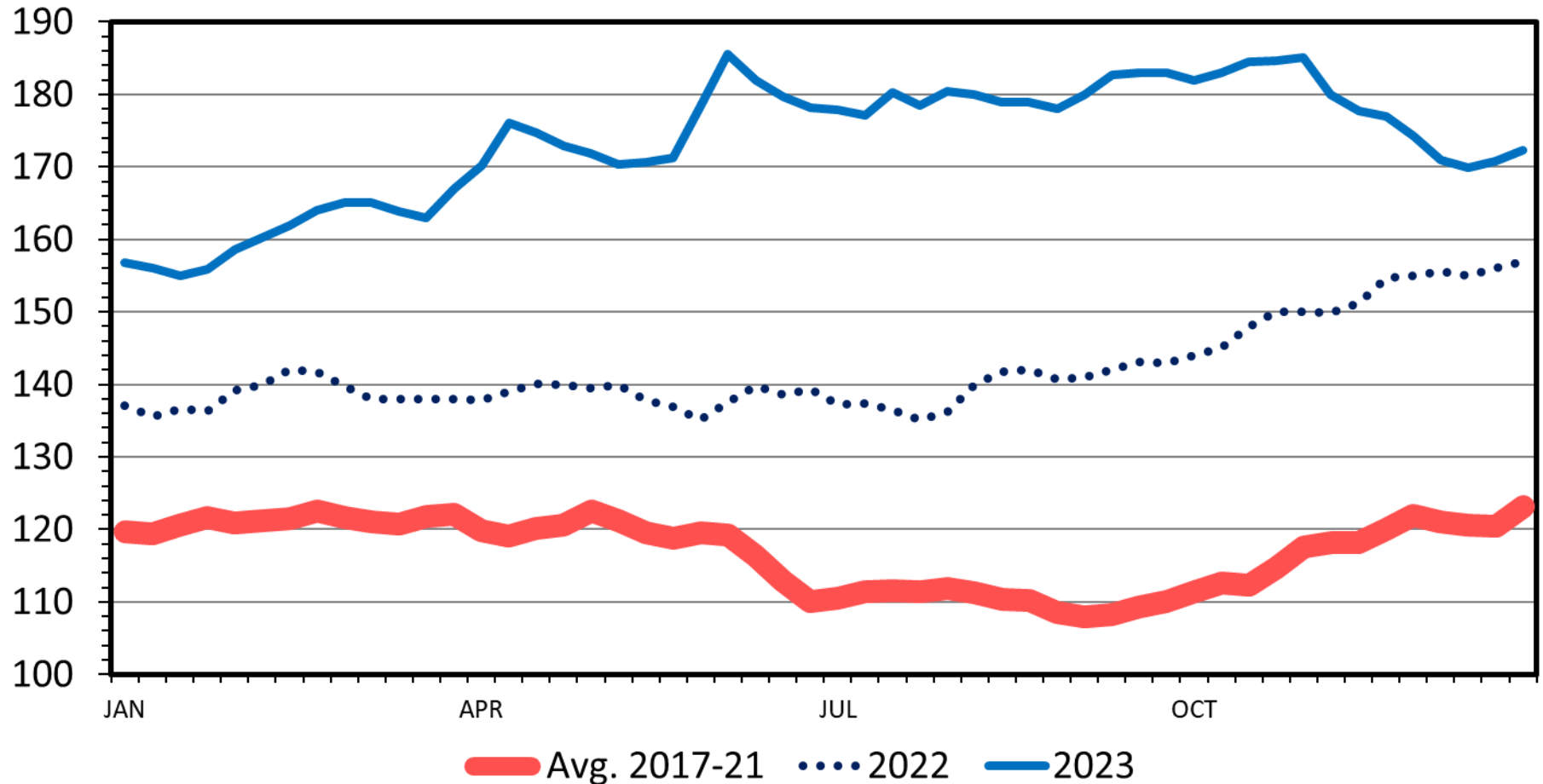
LN-16
12/07/23

Cattle Prices Increased Significantly in 2023 and Expected to Increase Again in 2024

SLAUGHTER STEER PRICES

Southern Plains, Weekly

\$ Per Cwt.



Data Source: USDA-AMS

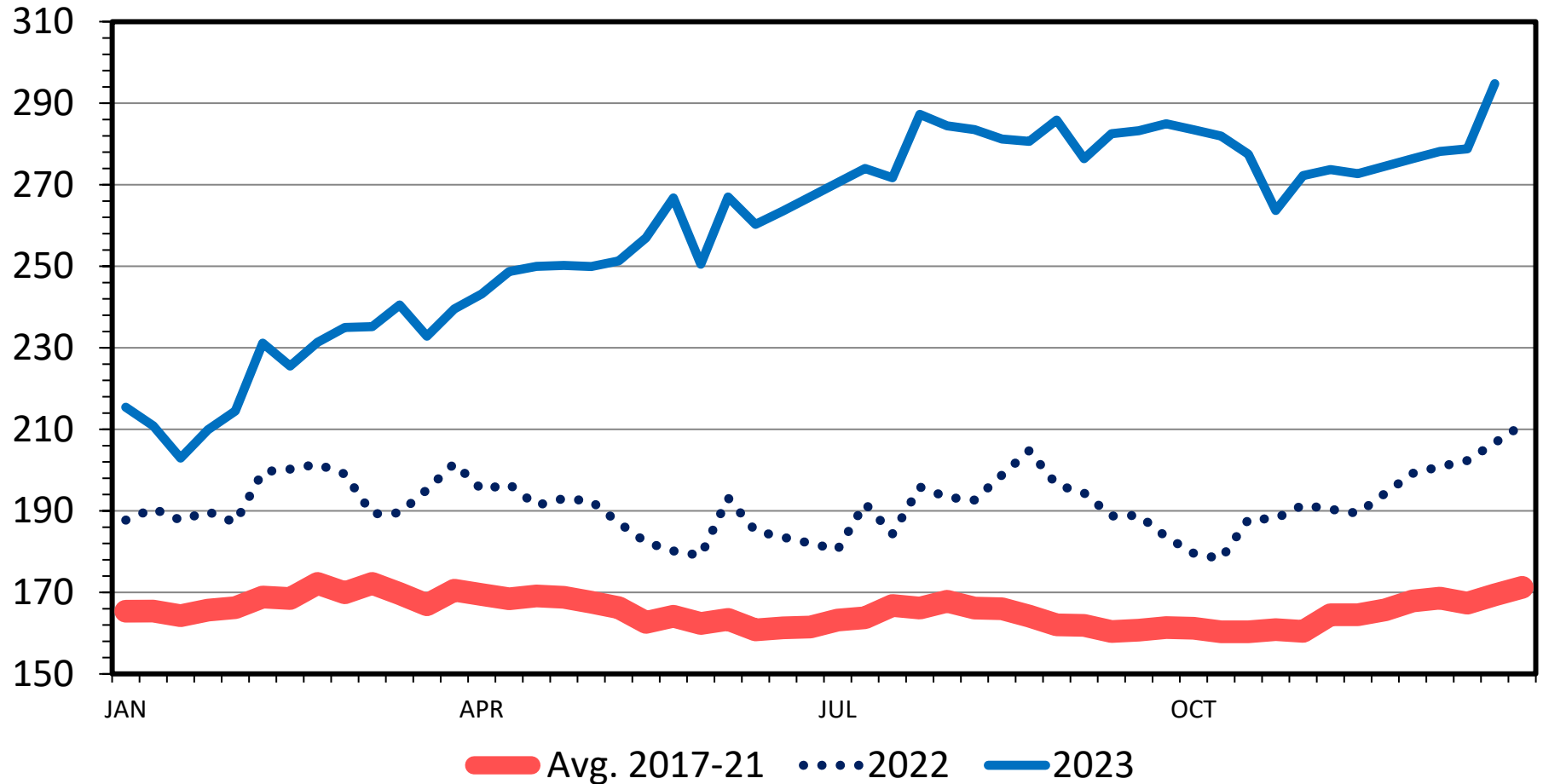
Livestock Marketing Information Center

C-P-52
01/02/24

MED. & LRG. #1 STEER CALF PRICES

500-600 Pounds, Southern Plains, Weekly

\$ Per Cwt.



Data Source: USDA-AMS

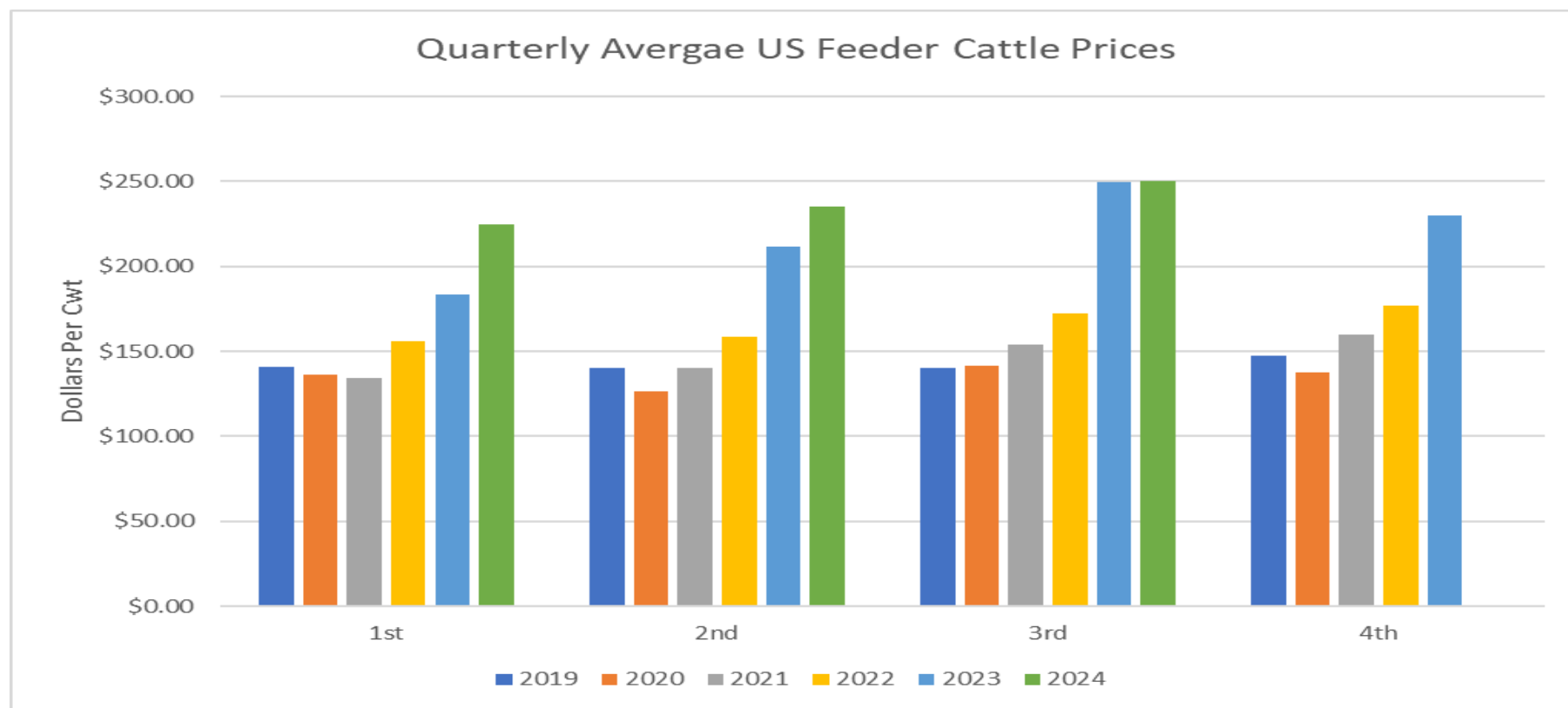
Livestock Marketing Information Center

C-P-54
01/02/24

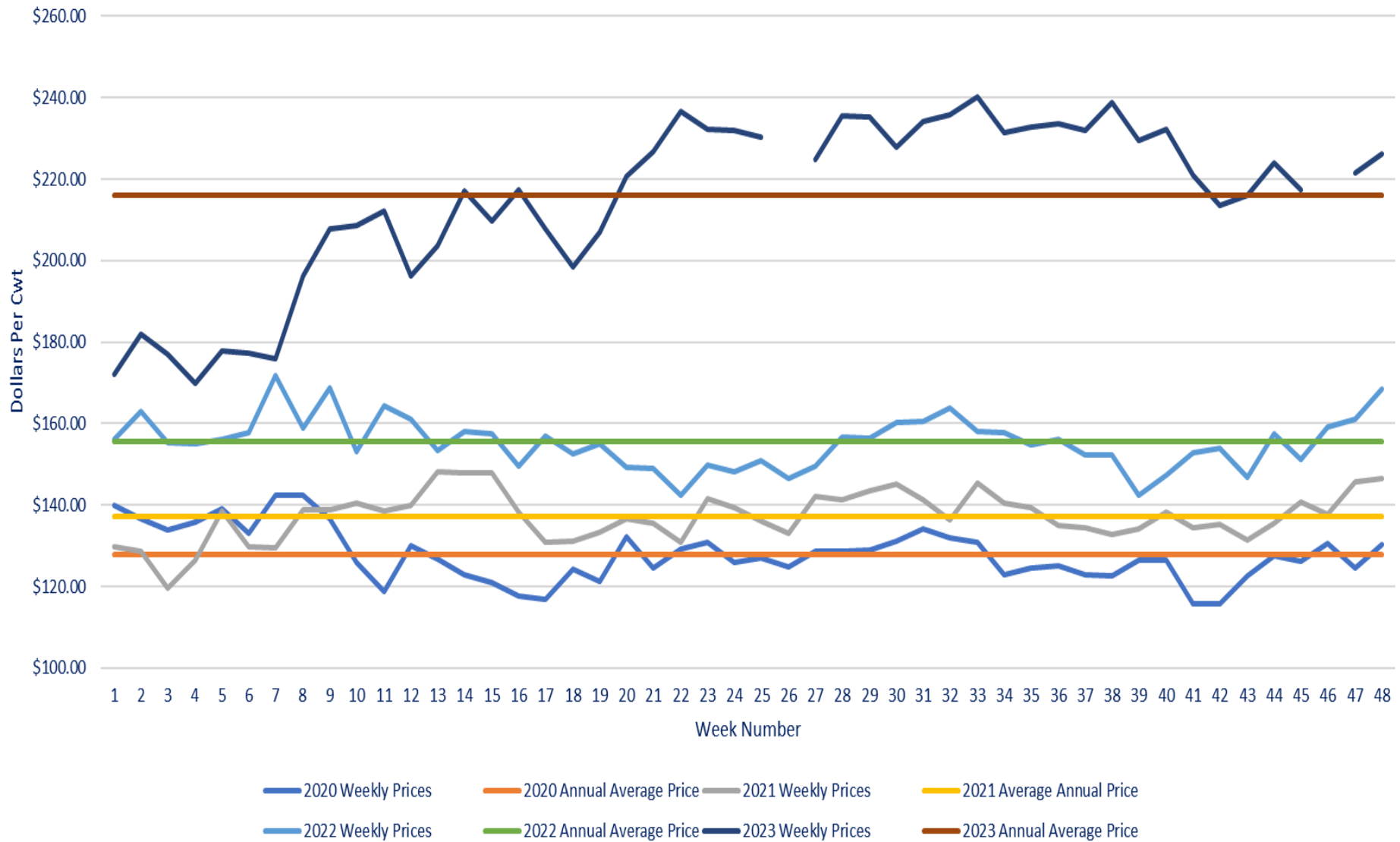
Annual US Average Livestock Prices

Commodity	2019	2020	2021	2022	2023	2024	% Change From 2019 to 2020	% Change From 2020 to 2021	% Change From 2021 to 2022	% Change From 2022 to 2023	% Change From 2023 to 2024
Fed Steers (\$/Cwt)	\$116.78	\$108.51	\$122.40	\$144.40	\$175.55	\$178.25	-7.08%	12.80%	17.97%	21.57%	1.54%
Feeder Steers (\$/Cwt)	\$142.23	\$135.45	\$146.95	\$165.94	\$218.61	\$241.75	-4.77%	8.49%	12.92%	31.74%	10.59%
Cull Cows (\$/Cwt)	\$56.43	\$60.61	\$64.91	\$78.44	\$95.07	\$106.25	7.41%	7.09%	20.84%	21.20%	11.76%
Lean Hogs (\$/Cwt)	\$47.95	\$43.18	\$67.29	\$71.21	\$58.70	\$60.00	-9.95%	55.84%	5.83%	-17.57%	2.21%
Broilers (Cents/Lb)	\$88.60	\$73.20	\$101.20	\$140.50	\$123.50	\$124.00	-17.38%	38.25%	38.83%	-12.10%	0.40%

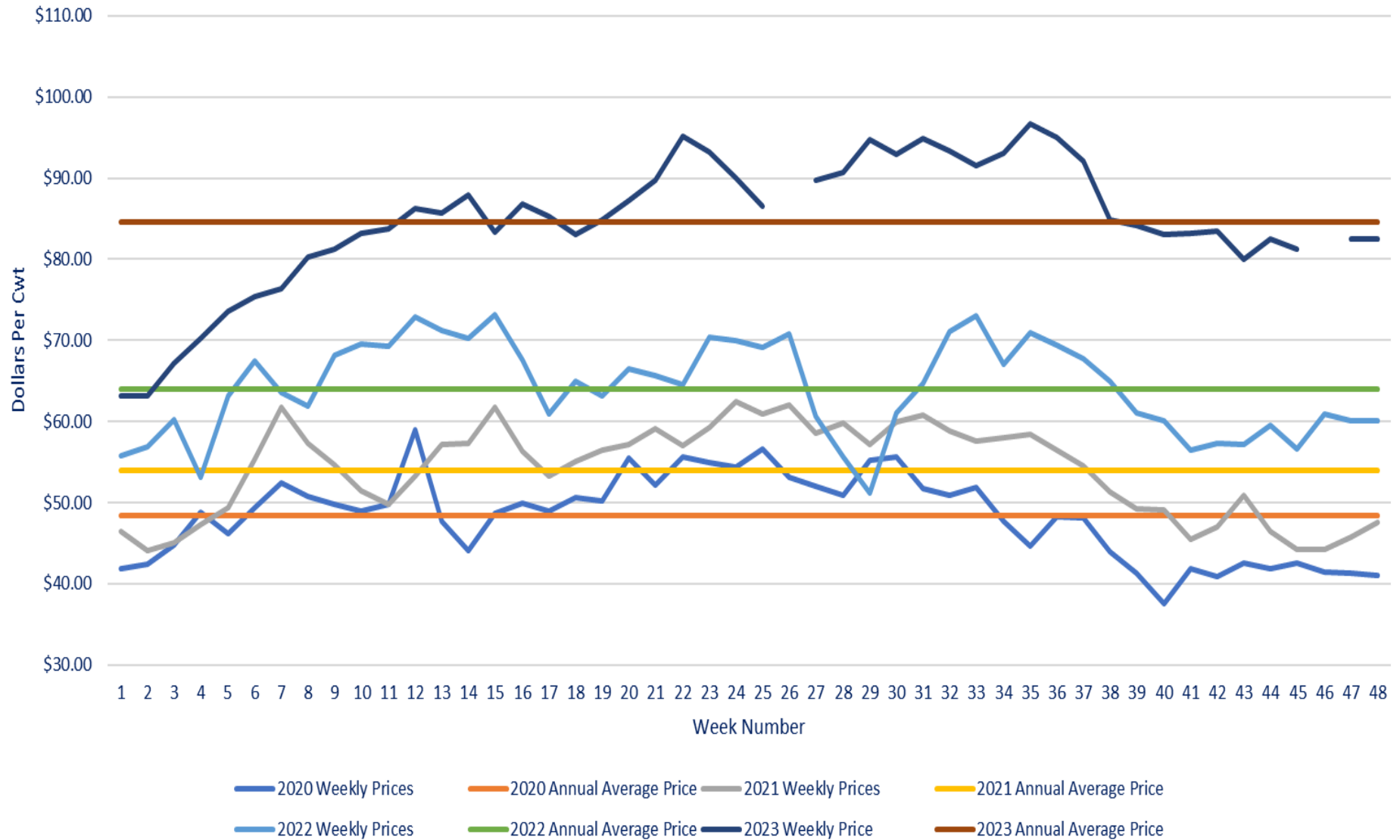
Source: USDA, Economic Research Service, December 2023 Estimates



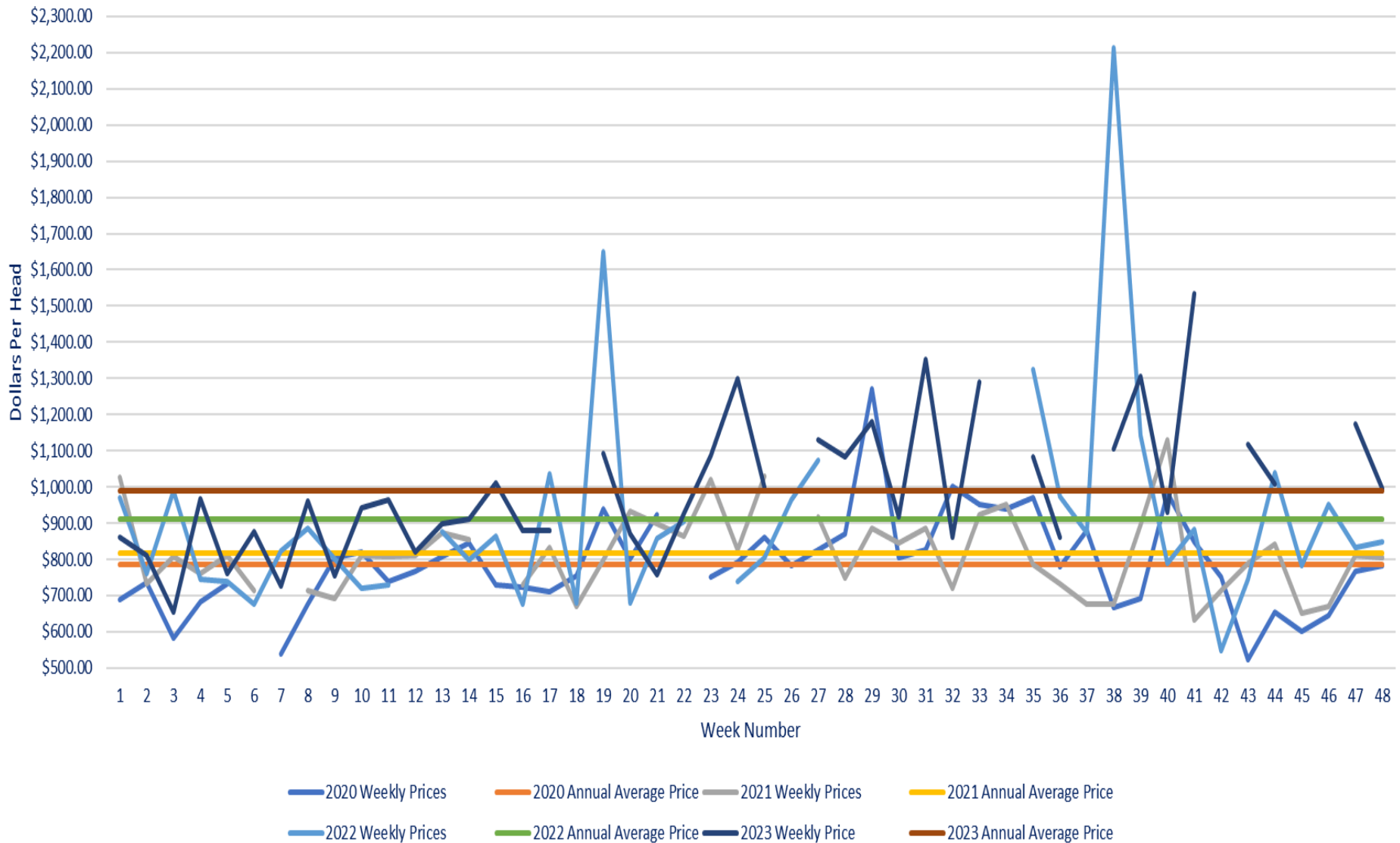
Weekly Feeder Steer Prices - 500 to 600 lbs - All Frame and All Muscle Grades Mississippi Auction Market (Source: USDA, AMS)



Weekly Cull Cow Prices - All Weights and Grades Mississippi Auction Market (Source: USDA, AMS)



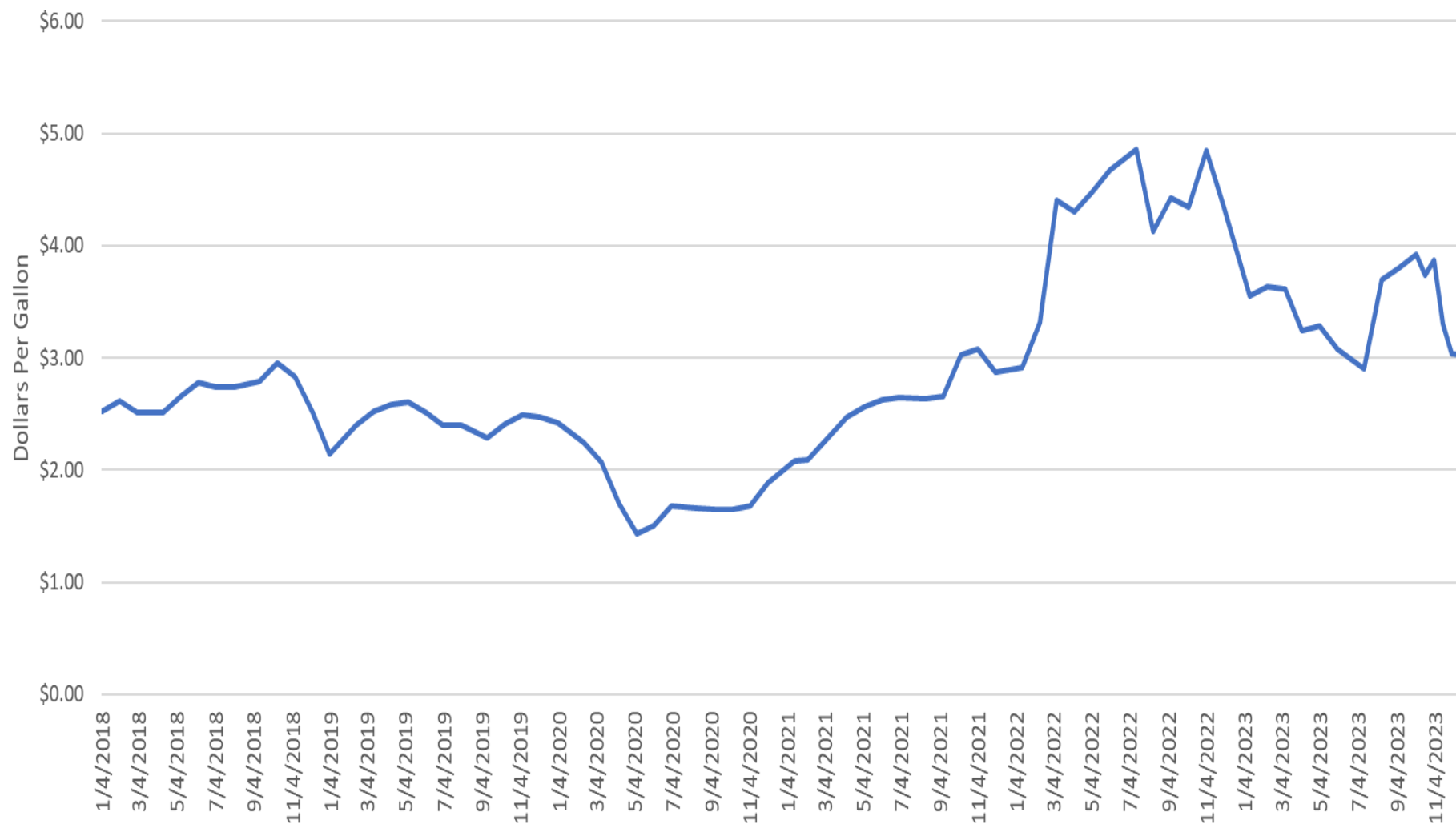
Weekly Bred Heifer Prices - All Ages, Weights, Sizes, and Length of Bred Mississippi Auction Market (Source: USDA, AMS)



**While Still High, Many Input
Costs Moderated in 2023 and
Are Expected to Be Flat to
Lower in 2024**

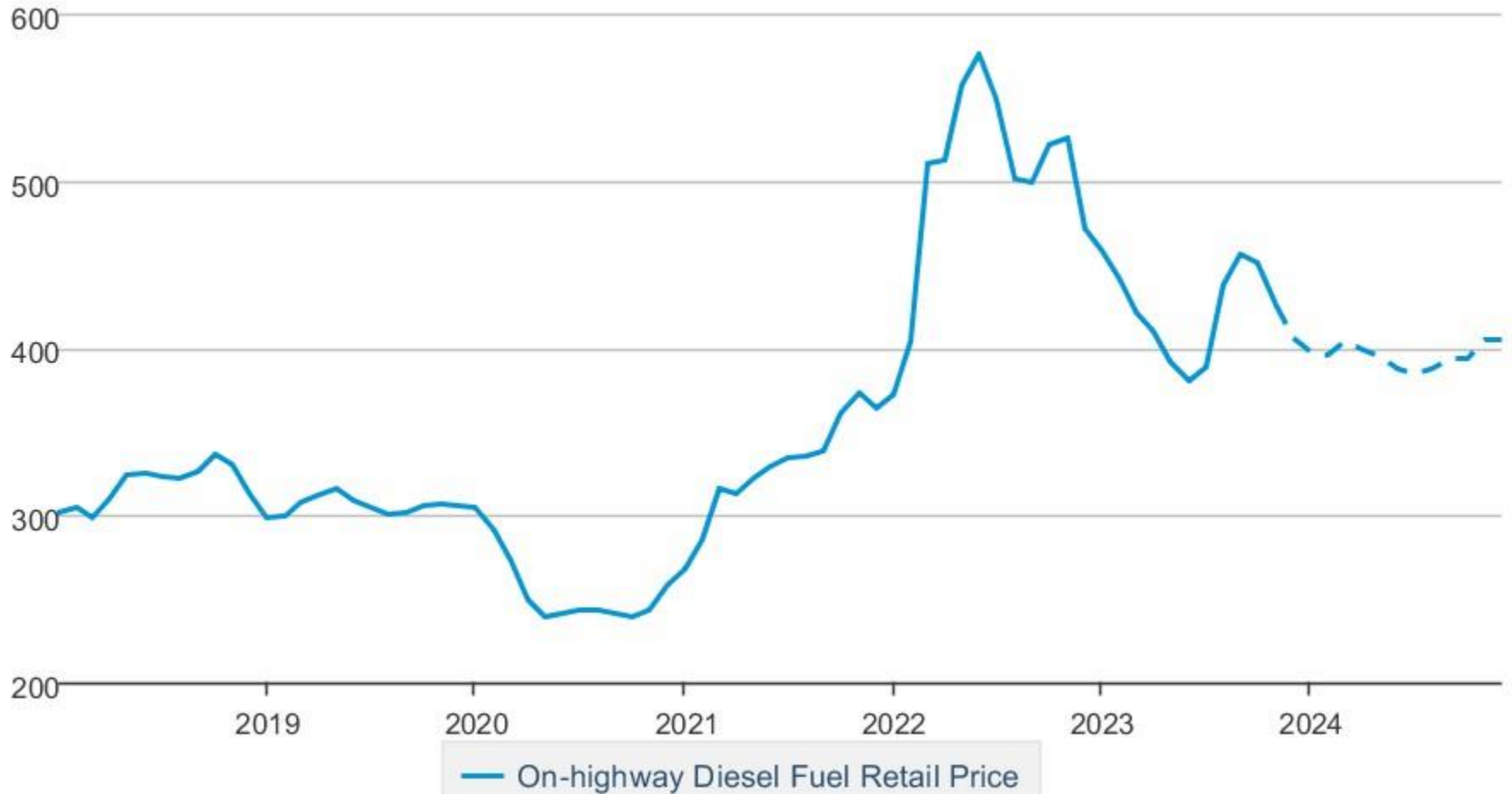
Monthly Diesel Prices - Illinois Production Cost Report

(Source: USDA, Agricultural Marketing Service)



On-highway Diesel Fuel Retail Price

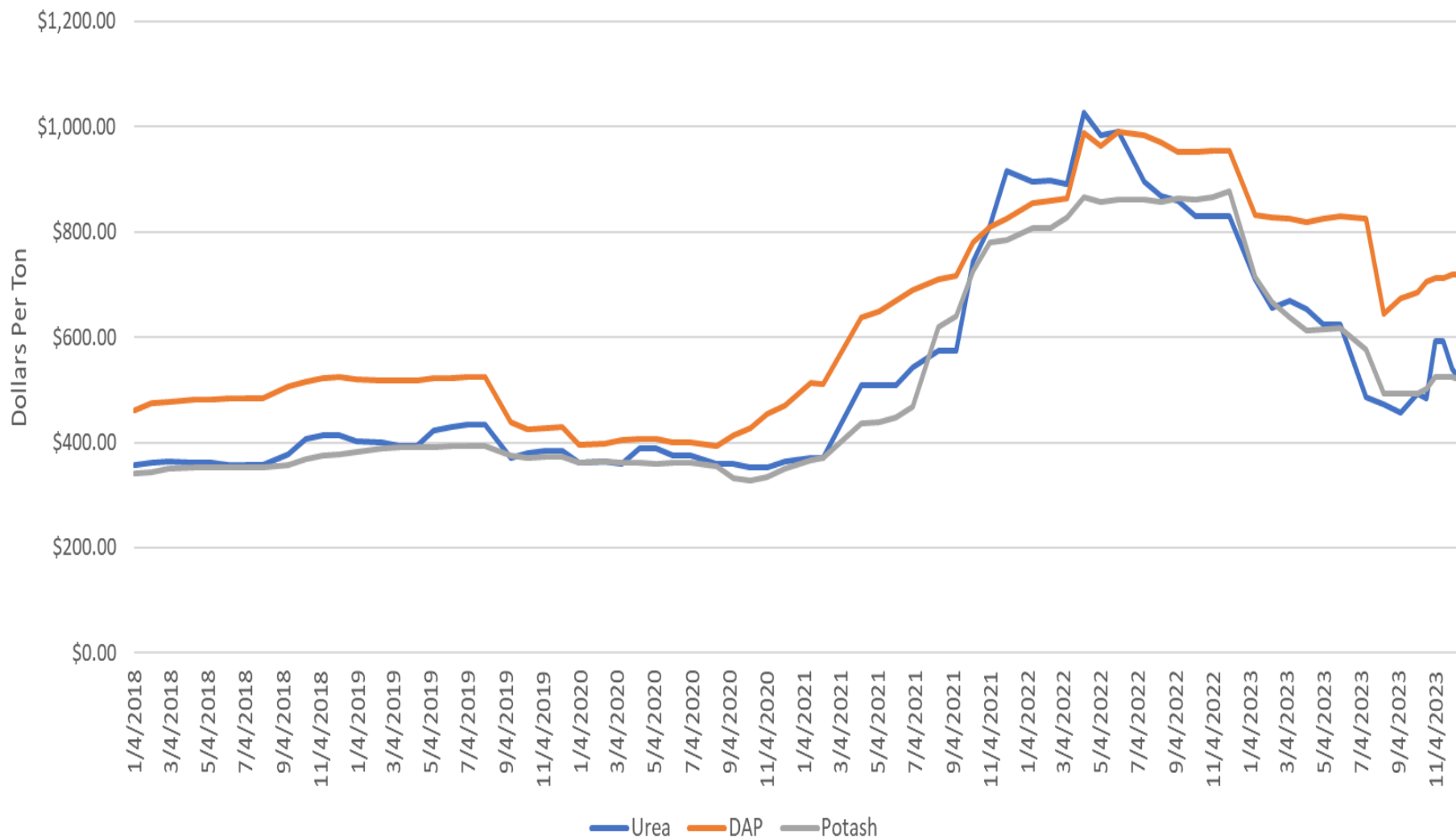
cents per gallon



Data source: U.S. Energy Information Administration

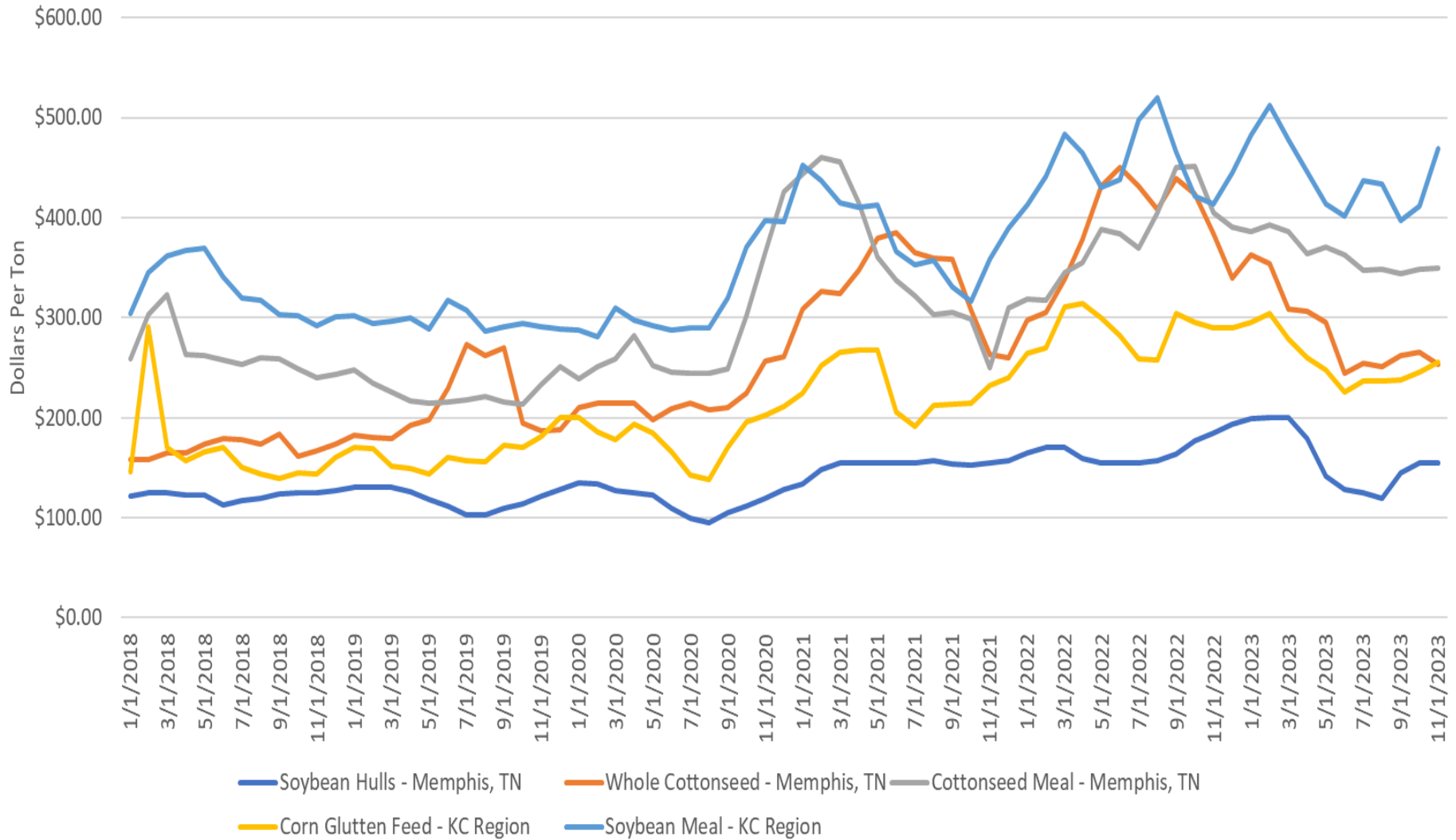
Monthly Fertilizer Prices - Illinois Production Cost Report

(Source: USDA, Agricultural Marketing Service)



Monthly Feedstuff Prices

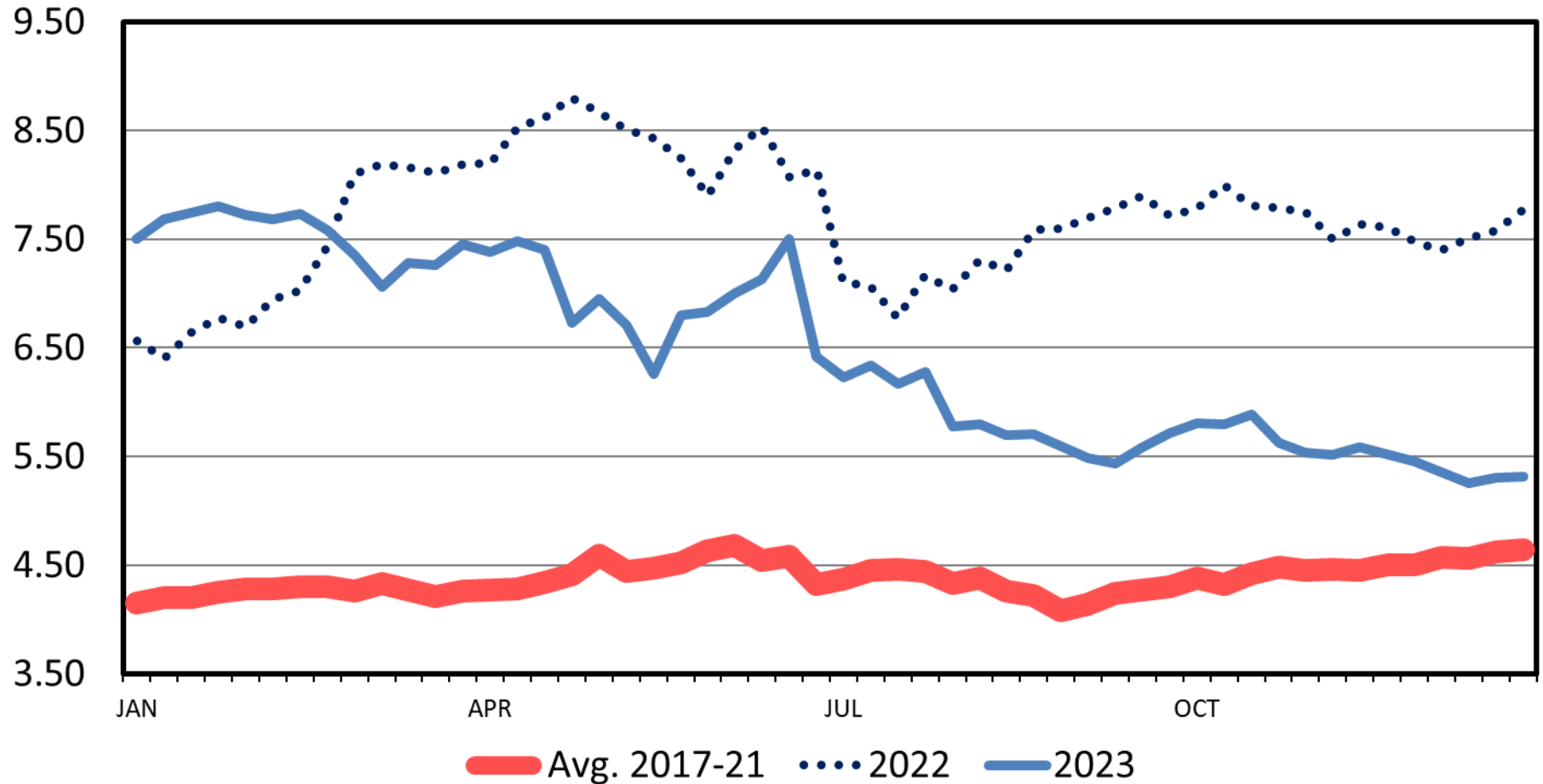
(Source: USDA, Agricultural Marketing Service)



SOUTHERN PLAINS CORN PRICES

Weekly

\$ Per Bu.



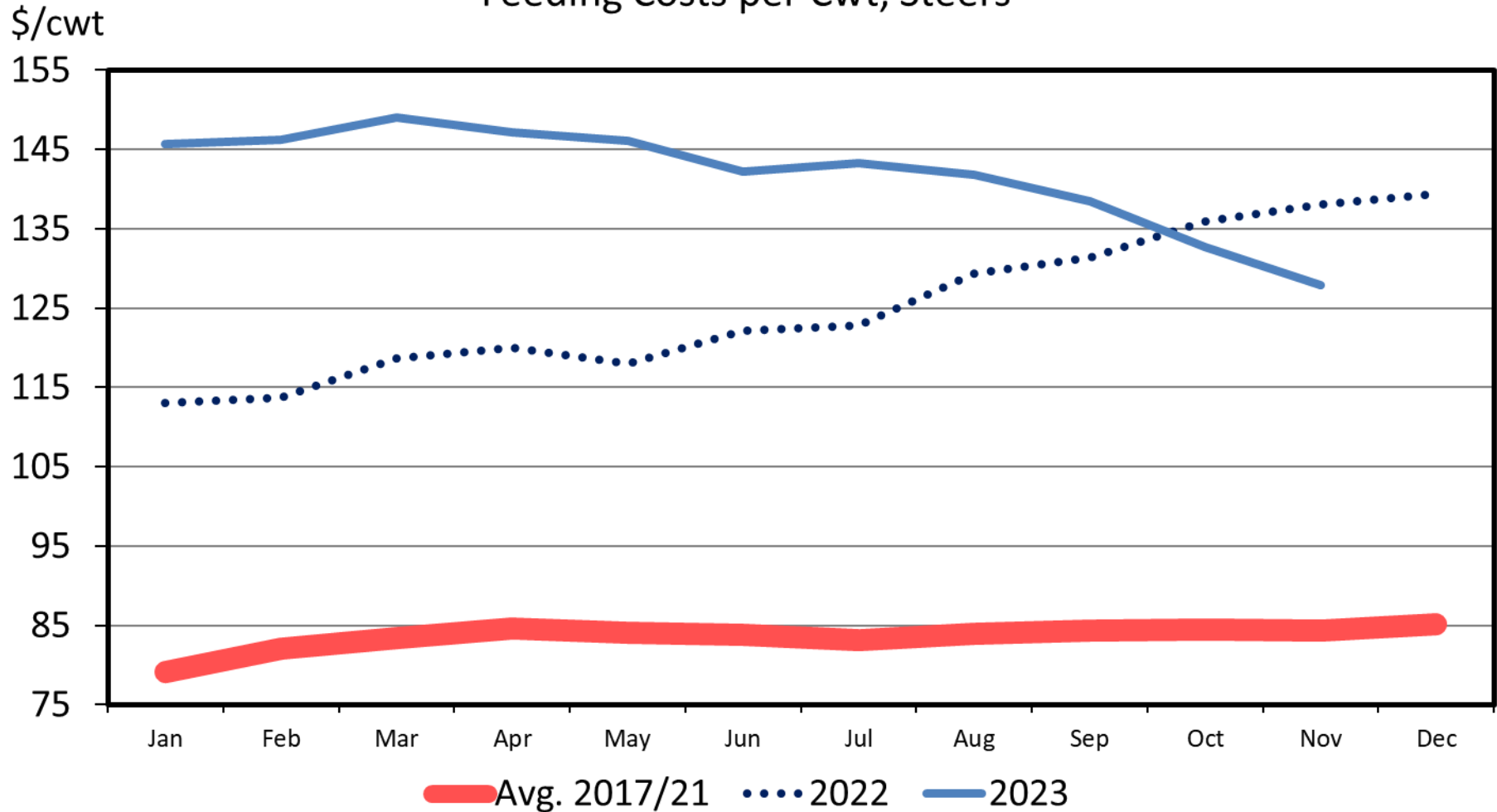
Data Source: USDA-AMS

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G-P-04
12/29/23

KANSAS FEEDLOT CLOSEOUTS

Feeding Costs per Cwt, Steers

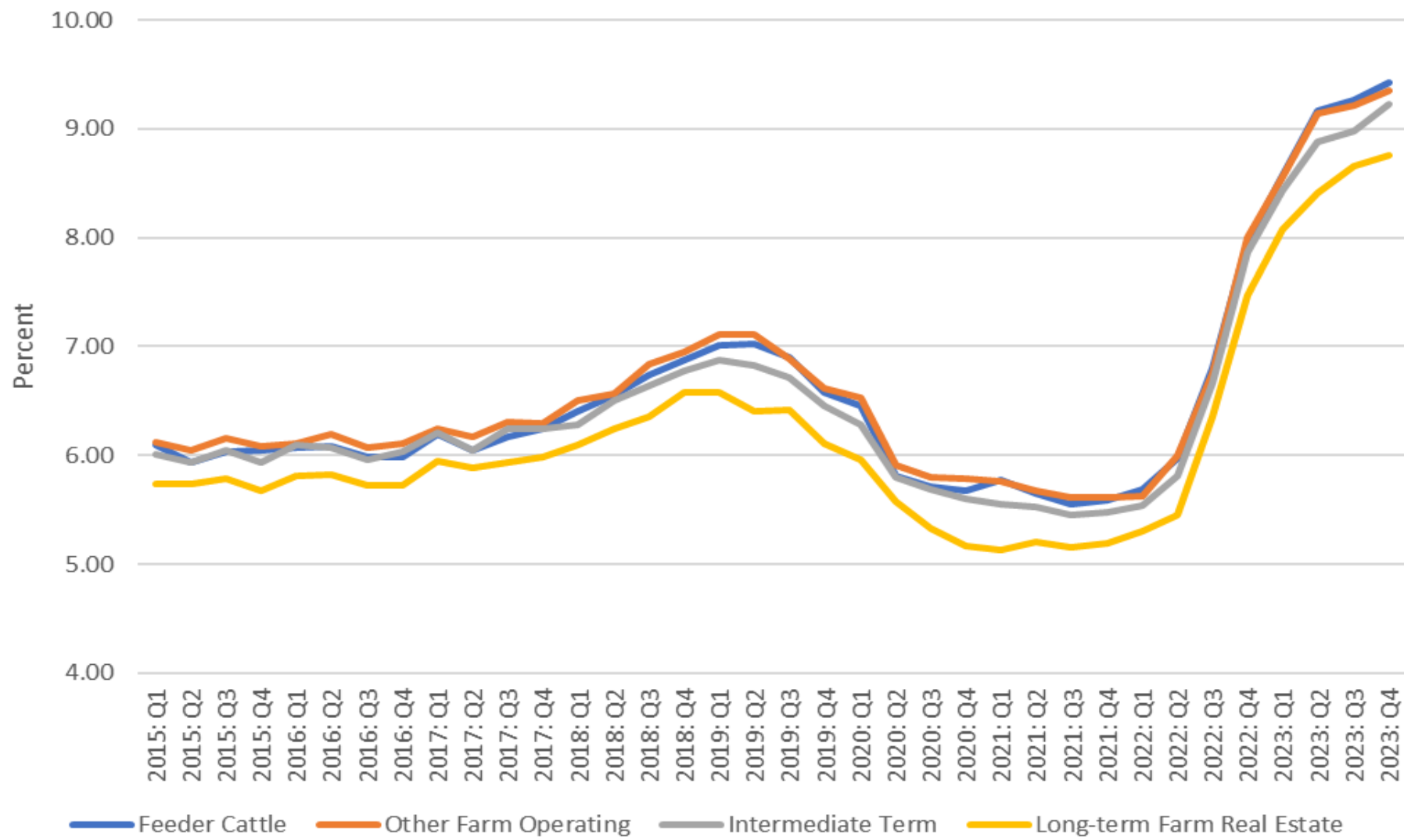


Data Source: KSU Focus on Feedlots, Compiled by LMIC

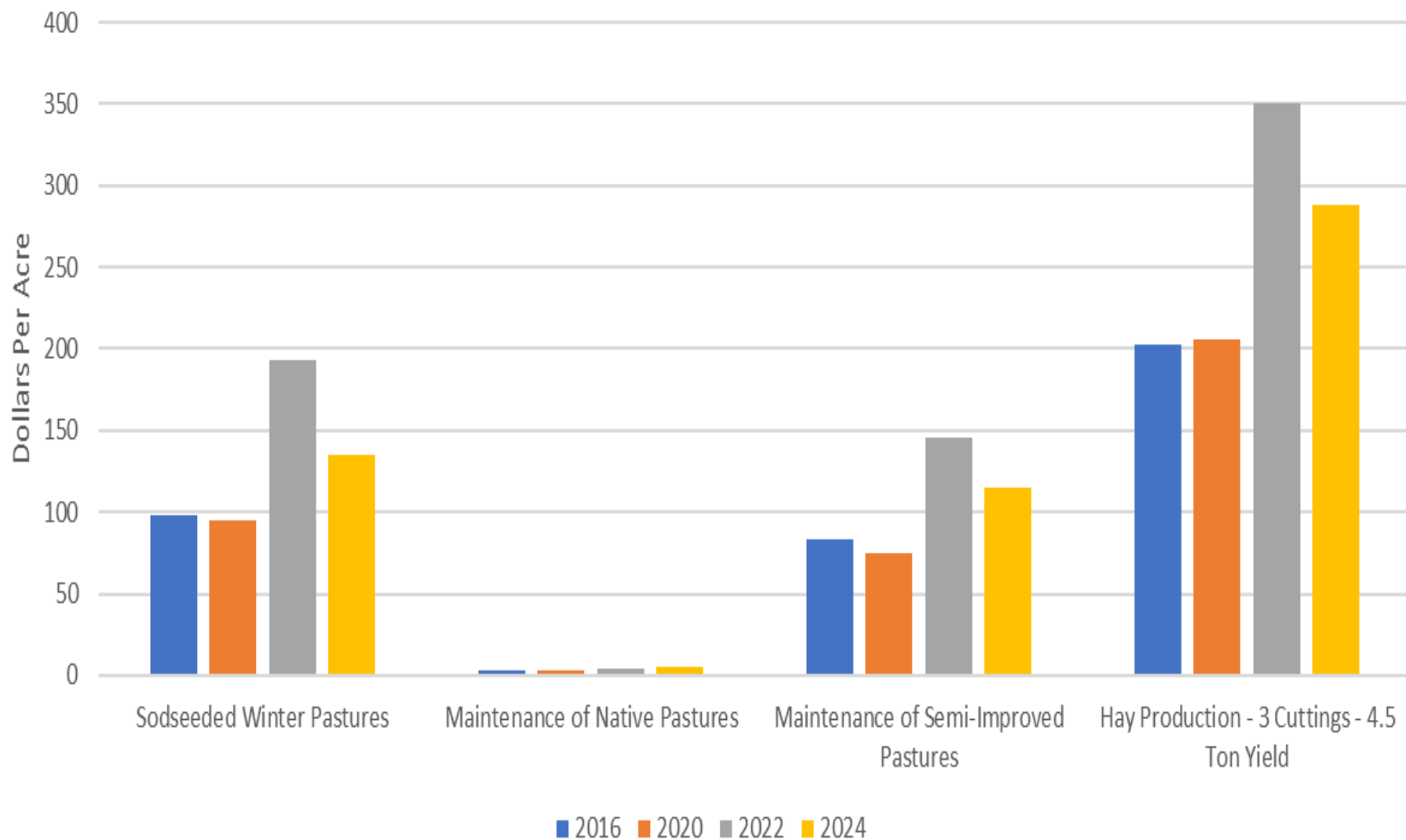
01/05/24

Livestock Marketing Information Center

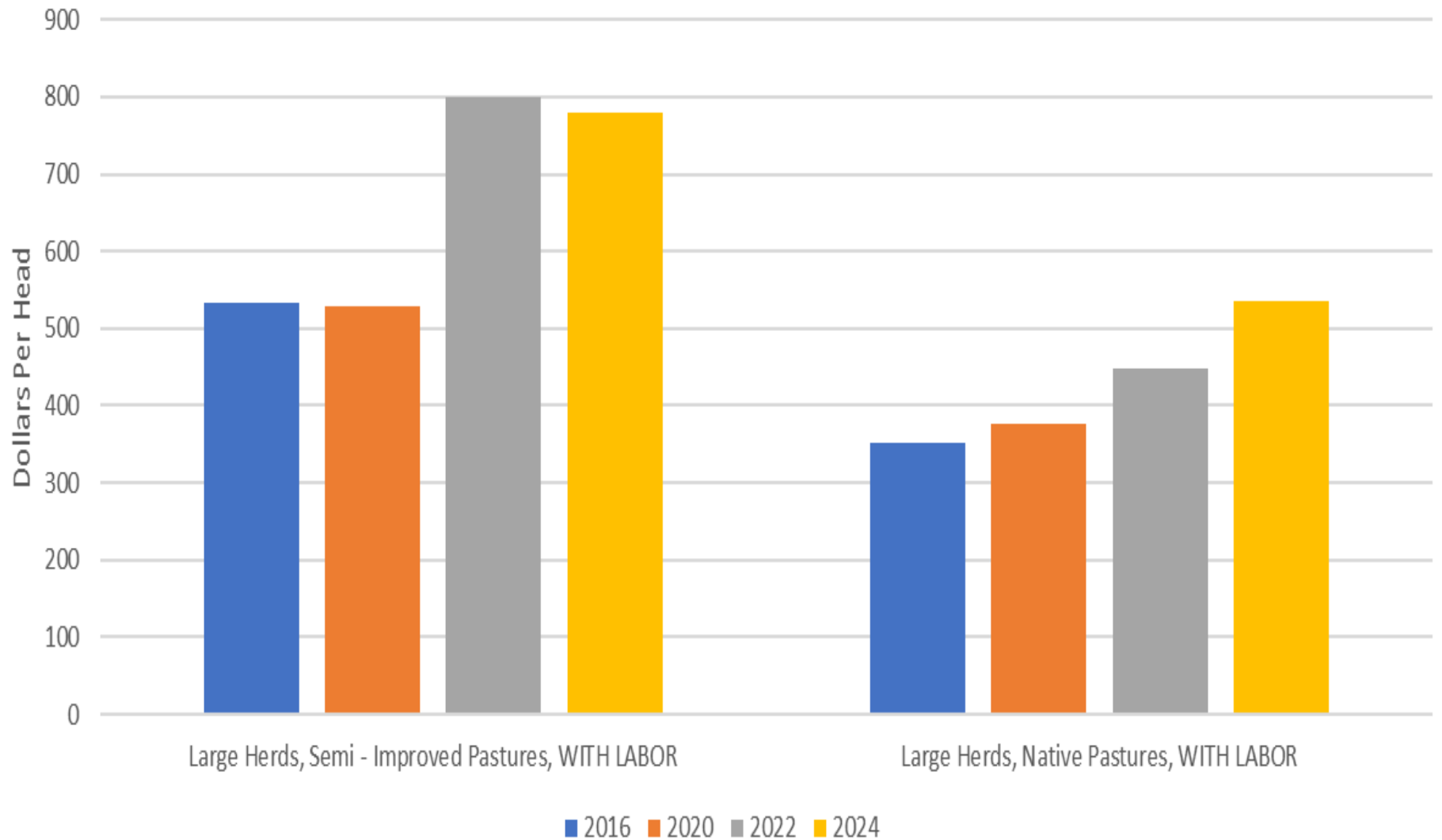
Fixed Interest Rates for Various Loan Types (Source: Dallas Federal Reserve)



Estimated Annual Variable Forage Costs (Selected Years)



Estimated Annual Variable Cow Maintenance Costs (Selected Years)



Higher Prices and Flat to Lower Production Costs Should Equate to Stronger Margins in 2024

Estimated Returns Above Variable Costs (550 pound calf @ \$220/cwt sell price)

Weaning	Variable Cost Per Cow Per Year										
Percentage	\$400	\$450	\$500	\$550	\$600	\$650	\$700	\$750	\$800	\$850	\$900
50%	\$205	\$155	\$105	\$55	\$5	(\$45)	(\$95)	(\$145)	(\$195)	(\$245)	(\$295)
55%	\$266	\$216	\$166	\$116	\$66	\$16	(\$35)	(\$85)	(\$135)	(\$185)	(\$235)
60%	\$326	\$276	\$226	\$176	\$126	\$76	\$26	(\$24)	(\$74)	(\$124)	(\$174)
65%	\$387	\$337	\$287	\$237	\$187	\$137	\$87	\$37	(\$13)	(\$63)	(\$114)
70%	\$447	\$397	\$347	\$297	\$247	\$197	\$147	\$97	\$47	(\$3)	(\$53)
75%	\$508	\$458	\$408	\$358	\$308	\$258	\$208	\$158	\$108	\$58	\$8
80%	\$568	\$518	\$468	\$418	\$368	\$318	\$268	\$218	\$168	\$118	\$68
85%	\$629	\$579	\$529	\$479	\$429	\$379	\$329	\$279	\$229	\$179	\$129
90%	\$689	\$639	\$589	\$539	\$489	\$439	\$389	\$339	\$289	\$239	\$189
95%	\$750	\$700	\$650	\$600	\$550	\$500	\$450	\$400	\$350	\$300	\$250
100%	\$810	\$760	\$710	\$660	\$610	\$560	\$510	\$460	\$410	\$360	\$310

Summary

- Lower cattle numbers and beef production in 2024 and 2025
- Higher than average prices expected in 2024 and 2025 (and potentially beyond)
- Based on USDA year over year projections, calf prices in 2024 should range in the \$2.40 to \$2.70 range
- Concerns over beef demand exist
- While lower, input costs remain historically high
- Unexpected market shocks look to be the only thing could slow growth in cattle prices.

Questions ???

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