

What's In Store for the 2013 Cattle Markets

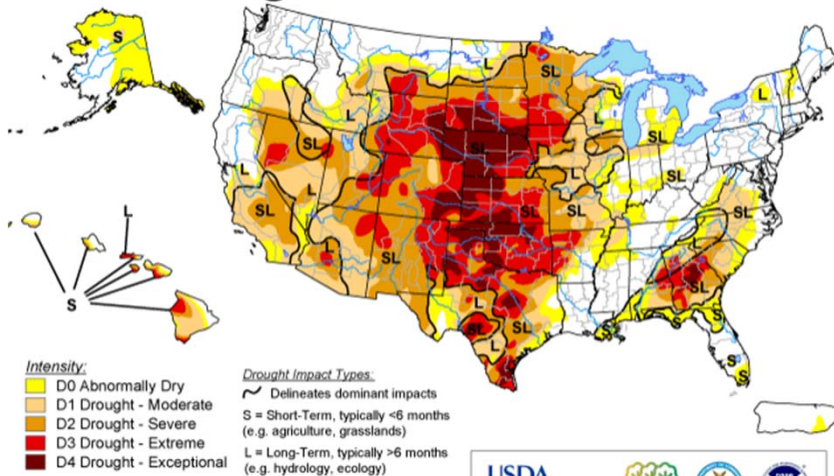
Stan Bevers
Professor & Extension Economist
Vernon, Texas



January 15, 2013
Cattle Trails Cow-calf Conference
Lawton, Oklahoma

U.S. Drought Monitor

January 8, 2013
Valid 7 a.m. EST



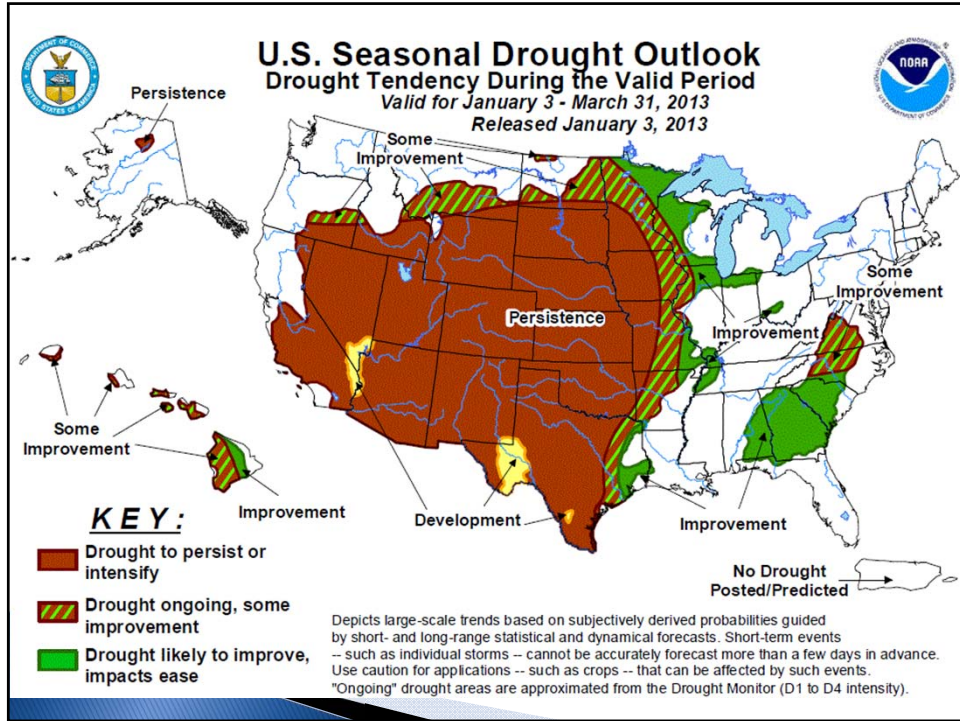
The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.

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



Released Thursday, January 10, 2013

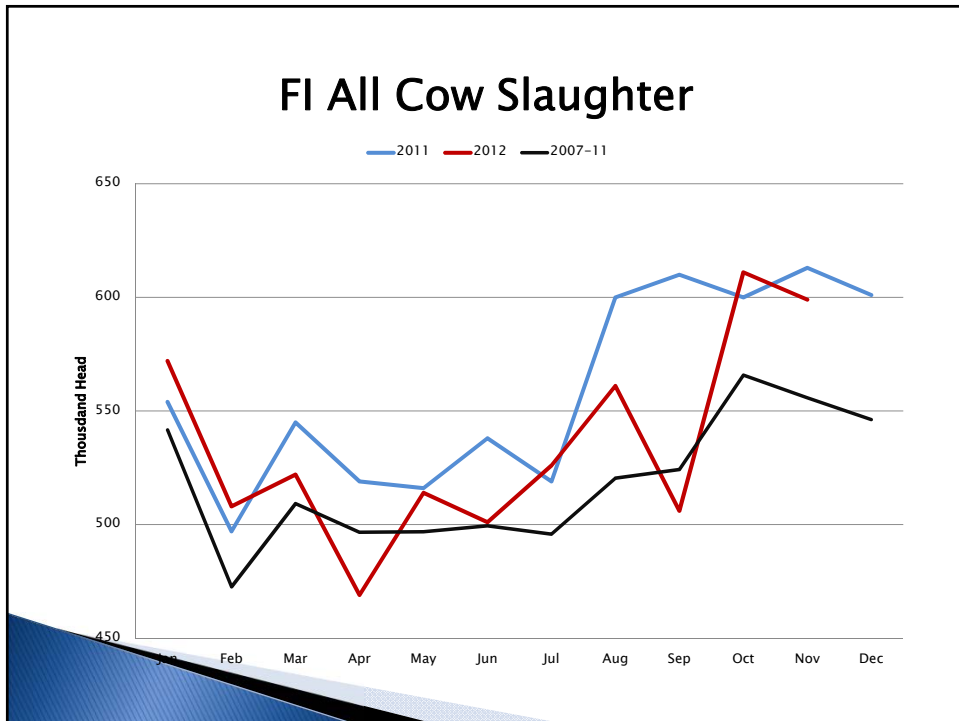
Author: David Simeral, Western Regional Climate Center



Cattle Situation

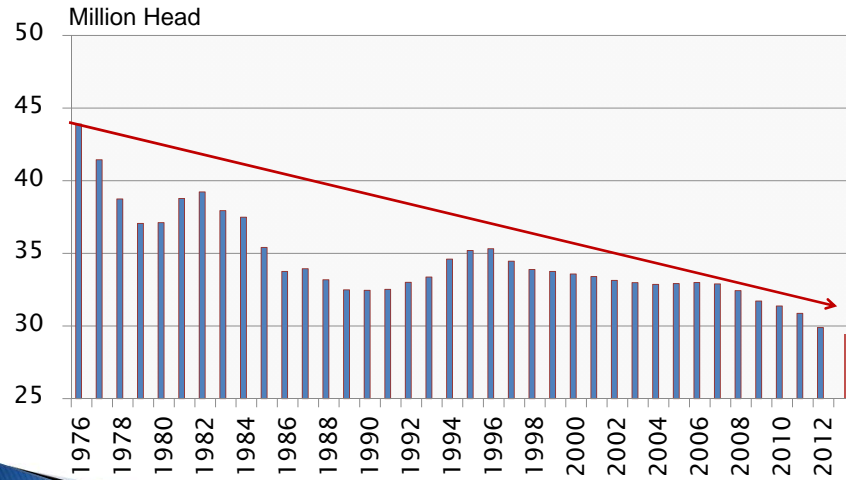
Three Points to Make

- ▶ Cattle Inventory Numbers
- ▶ Drought's Impact on Corn & Cattle
- ▶ Rising Protein Prices



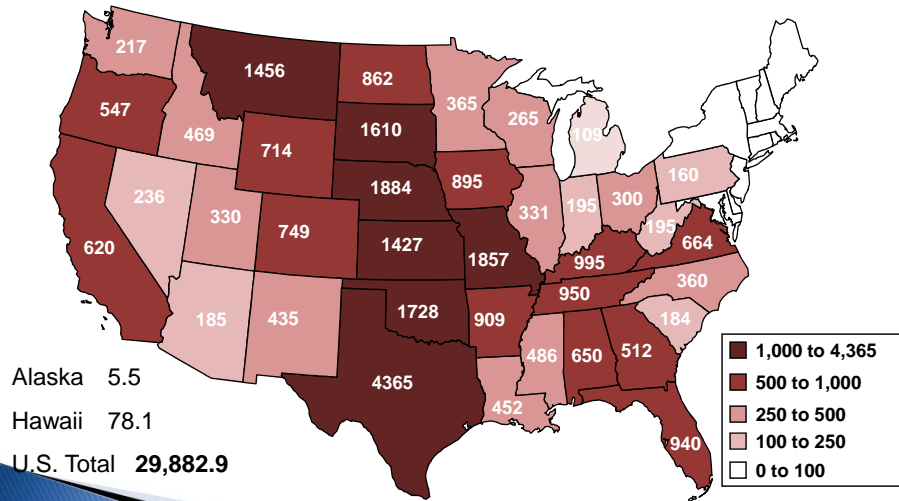
U.S. Beef Cow Inventory

January 1



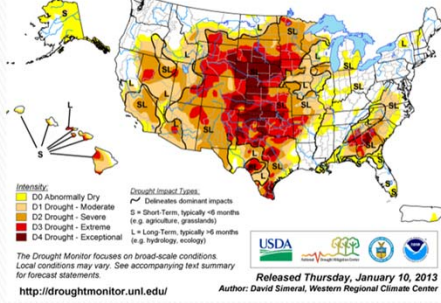
BEEF COWS THAT HAVE CALVED

JANUARY 1, 2012
(1000 Head)

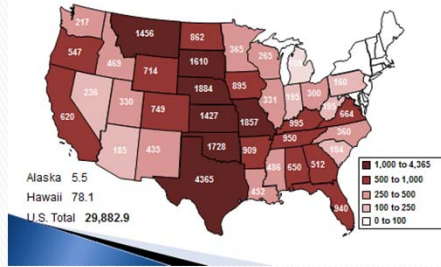


Drought Conditions in Cow Country

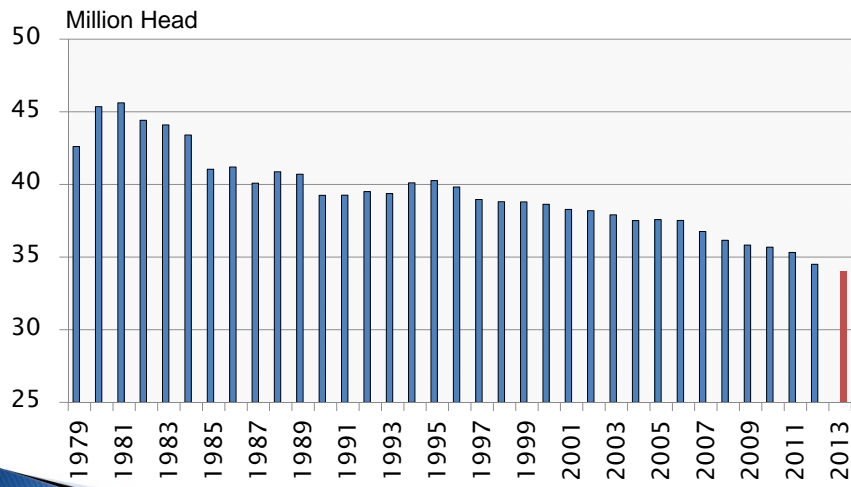
U.S. Drought Monitor January 8, 2013



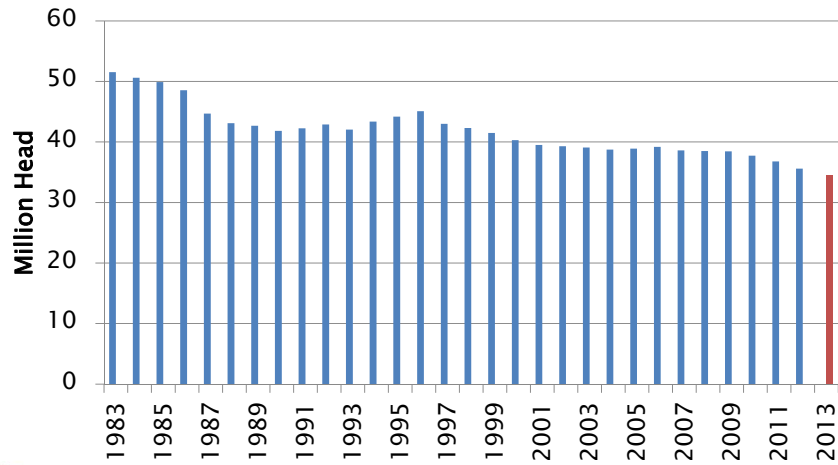
BEEF COWS THAT HAVE CALVED JANUARY 1, 2012 (1000 Head)



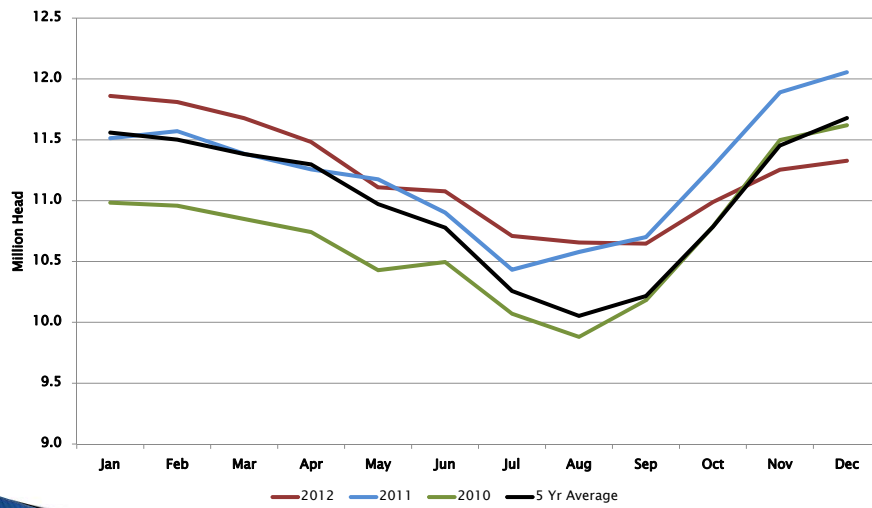
U.S. Calf Crop

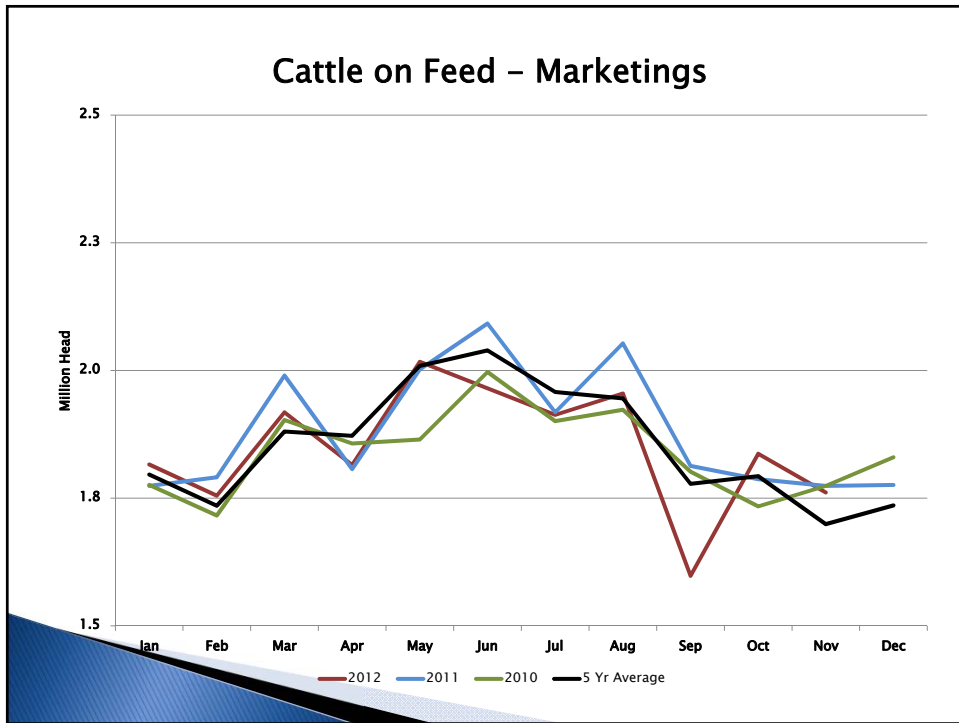
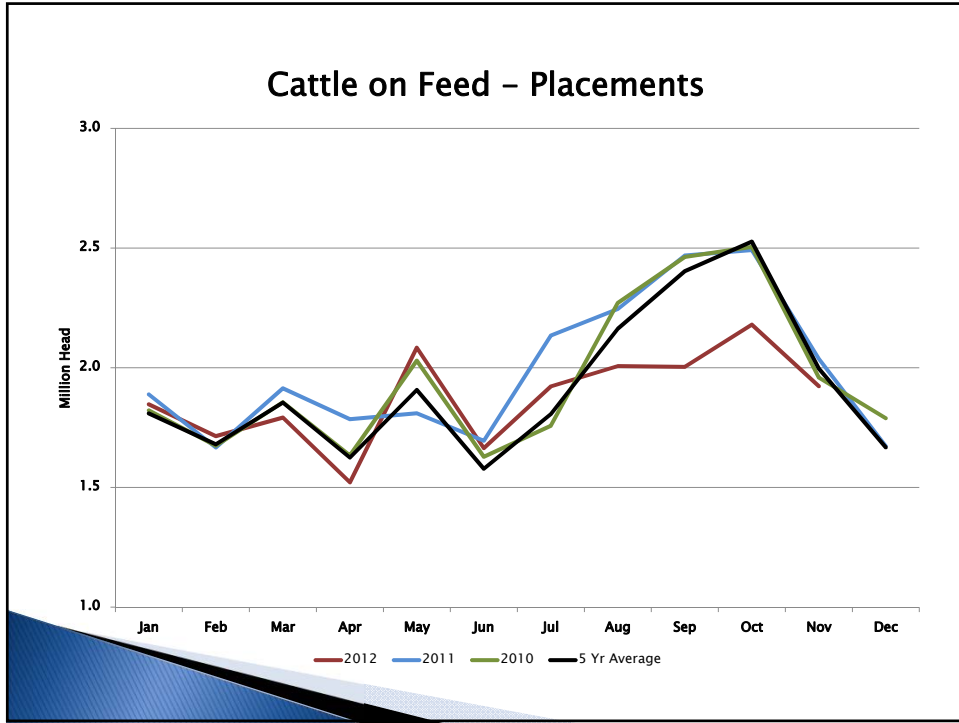


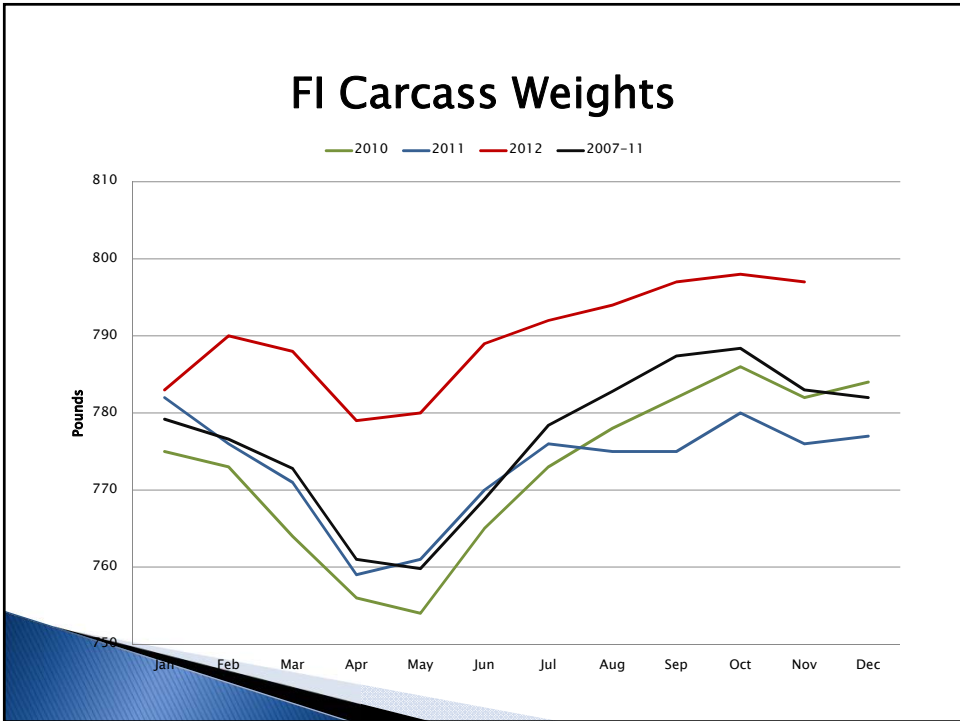
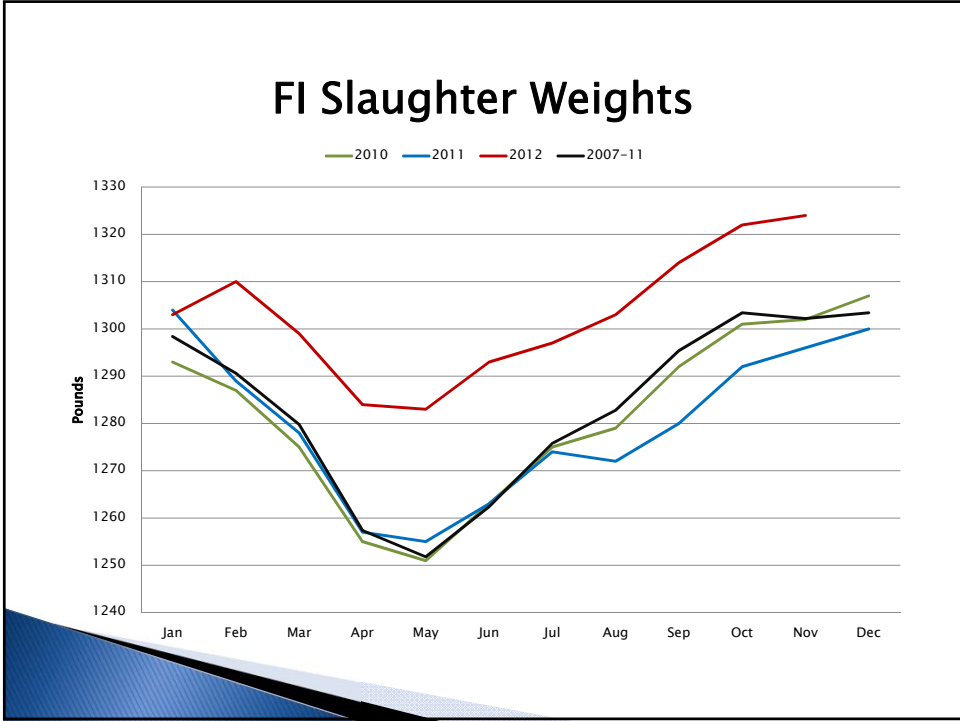
Feeder Supplies Outside Feedlots



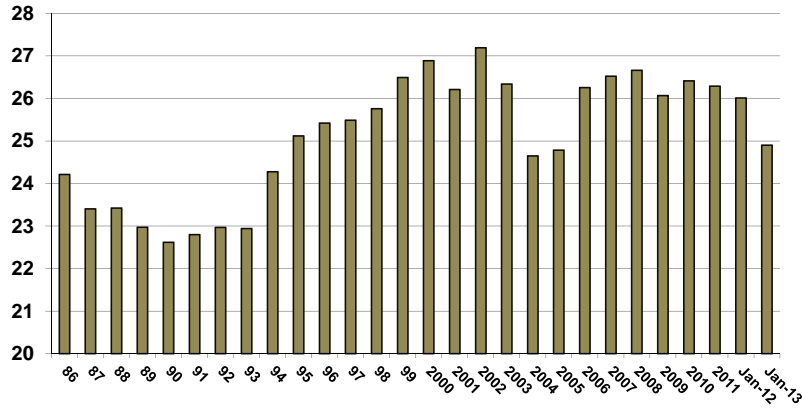
Cattle on Feed







U.S. Commercial Beef Production Billion Pounds



Drought's Impact on Corn Market

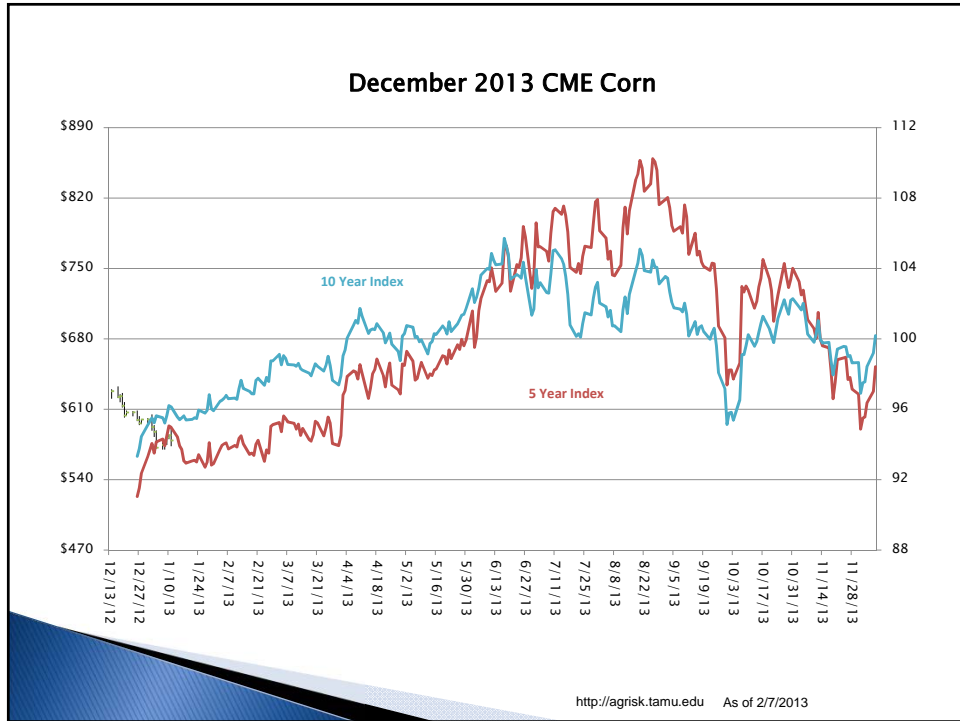
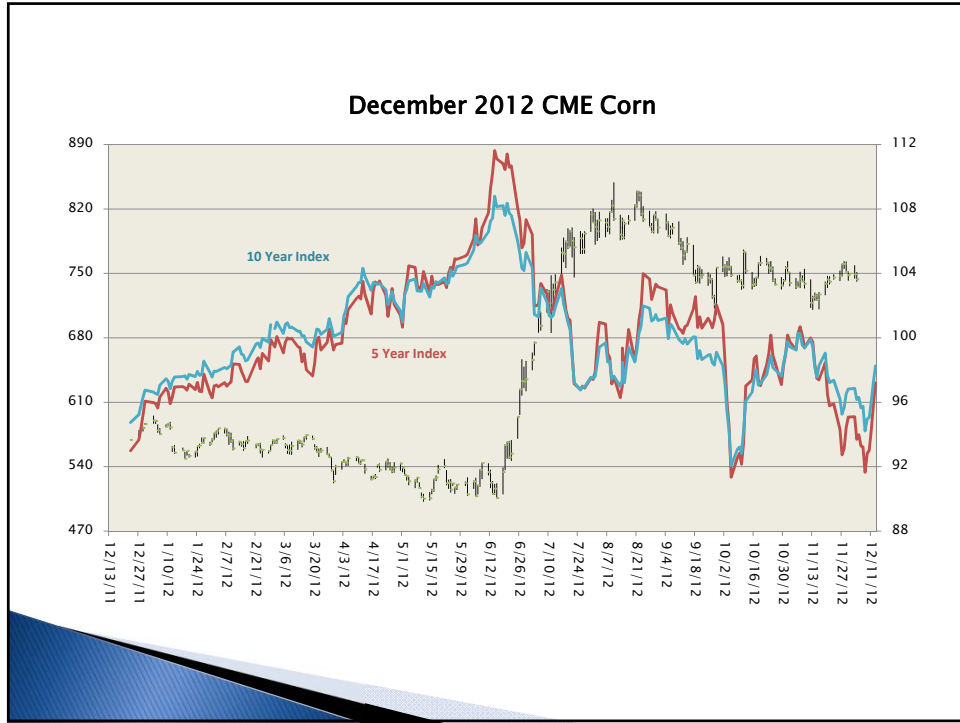
We started 2012 thinking....

- ▶ Carryover into 2012 – 851 Million Bushels
 - Lowest Since 1997
- ▶ Began 2012 PY expecting 15 Billion Bushel Crop.
 - Then, carryover in 2013 would be 1.9 Billion Bushels
- ▶ However....

However, Everything Changed!

CORN		May	Current
Carry In	Billion Bus.	0.851	0.989
Planted Acres	Million Acres	95.9	97.2
Abandonment	Percent	7.1	10.1
Harvested Acres	Million Acres	89.1	87.4
Yield	Bus. Per HA	166.0	123.4
Production	Billion Bus.	14.790	10.780
Imports	Billion Bus.	0.015	0.100
Domestic Use	Billion Bus.	11.875	10.317
Exports	Billion Bus.	1.900	0.950
Carry Out	Billion Bus.	1.881	0.602
Stocks/Use	Percent	13.65	5.34

Will USDA allow ES to go less than 500 MB or S/U to go below 5%?



<http://agrisk.tamu.edu> As of 2/7/2013



Topeka Capital Journal

Drought leads to closing of Hays Feeders yard

Lot to close when cattle are liquidated after Jan. 1

Posted: October 16, 2012 - 8:09am

Related Links

- [Read the Salina Journal article.](#)

By The Associated Press

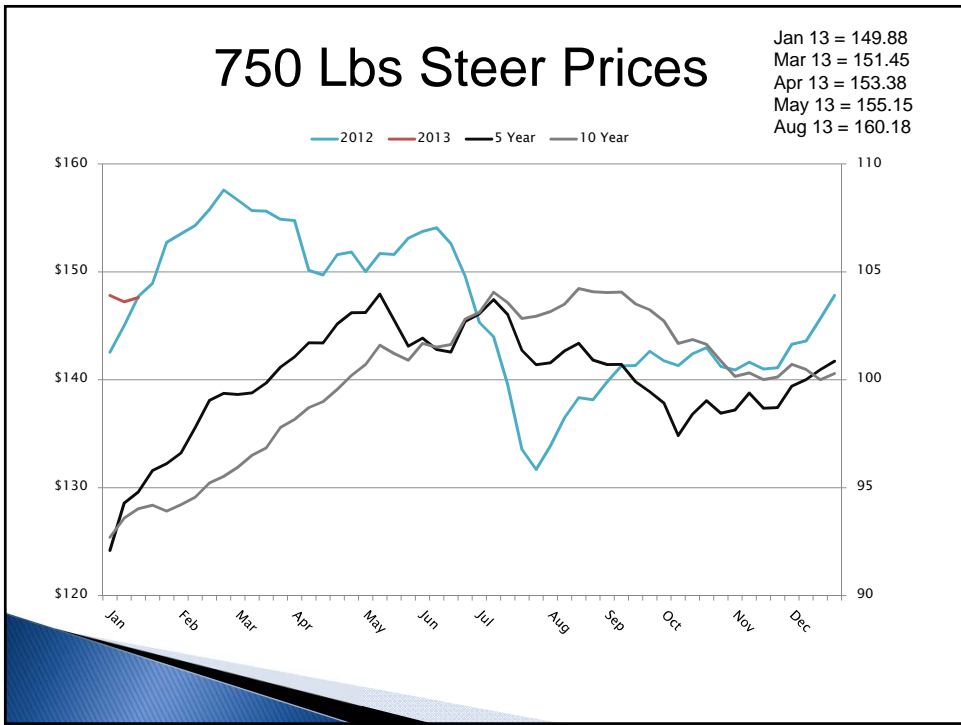
The Hays Feeders cattle lot will close after all the animals are hauled away sometime early next year, a victim of a two-year drought that caused a small supply of cattle and skyrocketing costs for feed.

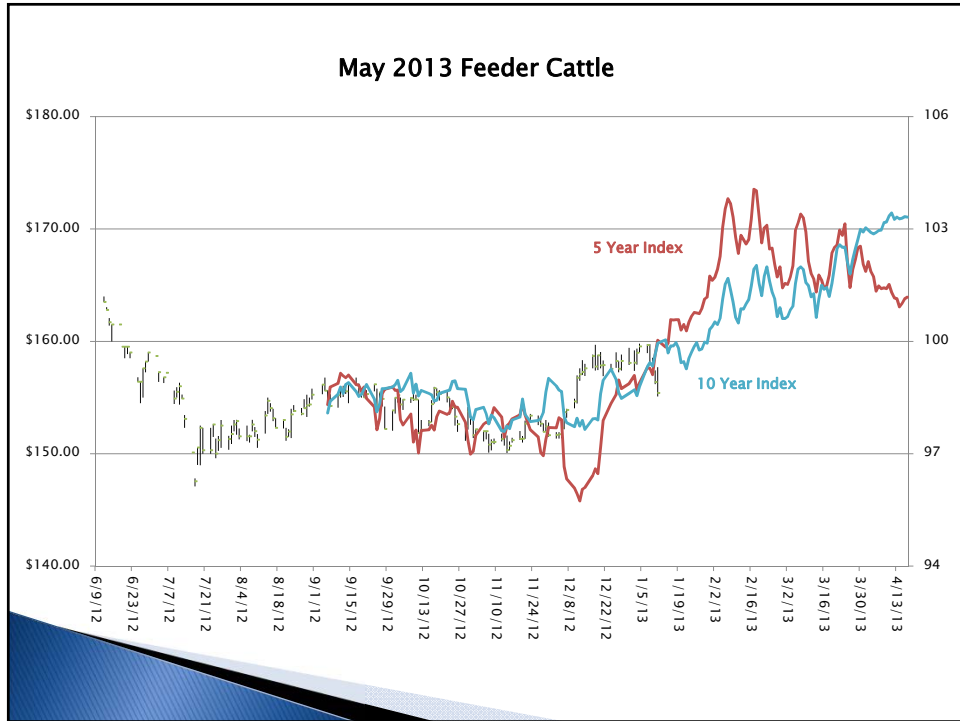
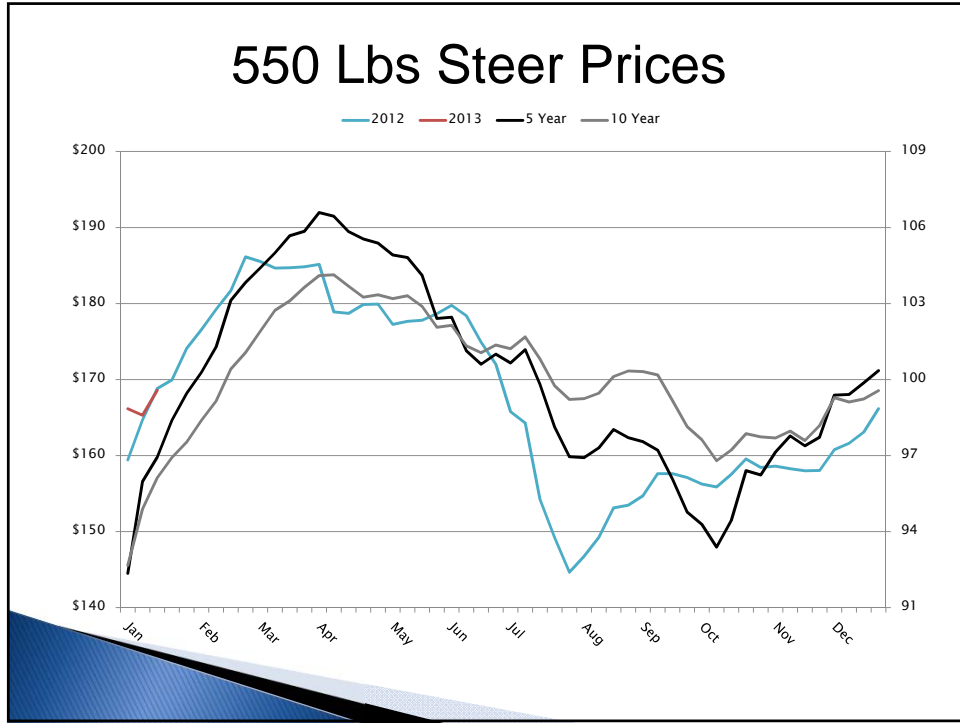
The owners of the lot northwest of Hays are hopeful it will reopen after the economy improves, said Jerry Bohn, general manager of Pratt Feeders, which owns Hays Feeders and three other cattle yards in Kansas and Oklahoma. The Hays lot was doing the least amount of business, he said.

"It made more sense for (Hays Feeders) to be mothballed for now," Bohn said. "The short-term intent is to shut the facility down and hope the economics of the business get better."

Big Short Term Cattle Issues

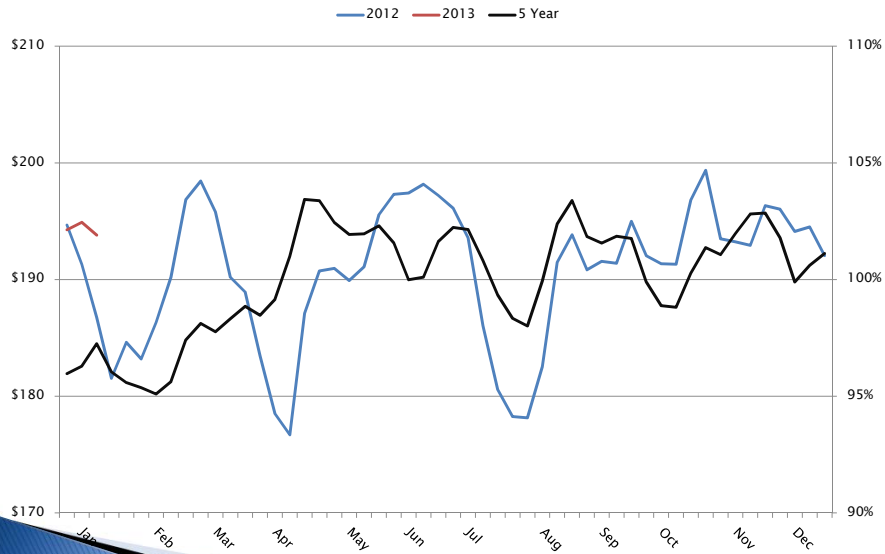
- ▶ In a period where cattle prices start to rise.
- ▶ Corn Increase: Increased Corn Price dropped feeders prices \$20/cwt; or \$150/head.
- ▶ Corn Increase: Increased Corn Price have dropped calf prices \$35/cwt; or \$193/head.
- ▶ Volatility and Risk





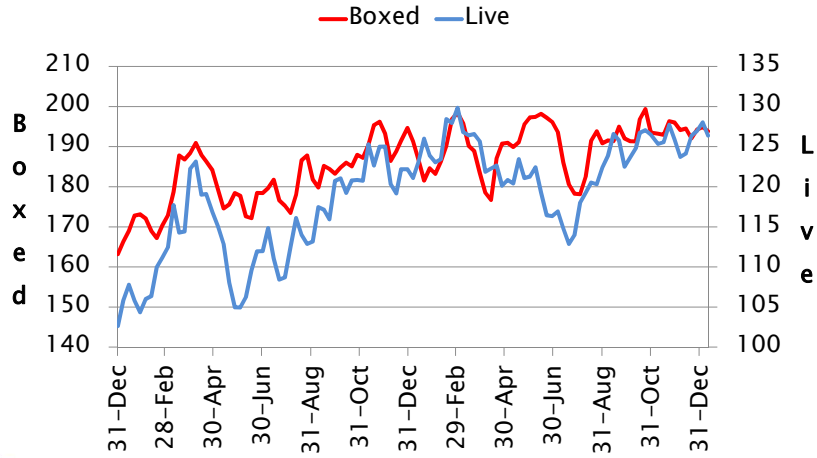
Rising Protein Prices

Boxed Beef Prices (Choice)



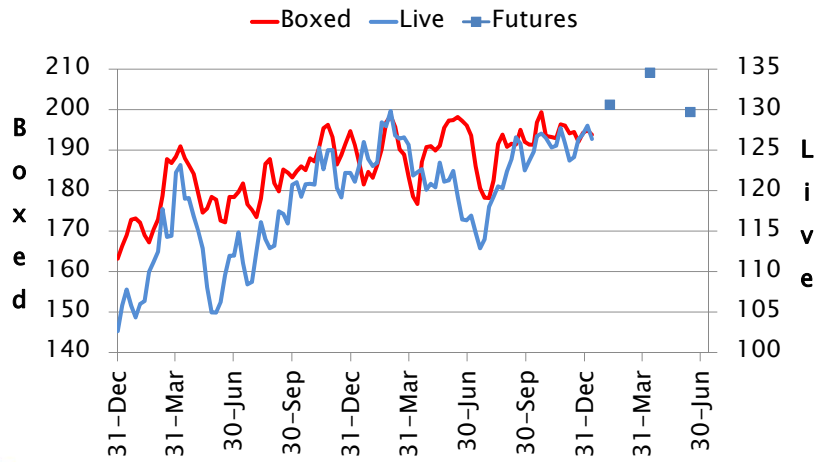
Boxed Beef vs. Live Cattle

January 2011 to Present



Boxed Beef vs. Live Cattle

January 2011 to Present



Big Long Term Cattle Issues

- ▶ Even fewer breeding cows for the future.
- ▶ Will prolong significant herd rebuilding until 2015.
- ▶ How many corn acres will be planted in 2013; possibly > 100 million acres?
 - Trick Question!
- ▶ Beef demand has stayed relatively strong, but we will test how much consumers are willing to pay for beef.

Questions/Comments



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