

# **Northwest Florida Beef Conference**

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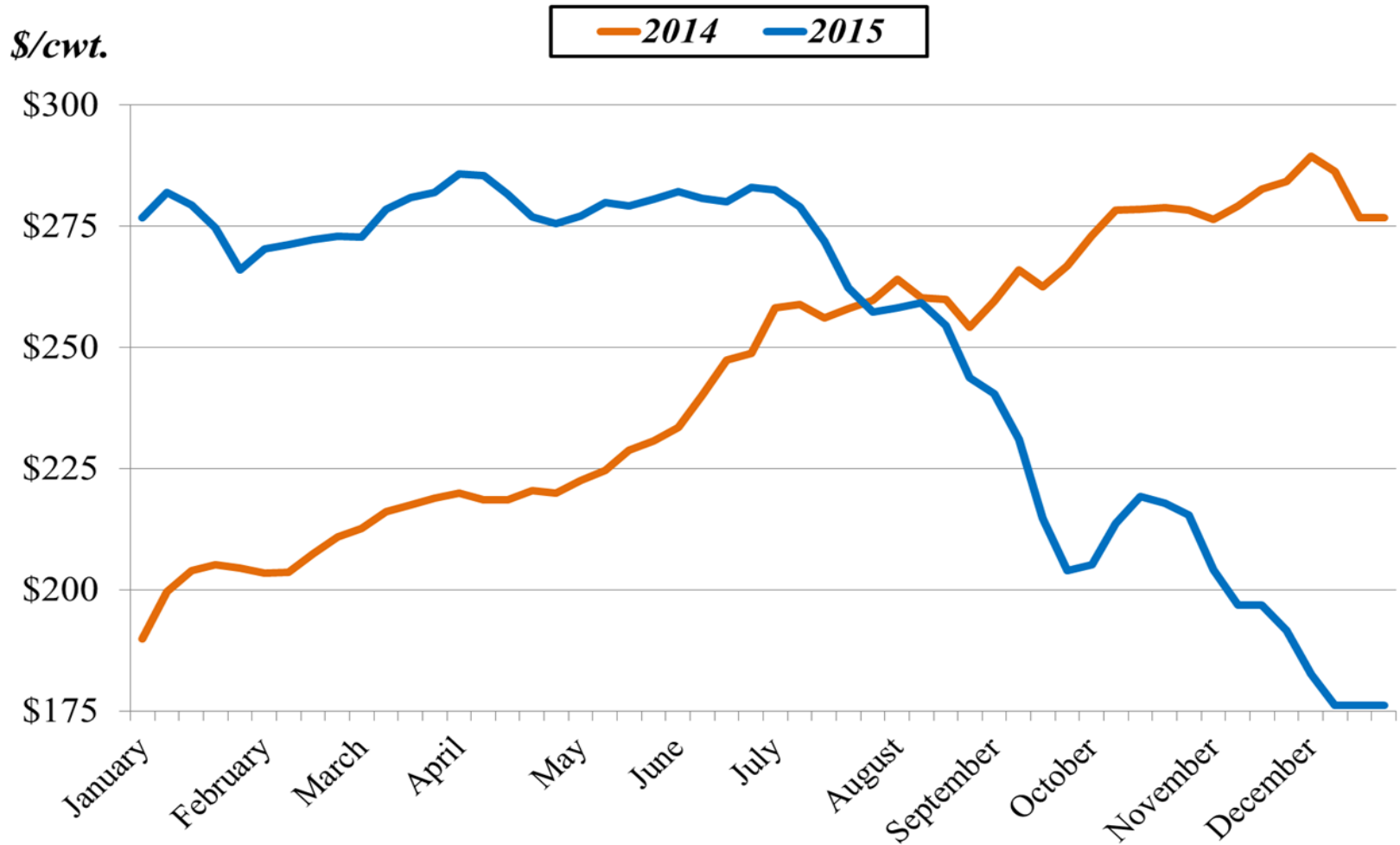
# **2016 Beef Cattle Market Outlook**

# 2016 Beef Cattle Market Outlook

## Outline

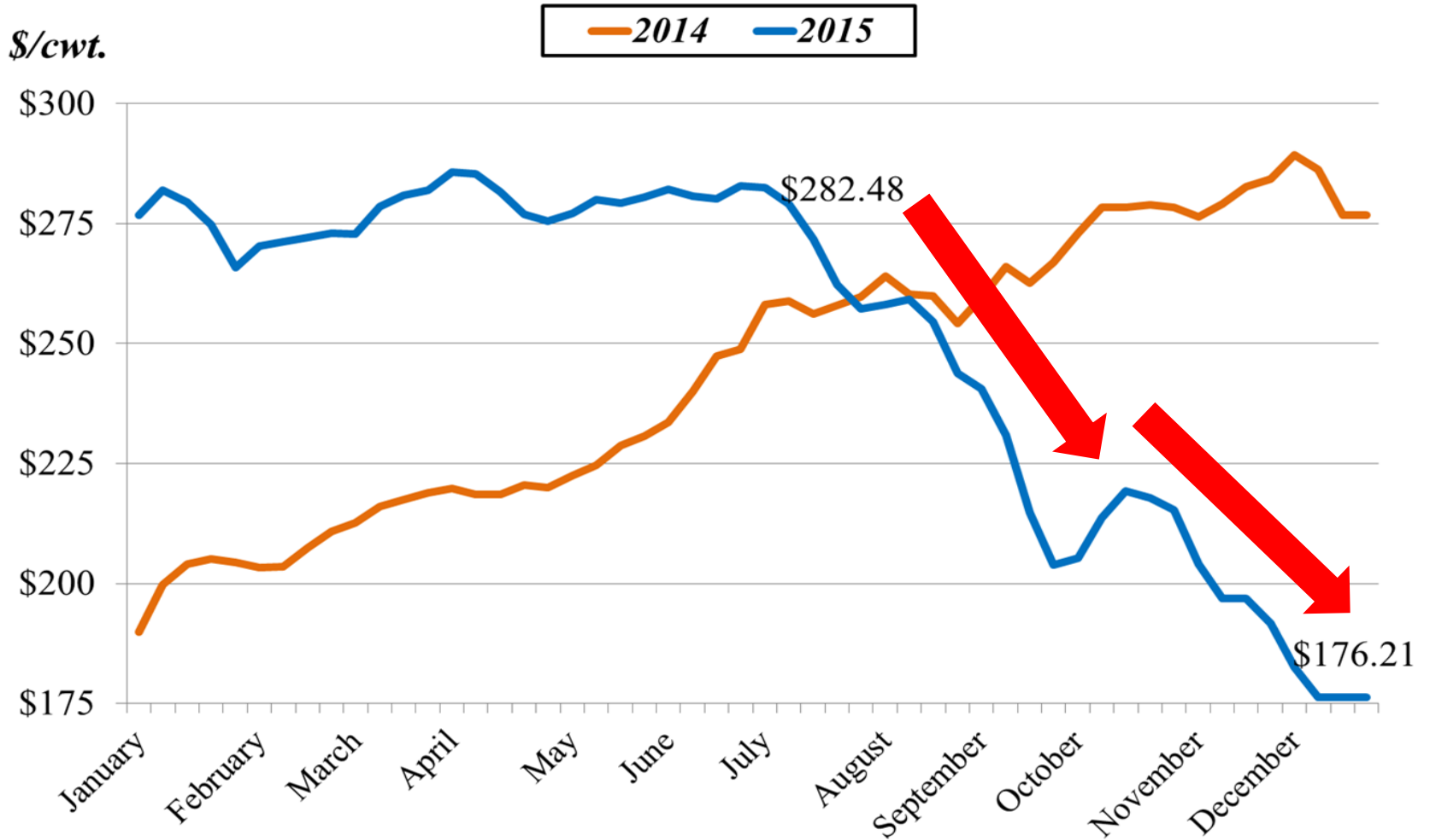
- Recap 2014 and 2015 Feeder Calf Markets
- January 1<sup>st</sup>, 2016 U.S. Cattle Inventory Numbers
- Feeder Cattle Futures Market
- Florida 550 *lb.* Feeder Steers

## U.S. Weekly Avg. Feeder Steer Prices, 550 lbs.



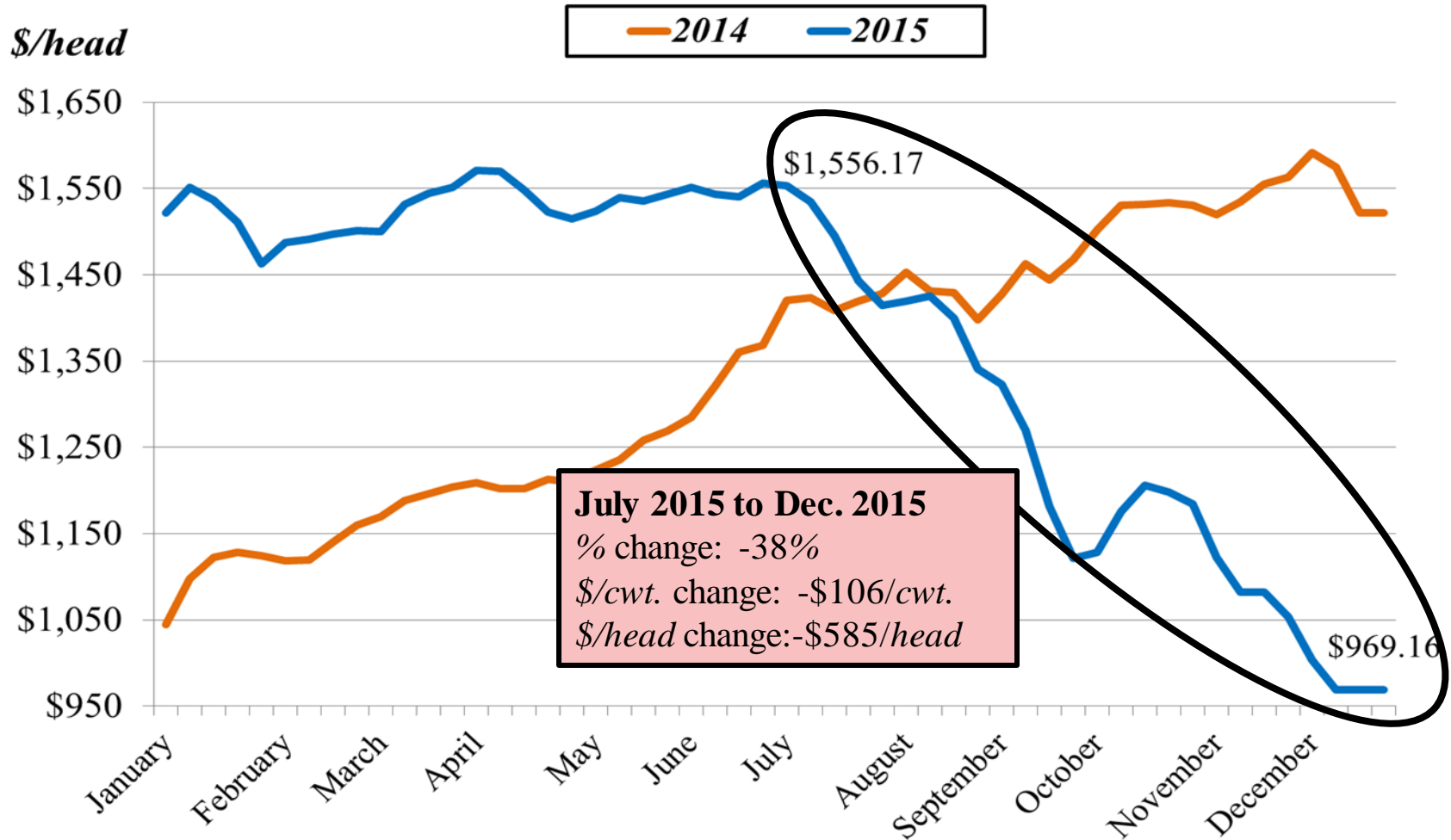
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# The Collapse of Feeder Calf Prices during 2015

## Why did cattle prices decline so abruptly?

U.S. Fed Cattle Prices Declined due to:

- 1) A substantial increase in competing U.S. meat supplies which lowered pork, poultry, and beef prices.
- 2) Weaker Export Demand Due to Weaker Foreign Economies
- 3) A Stronger U.S. Dollar which decreases the buying power of other currencies
- 4) Heavier beef carcasses which led to more beef supplies

# The Collapse of Feeder Calf Prices during 2015

Are we going to get the ~ \$600/head back?

- Probably not anytime soon unless there is a significant increase in beef demand and/or decrease in beef and/or other meat supplies.



# **Some of the Factors Affecting Beef Cattle Prices in 2016**

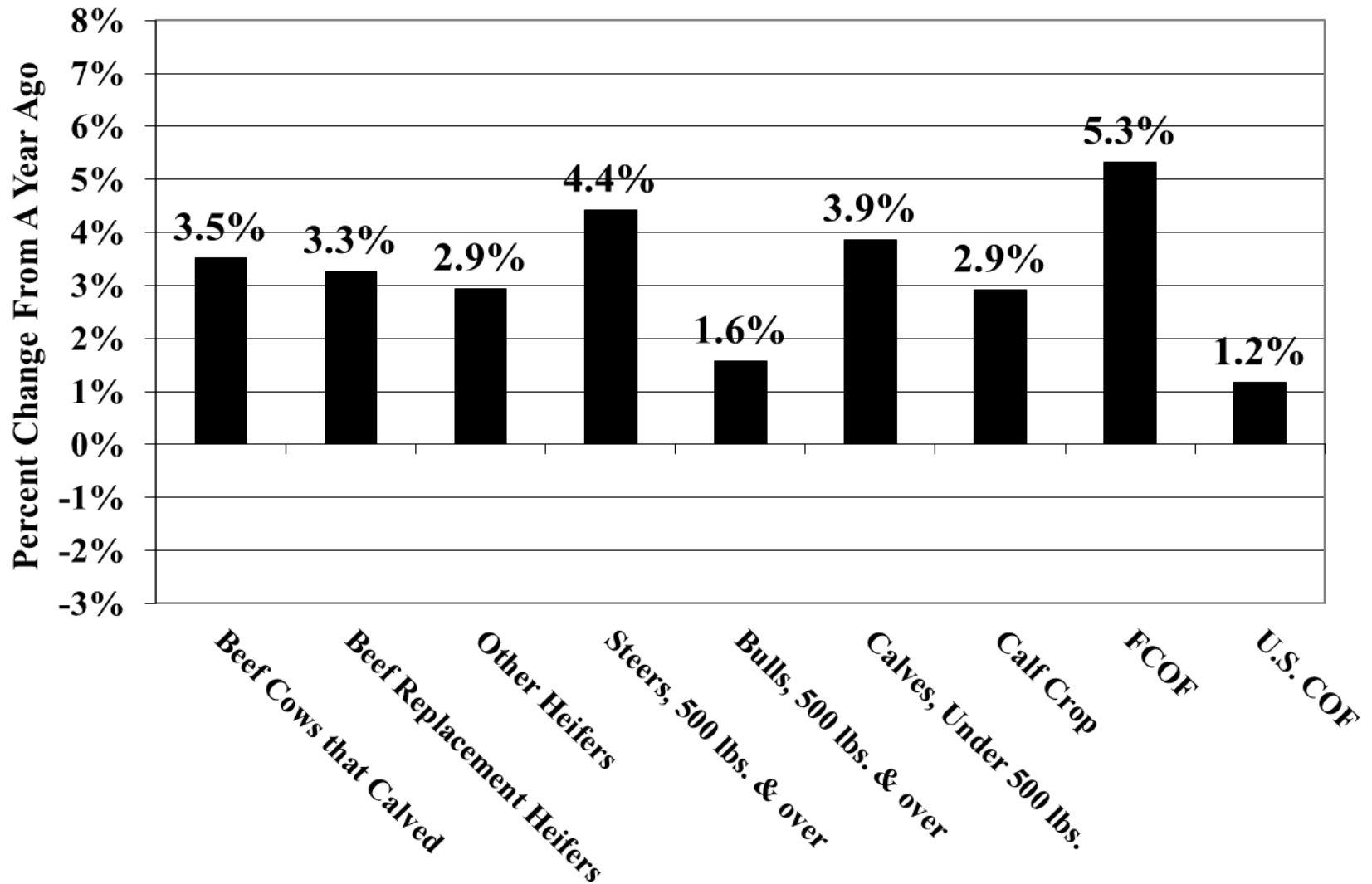
- **Cost of Production**
  - Feedstuff Prices
  - Interest Rates, Energy Prices
- **Weather Conditions**
- **Strength/Weakness of the U.S. & Global Economies**
- **Expansion of the U.S. Cattle Herd**
- **Competing Supplies of Meat Proteins**
  - U.S. Broiler and Pork Production
- **Monetary Exchange Rates (Value of the U.S. Dollar)**

## Table 1. U.S. Cattle Inventory, January 1, 2015 and 2016

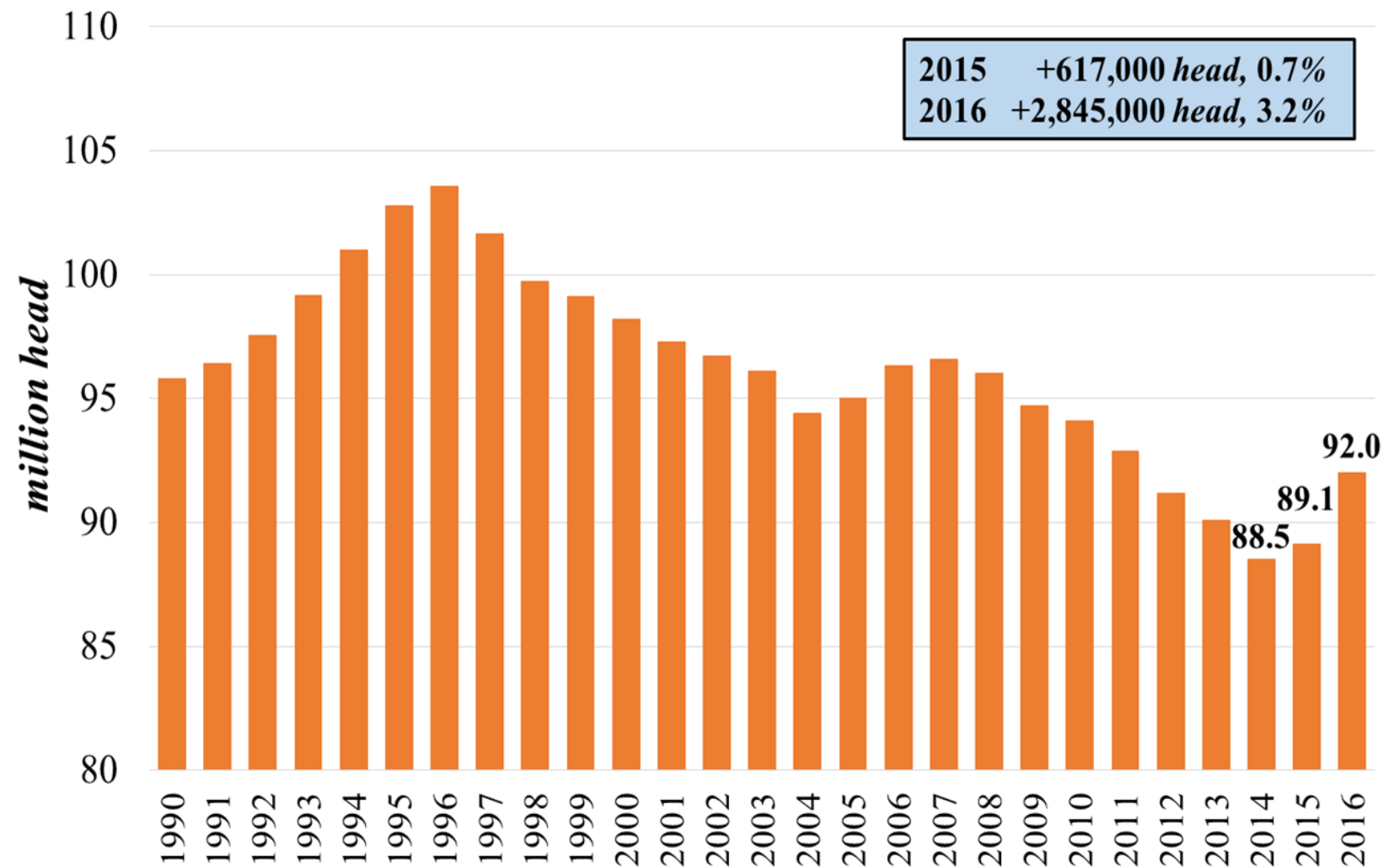
<b>Class</b>	<b>2015</b>	<b>2016</b>	<b>Change</b>	
	<i>(mil. hd.)</i>	<i>(mil. hd.)</i>	<i>(mil. hd.)</i>	<i>(%)</i>
<b>Total Cattle (<i>All Cattle and Calves</i>)</b>	89.1	92.0	2.8	3.2% ↑
<b>Cows and Heifers that have Calved</b>	38.6	39.6	1.0	2.7% ↑
<b>Beef Cows that Calved</b>	29.3	30.3	1.0	3.5% ↑
<b>Heifers, 500 lbs. &amp; over</b>	19.3	19.8	0.6	2.9% ↑
<b>Beef Replacement Heifers</b>	6.1	6.3	0.2	3.3% ↑
<b>Other Heifers</b>	8.5	8.7	0.2	2.9% ↑
<b>Steers, 500 lbs. &amp; over</b>	15.6	16.3	0.7	4.4% ↑
<b>Bulls, 500 lbs. &amp; over</b>	2.1	2.1	0.0	1.6% ↑
<b>Calves, Under 500 lbs.</b>	13.5	14.1	0.5	3.9% ↑
<b>Calf Crop</b>	34.3	35.3	1.0	2.9% ↑
<b>Feeder Cattle Outside of Feedlots (FCOF)</b>	24.6	25.9	1.3	5.3% ↑
<b>U.S. Cattle on Feed, All Sizes</b>	13.0	13.2	0.2	1.2% ↑

Source: *USDA-NASS*

## Percent Change In U.S. Cattle Inventory, January 1, 2016

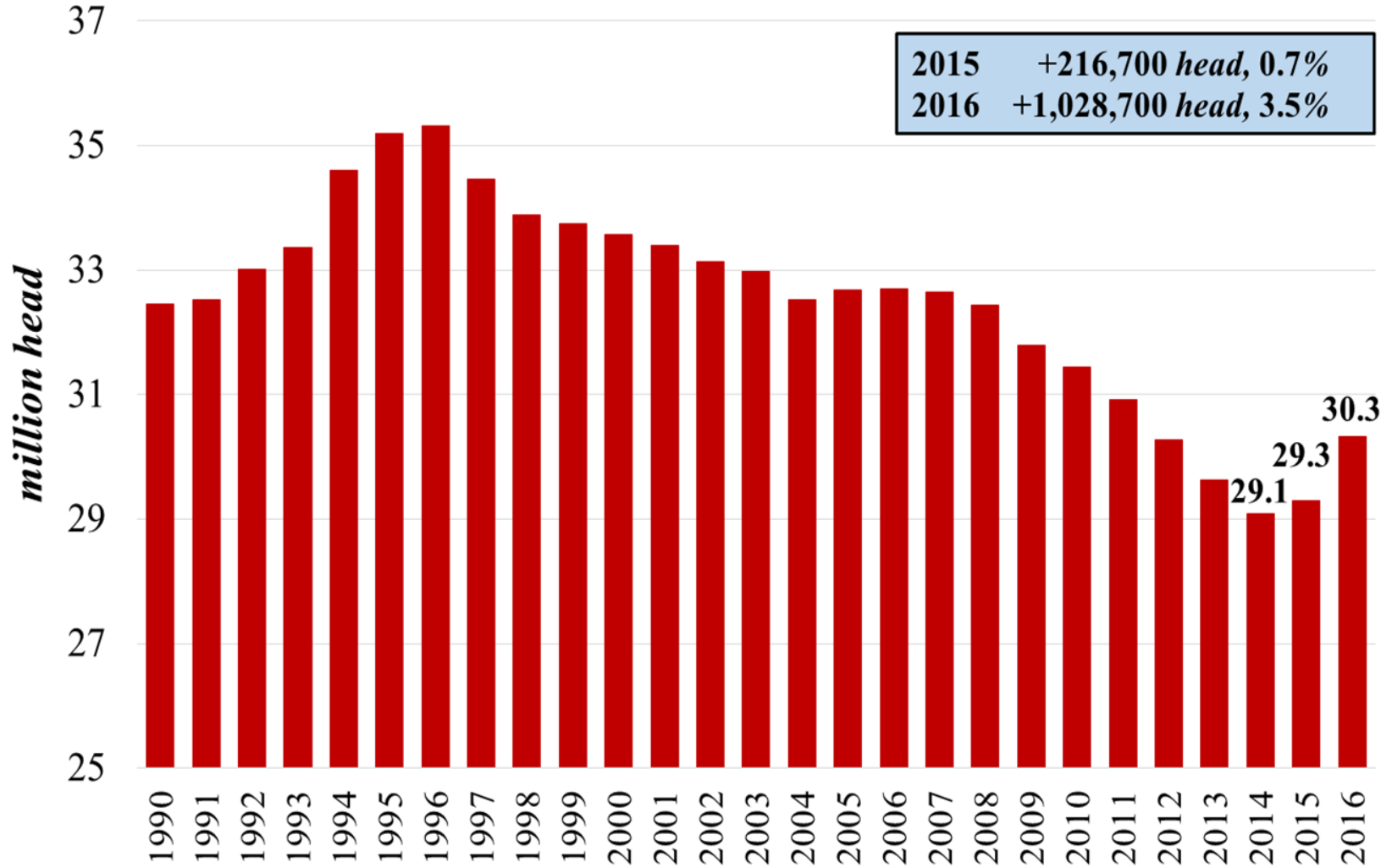


# U.S. Cattle Inventory, January 1<sup>st</sup>

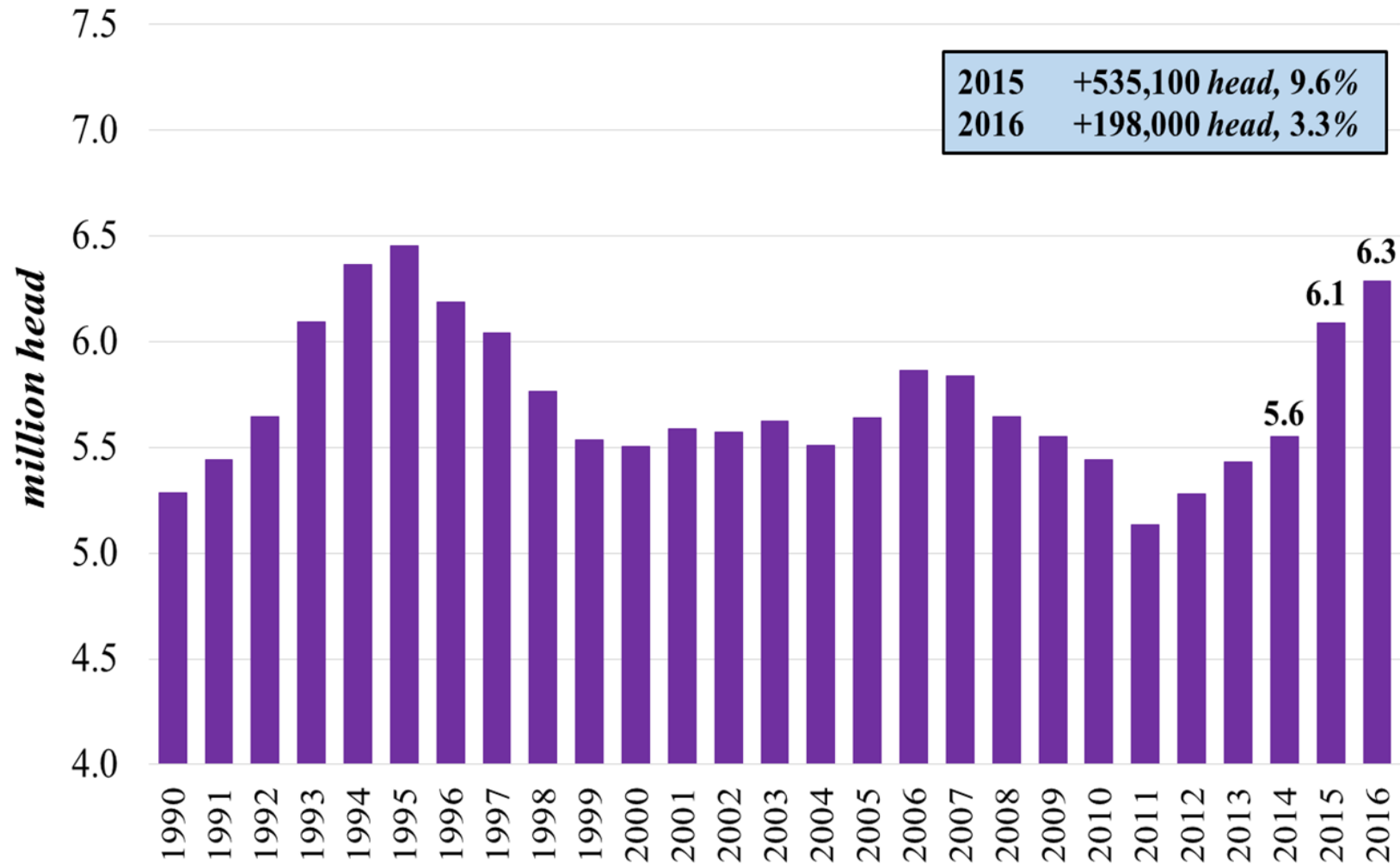


# U.S. Beef Cow Inventory, January 1<sup>st</sup>

2015	+216,700 head, 0.7%
2016	+1,028,700 head, 3.5%

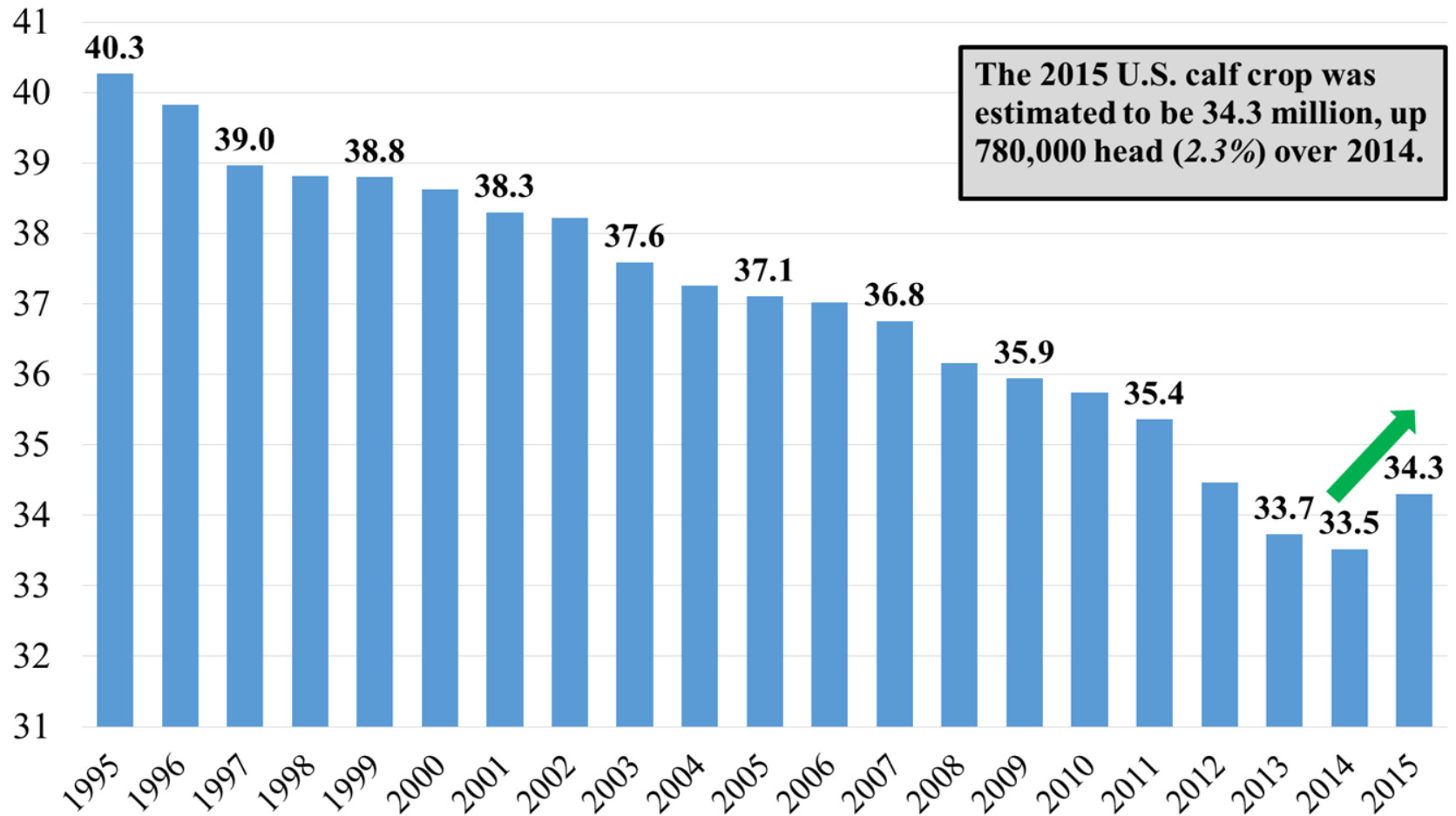


# U.S. Beef Replacement Heifer Inventory, January 1<sup>st</sup>



# U.S. Calf Crop, 1995-2015

*million head*



# **2016 Cattle Price Expectations**

## **What are our Feeder Calf Price Expectations for 2016?**

- CME Feeder Cattle Futures Contracts
- Seasonal Price Trends



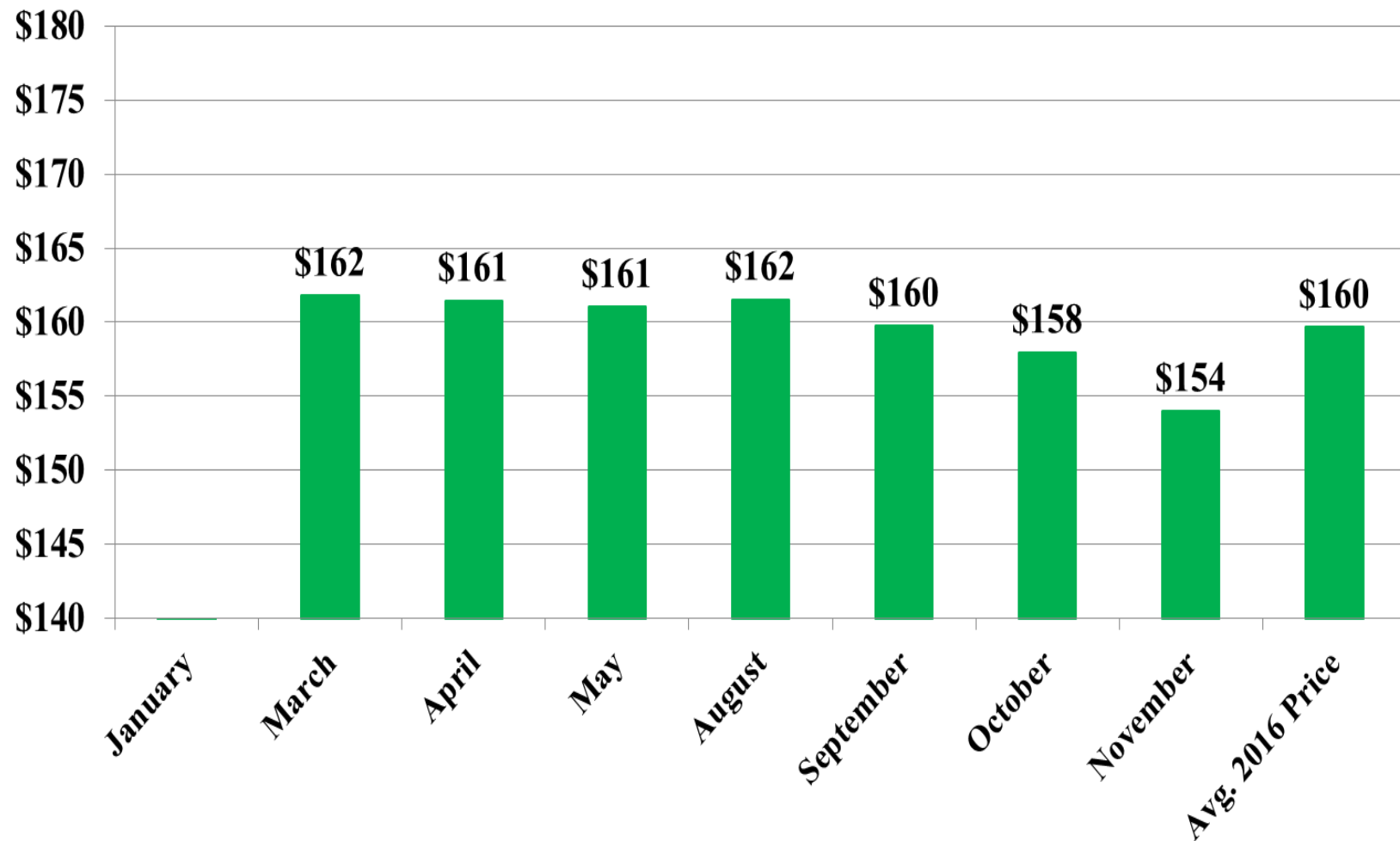
# 2016/2017 CME Feeder Cattle Futures Prices

*\$/cwt.*

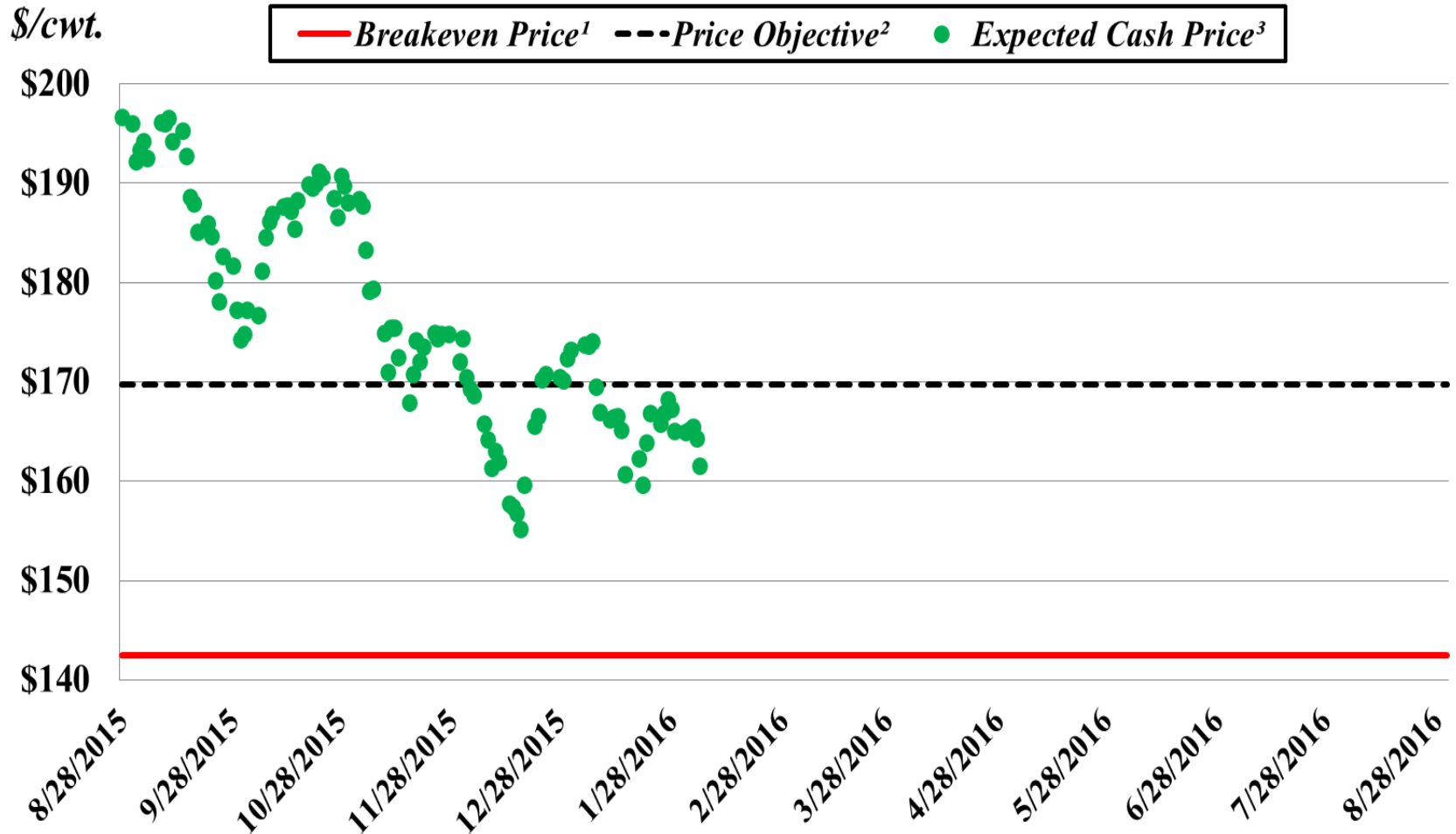


## Projected 2016 Florida Feeder Steer Cash Prices, 550 lbs.

*\$/cwt.*



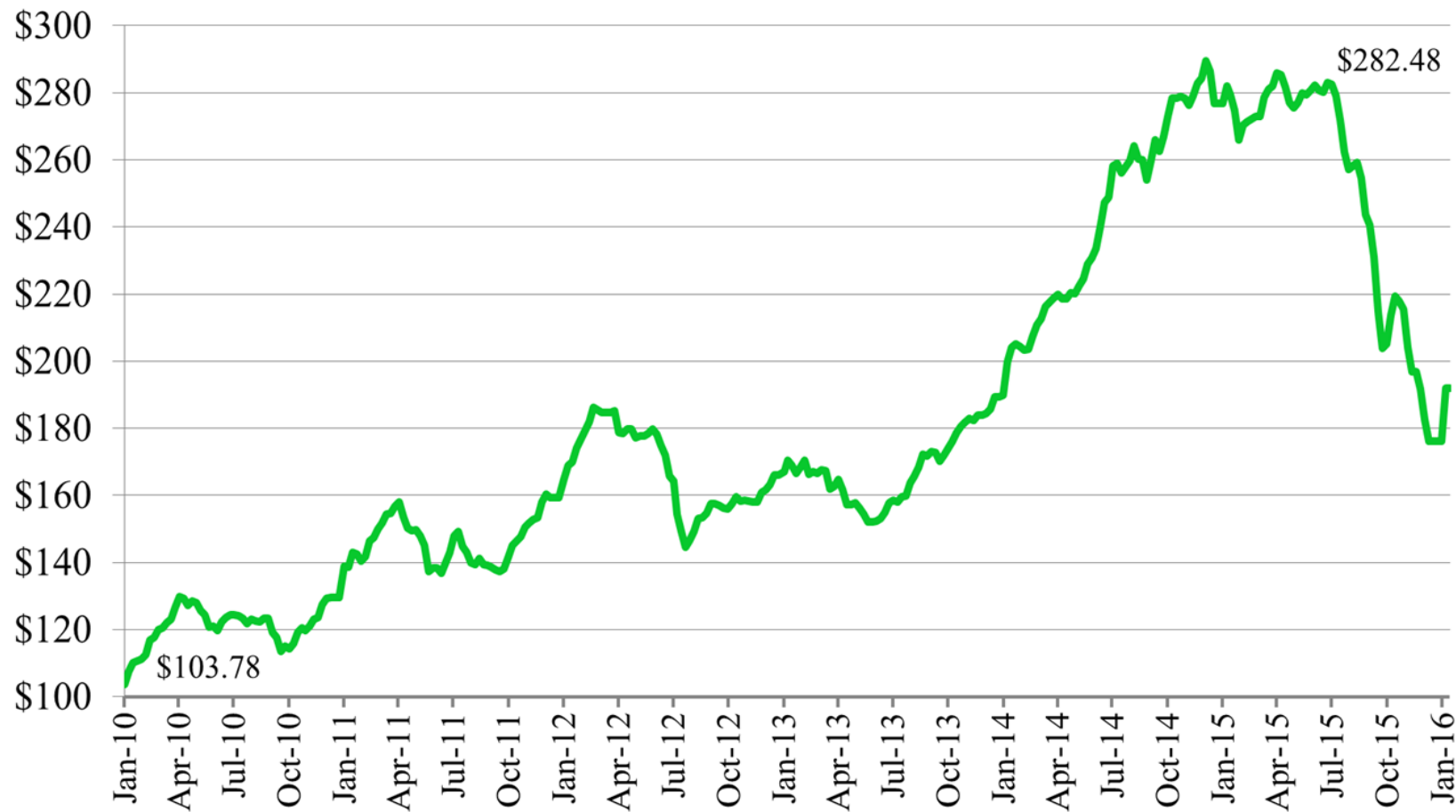
**Figure 4. Expected Cash Price for August 2016,  
550 lb. Feeder Calves, Med. & Lg., #1 & #2, Florida,  
Based on August 2016 Feeder Cattle Futures Prices (CME)**



# January 2010 - January 2016

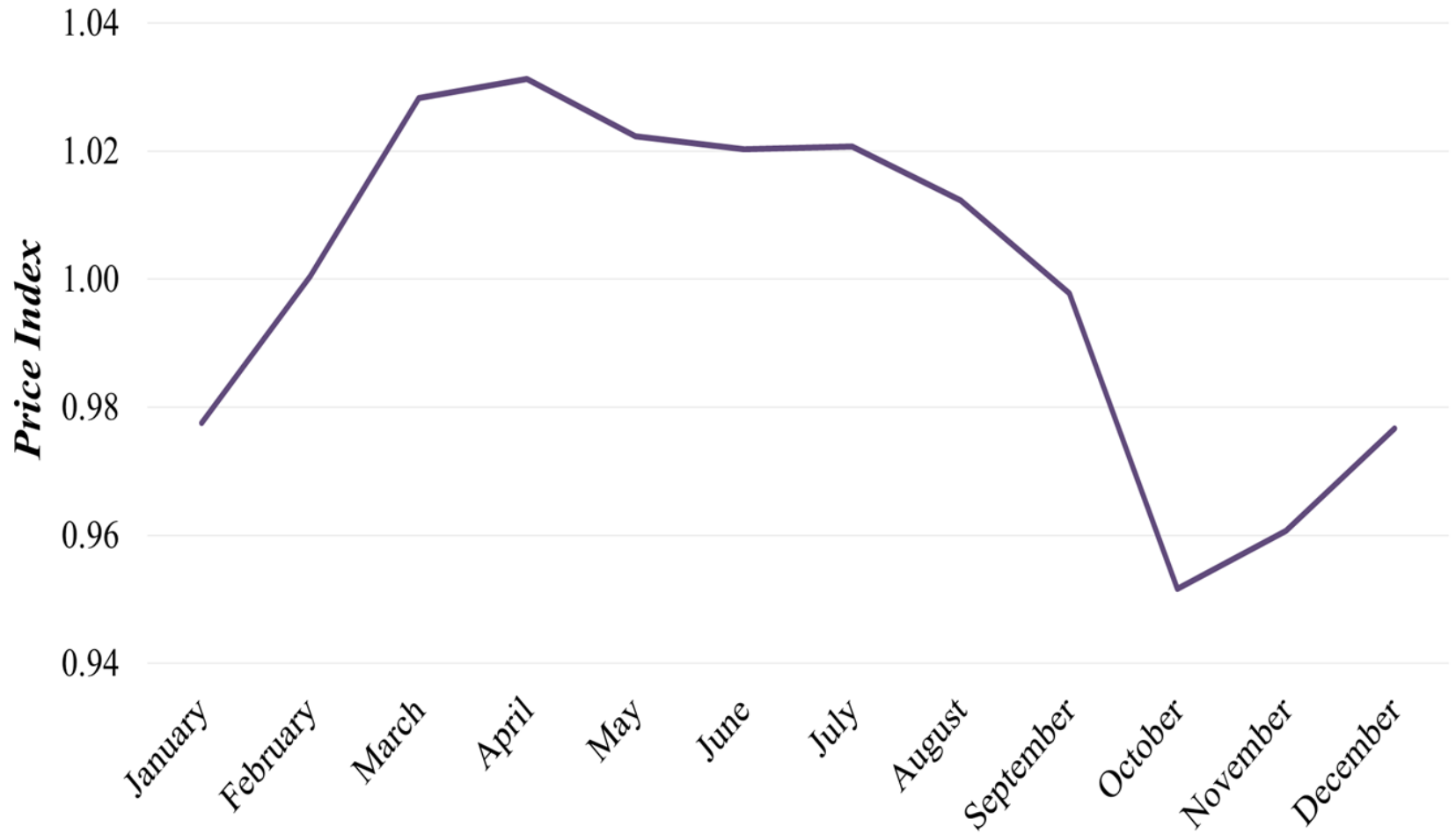
## U.S. Weekly Avg. 550 lb. Feeder Steers

*\$/cwt.*

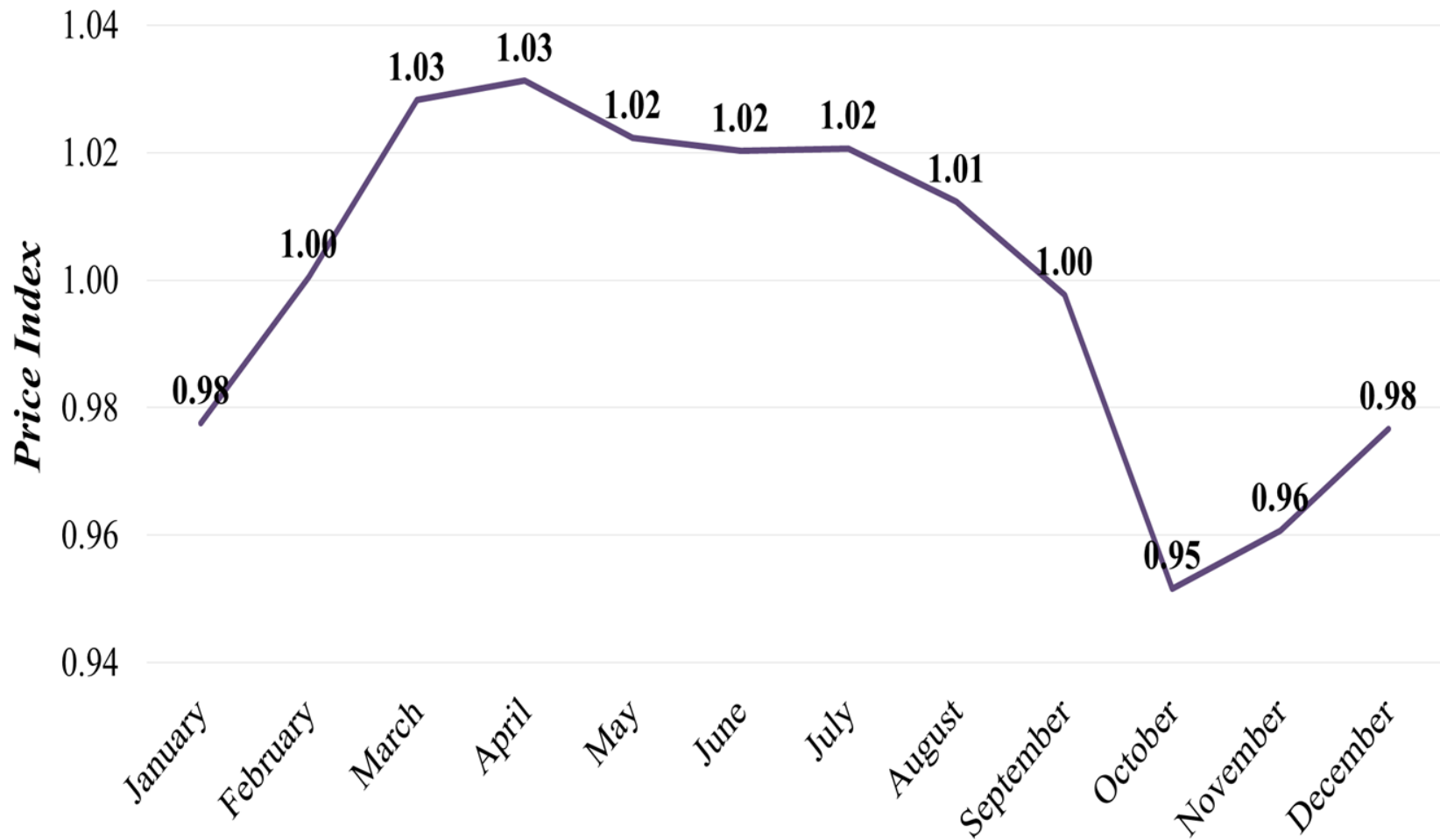


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# 1999-2009 U.S. Avg. 550 lb. Feeder Steer Seasonal Price Index



## 1999-2009 U.S. Avg. 550 lb. Feeder Steer Seasonal Price Index



# Summary

## What should we expect regarding beef herd expansion?

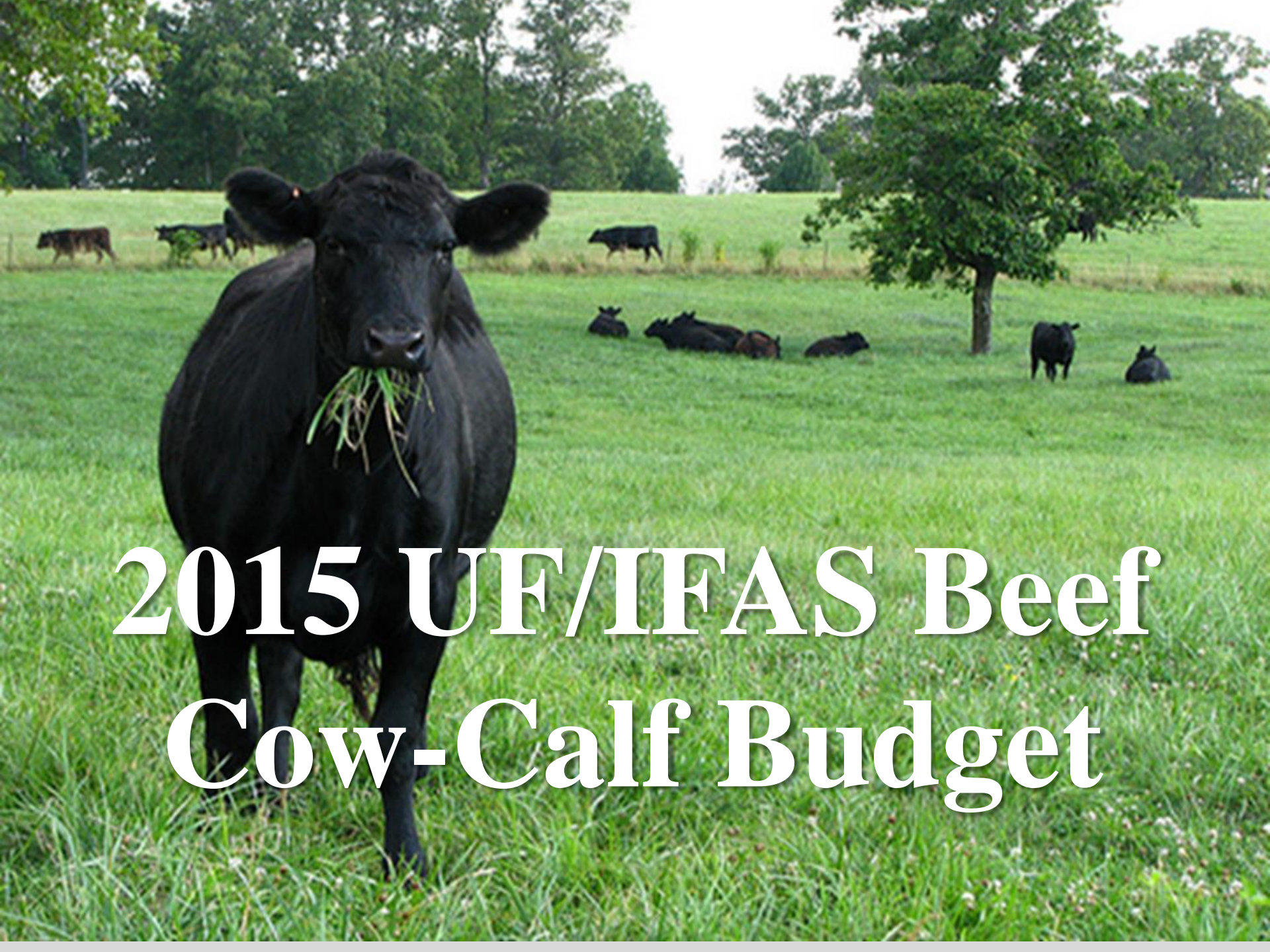
- Herd expansion will likely continue as long as the majority of beef producers are profitable and have the land, labor, capital, feed, and forages resources to expand.
- As herd expansion continues, the transition to cyclically lower cattle prices will likely continue until “market prices approach the cost of production.”

# Summary

**Given that cattle inventory numbers are increasing, how do we maintain or improve beef cow-calf profitability?**

U.S. cattle producers will need to search for ways to lower what it costs them to produce a pound of beef (UCOP, unit cost of production) and ways to enhance the market prices received in order to achieve higher levels of profits in 2016.





# 2015 UF/IFAS Beef Cow-Calf Budget

# 2015 UF Beef Cow-Calf Budget

## What is a beef cow-calf budget?

- A beef cow-calf budget is simply a financial assessment of the costs and returns of your beef cow-calf operation. It can be an “actual” or “projected” budget. The beef cow-calf budget is unique and specific to your operation. Each producer’s cow-calf budget is different.

# **2015 UF Beef Cow-Calf Budget**

## **Why should we want to prepare a beef cow-calf enterprise budget?**

We should want to prepare a beef cow-calf budget to help with:

- 1) Planning, monitoring, and controlling costs
- 2) Evaluating alternative production strategies
- 3) Determining economic levels of performance
- 4) Monitoring and evaluating marketing opportunities
- 5) Projecting profitability



# 2015 UF Beef Cow-Calf Budget

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Chris Prevatt

### **Resources**

#### **Cattle**

- ▶ [2015 UF Beef Cow-Calf Budget](#)
- ▶ [A Simple Tool to Project Cow-Calf Profitability Decision Aid](#)
- ▶ [Florida Cattle Market Price Watch](#)

#### **Forage**

- ▶ [2014-2015 North Florida Cool-Season Forage Budgets](#)
- ▶ [2014-2015 South Florida Cool-Season Forage Budgets](#)

# 2015 UF Beef Cow-Calf Budget

Welcome! These excel spreadsheets contain a budget template for cow-calf enterprises. The purpose of this budget template is to serve as a management and decision-making guide for current and prospective producers of cow-calf enterprises. Every cow-calf operation is unique and has different inputs and outputs. The cow-calf budget template allows individual producers the opportunity to evaluate the costs and returns of their specific operation. The budget template may also be used to evaluate projected production and marketing practices and what if scenarios. It is not intended to replace a producer's own records and estimates.

In order to complete the 2015 UF Beef Cow-Calf Budget producers must enter their expected production and cost estimates into the input cells highlighted in blue. All other cells in the workbook are password protected to protect the formulas and headings. Only the cells highlighted in blue can be altered. Once data are entered into the input cells, formulas throughout the workbook will automatically recalculate. Each worksheet has been pre-set to print in a printer friendly format. Thus, users only have to click "print." The interpretation and use of this information is the responsibility of the user. If you need help with evaluating your cow-calf budget, please contact your local county extension agent.

*Data Input Highlighted in Blue\**

*Budget Template developed by Chris Prevatt, Regional Specialized Agent, Livestock and Forage Economist  
Univeristy of Florida, IFAS, Range Cattle Research and Education Center*





**Thank you**  
**Have a profitable 2016!**

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