



DIVISION OF AGRICULTURE
RESEARCH & EXTENSION

University of Arkansas System

Input and Cattle Market Outlook

River Valley Beef Conference

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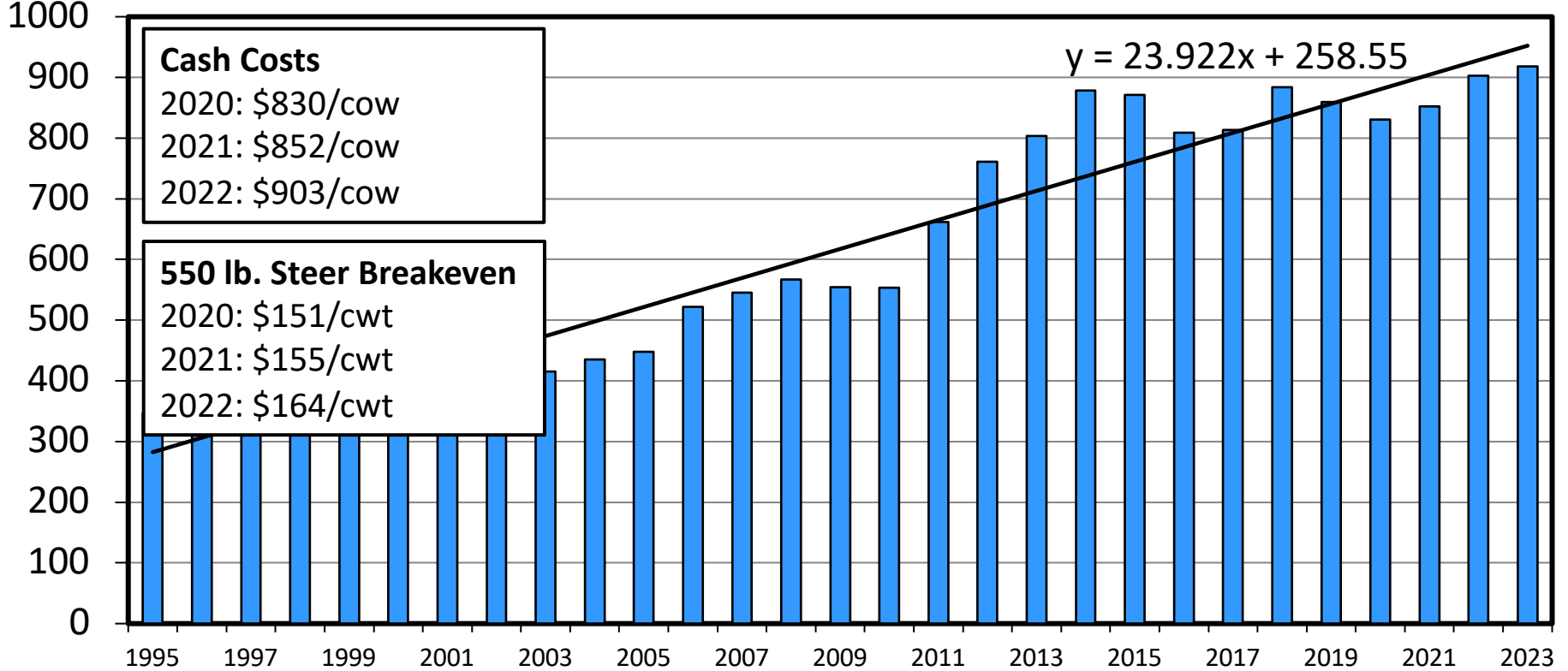
Today's Outline

- Input prices
- Supply, demand, and cattle markets
- Price and profitability outlook

ESTIMATED AVERAGE COW CALF COSTS

Total Cash Cost Plus Pasture Rent, Annual

\$ Per Cow

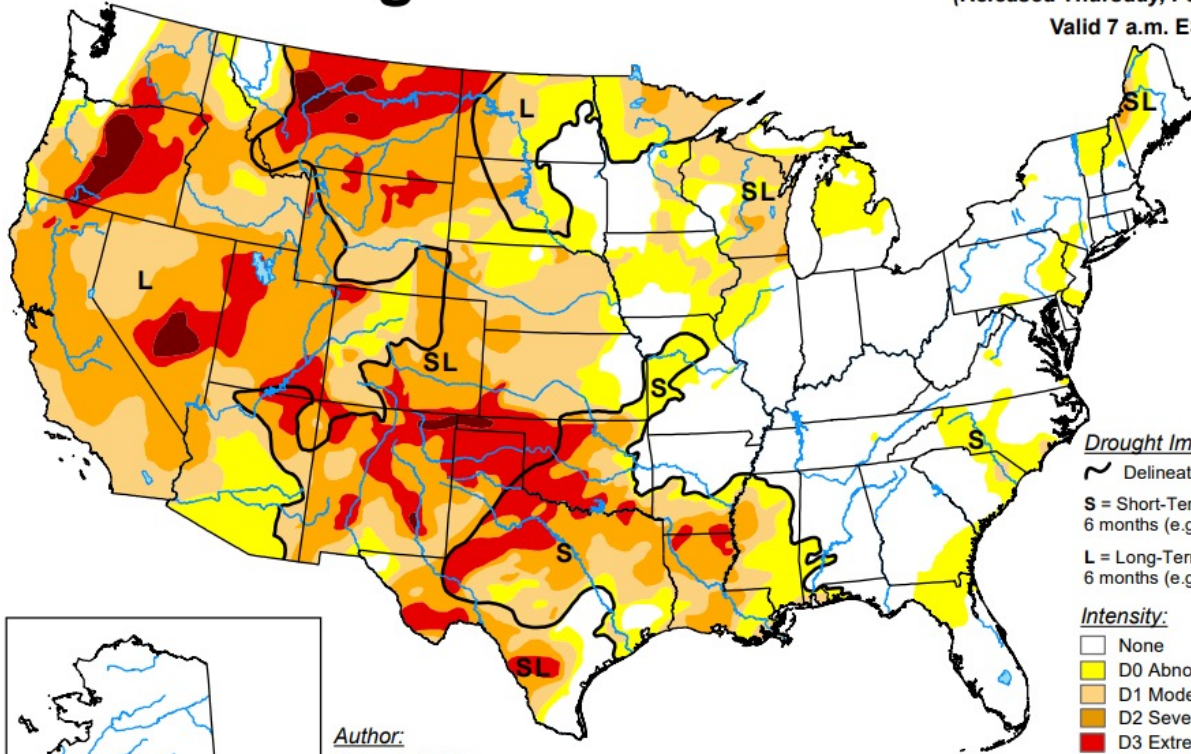


U.S. Drought Monitor

February 8, 2022

(Released Thursday, Feb. 10, 2022)

Valid 7 a.m. EST



Drought Impact Types:

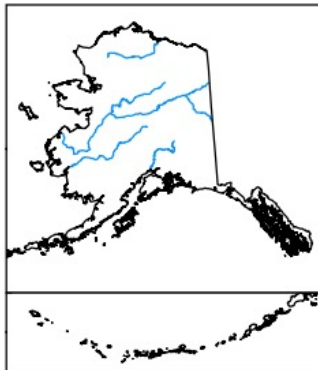
~ Delineates dominant impacts

S = Short-Term, typically less than 6 months (e.g. agriculture, grasslands)

L = Long-Term, typically greater than 6 months (e.g. hydrology, ecology)

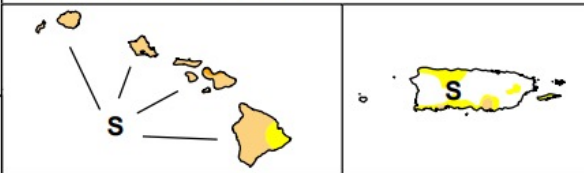
Intensity:

- None
- D0 Abnormally Dry
- D1 Moderate Drought
- D2 Severe Drought
- D3 Extreme Drought
- D4 Exceptional Drought



Author:

Deborah Bathke
National Drought Mitigation Center



The Drought Monitor focuses on broad-scale conditions.

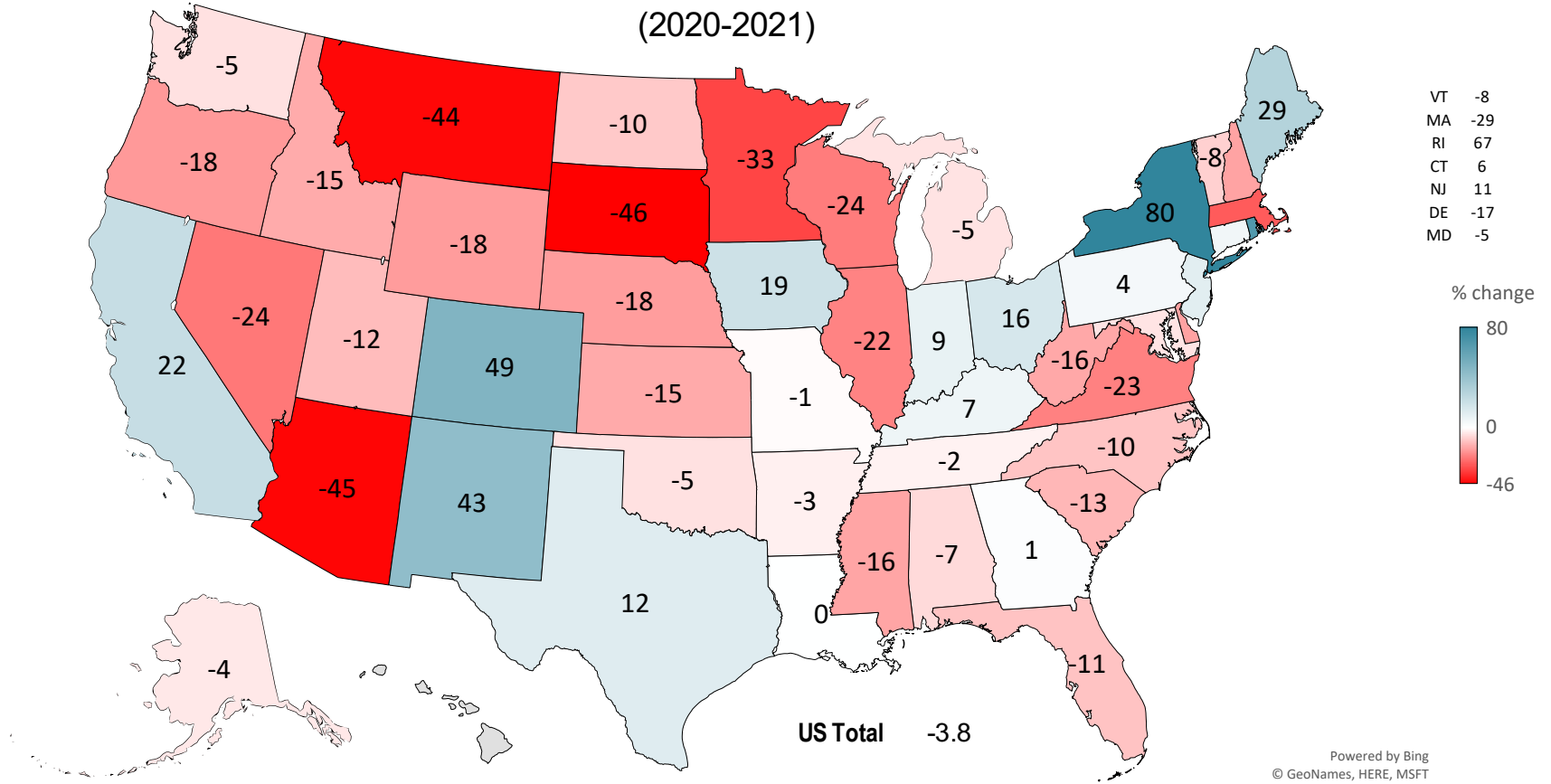
Local conditions may vary. For more information on the

Drought Monitor, go to <https://droughtmonitor.unl.edu/About.aspx>



droughtmonitor.unl.edu

PERCENT CHANGE OTHER HAY PRODUCTION (2020-2021)

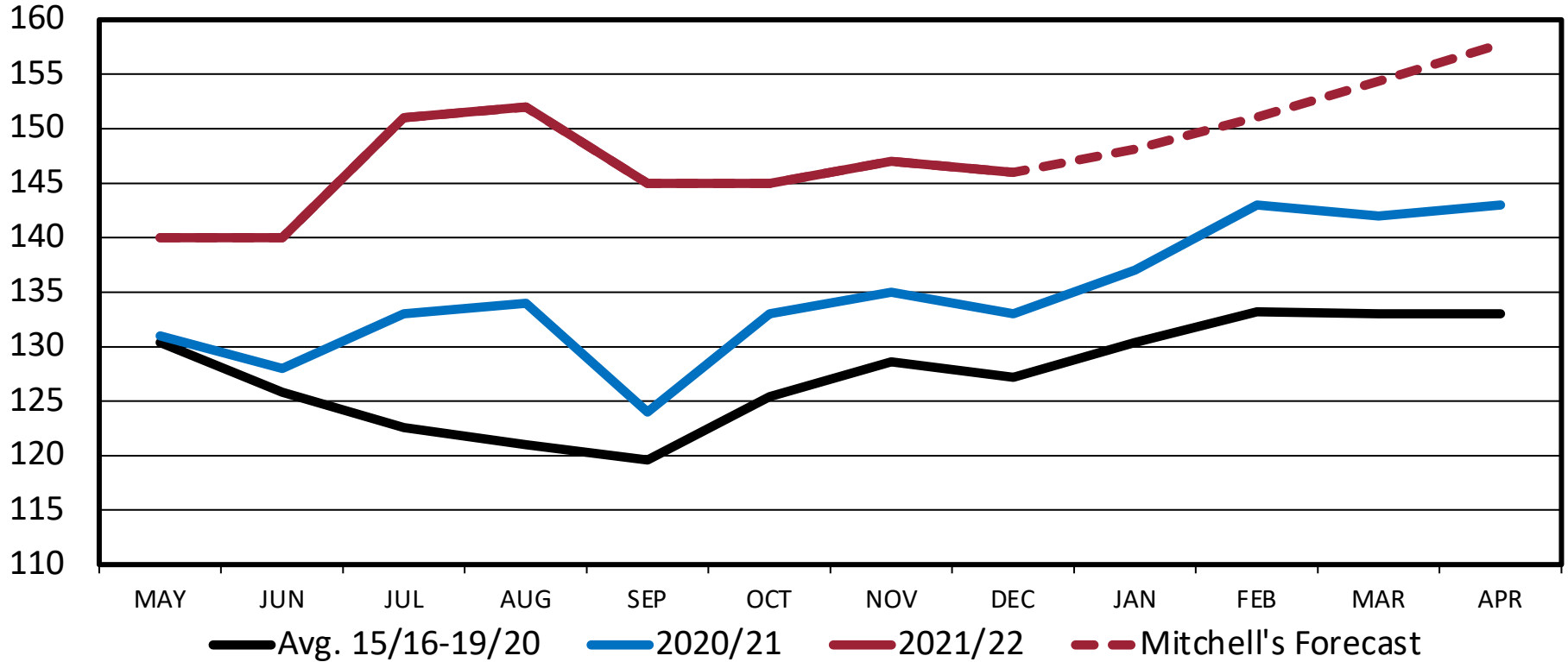


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OTHER HAY – MONTHLY AVERAGE PRICE

Received by Farmers, U.S., Crop Year

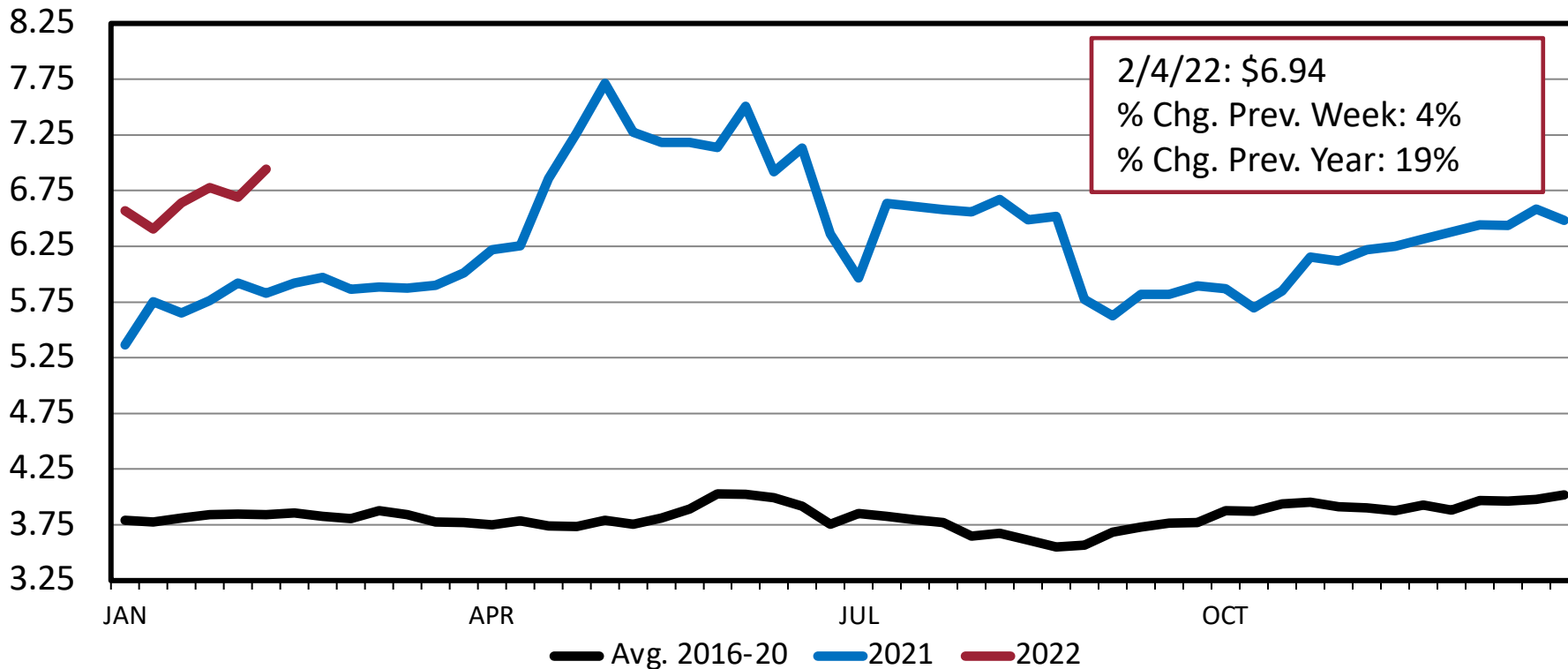
\$ Per Ton



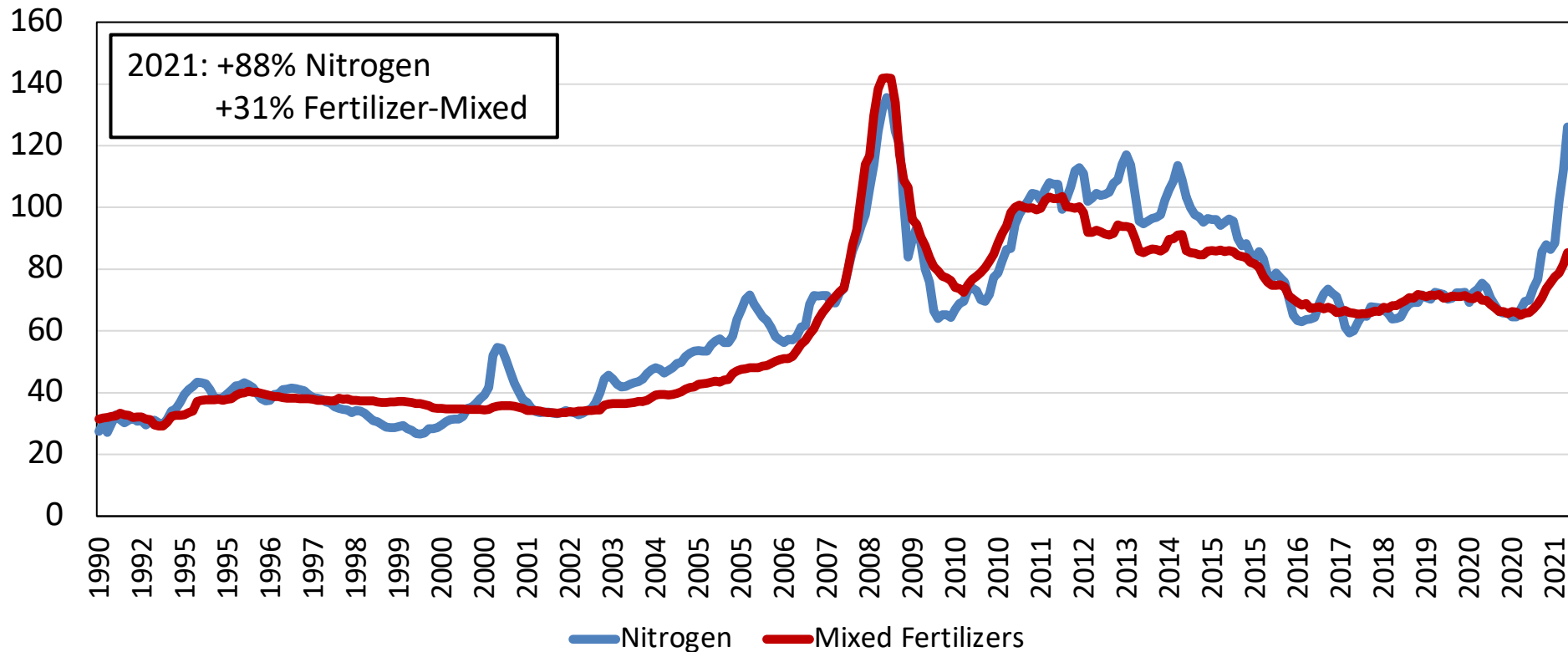
SOUTHERN PLAINS CORN PRICES

Weekly

\$ Per Bu.

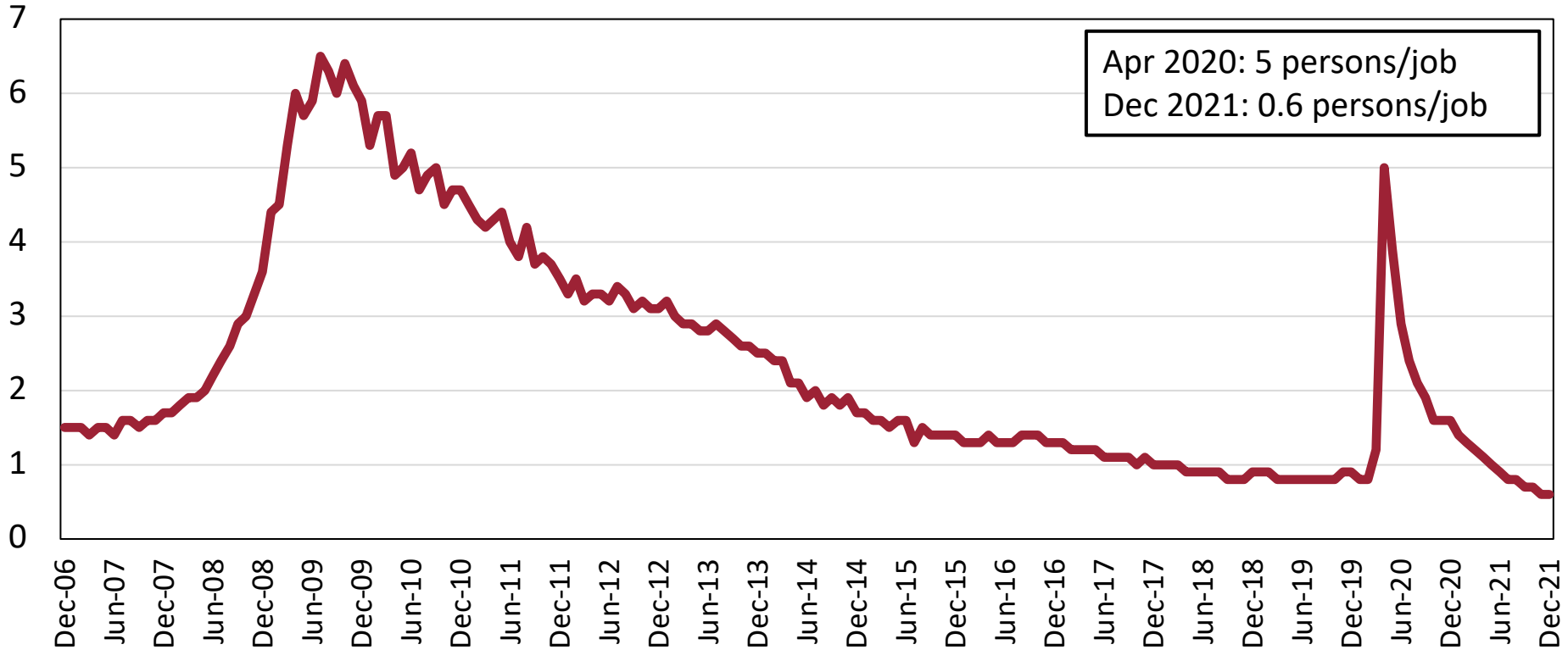


Price Index for Nitrogen and Mixed Fertilizers, Jan 1990 - Dec 2021



Number of unemployed persons per job opening, seasonally adjusted

Dec 2006 - Dec 2021

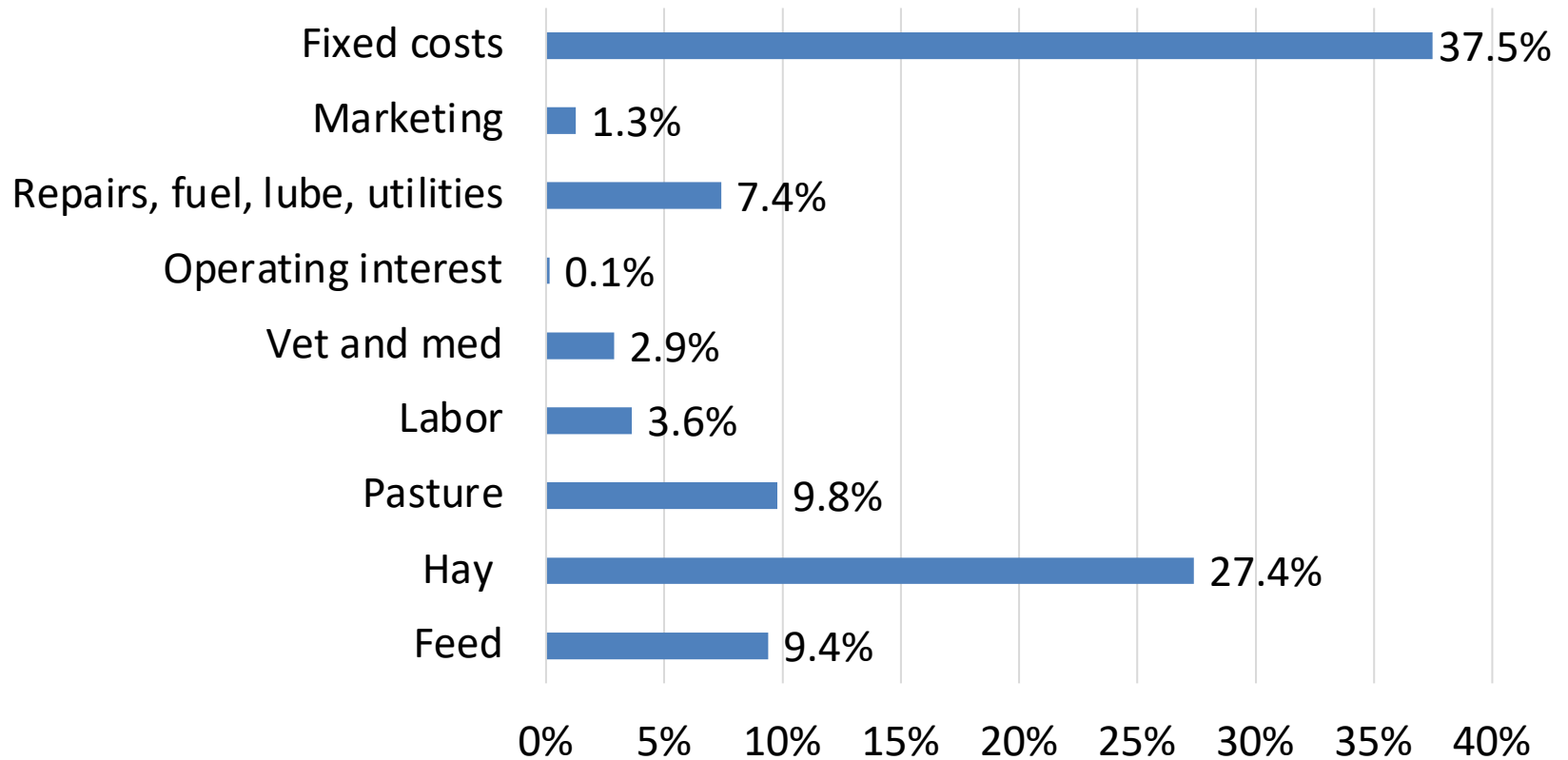


Apr 2020: 5 persons/job
Dec 2021: 0.6 persons/job

Management Considerations

- “You can’t manage what you don’t measure.”
 - Peter Drucker
- Develop a record keeping system
 - A system that provides enough detail for you to make informed decisions
 - Be a data nerd
- [Record Keeping: What Does it Mean to You?](#)

Cow-Calf Cost Shares



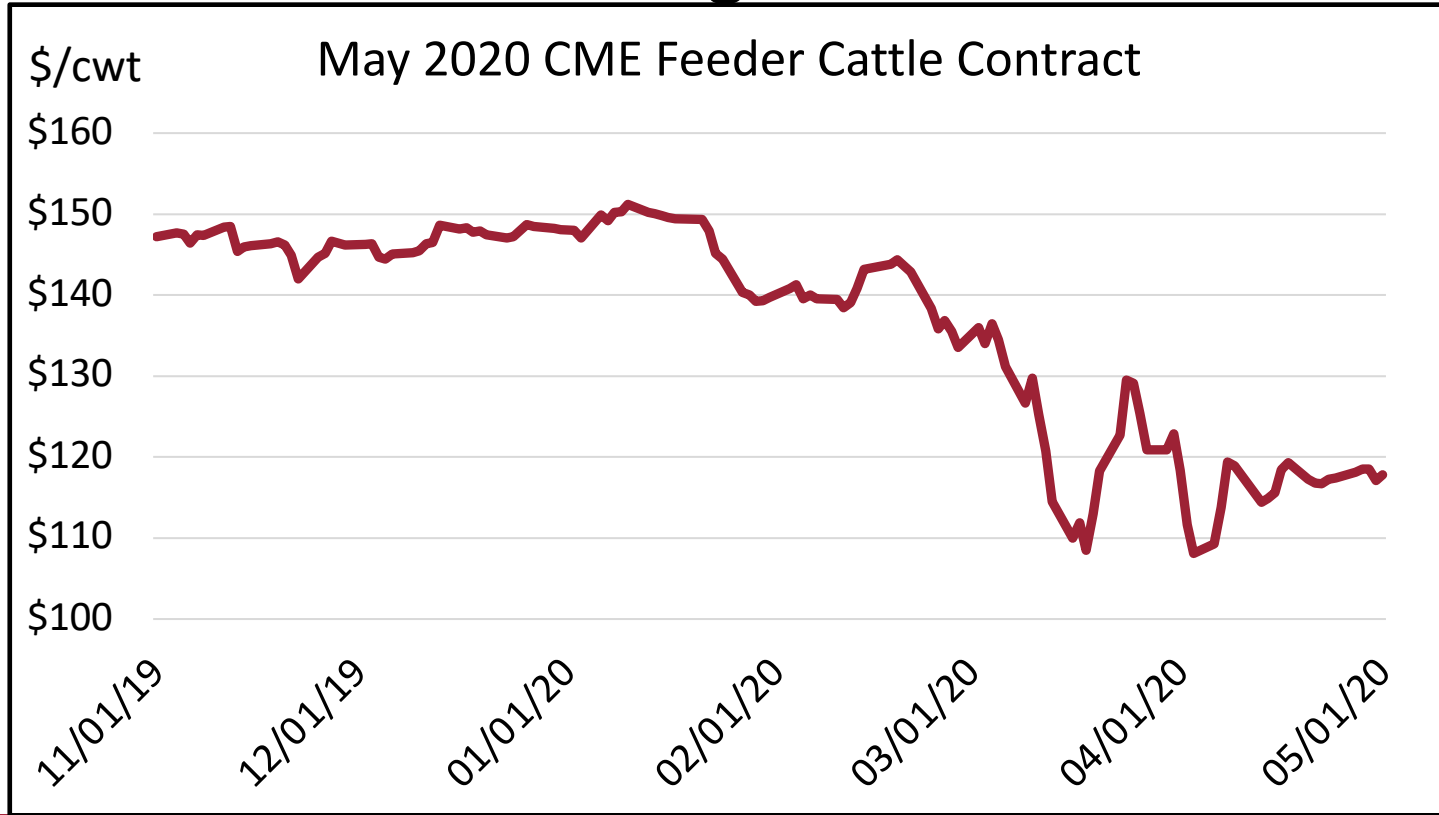
Management Considerations

- Cutting costs versus cutting corners
- Focus on large cost categories
 - Ex: 100% vet/med cost = 10% hay production cost
- Focus on efficiency
 - Can we do more with less?
- Measure what you want to manage
 - EX: Hay and soil tests

Risk Management

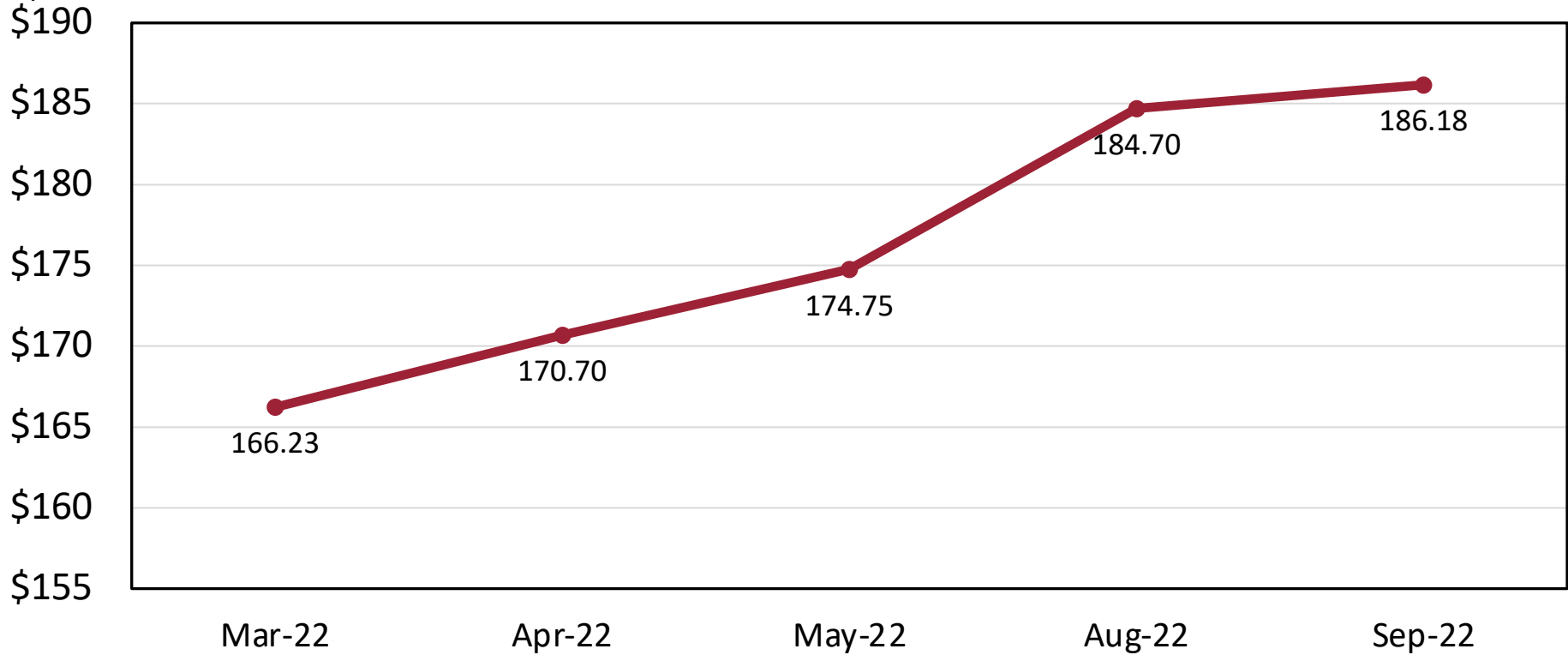
- Identify sources of risk
 - Production and price risk
- How much risk can your operation tolerate?
 - Protect profits
 - Minimize losses
- Risk management is about base hits NOT home runs

Hard to Manage in Real Time



Feeder Cattle Futures Prices (as of 2/14/22) By Contract Month

\$ Per Cwt.

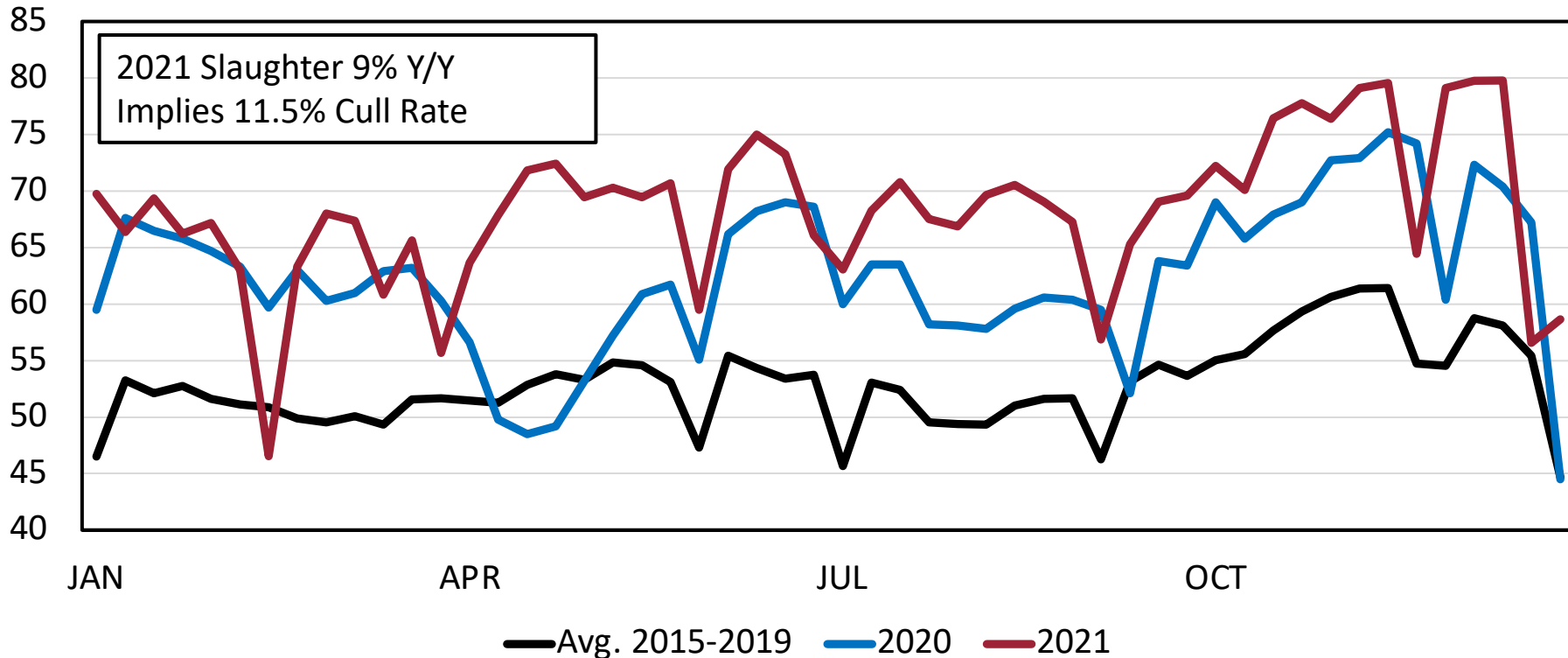


Supply

| USDA-NASS January 1, 2022 Estimates | U.S. Total | | Arkansas | |
|--|-------------------|-------------------|-----------------|-------------------|
| (1,000 head) | 2022 | % Chg. Y/Y | 2022 | % Chg. Y/Y |
| All Cattle and Calves | 91,902 | -2.0% | 1,690 | -5.1% |
| Beef Cows and Heifers That Have Calved | 30,125 | -2.3% | 905 | -2.2% |
| Heifers 500 Pounds and Over | 19,776 | -2.1% | 215 | -6.5% |
| For Beef Cow Replacement | 5,612 | -3.3% | 145 | -5.2% |
| Other Heifers | 9,714 | -0.8% | 67 | -9.5% |
| Steers 500 Pounds and Over | 16,580 | -1.2% | 110 | -12.0% |
| Bulls 500 Pounds and Over | 2,110 | -4.6% | 55 | -8.3% |
| Calves Under 500 Pounds | 13,936 | -2.6% | 400 | -8.0% |
| Feeder Cattle Supplies Outside Feedlots | 25,537 | -2.6% | 577 | -9.0% |
| Calf Crop | 35,085 | -1.2% | 770 | -2.5% |

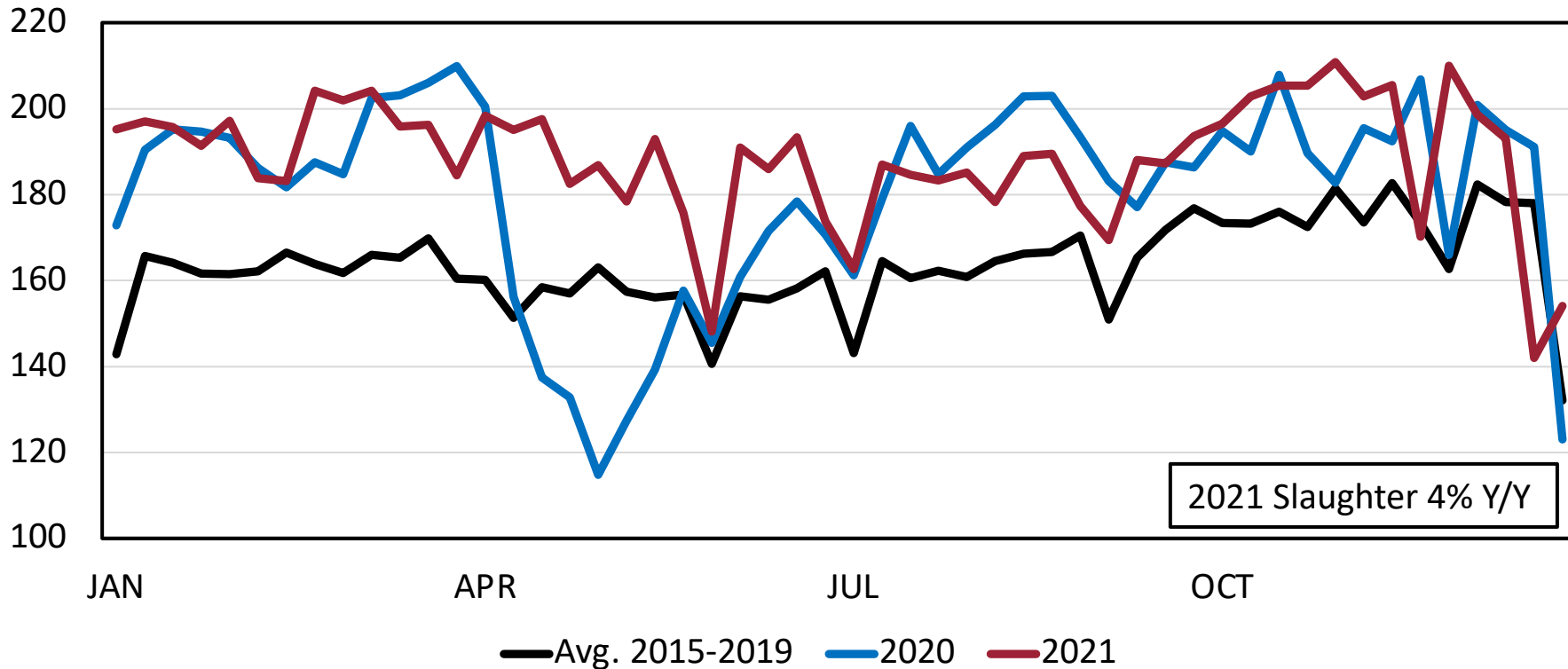
Beef Cow Slaughter Federally Inspected, Weekly

Thou. Head



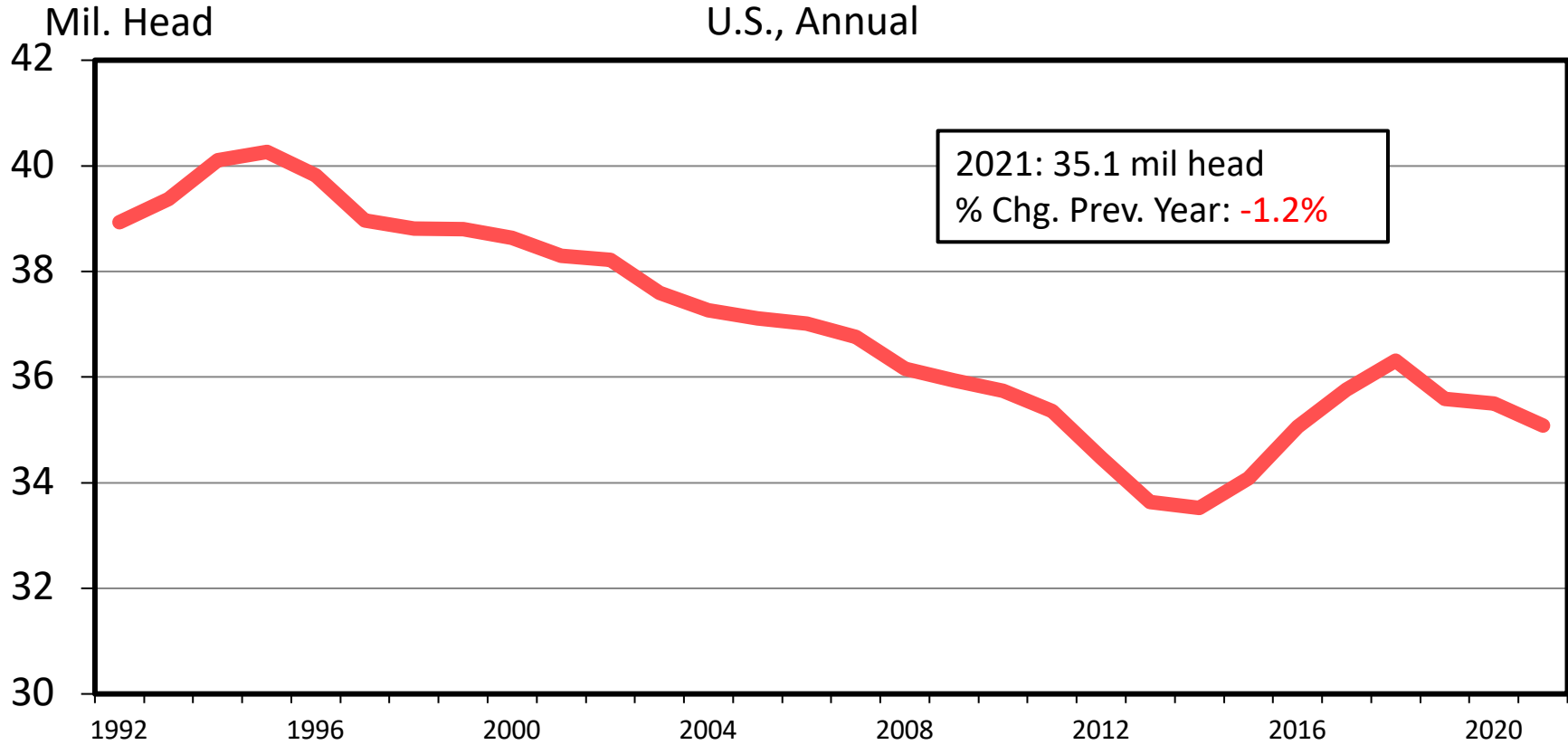
Heifer Slaughter Federally Inspected, Weekly

Thou. Head



CALF CROP

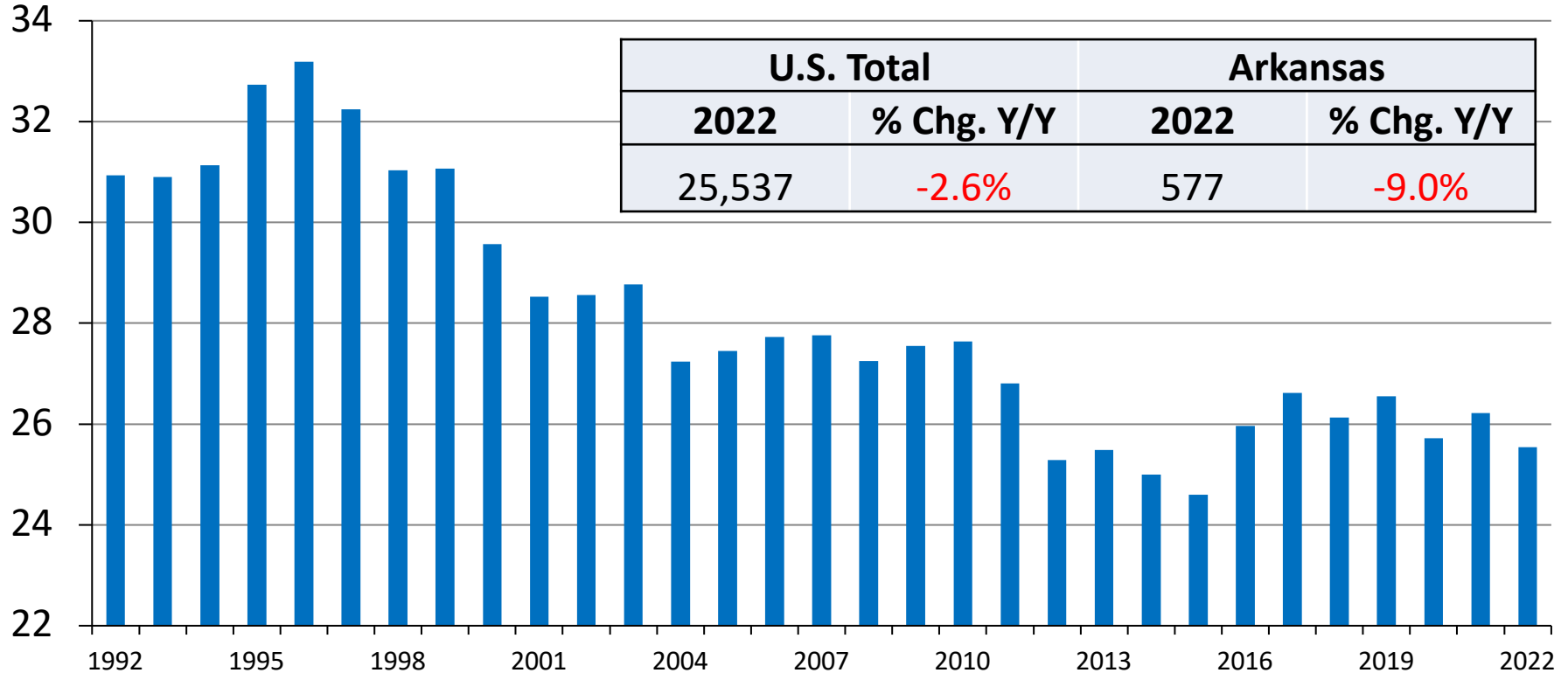
U.S., Annual



JANUARY 1 FEEDER CATTLE SUPPLIES

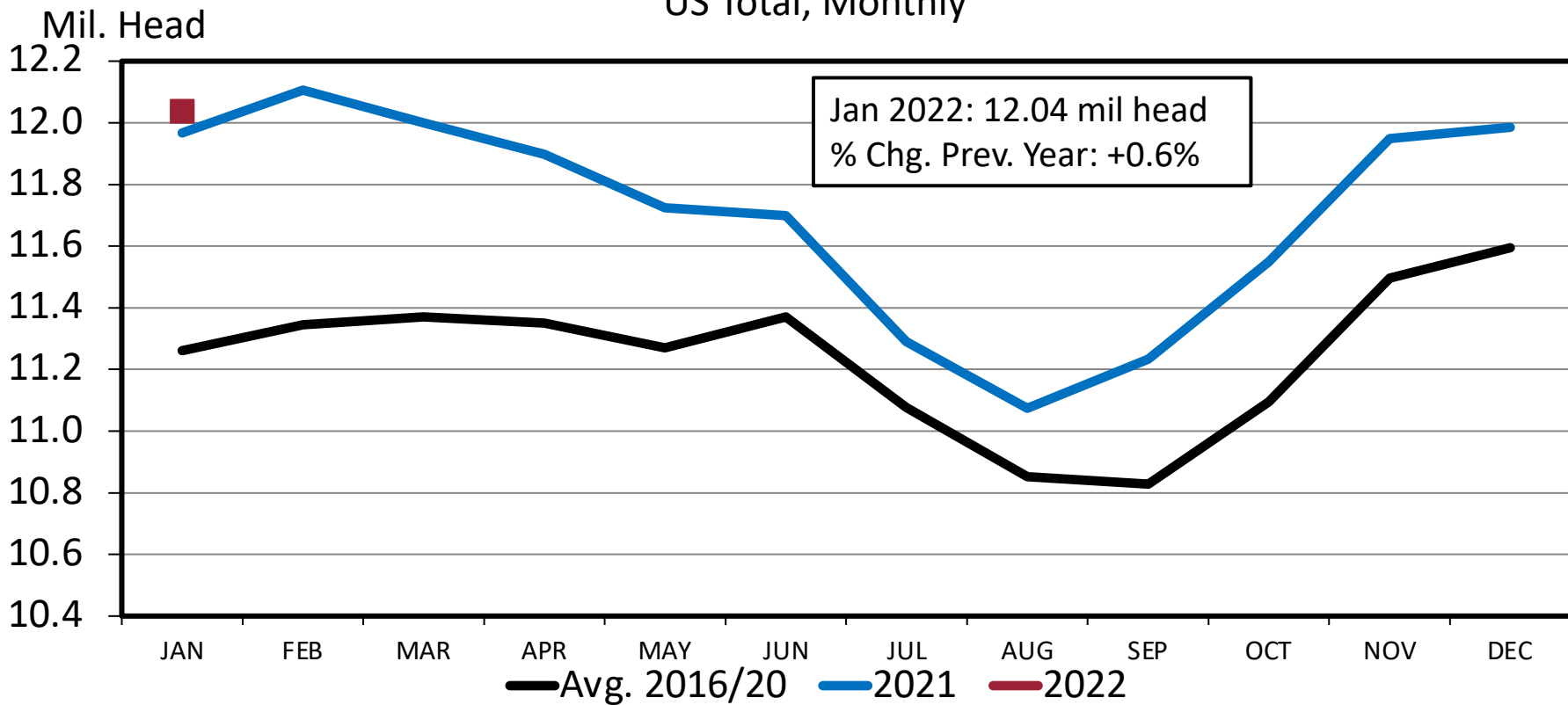
Residual, Outside Feedlots, U.S.

Mil. Head



CATTLE ON FEED

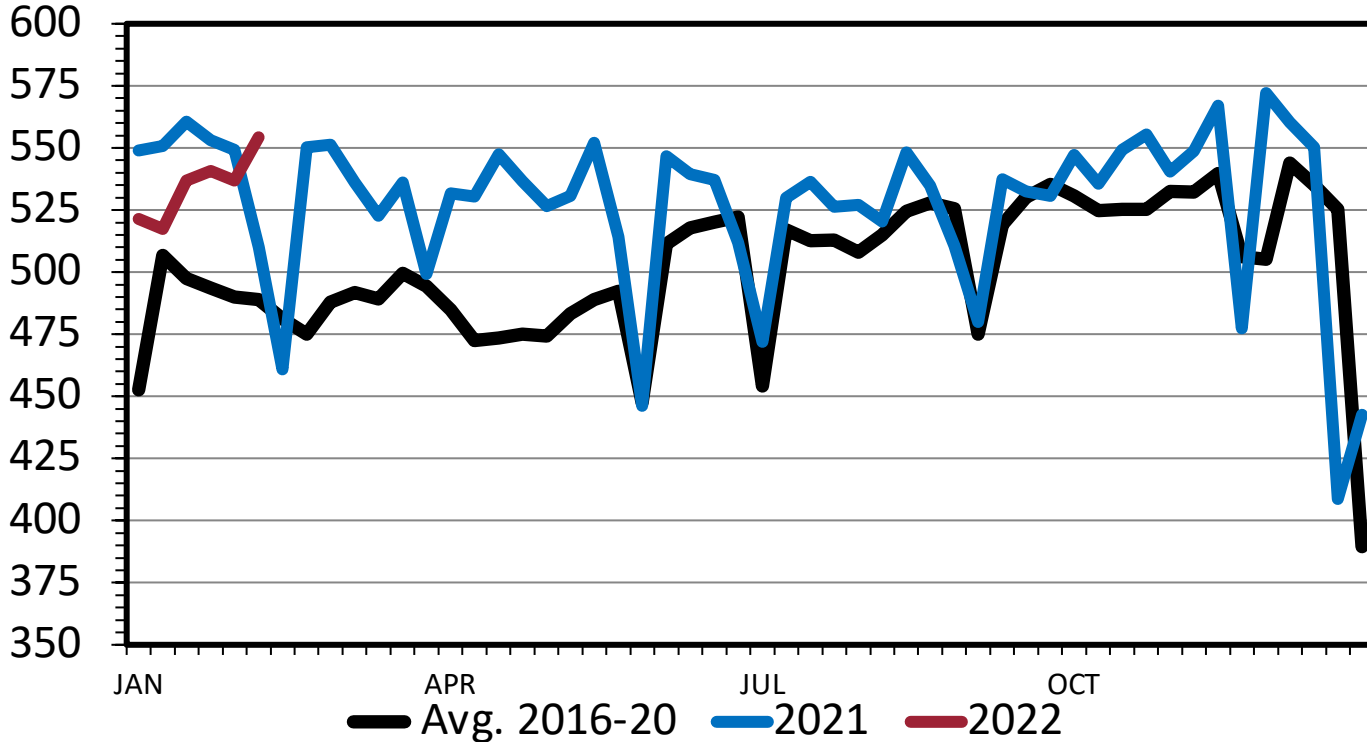
US Total, Monthly



BEEF PRODUCTION

Federally Inspected, Weekly

Mil. Pounds



Forecast: 1/24/2022

| | Beef Prod (Mil. Lbs.) | % Chg Year Ago |
|------|-----------------------|----------------|
| 2017 | 26,187 | 3.8% |
| 2018 | 26,872 | 2.6% |
| 2019 | 27,155 | 1.1% |
| 2020 | 27,174 | 0.1% |
| 2021 | 27,937 | 2.8% |
| 2022 | 27,149 | -2.8% |

Demand

Food Price Inflation Jan 2022 vs. Jan 2021

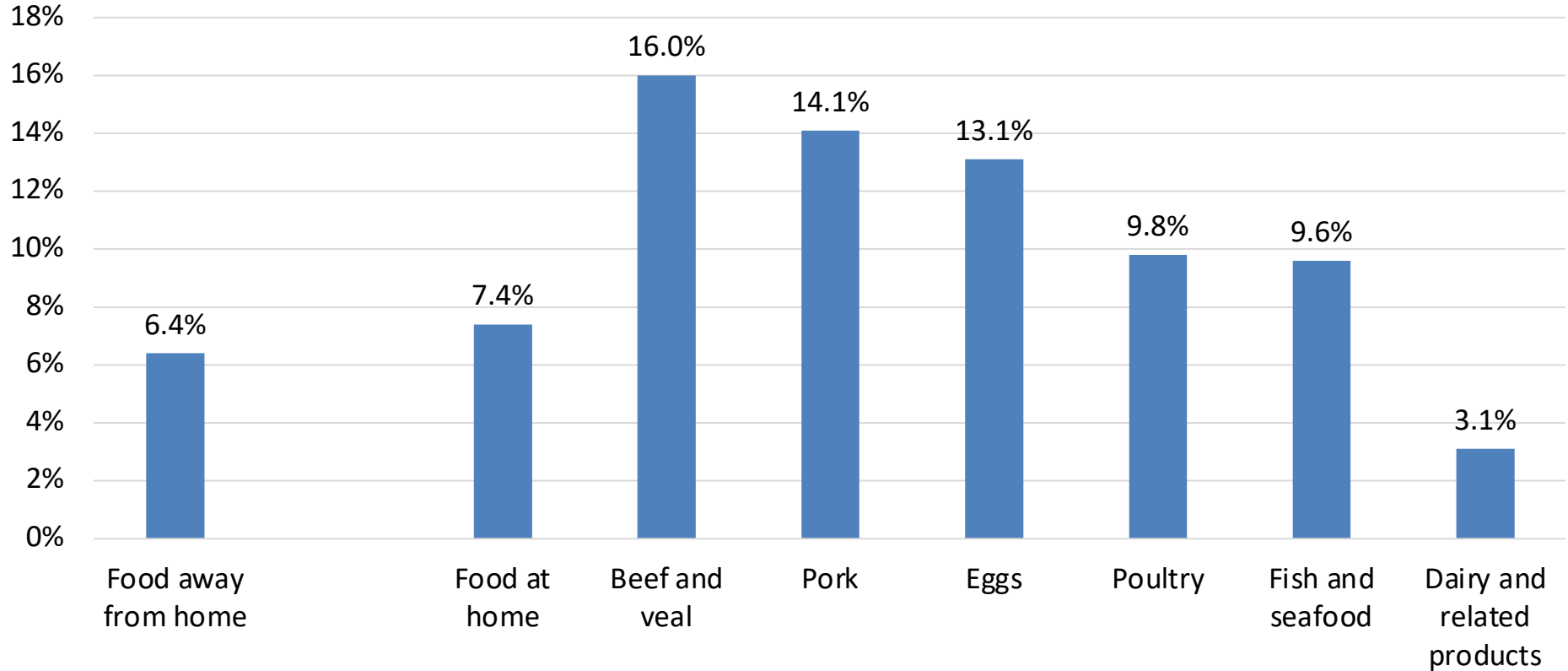
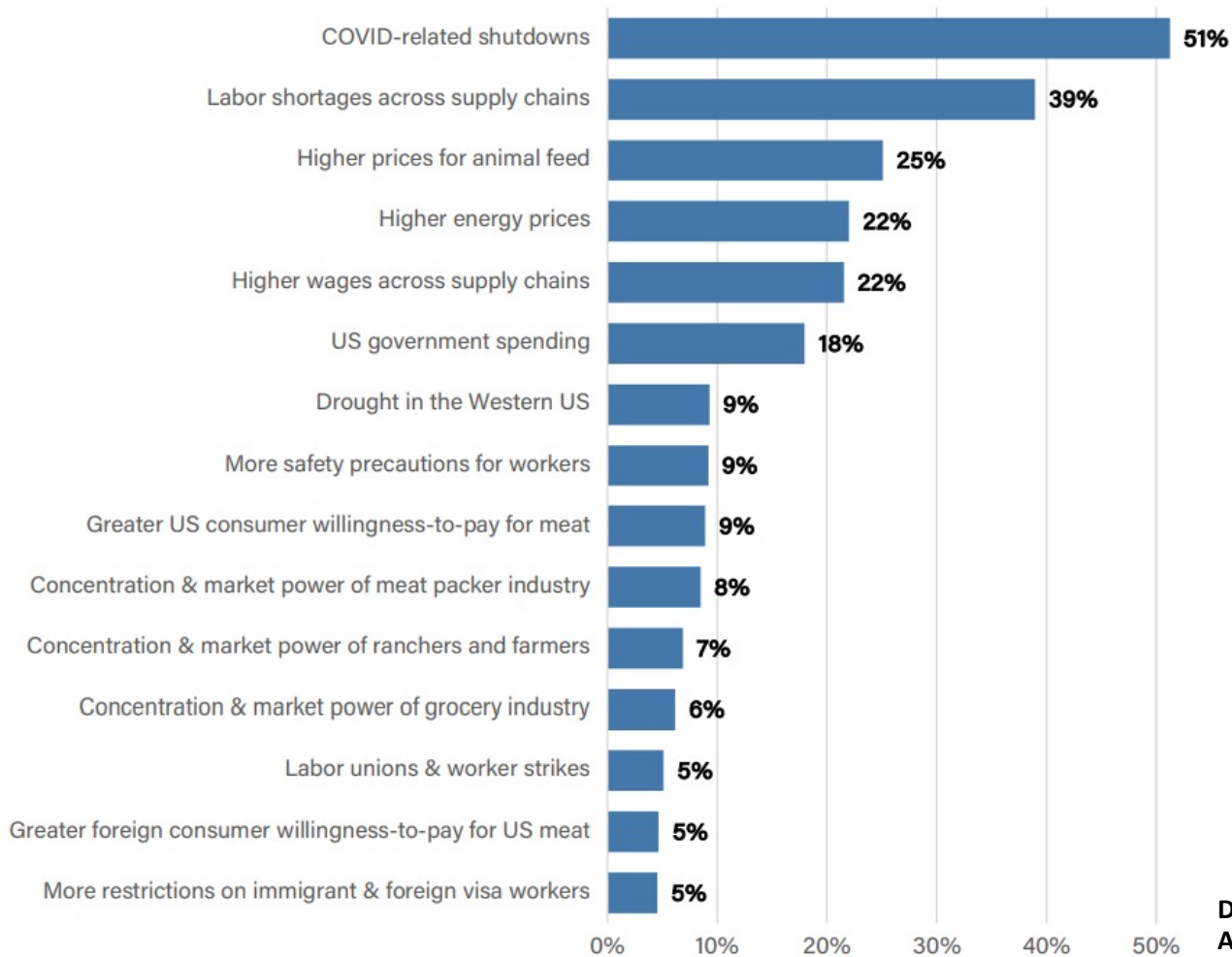


Figure 18. Causes of Meat Price Inflation as Chosen by Respondents*

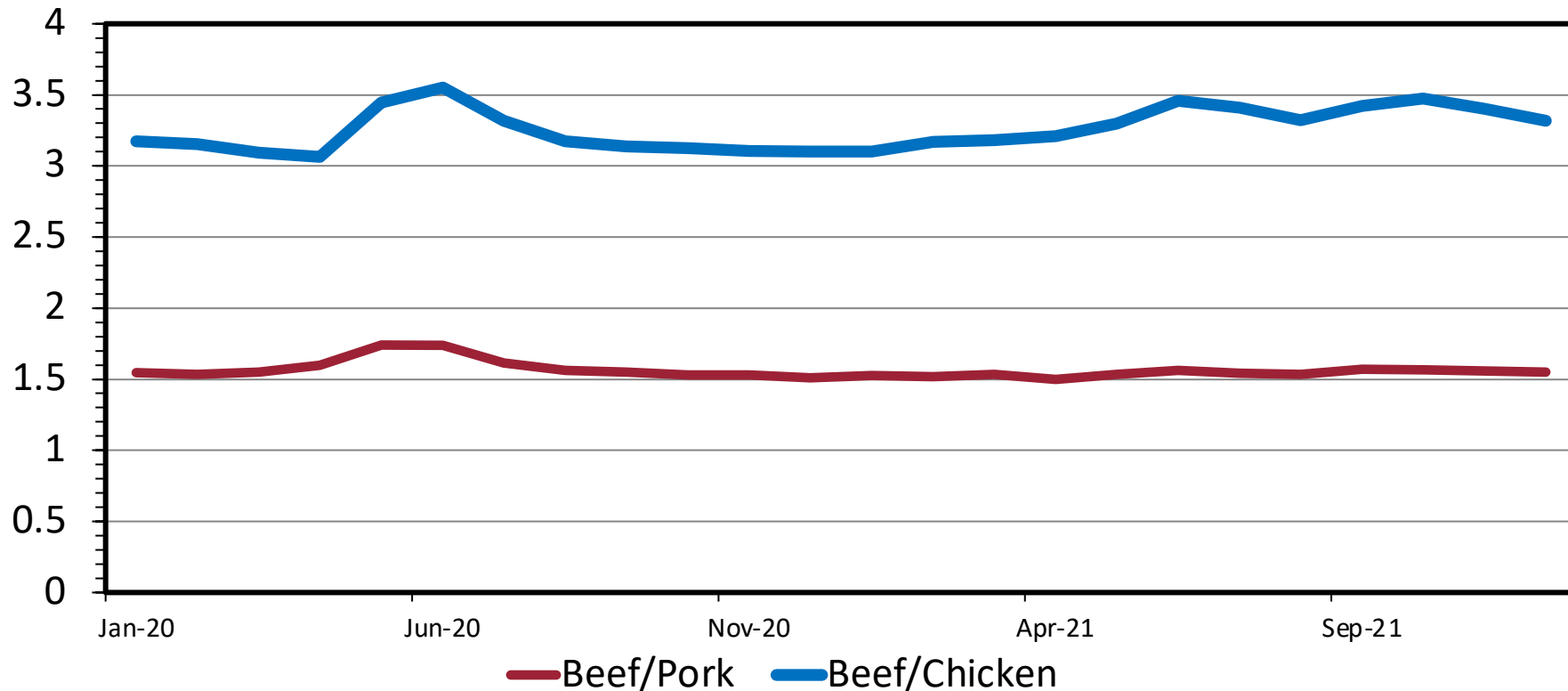


**Data Source: Center for Food Demand
Analysis and Sustainability, Purdue University**

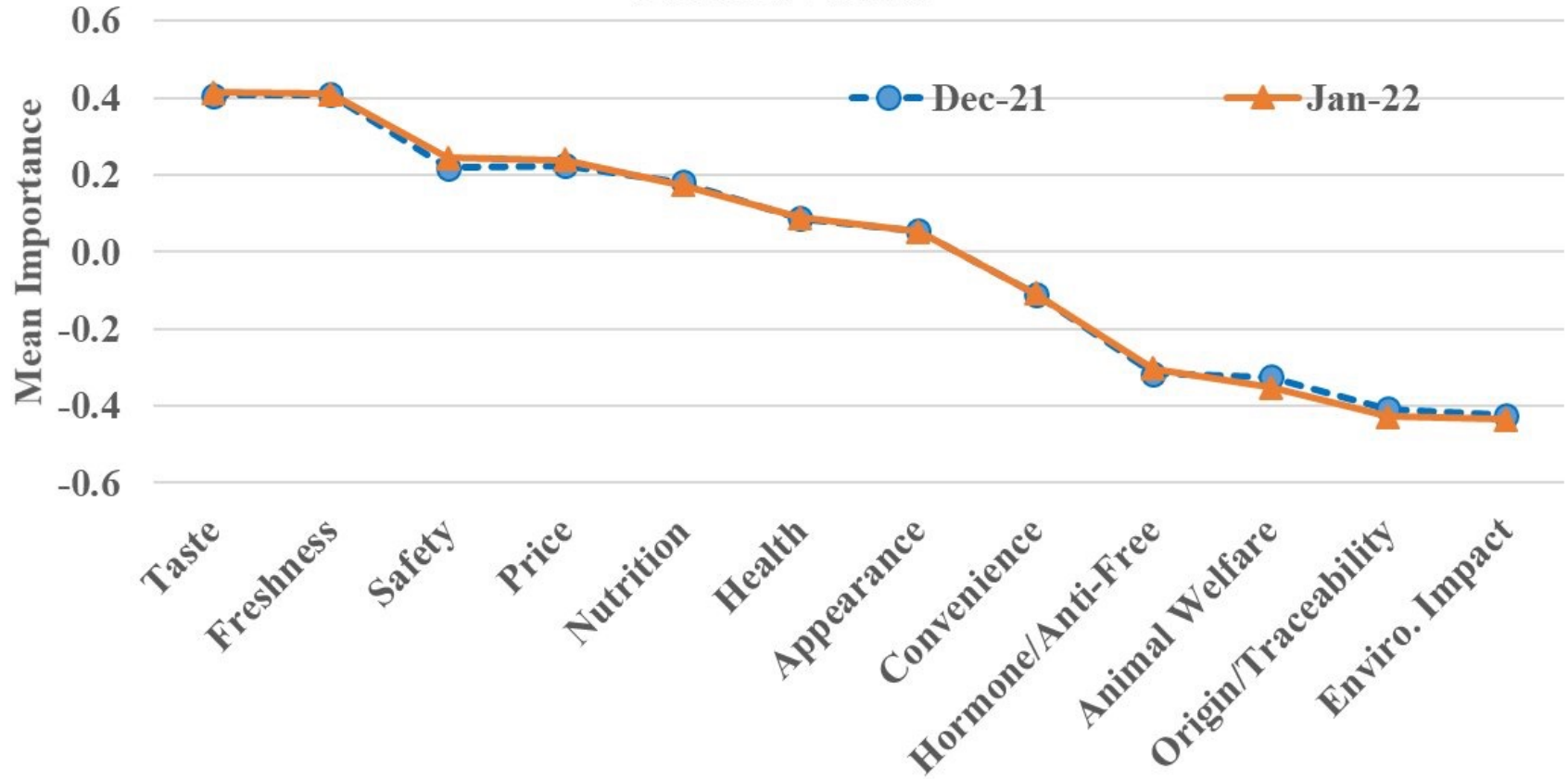
RELATIVE MEAT PRICES

Jan 2020 - Dec 2021

Price Ratio



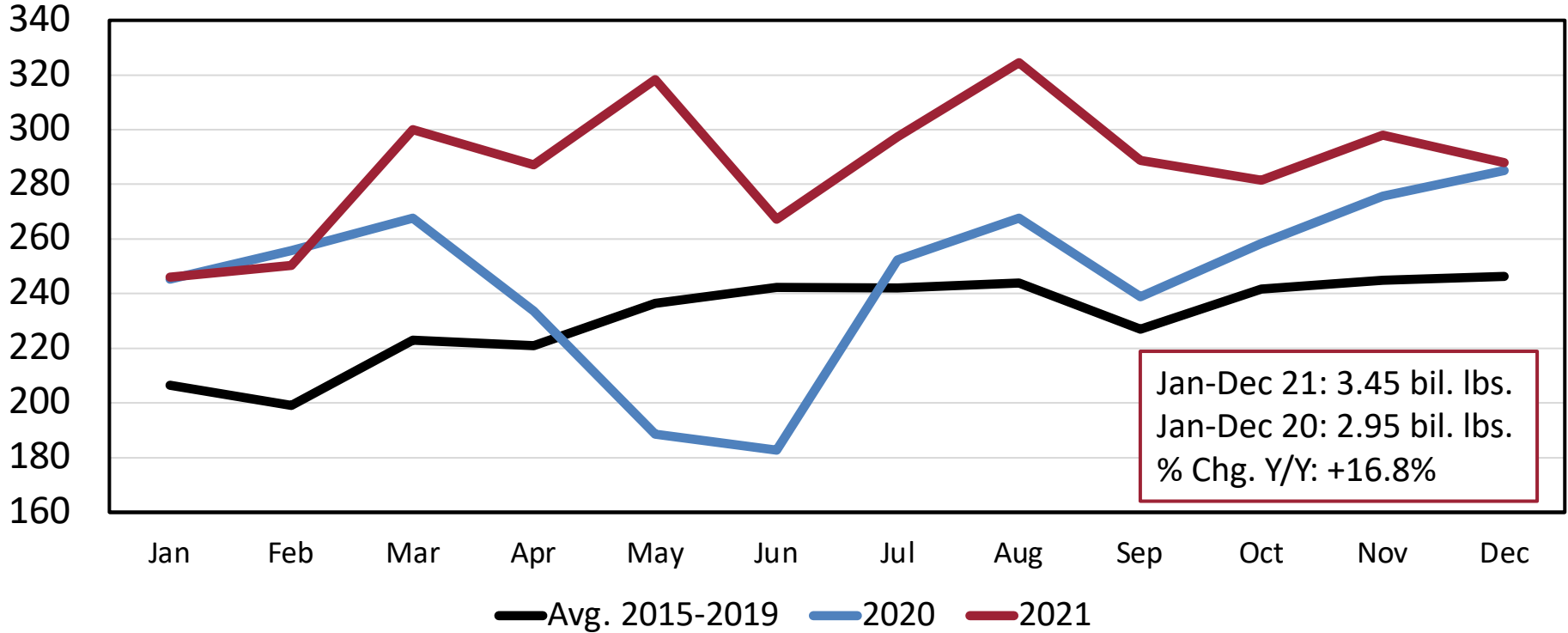
Protein Values



Trade

US Beef and Veal Exports, Carcass Weight, Monthly

Mil. Pounds

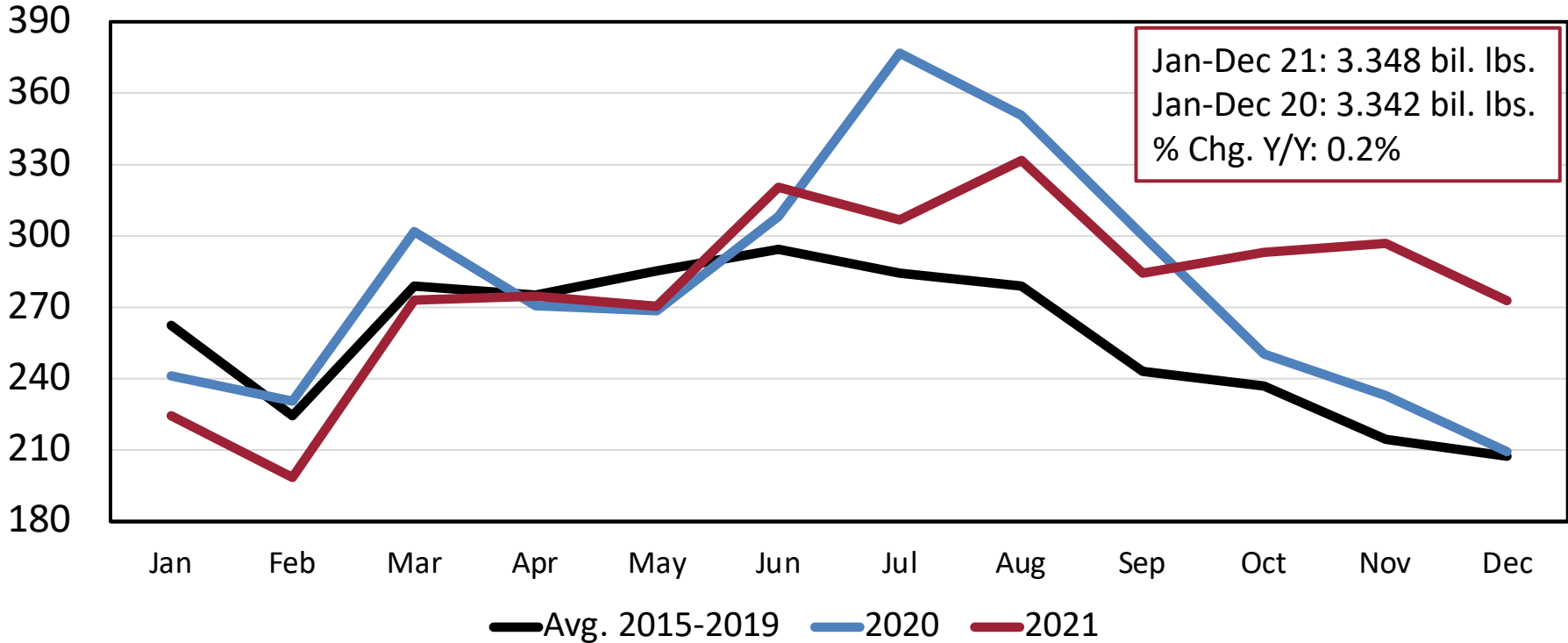


US YTD Beef Exports (Mil. Pounds)

| | Canada | China | Japan | Mexico | South Korea | Total |
|----------------------|--------|-------|-------|--------|----------------|-------|
| Jan-Dec 2021 | 279 | 541 | 826 | 316 | 786 | 3,447 |
| Jan-Dec 2020 | 286 | 119 | 827 | 320 | 667 | 2,951 |
| Jan-Dec 2019 | 268 | 32 | 799 | 424 | 684 | 3,026 |
| % Chg. Year Ago | -3% | 354% | 0% | -1% | 18% | 17% |
| % Chg. Two Years Ago | 4% | 1586% | 3% | -26% | 15% | 14% |

US Beef and Veal Imports, Carcass Weight, Monthly

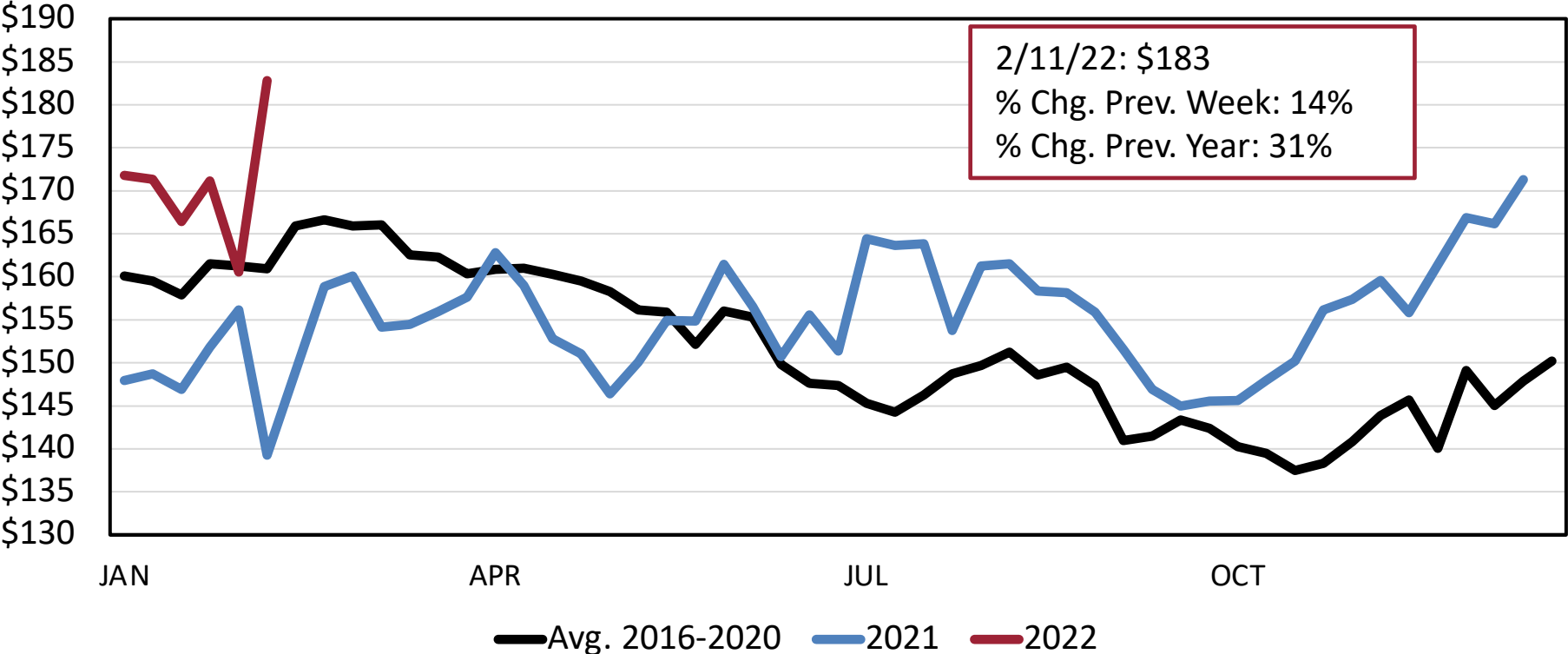
Mil. Pounds



Cattle Markets

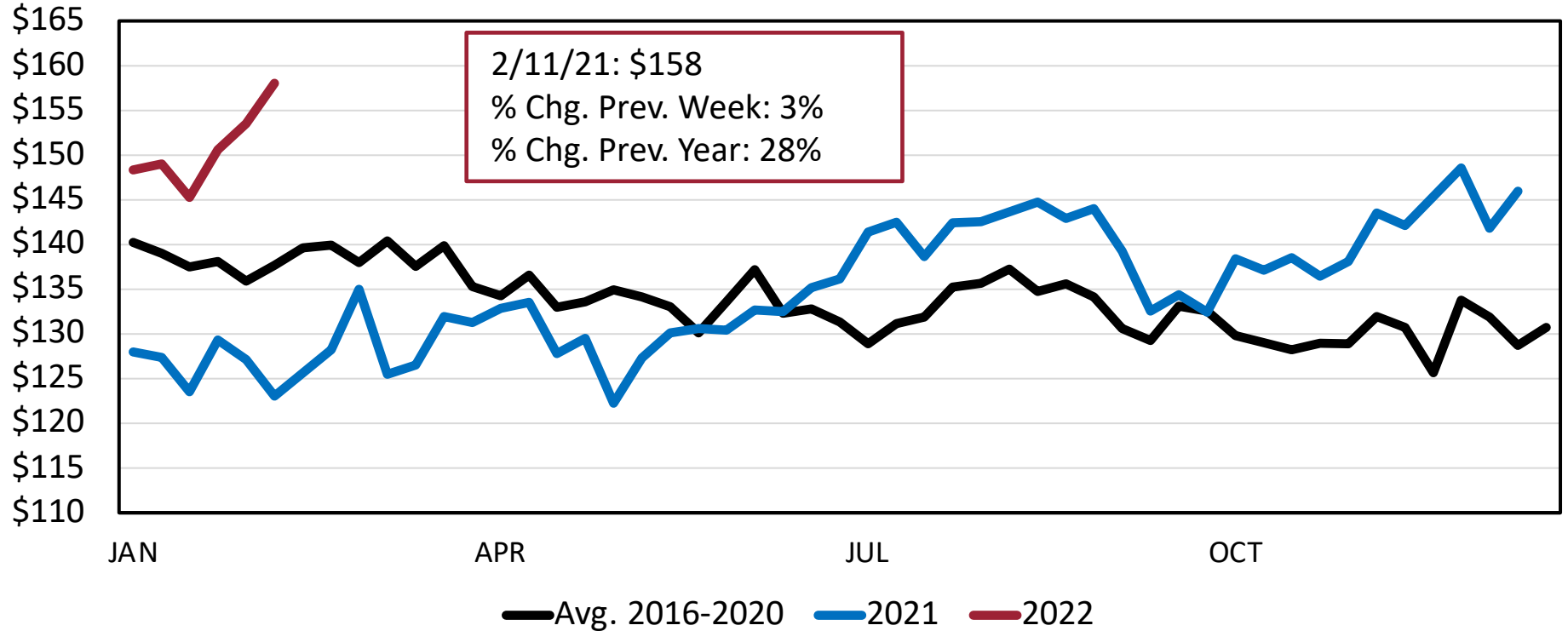
Arkansas Steer Calf - Medium & Large #1 500-600 Pounds

\$ Per Cwt.



Arkansas Feeder Steers - Medium & Large #1 700-800 Pounds

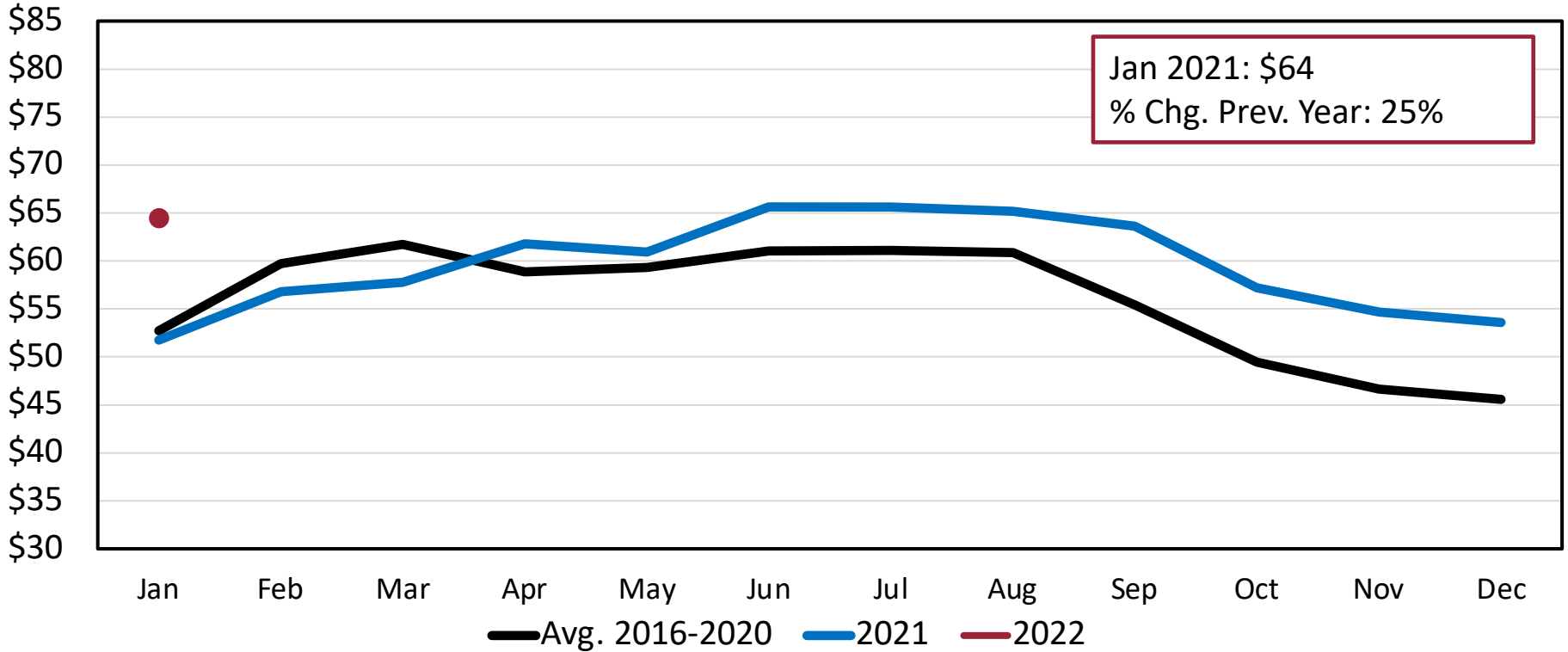
\$ Per Cwt.



Arkansas Monthly Breaking Cow Prices

Monthly

\$ Per Cwt.



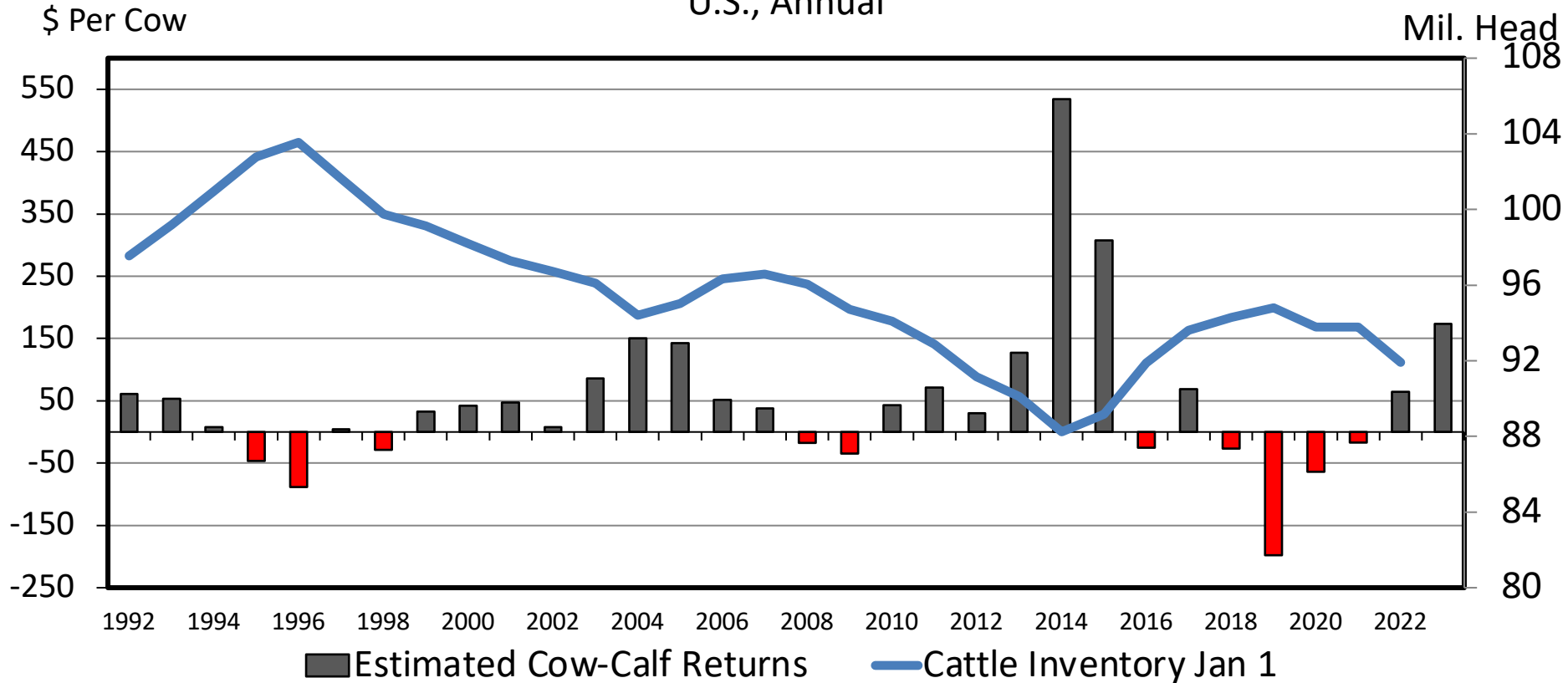
Outlook

Forecasts: 2/4/2022

| Mitchell's Forecast (\$/CWT) | 2022 QTR1 | 2022 QTR2 | 2022 QTR3 |
|-------------------------------------|------------------|------------------|------------------|
| AR 5-600 lb. Feeder Steers | 176-183 | 188-193 | 182-189 |
| AR 7-800 lb. Feeder Steers | 157-162 | 166-171 | 168-174 |
| LMIC's Forecast (\$/CWT) | | | |
| SP 5-600 lb. Feeder Steers | 188-189 | 187-192 | 185-195 |
| SP 7-800 lb. Feeder Steers | 161-162 | 159-162 | 170-175 |
| SP Fed Steers | 137-138 | 137-140 | 130-134 |

COW CALF RETURNS AND CATTLE INVENTORY

U.S., Annual



Cattle Market Notes Weekly

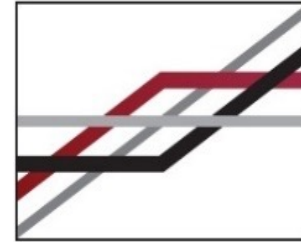
Josh Maples



James Mitchell



Kenny Burdine



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<https://fryar-risk-center.uada.edu/>

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