

# Cattle Market Outlook

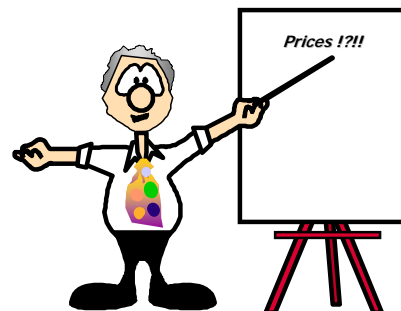
American Agricultural Economics Association  
Long Beach, California  
July 24, 2006

David P. Anderson  
Associate Professor and  
Extension Economist –  
Livestock and Food Products Marketing



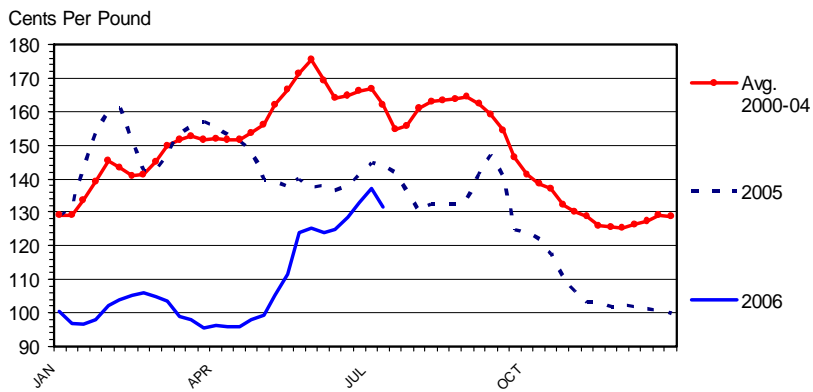
## Overview

- Demand
- Expansion - Supply
- Trade
- Current Market
- Price Outlook



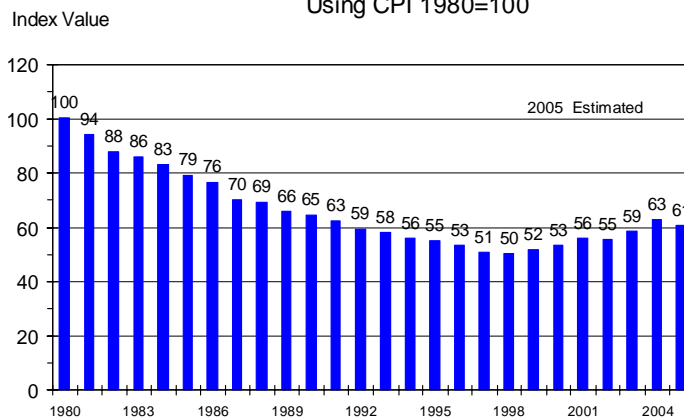
# Demand

## WHOLESALE CHICKEN BREAST PRICES Skinless/Boneless, Northeast, Truckload, Weekly



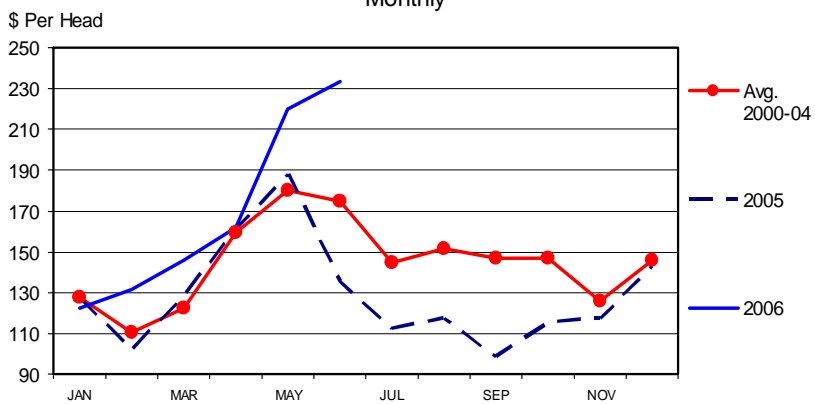
### RETAIL CHOICE BEEF DEMAND INDEX

Using CPI 1980=100



### LIVE TO CUTOUT BEEF PRICE SPREAD

Monthly



## **Demand**

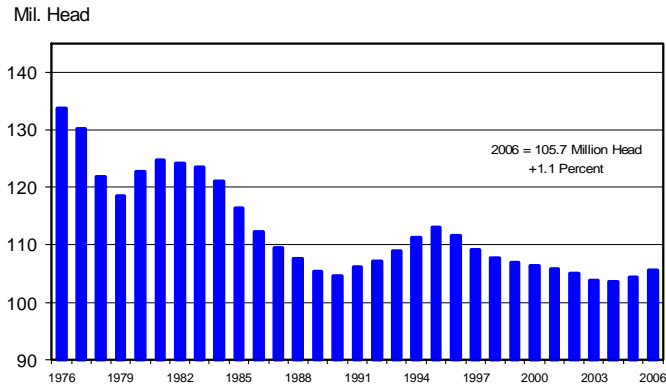
---

- Underlying Demand Remains Strong
  - 6 years of gains
  - That's how we got record prices
- Relative Prices Matter
- Concerned About Demand
  - Economy, Fuel prices

## **Expansion**

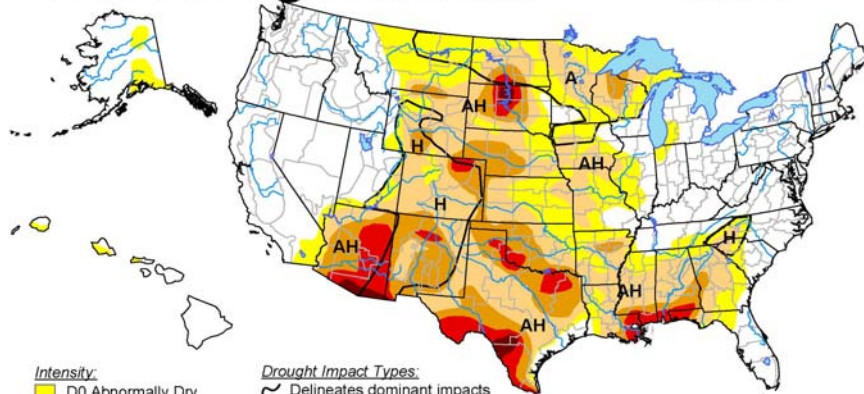
---

## JULY 1 CATTLE INVENTORY U.S.



## U.S. Drought Monitor

July 11, 2006  
Valid 7 a.m. EST



**Intensity:**

- D0 Abnormally Dry
- D1 Drought - Moderate
- D2 Drought - Severe
- D3 Drought - Extreme
- D4 Drought - Exceptional

**Drought Impact Types:**

- Delineates dominant impacts
- A = Agricultural (crops, pastures, grasslands)
- H = Hydrological (water)

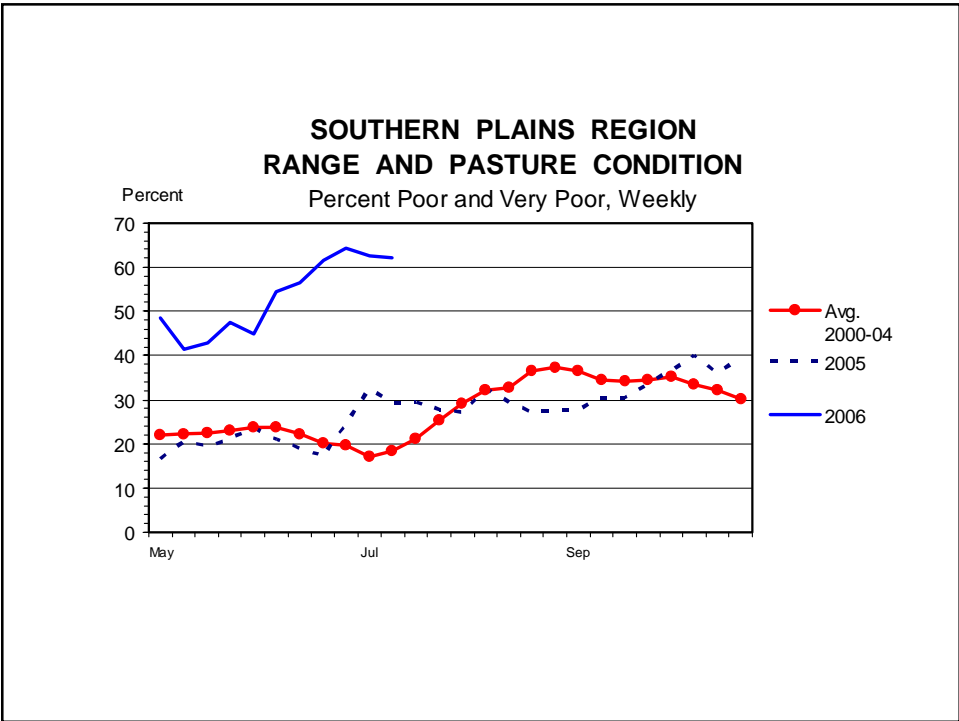
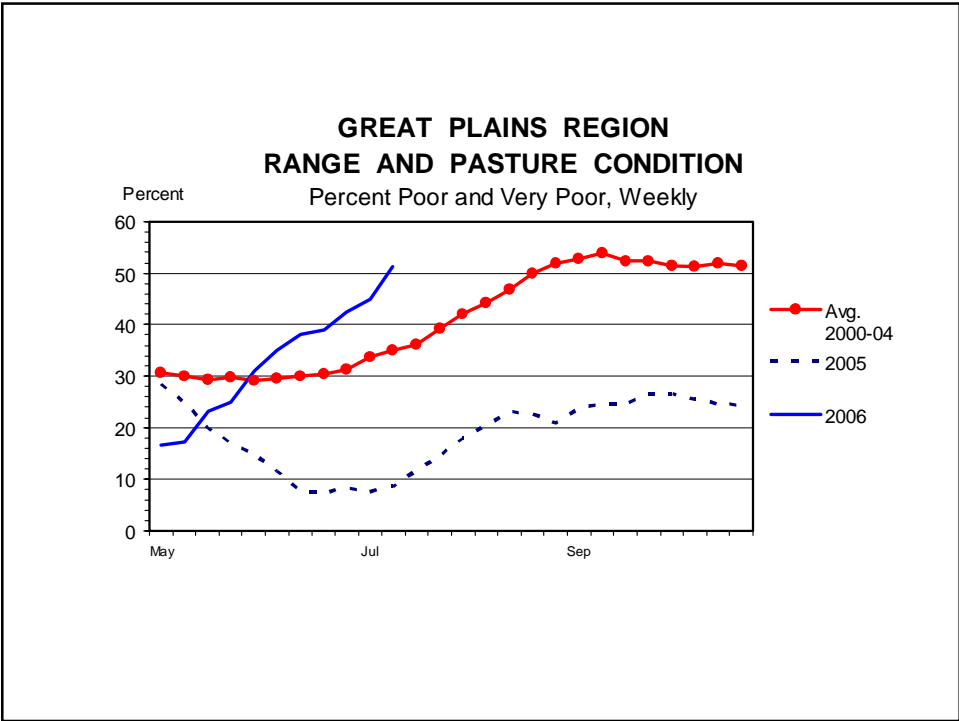
*The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.*



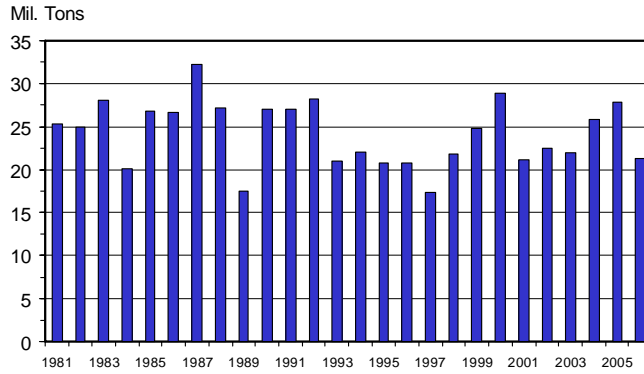
**Released Thursday, July 13, 2006**

<http://drought.unl.edu/dm>

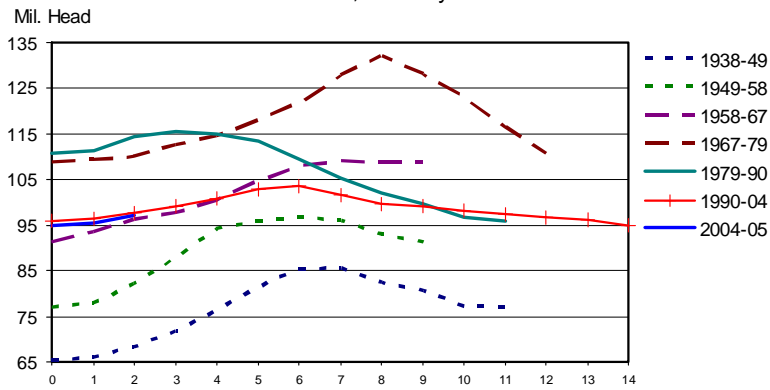
Author: Doug Le Comte and Tom Heddinghaus, CPC/NOAA



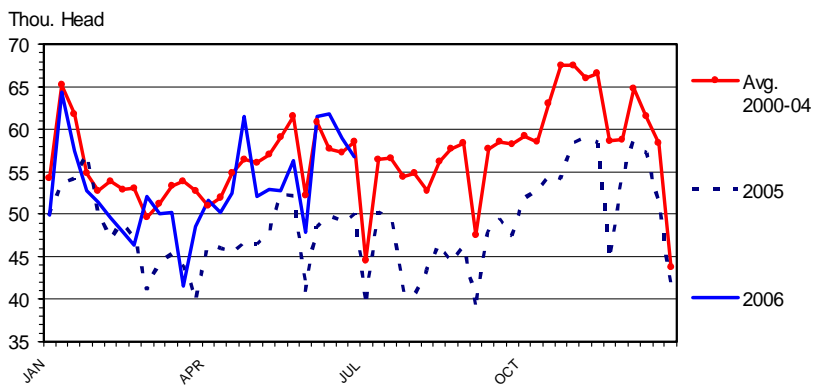
### U S ALL HAY STOCKS May 1 (Beginning of Crop Year)



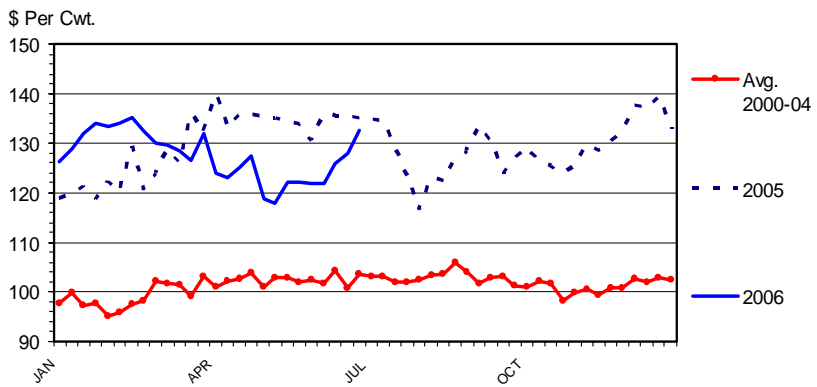
### TOTAL CATTLE INVENTORY BY CYCLE U.S., January 1



### BEEF COW SLAUGHTER Federally Inspected, Weekly



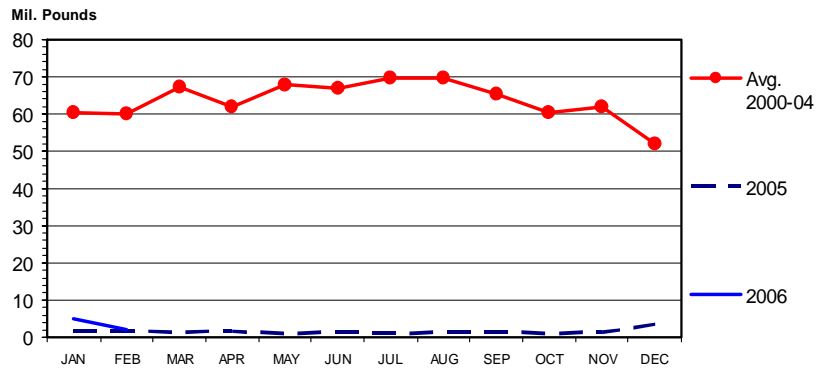
### MED. & LRG. #1 STEER CALF PRICES 500-600 Pounds, Southern Plains, Weekly





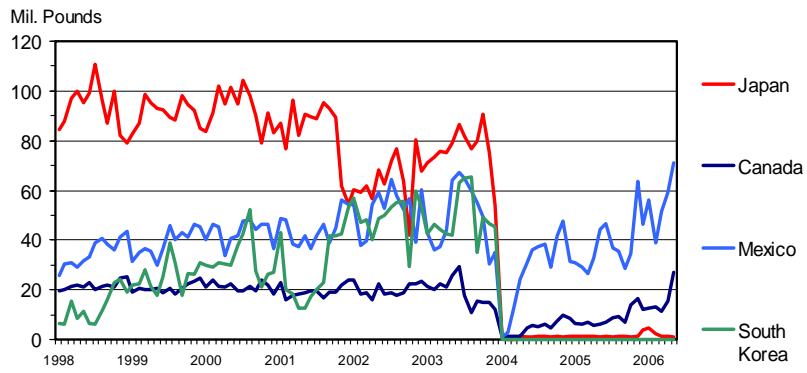
# Trade: Japan and Canada

## U S BEEF EXPORTS TO JAPAN Carcass Weight, Monthly



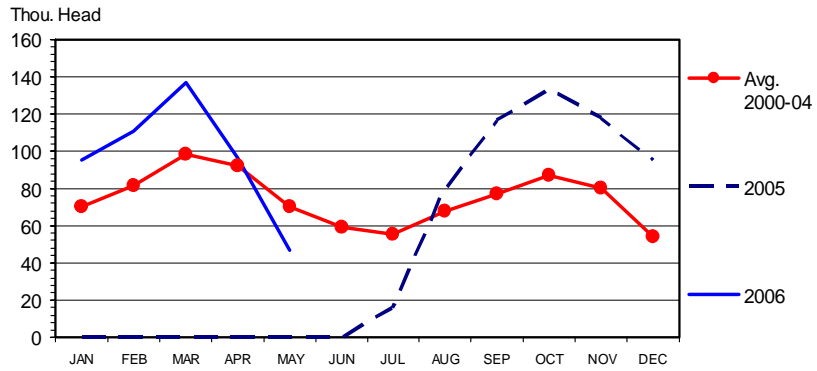
### U S BEEF EXPORTS TO MAJOR MARKETS

Carcass Weight, Monthly

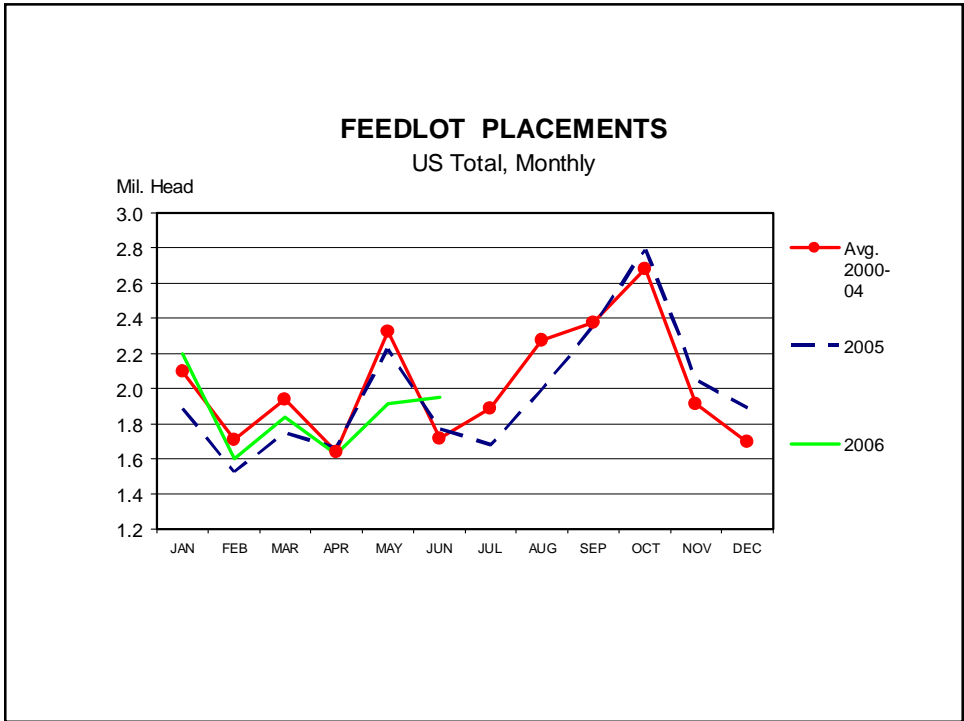


### U S CATTLE IMPORTS FROM CANADA

Monthly

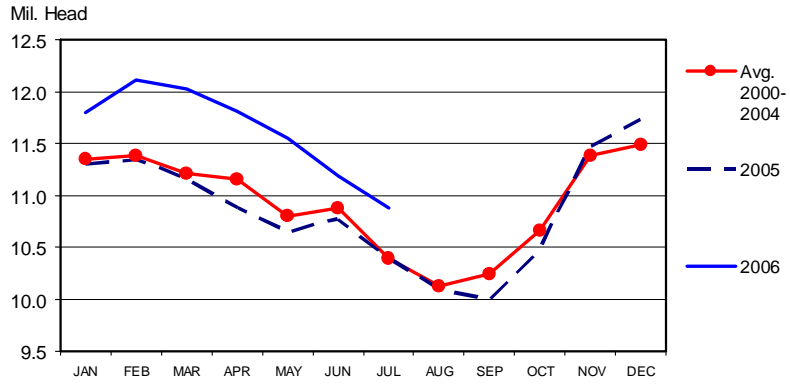


# Near Term Conditions



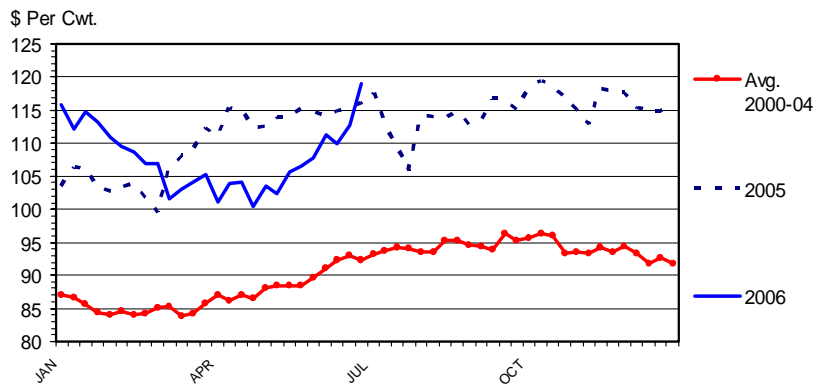
### CATTLE ON FEED

US Total, Monthly



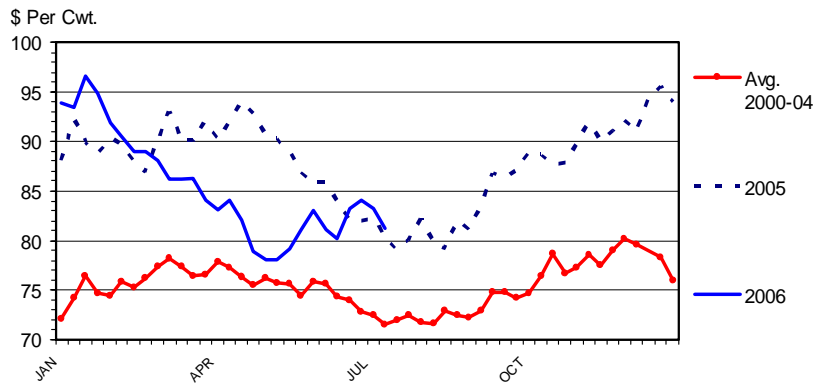
### MED. & LRG. #1 FEEDER STEER PRICES

700-800 Pounds, Southern Plains, Weekly



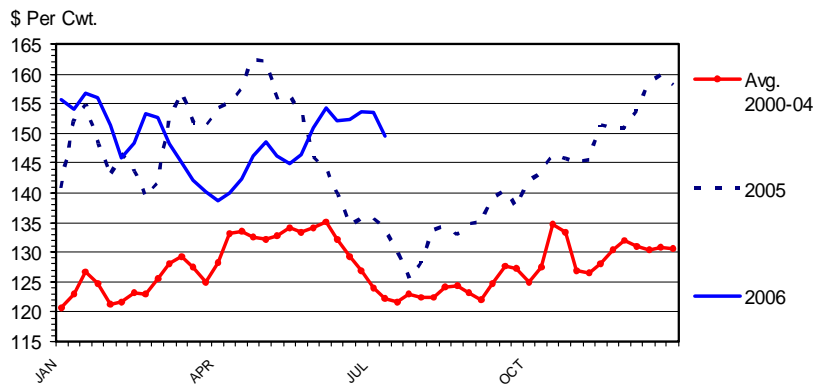
### CHOICE SLAUGHTER STEER PRICES

Southern Plains, Weekly



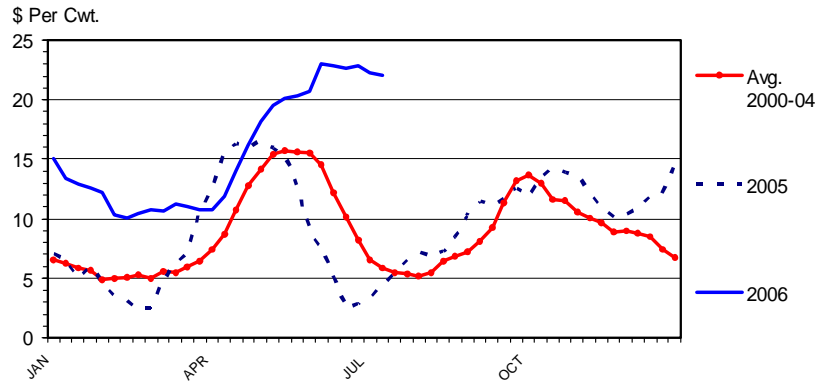
### BOXED BEEF CUTOUT VALUE

Choice 600-900 Lbs. Carcass, Weekly



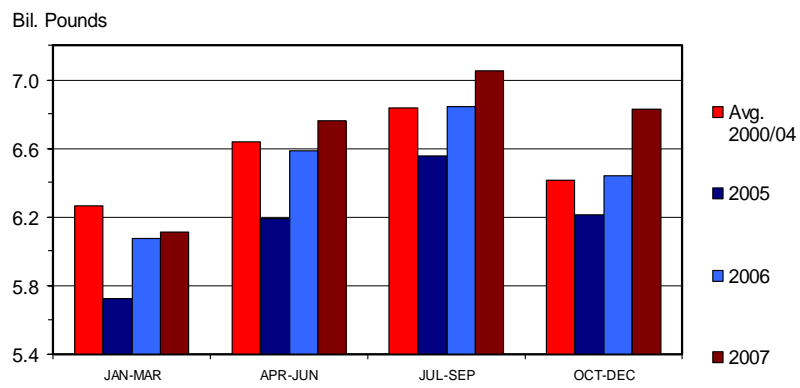
### CHOICE MINUS SELECT BEEF PRICES

Carcass Cutout Value 600-900 Lbs., Weekly



### COMMERCIAL BEEF PRODUCTION

Quarterly



## Market Summary

- Beef Production Up About 5.5% for Year
  - Up over 8% 2nd quarter
- Slaughter Up Almost 4% for Year
- Expansion Ongoing
  - Drought critical
- Exports Increase

## Projected Prices for 2005-2007

	<b>11-1300</b>	<b>7-800</b>	<b>5-600</b>
<b>2005</b>	87.91	112.47	129.20
<b>2006 I</b>	90.31	108.91	131.62
<b>II</b>	81.36	106.77	124.01
<b>III</b>	79-80	109-111	120-123
<b>IV</b>	83-86	103-106	111-116
<b>2007 I</b>	85-89	101-105	112-118
<b>II</b>	82-86	100-105	115-122
<b>III</b>	77-81	101-107	110-118
<b>IV</b>	81-86	96-103	101-111

## Future Trends

---

- Expansion Underway
  - Driving factor in market
  - Drought critical
- Strong Prices Continue?
  - Decline as supplies increase
  - Pressure from other meats
- Trade Issues
  - Japan, South Korea?
  - What about other markets and products?