

34th Annual

Outlook Conference for Agricultural Lenders

Livestock Price \$ituation and Outlook



Tim Petry

Extension Livestock Marketing Economist

OCTOBER, 2024



EXTENDING KNOWLEDGE >> CHANGING LIVES

NDSU

EXTENSION AGRIBUSINESS

Plotting a Course – Planning Prices 2024

www.ndsu.edu/agriculture/ag-hub/publications/plotting-a-course

BEEF

| Year* | 400-500 lb. Steers (bu) Fourth quarter prices | 500-600 lb. Steers (bu) Fourth quarter prices | 600-700 lb. Steers (bu) Fourth quarter prices | 700-800 lb. Steers (bu) First quarter prices | 800-900 lb. Steers (bu) First quarter prices | 1,100-1,700 lb. Cull Cows (cwt) Annual prices | 5-Area Direct Slaughter Steers (cwt) Annual prices |
|--------------------------------------|---|---|---|--|--|---|---|
| 2018 | 187.67 | 169.21 | 157.80 | 144.95 | 137.42 | 63.50 | 117.12 |
| 2019 | 168.41 | 156.01 | 145.11 | 143.89 | 135.51 | 62.00 | 116.78 |
| 2020 | 170.96 | 155.85 | 147.04 | 140.90 | 132.60 | 64.20 | 108.51 |
| 2021 | 192.30 | 173.62 | 163.51 | 165.69 | 155.56 | 70.20 | 123.17 |
| 2022 | 227.27 | 204.74 | 190.84 | 191.17 | 179.80 | 80.70 | 144.40 |
| Historic avg. (2015-2022) | 189.32 | 171.89 | 160.86 | 157.32 | 148.18 | 68.12 | 122.00 |
| 2023 (to date) | 310.83 | 278.14 | 259.34 | 245.00** | 230.00** | 98.50 | 175.51 |
| 2024 short-term | 315.00 | 290.00 | 270.00 | 250.00** | 235.00** | 105.00 | 184.00 |
| 2025 | 320.00 | 295.00 | 275.00 | 255.00** | 240.00** | 110.00 | 190.00 |
| 2026 | 330.00 | 305.00 | 285.00 | 265.00** | 250.00** | 115.00 | 200.00 |
| 2027 | 320.00 | 295.00 | 275.00 | 255.00** | 240.00** | 110.00 | 190.00 |
| 2028 | 315.00 | 290.00 | 270.00 | 250.00** | 235.00** | 105.00 | 185.00 |
| 2029 | 305.00 | 280.00 | 260.00 | 240.00** | 225.00** | 100.00 | 180.00 |
| Projected long-term avg. (2025-2029) | 318.00 | 293.00 | 273.00 | 253.00 | 238.00 | 108.00 | 189.00 |

* 400-500, 500-600 and 600-700 lb. weights are fourth quarter prices. 700-800 and 800-900 lb. weights are first quarter prices of the next year.

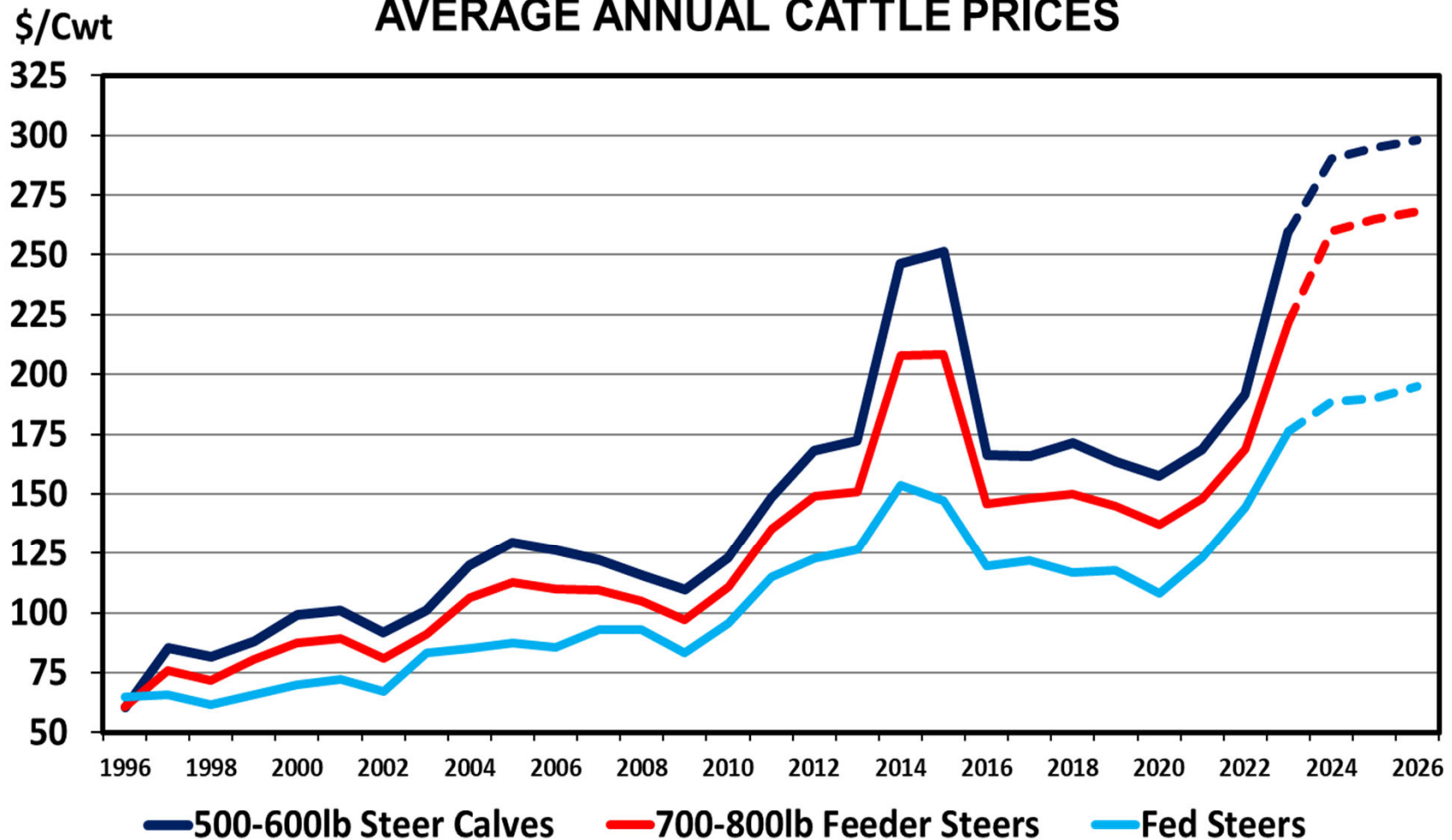
To estimate heifer prices for 400-500 lb. and 500-600 lb. subtract \$30/cwt., for 600-700 lb. and 700-800 lb. subtract \$20/cwt., and for 800-900 lb. subtract \$10/cwt. from steer prices.

Cull cow and slaughter steer prices are calendar year averages.

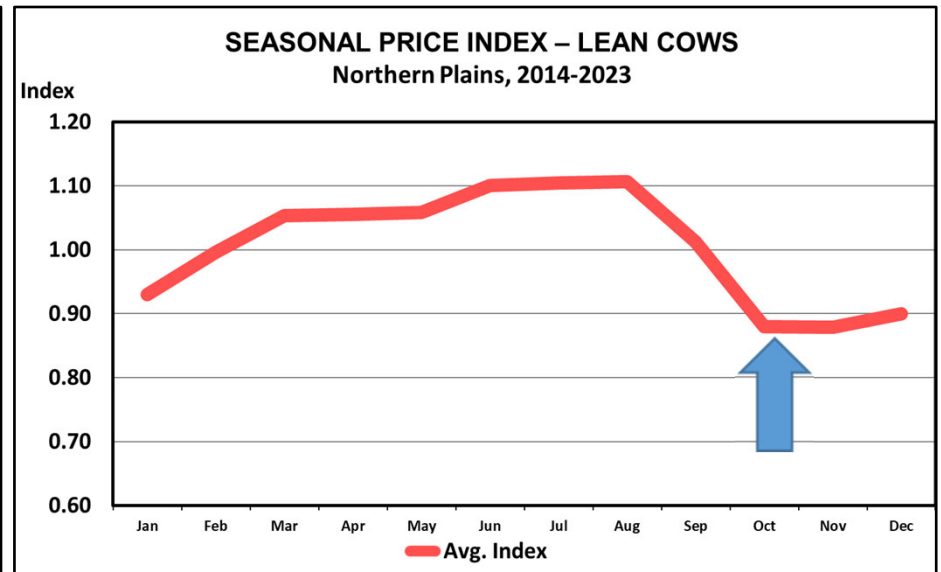
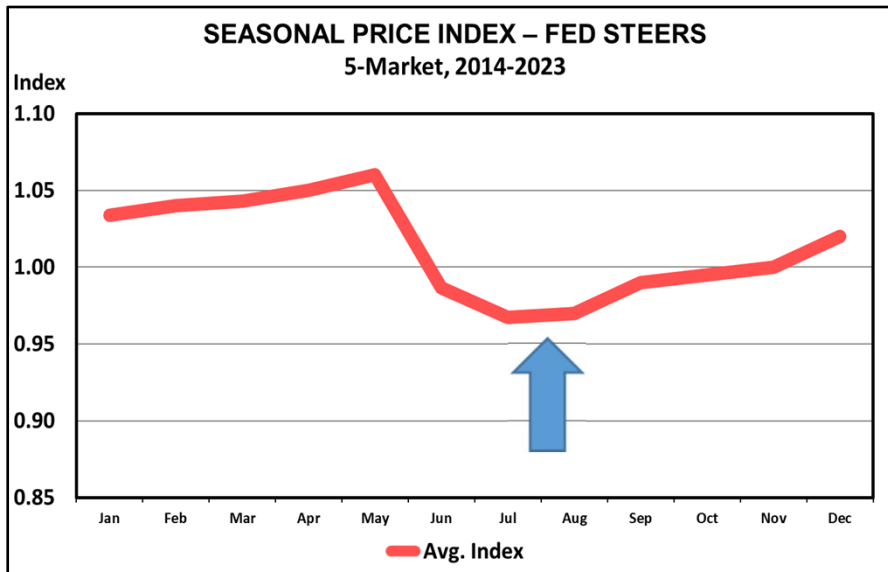
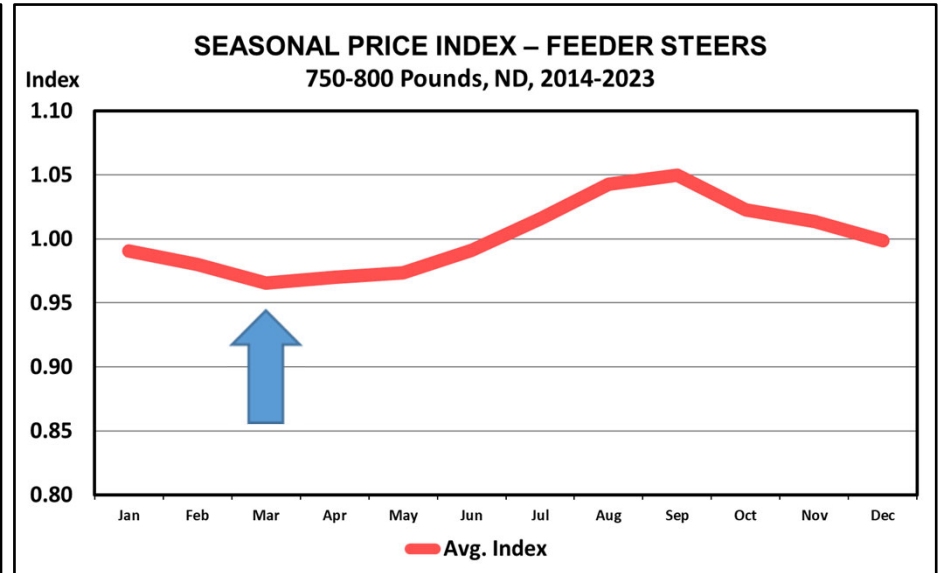
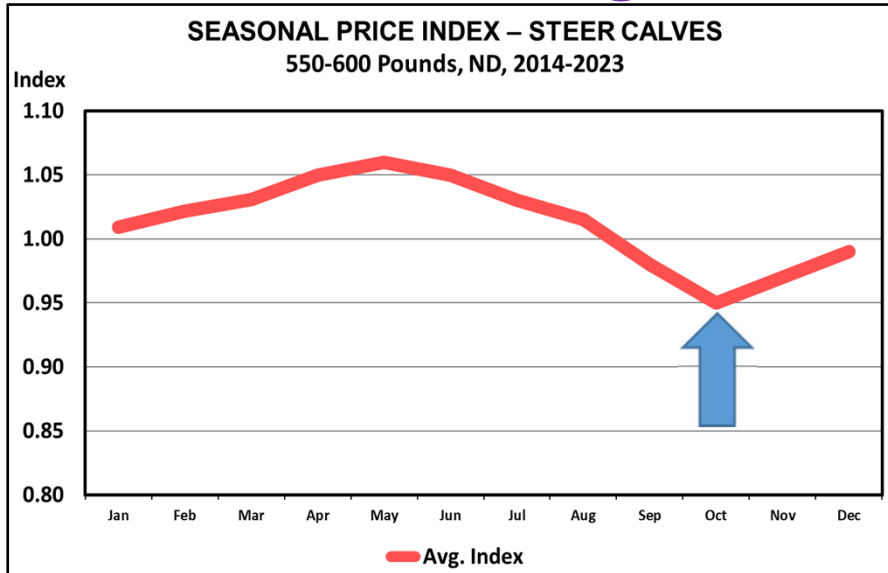
** Projected for the first quarter of the next year.

CYCLICAL VS. SEASONAL CATTLE PRICES

AVERAGE ANNUAL CATTLE PRICES

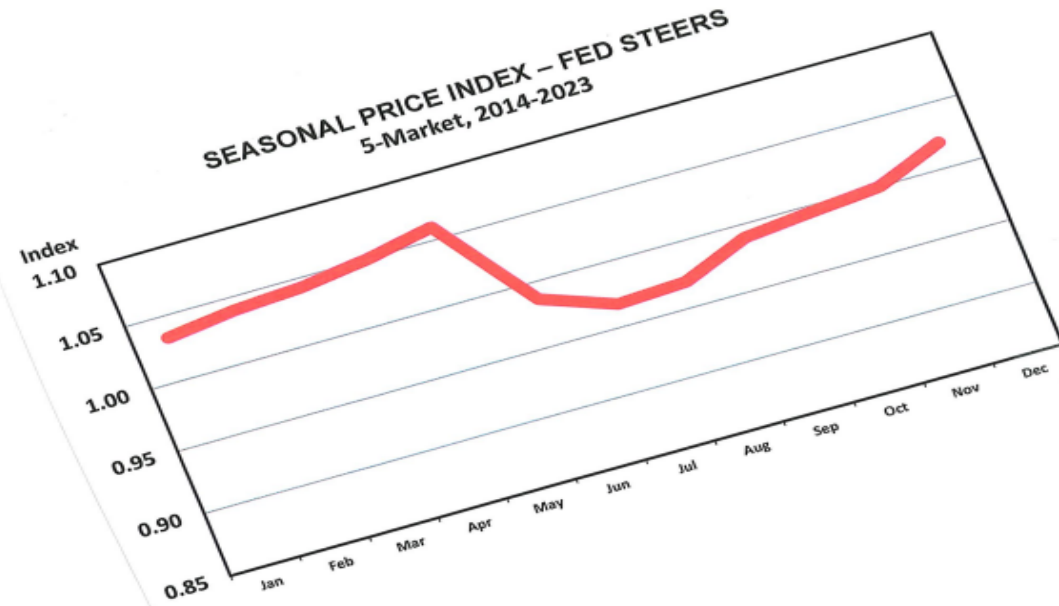


Seasonal Price Patterns Are An Important Marketing And Price Prediction Tool

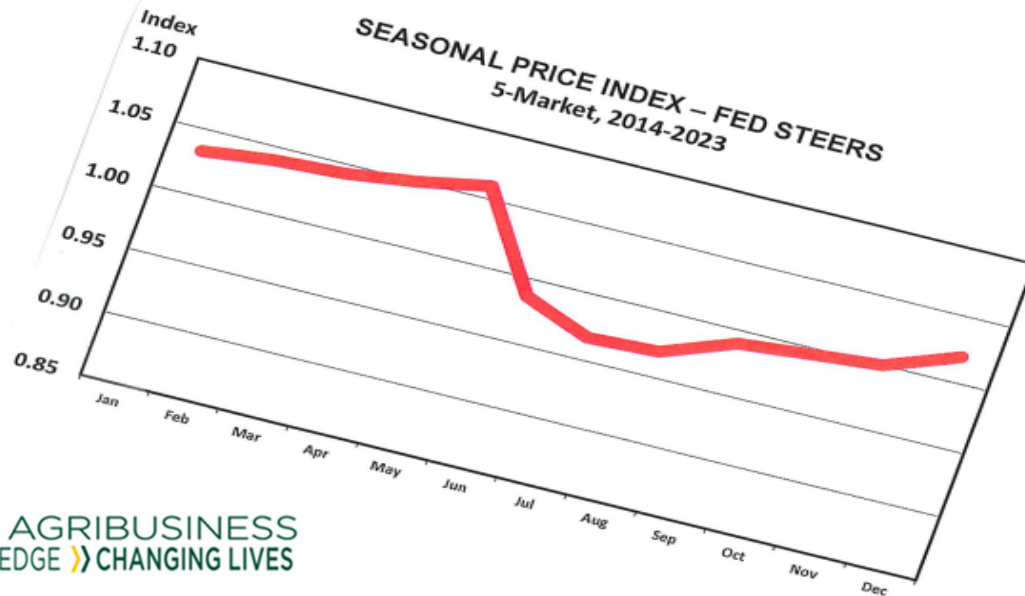


CYCLICAL VS. SEASONAL CATTLE PRICES

INCREASING
PHASE

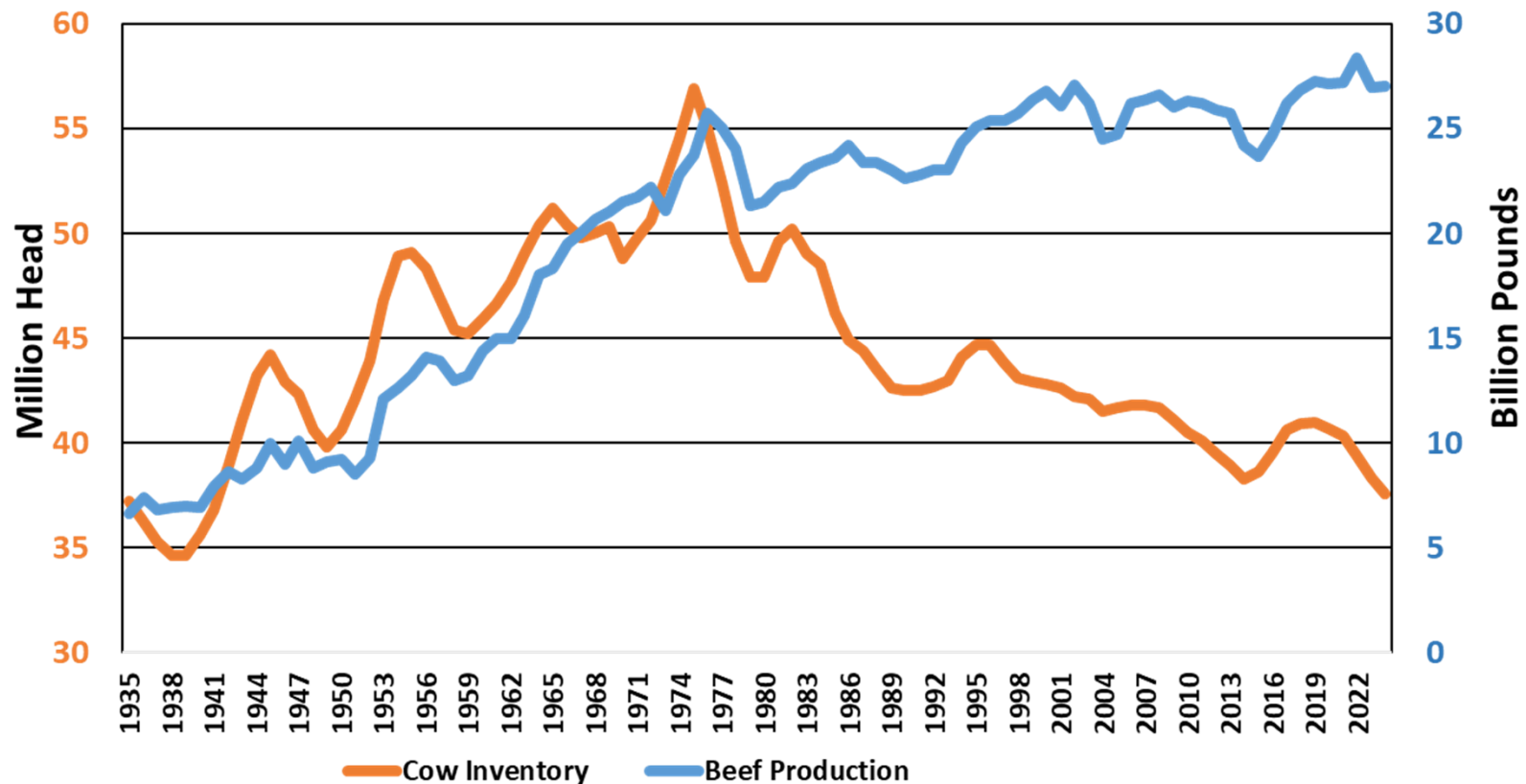


DECREASING
PHASE



POUNDS NOT HEAD IMPORTANT FOR CATTLE PRICES

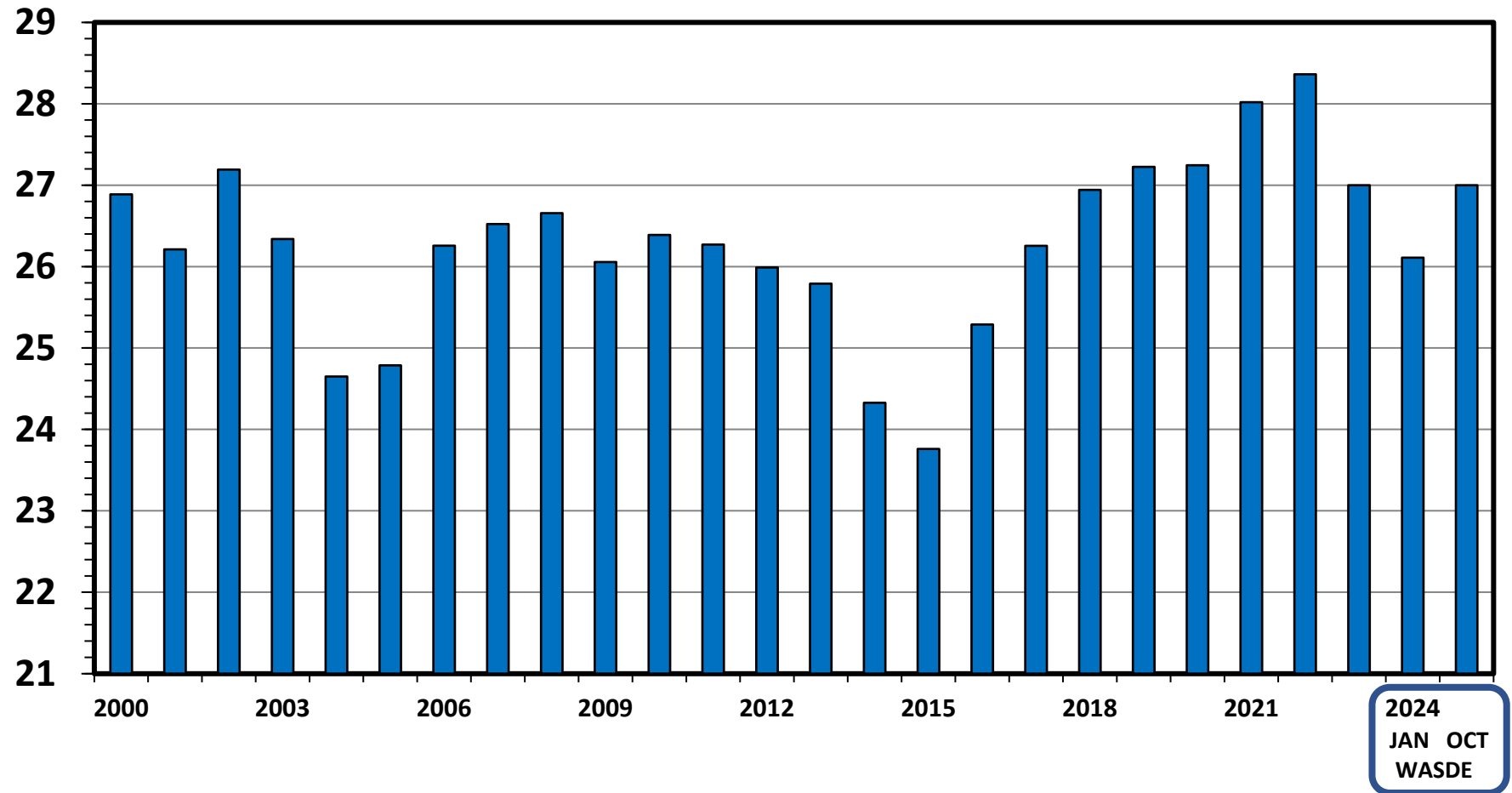
U.S. Cow Herd and Beef Production

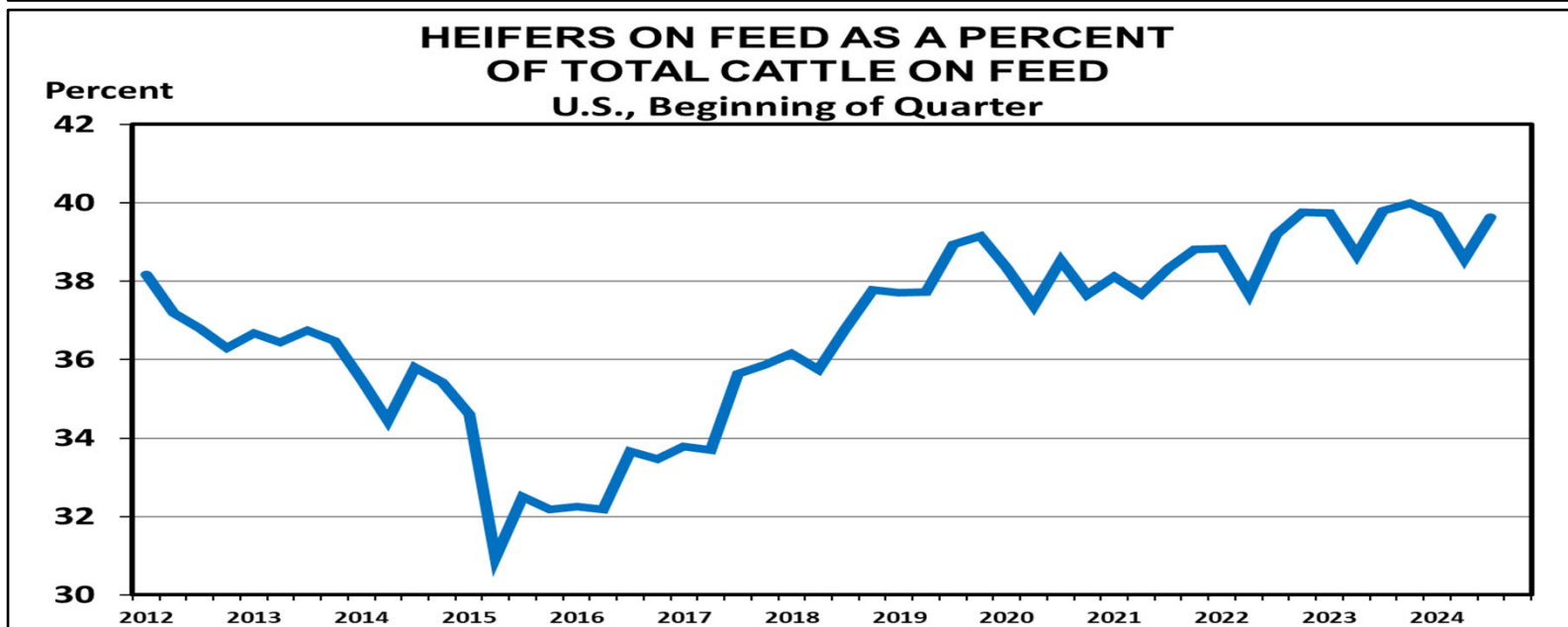
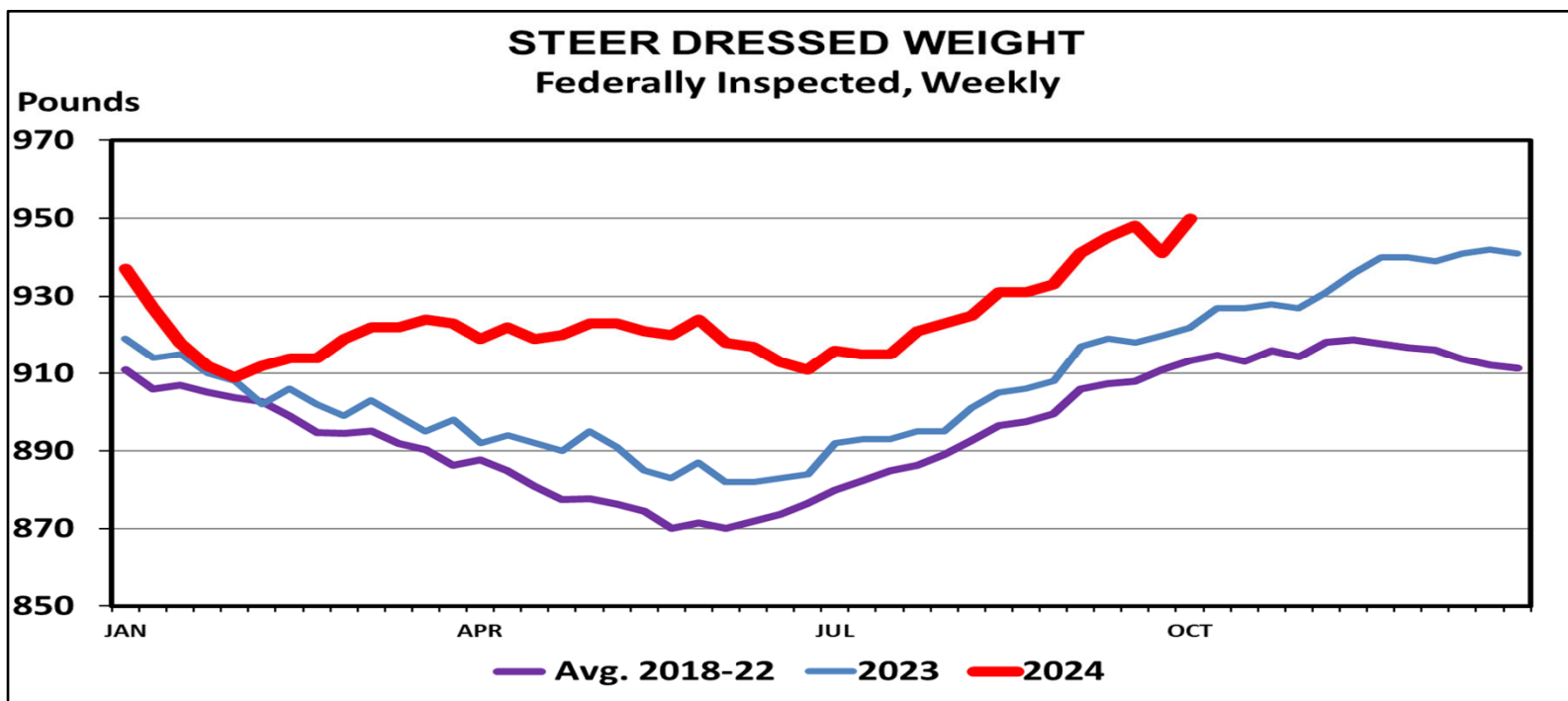


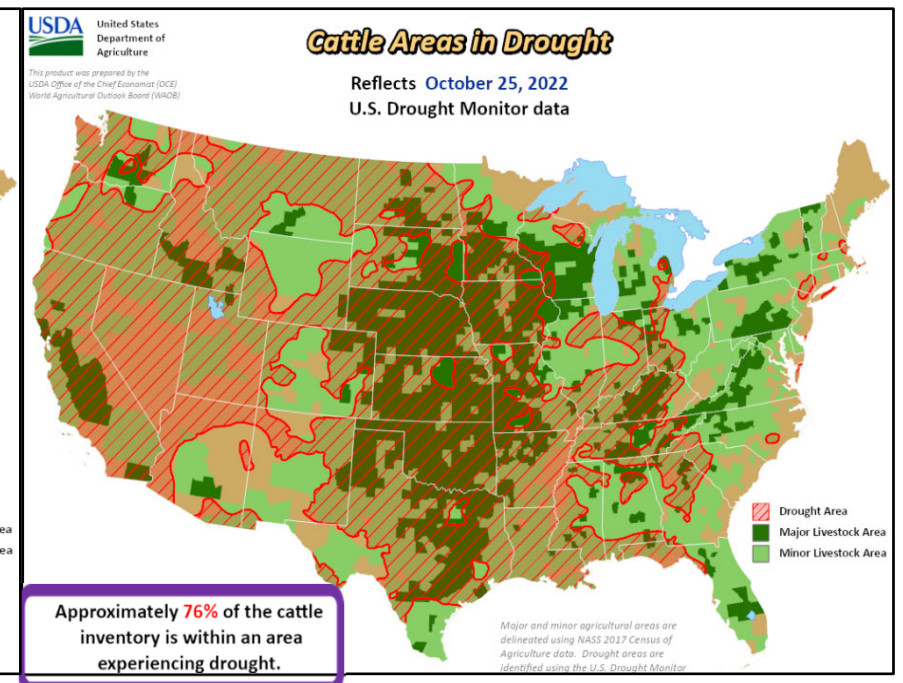
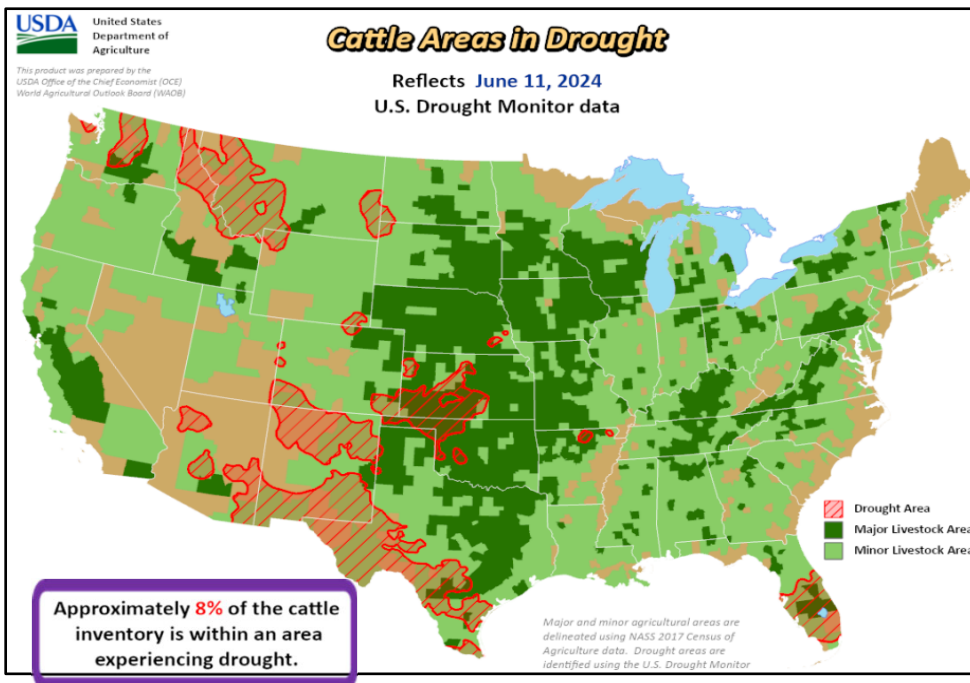
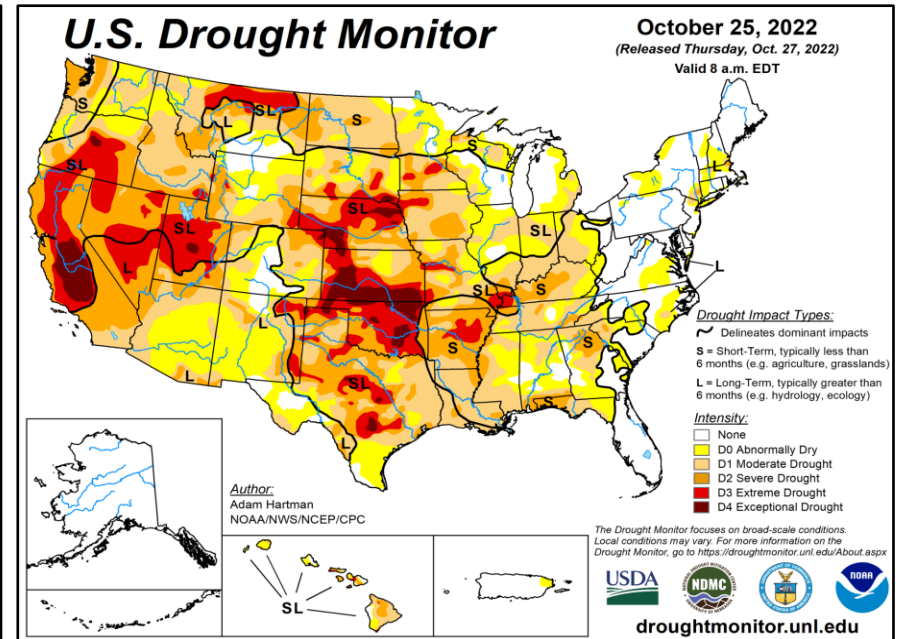
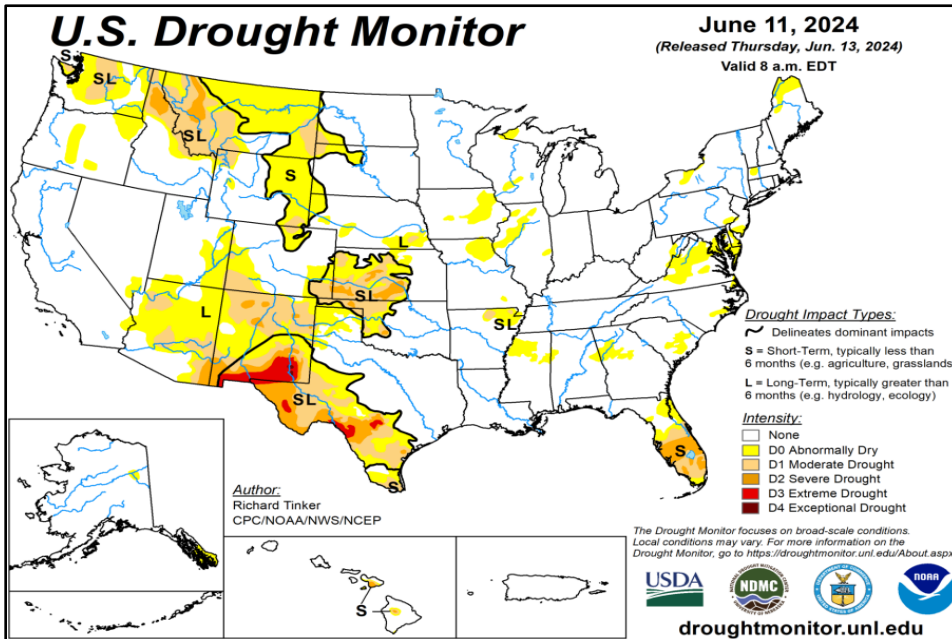
U.S. BEEF PRODUCTION

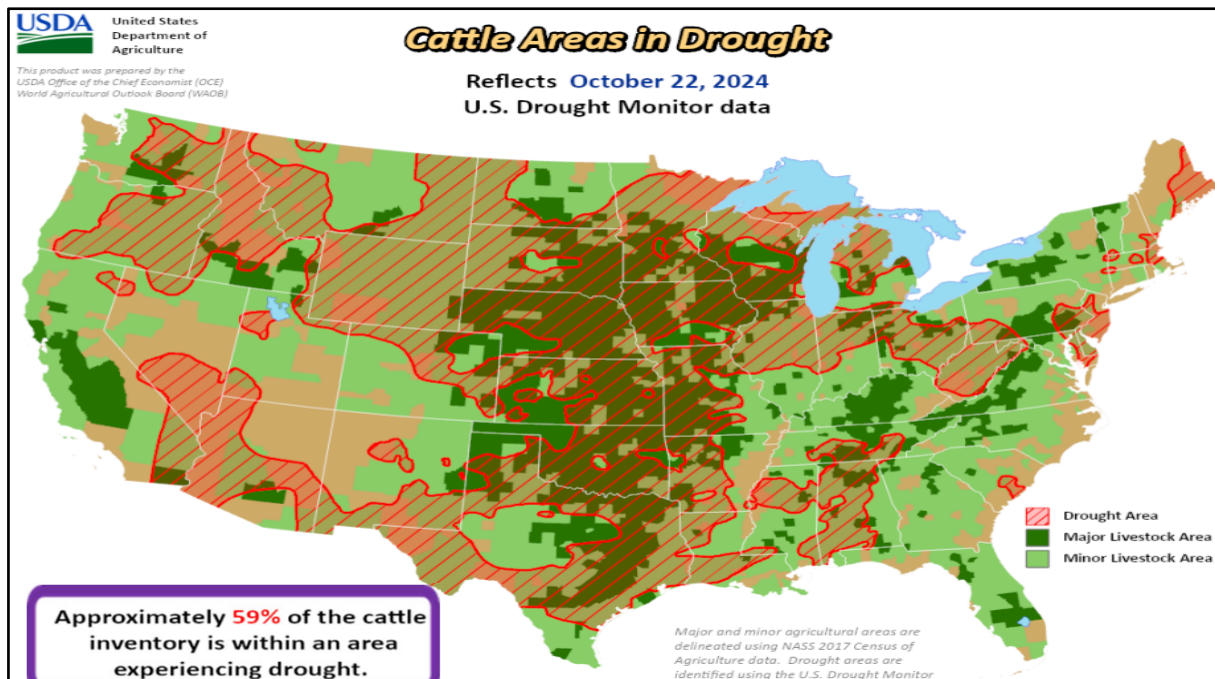
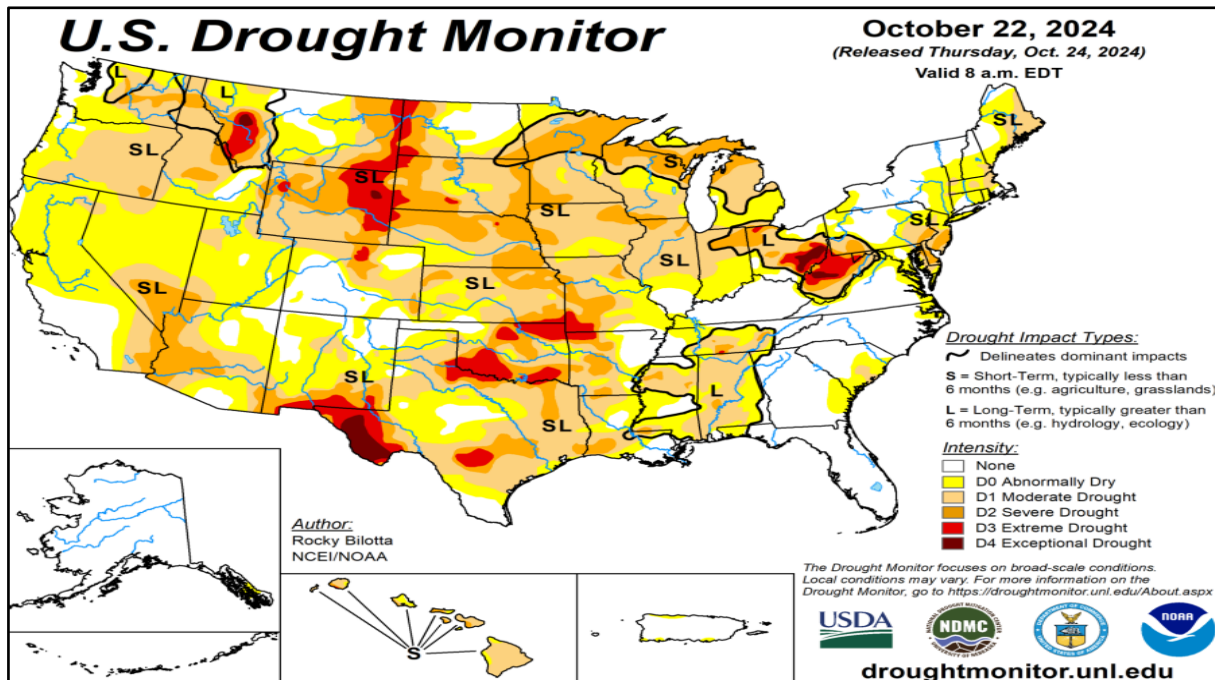
Annual

Bill. Pounds





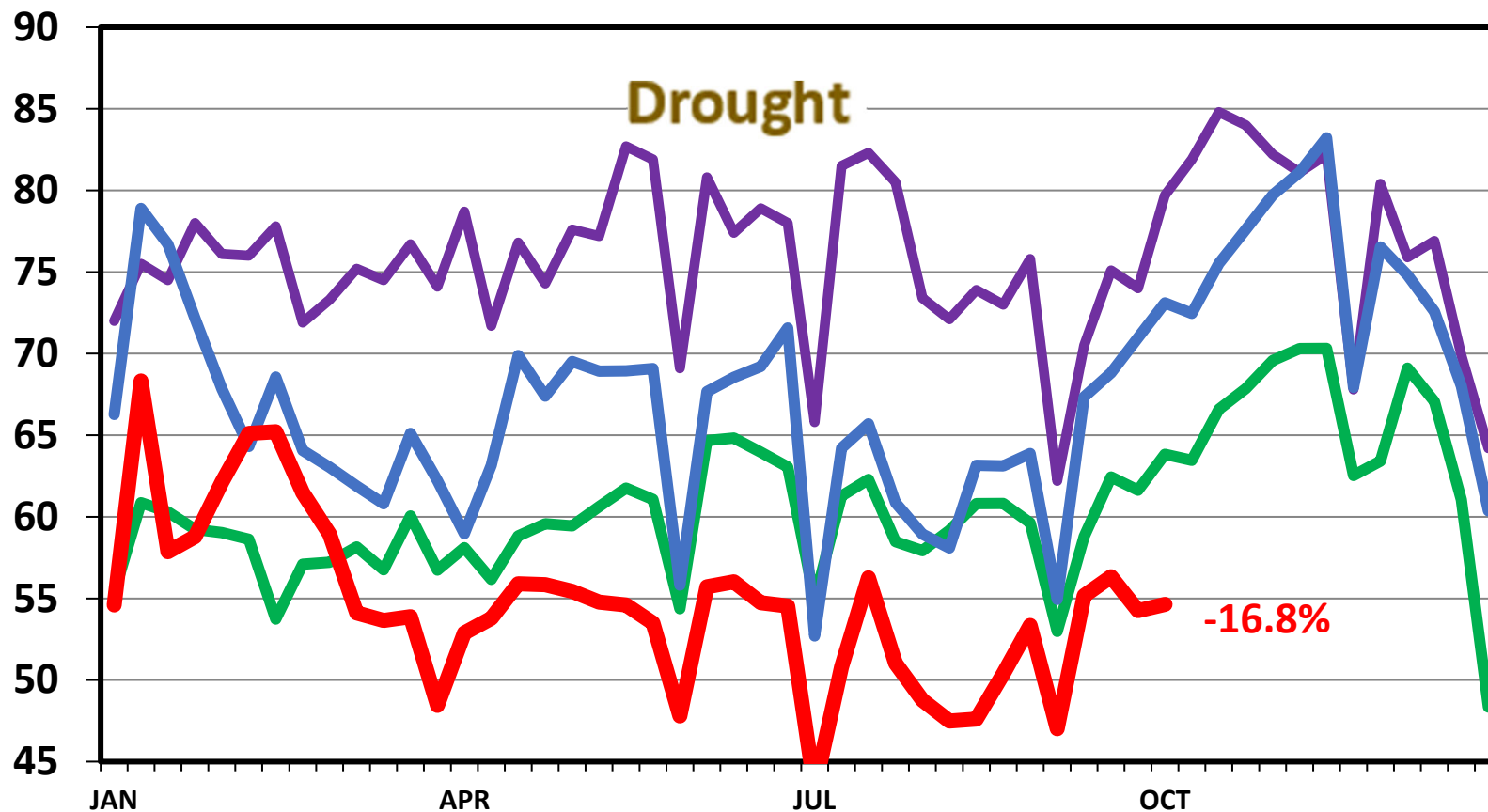




BEEF COW SLAUGHTER

Federally Inspected, Weekly

Thou. Head



Ave. 2017-21 2022 2023 2024

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EXTENSION AGRIBUSINESS



United States Department of Agriculture
National Agricultural Statistics Service

Cattle Released January 31, 2024

January 1 Cattle Inventory

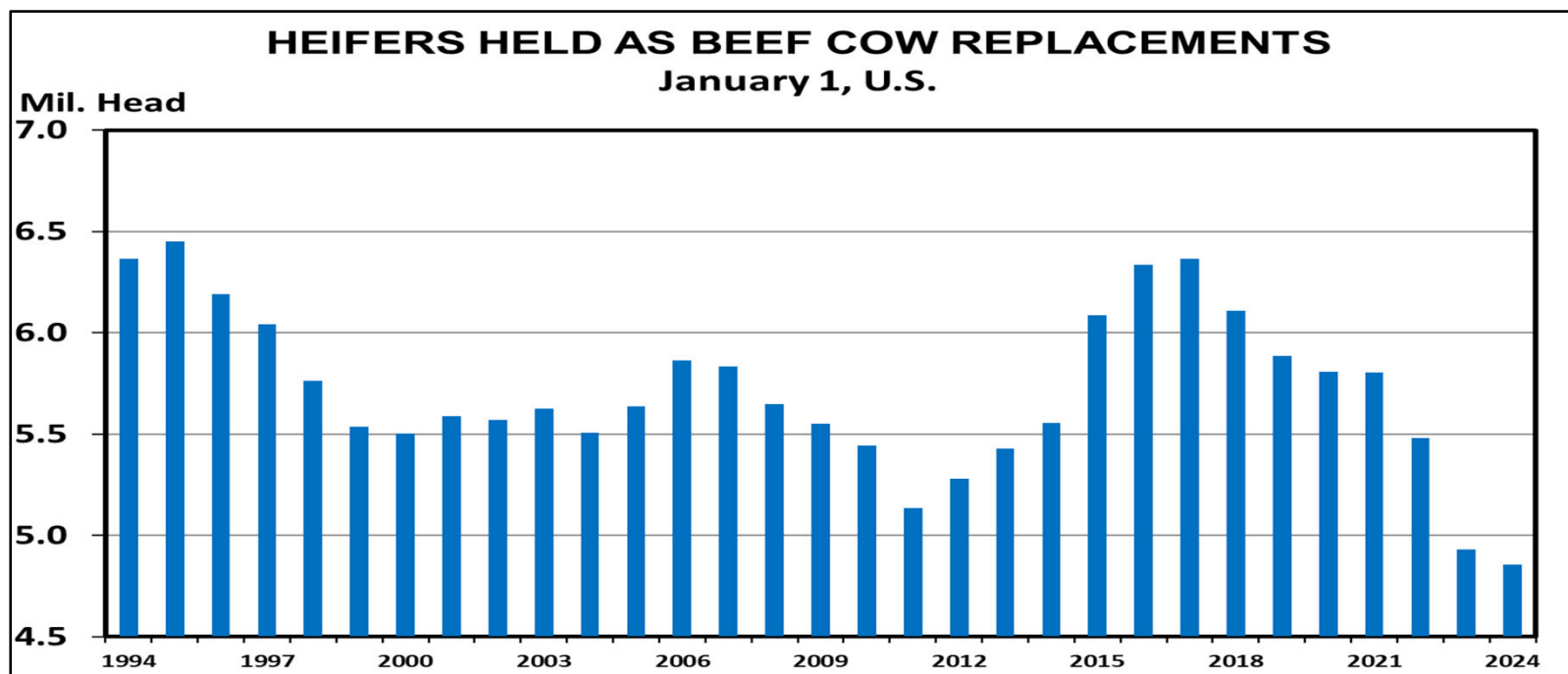
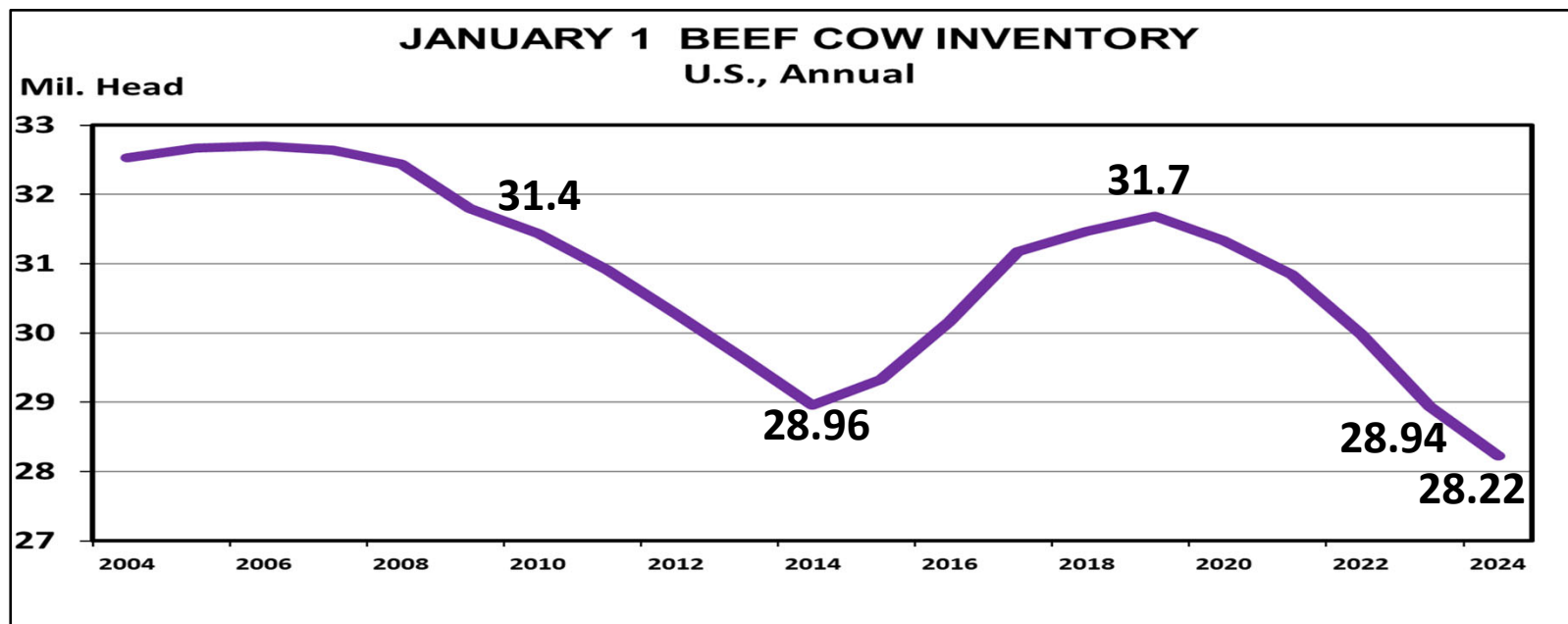
| | 2022 | 2023 | 2024 | % YA |
|---------------------------|--------|--------|--------|-------|
| Total Cattle | 92.077 | 88.841 | 87.157 | -1.9% |
| All Cows | 39.360 | 38.337 | 37.580 | -2.0% |
| Beef Cows | 29.983 | 28.939 | 28.223 | -2.5% |
| Dairy Cows | 9.377 | 9.398 | 9.357 | -0.4% |
| Heifers > 500 lbs. | 19.916 | 18.761 | 18.483 | -1.5% |
| Beef Replacement Heifers | 5.482 | 4.930 | 4.858 | -1.4% |
| Expected to Calve | 3.340 | 3.110 | 3.052 | -1.9% |
| Dairy Replacement Heifers | 4.441 | 4.074 | 4.059 | -0.4% |
| Expected to Calve | 2.826 | 2.623 | 2.593 | -1.1% |
| Other Heifers > 500 lbs. | 9.994 | 9.758 | 9.566 | -2.0% |
| Bulls > 500 lbs. | 2.110 | 2.029 | 2.021 | -0.4% |
| Steers > 500 lbs. | 16.705 | 16.057 | 15.789 | -1.7% |
| Calves < 500 lbs. | 13.986 | 13.658 | 13.285 | -2.7% |
| Feeder & Calf Supply | 40.685 | 39.472 | 38.639 | -2.1% |
| Total Cattle on Feed | 14.695 | 14.196 | 14.423 | +1.6% |
| Supply Outside Feedyards | 25.990 | 25.276 | 24.216 | -4.2% |
| Calf Crop (previous year) | 35.085 | 34.465 | 33.593 | -2.5% |

July 1 Cattle Inventory
Report not released due
to budget restraints

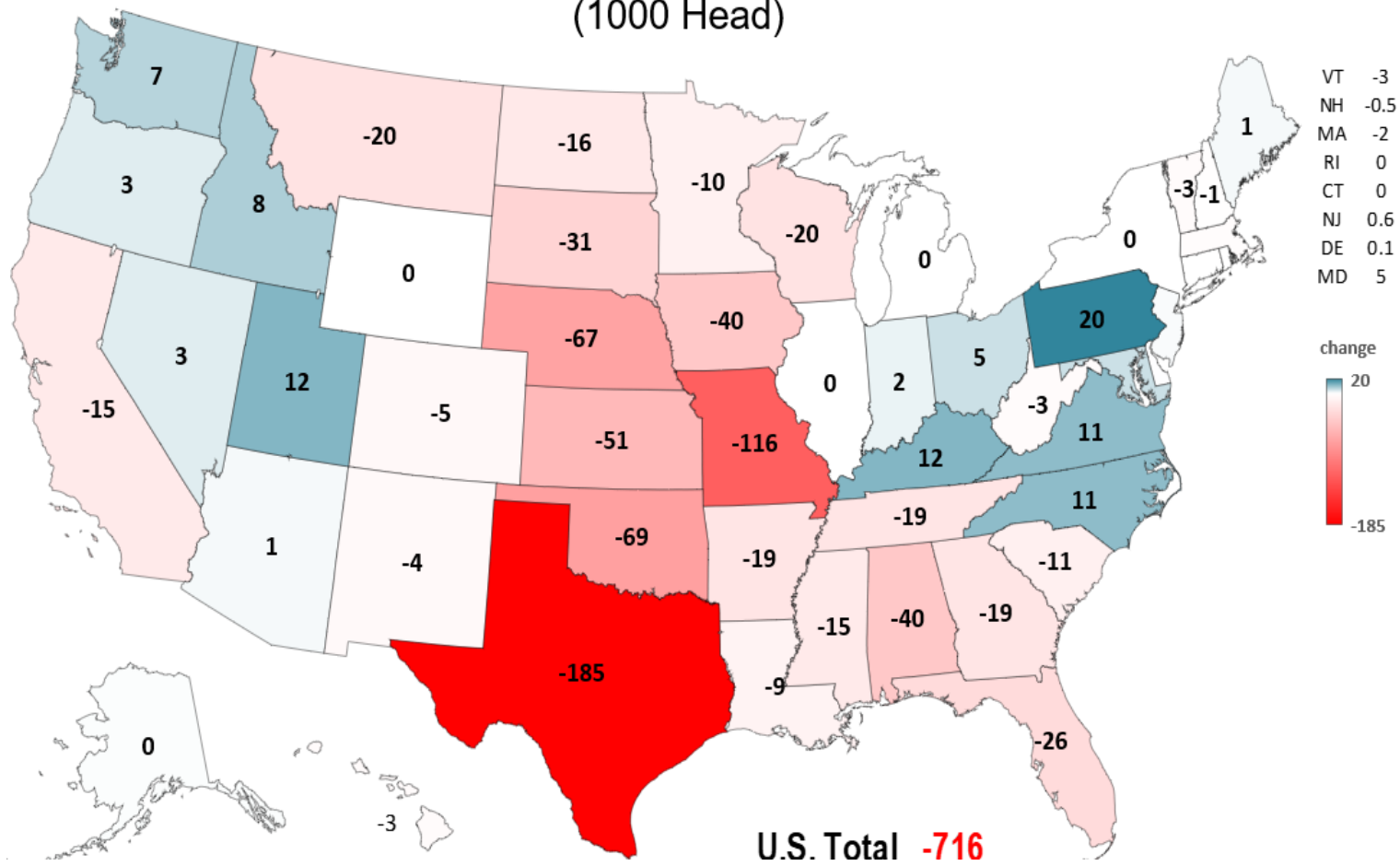
<https://usda.library.cornell.edu/concern/publications/h702q636h>

NDSU

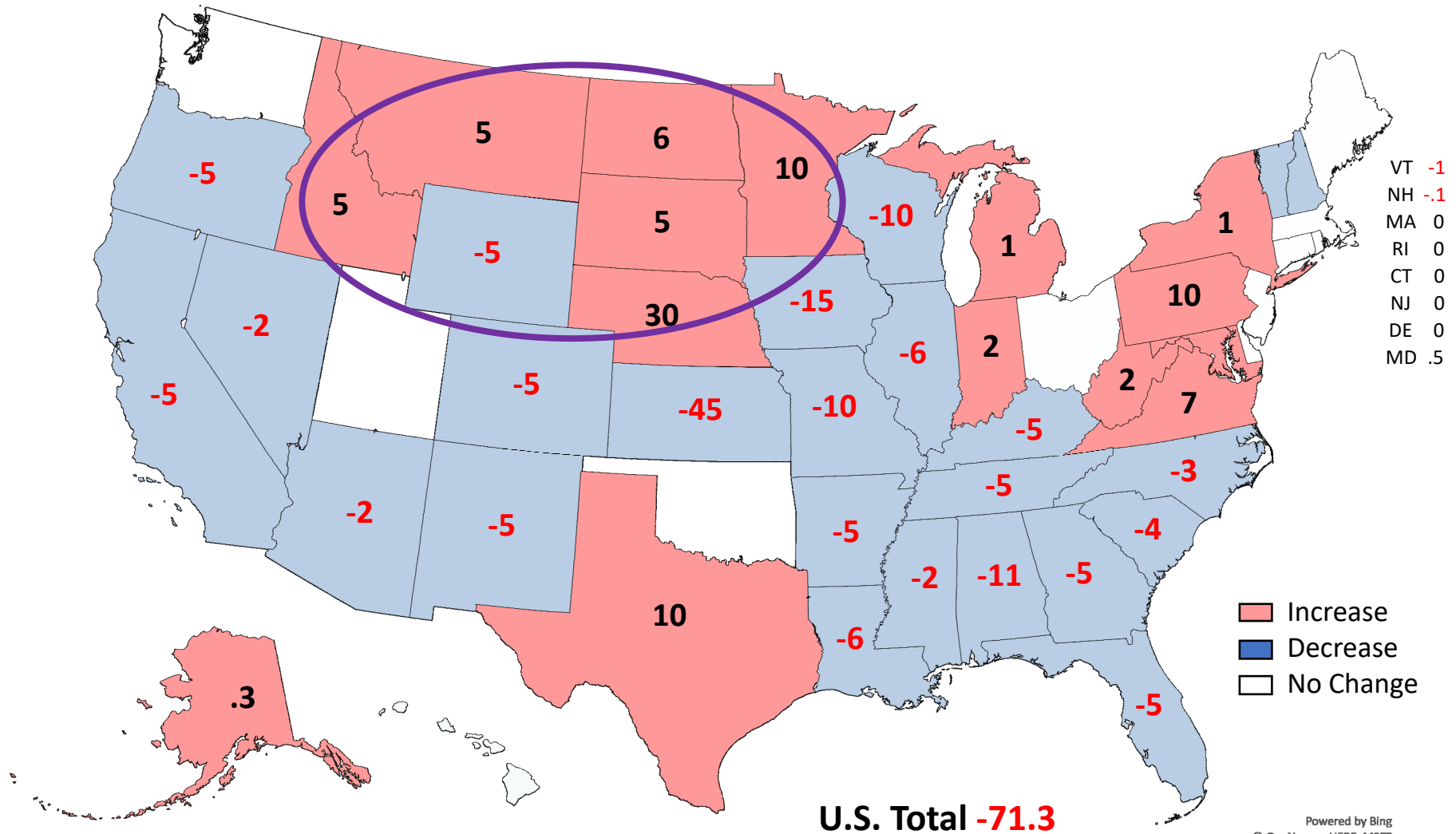
EXTENSION AGRIBUSINESS



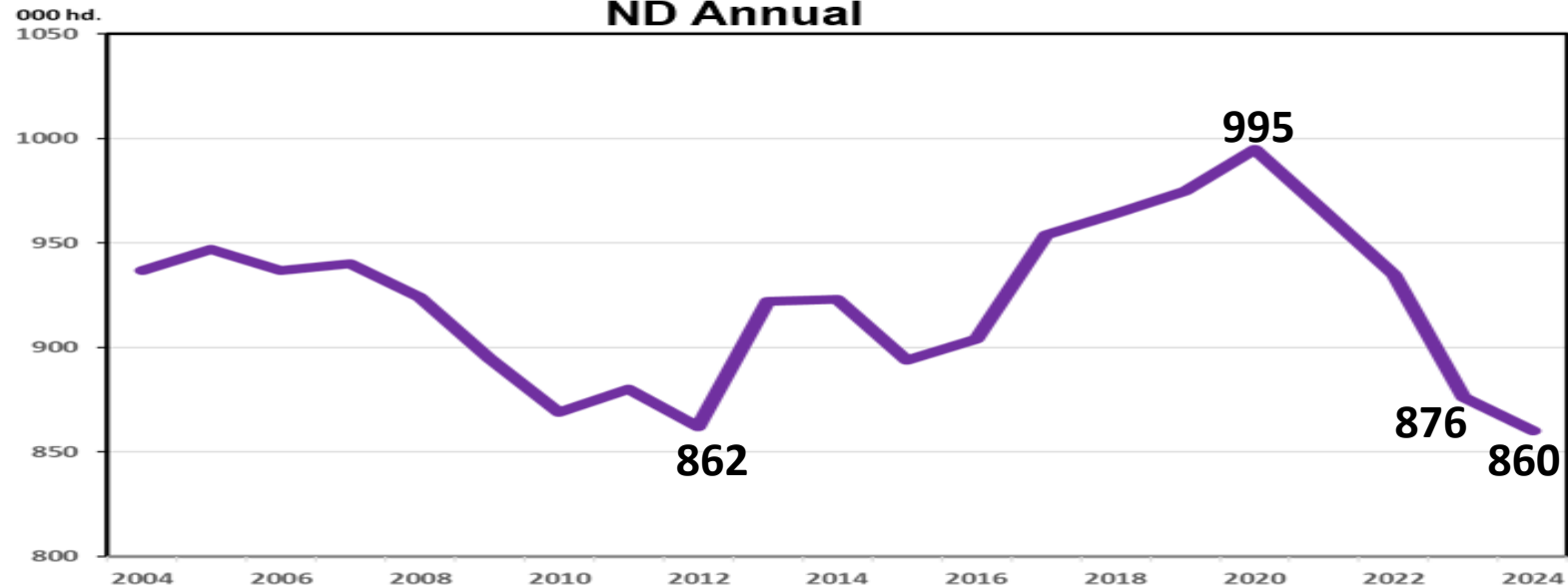
(1000 Head)



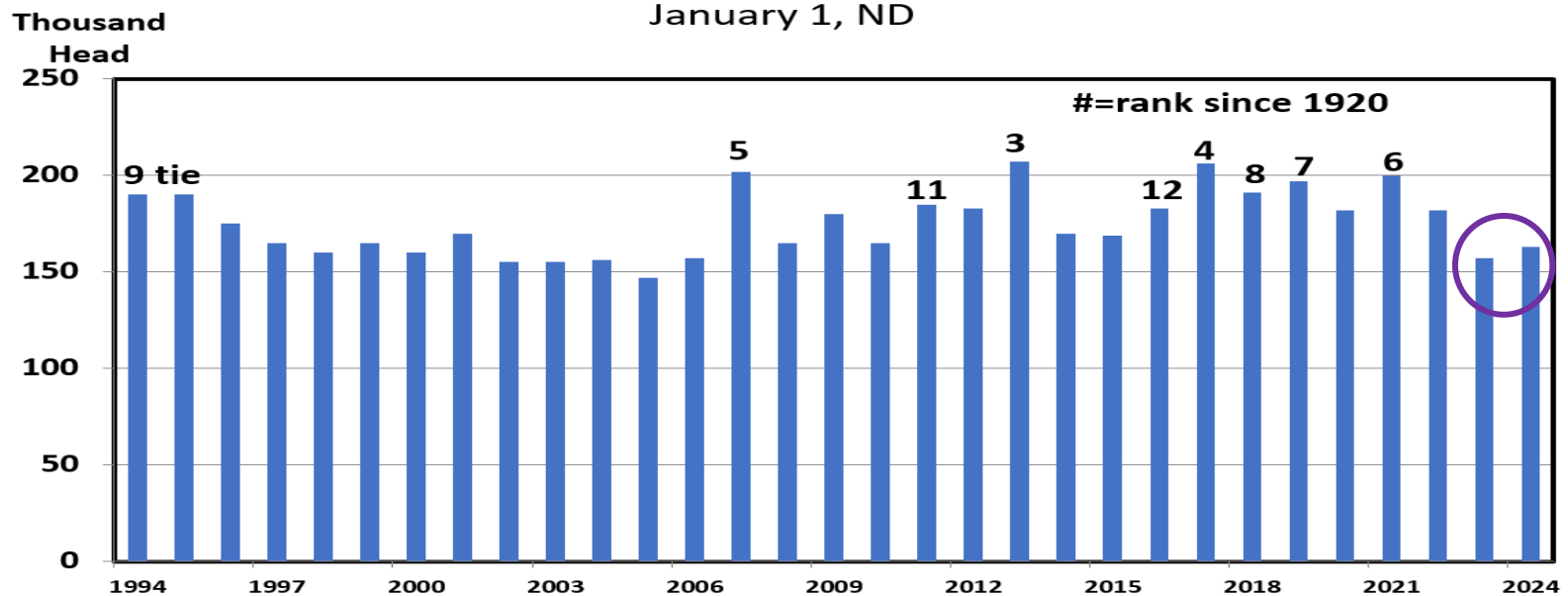
CHANGE IN BEEF REPLACEMENT HEIFERS 2023 TO 2024 (1000 Head)



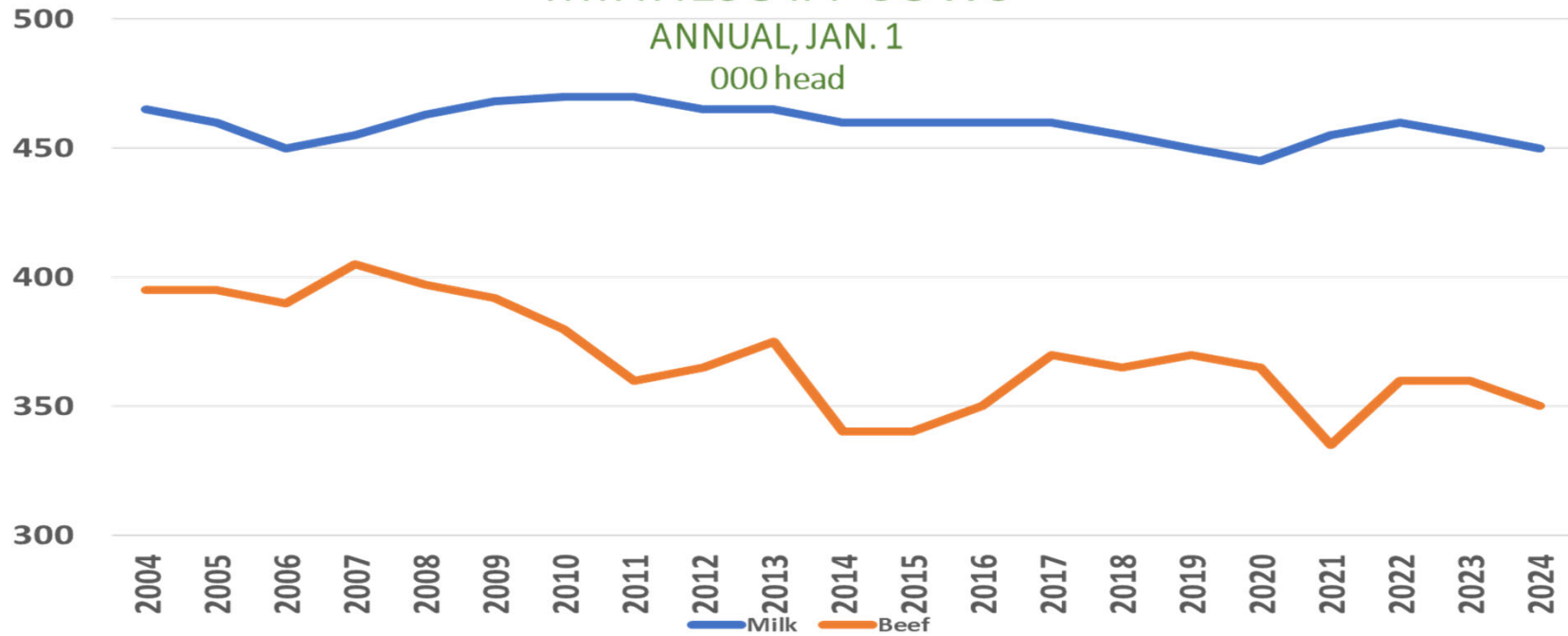
JANUARY 1 BEEF COW INVENTORY ND Annual



HEIFERS HELD AS BEEF COW REPLACEMENTS

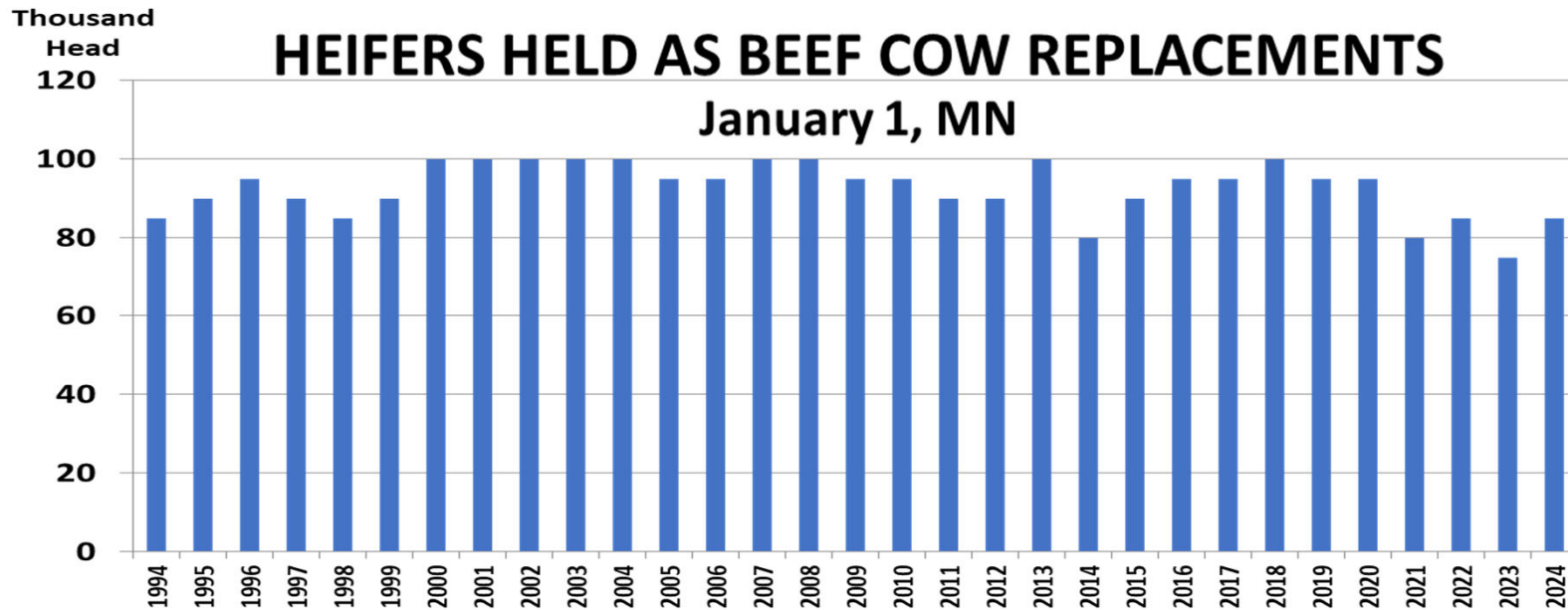


MINNESOTA COWS



HEIFERS HELD AS BEEF COW REPLACEMENTS

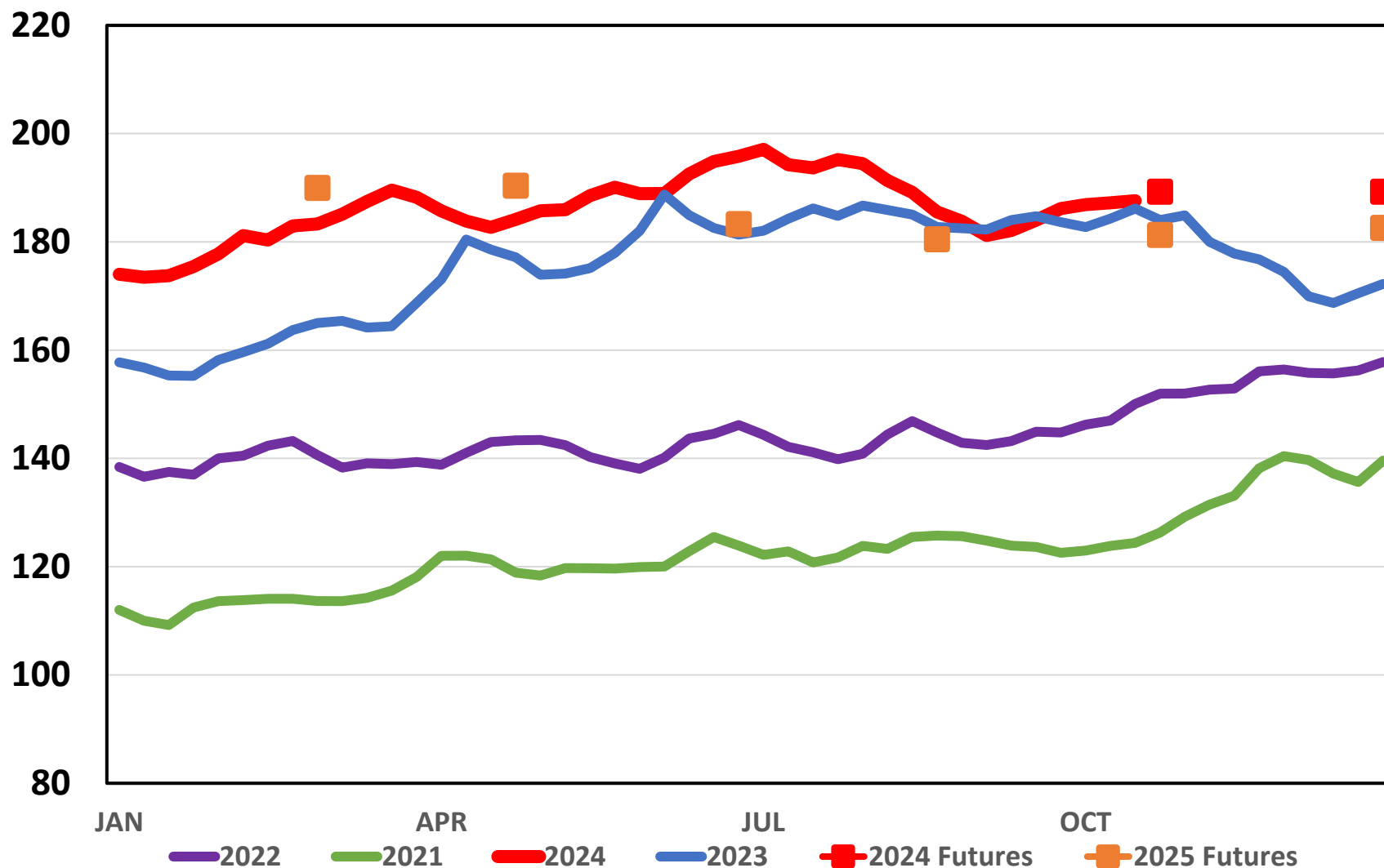
January 1, MN



FED STEER PRICES

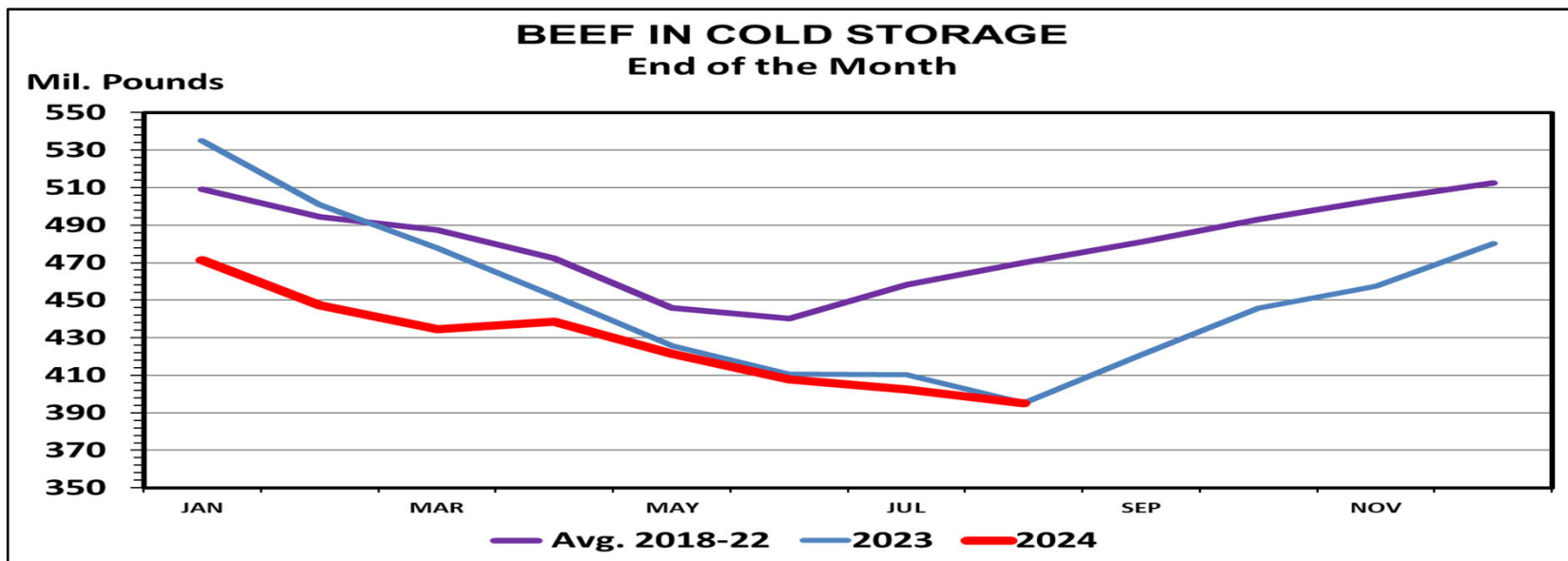
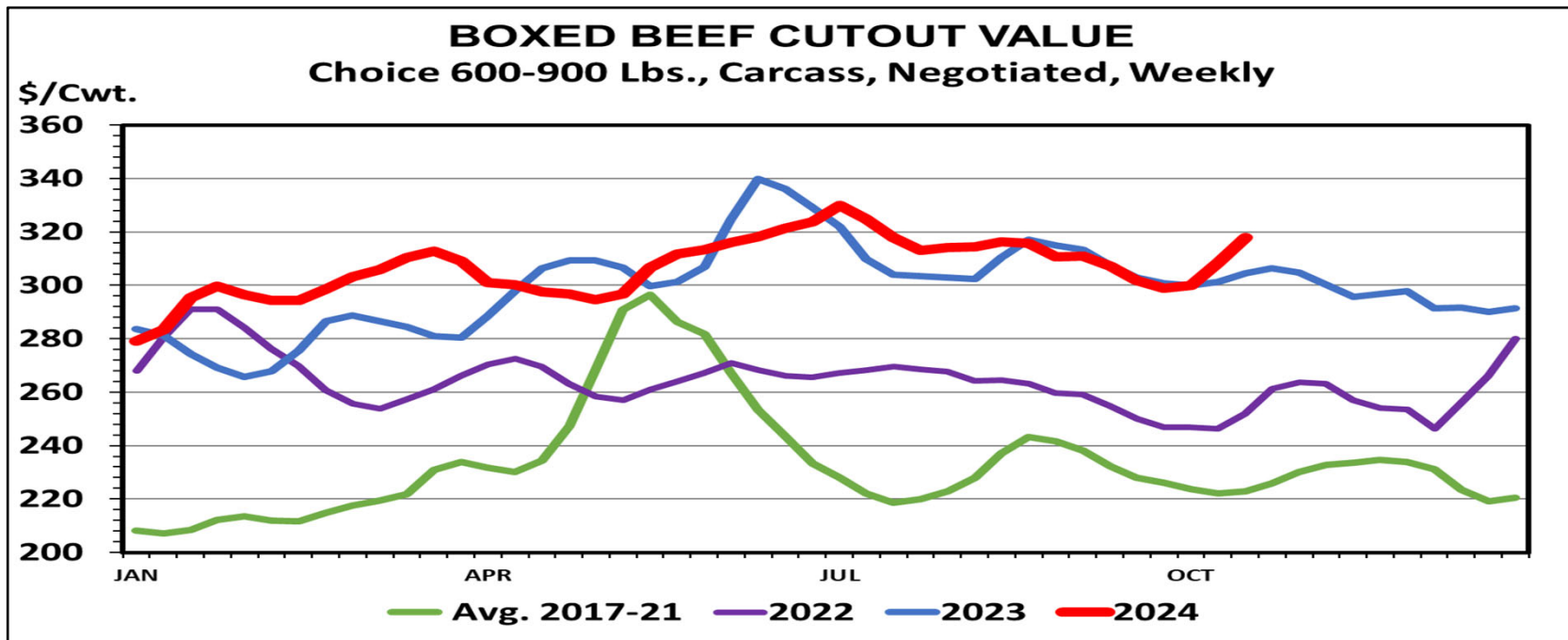
5 Market Weighted Average, Weekly

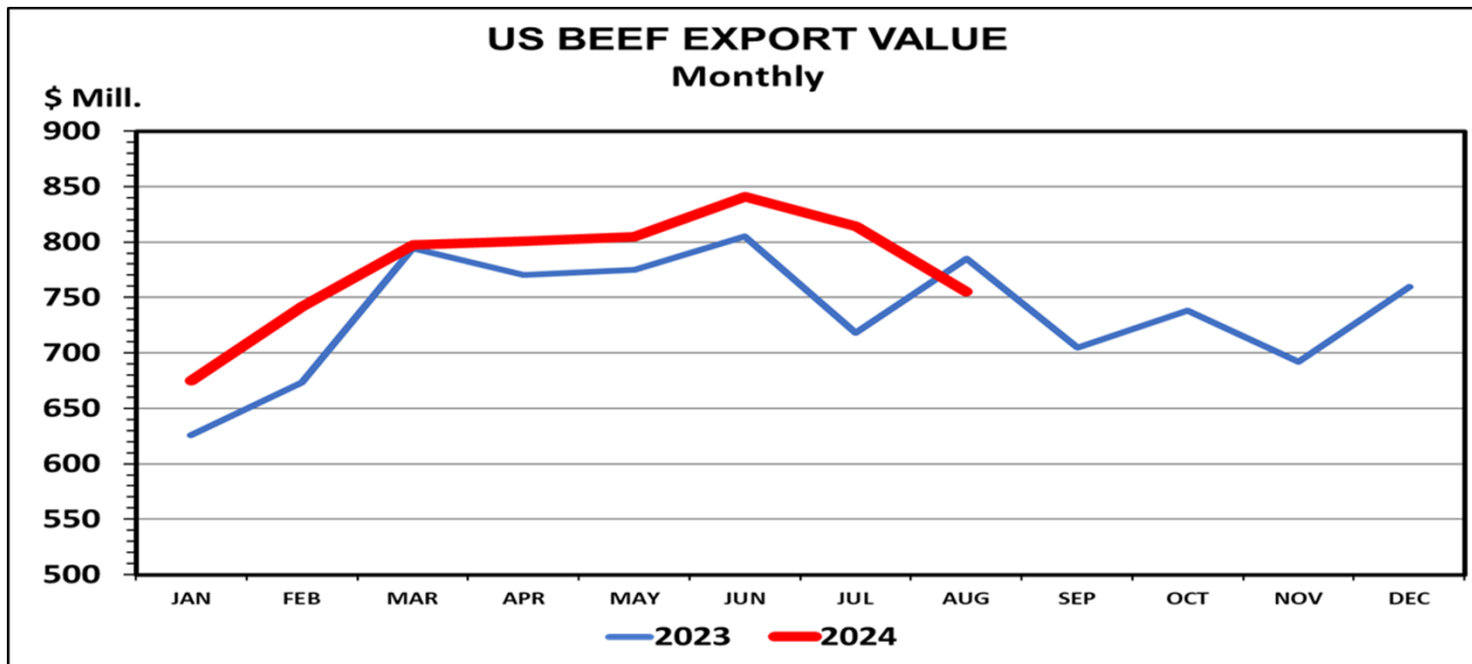
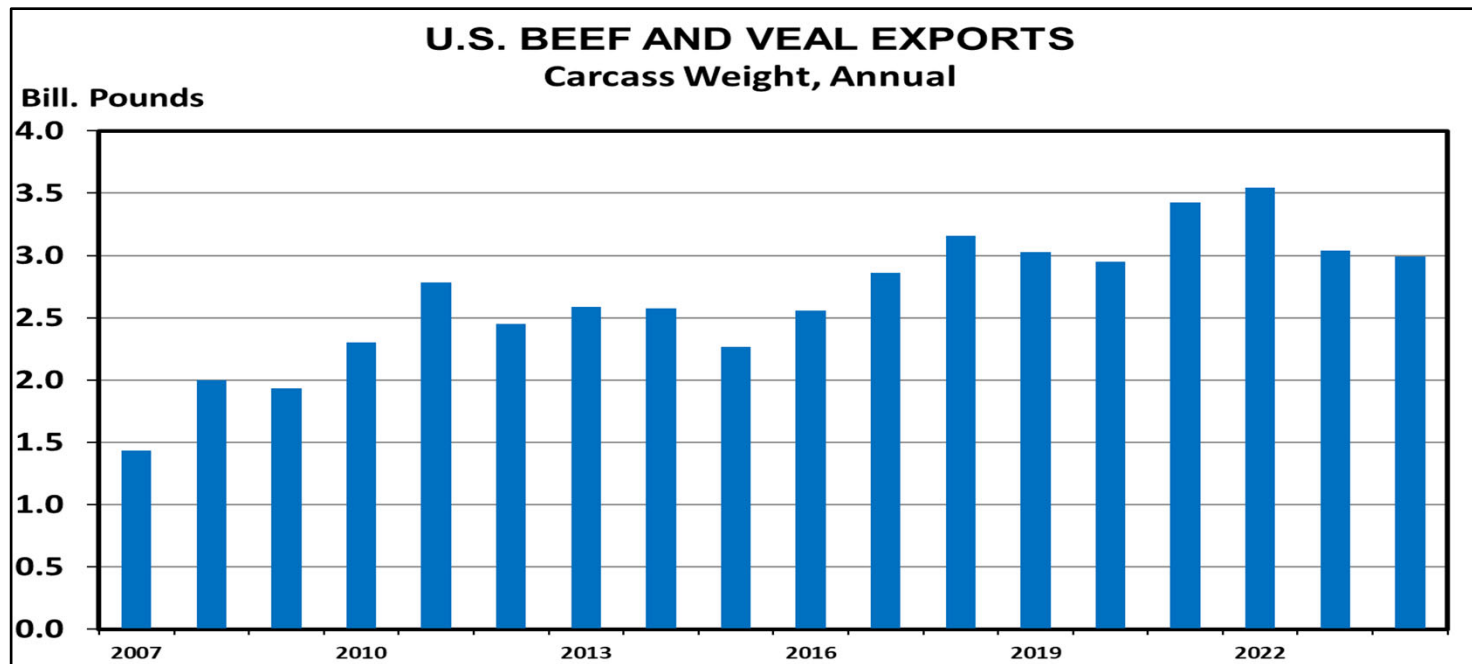
\$/cwt.

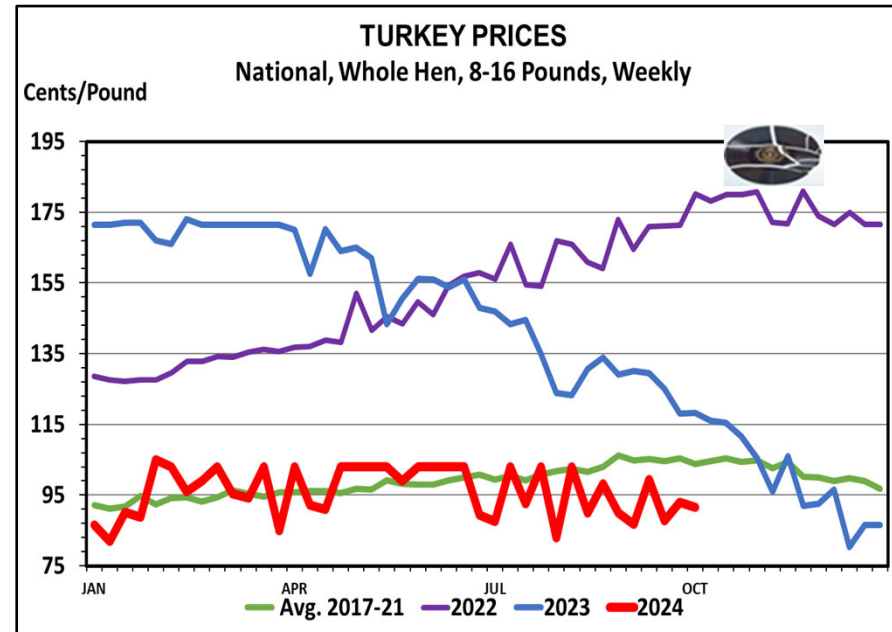
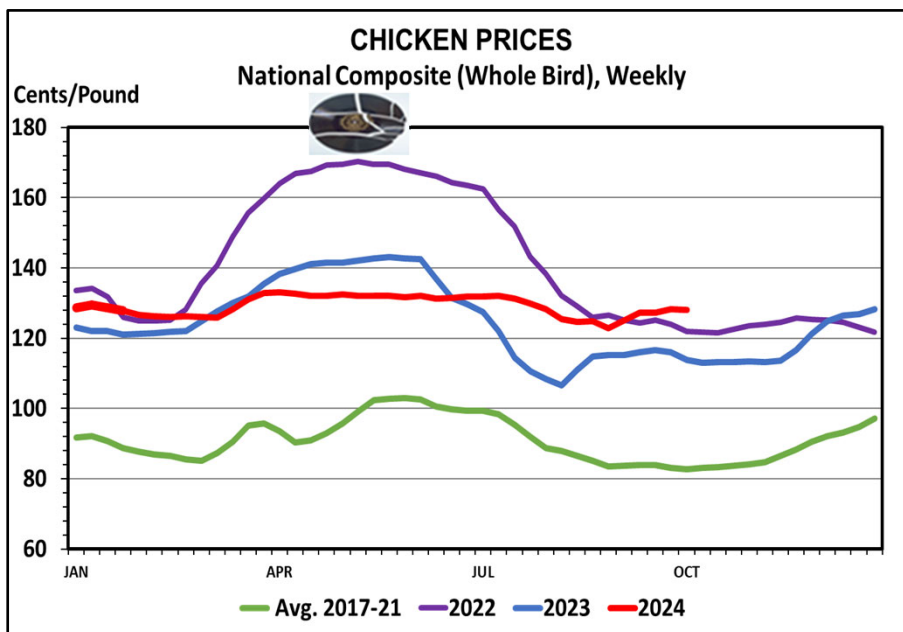
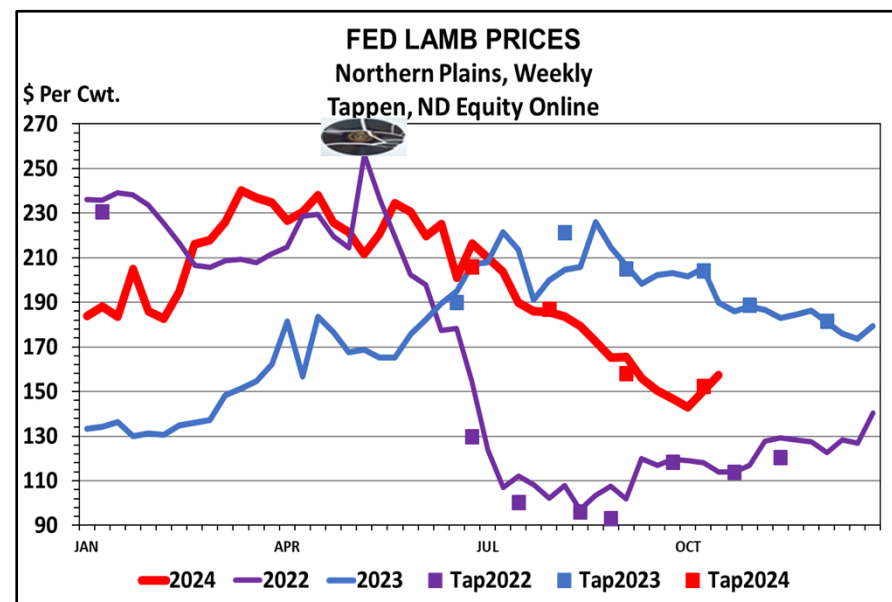
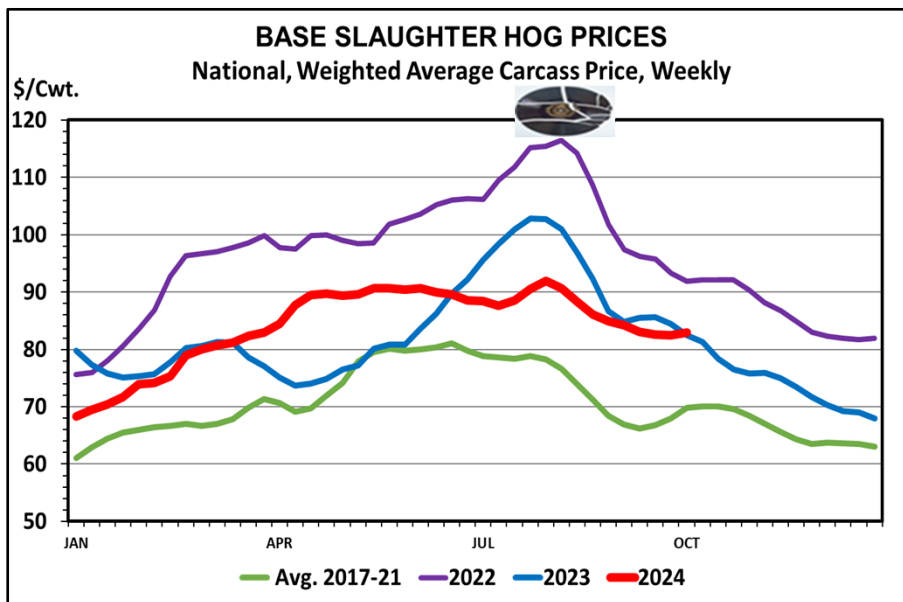


NDSU

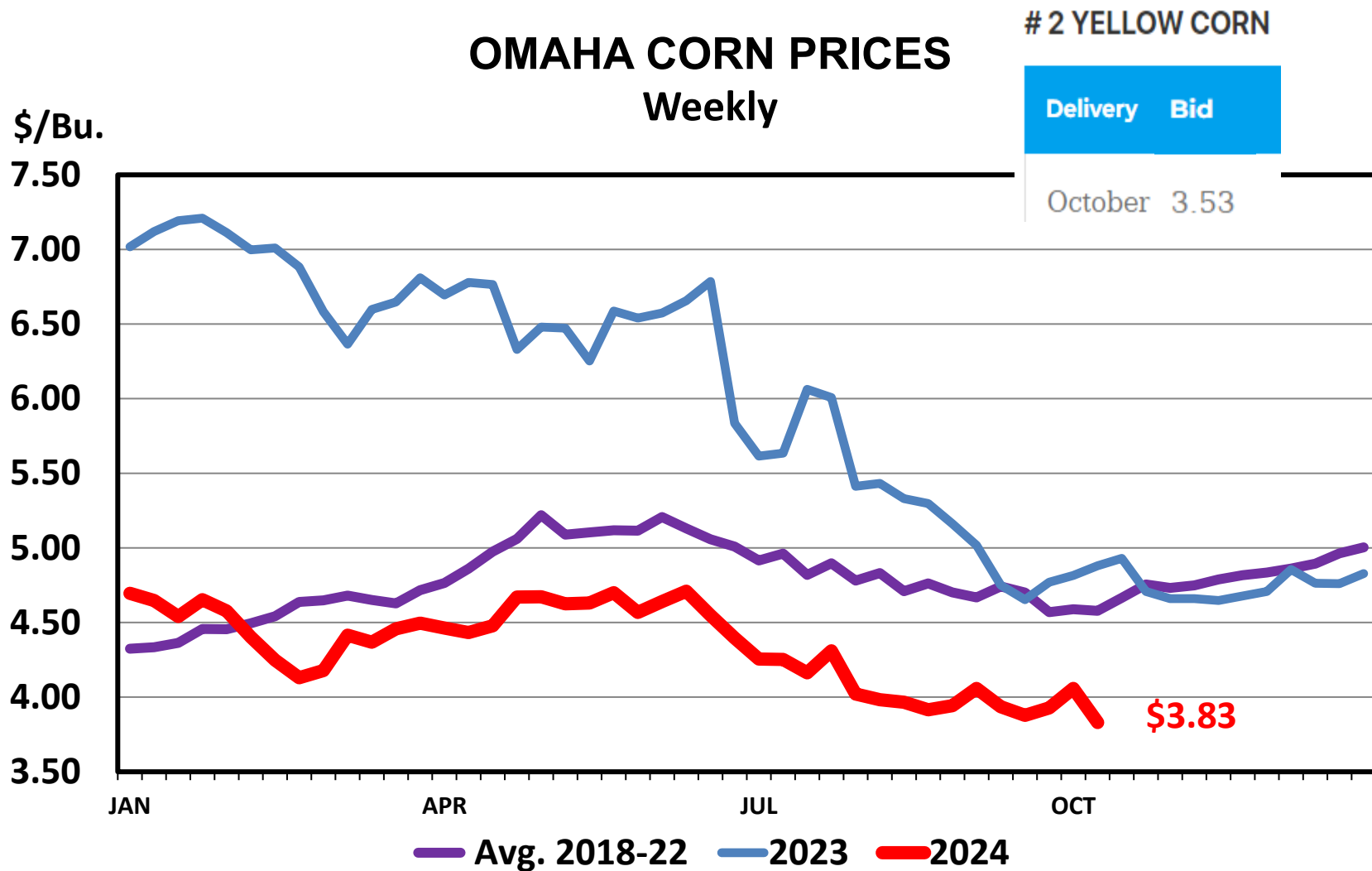
EXTENSION AGRIBUSINESS
EXTENDING KNOWLEDGE >> CHANGING LIVES



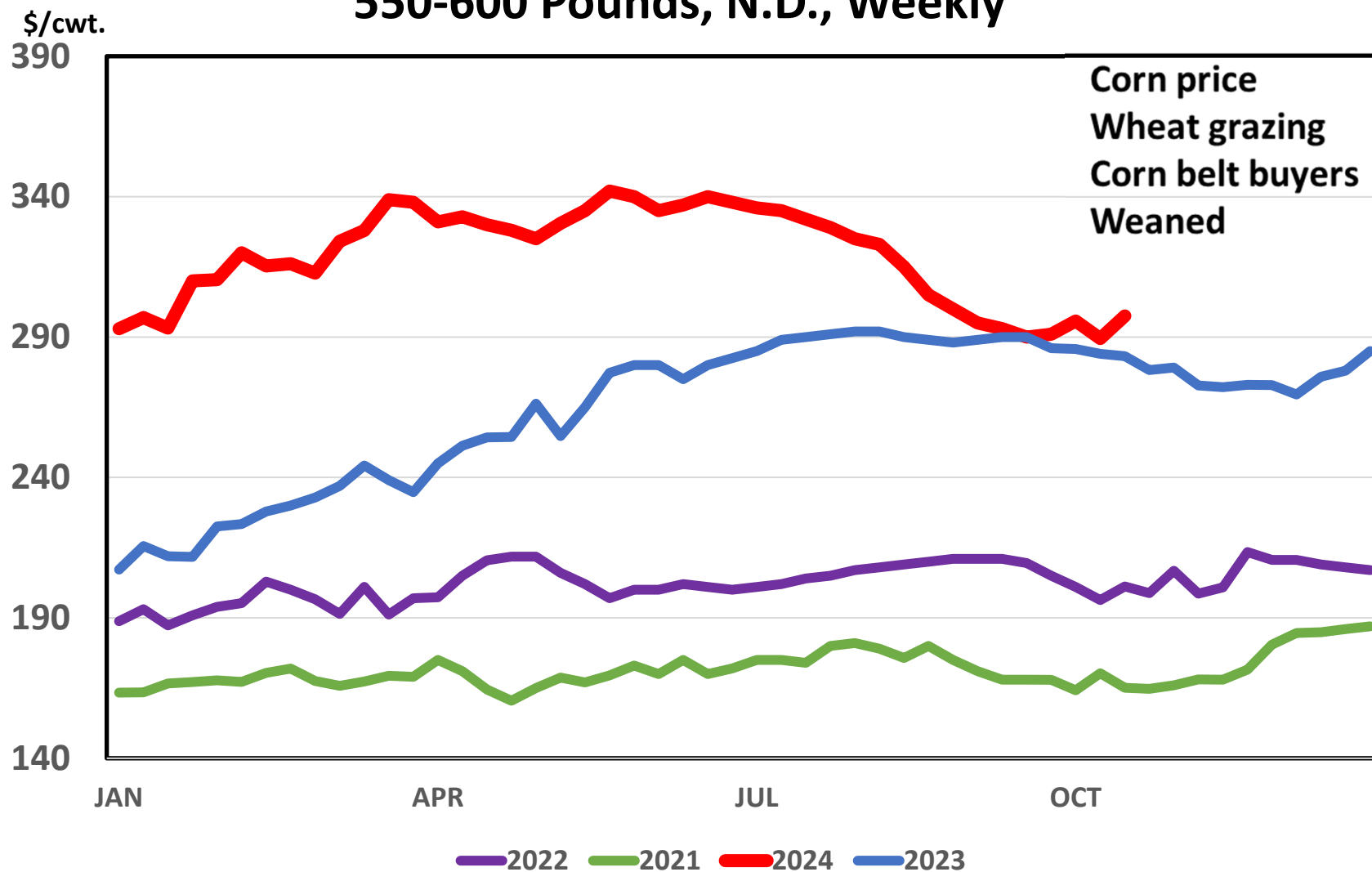




“Change corn .10/bu.-Change calf prices \$1/cwt. opposite”



MED. & LRG. #1 STEER CALF PRICES 550-600 Pounds, N.D., Weekly



NDSU

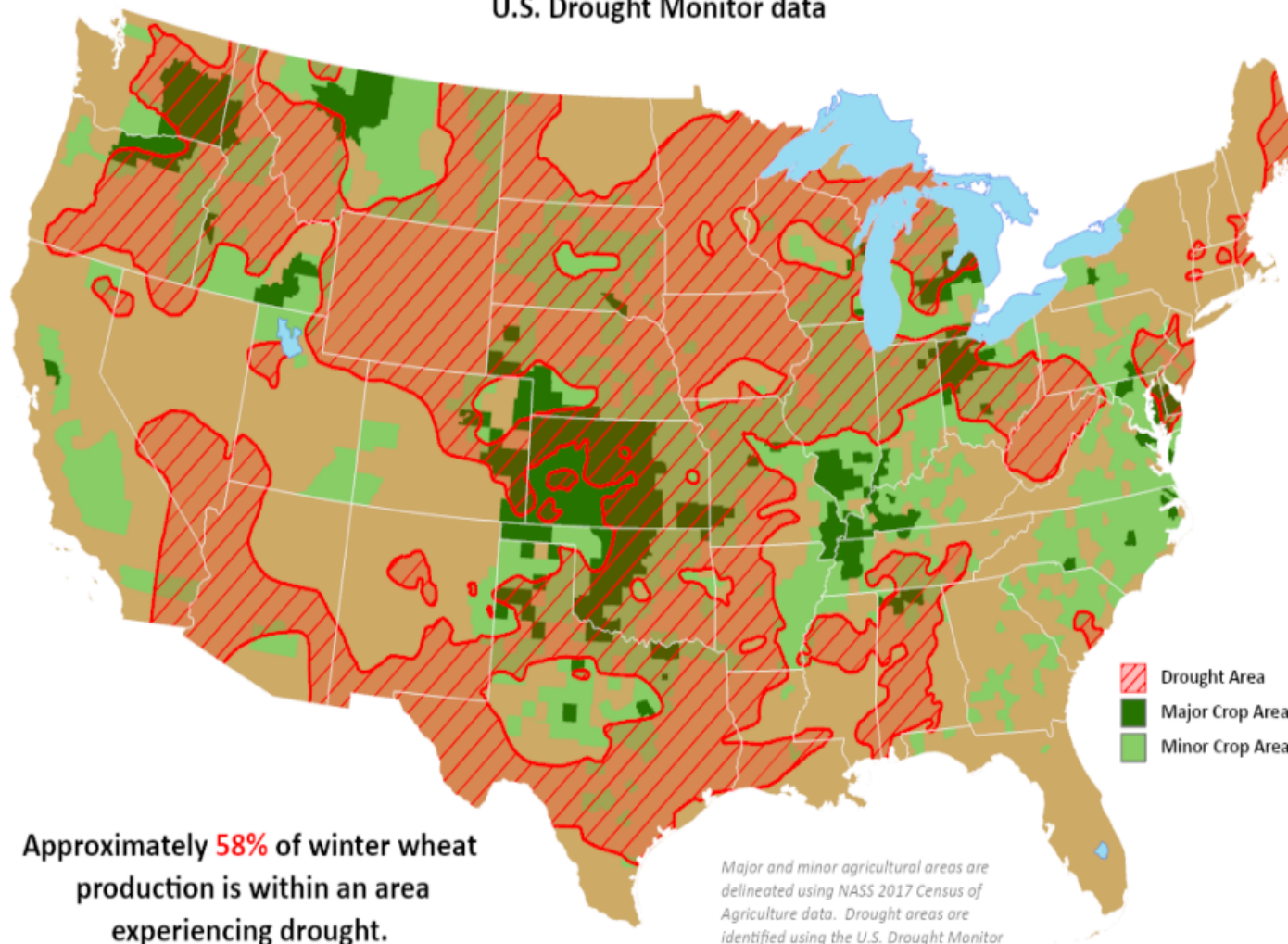
EXTENSION AGRIBUSINESS
EXTENDING KNOWLEDGE >> CHANGING LIVES

Data Source: USDA-AMS

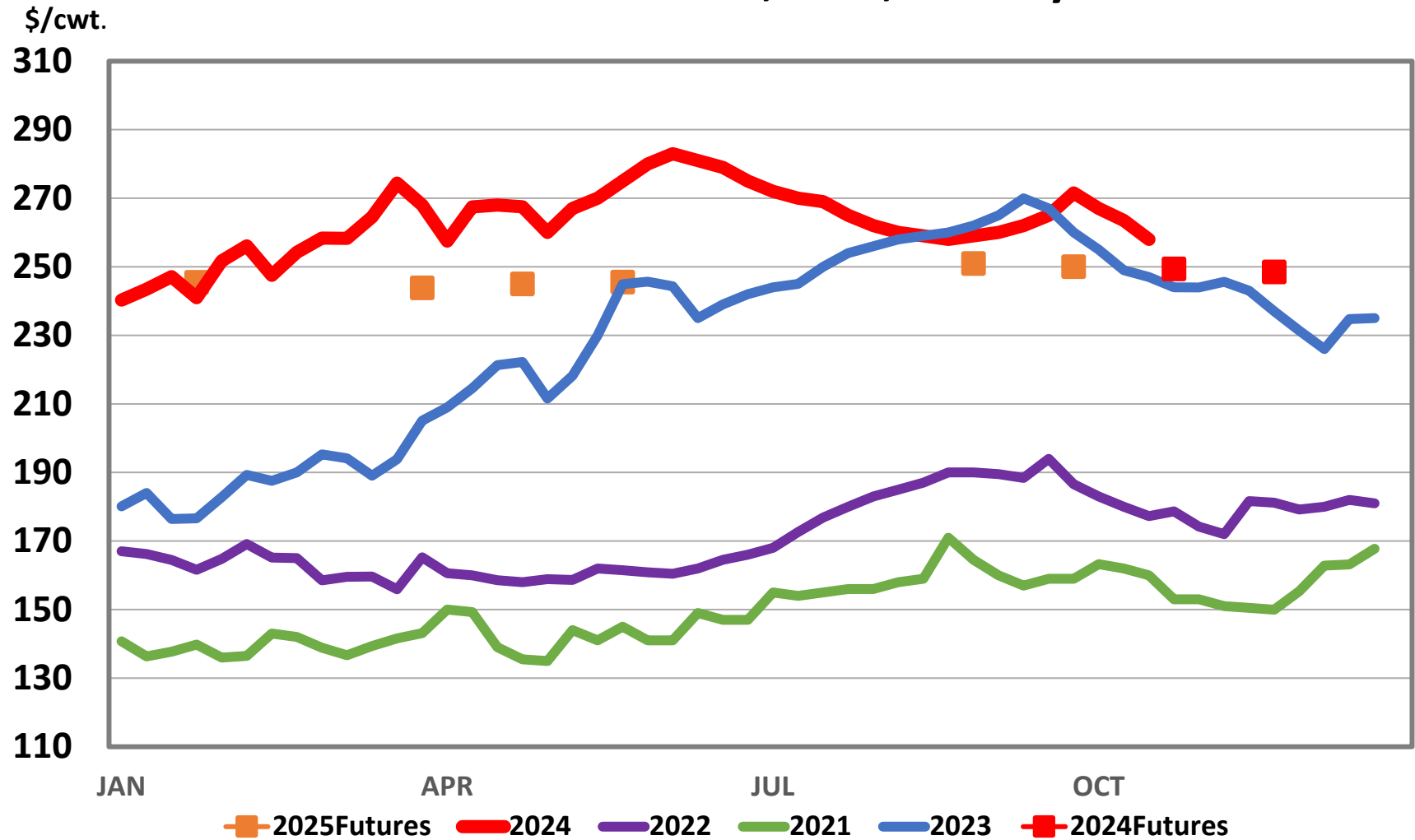
Winter Wheat Areas in Drought

Reflects **October 22, 2024**

U.S. Drought Monitor data



MED. & LRG. #1 FEEDER STEER PRICES 750-800 Pounds, N.D., Weekly



Volatile Prices Will Continue

Oct Feeder Cattle and CME Price Index





North Dakota Weekly Cattle Auction Summary
AMS Livestock, Poultry, & Grain Market News
North Dakota Dept of Ag Mrkt News

Mon Oct 21, 2024

STEERS - Medium and Large 1 (Per Cwt / Actual Wt)

| <u>Head</u> | <u>Wt Range</u> | <u>Avg Wt</u> | <u>Price Range</u> | <u>Avg Price</u> |
|-------------|-----------------|---------------|--------------------|------------------|
| 22 | 336-341 | 340 | 406.00-407.50 | 406.27 |
| 44 | 351-396 | 378 | 370.00-400.00 | 382.41 |
| 185 | 410-445 | 425 | 345.00-381.00 | 374.78 |
| 290 | 452-494 | 478 | 324.00-353.00 | 337.07 |
| 351 | 500-540 | 523 | 300.00-334.50 | 317.53 |
| 347 | 556-598 | 581 | 271.00-310.00 | 297.48 |
| 290 | 600-643 | 625 | 269.00-301.75 | 288.64 |
| 132 | 657-692 | 666 | 271.00-290.00 | 285.29 |
| 68 | 716-749 | 722 | 259.50-276.00 | 270.60 |
| 12 | 783 | 783 | 256.50 | 256.50 |
| 63 | 887 | 887 | 250.00 | 250.00 |
| 14 | 928 | 928 | 244.50 | 244.50 |
| 81 | 962-999 | 988 | 231.50-235.00 | 233.99 |

HEIFERS - Medium and Large 1 (Per Cwt / Actual Wt)

| <u>Head</u> | <u>Wt Range</u> | <u>Avg Wt</u> | <u>Price Range</u> | <u>Avg Price</u> |
|-------------|-----------------|---------------|--------------------|------------------|
| 30 | 308-343 | 334 | 337.50-367.00 | 354.36 |
| 32 | 373-391 | 382 | 325.00-339.00 | 331.04 |
| 107 | 404-427 | 416 | 299.00-337.00 | 310.61 |
| 209 | 452-489 | 469 | 278.00-309.00 | 295.28 |
| 194 | 503-547 | 528 | 257.50-284.00 | 277.48 |
| 146 | 552-598 | 575 | 257.00-267.50 | 261.30 |
| 33 | 606-639 | 624 | 243.00-257.00 | 250.85 |
| 22 | 676-697 | 687 | 244.00-247.50 | 245.56 |
| 5 | 749 | 749 | 246.00 | 246.00 |
| 21 | 783-792 | 789 | 231.00-239.00 | 233.27 |
| 23 | 811-819 | 813 | 231.50-237.00 | 232.95 |
| 45 | 850-880 | 871 | 227.50-239.50 | 230.75 |
| 27 | 910-934 | 929 | 227.50-231.50 | 230.86 |

www.ndsu.edu/agriculture/ag-hub/ag-topics/livestock/beef/production/backgrounding-cattle

Backgrounding Cattle



Bryon Parman

Budgets for multiple classes of Calves

Tim Petry

Market outlook and price protection

Karl Hoppe

Rations, Feed cost and cost of Gain

Lacey Quail

Preparing Heifers for the Breeding herd

Rachel Gibbs

Minimizing Stress on Weaned/backgrounded calves

Lisa Pederson

Beef Quality Assurance for Backgrounding calves

CATTLE PRICE CYCLE PRICE RISK MANAGEMENT INCREASING PHASE

**Prices High-Volatility High
Always Risk for Lower Prices**

**Best Marketing Strategy:
Lock-in Floor Price/Leave Top Side Open**



- Livestock Risk Protection Insurance** ✨
- Futures Market Options**

“Better To Have LRP And Not Need It, Than Need It And Not Have It!”



www.ndsu.edu/agriculture/ag-hub/ag-topics/livestock/tools/backgrounding-550-lb-steers

BACKGROUNDING 550 LB. STEERS - 2.8lbs AVERAGE DAILY GAIN (ADG)

| | | |
|--|-------------------|-----------------|
| Weaning weight | 550 lbs. | |
| Average Daily Gain | 2.8 lbs. | |
| Days on Feed | 110 | |
| Market Weight | 850 lbs. | |
| Projected Selling Price | \$245.00 per cwt. | |
| Total Income | | \$2,082.50 |
| Beginning Value | \$298.00 per cwt. | |
| minus shrink if sold | 3 percent | \$1,589.83 |
| Gross Margin | | \$492.67 |
| Feed Cost | \$1.07 per day | \$117.21 |
| Return Over Feed Cost | | \$375.46 |
| Interest on Beginning Value | 7.75 percent | \$37.13 |
| Interest on Feed, Vet & Med | 7.75 percent | \$1.49 |
| Vet. and Med. | | \$10.00 |
| Lot Cost | \$0.30 per day | \$33.00 |
| Marketing (Brand inspection/Checkoff/Commission) | | \$30.00 |
| Trucking (additional) | \$0.75 cwt. | \$2.25 |
| Shrink | 3 percent | \$62.48 |
| Death Loss | 1 percent | \$20.83 |
| Price Risk Management | | \$53.64 |
| Direct Cost Subtotal | | \$250.81 |
| Return to Labor, Management and Risk | | \$124.65 |
| Breakeven Selling Price/cwt | | \$230.34 |

← LRP

Ration for Backgrounding - 2.8 lbs. ADG

| Feed | Price | Ration % as fed | Lb/hd/day as fed |
|---------------------|-------------|--------------------|---------------------|
| Alf-grass hay | \$90.00 /T | 49.3% | 9.00 |
| Corn grain | \$3.53 /bu. | 46.6% | 8.50 |
| Canola meal | \$277.00 /T | 4.1% | 0.75 |
| Ration Cost per day | \$1.07 | | 18.3 |

Over 600 lb. Feeder Steers



LRP Coverage Prices, Rates, and Actual Ending Values - Report for 10/24/2024

| State | County | Endorsement Length | Commodity | Type | Practice | Crop Year | Exp. End Value | Coverage Price | Coverage Level | Rate | Cost Per CWT | Producer Premium Per CWT | End Date | \$/HD |
|-----------------|------------------|--------------------|--------------------|---------------------|--|-----------|----------------|----------------|----------------|----------|--------------|--------------------------|------------|---------|
| 38 North Dakota | 998 All Counties | 17 | 0801 Feeder Cattle | 810 Steers Weight 2 | 202 Endorsement Ending in February Yr1 | 2025 | 244.520 | \$244.520 | 1.000000 | 0.039731 | 9.715 | 6.31 | 02/20/2025 | \$53.64 |
| 38 North Dakota | 998 All Counties | 17 | 0801 Feeder Cattle | 810 Steers Weight 2 | 202 Endorsement Ending in February Yr1 | 2025 | 244.520 | \$242.070 | 0.990000 | 0.034546 | 8.363 | 5.44 | 02/20/2025 | |
| 38 North Dakota | 998 All Counties | 17 | 0801 Feeder Cattle | 810 Steers Weight 2 | 202 Endorsement Ending in February Yr1 | 2025 | 244.520 | \$239.630 | 0.980000 | 0.029750 | 7.129 | 4.63 | 02/20/2025 | |
| 38 North Dakota | 998 All Counties | 17 | 0801 Feeder Cattle | 810 Steers Weight 2 | 202 Endorsement Ending in February Yr1 | 2025 | 244.520 | \$237.180 | 0.970000 | 0.025449 | 6.036 | 3.92 | 02/20/2025 | |
| 38 North Dakota | 998 All Counties | 17 | 0801 Feeder Cattle | 810 Steers Weight 2 | 202 Endorsement Ending in February Yr1 | 2025 | 244.520 | \$234.740 | 0.960000 | 0.021543 | 5.057 | 3.29 | 02/20/2025 | |
| 38 North Dakota | 998 All Counties | 17 | 0801 Feeder Cattle | 810 Steers Weight 2 | 202 Endorsement Ending in February Yr1 | 2025 | 244.520 | \$232.290 | 0.950000 | 0.018486 | 4.294 | 2.79 | 02/20/2025 | \$23.72 |

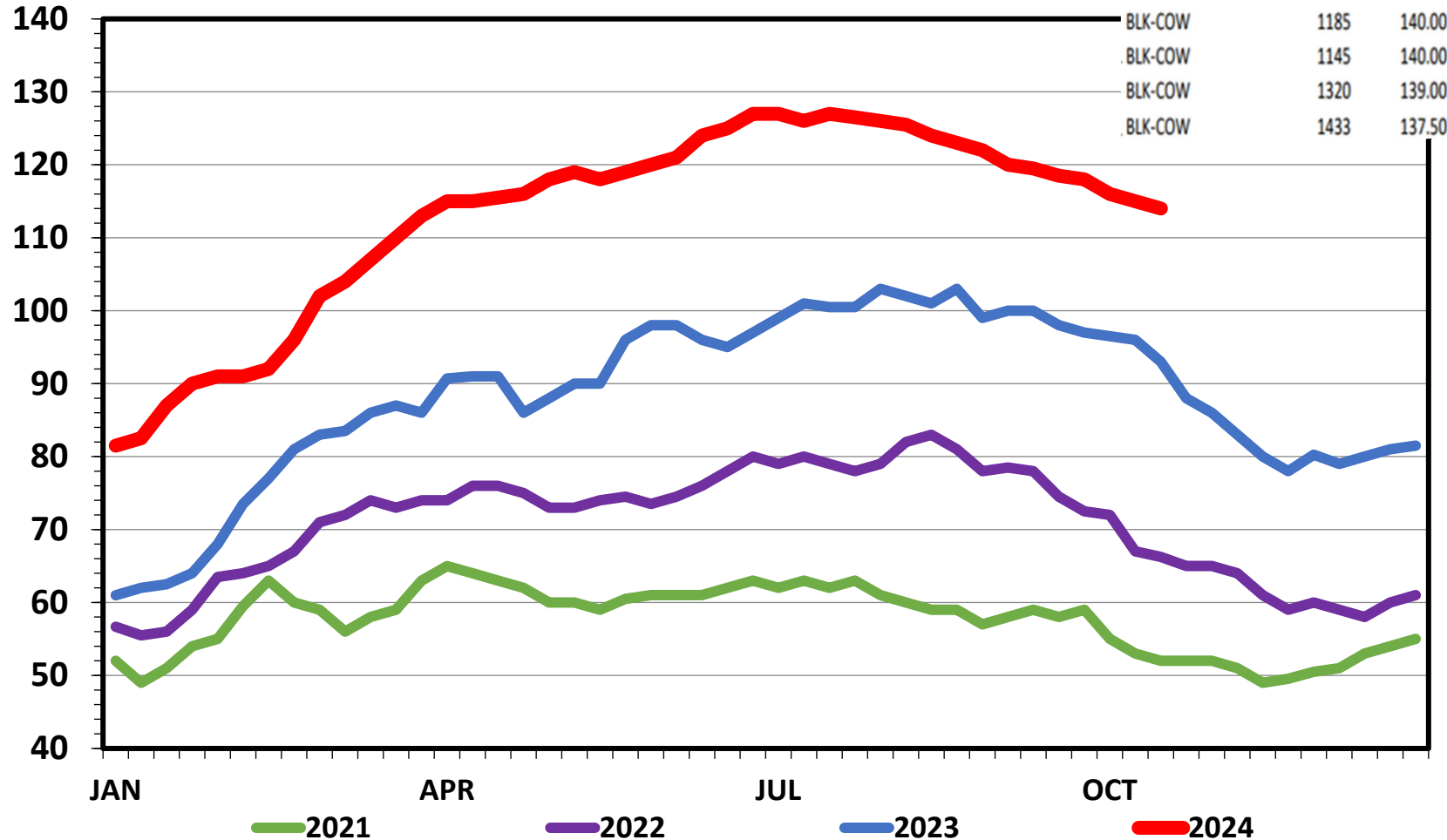
JAN FC -\$245.525 / MAR FC-\$243.875 / CME FC INDEX-\$250.71

<https://public.rma.usda.gov/livestockreports/main.aspx>

BEEF CULL COW PRICES

Average 85-90% Lean, Weekly
Northern Plains Average

\$ Per Cwt.

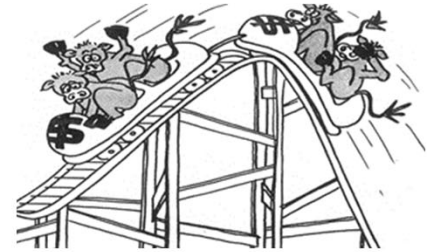


| DESCRIP | WGHT | PRICE |
|-------------|------|--------|
| BLK/BWF-COW | 1118 | 152.00 |
| BLK-COW | 1345 | 150.00 |
| BLK-COW | 1150 | 147.50 |
| BLK-COW | 1165 | 142.50 |
| .RED-COW | 1310 | 142.50 |
| BLK-COW | 1185 | 140.00 |
| BLK-COW | 1145 | 140.00 |
| BLK-COW | 1320 | 139.00 |
| BLK-COW | 1433 | 137.50 |

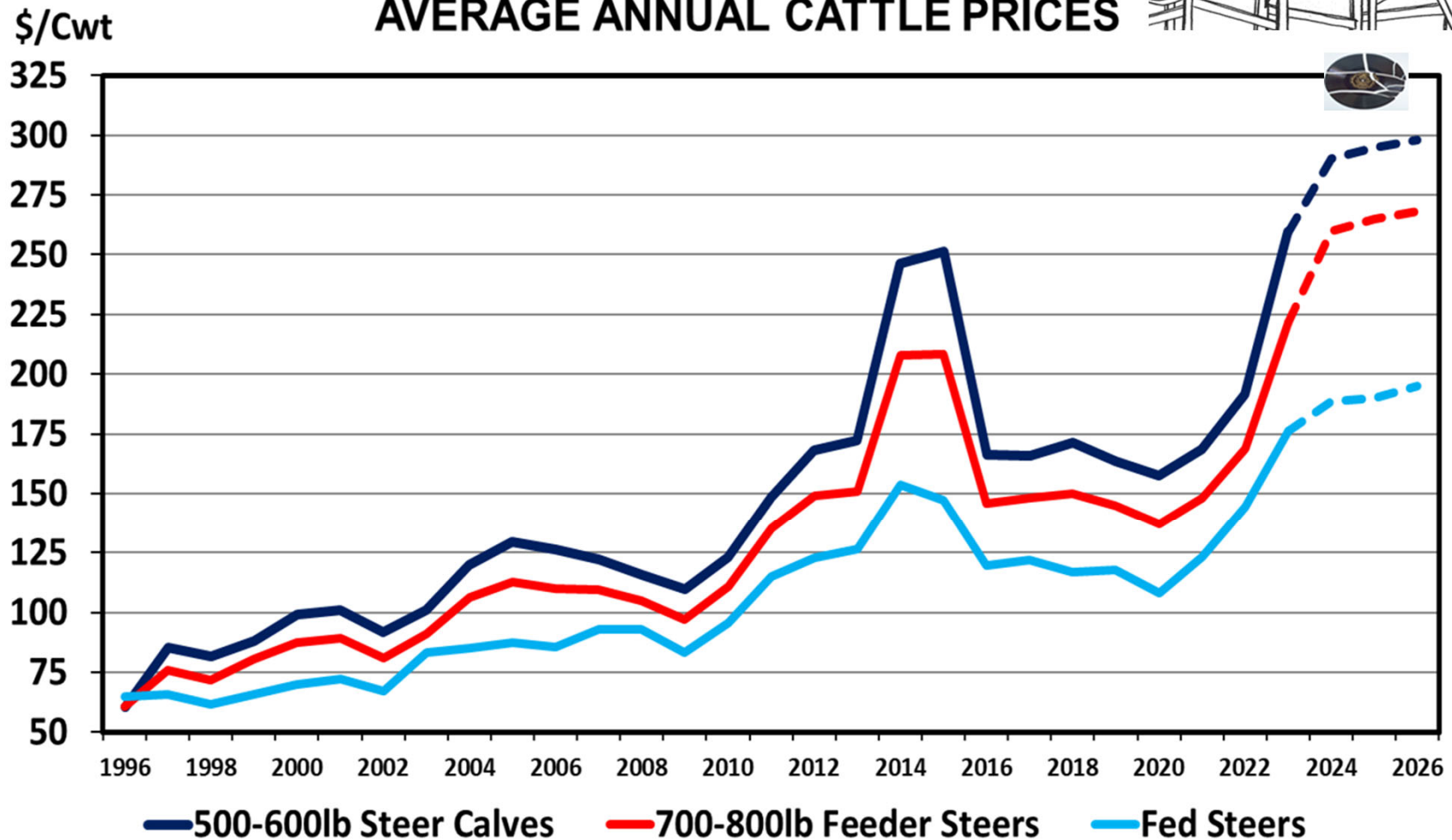
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EXTENDING KNOWLEDGE >> CHANGING LIVES

U.S. CATTLE PRICE CYCLE



AVERAGE ANNUAL CATTLE PRICES



HINDSIGHT IS 2020, 21, 22, 23, 24, 25?

BANK COLLAPSES



African Swine Fever

Record Meat
Production



TYSON FIRE

Exports



Trade Agreements



Drought/Blizzards/Floods

Corn Prices

Consumer Demand

COMPETING MEATS

RUSSIA/UKRAINE
GEO-POLITICAL



AVIAN INFLUENZA



2025: Economy, Weather, Corn, and Geopolitics?
Causing **Volatility** and **Risk** , especially on seasonal
basis. Flexible marketing plans should consider risk
management tools

QUESTIONS ?



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