

# Beef Industry Economic Outlook

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Editor, High Plains Journal





Kansas had 5.87 million cattle on ranches and in feedyards at the beginning of this year.



Source: KS Ag Statistics



# Cow-calf producer



# Cow-calf

- Cattle and calves represented about 48% of agricultural cash receipts.
- Kansas ranks sixth nationally in beef cow numbers.

Source: KS Ag Statistics



# Stocker



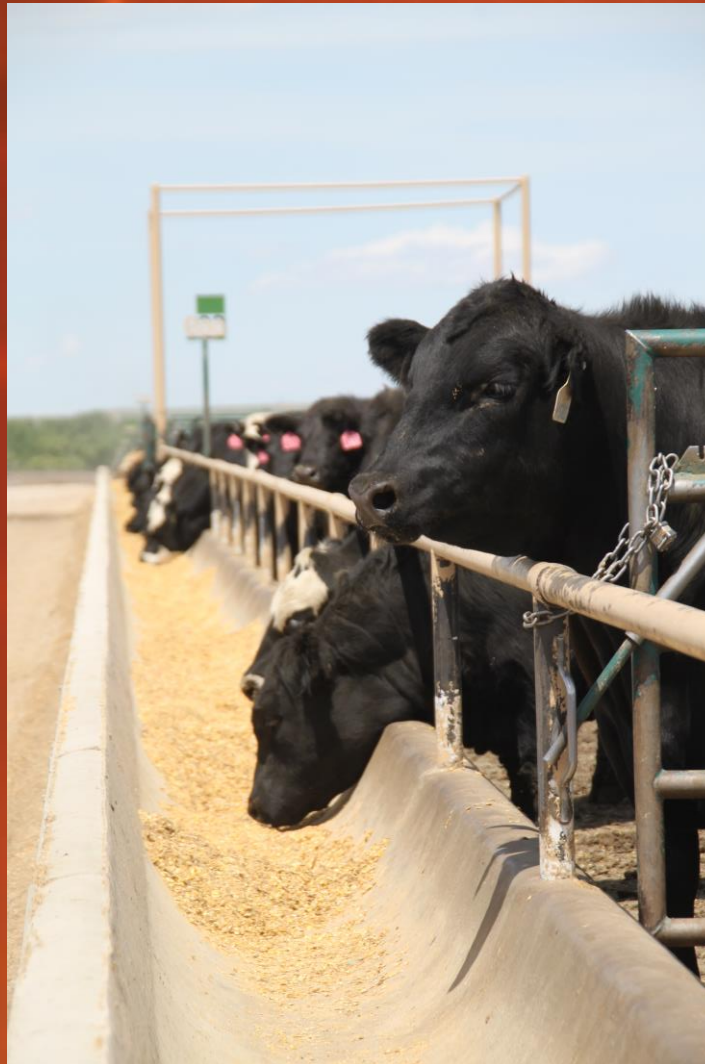
# Stocker

- 3.75 million cattle are shipped to Kansas each year.

Source: NASS



# Feeder





# Feeder

- Kansas ranked second in fed cattle marketed with 4.99 million in 2011.
- That represents 24.8% of all fed cattle in the United States.

Source: KS Ag Statistics



# Packing



# Packing

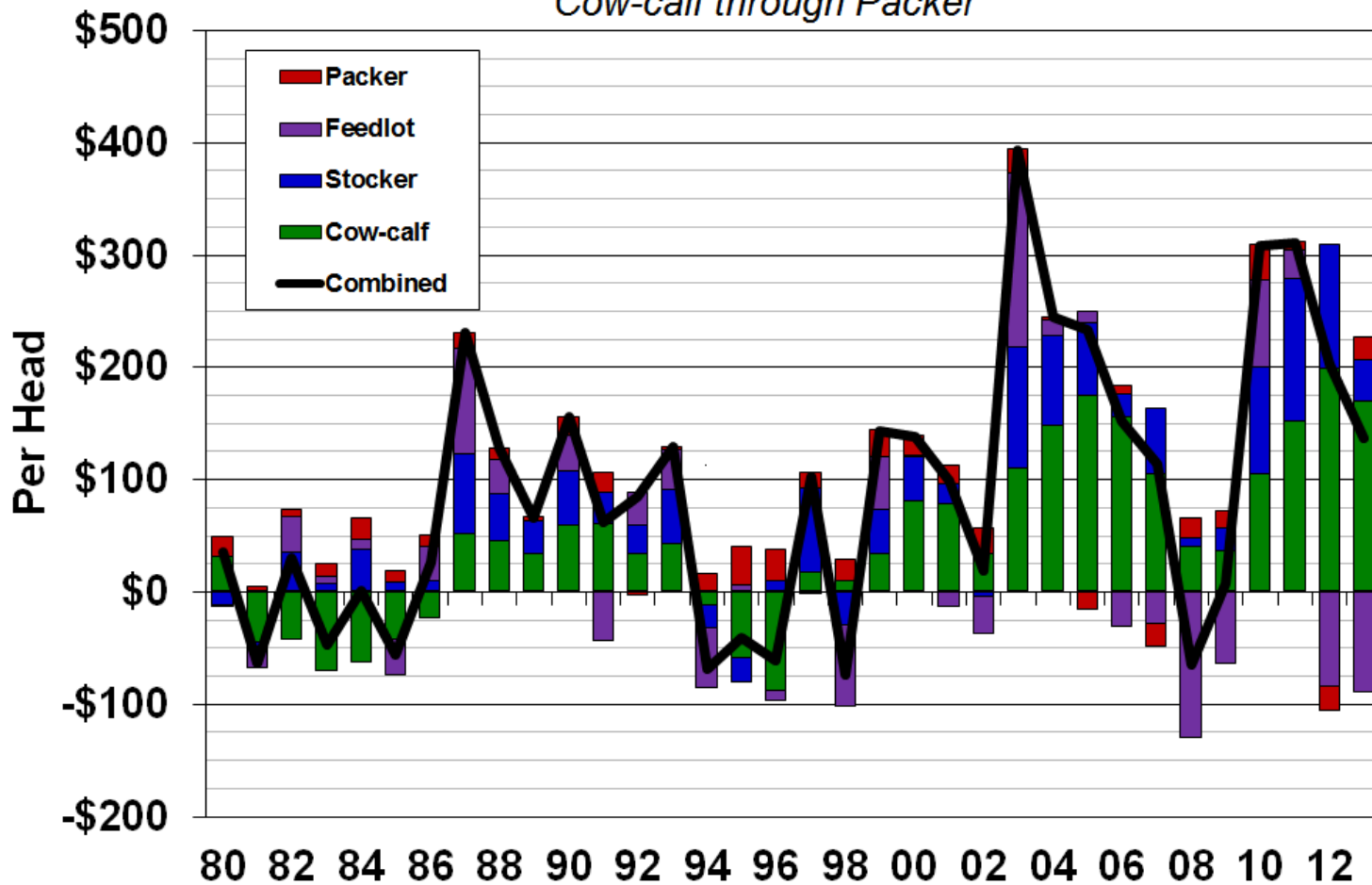
- Kansas ranks third nationwide in commercial cattle processed with 6.4 million head in 2011

Source: KS Ag Statistics



# Industry Profitability

*Cow-calf through Packer*



Source: CattleFax

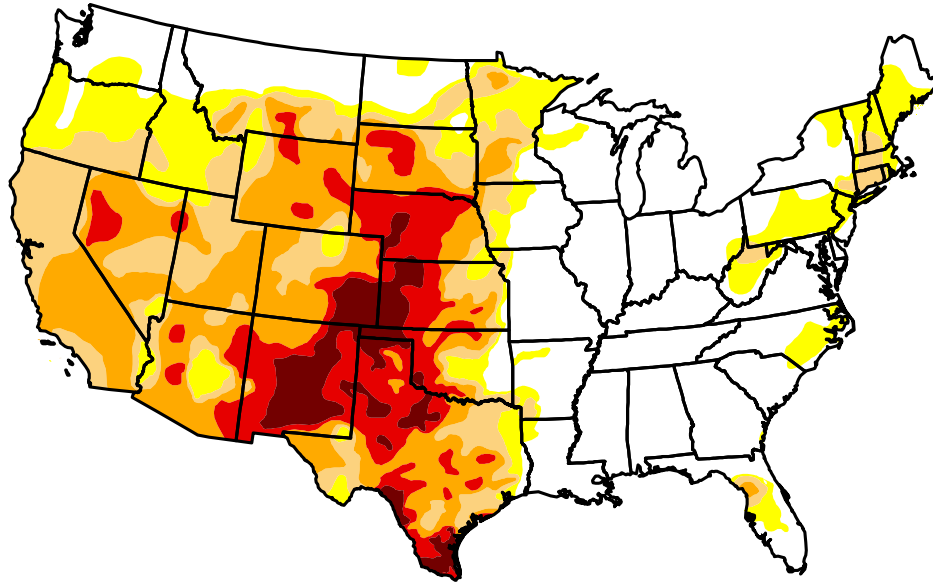


# Market fundamentals

- Lingering drought
- Declining U.S. Cattle supplies
- Steady domestic beef demand



# Drought – May 5, 2013



*Drought Conditions (Percent Area)*

	None	D0-D4	D1-D4	D2-D4	D3-D4	D4
<b>Current</b>	37.58	62.42	48.06	32.88	14.12	4.38
<b>Last Week</b> <i>4/30/2013</i>	39.88	60.12	46.90	32.73	13.96	3.40
<b>3 Months Ago</b> <i>2/5/2013</i>	32.03	67.97	56.84	40.13	19.10	6.85
<b>Start of Calendar Year</b> <i>1/1/2013</i>	27.22	72.78	61.09	42.05	21.31	6.75
<b>Start of Water Year</b> <i>9/25/2012</i>	23.41	76.59	65.45	42.12	21.48	6.12
<b>One Year Ago</b> <i>5/8/2012</i>	43.88	56.12	35.88	19.65	6.77	1.61

Intensity:

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

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

**Author(s):**  
David Miskus  
NOAA/NWS/NCEP/CPC



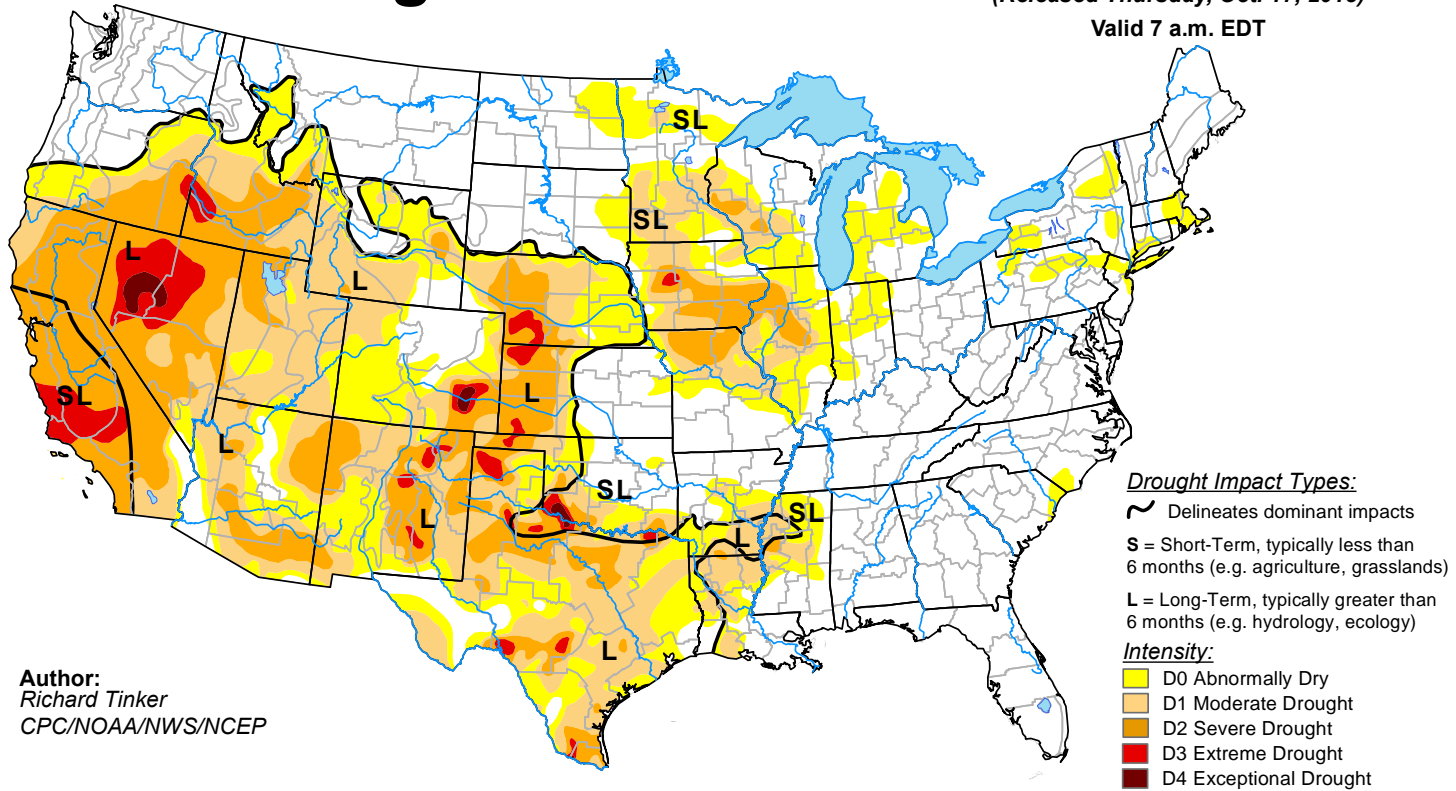
# Drought – October 15, 2013

## U.S. Drought Monitor

October 15, 2013

(Released Thursday, Oct. 17, 2013)

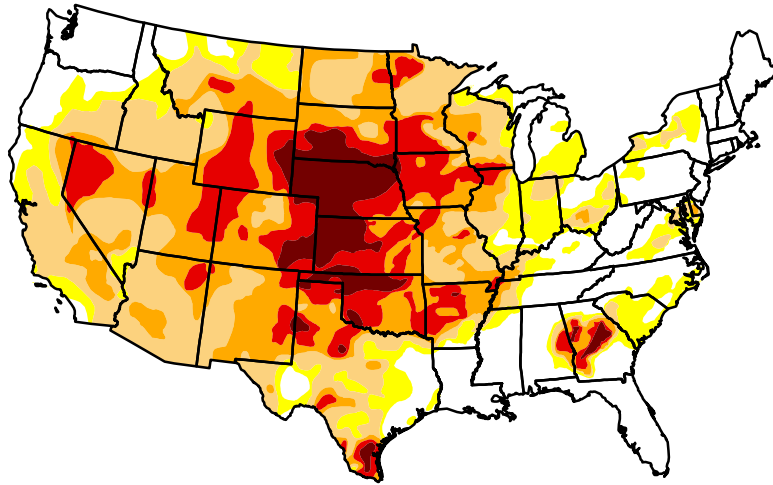
Valid 7 a.m. EDT



Author:  
Richard Tinker  
CPC/NOAA/NWS/NCEP



# Drought – October, 2012



*Drought Conditions (Percent Area)*

	None	D0-D4	D1-D4	D2-D4	D3-D4	D4
<b>Current</b>	25.02	74.98	62.39	38.83	19.08	5.84
<b>Last Week</b> <i>10/9/2012</i>	23.28	76.72	63.55	39.91	20.15	6.18
<b>3 Months Ago</b> <i>7/17/2012</i>	19.25	80.75	63.54	42.23	13.53	0.99
<b>Start of Calendar Year</b> <i>1/3/2012</i>	50.41	49.59	31.90	18.83	10.18	3.32
<b>Start of Water Year</b> <i>9/25/2012</i>	23.41	76.59	65.45	42.12	21.48	6.12
<b>One Year Ago</b> <i>10/18/2011</i>	59.33	40.67	29.84	23.69	17.44	9.91

Intensity:

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**Author(s):**  
Matthew Rosencrans  
CPC/NCEP/NWS/NOAA

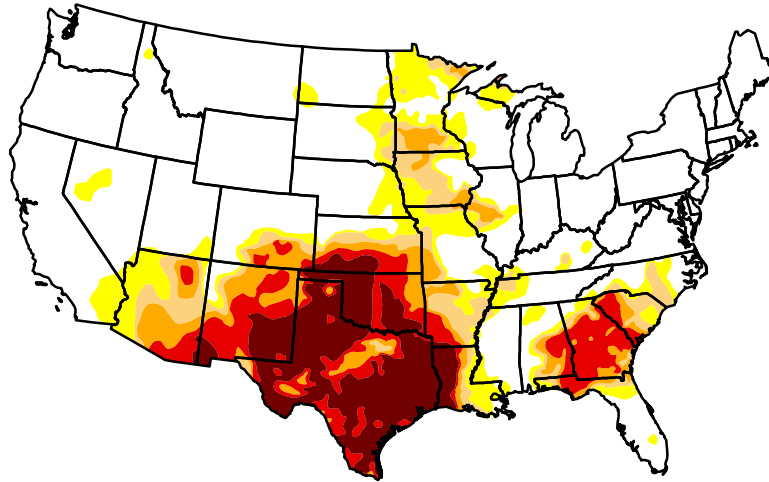


<http://droughtmonitor.unl.edu/>





# Drought – October, 2011



*Drought Conditions (Percent Area)*

	None	D0-D4	D1-D4	D2-D4	D3-D4	D4
<b>Current</b>	59.33	40.67	29.84	23.69	17.44	9.91
<b>Last Week</b> <i>10/11/2011</i>	57.83	42.17	30.47	23.85	17.12	9.76
<b>3 Months Ago</b> <i>7/19/2011</i>	62.80	37.20	28.41	23.23	18.03	10.90
<b>Start of Calendar Year</b> <i>1/4/2011</i>	60.50	39.50	21.74	8.50	2.60	0.00
<b>Start of Water Year</b> <i>9/27/2011</i>	56.45	43.55	29.13	23.44	17.80	11.37
<b>One Year Ago</b> <i>10/19/2010</i>	59.79	40.21	14.85	5.62	1.08	0.00

*Intensity:*

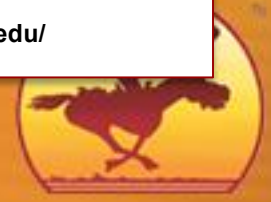
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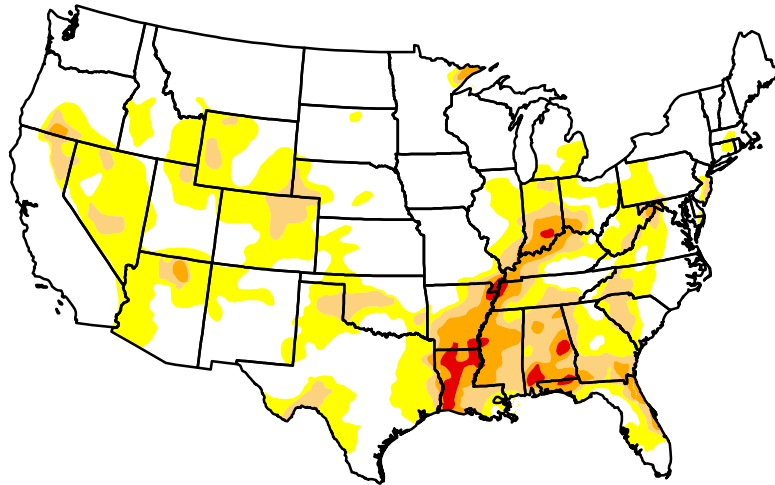
**Author(s):**  
David Miskus  
NOAA/NWS/NCEP/CPC



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



# Drought – October, 2010



Drought Conditions (Percent Area)

	None	D0-D4	D1-D4	D2-D4	D3-D4	D4
<b>Current</b>	59.79	40.21	14.85	5.62	1.08	0.00
<b>Last Week</b> <i>10/12/2010</i>	61.68	38.32	12.51	4.20	0.52	0.00
<b>3 Months Ago</b> <i>7/20/2010</i>	72.90	27.10	8.26	1.38	0.25	0.00
<b>Start of Calendar Year</b> <i>12/29/2009</i>	72.07	27.93	12.40	4.24	0.19	0.00
<b>Start of Water Year</b> <i>9/28/2010</i>	60.05	39.95	13.16	3.09	0.30	0.00
<b>One Year Ago</b> <i>10/20/2009</i>	69.49	30.51	12.81	5.32	0.68	0.13

Intensity:

- D0 Abnormally Dry
- D1 Moderate Drought
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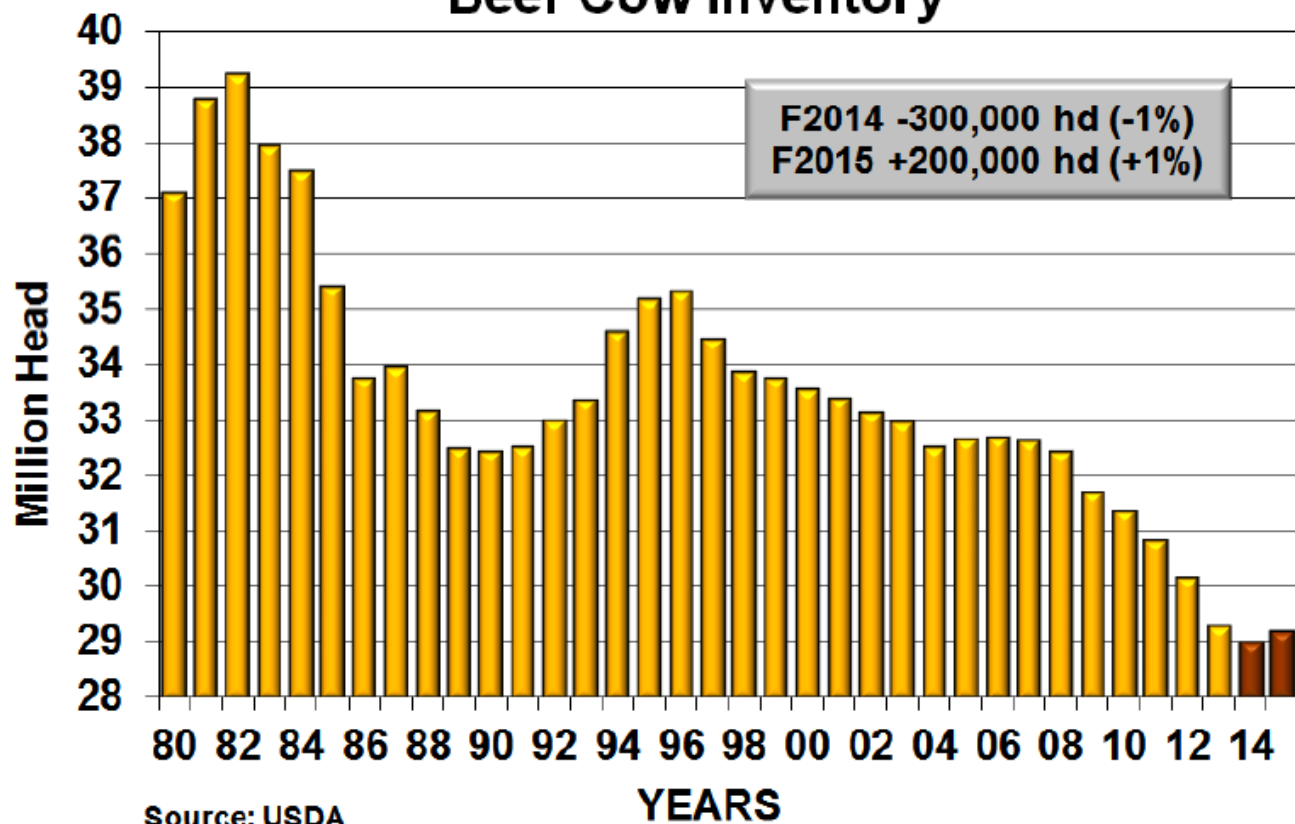
**Author(s):**  
 Laura Edwards  
 Western Regional Climate Center



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



## Beef Cow Inventory



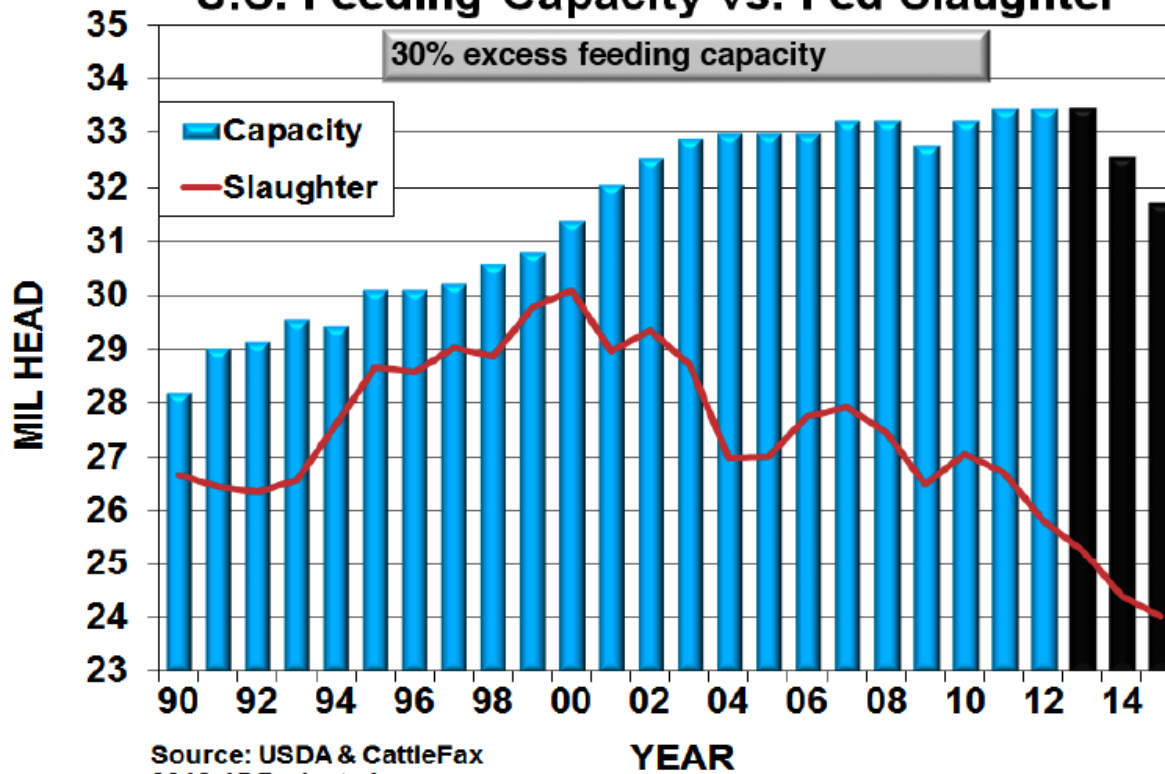
Source: USDA  
Projected 2014-15

**CattleFax** | THE  
DECIDING  
FACTOR

Source: Cattle-Fax



## U.S. Feeding Capacity vs. Fed Slaughter



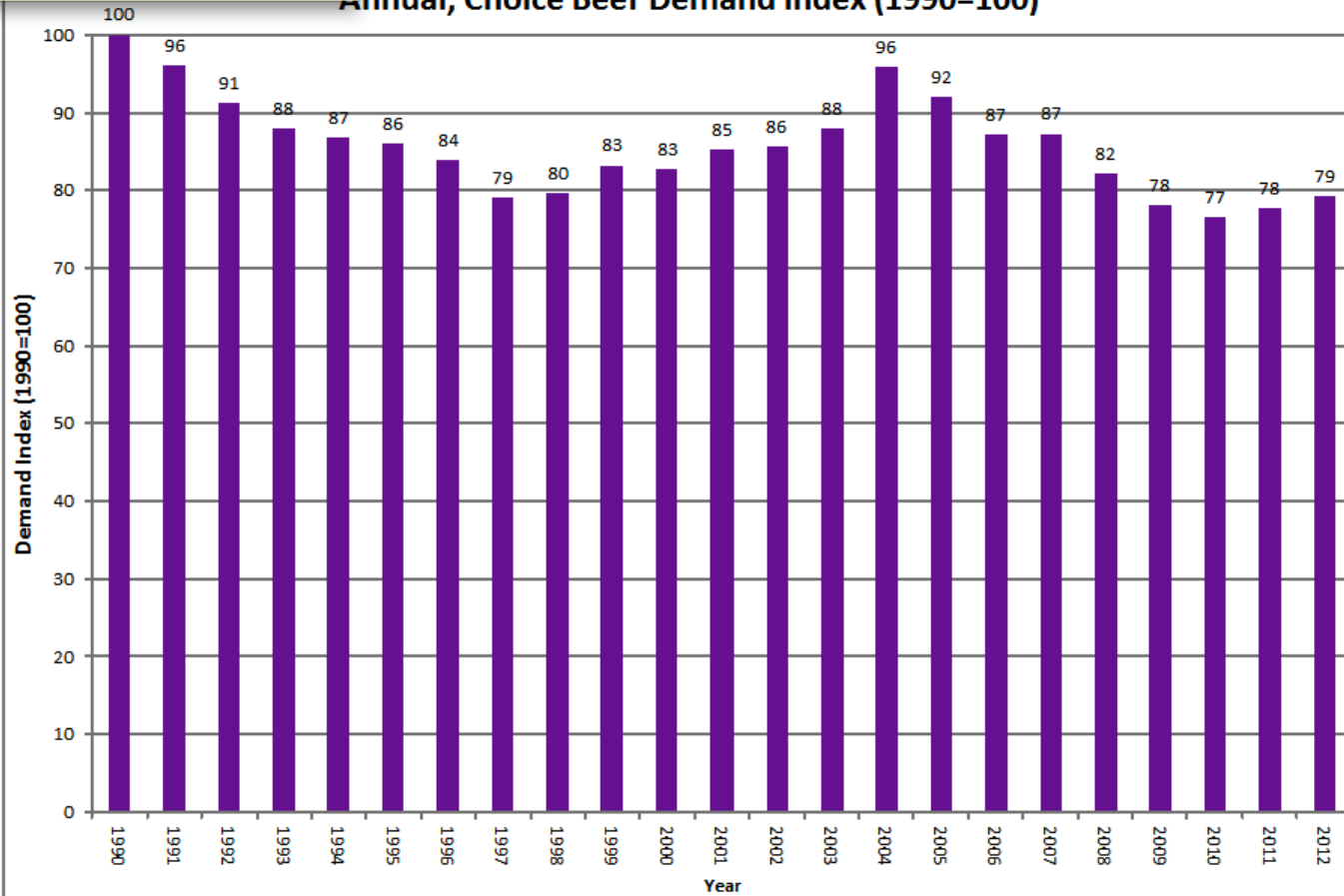
Source: USDA & CattleFax  
2013-15 Projected

**CattleFax** | THE DECIDING FACTOR

Source: Cattle-Fax



### Annual, Choice Beef Demand Index (1990=100)



Source: Glynn T. Tonsor, Kansas State University, Jan. 2013

Source: Tonsor, KSU



# Trade

- Beef exports are up 50 percent YTD to Japan.
- Russian exports area have essentially stopped due to the country's ban on beta agonists.
- Exports are steady overall.
- Imports are up slightly.



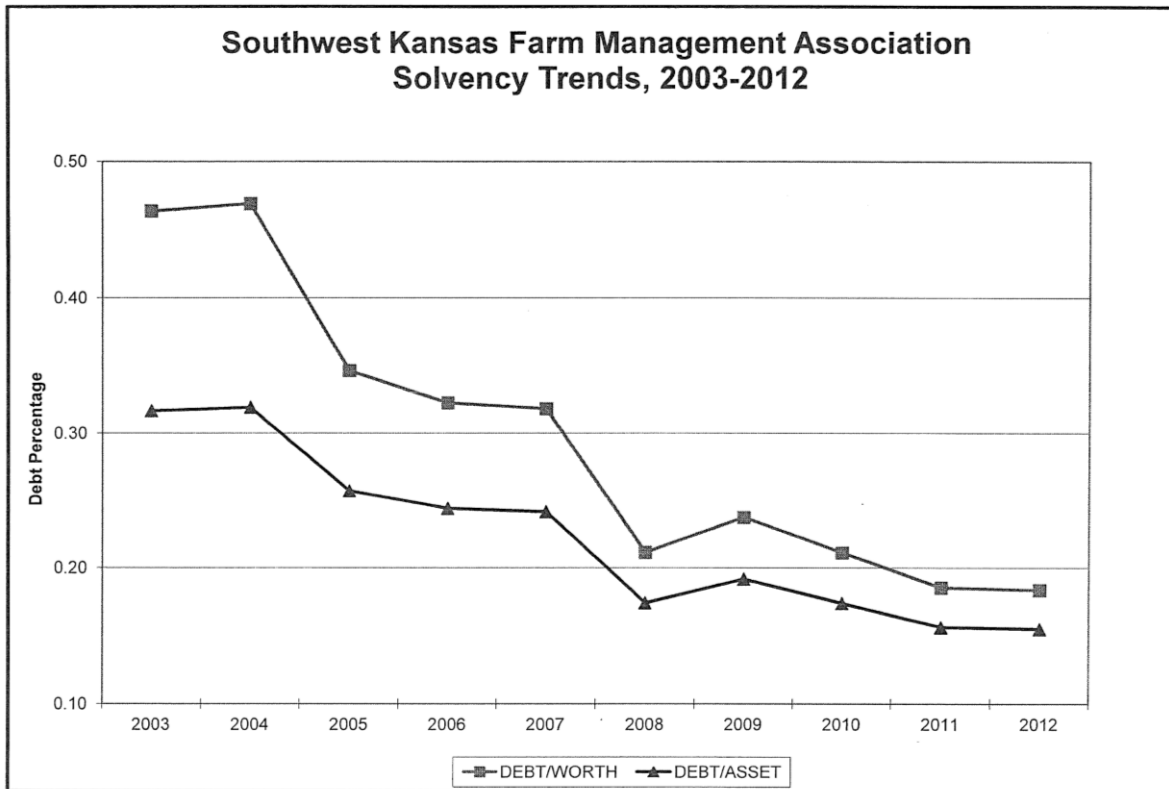
# Net livestock income for SW KS

Year	Income
2009	\$70,817
2010	\$78,386
2011	\$42,031
2012	\$29,541

Source: KS Farm Management



# Solvency



Source: KFMA, 2012





# Market trends

- Calves: Demand remains good following record highs.
- Feeders: All-time highs, but price risks coming.
- Cows: Producers will begin to retain more replacements.

Source: Cattle-Fax



# Questions?

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