

# Cattle Inventory Comments

## Causes and Effects, Where are We Headed?

The Range Beef Cow Symposium XXII

November 29, 30 & December 1, 2011



James Robb  
Director

### Topics: Cattle Numbers and Comments

- The Big Picture
- Trends in Beef Cow Numbers
- A Game Changer -- Drought and More in 2011
- What about Beef Production and .....
- More on Estimated Cow-Calf Returns
- Managing in These Times

USDA Data Sources – NASS, AMS, FAS and ERS  
All Forecasts – LMIC

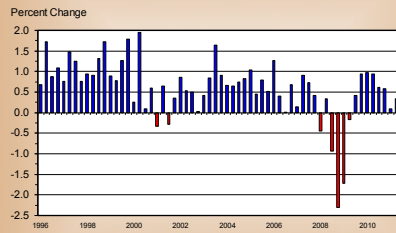
### The Big Picture



Walmart's wide aisles and broad selection of merchandise accommodate 100 million shoppers a week.

### QTRLY GROSS DOMESTIC PRODUCT (GDP)

Real Dollar (2005) Change from Previous Quarter



Data Source: Dept Commerce-BEA

### PERSONAL SAVINGS AS A PERCENT OF DISPOSABLE PERSONAL INCOME

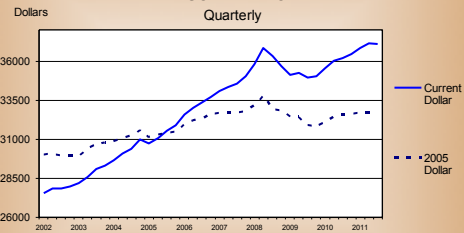
Current Dollars, Quarterly



Data Source: Dept Commerce-BEA

### PER CAPITA DISPOSABLE PERSONAL INCOME

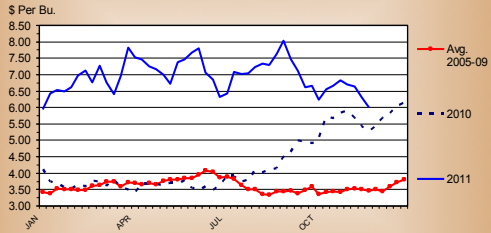
Quarterly



Data Source: Dept Commerce-BEA

### SOUTHERN PLAINS CORN PRICES

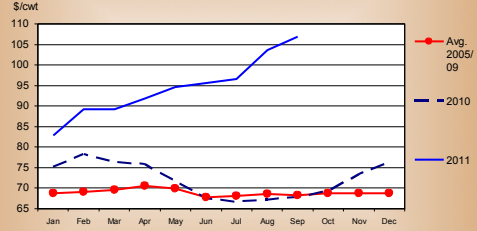
Weekly



Data Source: USDA-AMS

### KANSAS FEEDLOT CLOSEOUTS

Feeding Costs per Cwt, Steers



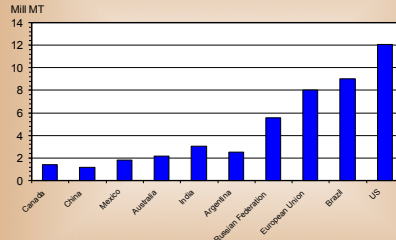
Data Source: Kansas State University

### Long-Term Population and Income Growth

- Rate of population growth slowing, still by 2050 the projection by U.S. Bureau of Census is for **33%** more people worldwide.
- Top 5 Most Populated Countries in 2050
  - India – 1,656 Million
  - China – 1,424 Million
  - U.S.A. – 439 Million
  - Indonesia – 313 Million
  - Ethiopia – 278 Million
- To meet basic needs plus growing incomes animal based product consumption will need to **DOUBLE** by 2050 (Economist Nov 21, 2009)

### 2011 BEEF AND VEAL PRODUCTION

Carcass Weight



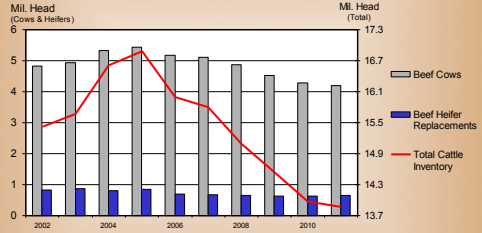
Data Source: USDA-FAS

### Trends In Beef Cow Numbers

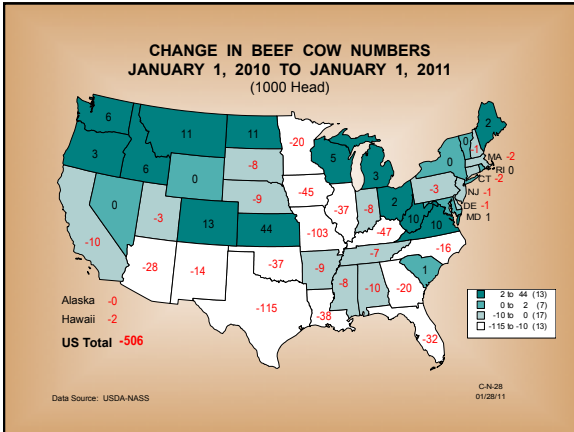
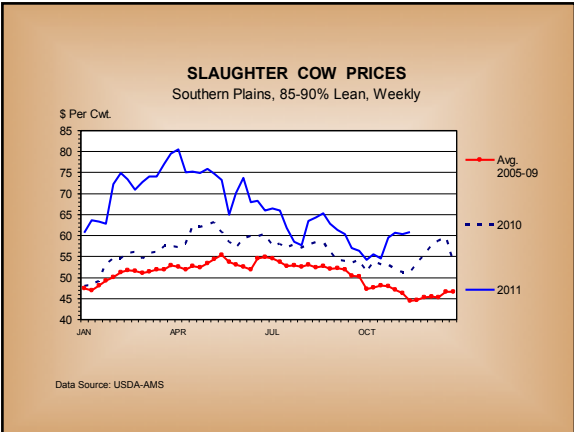
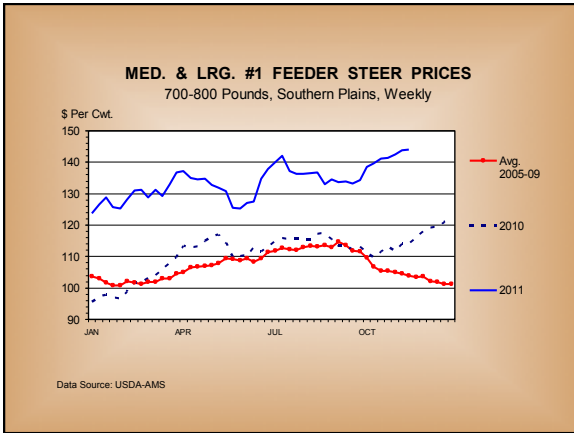
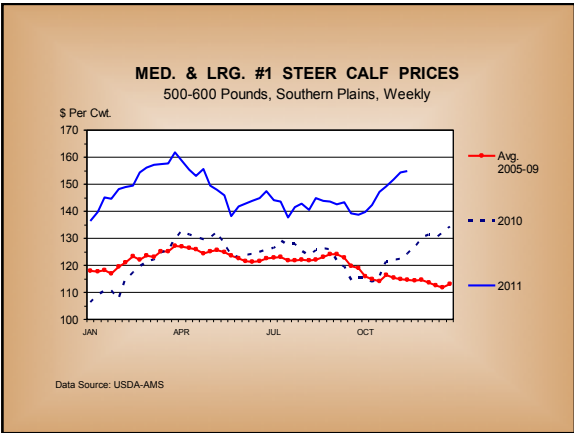
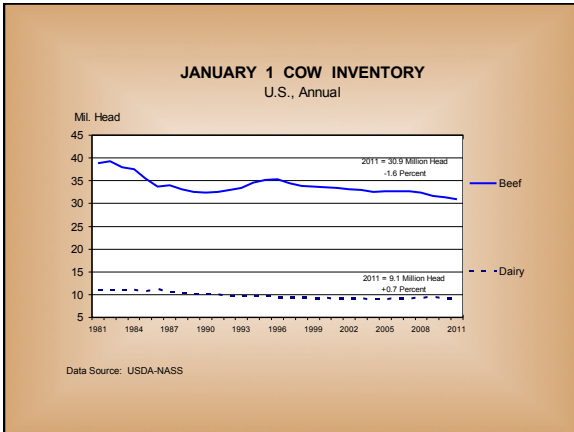
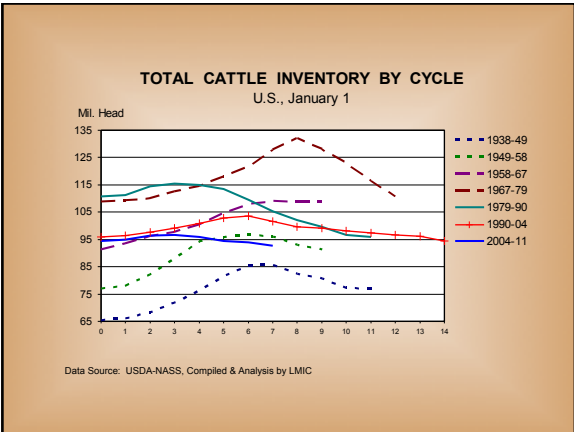


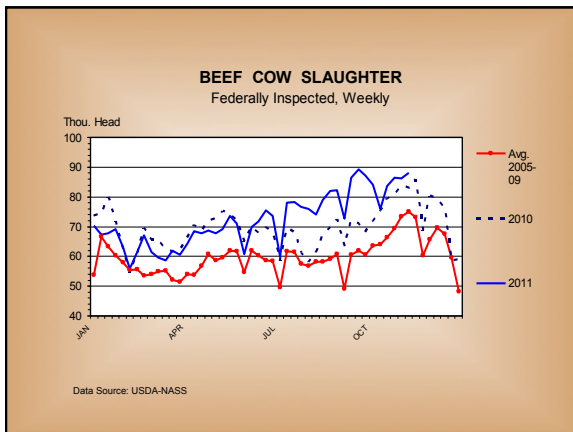
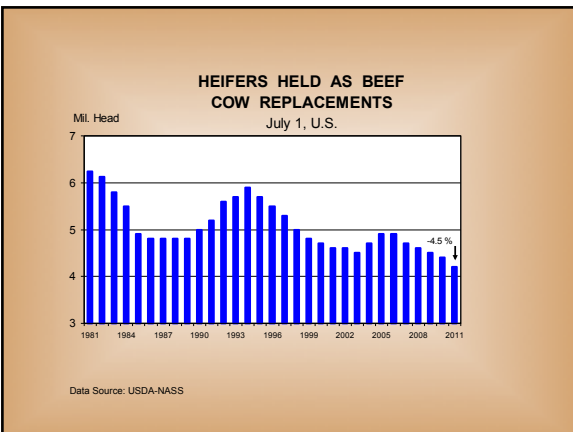
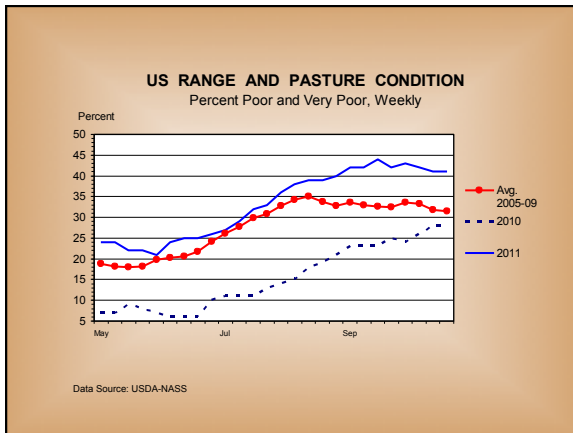
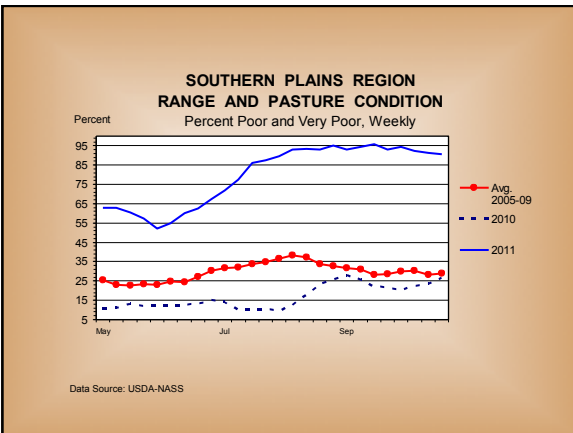
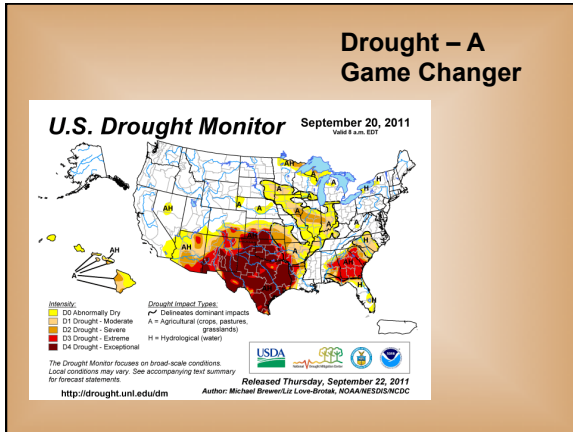
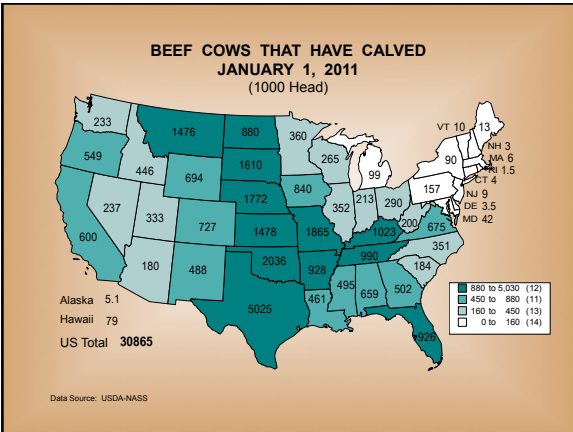
### CANADA CATTLE INVENTORY

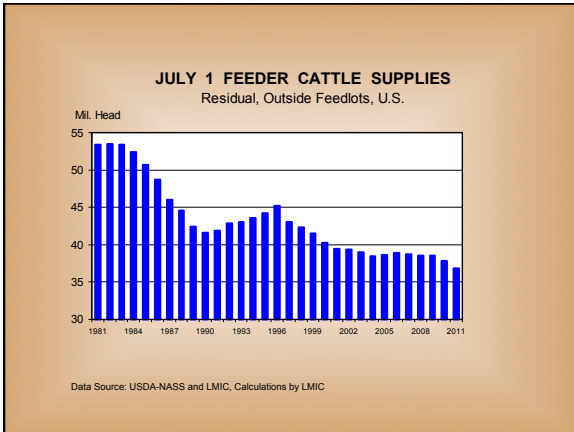
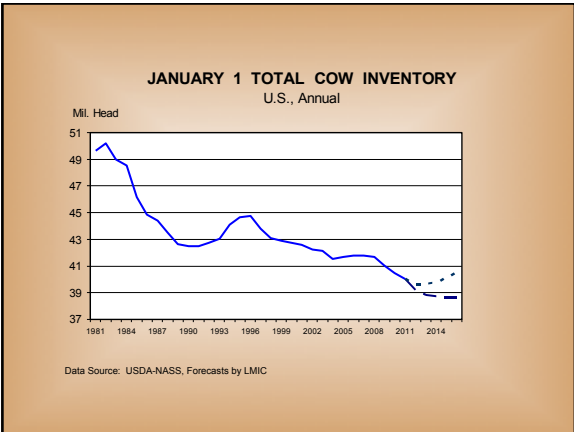
July 1, Annual



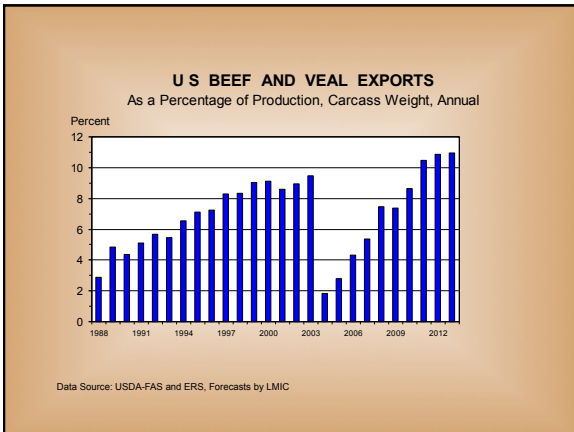
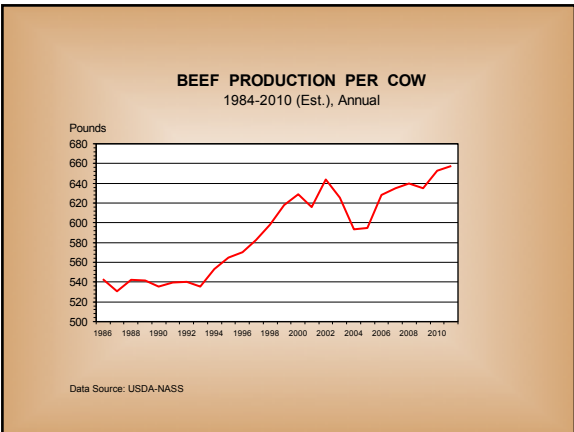
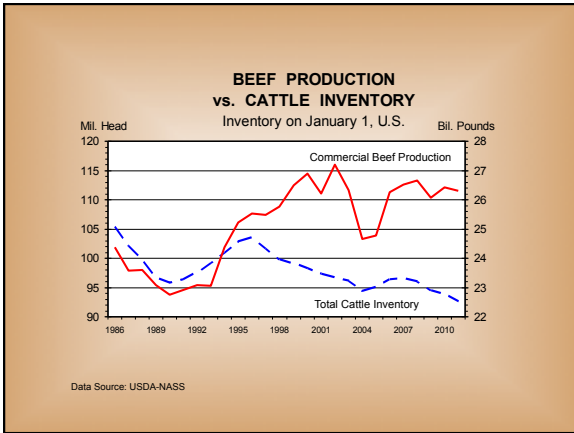
Data Source: Statistics Canada



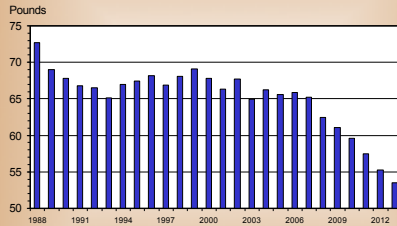




- ### Constraints – Some Comments
- Increased Beef Cow Slaughter is Drought Driven and Can Stop Quickly, But Pasture Recovery?
  - National Cowherd is Already “Young”
  - Some Hay and Pasture Acreage Lost (Mostly Midwest and West) Due To Record High Cash Crop Prices
  - Cost of Replacement Cows & Bulls Will Increase
  - Will Bankers Provide Timely Funds?
  - Southern Plains Ranch Response
    - The Next Generation of Producers?
    - Chase Stocker Animals?
    - “Opportunity Cost” of Range & Pasture
  - Back-fill Beef Production with Pork and Poultry

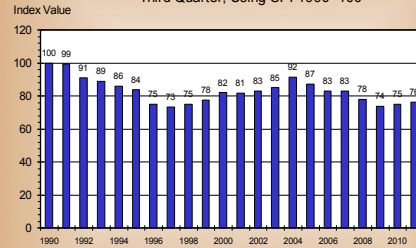


### U S BEEF CONSUMPTION Per Capita, Retail Weight, Annual



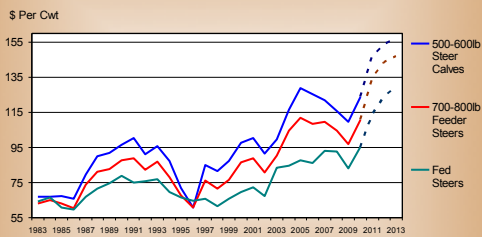
Data Source: USDA-NASS, Forecasts by LMIC

### RETAIL ALL FRESH BEEF DEMAND INDEX Third Quarter, Using CPI 1990=100



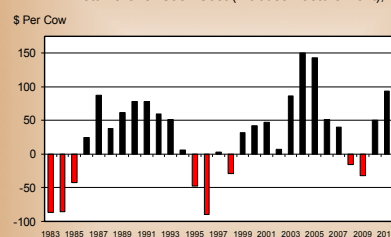
Data Source: LMIC

### ANNUAL AVERAGE CATTLE PRICES Southern Plains



Data Source: USDA-AMS, Forecasts by LMIC

### ESTIMATED AVERAGE COW CALF RETURNS Returns Over Cash Cost (Includes Pasture Rent), Annual

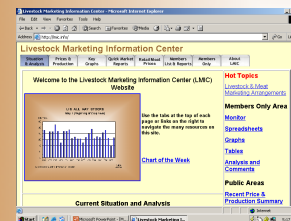


Data Source: USDA-AMS & USDA-NASS, Compiled & Analysis by LMIC

### Managing In These Times

- Domestic Consumer Demand has Stabilized and is Slowly Improving for Red Meats. But Another recession?
- Foreign Demand Strong in Asia
- Price Volatility Will Continue (Globalization, Ethanol, etc.)
- Market Shocks Will Continue (9-11-2001; BSE; Credit Crisis in late 2008)
- Economic Incentive to Stabilize and Re-Build Cowherd
- High Feedstuff Price Range Expected to Continue
- Value of Forage Gain Economics Changed
- Heifer Enterprise Economics Using Low Cost Systems (Buy versus Raise Decision Aids)
- Mistakes Are Costly, Sound Business Practices Required (e.g. Cull Cows)

- Agile Firms.... **Adaptable NOT Adapted** to Benefit in the Economic Environment of THIS Decade
- **Adding Cows** – Cost Effectively Getting More From Your Resource Base
- **Manage/Evaluate Periodically (3-4 Months), Not Annually** (e.g. Cattle Cycles)



[www.lmic.info](http://www.lmic.info)

Thank You!