Market Positioning for Cow-Calf Producers

KSU Beef Cattle and Forage Field Day

The plan for a few minutes...

• Look at current market information

• Look at 3 issues for future planning:
  1. Heifer retention, asset value trend
  2. Price risk management
  3. Overhead costs
Beef cows down 2% YOY

Data Source: USDA-NASS
Livestock Marketing Information Center

MED. & LRG. #1 STEER CALF PRICES
400-500 Pounds, Southern Plains, Weekly

Data Source: USDA-AMS
Livestock Marketing Information Center
Current Market Wrap Up

*Reasons for optimism*

**Exports** - China, Japan, S. Korea

**Demand** - Retail beef prices and consumption

**Feedlots** - placements lighter and carcass weights

**Cycle** - Liquidation in the beef cow herd generally leads to better prices

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**BEEFBASIS.COM**

<table>
<thead>
<tr>
<th>WEIGHT</th>
<th>STEER</th>
<th>HEIFER</th>
</tr>
</thead>
<tbody>
<tr>
<td>450</td>
<td>$2.02</td>
<td>$1.70</td>
</tr>
<tr>
<td>650</td>
<td>$1.62</td>
<td>$1.44</td>
</tr>
<tr>
<td>850</td>
<td>$1.51</td>
<td>$1.39</td>
</tr>
</tbody>
</table>

Md& Lg., #1, 10 Head lots
Asset (cow) value trends...

![Graph showing asset (cow) value trends.](image)

Figure 1: Effect of age, base age is 3 years

Strategic replacement...

![Graph showing consecutive cattle cycles.](image)
Price Risk Mang. - LRP

No. of Head
- 1 minimum
- 6,000 max per SCE
- 12,000 max annually

Basics
- Sex
- Breed makeup

Weight
- Over 600# (Feeder Cattle 2)
- Under 600# (Feeder Cattle 1)

Level of Coverage
- 70%-100%

Timeframe
- 13, 17, 21, 26, 30, 34, 39, 43, 47, 52 Weeks

Coverage Level | Subsidy
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95-100% | 35%
90-94.99% | 40%
85-89.99% | 45%
80-84.99% | 50%
70-79.99% | 55%

<table>
<thead>
<tr>
<th>%</th>
<th>$</th>
<th>$/Hd</th>
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</thead>
<tbody>
<tr>
<td>89</td>
<td>$1.61</td>
<td>$3.37</td>
</tr>
<tr>
<td>91</td>
<td>$1.66</td>
<td>$5.67</td>
</tr>
<tr>
<td>98.6</td>
<td>$1.79</td>
<td>$19.63</td>
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Analyze Overhead

<table>
<thead>
<tr>
<th>Support center ratios</th>
<th>Less than 20.0%</th>
<th>22.9%</th>
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</thead>
<tbody>
<tr>
<td>General and administrative</td>
<td>Less than 20.0%</td>
<td>23.9%</td>
</tr>
<tr>
<td>Labor and management</td>
<td>Less than 15.0%</td>
<td>17.3%</td>
</tr>
<tr>
<td>Machinery and equipment</td>
<td>Less than 5.0%</td>
<td>0.4%</td>
</tr>
<tr>
<td>Total</td>
<td>Less than 60.0%</td>
<td>64.6%</td>
</tr>
</tbody>
</table>

https://www.beefmagazine.com/management/rethink-ranch-overhead-it-s-too-late

THANK YOU!

“What gets measured gets improved”
“The relevant question is not simply what shall we do tomorrow, but rather what shall we do today to get ready for tomorrow.” – Peter F. Drecker