



10-2010

Beef, Dairy, Equine, Poultry, Hogs, Sheep, and Goats

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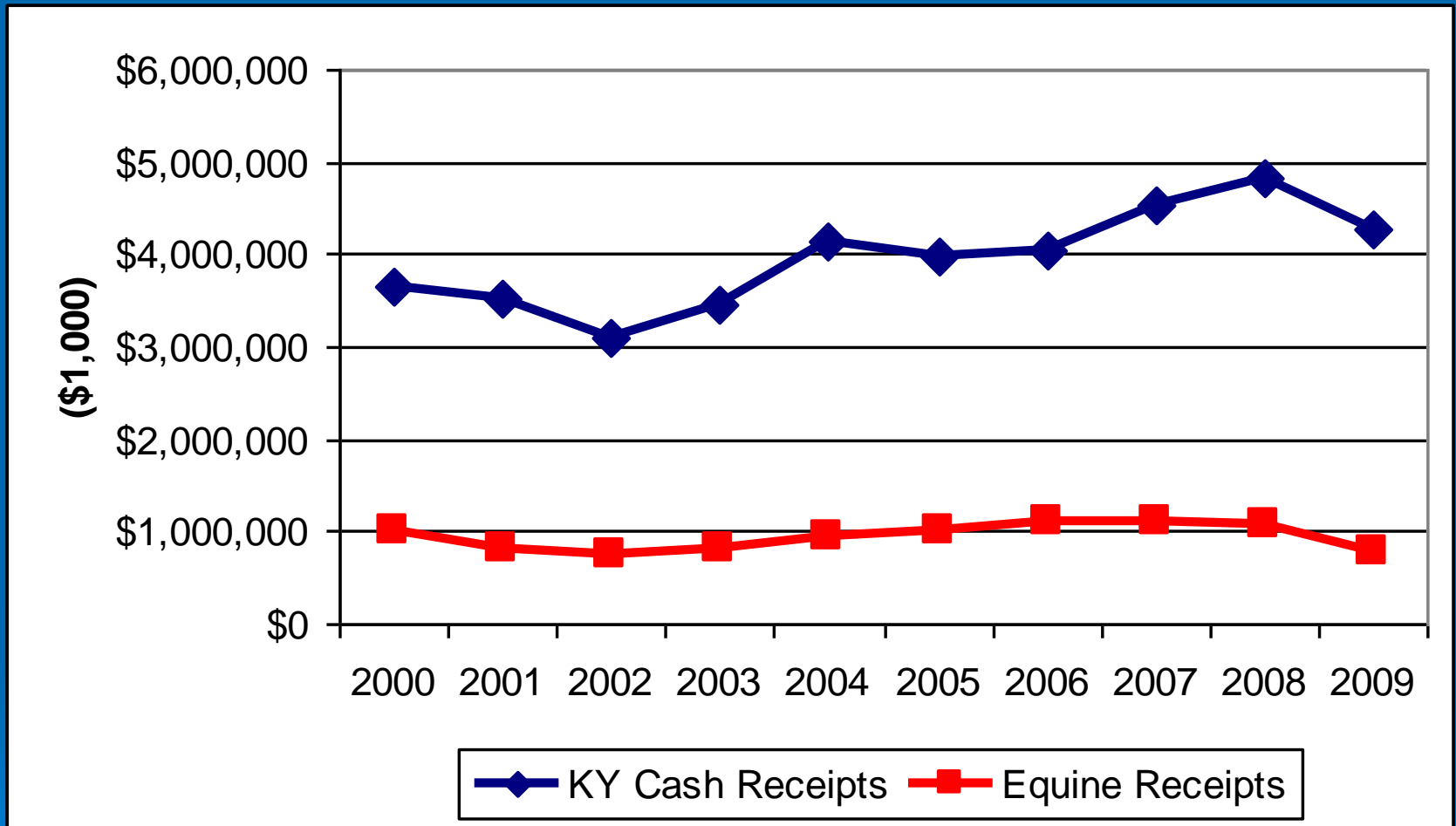
Beef, Dairy, Equine, Poultry, Hogs, Sheep, and Goats

Kenny Burdine and Lee Meyer
UK Ag Economics

Overview of Equine Industry

- Fell behind poultry in 2009 cash receipts
 - Will stay there in 2010
- T-bred sales make up nearly $\frac{3}{4}$ of equine receipts, balance is stud fees
- Majority of horses used recreationally, fewer dollars, more producers
 - Still challenges with recreation demand and lack of slaughter market

Racing: Receipts and Sales

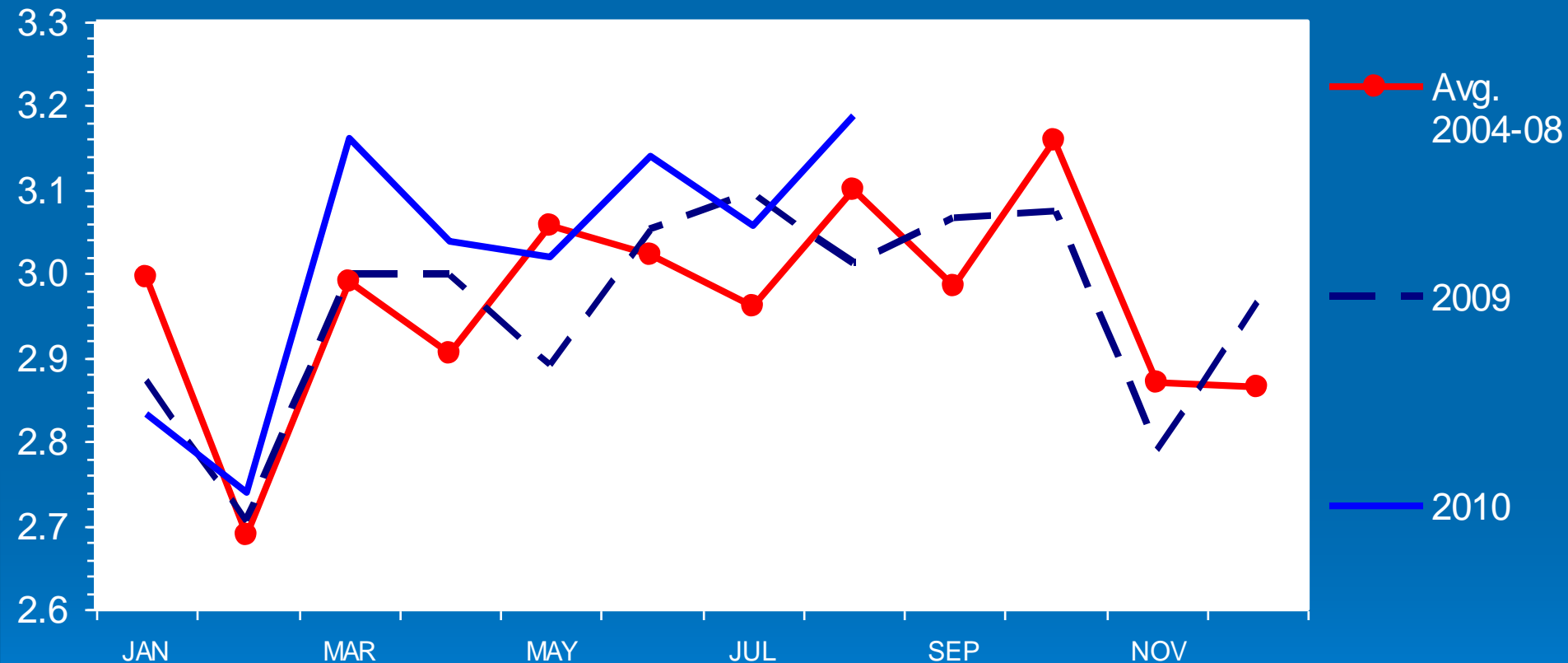


Poultry

BROILER PRODUCTION

Federally Inspected, Ready-to-Cook Weight, Monthly

Bil. Pounds



Livestock Marketing Information Center

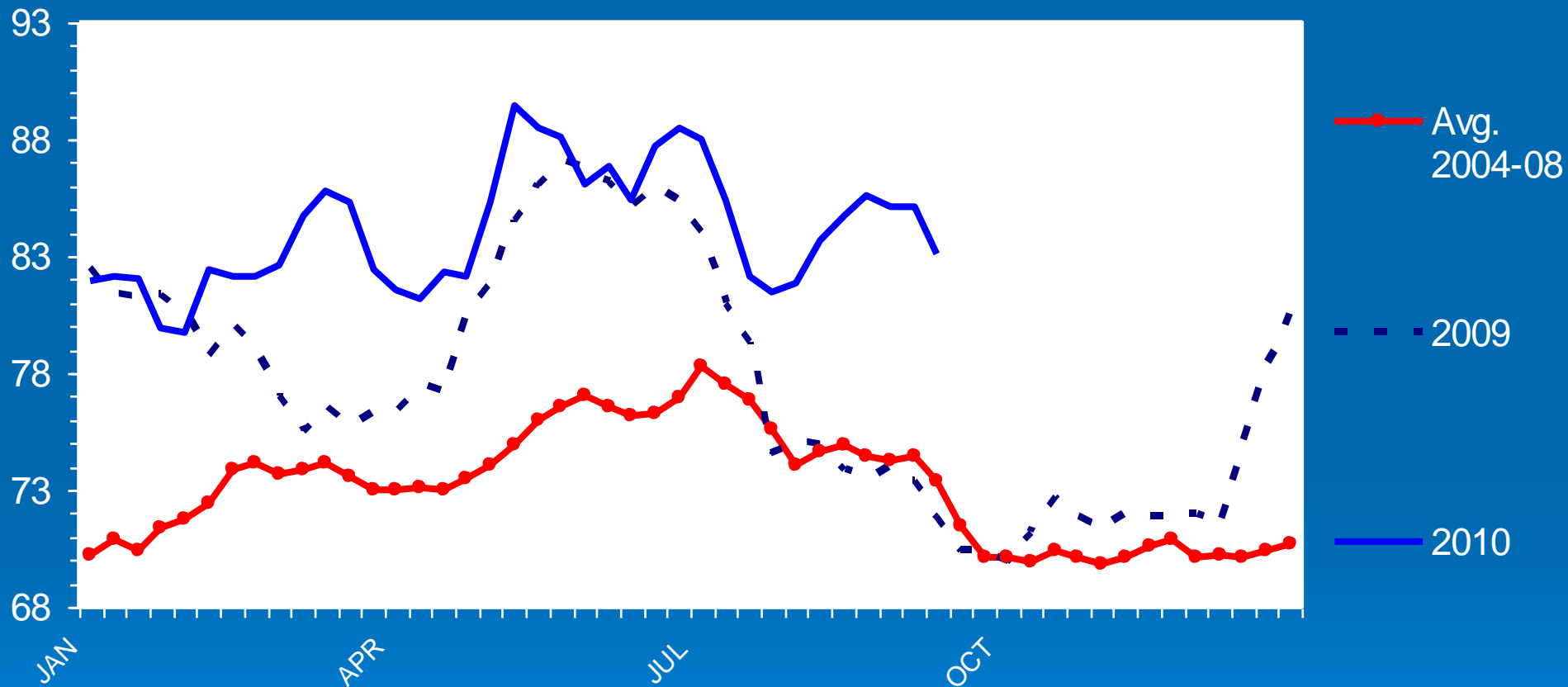
Data Source: USDA/NASS

P-S-12
09/27/10

BROILER PRICES

12-City Composite, Weekly

Cents Per Pound



Data Source: USDA-AMS, Compiled by LMIC

P-P-01
09/20/10

Broiler Market Summary

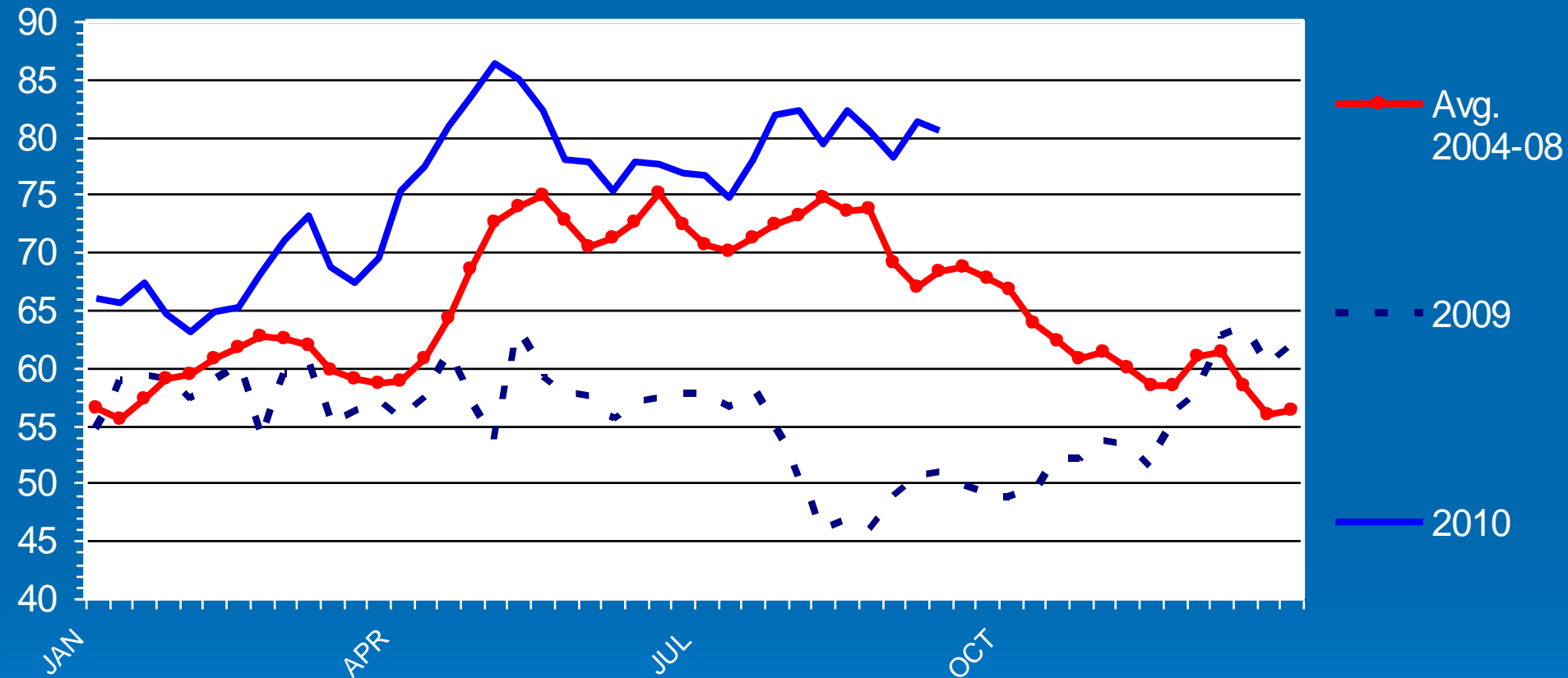
- Largest gross farm income source in Ky. Ag.
- Production up 3%, per person consumption continues to increase
- Exports are very important (about 20% of production)
- Prices are up, and are expected to be higher again in 2011, averaging in the \$.83 - .88 range
- Profits will be hurt by higher feed costs

Hogs

BARROW AND GILT PRICES

Iowa - So. Minnesota, Carcass Base Price, Weekly

\$ Per Cwt.



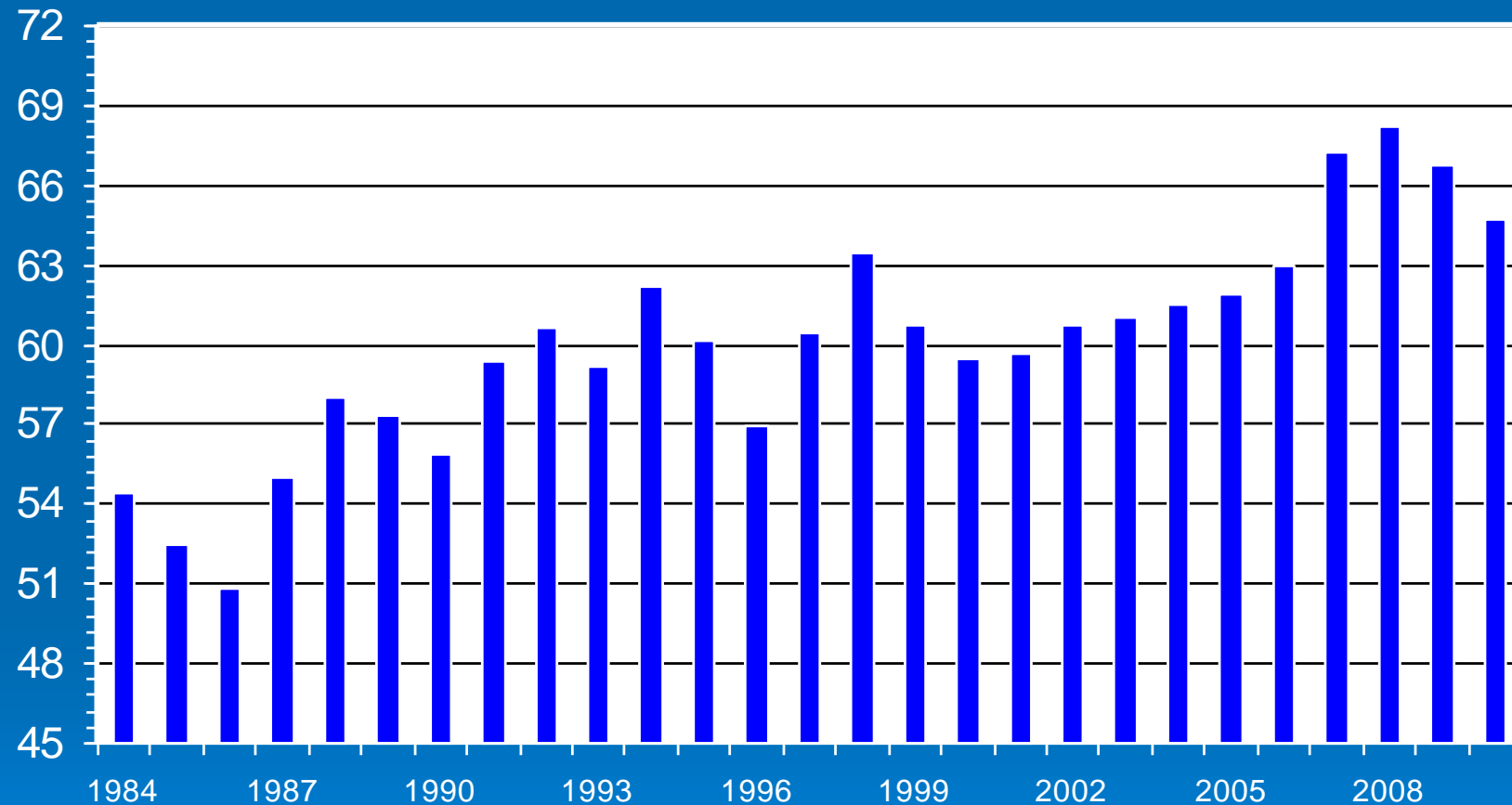
Data Source: USDA-AMS, Compiled & Analysis by LMIC

H-P-09
09/20/10

SEPTEMBER 1 ALL HOGS AND PIGS

U.S. Inventory (Prior to 1988 Estimated)

Mil. Head



Livestock Marketing Information Center

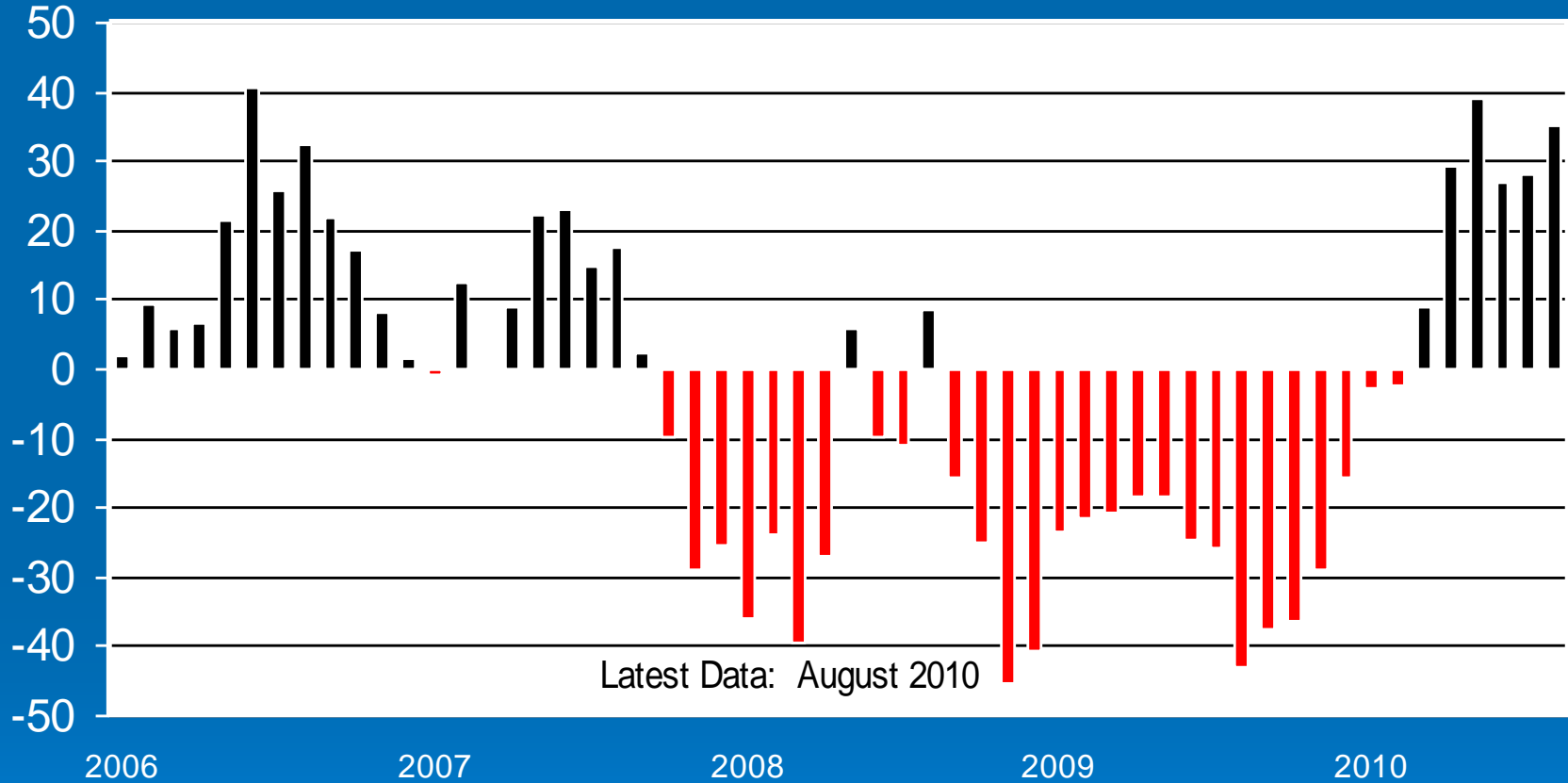
Data Source: USDA/NASS

H-N-14
06/25/10

IOWA MARKET HOG PROFIT

Farrow/Finish, Monthly

\$/Head



Livestock Marketing Information Center

Data Source: Iowa State University

09/17/10

Hog Market Summary

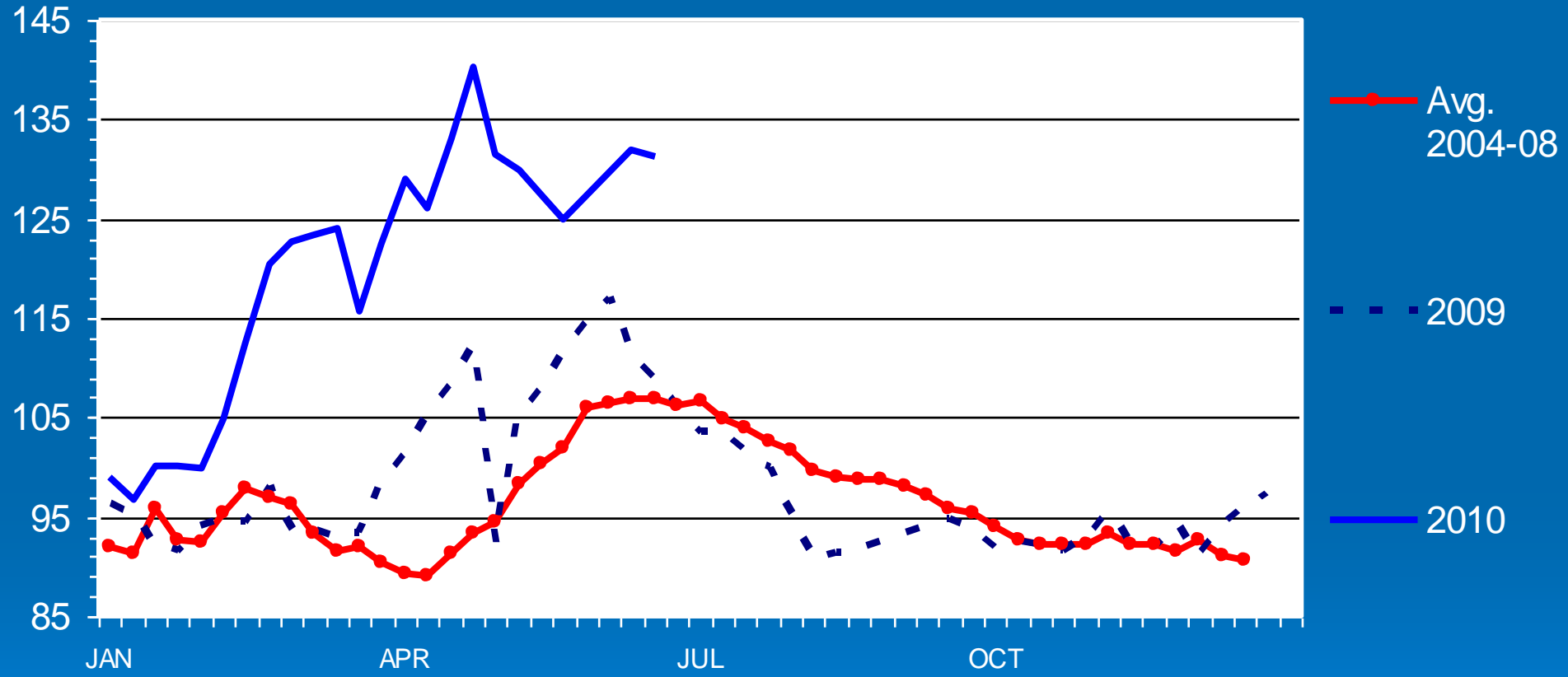
- Remarkable recovery in prices – up 60% from year ago (Oct.), and 2010 will average 35% higher than 2009;
- Price gains are from lower production, and stronger demand – at home and exports;
- Sow numbers down about 2%, but even production for 2011 with better efficiency;
- Futures markets for 2011 in the \$80 to \$85 range, about same as 2010
- Profits hurt by increasing feeding costs.

Sheep and Goats

SLAUGHTER LAMB PRICES

Wooled, 110-130 lbs, Sioux Falls, Weekly

\$ Per Cwt.



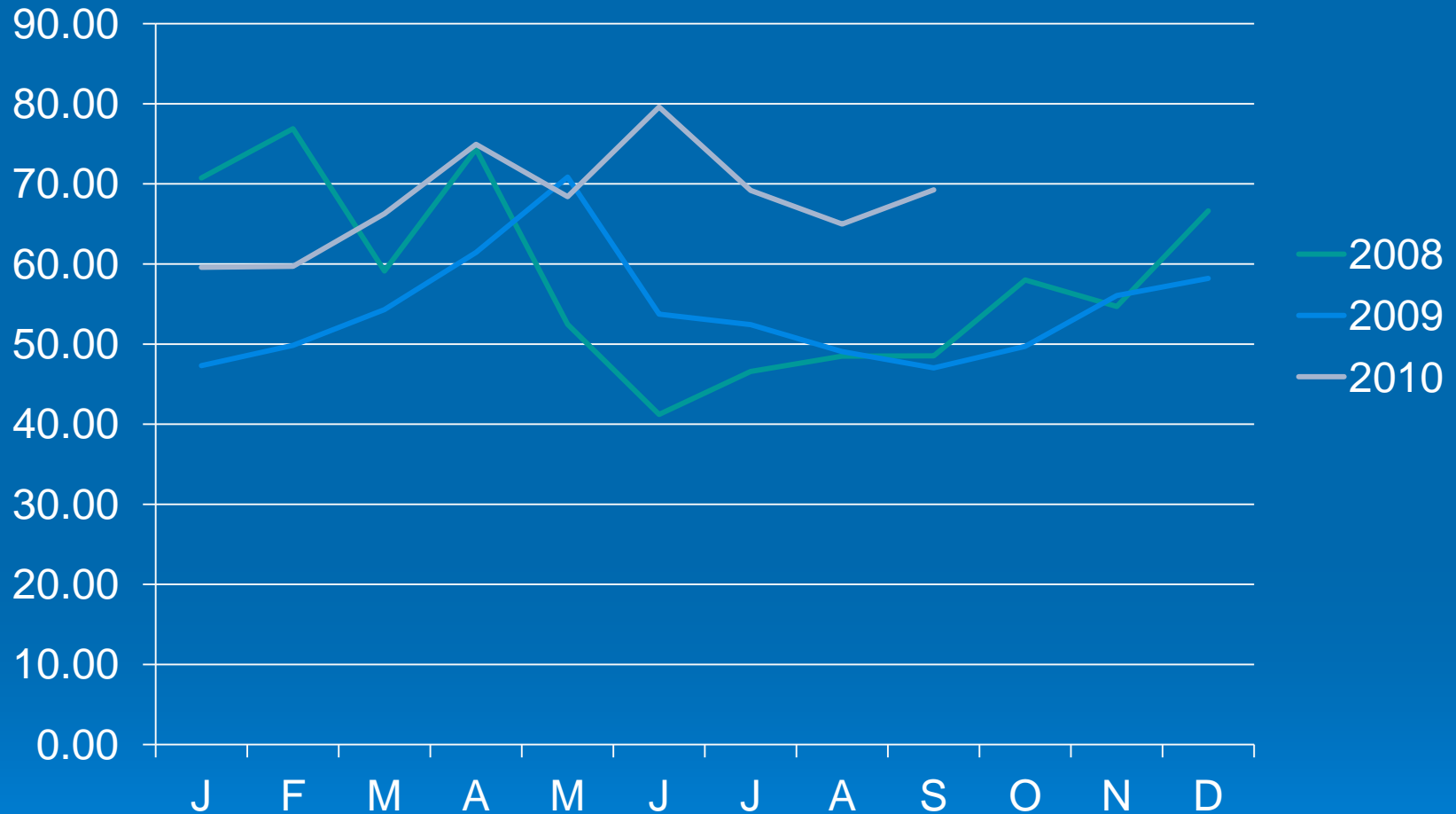
Data Source: USDA-AMS, Compiled by LMIC

S-P-05
09/22/10

Meat Goat Prices

New Holland, PA

Sel. #2, 40-60 lbs. \$ per head



Lamb and Goat Summary

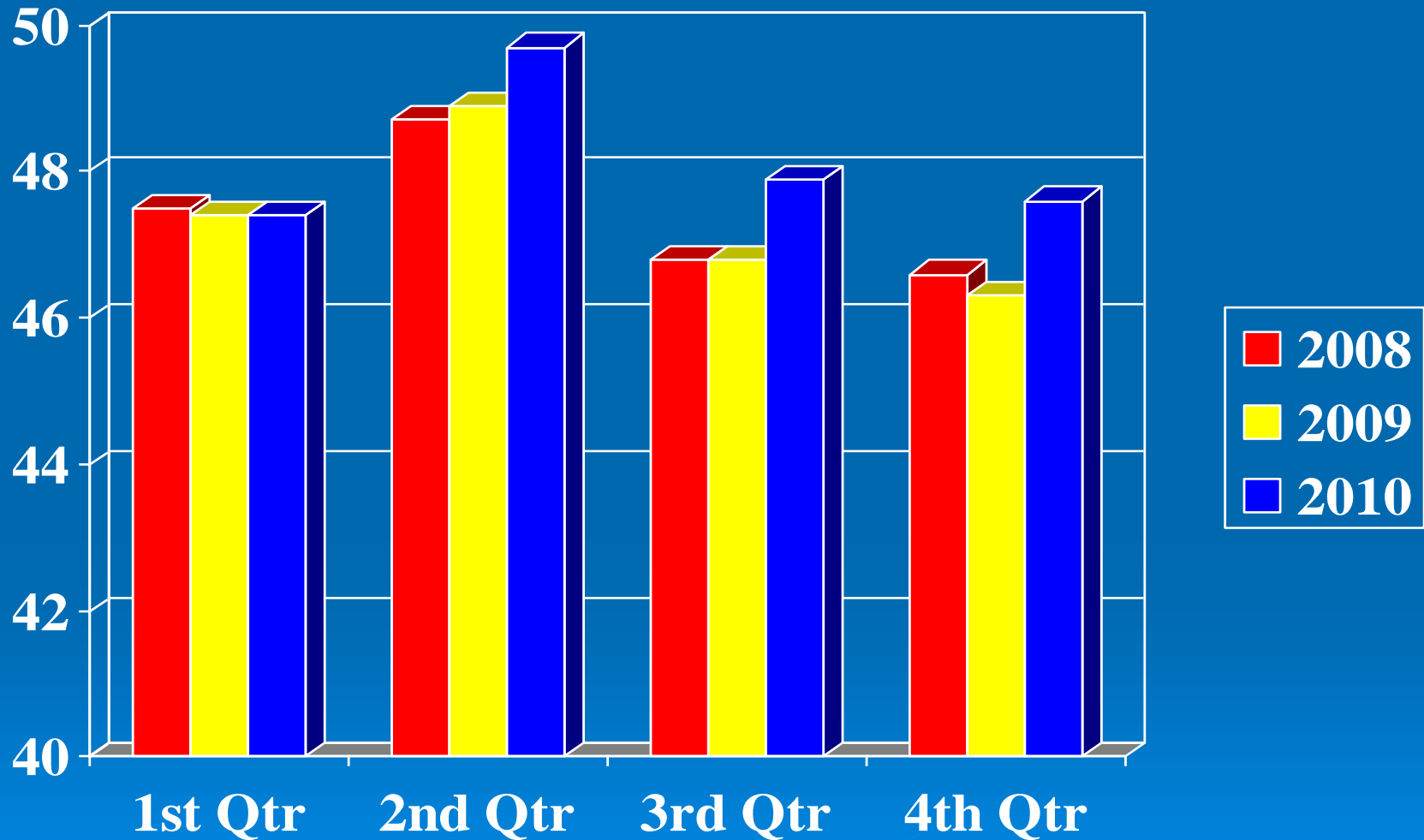
- Ky sheep numbers down 7% to 37,000
- Lamb prices up about 20% from last year, selling for \$1.40 – 1.50/lb.

- Ky goat numbers are unchanged at 79,000
- Goat prices up 20%, with Selection #2 40-60 lb. kids selling for \$1.35/lb.

- Both goat and lamb prices likely to continue at these high levels (stronger economy, weak \$ compared to NZ)

Dairy

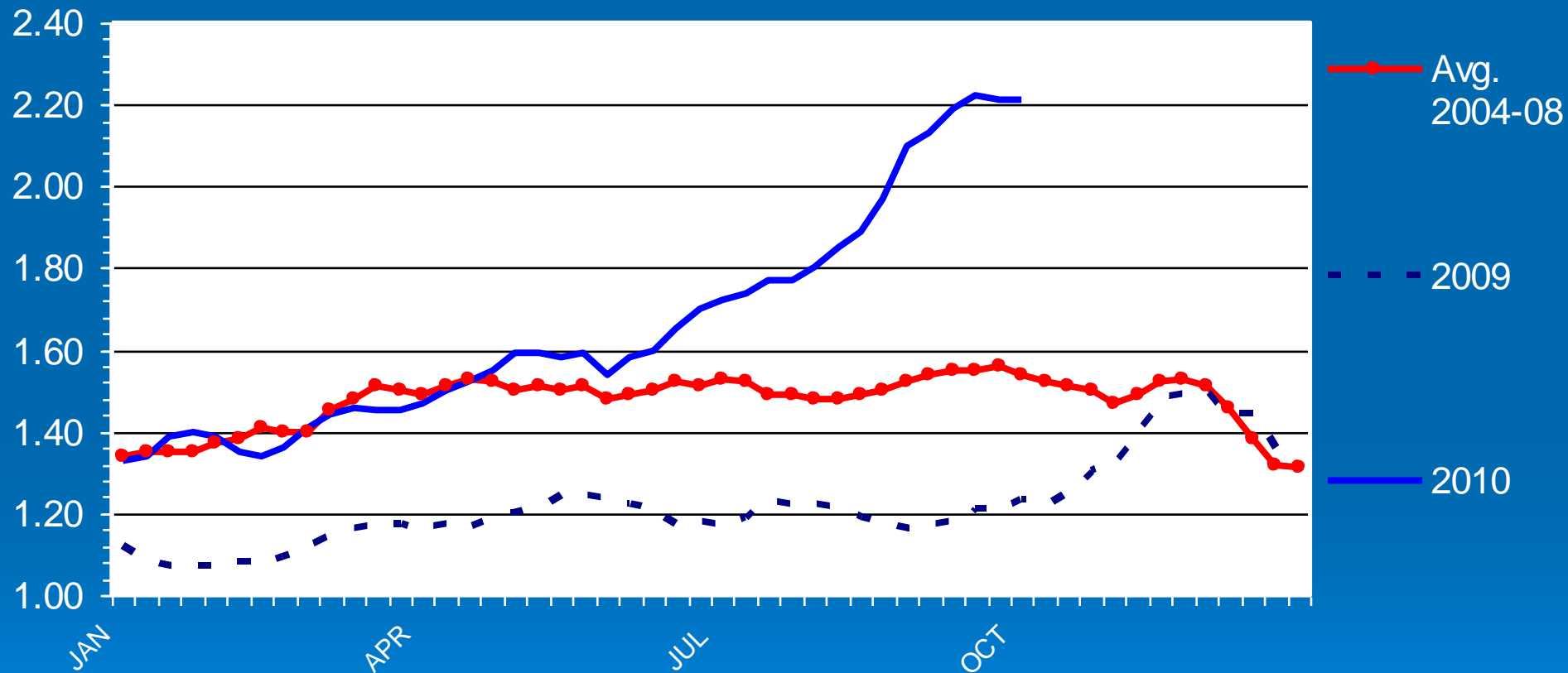
US Milk Production (billion lbs)



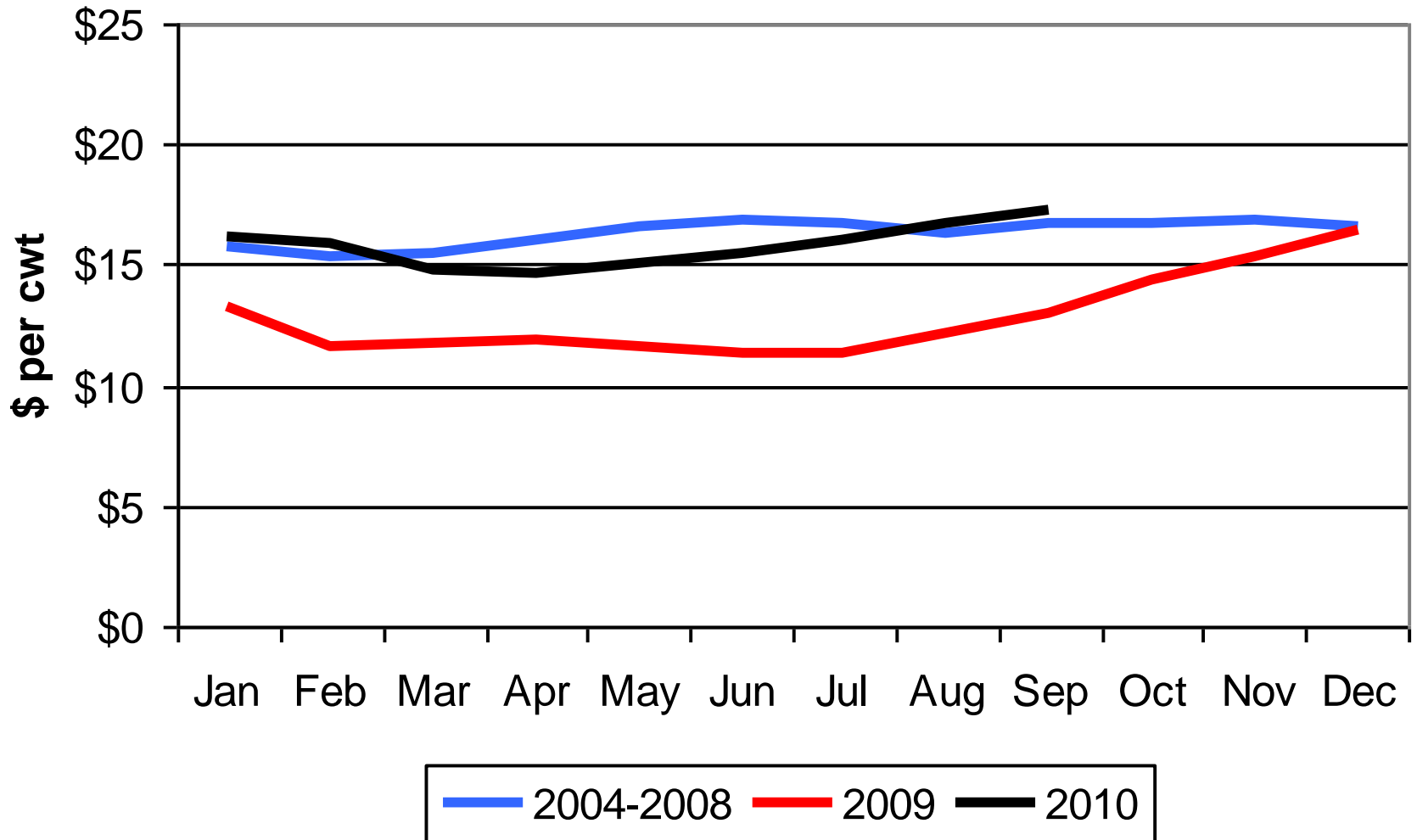
BUTTER PRICES

US, Weekly

\$ Per Pound



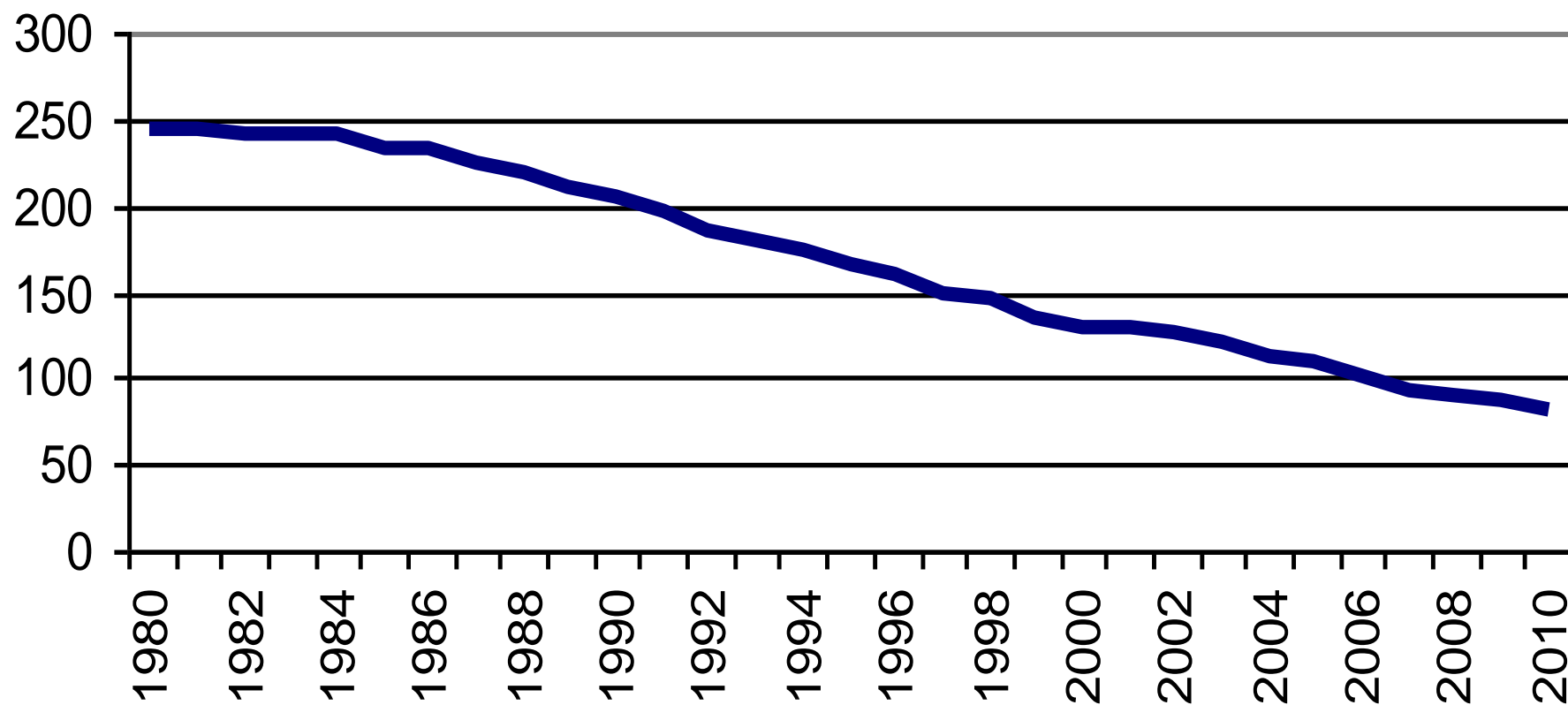
US All Milk Price



2010 Dairy Outlook

- Milk production likely to increase again
 - Primarily milk per cow
- World production was down in 2009, good chance for increase in 2010
- USDA projecting \$17-20
- I'm seeing \$15-18

KY Dairy Cow Inventory



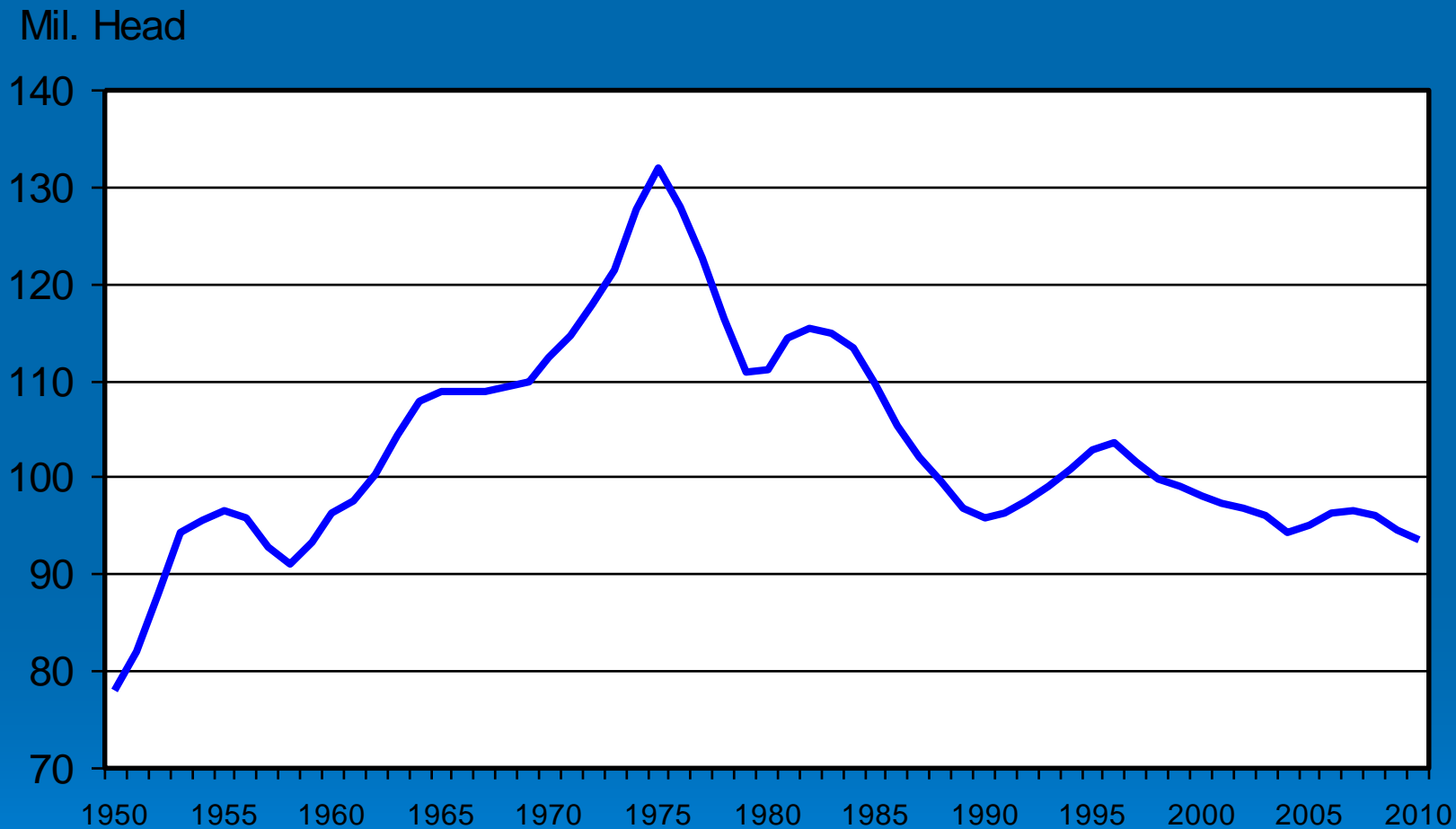
Beef Cattle

Cattle Market Summary

- Cattle numbers low, and likely dropping
- Weather
- Large corn crop, but a lot of difficulty getting a feel for size
- Feedlots saw some black ink this spring
 - Fed market has improved
- Questionable wheat grazing conditions and expensive wheat

JANUARY 1 TOTAL CATTLE INVENTORY

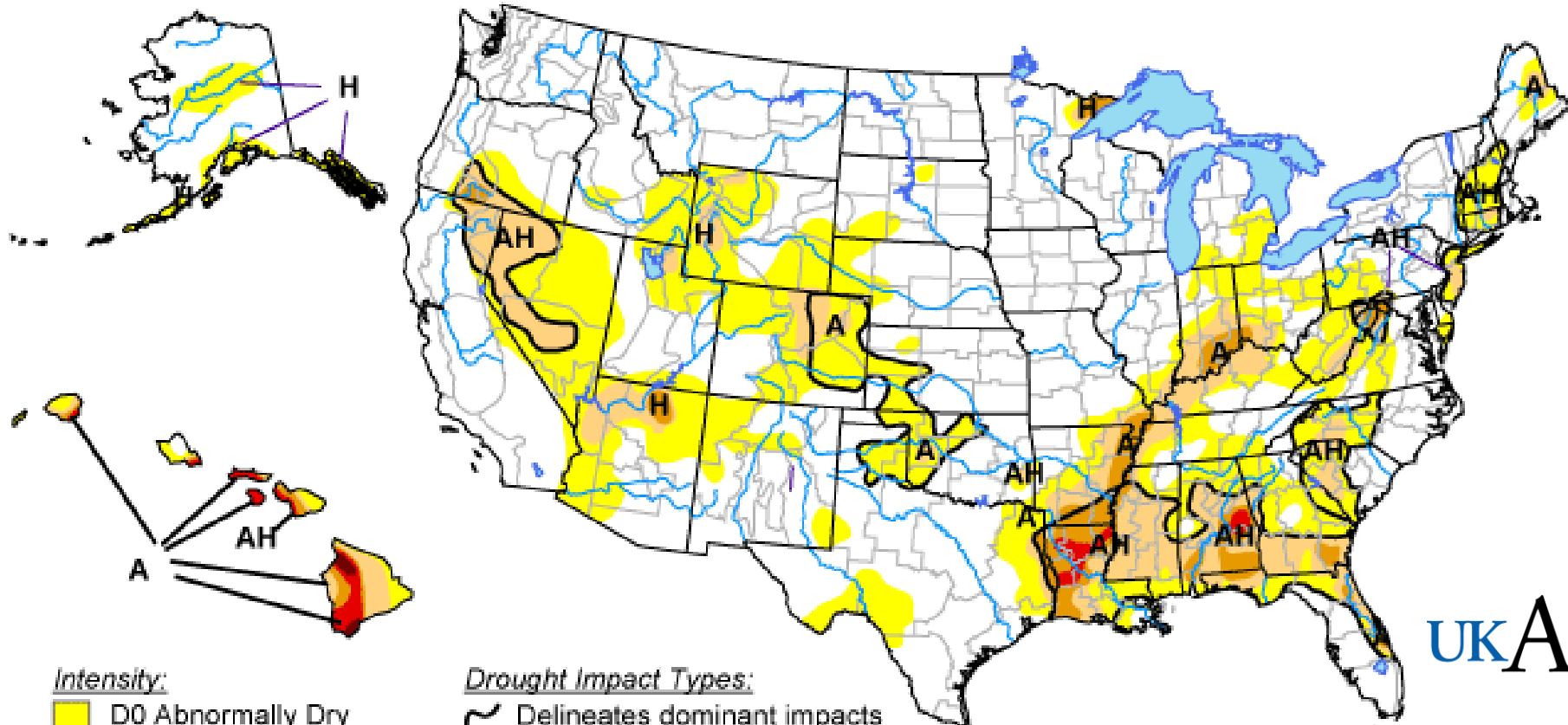
U.S., Annual








U.S. Drought Monitor

October 5, 2010


Valid 8 a.m. EDT



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)

UKAg

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



Released Thursday, October 7, 2010

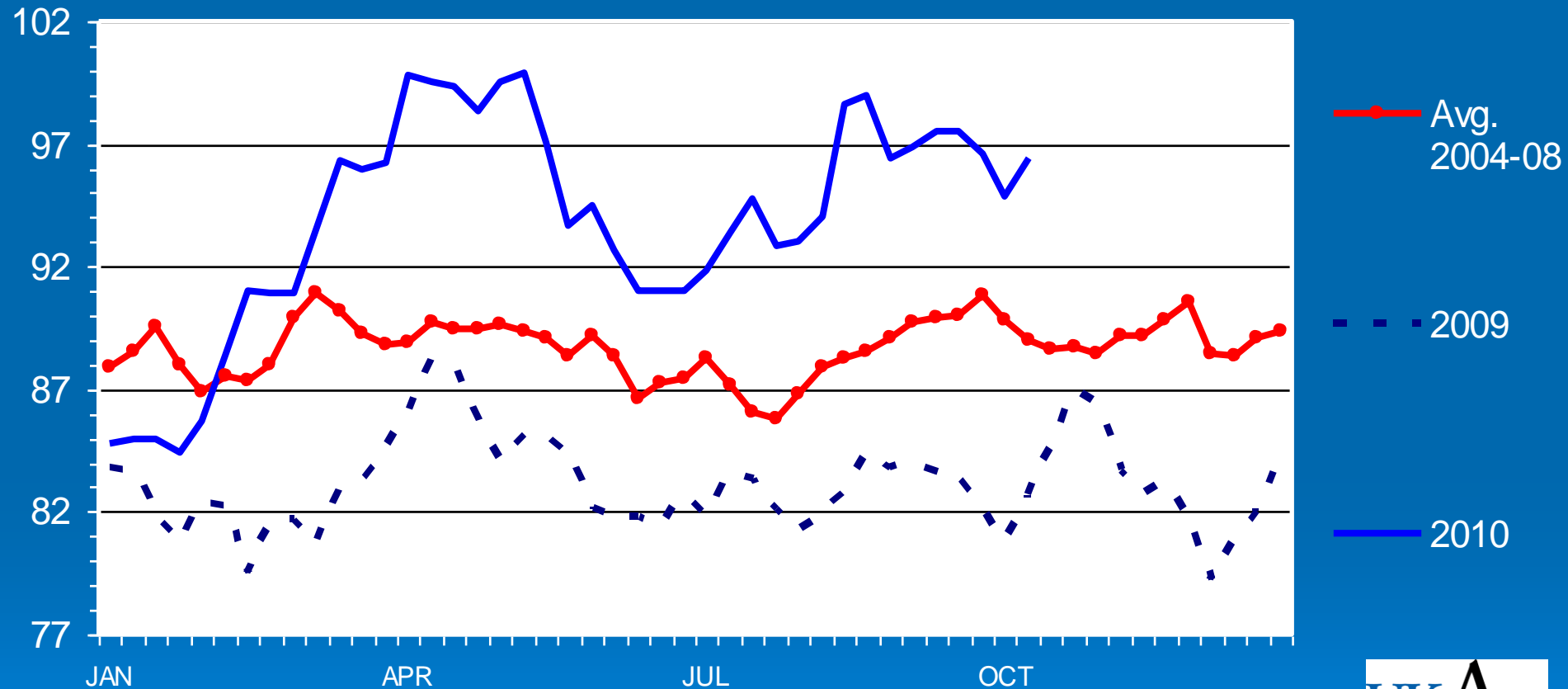
Author: Laura Edwards, Western Regional Climate Center

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

SLAUGHTER STEER PRICES

5 Market Weighted Average, Weekly

\$ Per Cwt.



December Corn Futures

ZC Z0 [10] - CORN

LAST: 552'0

CHANGE: ▼ 5'2

HIGH: 582'0

LOW: 551'4

10/19/2010

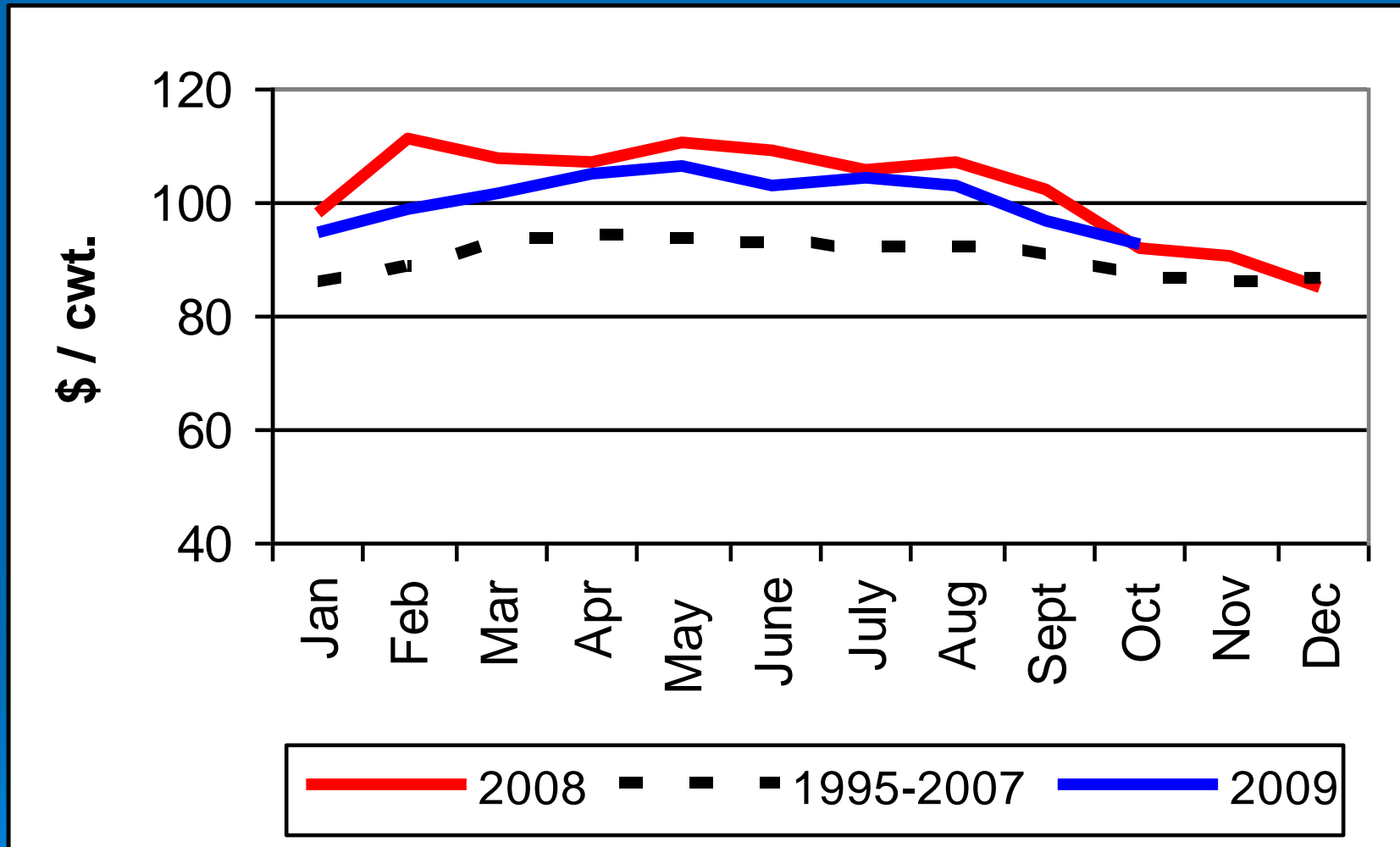


CME Group

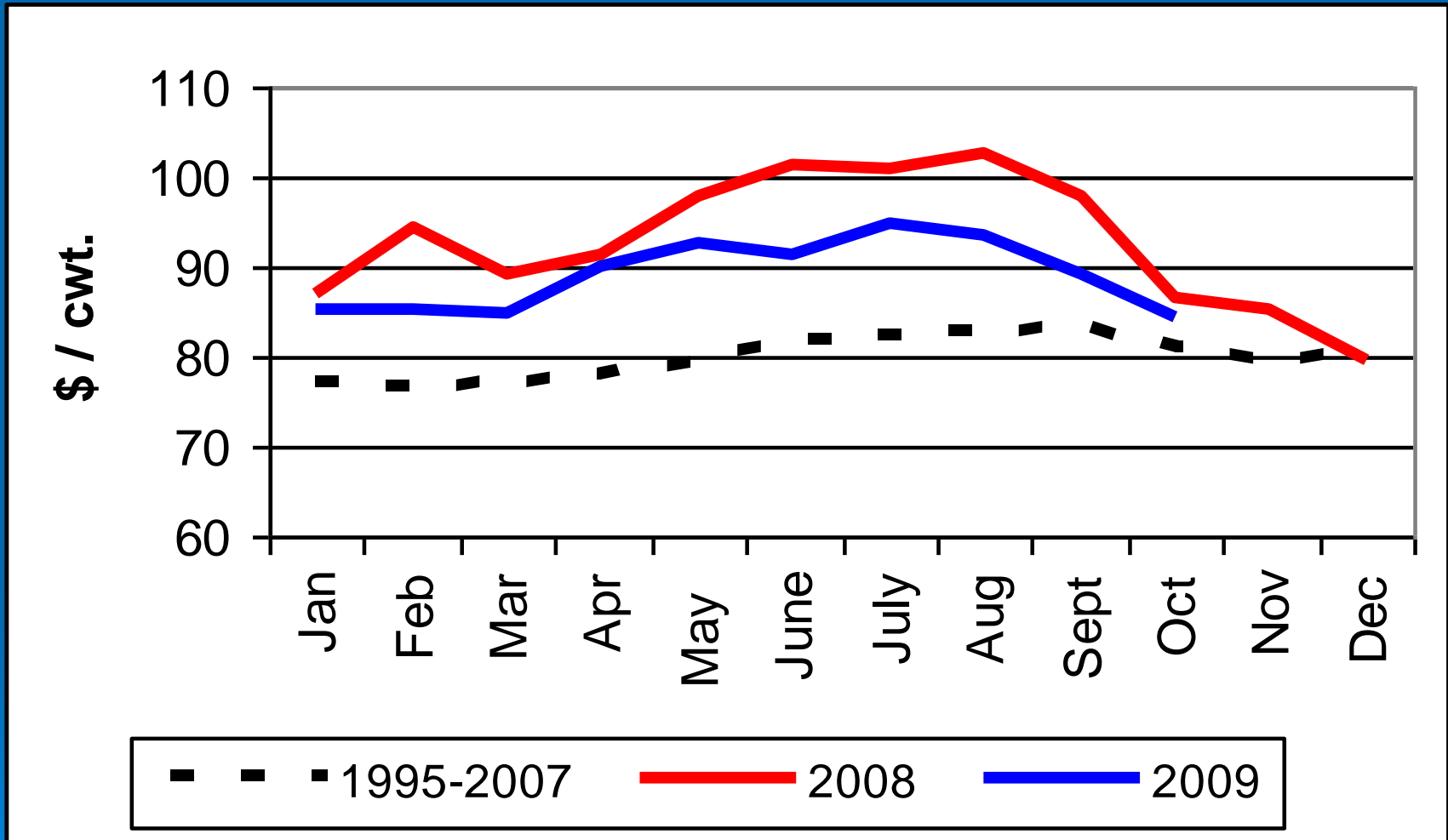
Market Expectations

- Calves likely have more downside
 - I look for 5wt steers in \$90's by November / December
 - I expect rally into spring, to put calves above \$110 again
- Heavy feeders
 - Price slides will tighten with higher corn prices
 - Spring futures hovering around \$110
 - 5wt steers average \$105 in KY
- Spring board upper \$110's, calf prices in mid-upper \$90's

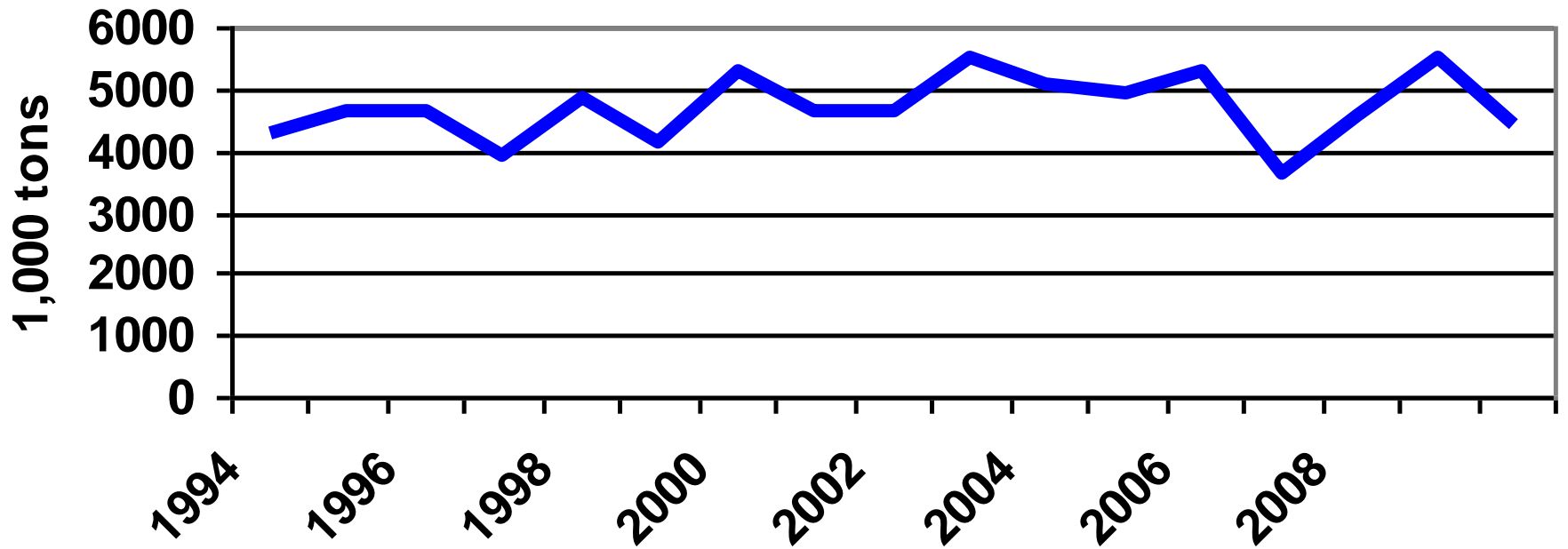
Med / Large Frame #1 Steers 500 to 600 lbs.



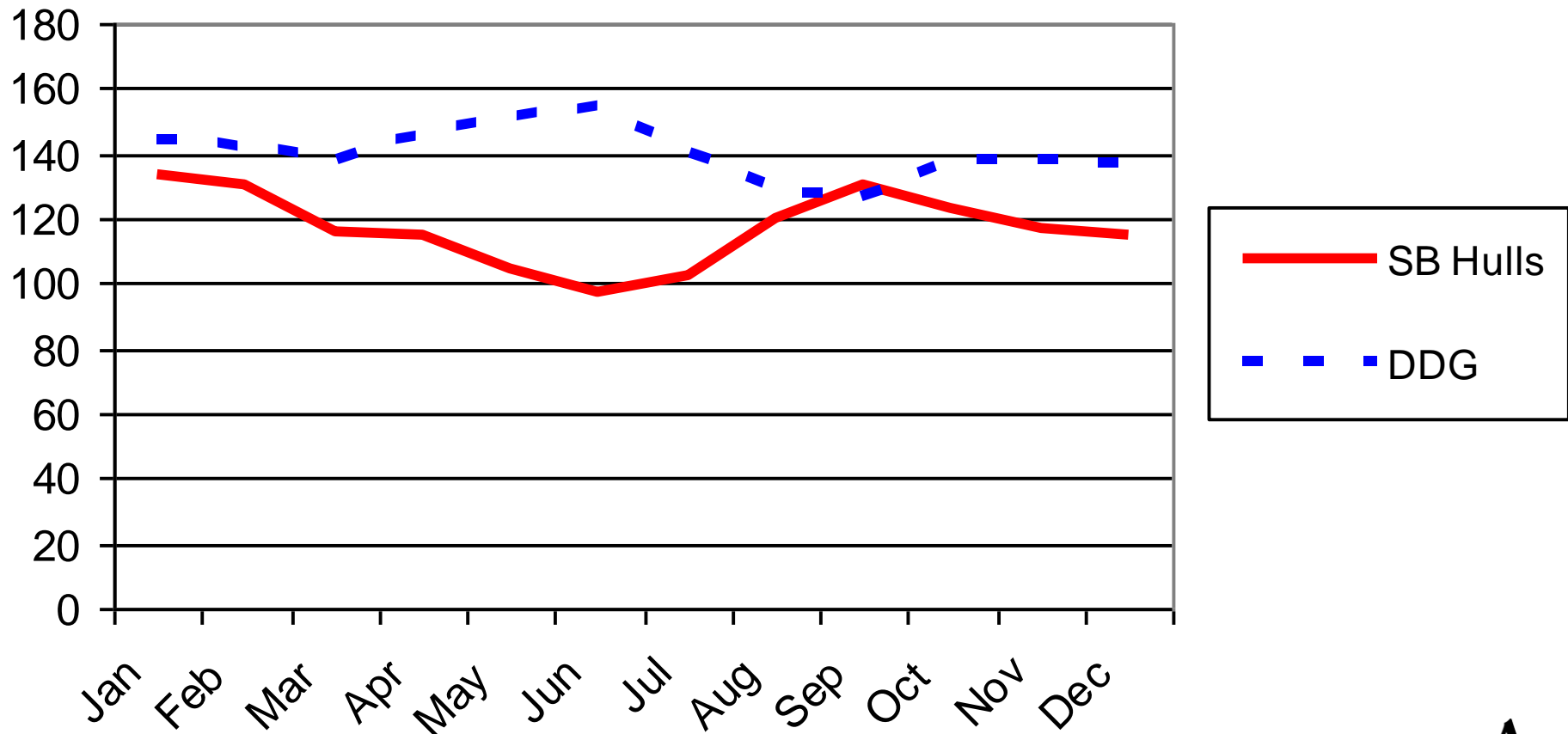
Med / Large Frame #1 Steers 700 to 800 lbs.



KY Hay Production

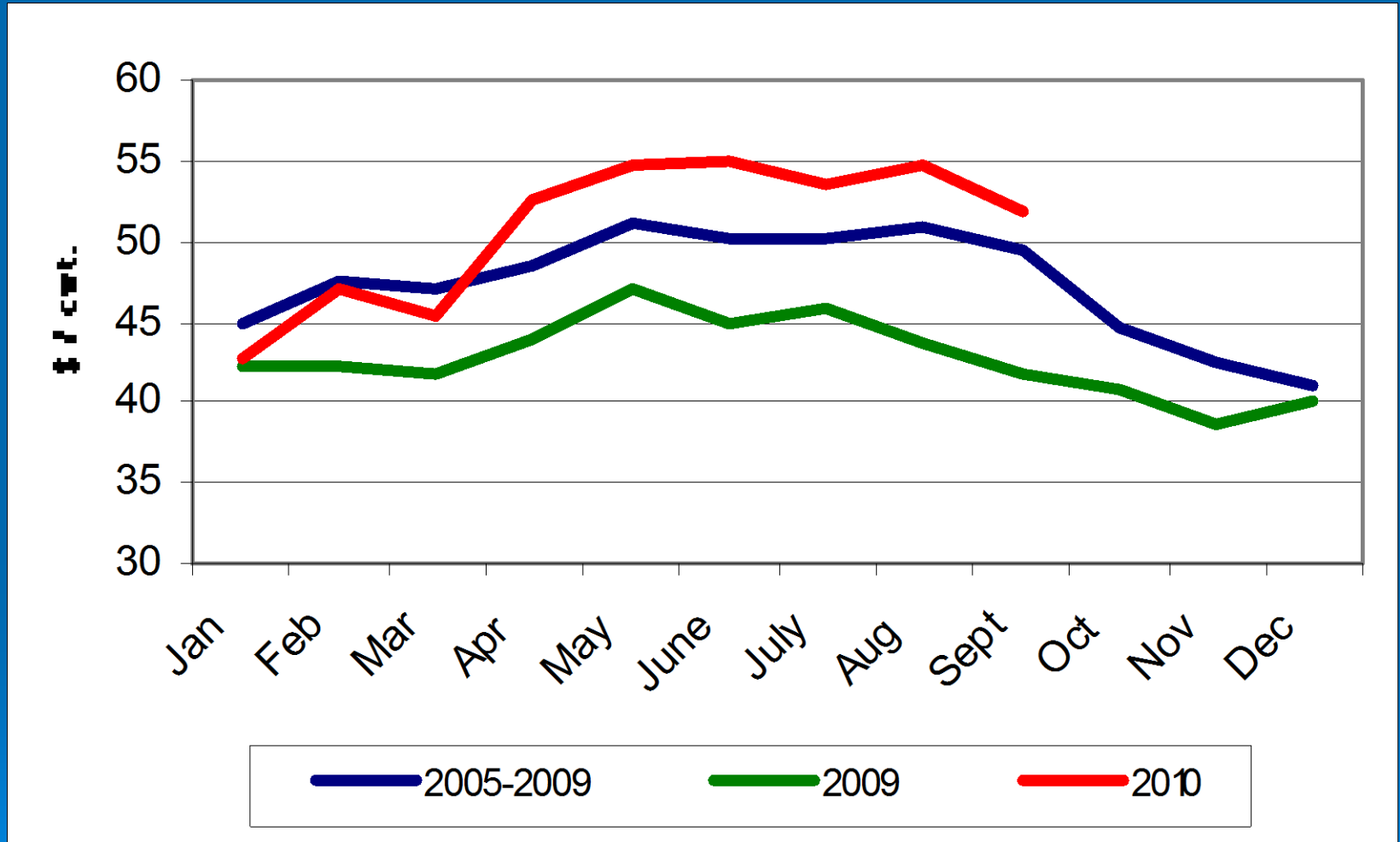


Wholesale Commodity Feeds (last 36 months)

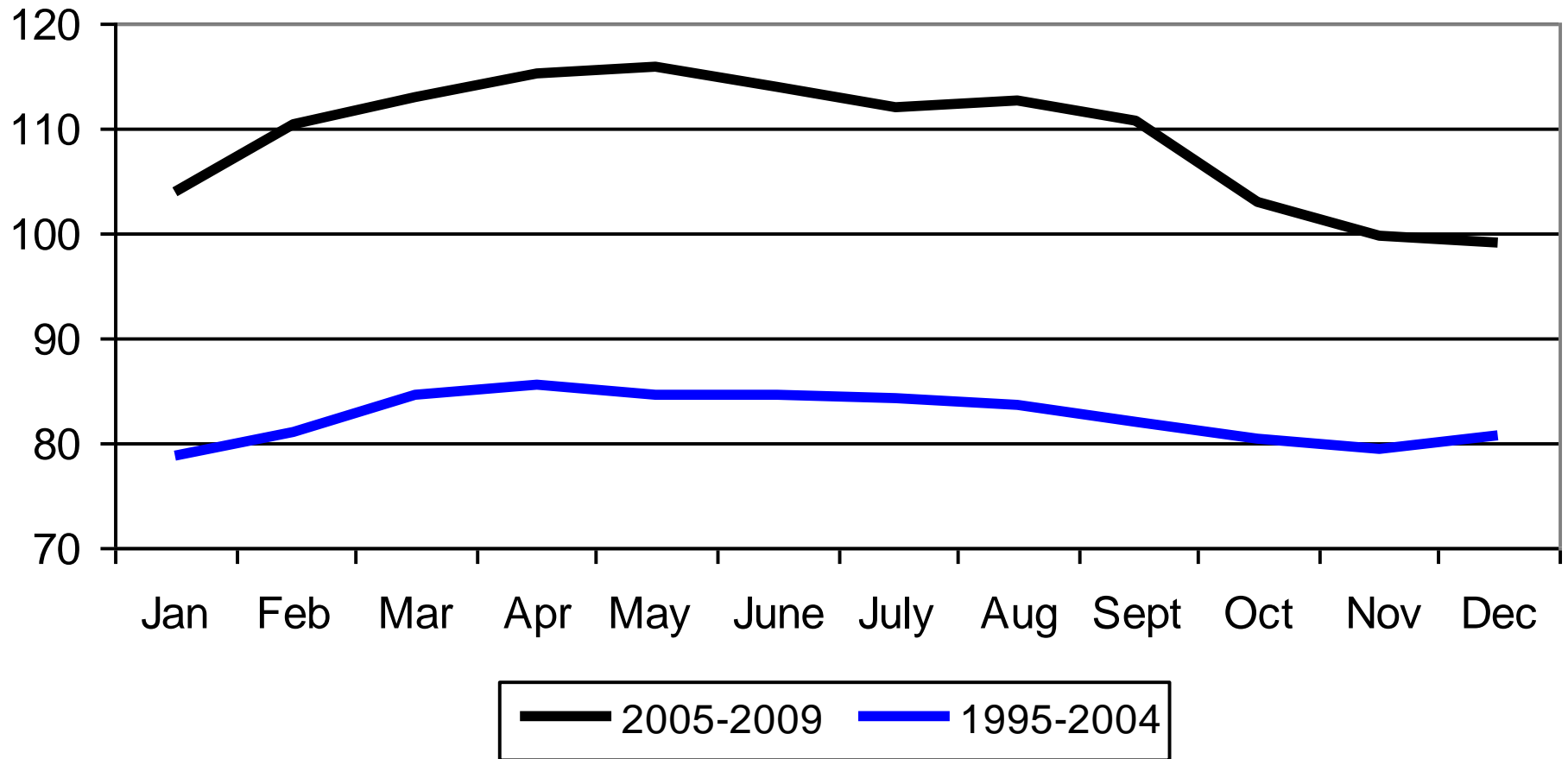


KY Cull Cow Prices

Boning 80-85%



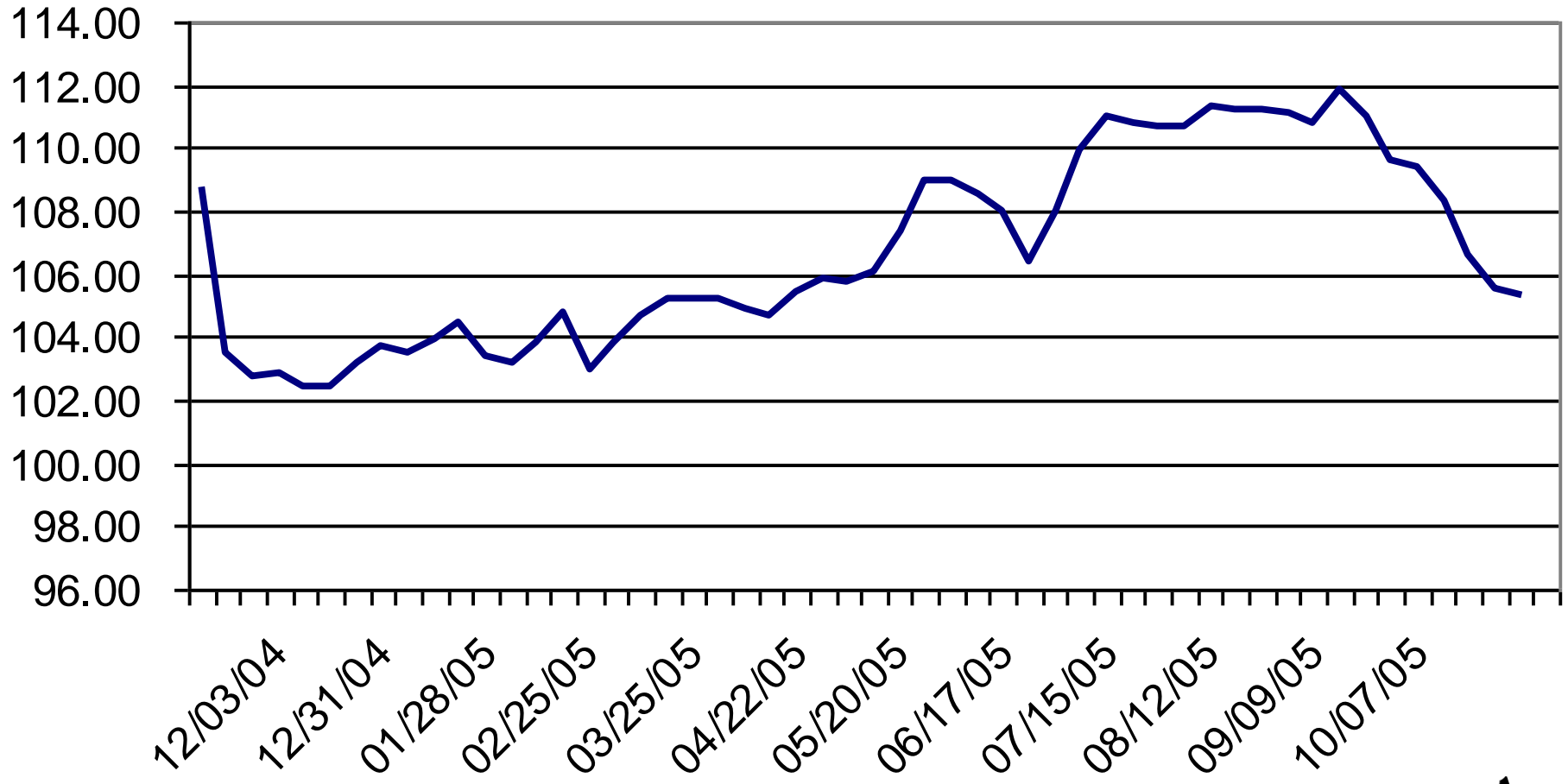
Medium / Large Frame #1 Steers 500 to 600 lbs



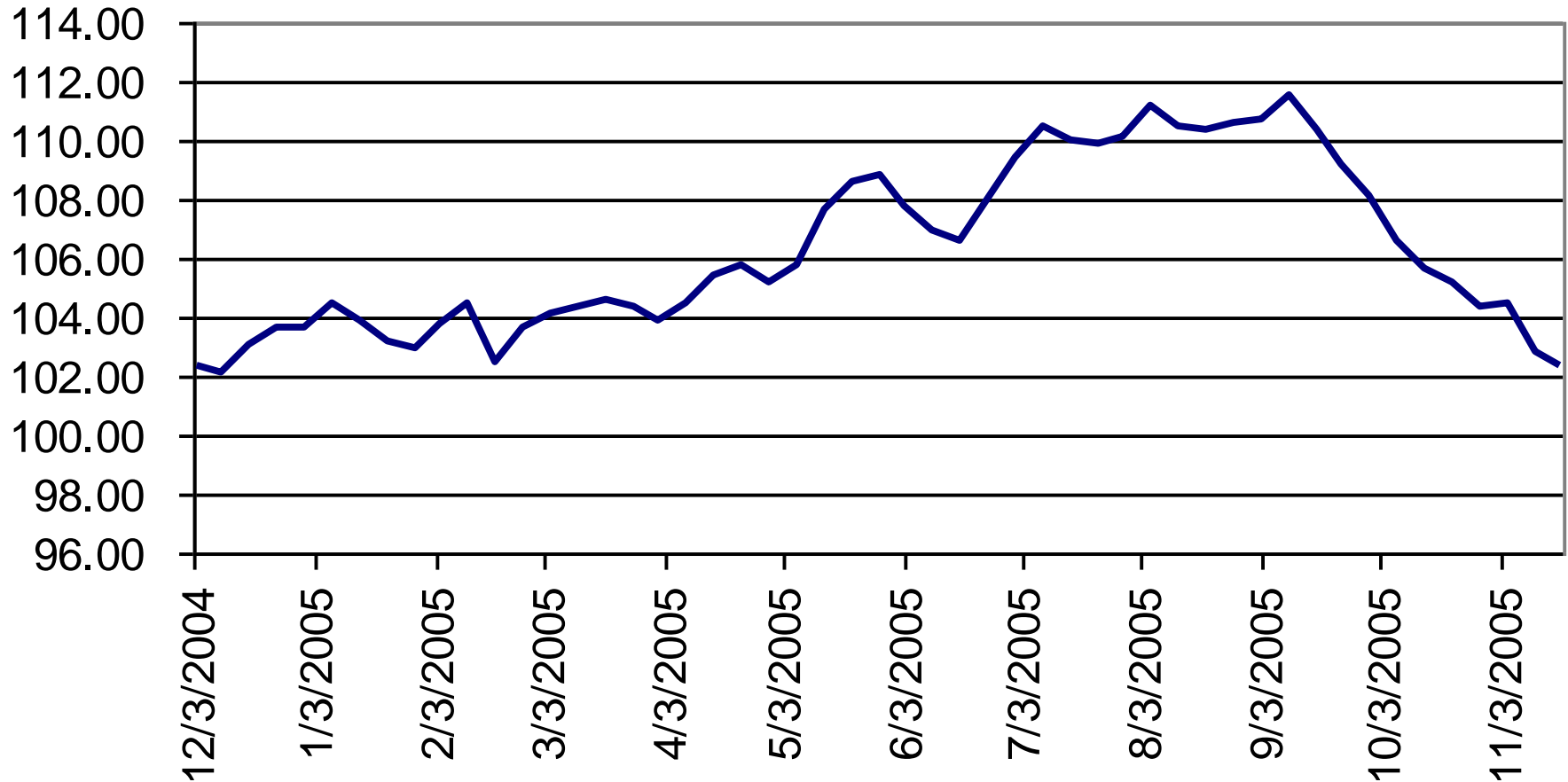
Timing of Post-weaning Sales (2004 to 2009)

- Wean 530# in October, sell 650# in Dec
 - \$61.72 gross margin to put on 120 lbs
 - must put gain on for \$0.51 per lb
- From 650# in December to 770# in Feb
 - \$87.87 gross margin to put on 120 lbs
 - Must put gain on for \$0.73
- (NOTE: This assumes no price premium)

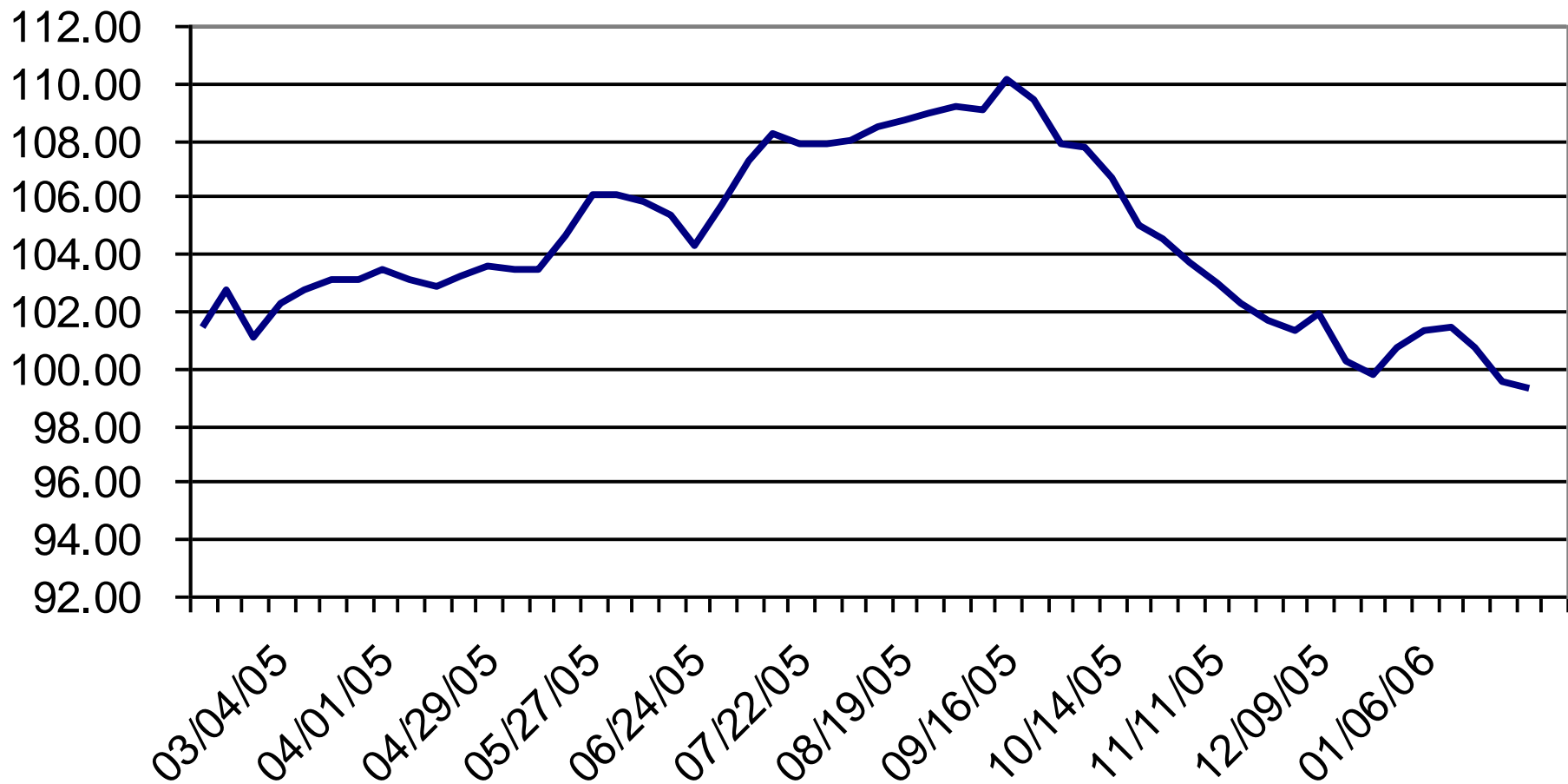
October 2005-2009



November CME Group Futures 2005 - 2009



January 2006 - 2010



Basic Backgrounding Budget (October to March)

550# steers @ \$1.07	\$588.50
Hay (12 lbs @ \$75 / ton)	\$67.50
Hulls / Gluten (7 lbs @ \$160)	\$84.00
Mineral (.25 lbs at \$20 / bag)	\$15.00
Vet / Med	\$20.00
Interest (6%)	\$19.11
Death Loss (2%)	<u>\$17.00</u>
	\$811.11

BE Price = \$95 on 850 steers

March / April Futures at \$110-112