



University of Kentucky
UKnowledge

Agricultural Economics Presentations

Agricultural Economics

10-2010

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

Kenneth H. Burdine

University of Kentucky, kburdine@uky.edu

A. Lee Meyer

University of Kentucky, lmeyer@uky.edu

Follow this and additional works at: https://uknowledge.uky.edu/agecon_present



Part of the [Agricultural Economics Commons](#), and the [Animal Sciences Commons](#)

Right click to open a feedback form in a new tab to let us know how this document benefits you.

Repository Citation

Burdine, Kenneth H. and Meyer, A. Lee, "Beef, Dairy, Equine, Poultry, Hogs, Sheep, and Goats" (2010).
Agricultural Economics Presentations. 5.

https://uknowledge.uky.edu/agecon_present/5

This Presentation is brought to you for free and open access by the Agricultural Economics at UKnowledge. It has been accepted for inclusion in Agricultural Economics Presentations by an authorized administrator of UKnowledge. For more information, please contact UKnowledge@lsv.uky.edu.

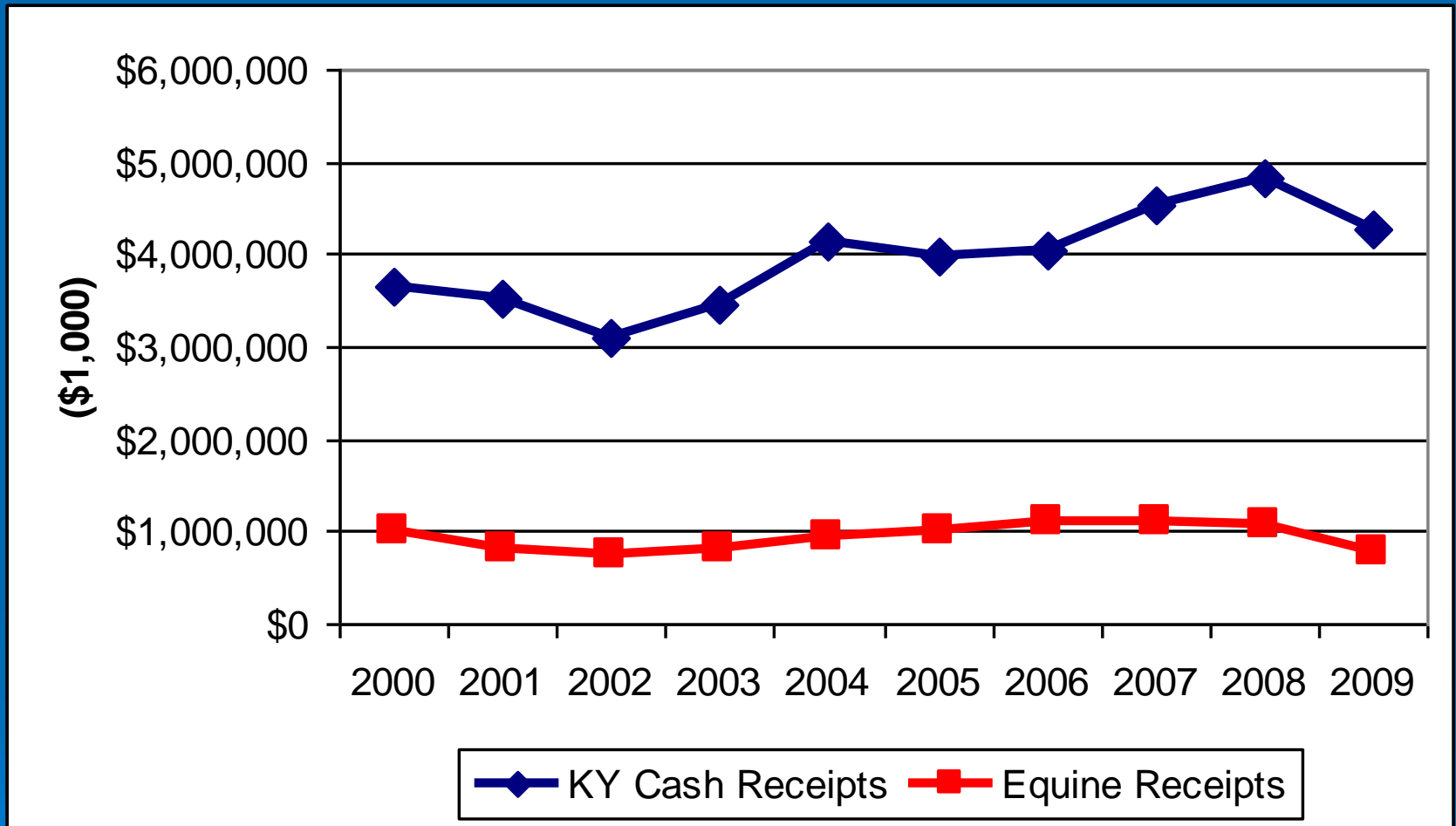
Beef, Dairy, Equine, Poultry, Hogs, Sheep, and Goats

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

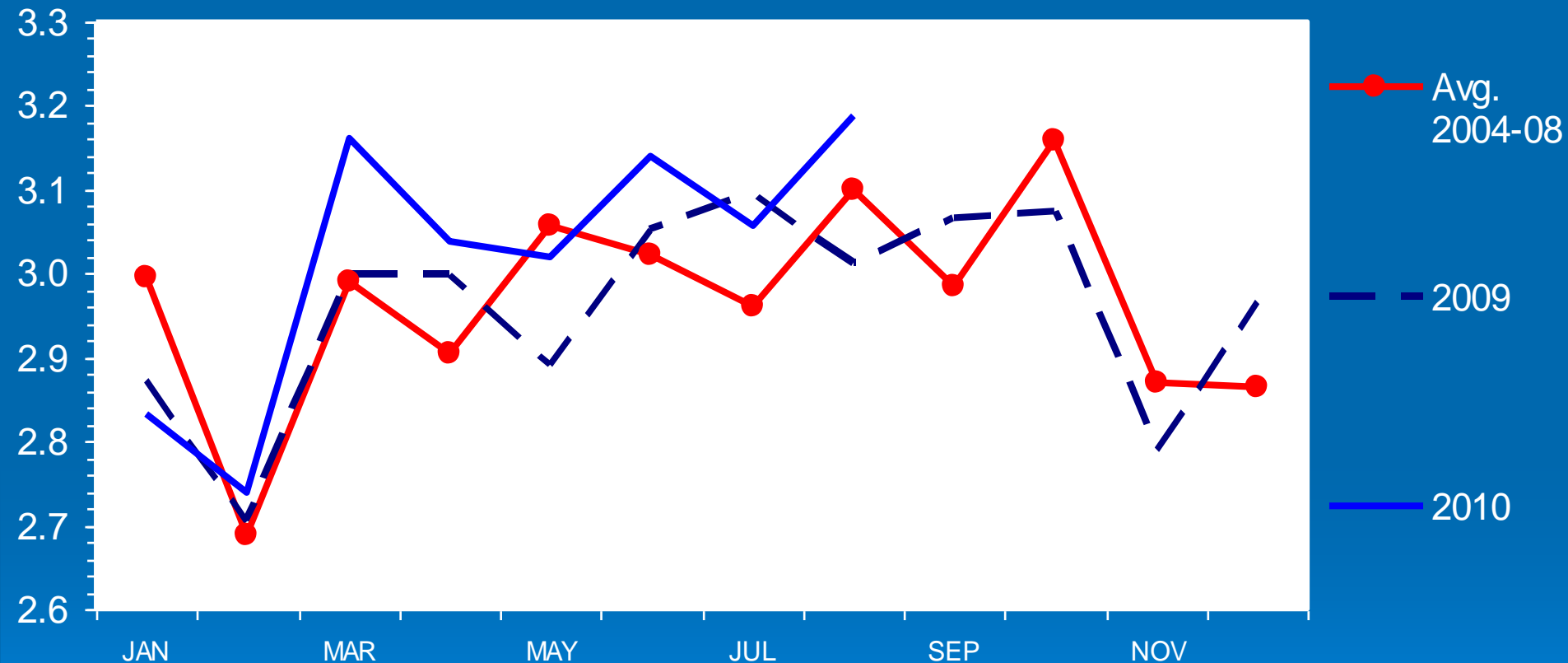


Poultry

BROILER PRODUCTION

Federally Inspected, Ready-to-Cook Weight, Monthly

Bil. Pounds



Livestock Marketing Information Center

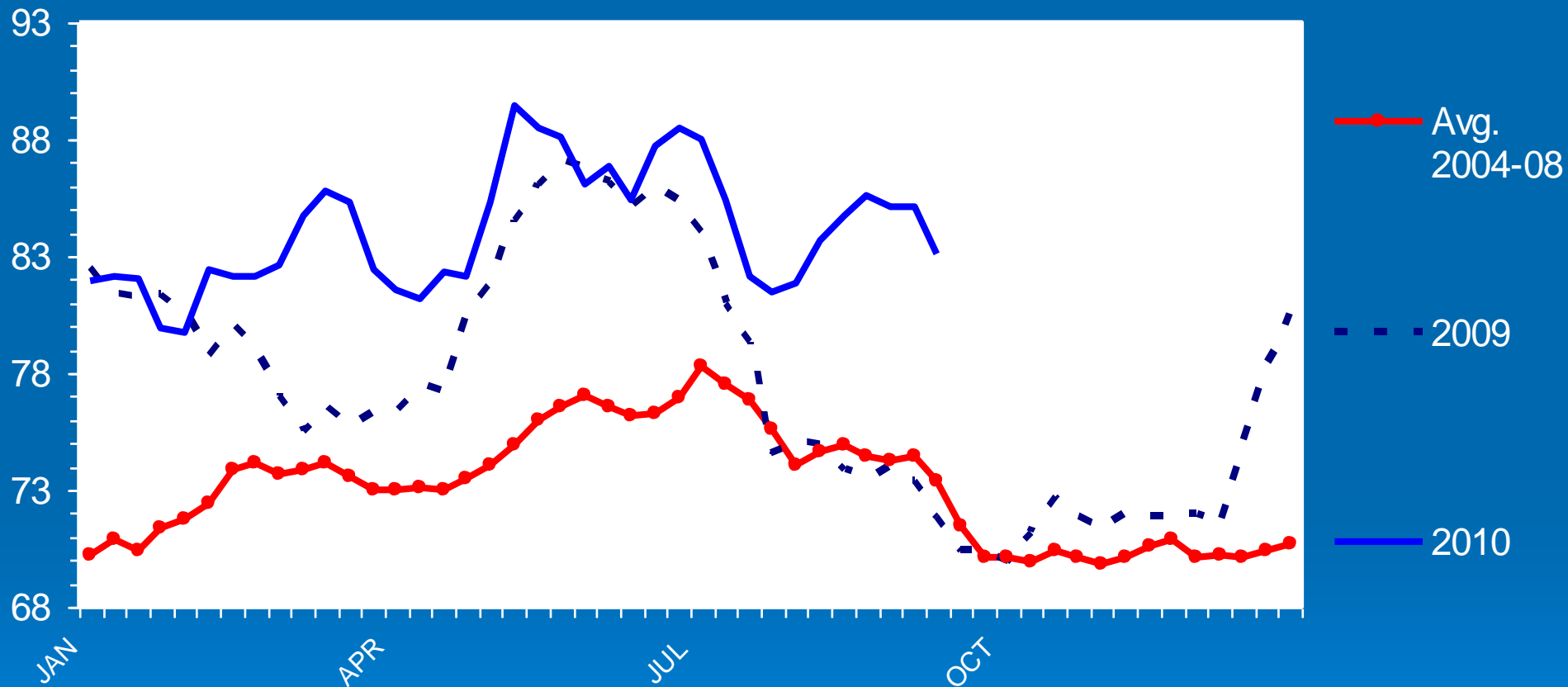
Data Source: USDA/NASS

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

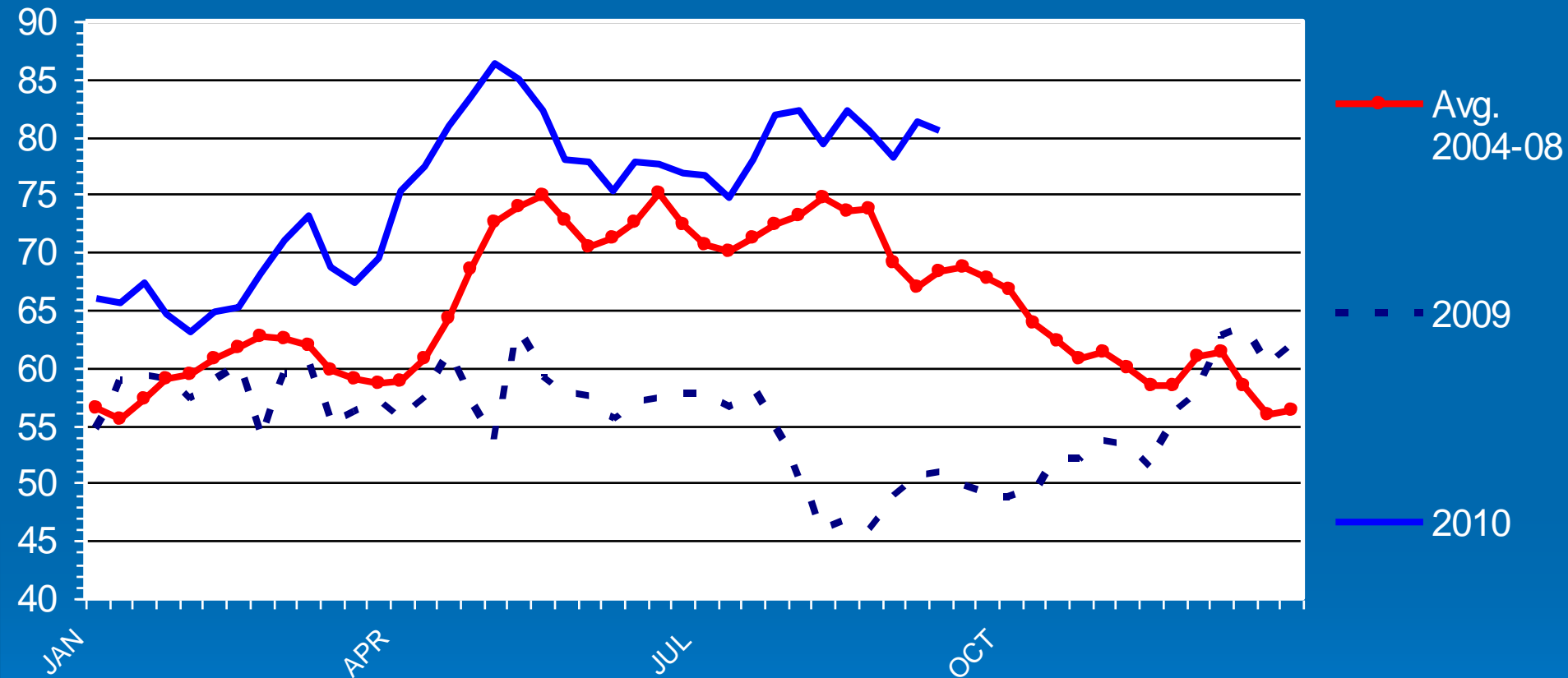
- Largest gross farm income source in Ky. Ag.
- Production up 3%, per person consumption continues to increase
- Exports are very important (about 20% of production)
- Prices are up, and are expected to be higher again in 2011, averaging in the \$.83 - .88 range
- Profits will be hurt by higher feed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

Hogs

BARROW AND GILT PRICES

Iowa - So. Minnesota, Carcass Base Price, Weekly

\$ Per Cwt.



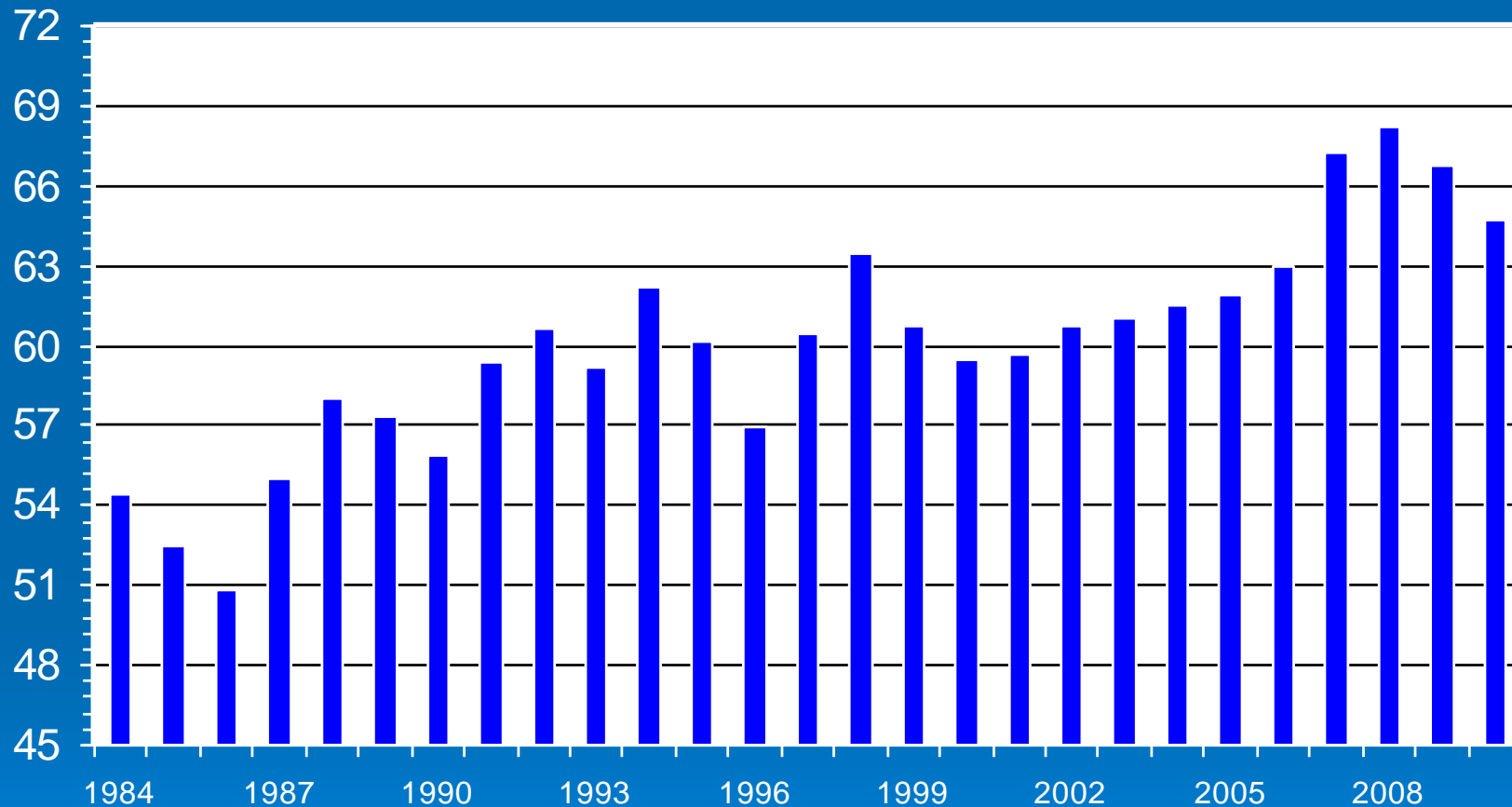
Data Source: USDA-AMS, Compiled & Analysis by LMIC

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

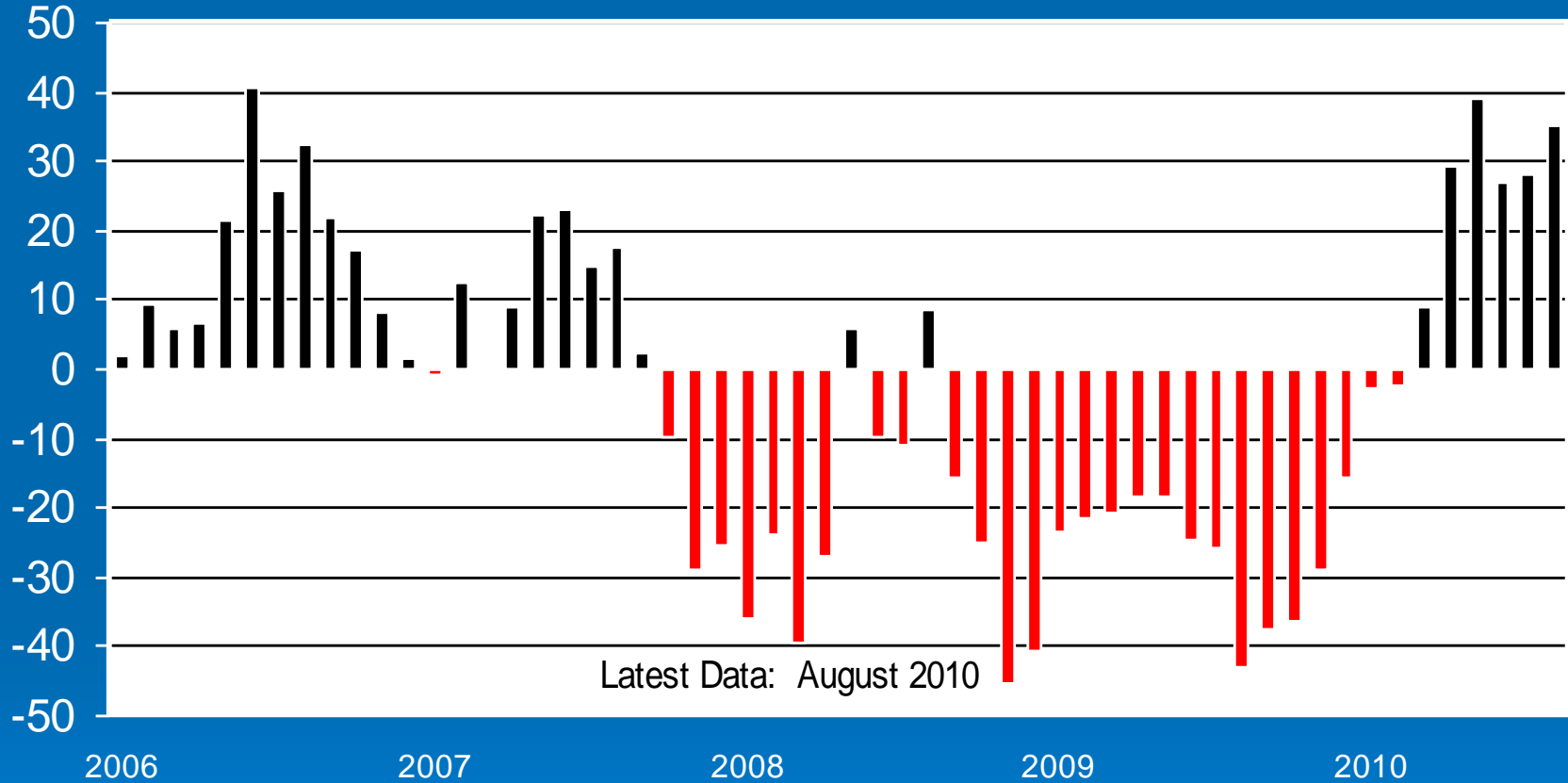
Data Source: USDA/NASS

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

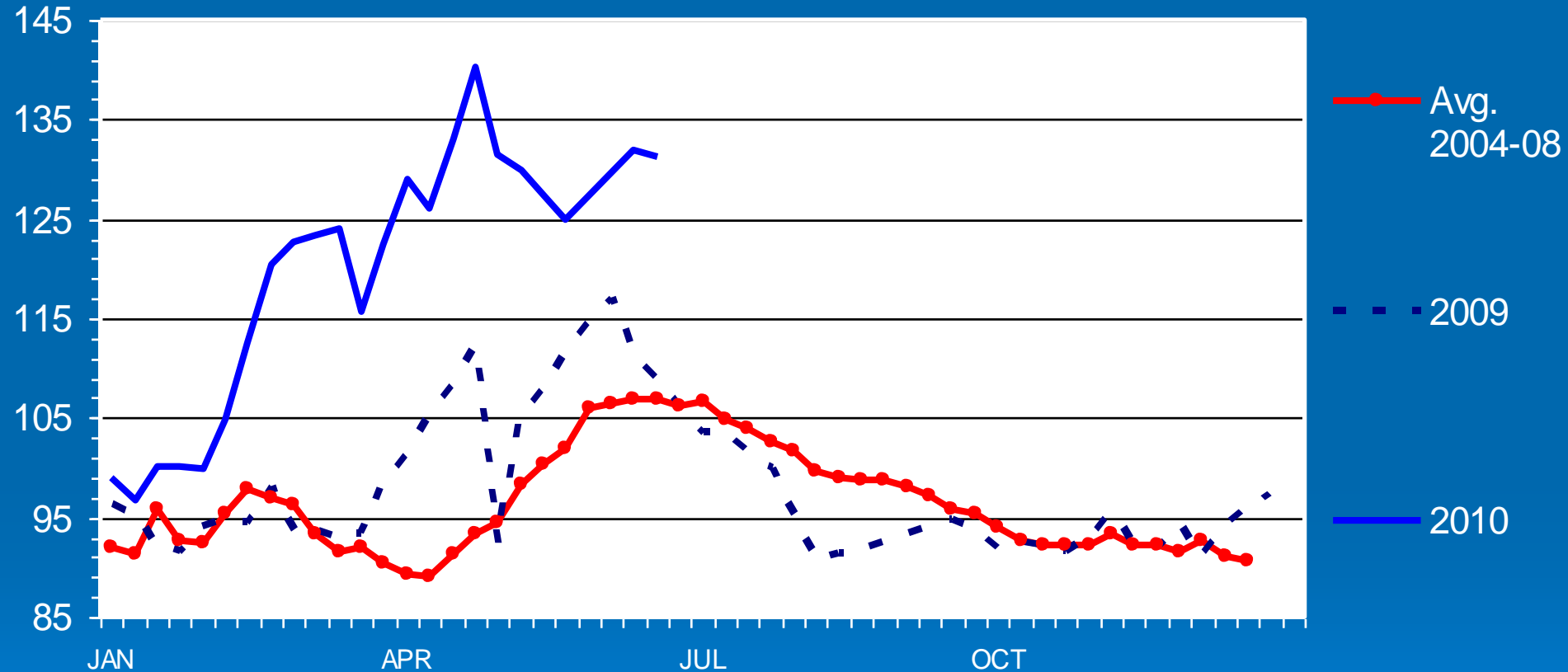
- Remarkable recovery in prices – up 60% from year ago (Oct.), and 2010 will average 35% higher than 2009;
- Price gains are from lower production, and stronger demand – at home and exports;
- Sow numbers down about 2%, but even production for 2011 with better efficiency;
- Futures markets for 2011 in 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.



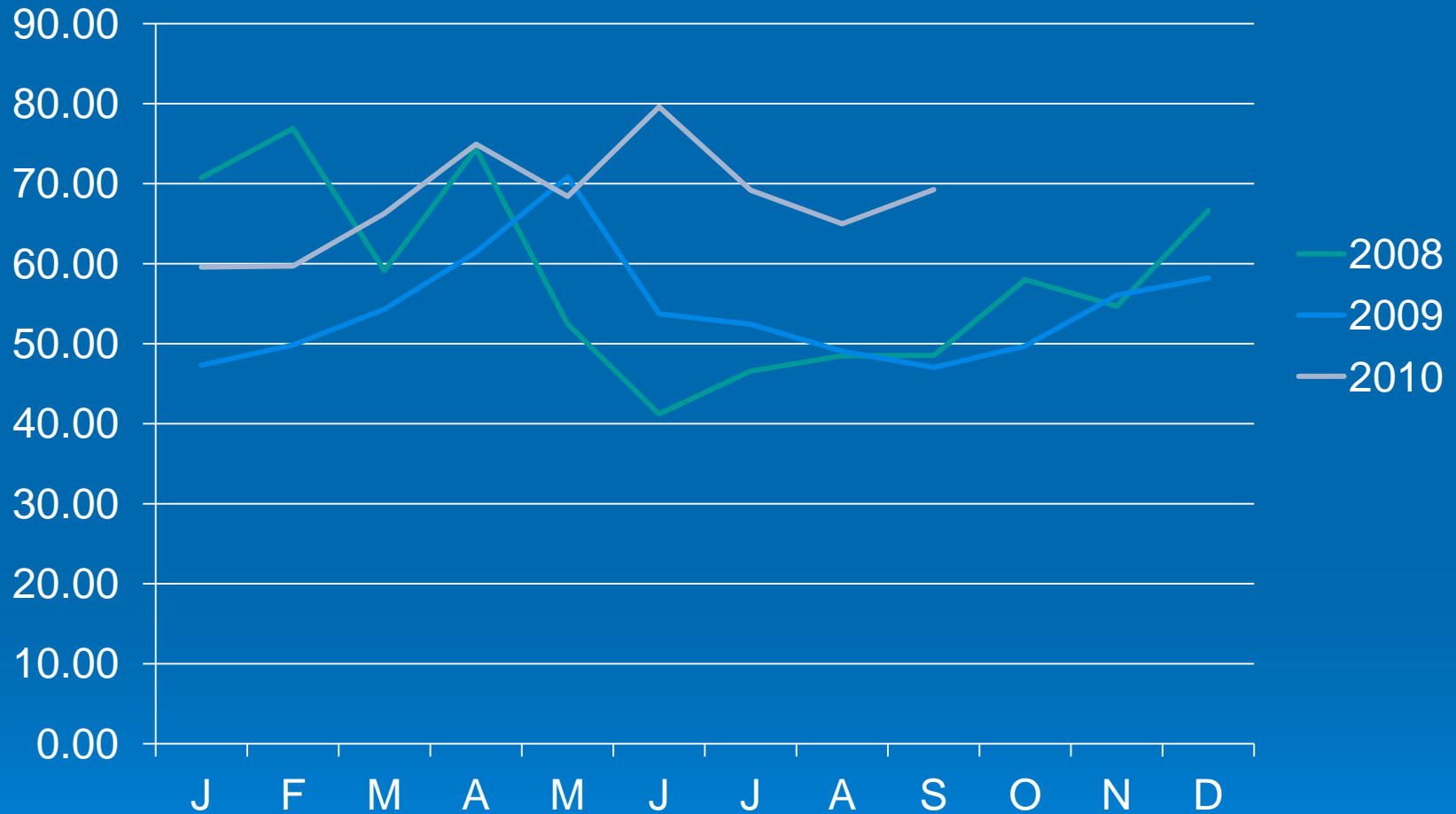
Data Source: USDA-AMS, Compiled by LMIC

S-P-05
09/22/10

Meat Goat Prices

New Holland, PA

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

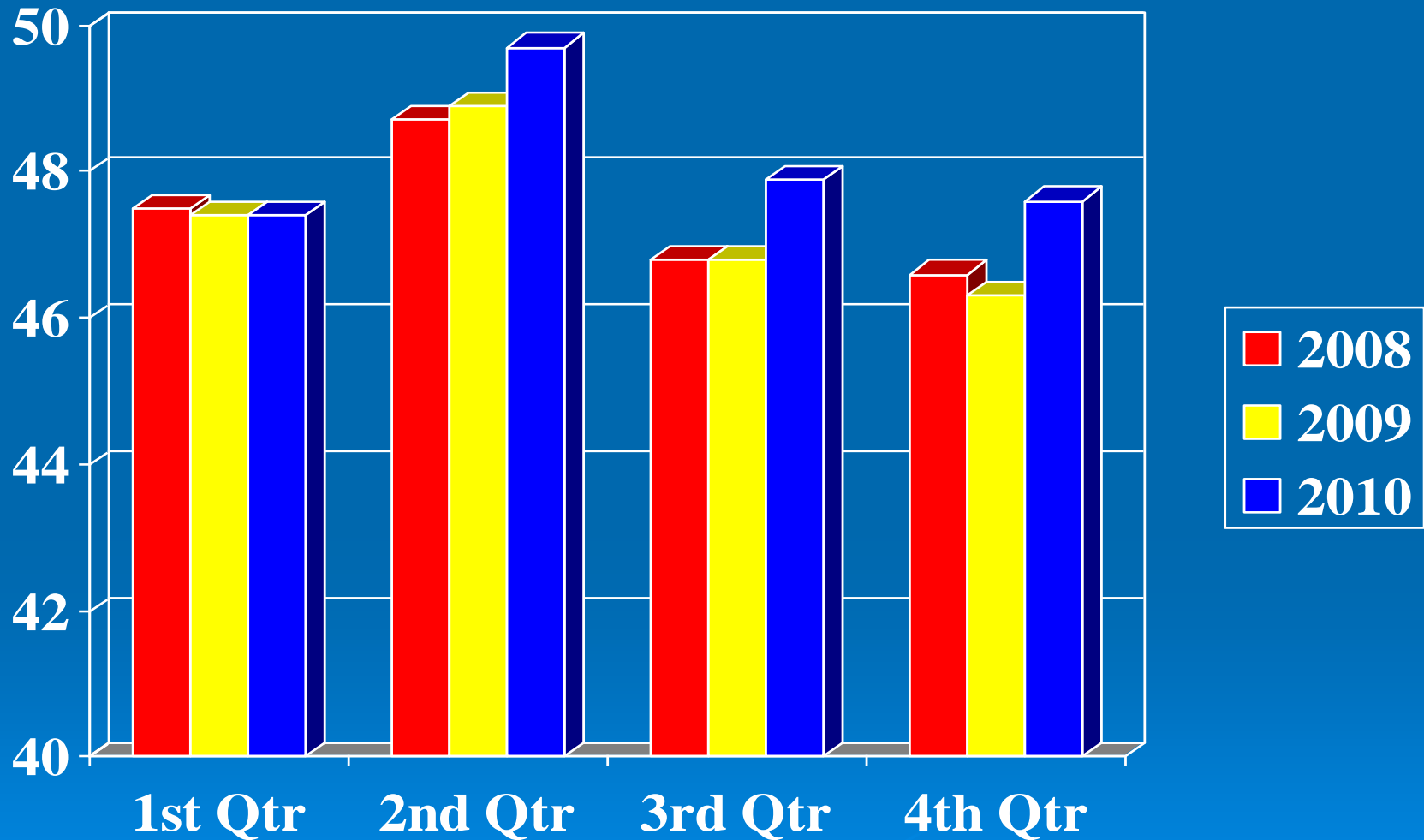


Lamb and Goat Summary

- 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

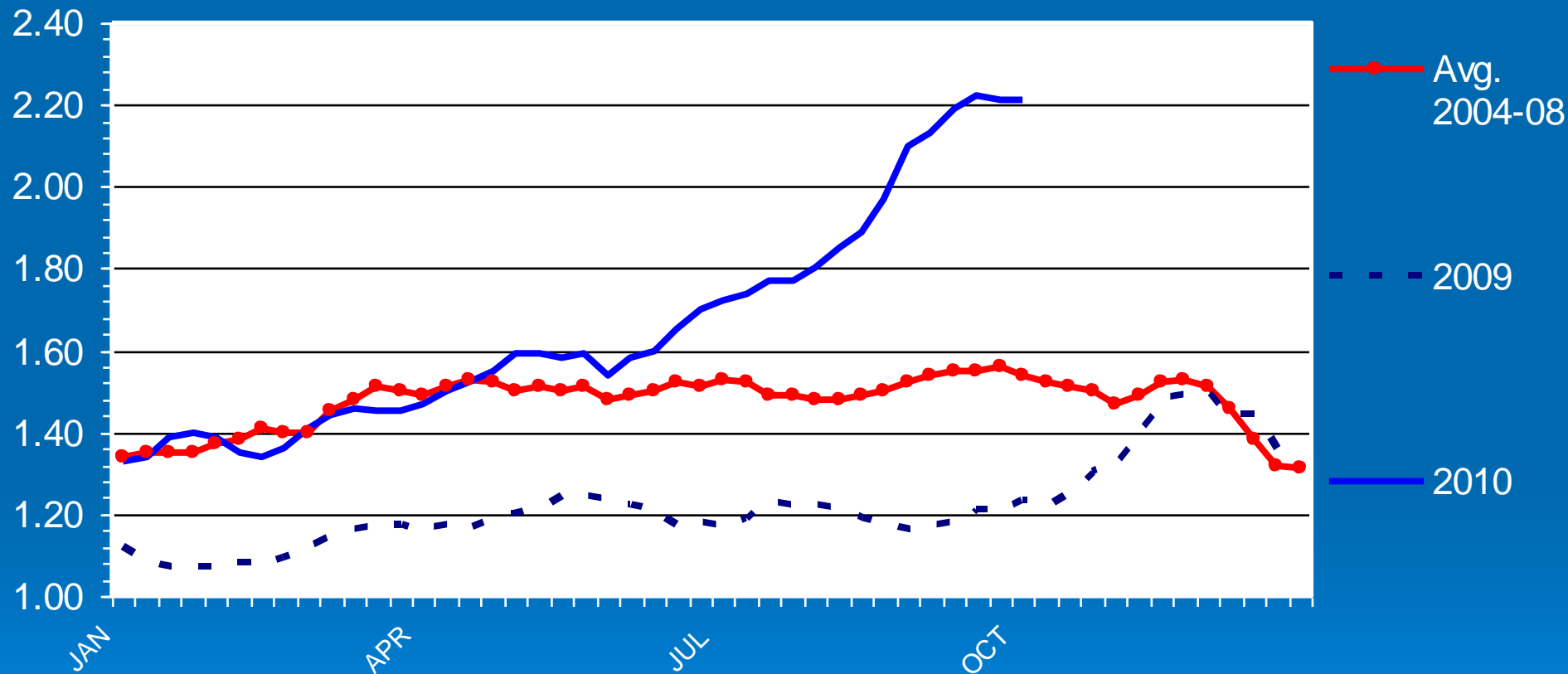
US Milk Production (billion lbs)



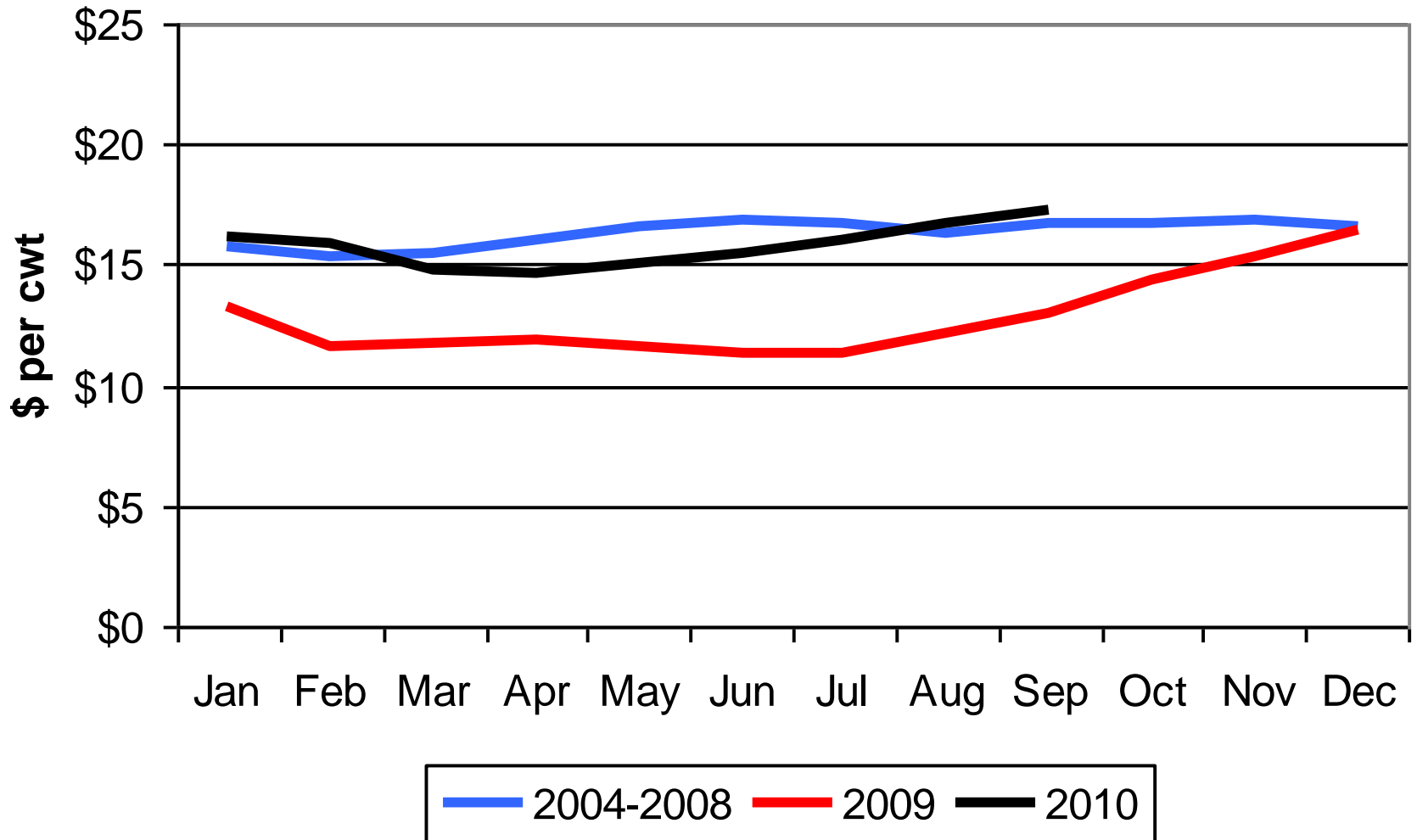
BUTTER PRICES

US, Weekly

\$ Per Pound



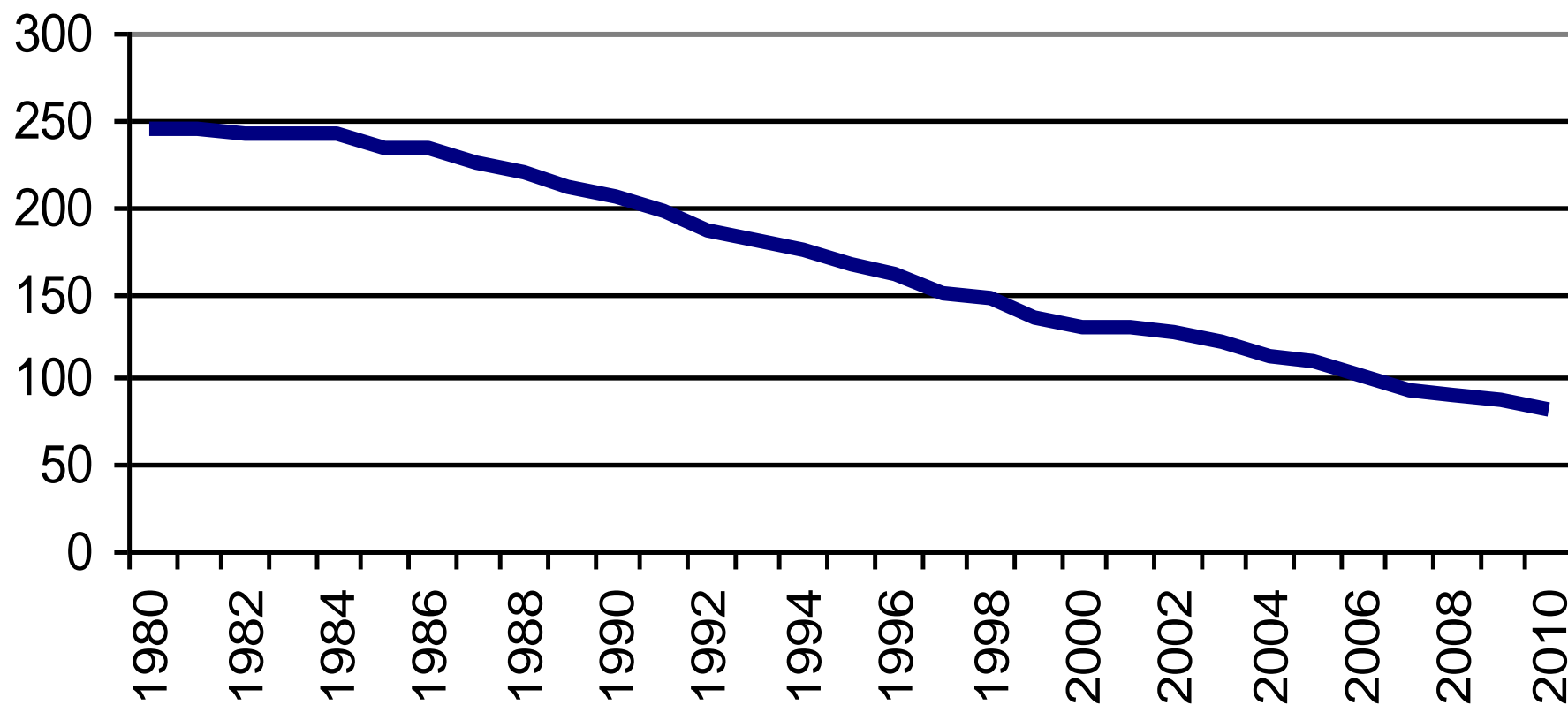
US All Milk Price



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



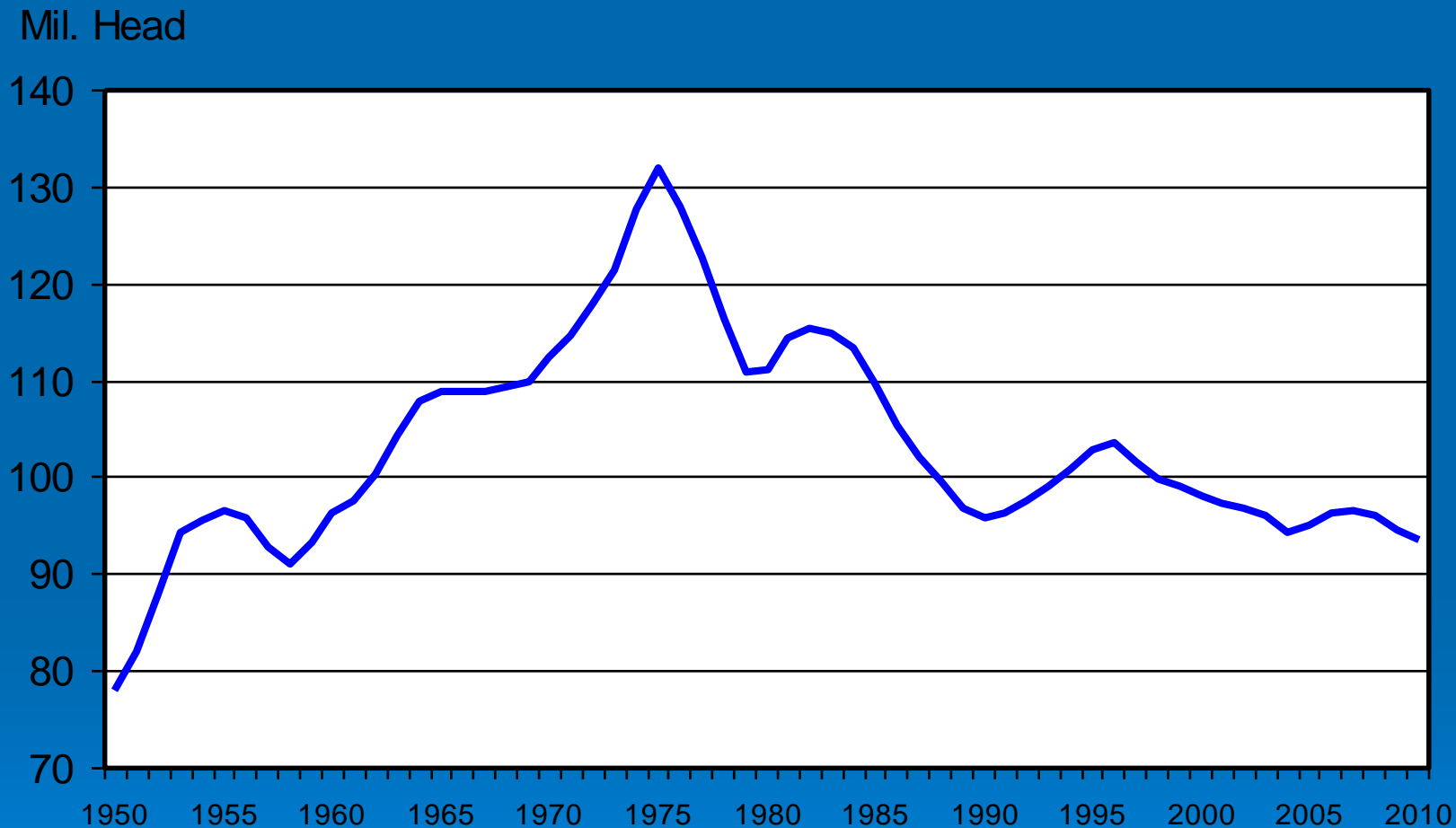
Beef Cattle

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

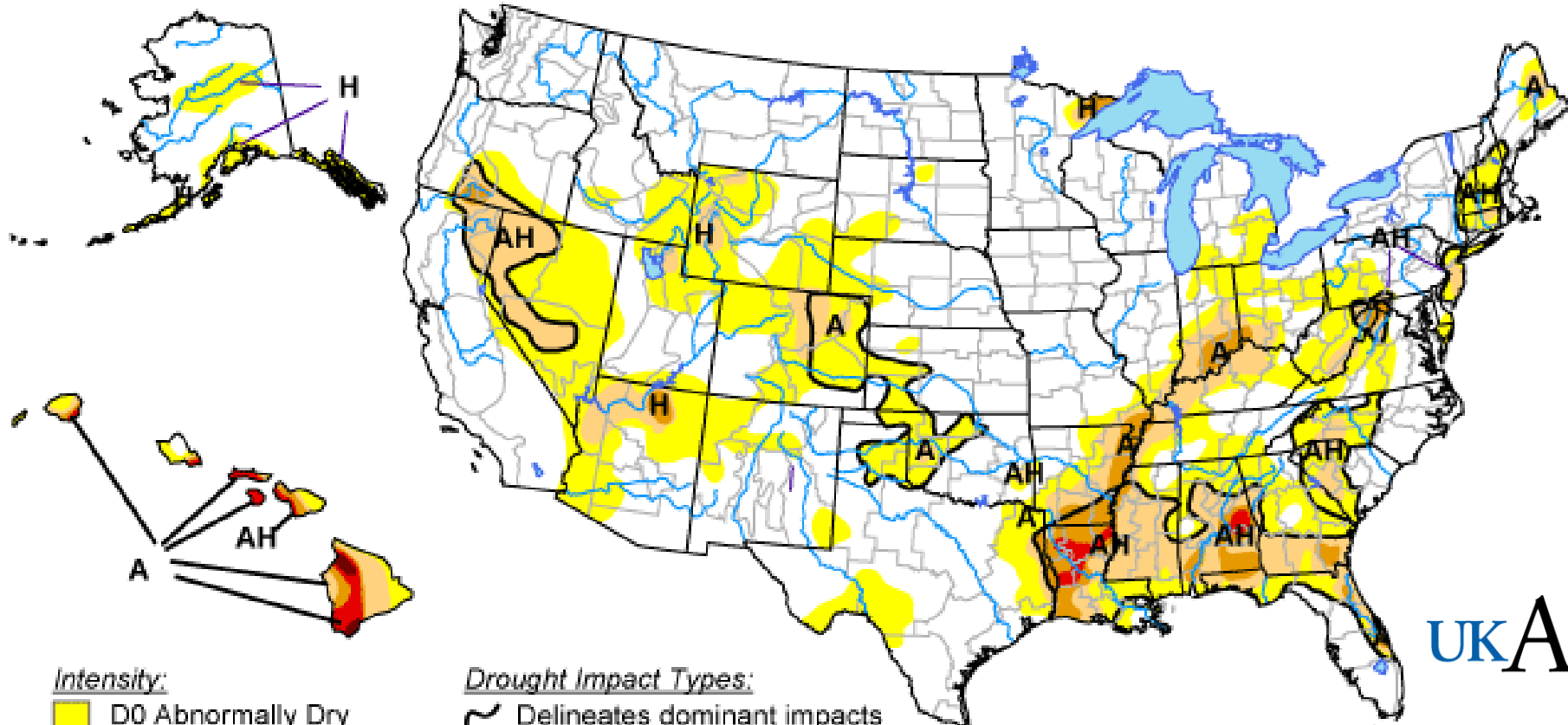
U.S., Annual








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)

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

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



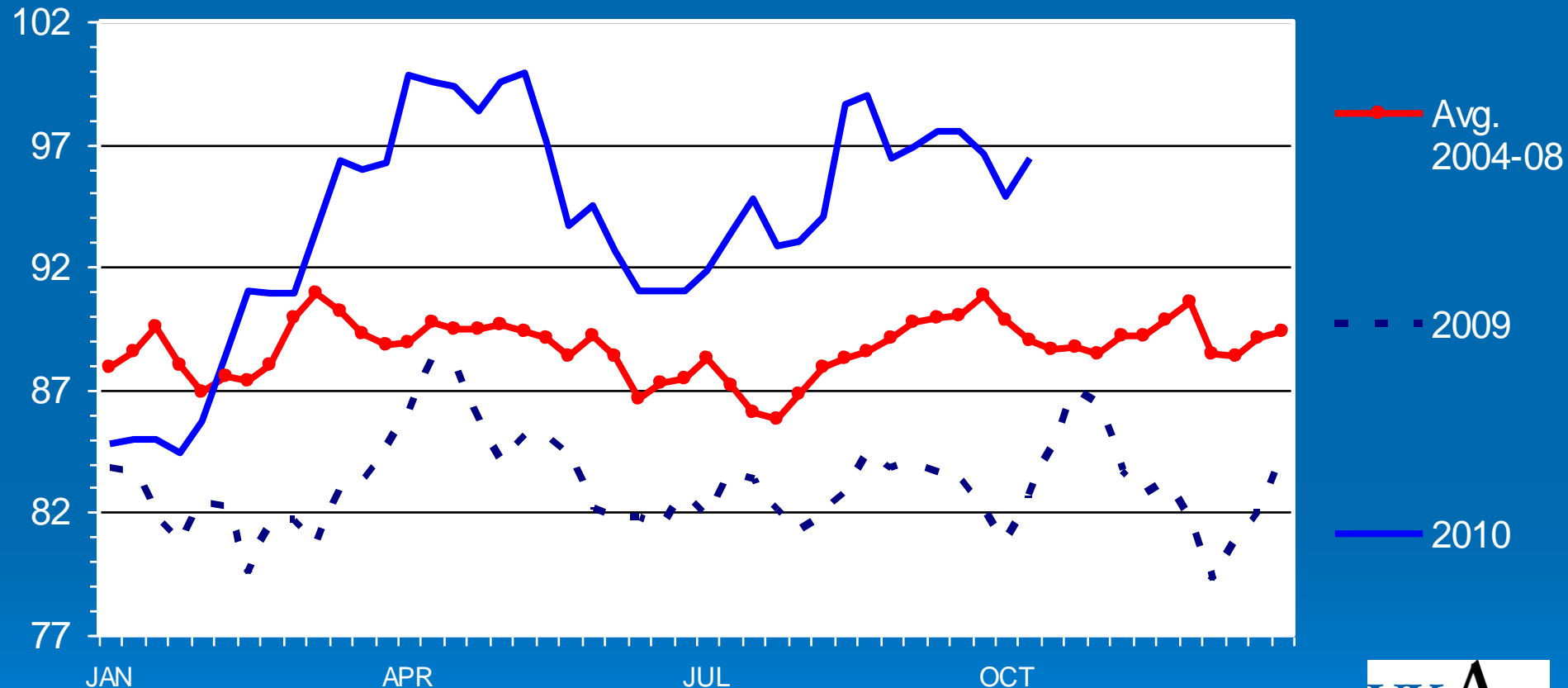
Released Thursday, October 7, 2010

Author: Laura Edwards, Western Regional Climate Center

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

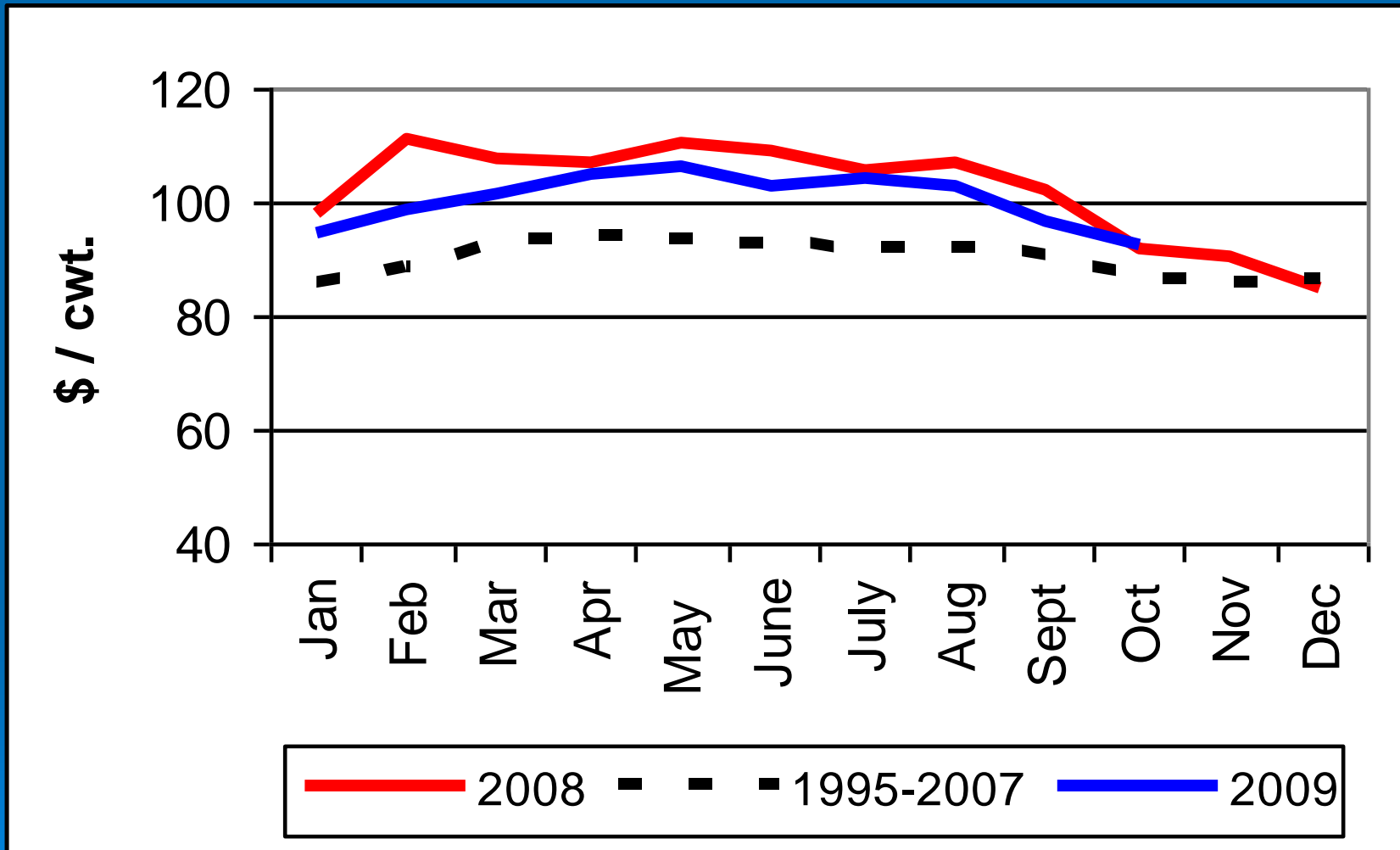


CME Group

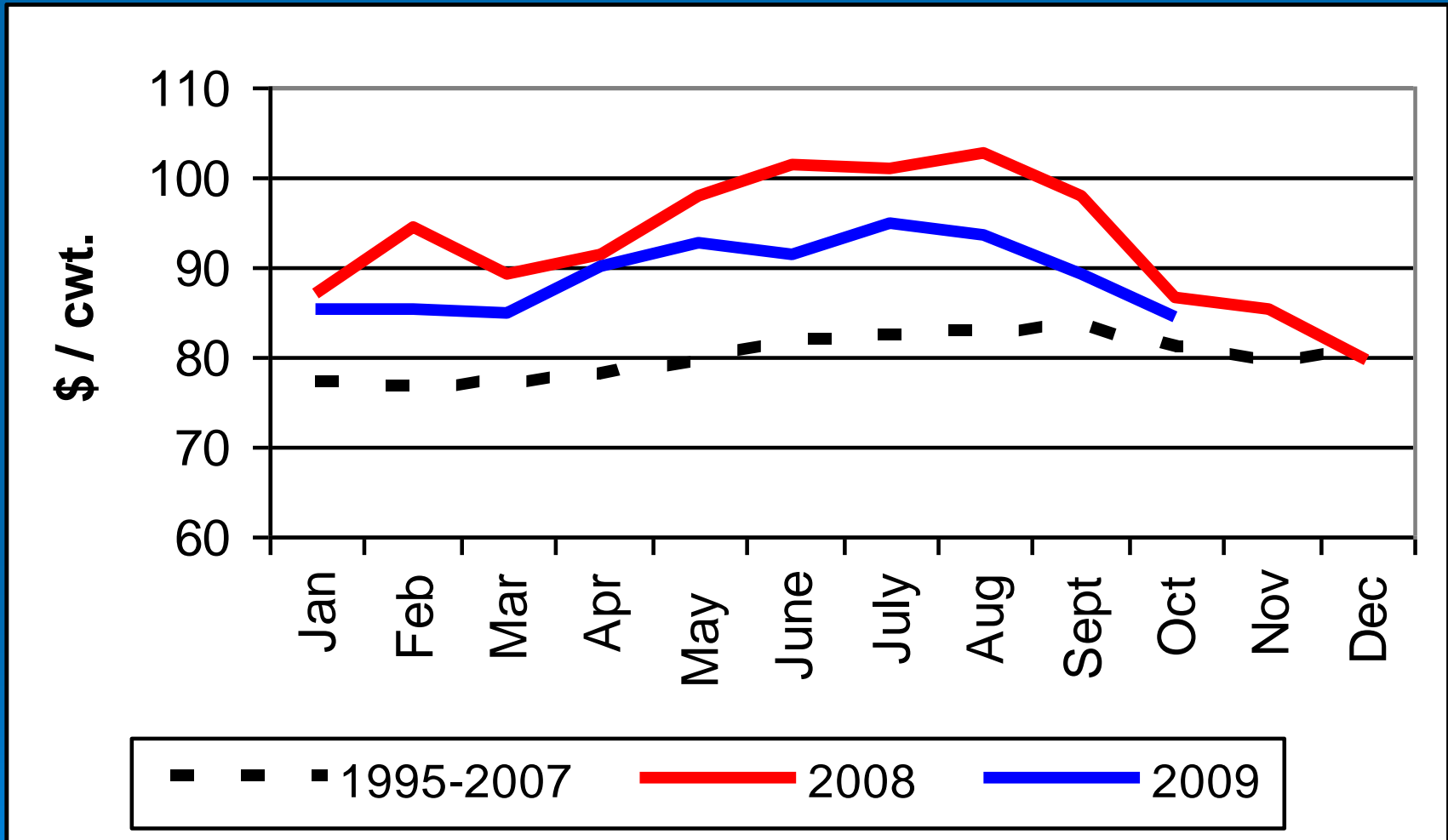
Market Expectations

- 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

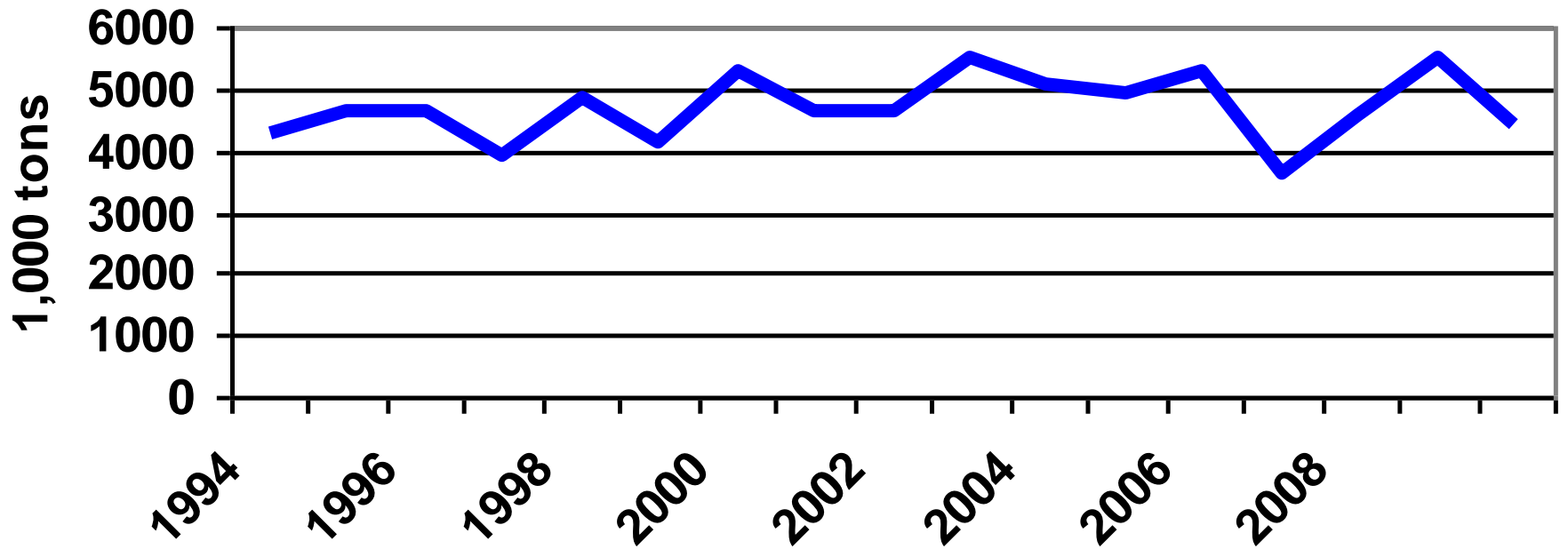
Med / Large Frame #1 Steers 500 to 600 lbs.



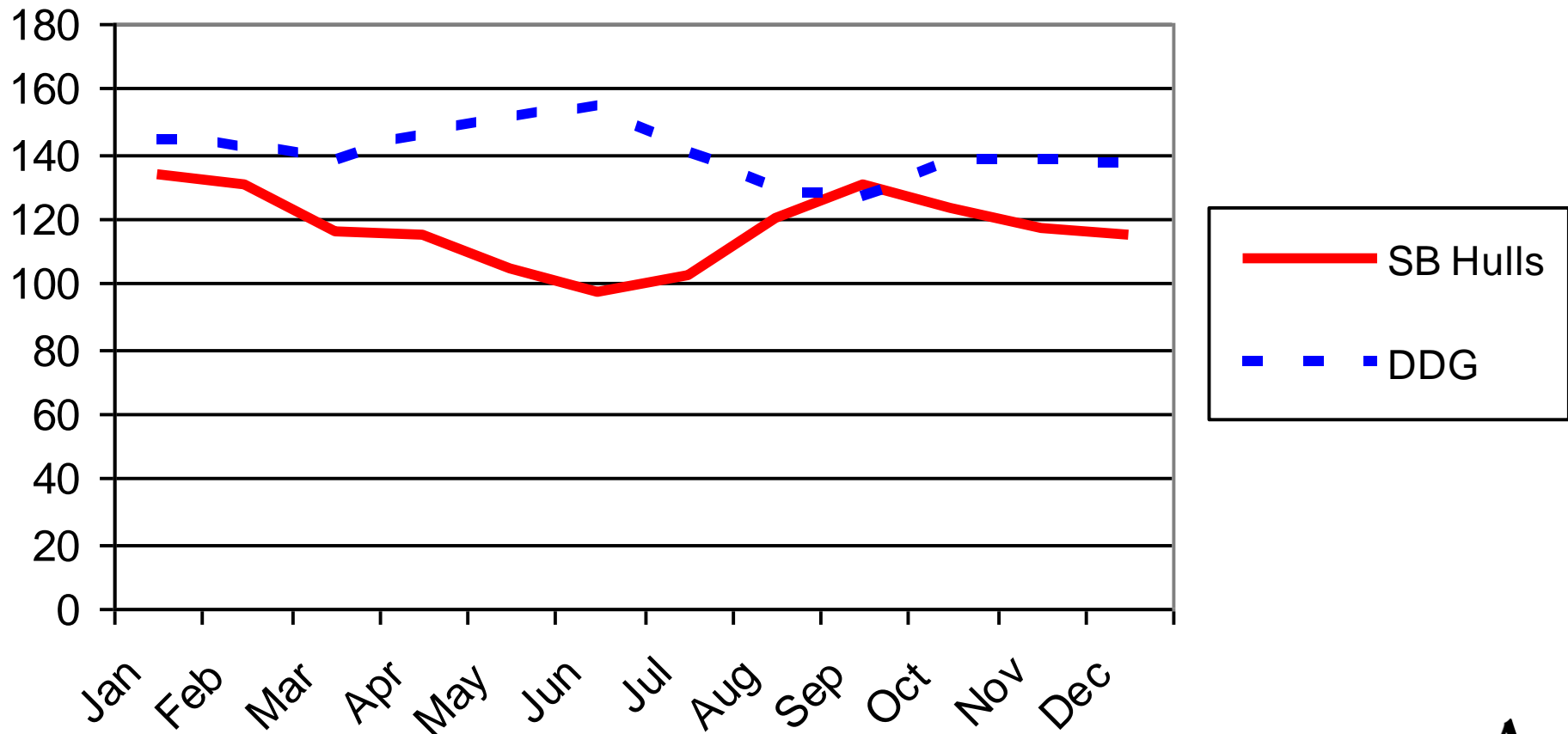
Med / Large Frame #1 Steers 700 to 800 lbs.



KY Hay Production

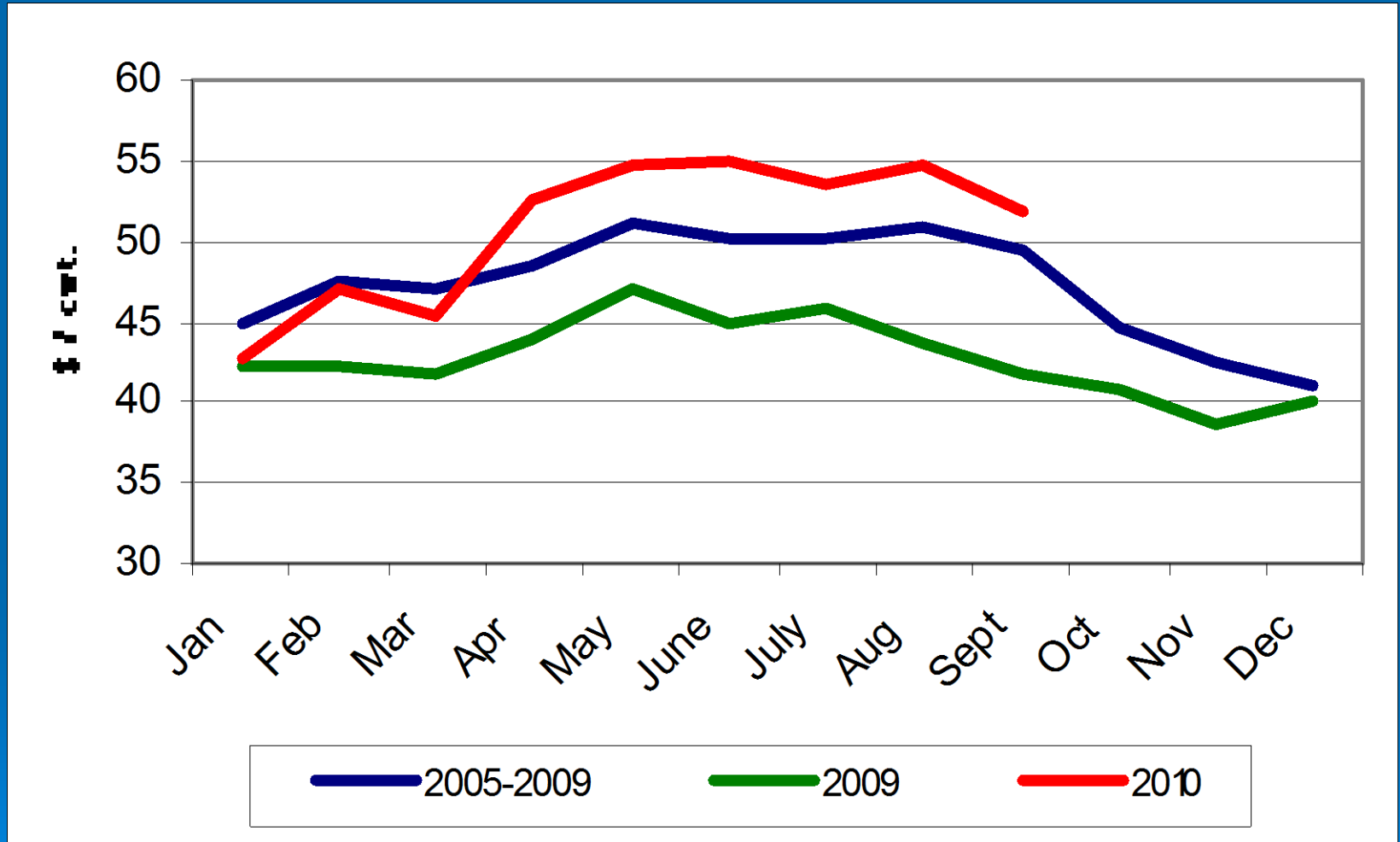


Wholesale Commodity Feeds (last 36 months)

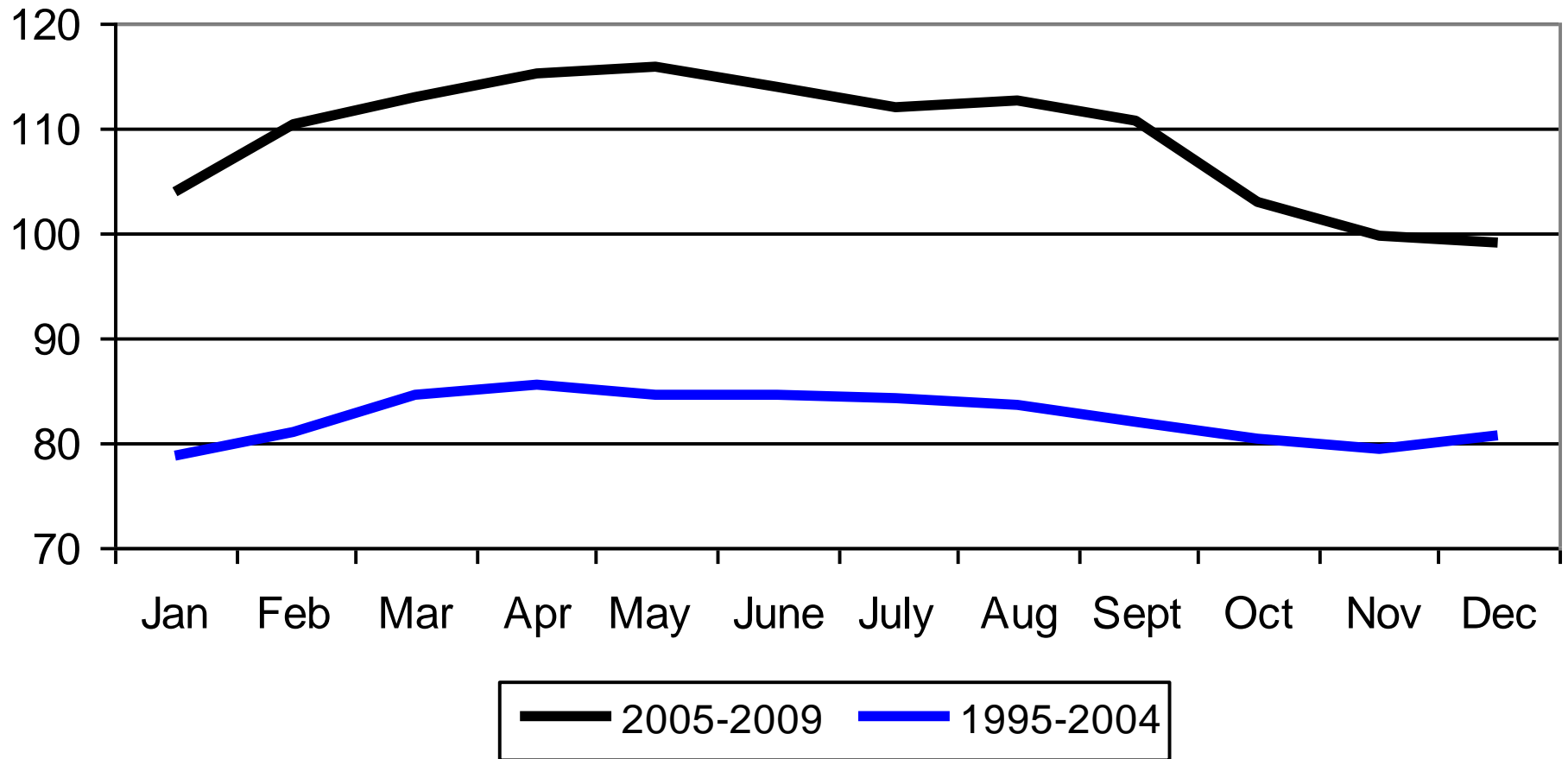


KY Cull Cow Prices

Boning 80-85%



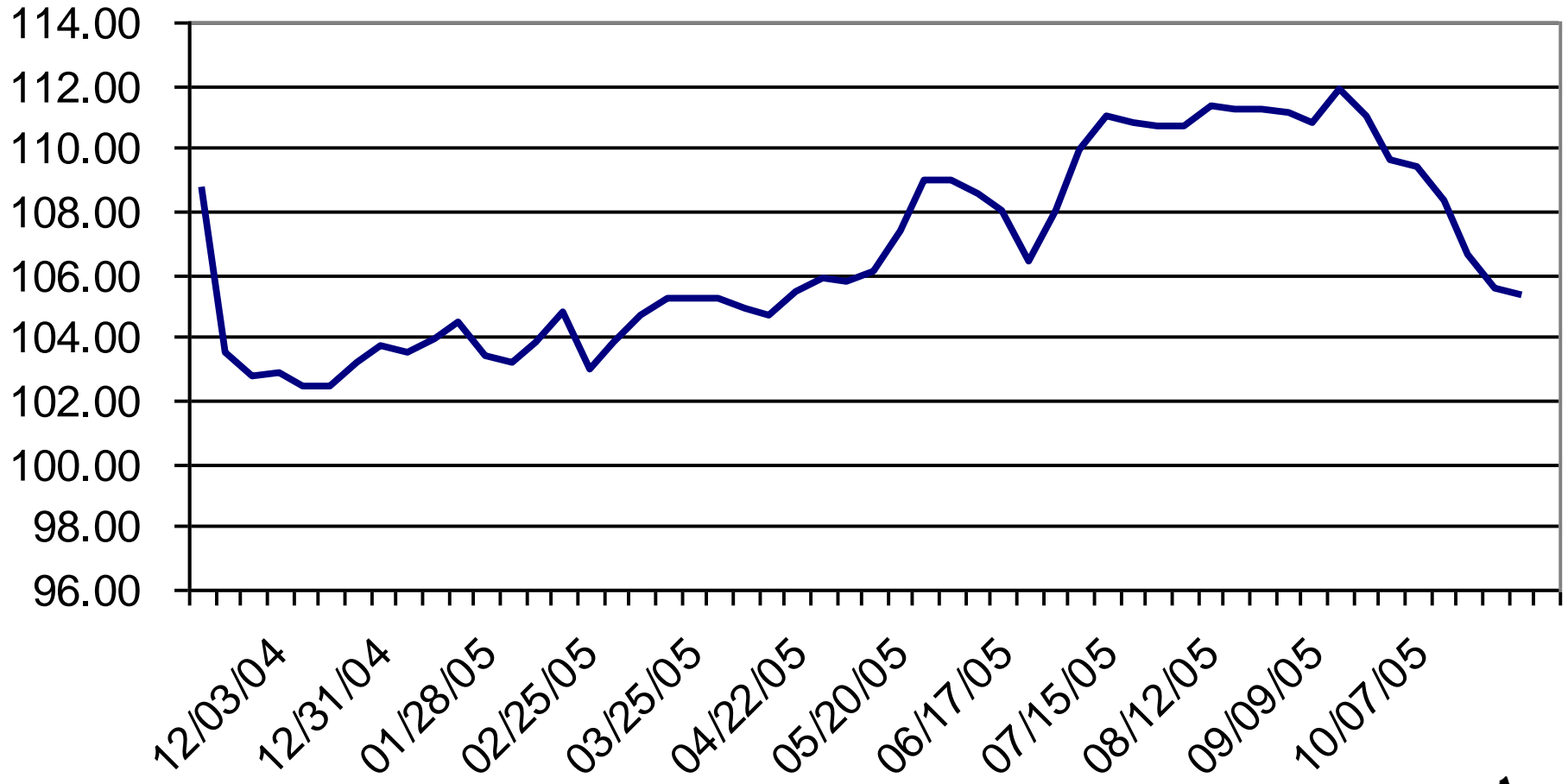
Medium / Large Frame #1 Steers 500 to 600 lbs



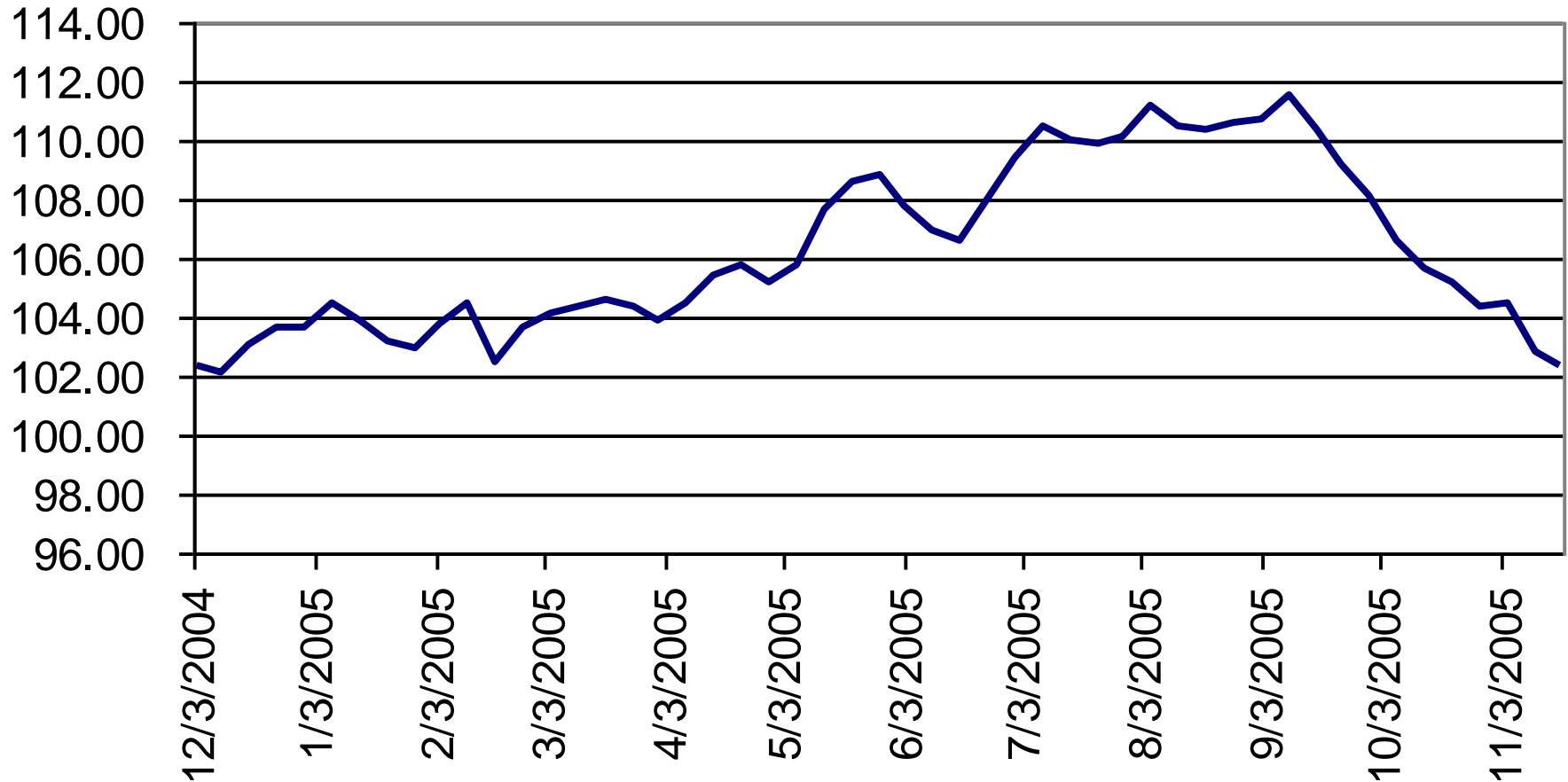
Timing of Post-weaning Sales (2004 to 2009)

- 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)

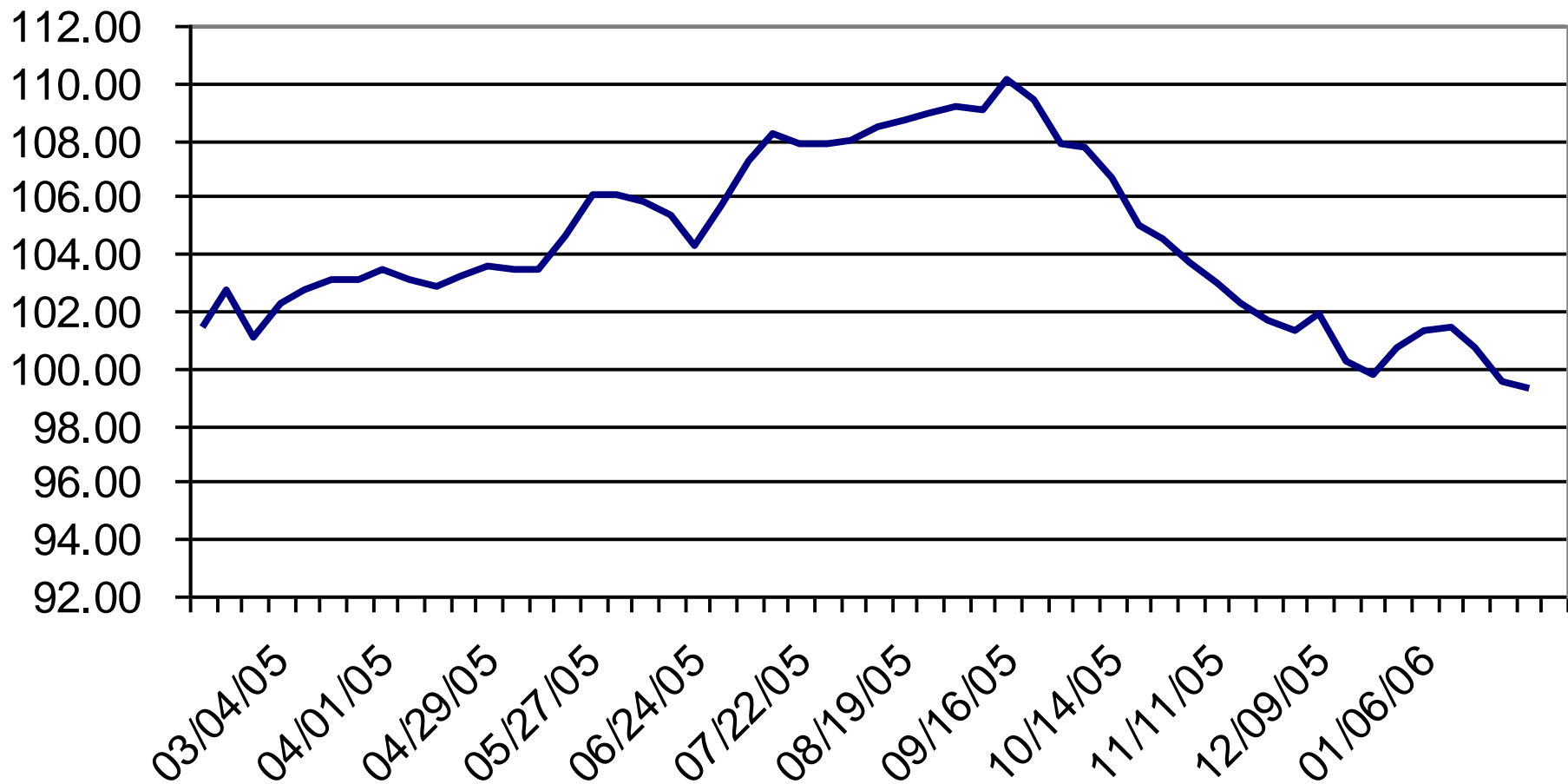
October 2005-2009



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