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## **In The Cattle Markets**

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### **January World Agricultural Supply and Demand Estimates and How it Relates to 2016 Cattle Markets**

The United States Department of Agriculture released its monthly World Agricultural Supply and Demand Estimates on Tuesday that give a closer look into beef supplies and price projections for 2016. While the numbers are an update from a month ago, they are still very helpful in formulating expectations for the year ahead. Beef production for 2015 was revised up by 35 million pounds from last month's estimate to 23.7 billion pounds. That number is up from 2014 when annual beef production was 24.25 billion pounds. Looking ahead to 2016, beef production is expected to be up nearly 900 million pounds from last year at 24.6 billion pounds. Per capita consumption is expected to be higher in 2016 than a year ago at 54.4 pounds per person, a likely reflection of increased production as well as lower prices. Interestingly, per capita consumption of proteins are expected to increase nearly across the board, with year-over-year increases of 0.4 pounds/person for pork, 1.2 pounds/person for broiler, and 0.6 pounds/person for turkey.

One of the best signs for beef cattle markets in this latest reports are increases in beef exports. Beef exports for 2016 were increased by 50 million pounds from last month's report while 2015 exports were increased by 40 million pounds. Exports for 2016 are also expected to be 212 million pounds higher than in a year ago, which is a positive sign for cattle markets. As Dr. Peel pointed out last week in his Cow Calf Corner Newsletter, high cattle and beef prices, a strong dollar, and limited production were the primary drivers of lower exports in 2015. Now that prices have fallen over the last few months, we have seen exports begin to increase as indicated in this latest report. Look for more of the same in 2016 as our export customers continue to see lower prices for U.S. beef as well as increased beef production.

The USDA left price projections for 2016 unchanged from a month ago for beef steers. Current projections are expecting that steer prices will likely increase slightly from the first quarter into the second before hitting a holding pattern and hovering in the \$130 to \$140/cwt range for the remainder of the year. Pork and broiler prices are both expected to be slightly lower in 2016 than they were in 2015, although both are also expected to see an increase from 2015 fourth quarter prices as the year wears on. More price stability should come as good news for producers in nearly all phases of beef production. At the projected price levels, cow-calf producers should still see healthy profit levels over the next year, while feedlots should see improvement in their net returns as prices level out and become more stable. Demand for beef looks to continue to remain strong, and with lower beef prices in the grocery store aisle we should see beef consumption remain strong if not increase some.

## The Markets

The five-area fed steer price ended the week averaging \$133.52 for live sales, and \$209.57 for dressed; respectively, up \$1.68 and down \$0.45. Nebraska feeder cattle were trading \$4.00 to \$8.00 lower on the week with 550-600 pound steers averaging \$193.45 and 750-800 pound steers averaging \$158.35. Corn was trading \$0.12 higher on the week trading at \$3.58/bu in Omaha on Thursday.

<i>Data Source: USDA-AMS Market News</i>		<b>Week of 1/15/16</b>	<b>Week of 1/8/16</b>	<b>Week of 1/16/15</b>
<b>5-Area Fed Steer</b>	all grades, live weight, \$/cwt	\$133.25	\$132.26	\$163.17
	all grades, dressed weight, \$/cwt	\$209.56	\$209.75	\$263.16
<b>Boxed Beef</b>	Choice Price, 600-900 lb., \$/cwt	\$234.67	\$226.24	\$261.51
	Choice-Select Spread, \$/cwt	\$6.20	\$6.40	\$9.38
<b>700-800 lb. Feeder Steer</b>	Montana 3-market, \$/cwt	\$152.89	\$158.79	\$214.37
	Nebraska 7-market, \$/cwt	\$160.68	\$167.93	\$224.35
	Oklahoma 8-market, \$/cwt	\$160.67	\$166.90	\$226.19
<b>500-600 lb. Feeder Steer</b>	Montana 3-market, \$/cwt	\$192.93	\$189.87	\$286.68
	Nebraska 7-market, \$/cwt	\$198.13	\$201.88	\$299.76
	Oklahoma 8-market, \$/cwt	\$190.53	\$193.78	\$277.42
<b>Feed Grains</b>	Corn, Omaha, NE, \$/bu (Thursday)	\$3.40	\$3.46	\$3.61
	DDGS, Nebraska, \$/ton	\$135.30	\$134.60	\$174.60