

Projected Cow-Calf Profits
During the Four Phases of the Cattle Price Cycle

Phase of Cattle Price Cycle	Projected Cow-Calf Profits/Losses
<ul style="list-style-type: none"> ➤ This is simply a projection about cow-calf profit trends based on the past history using a 12-year cattle price cycle. ➤ No one knows for certain the length of the four phases of the cattle price cycle. ➤ We will update this projection as time progresses and new economic information becomes available. 	

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Phase of Cattle Price Cycle	Projected Cow-Calf Profits/Losses
Top of Price Cycle (2013-2015)	
Downward Price Transition (2015-2019?)	
Bottom of Price Cycle (2019-2021?)	
Upward Price Transition (2021-2024?)	

Projected Cow-Calf Profits
During the Four Phases of the Cattle Price Cycle

Phase of Cattle Price Cycle	Projected Cow-Calf Profits/Losses
Top of Price Cycle (2013-2015)	Significant Profits
Downward Price Transition (2015-2019?)	Profits/Losses Declining Profitability
Bottom of Price Cycle (2019-2021?)	Significant Losses
Upward Price Transition (2021-2024?)	Profits/Losses Improving Profitability

**What Factors Will Influence
the Direction of
2018 Cattle Market Prices?**

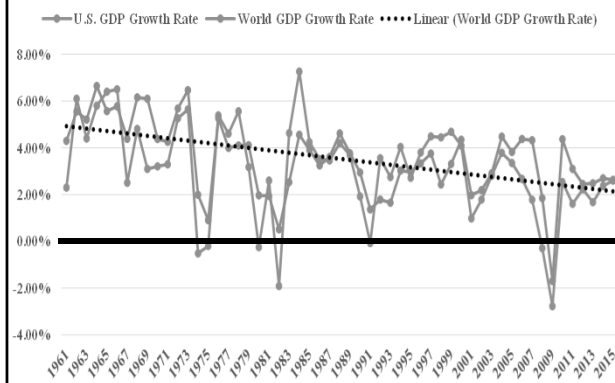


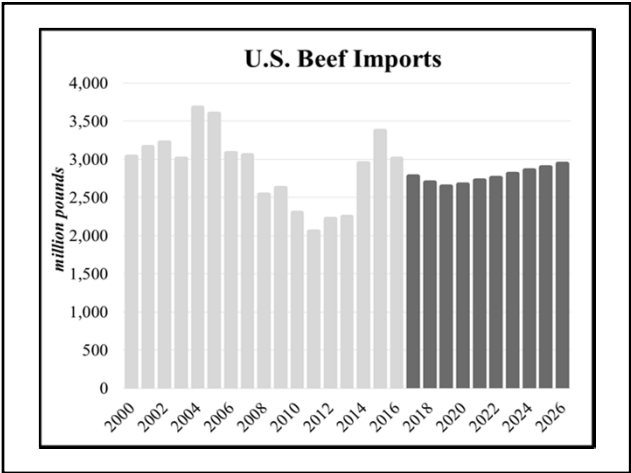
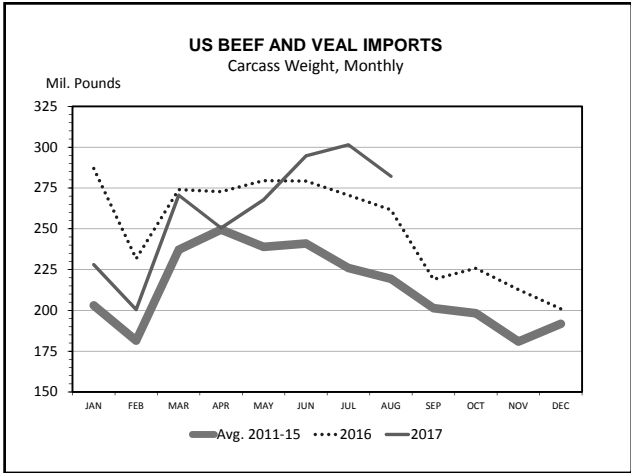
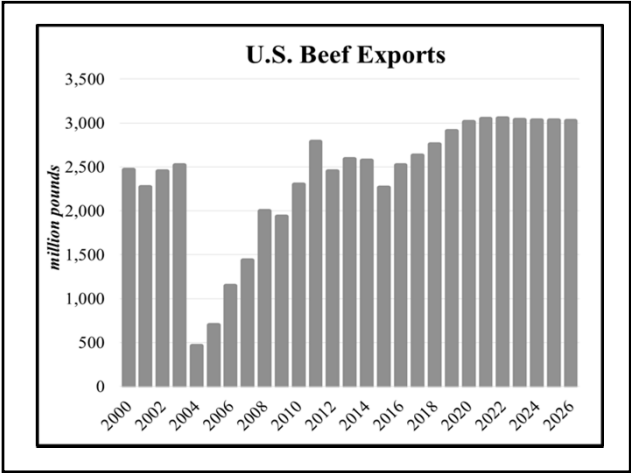
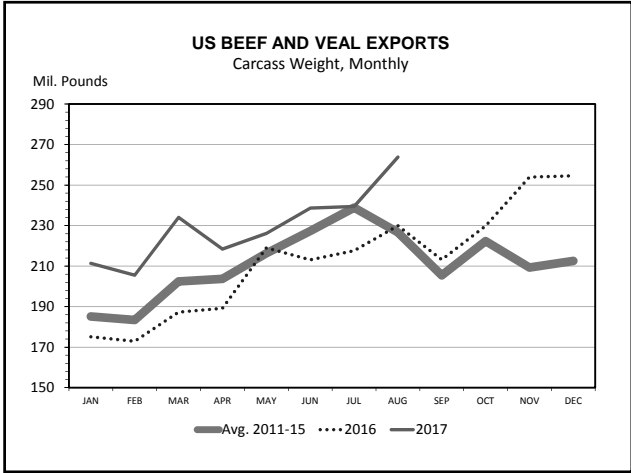
**Major Factors Affecting The
2018 Beef Cattle Market Outlook**

- U.S. and World Economies
- Interest and Exchange Rates
- Energy Prices
- U.S. Domestic Beef Demand
- U.S. Export Beef Demand
- U.S. Domestic Beef Supply
- U.S. Import Beef Supply
- Total U.S. Meat Supply
- Cow-Calf Cost of Production and Profitability
- Feedlot Cost of Production
- Weather
- Outliers

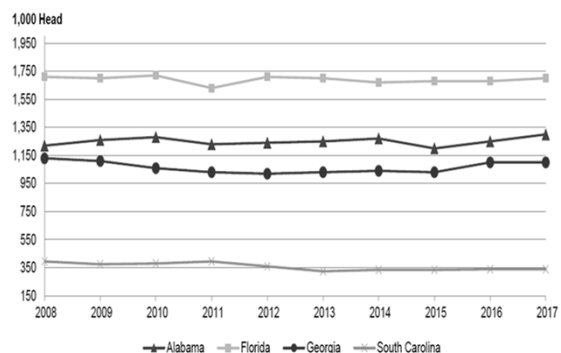
U.S and World GDP Growth Rates

(Percent Change In Gross Domestic Product By Year)





Southern Region All Cattle Inventory: 2008 - 2017



Florida Cow Inventory and Calf Crop

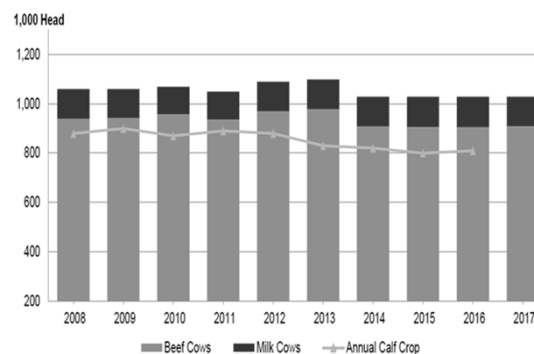
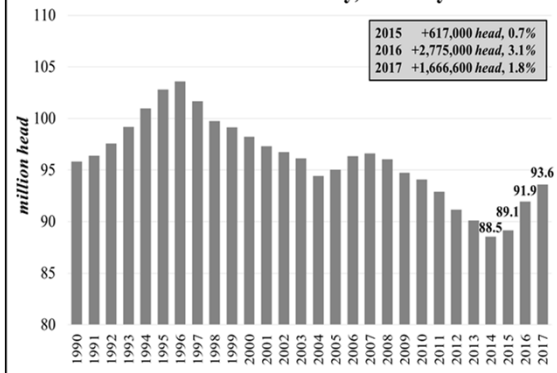


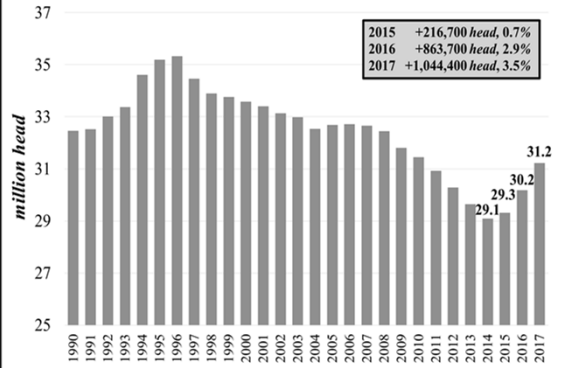
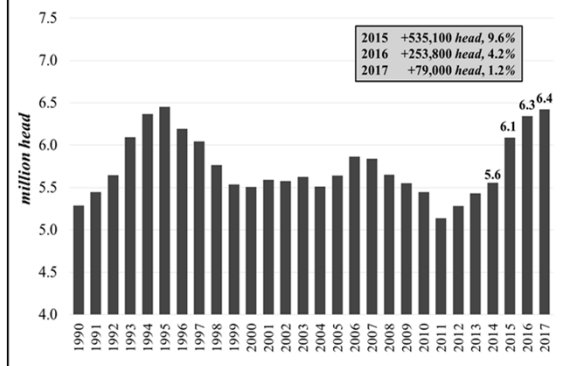
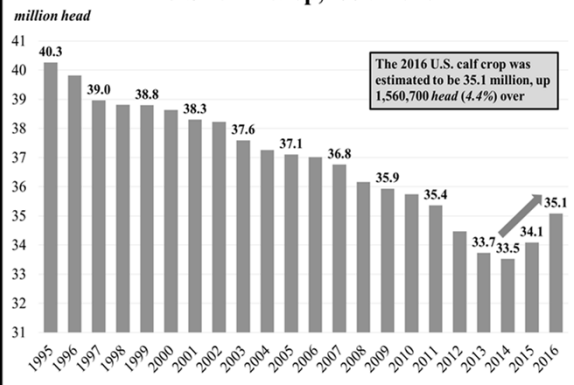
Table 1. U.S. Cattle Inventory, January 1, 2016 and 2017

Class	2016	2017	Change	
	(mil. hd.)	(mil. hd.)	(mil. hd.)	(%)
Total Cattle (All Cattle and Calves)	91.9	93.6	1.7	1.8% ↑
Cows and Heifers that have Calved	39.5	40.6	1.1	2.7% ↑
Beef Cows that Calved	30.2	31.2	1.0	3.5% ↑
Heifers, 500 lbs. & over	19.9	20.1	0.1	0.7% ↑
Beef Replacement Heifers	6.3	6.4	0.1	1.2% ↑
Other Heifers, 500 lbs. & over	8.8	8.9	0.1	1.4% ↑
Steers, 500 lbs. & over	16.3	16.4	0.0	0.2% ↑
Bulls, 500 lbs. & over	2.1	2.2	0.1	4.3% ↑
Calves, Under 500 lbs.	14.1	14.4	0.3	2.2% ↑
Calf Crop (2015 vs. 2016)	34.1	35.1	1.0	2.9% ↑
Feeder Calf Outside of Feedlots (FCOF)	26.0	26.6	0.6	2.2% ↑
U.S. Cattle on Feed, All Sizes	13.2	13.1	-0.1	-0.7% ↓

Source: USDA-NASS

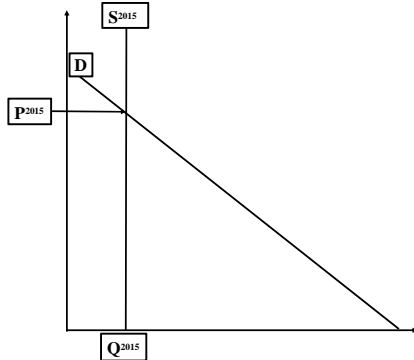
U.S. Cattle Inventory, January 1



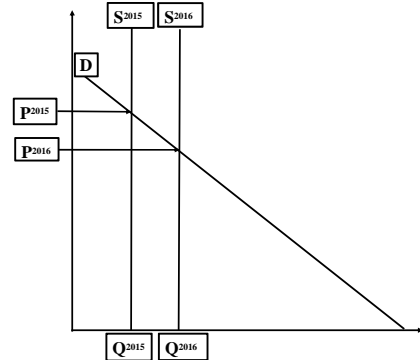
U.S. Beef Cow Inventory, January 1**U.S. Beef Replacement Heifer Inventory, January 1****U.S. Calf Crop, 1995-2016**

Beef Demand and Supply Interaction

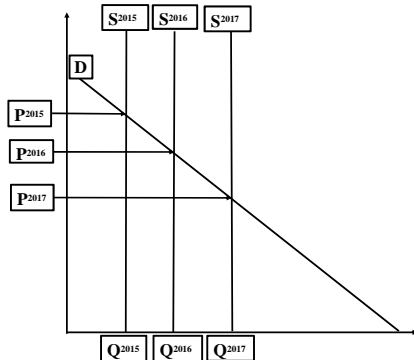
What should we expect when we expand U.S. Beef Production?



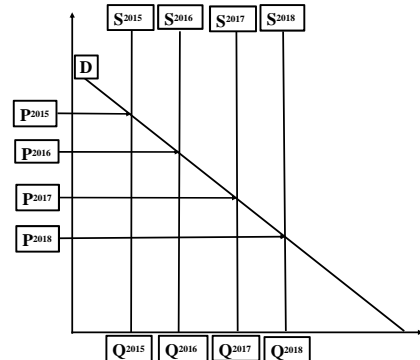
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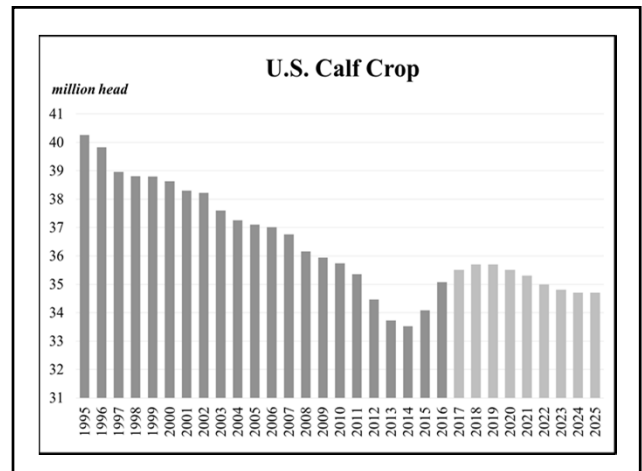
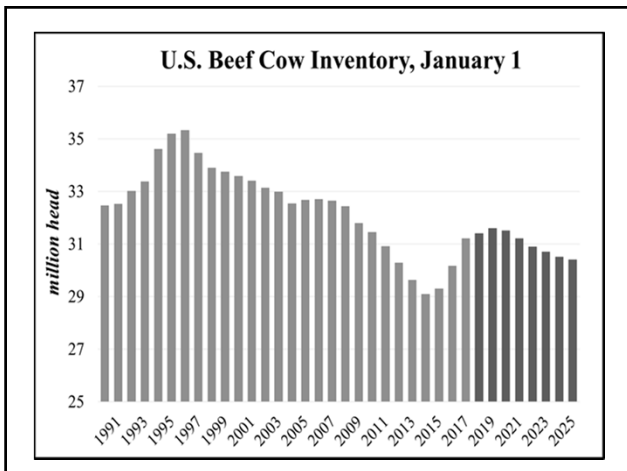
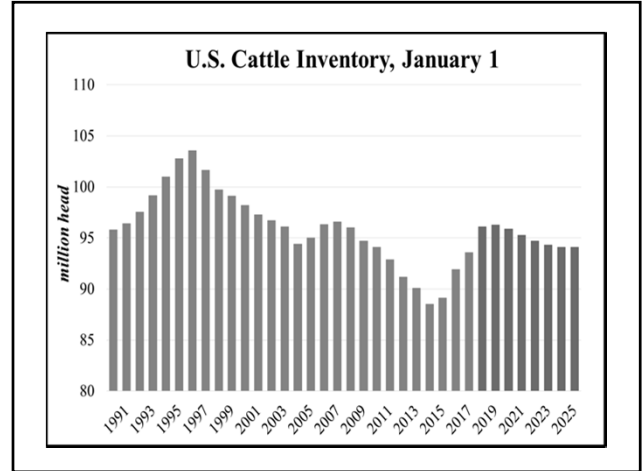
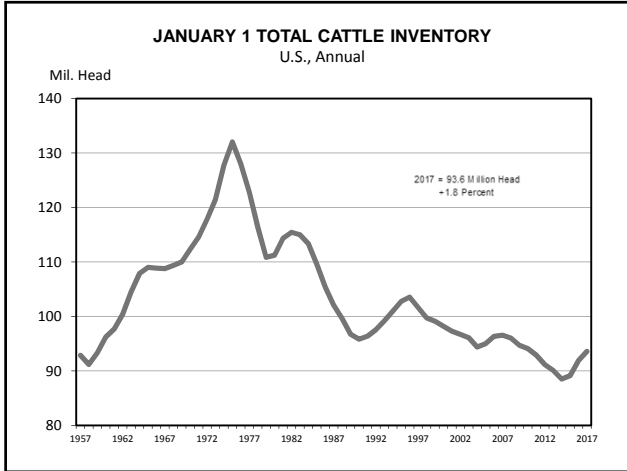


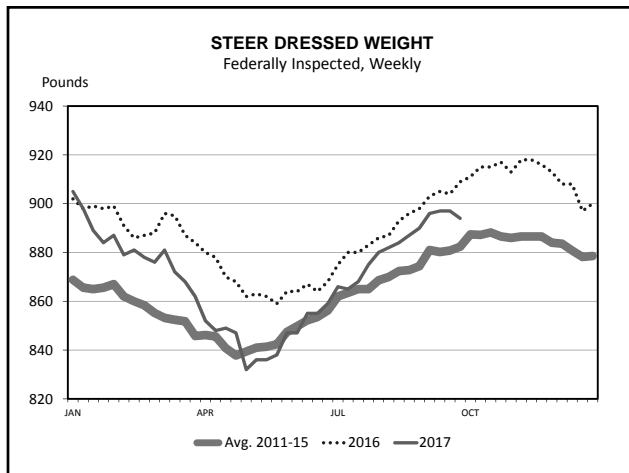
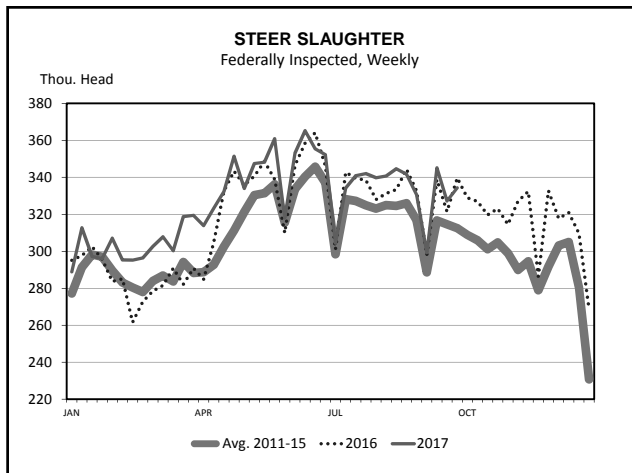
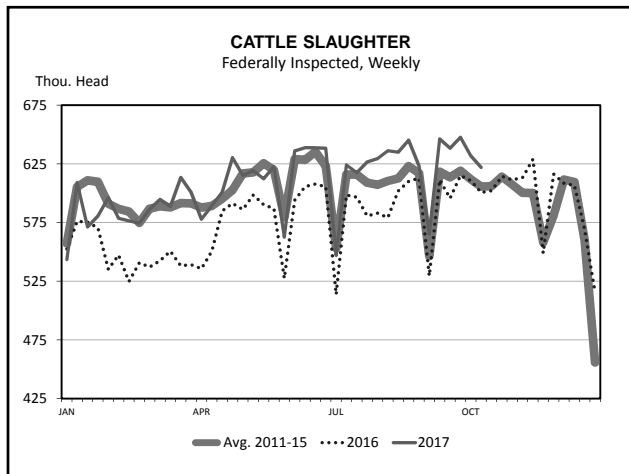
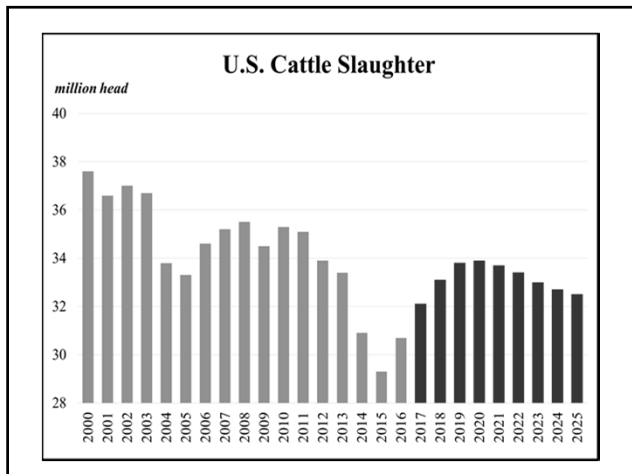
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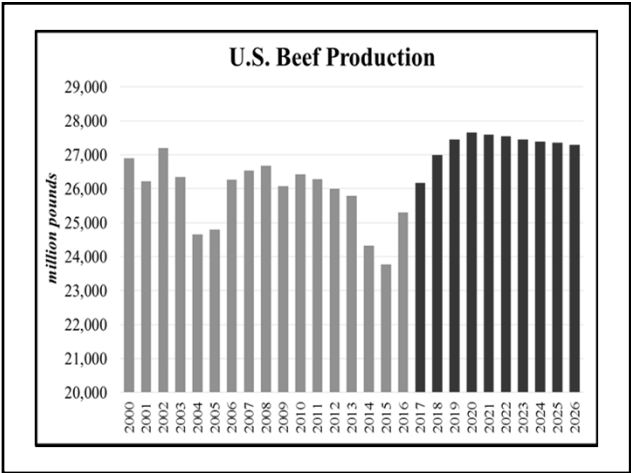
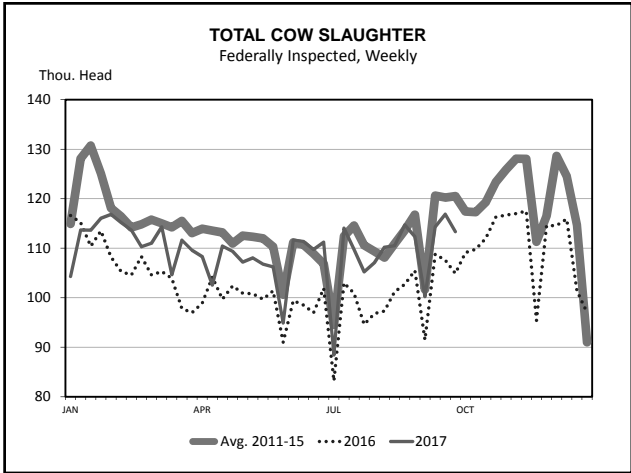
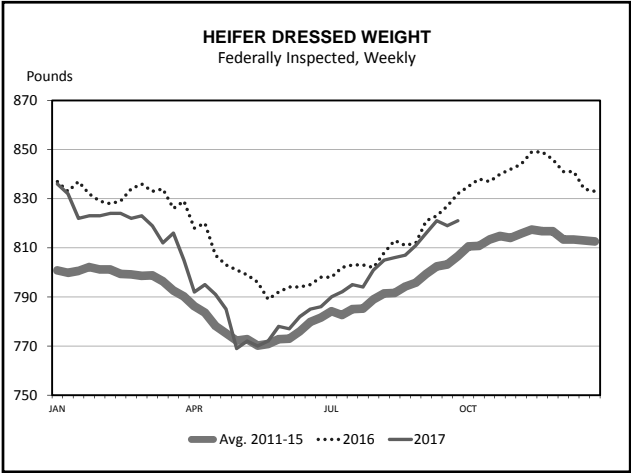
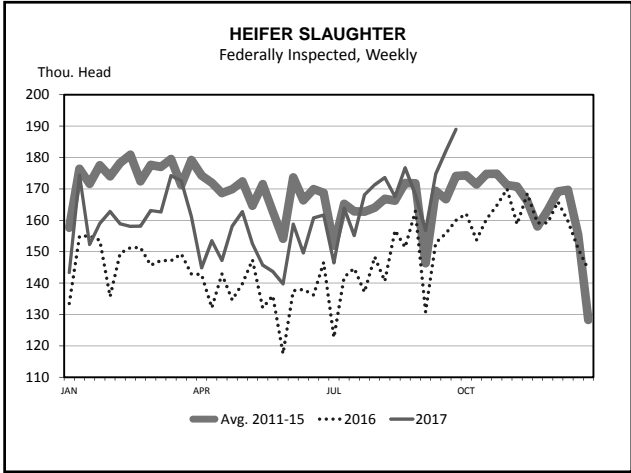


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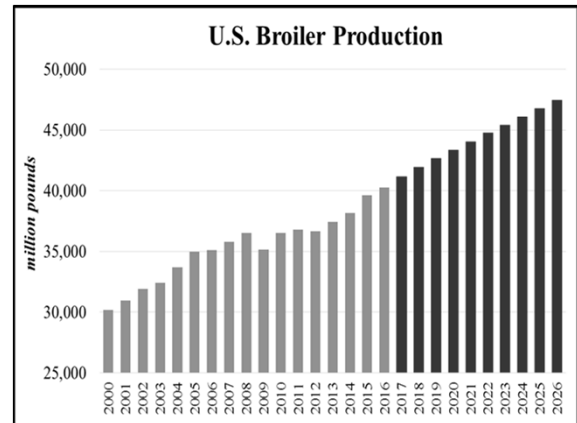
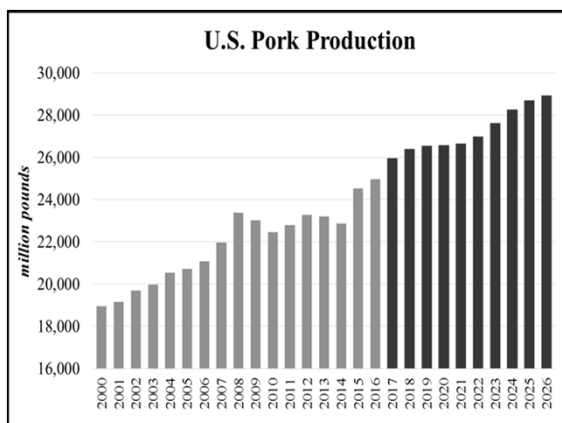
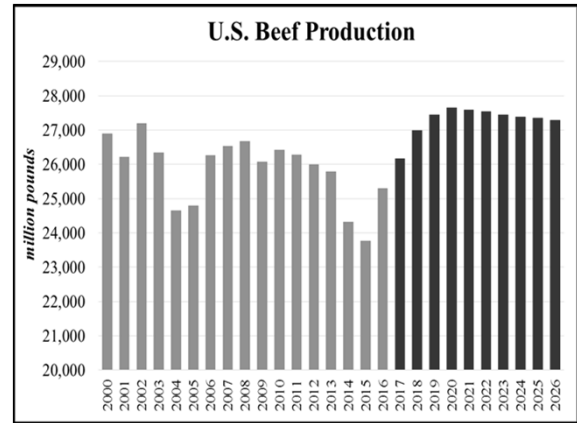


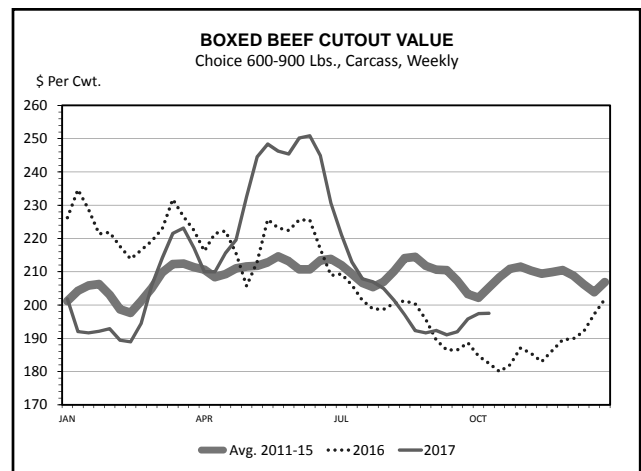
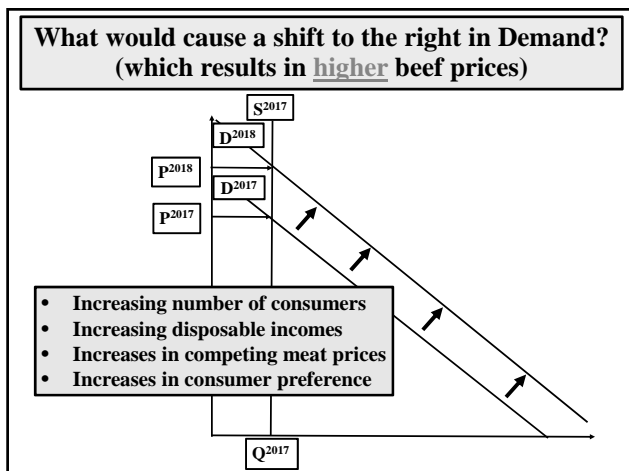
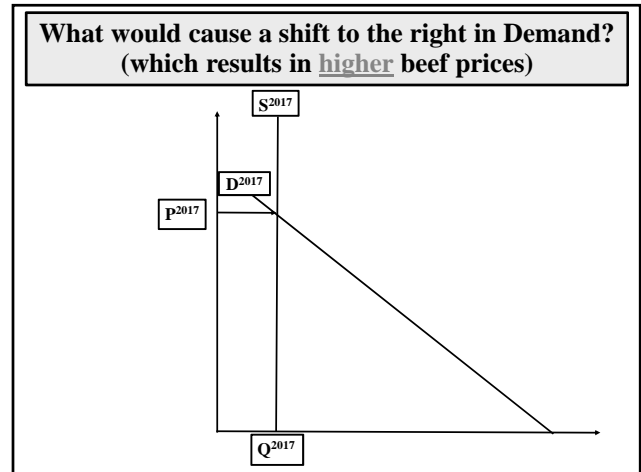
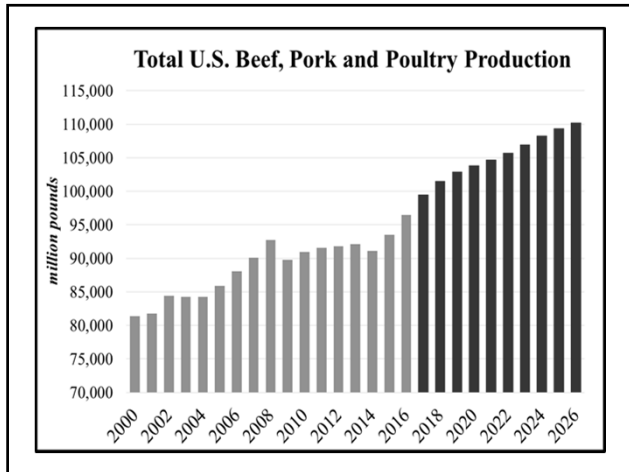


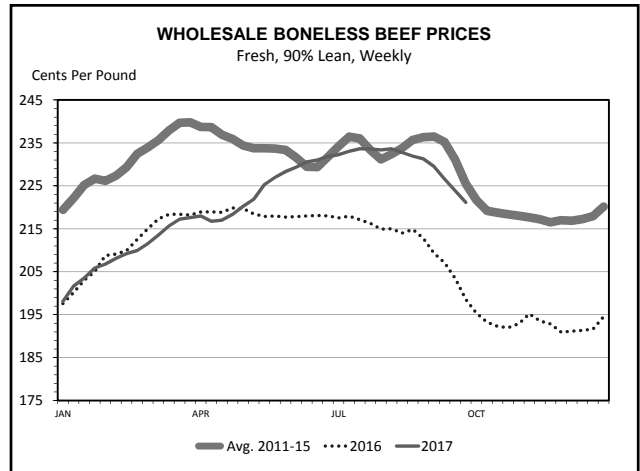
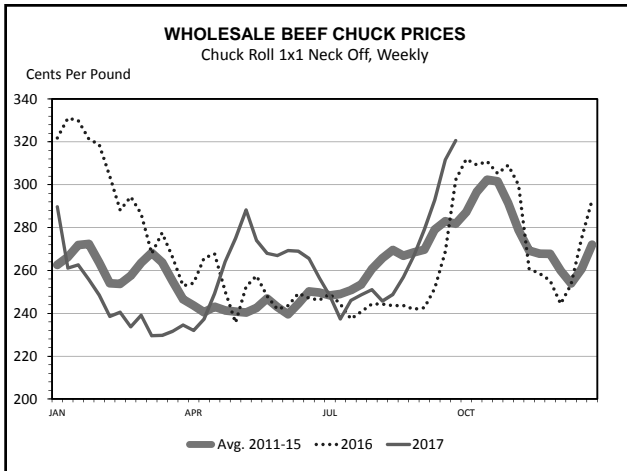
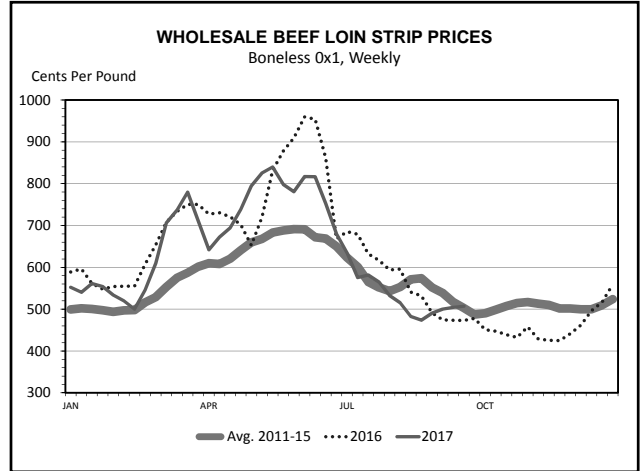
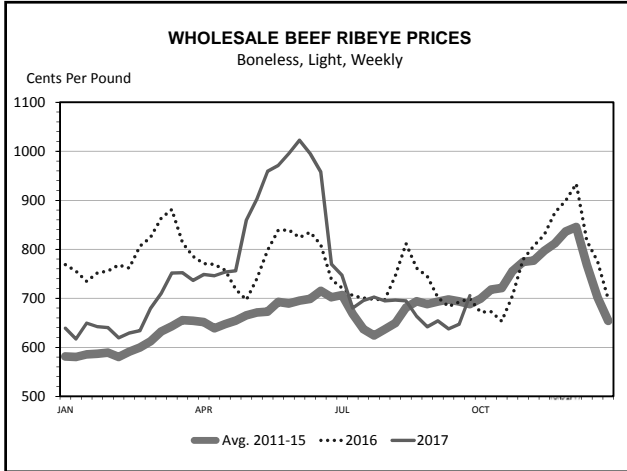




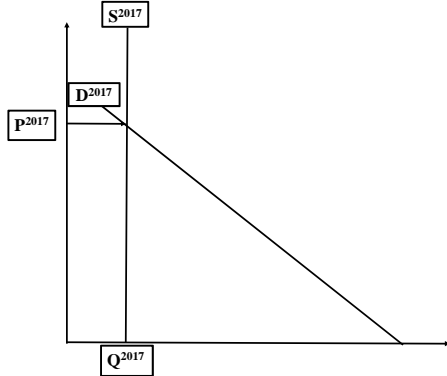
Total U.S. Red Meat and Poultry Production



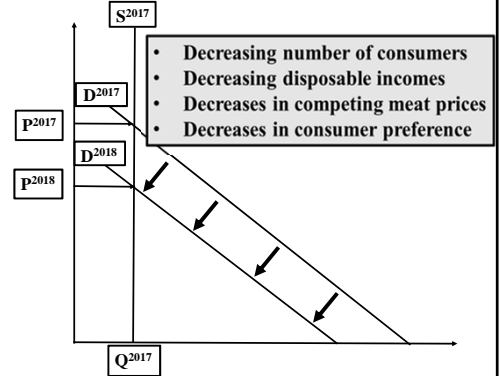




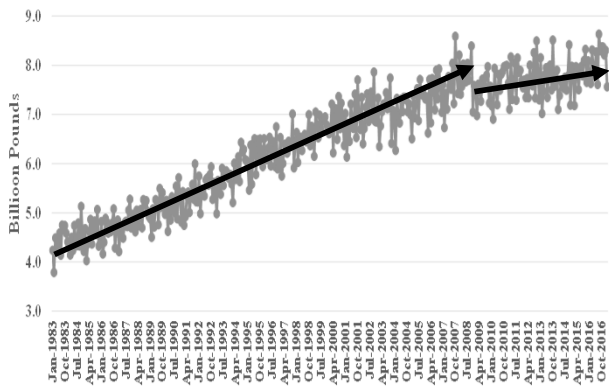
What would cause a shift to the left in Demand?
(which results in lower beef prices)



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(which results in lower beef prices)



U.S. Total Red Meat and Poultry Production By Month
(Jan 1983 - Feb 2017)



Economic Outliers

(These usually can't be anticipated or predicted.)

- Recession
- Food Safety
- Government Policies/Regulations
 - (taxes, health care, etc.)
- Terrorist Events
- Trade Barriers (NAFTA, TPP, South Korea, China)
- Political Confrontations
- Military Disturbances & Wars
- , etc.?

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- Energy Prices
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- U.S. Export Beef Demand
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- U.S. Import Beef Supply
- Total U.S. Meat Supply
- Cow-Calf Cost of Production and Profitability
- Feedlot Cost of Production
- Weather
- Outliers

Summary

- Herd expansion will likely continue as long as beef producers feel they are profitable and have the land, labor, capital, feed, and forages resources to expand.
- As herd expansion continues the transition to cyclically lower cattle prices will likely continue until prices approach the cost of production.

Summary

Due to expected future declining beef prices, U.S. cattle producers will need to:

- 1) search for ways to lower their unit cost of production (such as more efficient use of inputs, reduce wastes, scrutinize capital purchases, debt, etc.)
- 2) identify opportunities to enhance cattle market prices (improve quality and quantity, identify economical weights, months to sell, when to use price protection, etc.) in order to achieve higher levels of profits during the bottom of the cattle price cycle (2017 – 2021?).

**Thank You For Your Attention
Have a profitable 2017!**



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