

Cattle Market Outlook: Preparing for Drought

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Extension Livestock Marketing Specialist

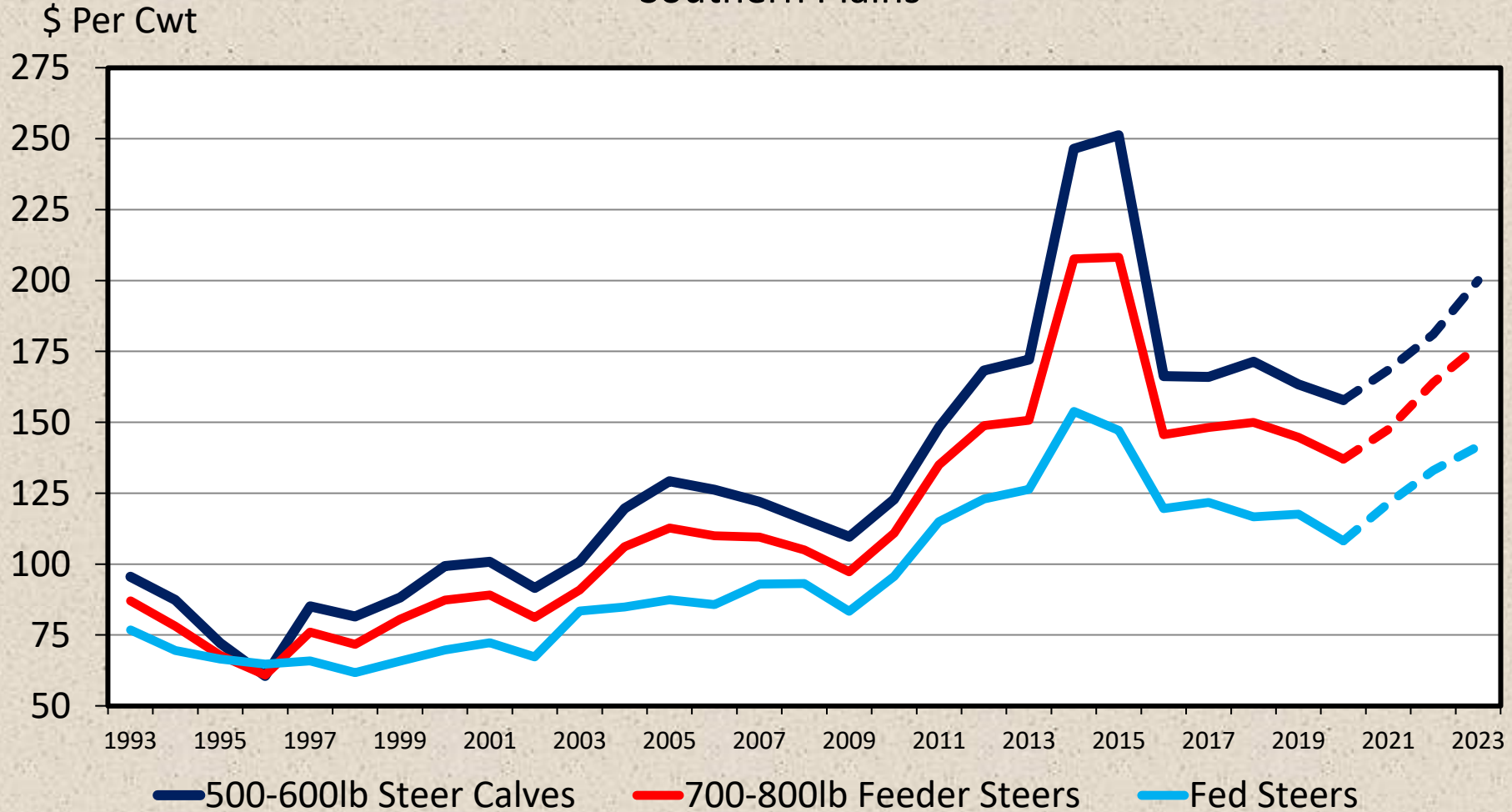
Oklahoma State University



**OKLAHOMA COOPERATIVE
EXTENSION SERVICE**

AVERAGE ANNUAL CATTLE PRICES

Southern Plains



Data Source: USDA-AMS, Compiled and Forecasts by LMIC

Livestock Marketing Information Center

C-P-06
01/06/22

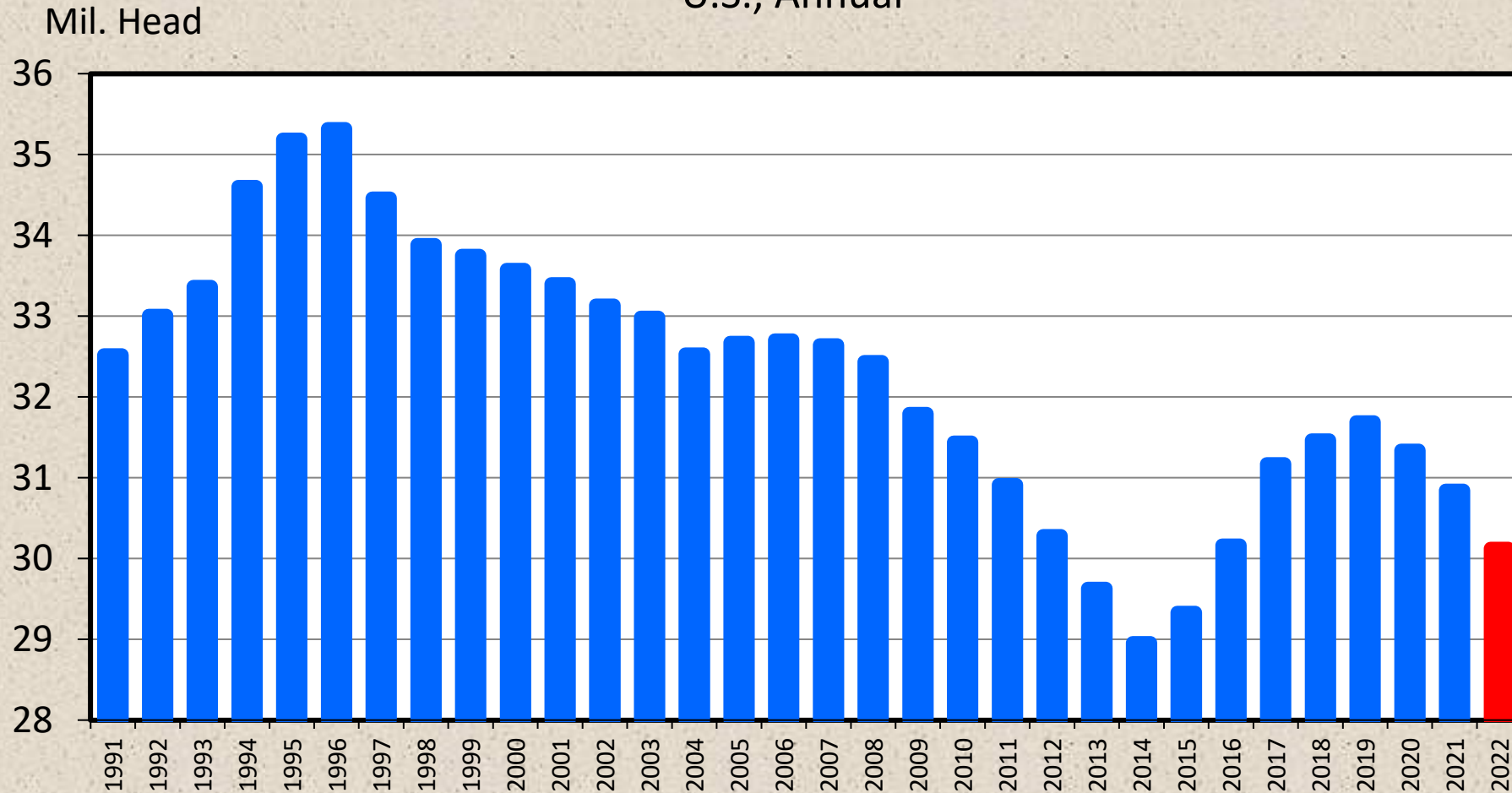
U.S. Cattle Inventory

January 1

	2019	2020	2021	2022	% Change
	1000 Head	1000 Head	1000 Head	1000 Head	
All Cattle and Calves	94804.7	93793.3	93789.5	91901.6	-2.0
Beef Cows	31690.7	31338.7	30843.6	30125.1	-2.3
Dairy Cows	9353.4	9342.6	9442.4	9375.0	-0.7
Beef Replacements	5884.9	5808.9	5803.1	5611.5	-3.3
Dairy Replacements	4701.5	4684.0	4608.5	4450.6	-3.4
Feeder Supply	26553.3	25724.0	26214.0	25537.2	-2.6
Cattle on Feed	14367.9	14657.7	14667.4	14692.6	+0.2
	2018	2019	2020	2021	
Calf Crop	36312.7	35591.6	35495.5	35085.4	-1.2

JANUARY 1 BEEF COW INVENTORY

U.S., Annual



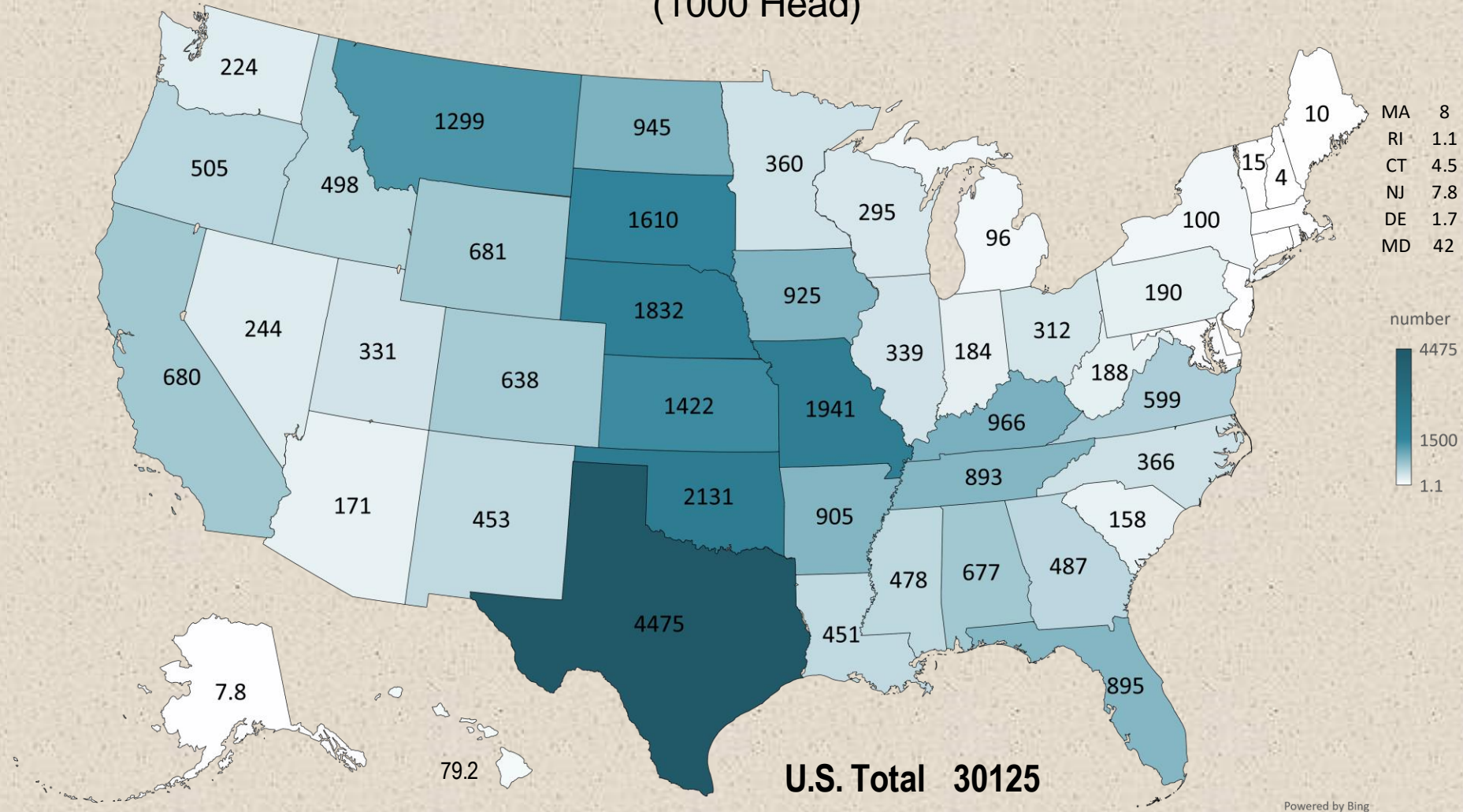
Data Source: USDA-NASS

Livestock Marketing Information Center

C-N-02
07/23/21

BEEF COWS THAT CALVED JANUARY 1, 2022

(1000 Head)



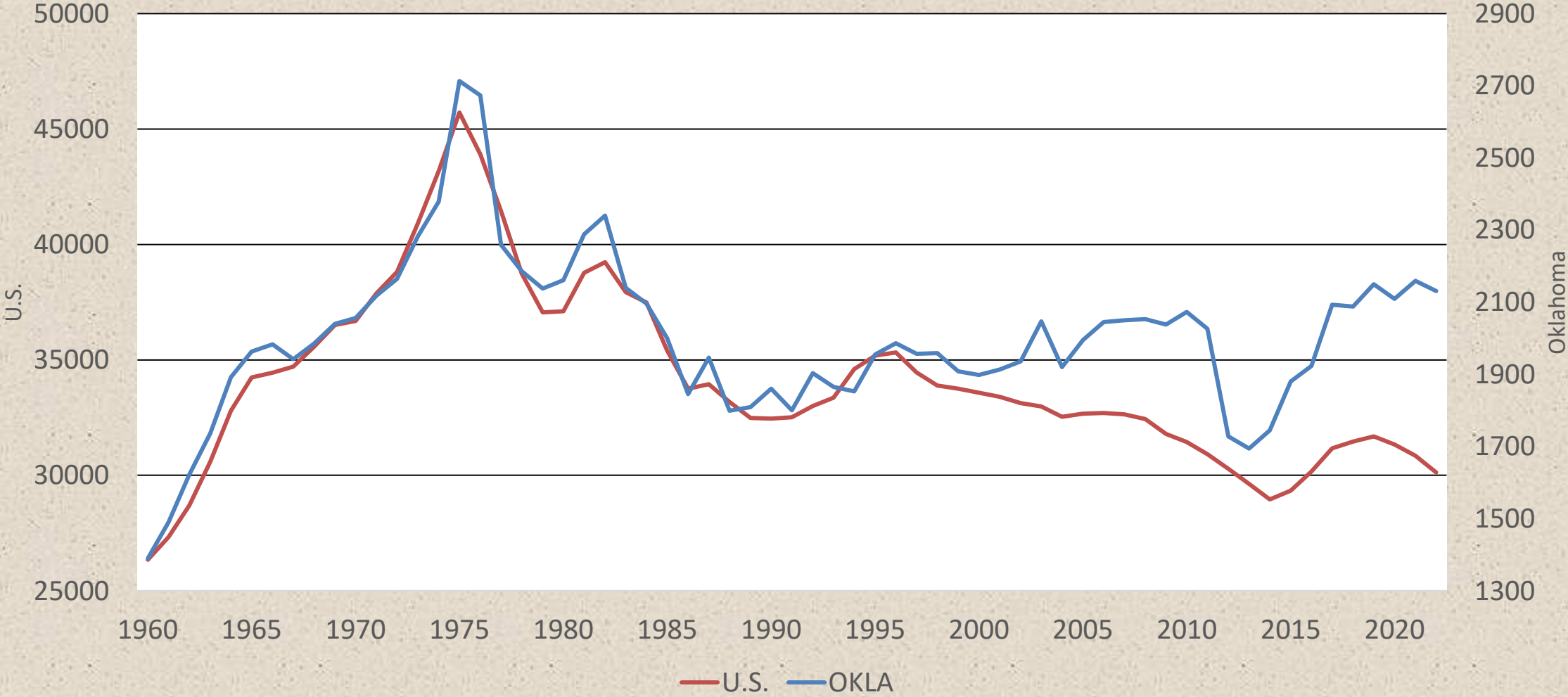
Oklahoma Cattle Inventory

January 1

	2019	2020	2021	2022	% Change
	1000 Head	1000 Head	1000 Head	1000 Head	
All Cattle and Calves	5300	5150	5300	5200	-1.9
Beef Cows	2150	2109	2159	2131	-1.3
Dairy Cows	40	41	41	39	-4.9
Beef Replacements	400	370	410	410	0.0
Dairy Replacements	20	20	20	20	0.0
Feeder Supply	2180	2100	2165	2115	-2.3
Cattle on Feed	330	340	335	315	-6.0
	2018	2019	2020	2021	
Calf Crop	2050	1890	1950	1920	-1.5

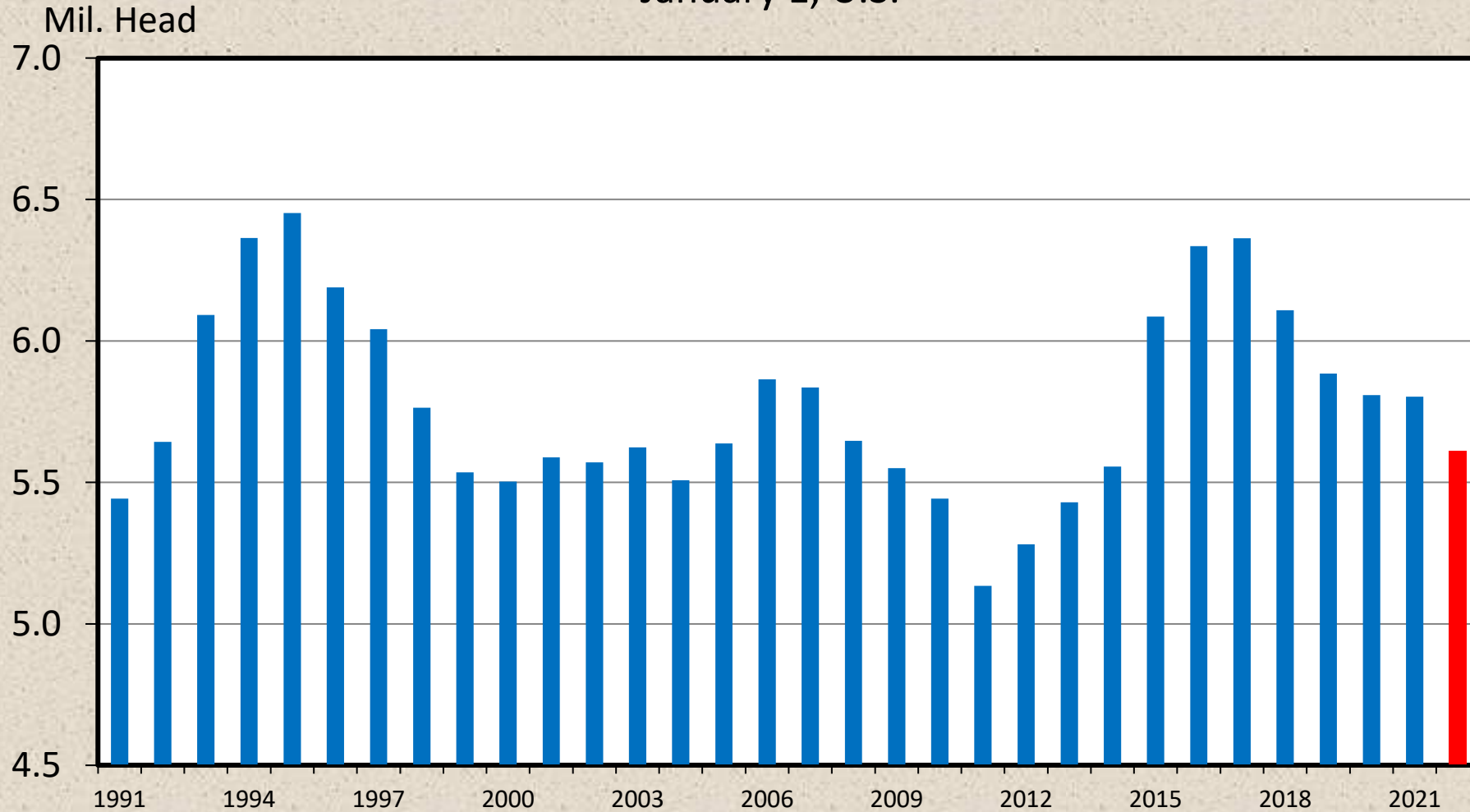
Oklahoma and U.S. Beef Cow Inventory

1,000 Head, January 1



HEIFERS HELD AS BEEF COW REPLACEMENTS

January 1, U.S.



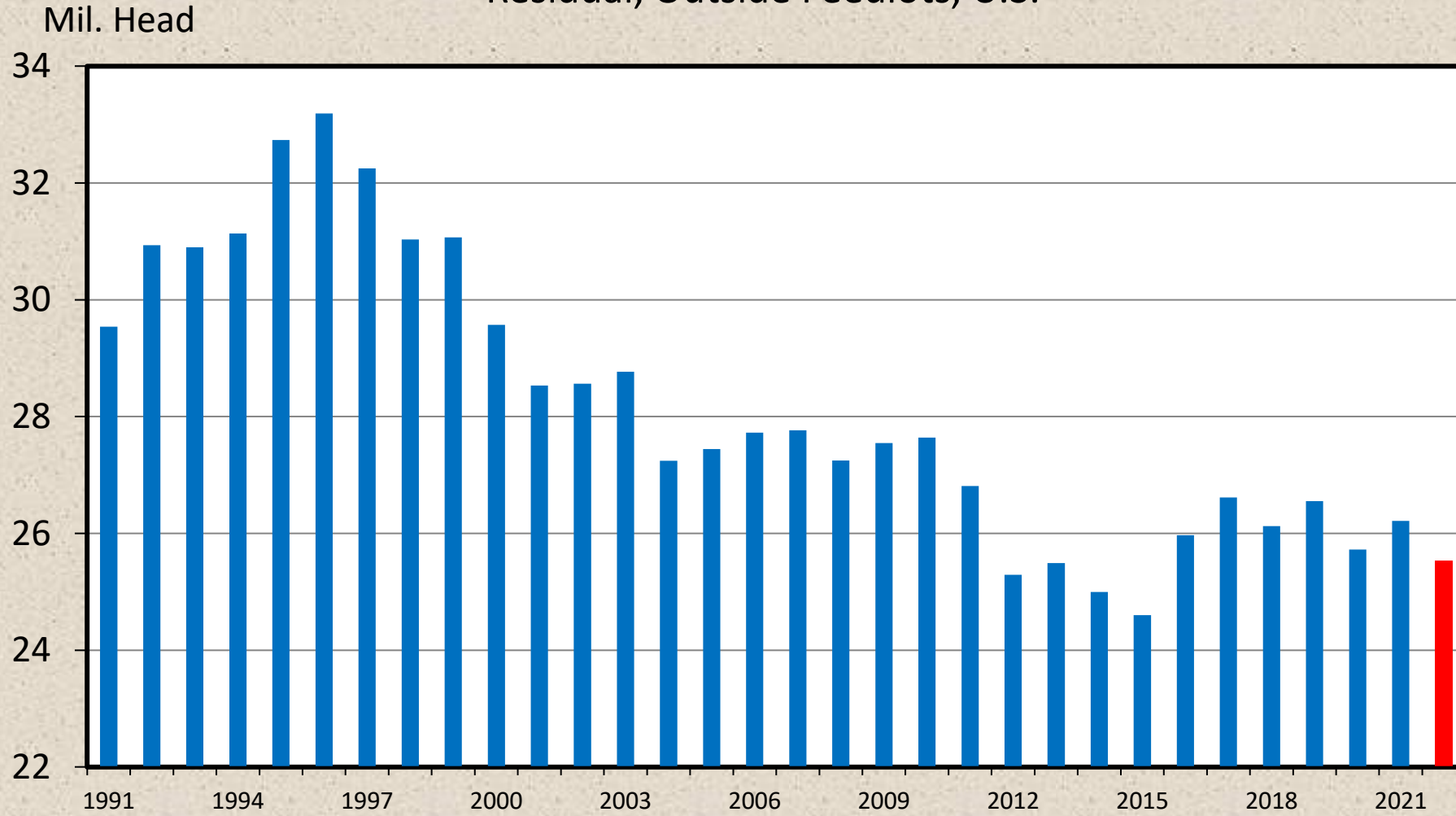
Data Source: USDA-NASS

Livestock Marketing Information Center

C-N-38
07/23/21

JANUARY 1 FEEDER CATTLE SUPPLIES

Residual, Outside Feedlots, U.S.

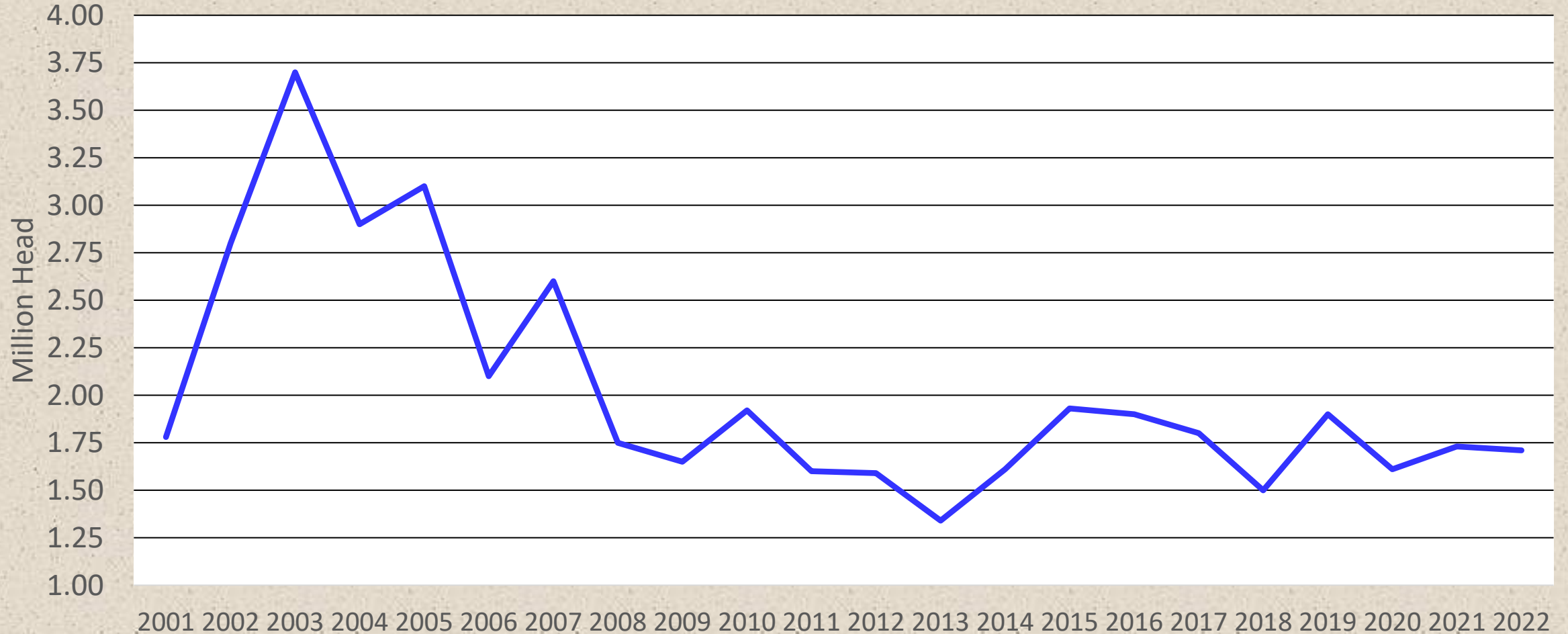


Data Source: USDA-NASS

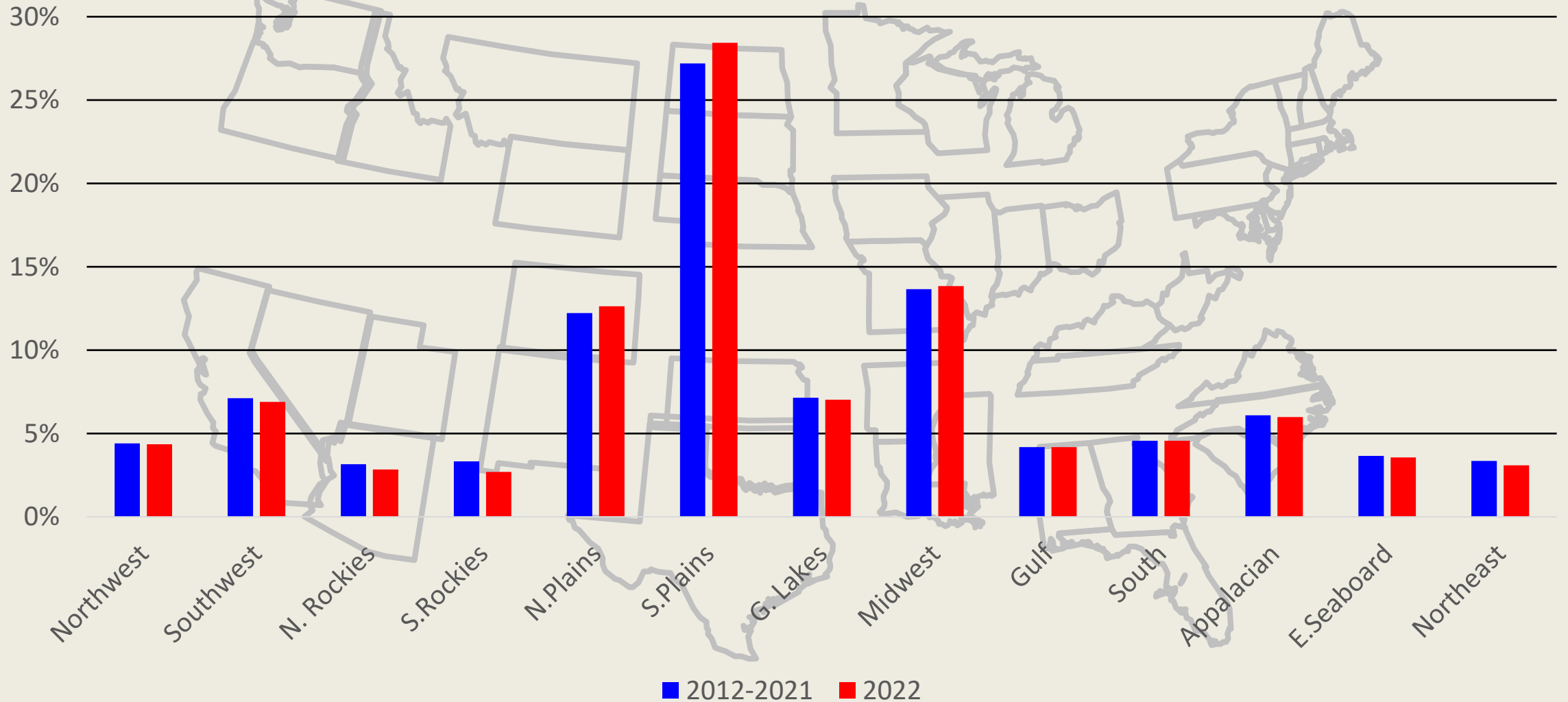
Livestock Marketing Information Center

C-N-30
07/23/21

Cattle Grazing on Small Grain Pasture, Kansas, Oklahoma and Texas



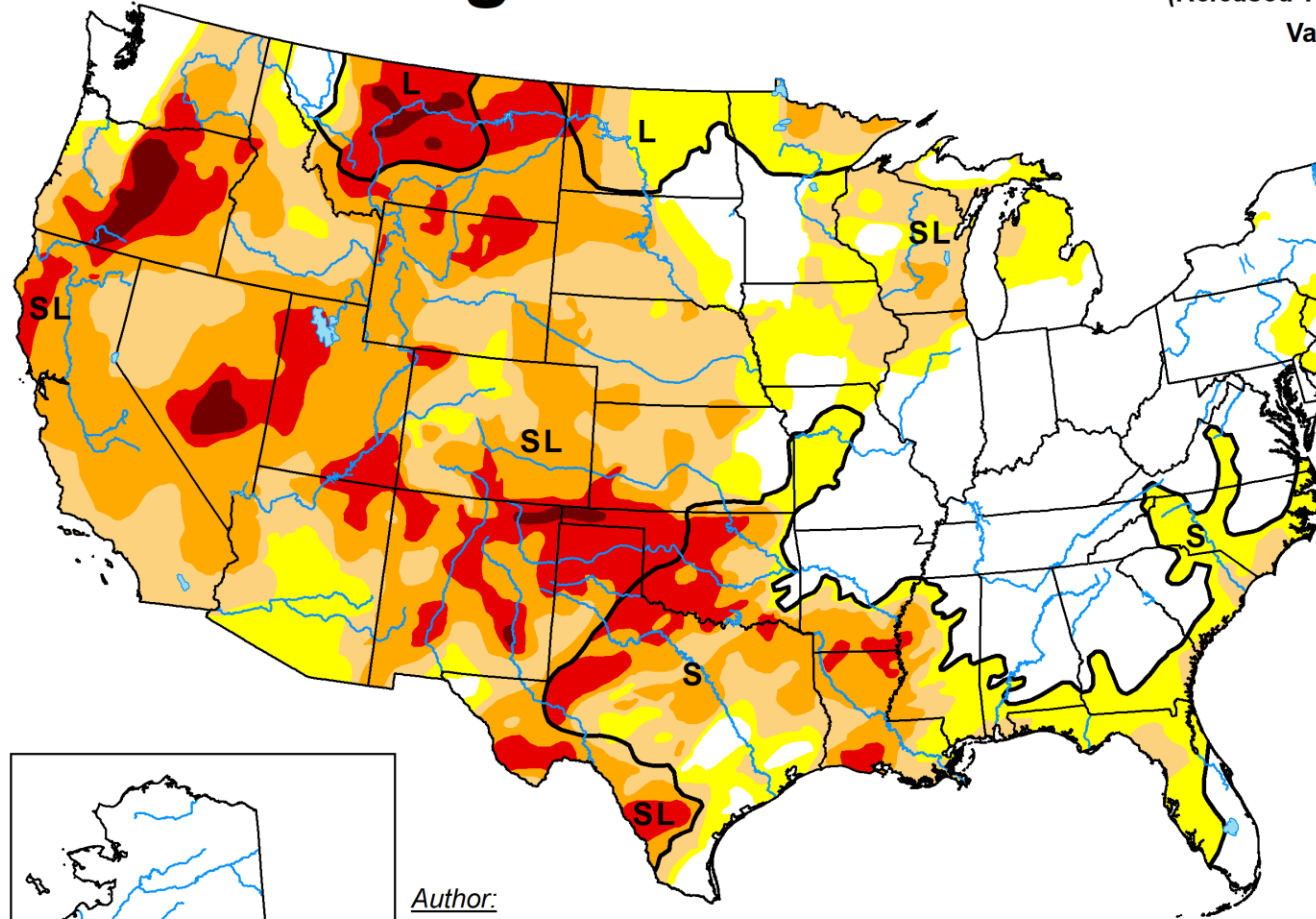
Regional Share of Feeder Supplies Outside of Feedlots, January 1



U.S. Drought Monitor

February 22, 2022
(Released Thursday, Feb. 24, 2022)

Valid 7 a.m. EST

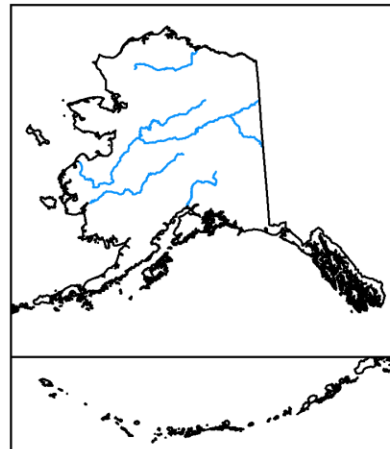


Drought Impact Types:

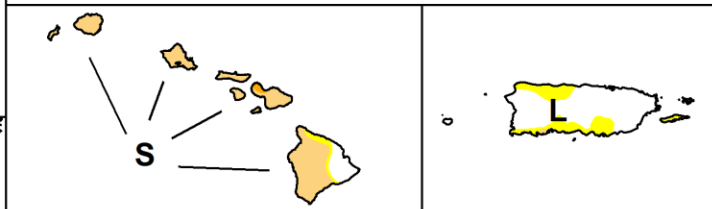
- ~ Delineates dominant impacts
- S = Short-Term, typically less than 6 months (e.g. agriculture, grasslands)
- L = Long-Term, typically greater than 6 months (e.g. hydrology, ecology)

Intensity:

- None
- D0 Abnormally Dry
- D1 Moderate Drought
- D2 Severe Drought
- D3 Extreme Drought
- D4 Exceptional Drought



Author:
Brad Pugh
CPC/NOAA



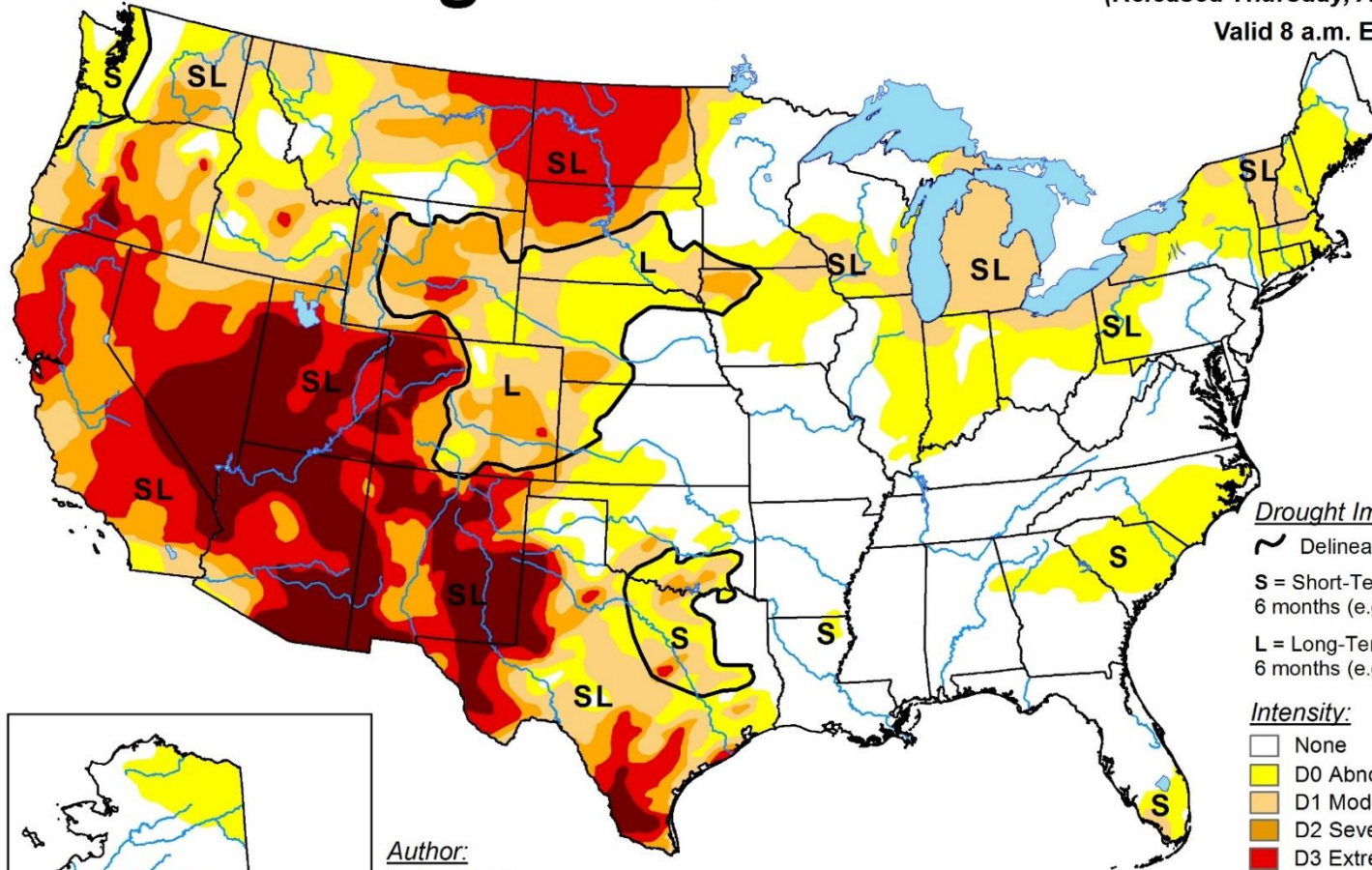
The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. For more information on the Drought Monitor, go to <https://droughtmonitor.unl.edu/About.aspx>



droughtmonitor.unl.edu

U.S. Drought Monitor

April 27, 2021
 (Released Thursday, Apr. 29, 2021)
 Valid 8 a.m. EDT

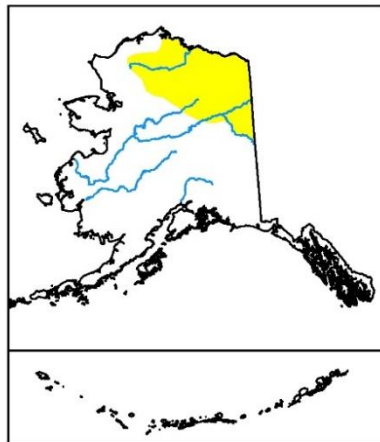


Drought Impact Types:

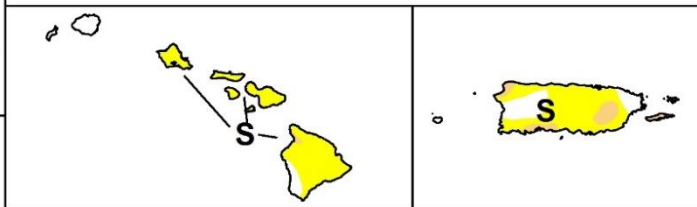
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Author:
 Richard Heim
 NCEI/NOAA

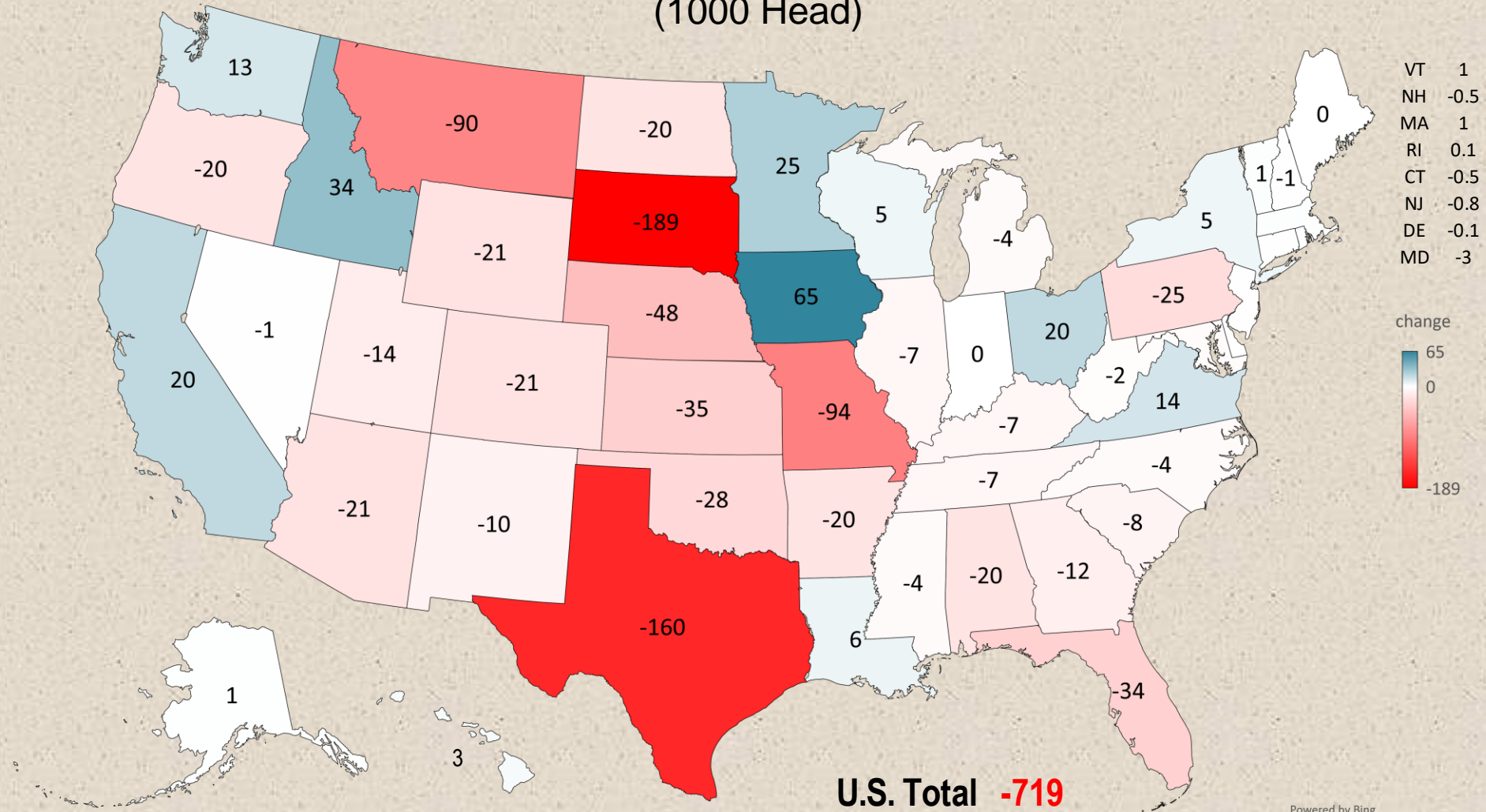


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droughtmonitor.unl.edu

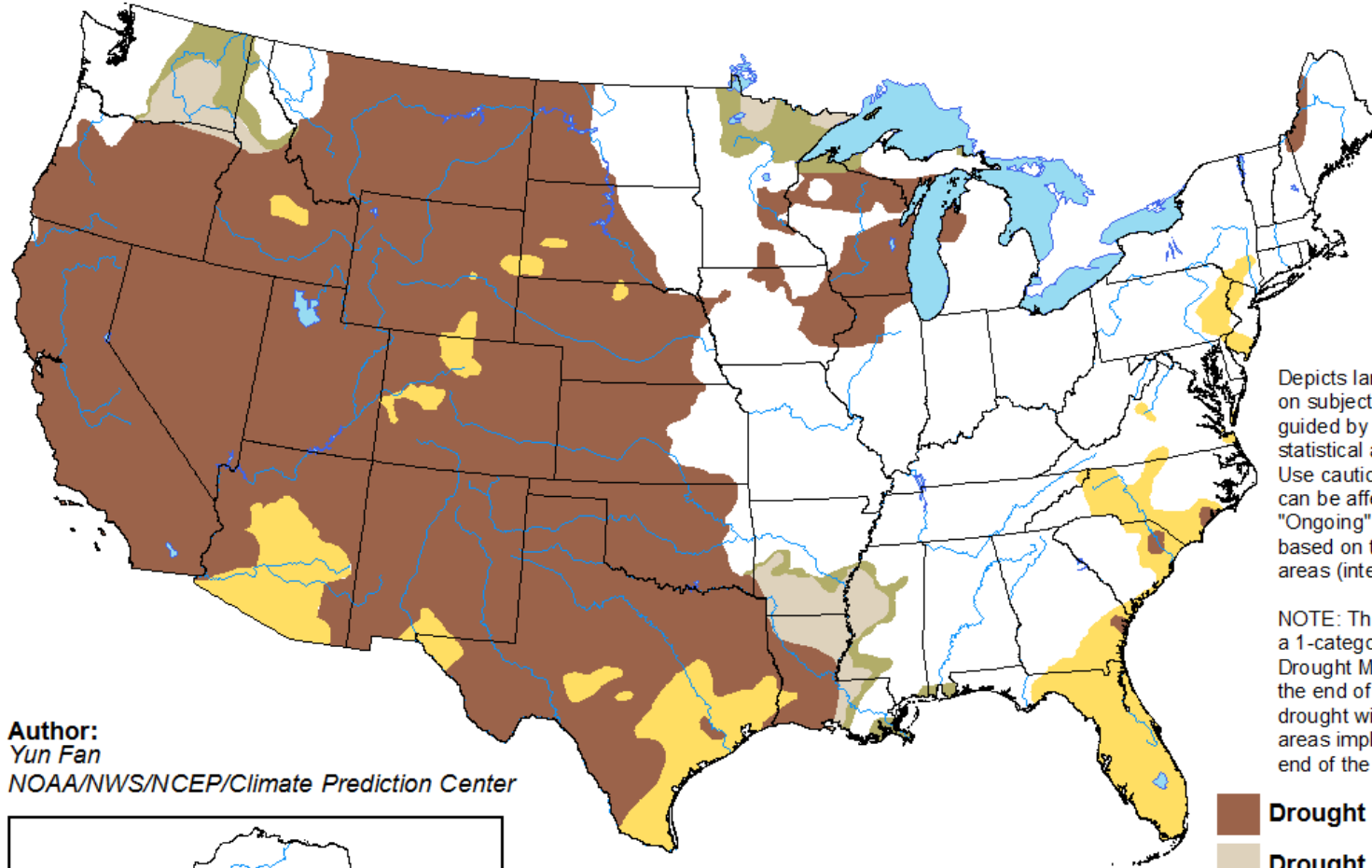
CHANGE IN BEEF COWS 2021 TO 2022 (1000 Head)



U.S. Seasonal Drought Outlook

Drought Tendency During the Valid Period

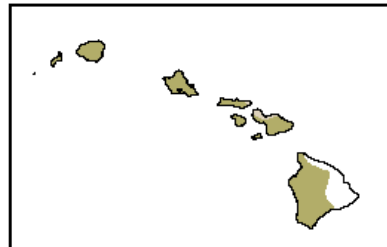
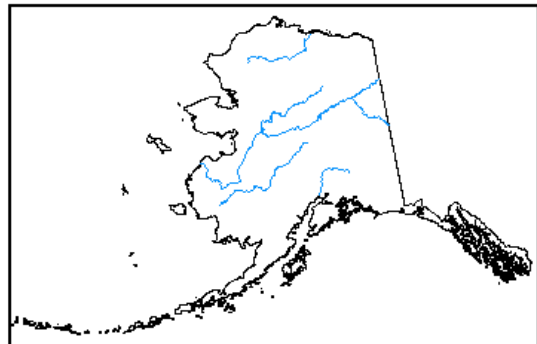
Valid for February 17 - May 31, 2022
Released February 17







Depicts large-scale trends based on subjectively derived probabilities guided by short- and long-range statistical and dynamical forecasts. Use caution for applications that can be affected by short lived events. "Ongoing" drought areas are based on the U.S. Drought Monitor areas (intensities of D1 to D4).

NOTE: The tan areas imply at least a 1-category improvement in the Drought Monitor intensity levels by the end of the period, although drought will remain. The green areas imply drought removal by the end of the period (D0 or none).

Author:
Yun Fan
NOAA/NWS/NCEP/Climate Prediction Center



-  Drought persists
-  Drought remains but improves
-  Drought removal likely
-  Drought development likely



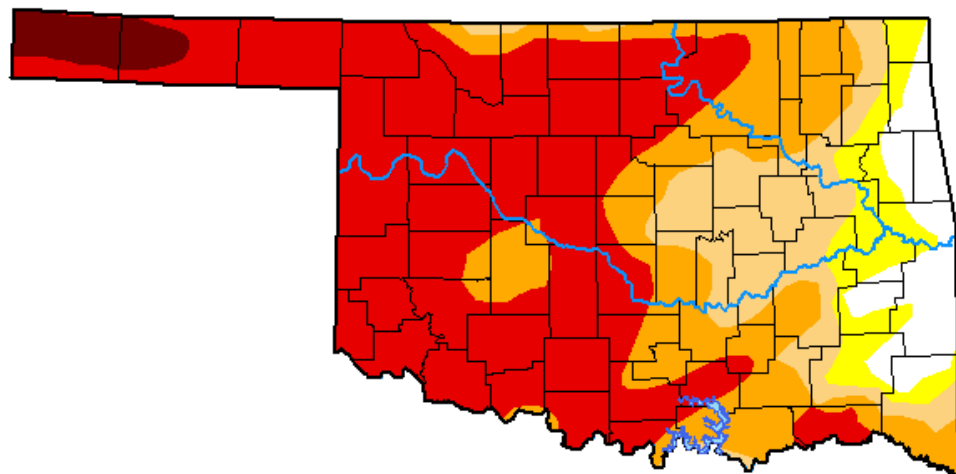
<http://go.usa.gov/3eZ73>

U.S. Drought Monitor Oklahoma

February 22, 2022
(Released Thursday, Feb. 24, 2022)
Valid 7 a.m. EST

Drought Conditions (Percent Area)

	None	D0-D4	D1-D4	D2-D4	D3-D4	D4
Current	6.69	93.31	86.65	73.94	52.05	2.90
Last Week <i>02-15-2022</i>	2.33	97.67	87.98	76.35	55.65	2.90
3 Months Ago <i>11-23-2021</i>	20.17	79.83	41.69	12.36	2.23	0.00
Start of Calendar Year <i>01-04-2022</i>	5.02	94.98	88.14	72.26	40.44	0.00
Start of Water Year <i>09-28-2021</i>	6.45	93.55	73.23	23.72	2.65	0.00
One Year Ago <i>02-23-2021</i>	69.33	30.67	14.83	4.17	0.23	0.00



Intensity:



The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. For more information on the Drought Monitor, go to <https://droughtmonitor.unl.edu/About.aspx>

Author:

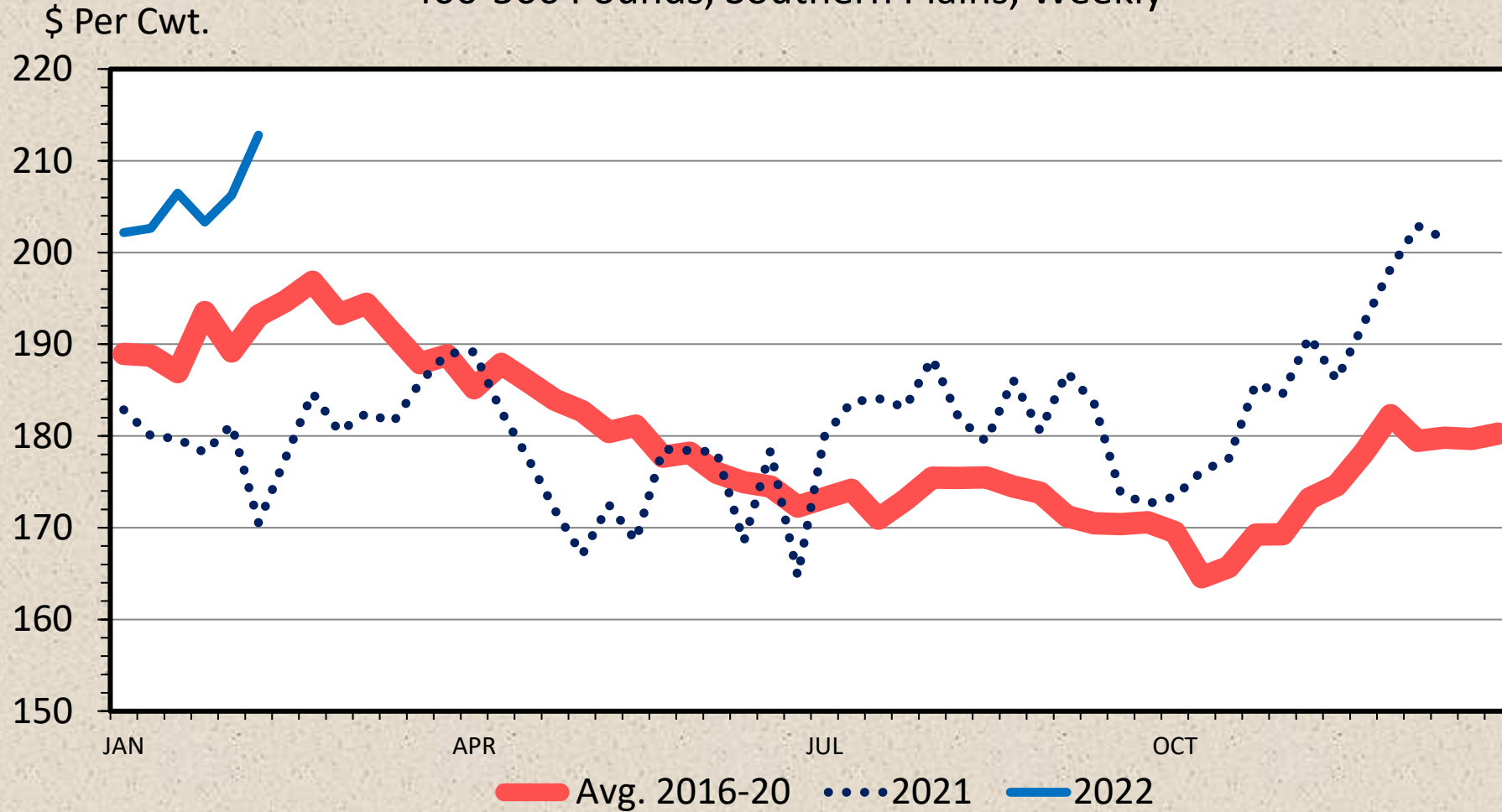
Brad Pugh
CPC/NOAA



droughtmonitor.unl.edu

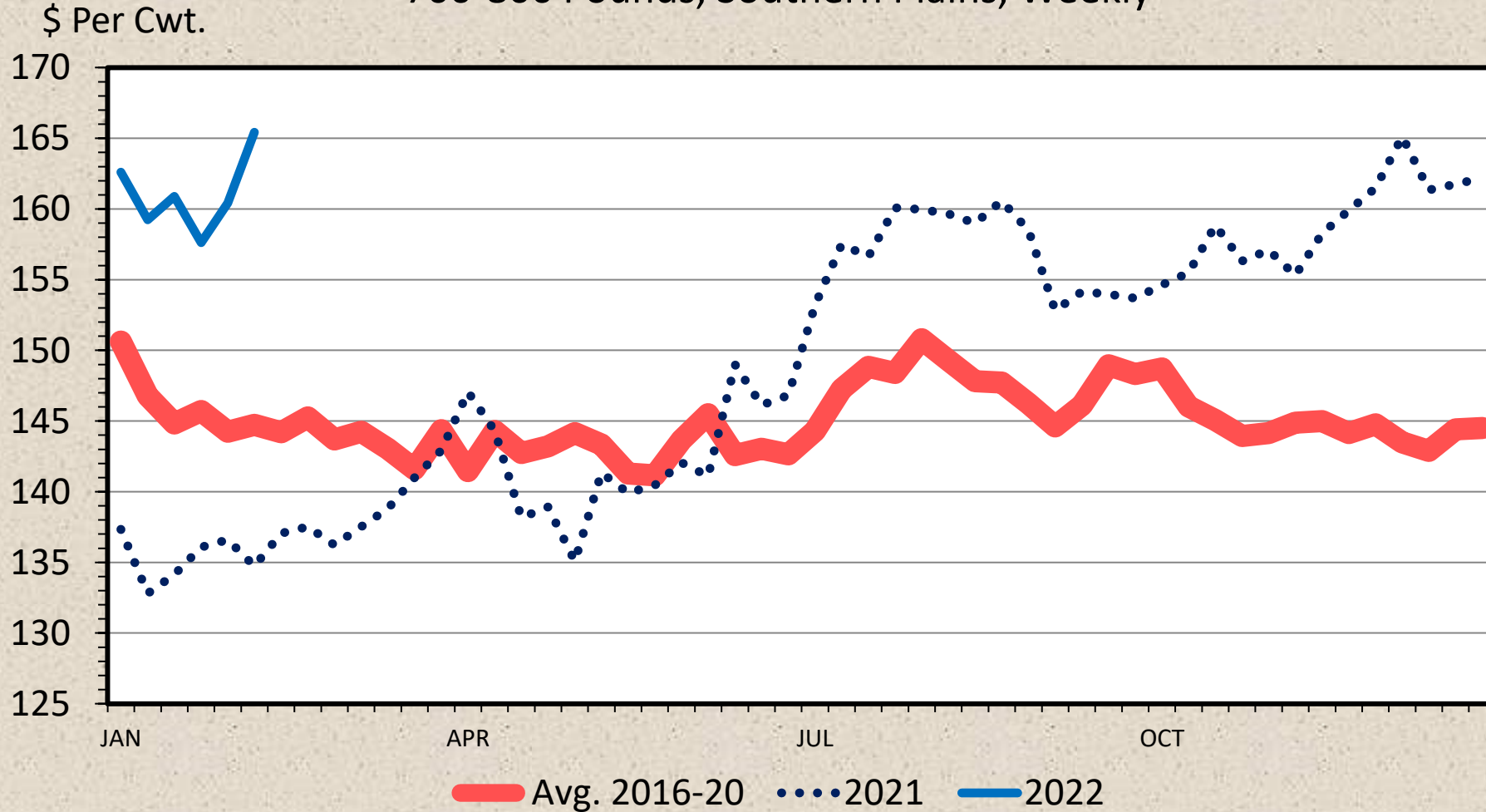
MED. & LRG. #1 STEER CALF PRICES

400-500 Pounds, Southern Plains, Weekly



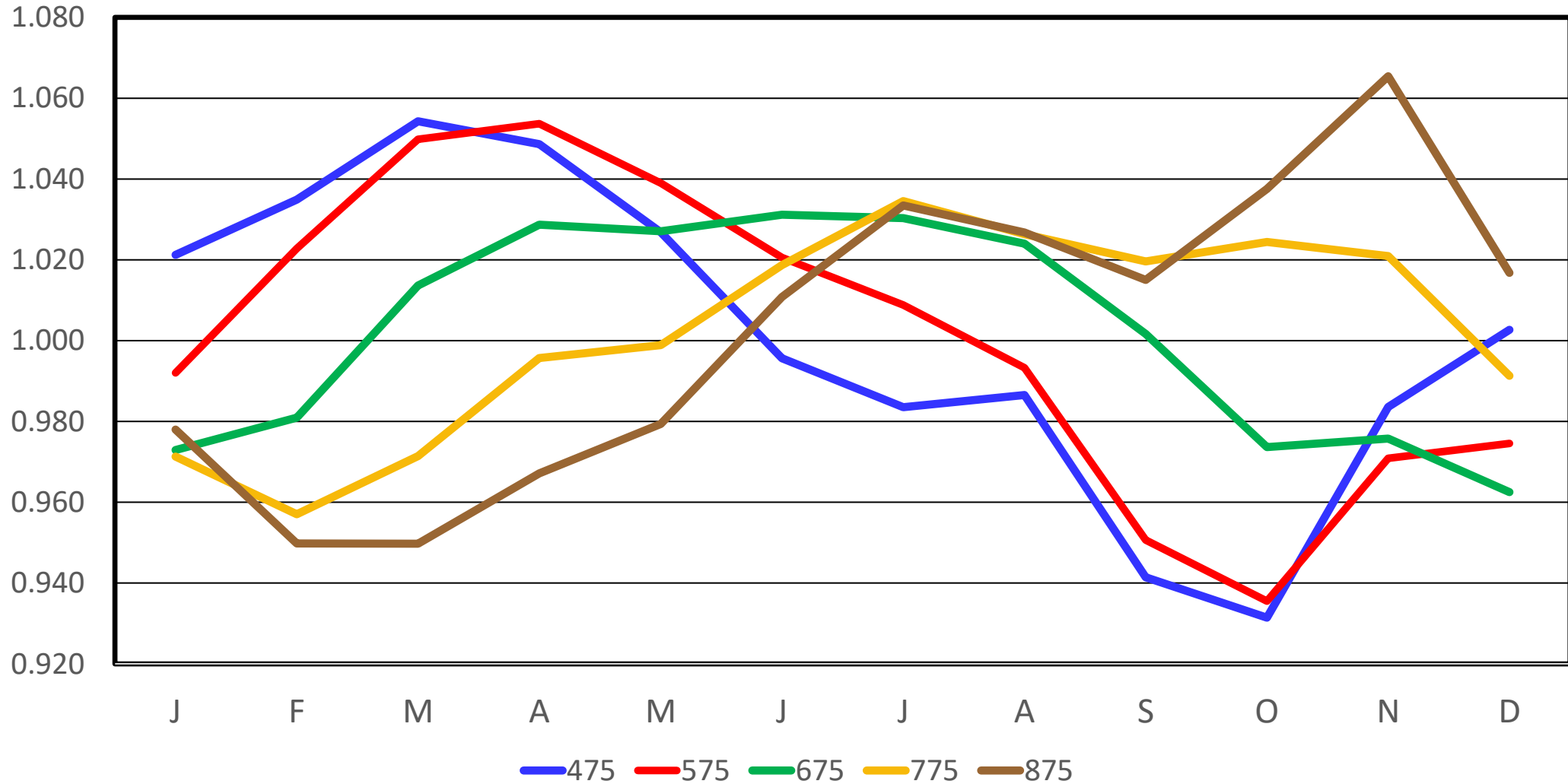
MED. & LRG. #1 FEEDER STEER PRICES

700-800 Pounds, Southern Plains, Weekly



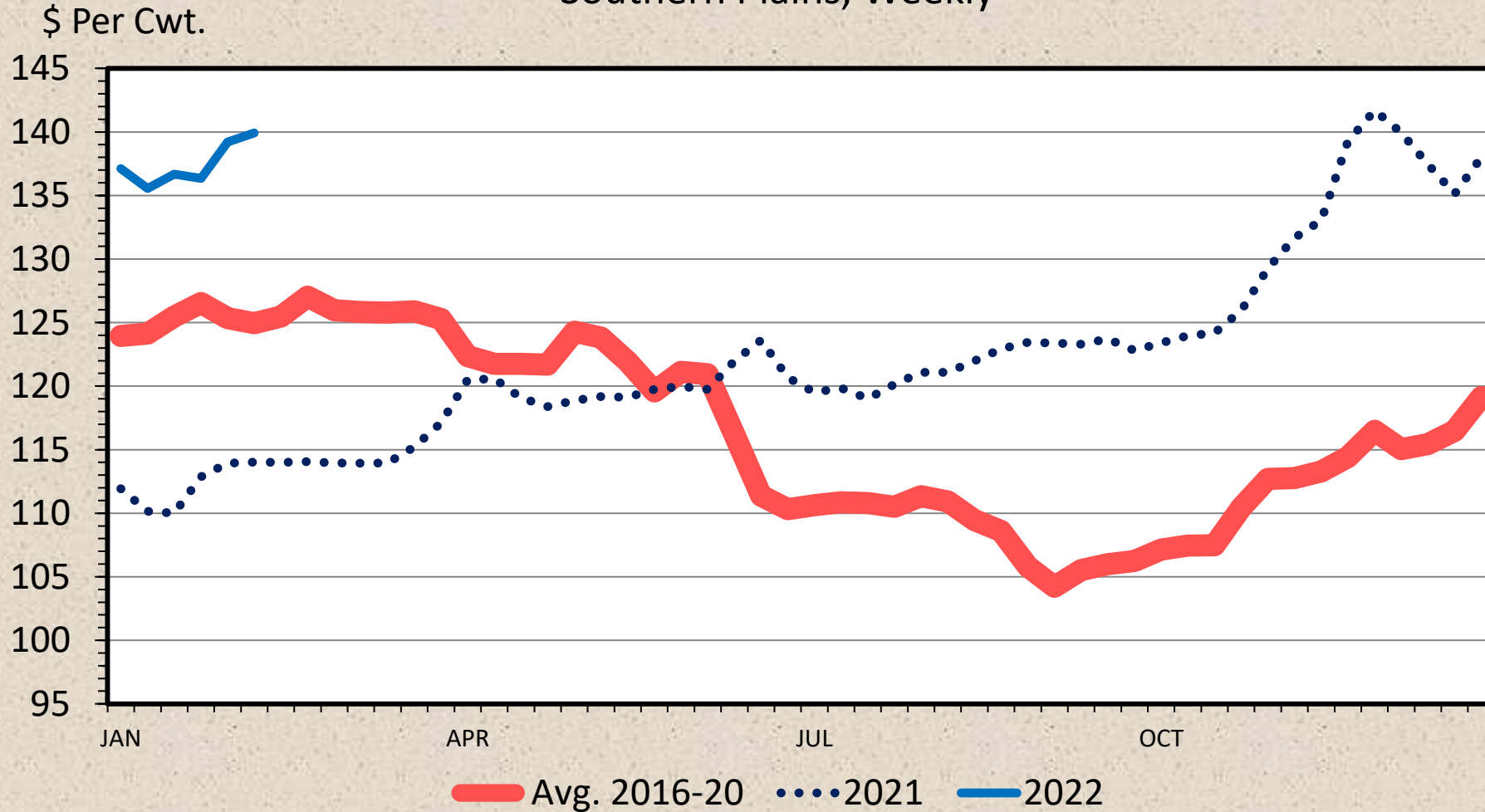
Steer Price Seasonality, Oklahoma

2015-2019 Average by Weight



SLAUGHTER STEER PRICES

Southern Plains, Weekly

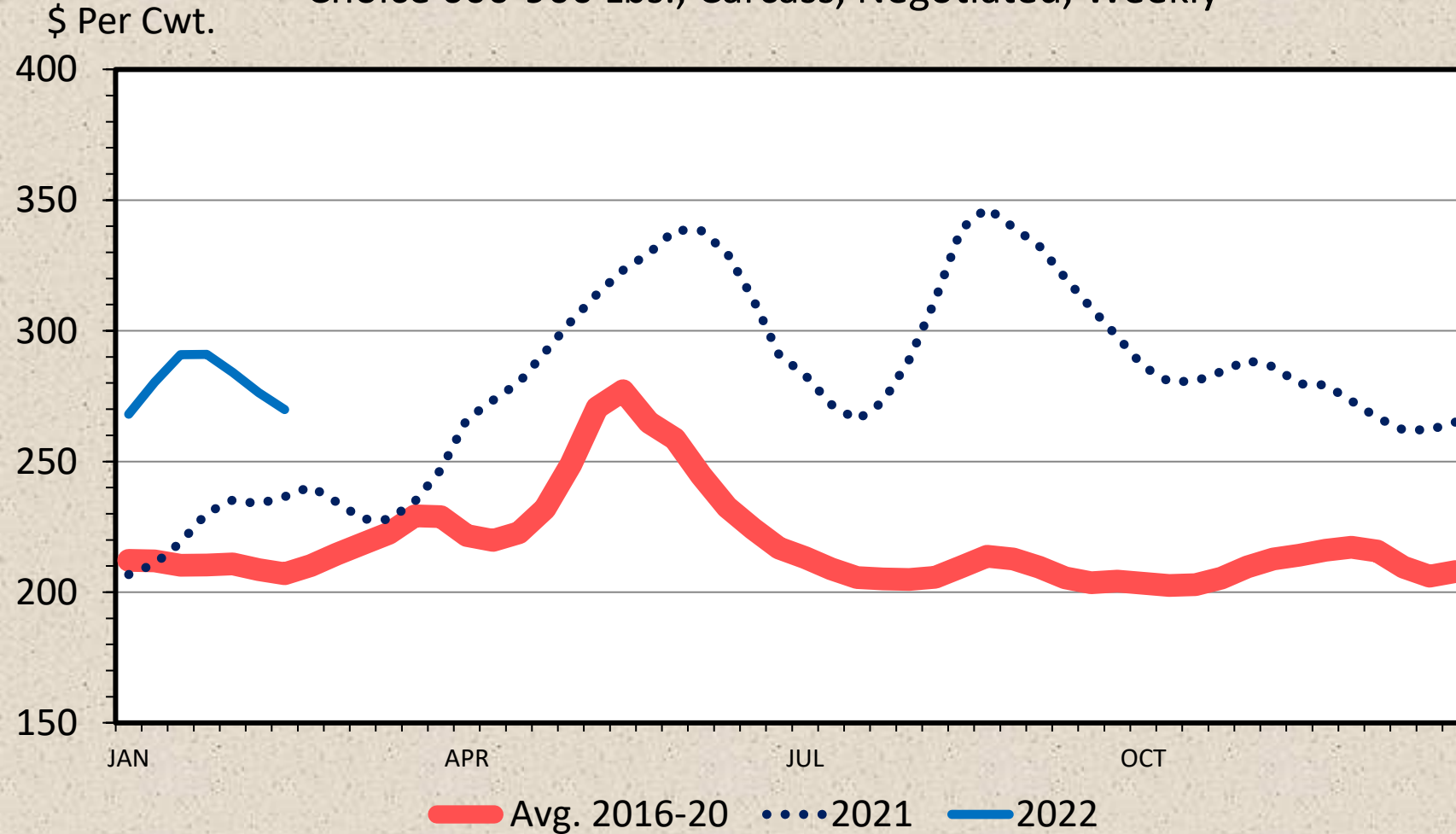


Data Source: USDA-AMS

Livestock Marketing Information Center

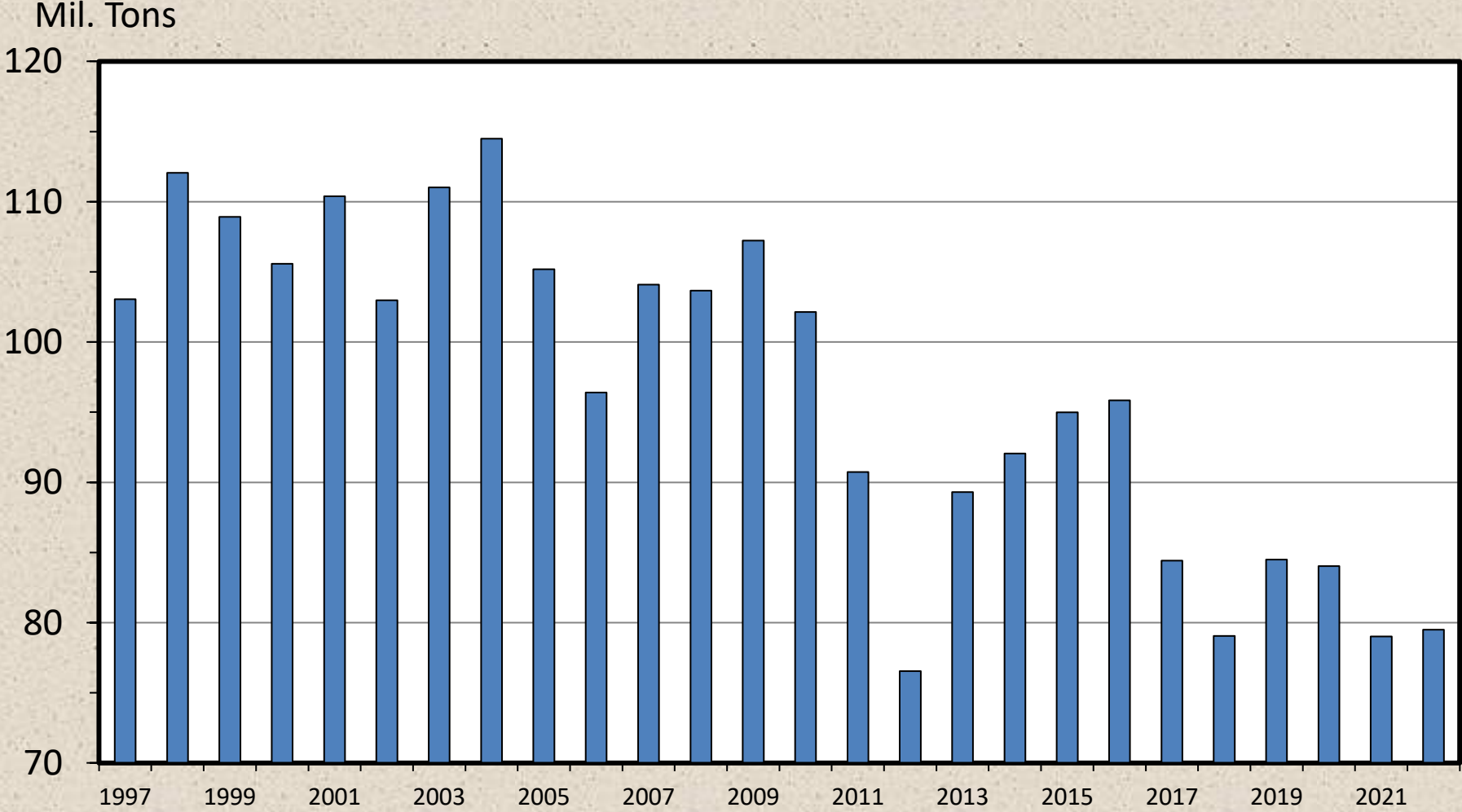
BOXED BEEF CUTOUT VALUE

Choice 600-900 Lbs., Carcass, Negotiated, Weekly



US ALL HAY STOCKS

December 1

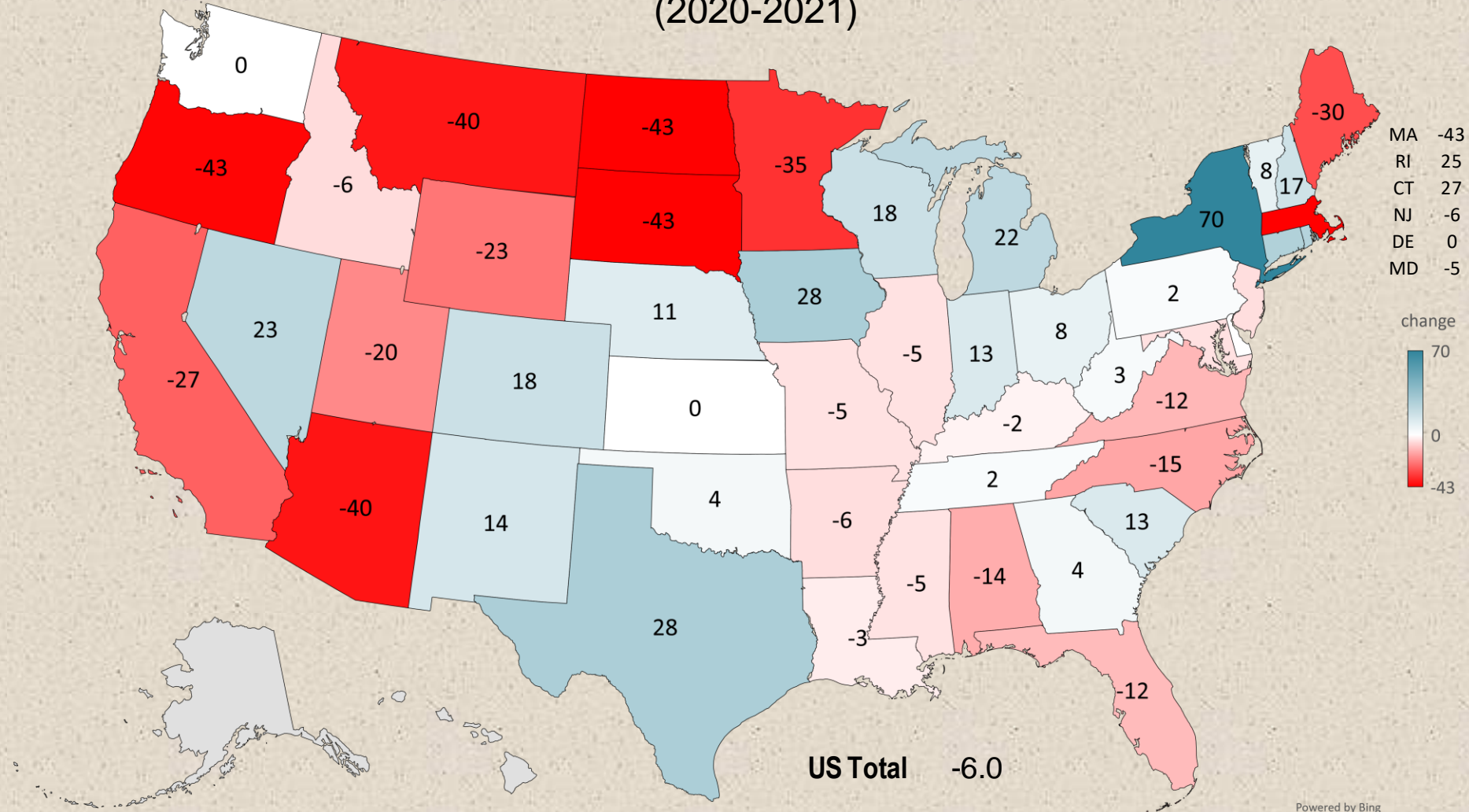


Data Source: USDA-NASS, Forecasts by LMIC

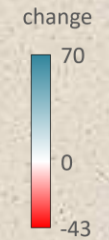
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G-NP-22
02/01/22

PERCENT CHANGE DECEMBER 1 HAY STOCKS (2020-2021)



MA -43
RI 25
CT 27
NJ -6
DE 0
MD -5



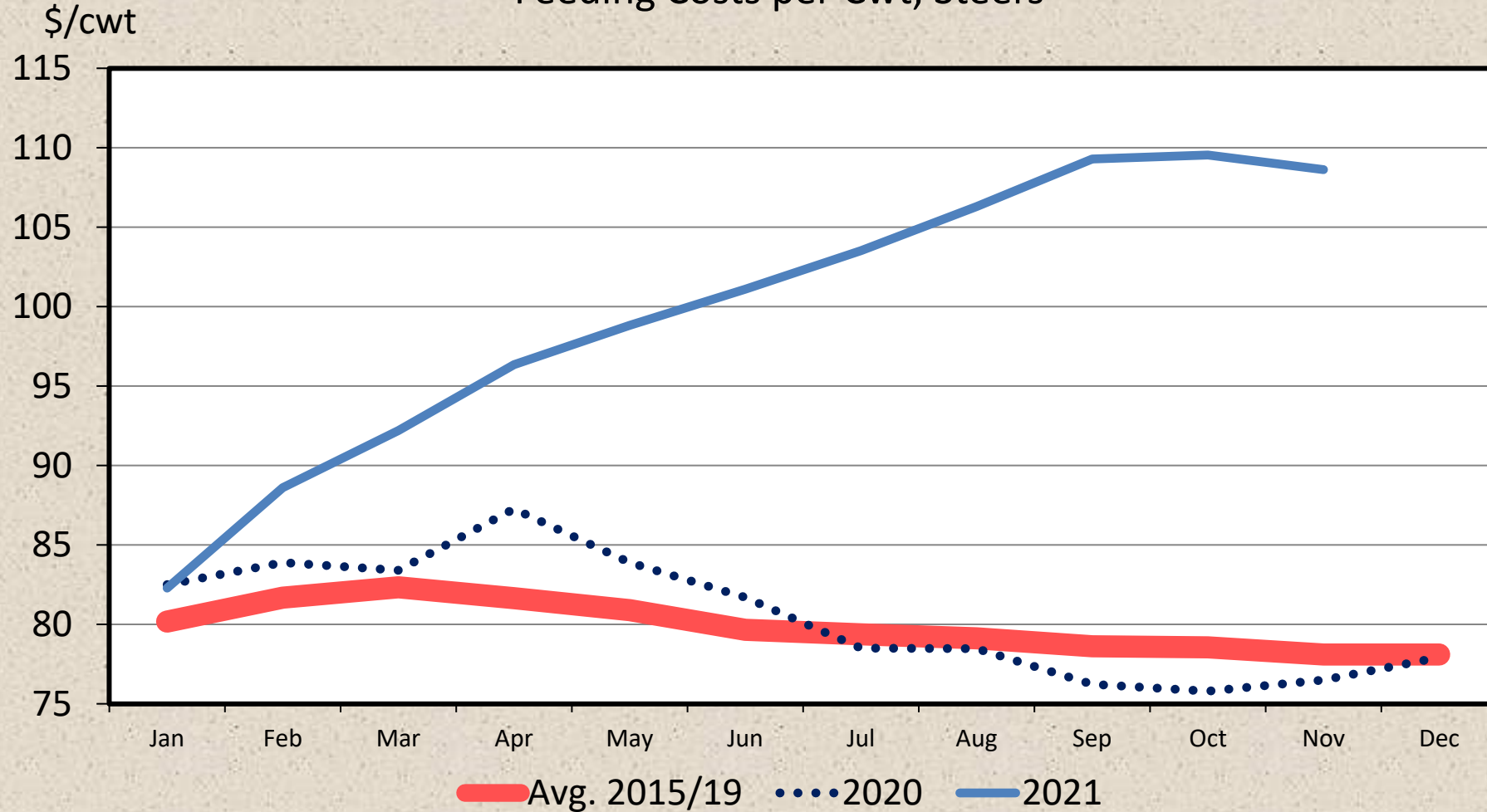
Corn Price

Dodge City, Monthly



KANSAS FEEDLOT CLOSEOUTS

Feeding Costs per Cwt, Steers



Data Source: KSU Focus on Feedlots, Compiled by LMIC

01/07/22

Livestock Marketing Information Center

Cow-Calf Drought Planning: The End Game

- Surviving a drought means having a business when the drought ends...not necessarily having any cows
 - Make decisions to preserve financial equity
 - Make decisions to protect forage resources
 - Manage cows to maintain productivity
 - Plan for recovery at the beginning of a drought, not at the end
- Make sure you don't just postpone the costs of the drought until after the drought
 - Prolonged forage recovery
 - Prolonged herd productivity and health recovery

Drought Strategies

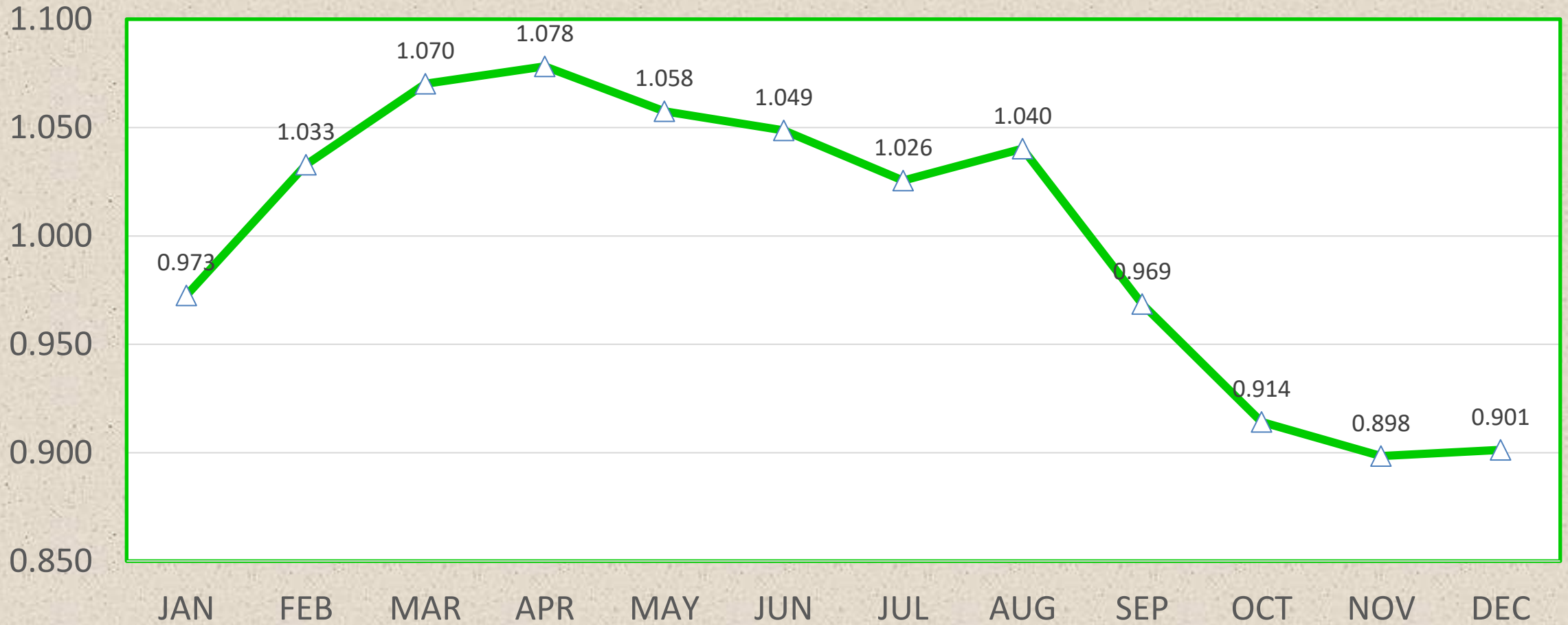
- Stretch Forage
- Buy feed
 - Not always just about hay
- Destocking
 - Relocate cattle
 - Sell cattle
- Water!

- Make a plan with action items and dates
 - The biggest threat to surviving a drought is to cling to the thought that “it might rain next week” and thus not make timely decisions.

2022 Destocking Options

- Cull early
- Sell replacement heifers
- Sell pairs
- Wean early
 - Sell calves
 - Background calves
- Sell bred cows
- Sell bred heifers

Breaking Cows Seasonal Price Index, Oklahoma, 2010-2019



Bred Cow Value: Seasonality

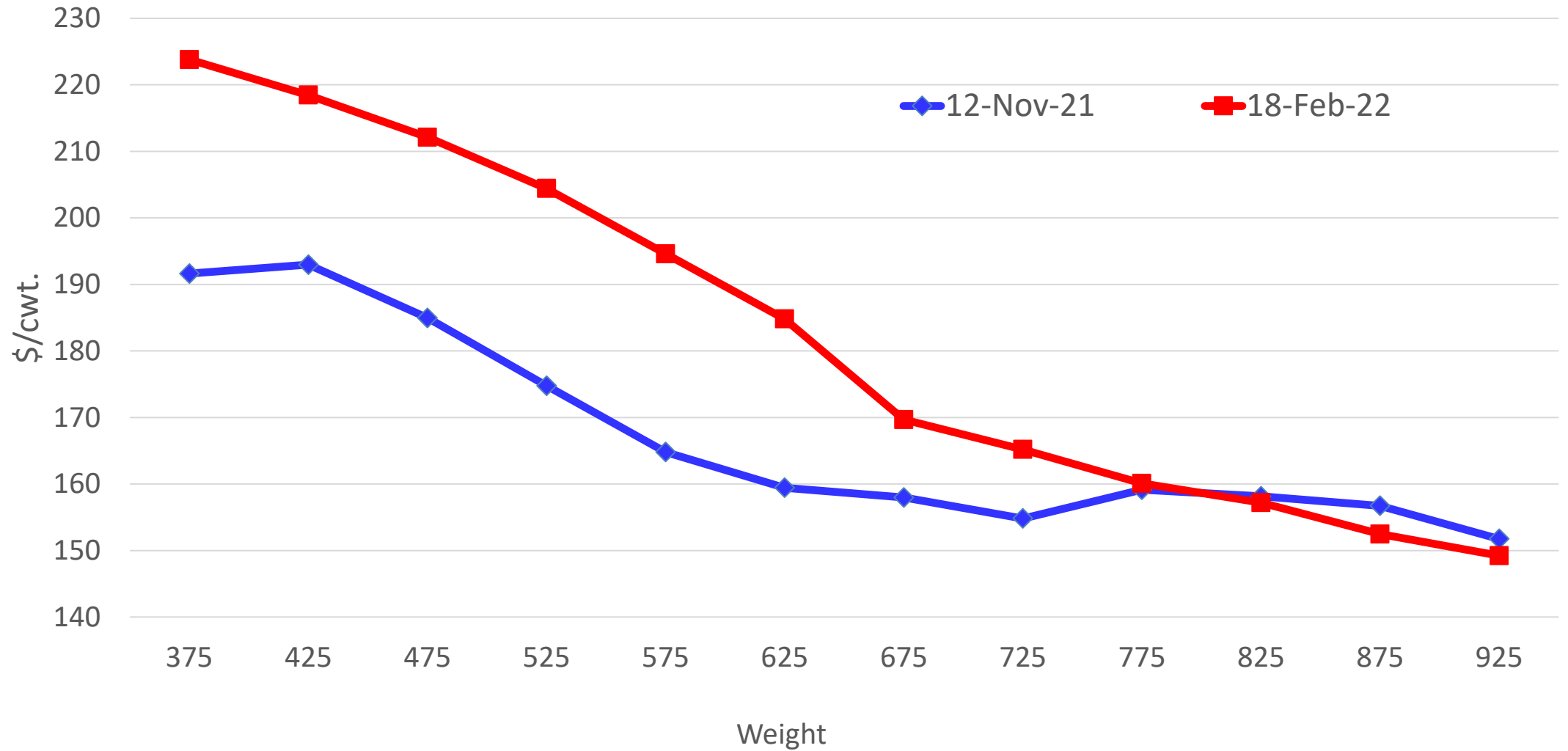
	Adjustment Factor	Example \$/head			Adjustment Factor	Example \$/head
Jan	+ 2.1 %	+ \$32		Jul	- 5.1 %	- \$77
Feb	+ 6.6 %	+ \$99		Aug	- 3.0 %	- \$45
Mar	+ 7.0 %	+ \$105		Sep	- 4.4 %	- \$66
Apr	+ 3.7 %	+ \$56		Oct	- 6.7 %	- \$101
May	Base	\$1500		Nov	- 3.3 %	- \$50
Jun	- 4.9 %	- \$74		Dec	- 0.6 %	- \$9

Steer Price, Total Value and Value of Gain
November 12, 2021, Oklahoma Combined Auction

Weight (lbs)	Average Price (\$/cwt.)	Total Value (\$/hd)	VOG 400 lb. Beg. Weight (\$/lb.)	VOG 450 lb. Beg. Weight (\$/lb.)	VOG 500 lb. Beg. Weight (\$/lb.)	VOG 550 lb. Beg. Weight (\$/lb.)	VOG 600 lb. Beg. Weight (\$/lb.)	VOG 650 lb. Beg. Weight (\$/lb.)
400	\$192.25	\$769						
450	\$188.87	\$850	\$1.62					
500	\$179.46	\$897	\$1.28	\$0.95				
550	\$169.36	\$931	\$1.08	\$0.82	\$0.68			
600	\$161.91	\$971	\$1.01	\$0.81	\$0.74	\$0.80		
650	\$158.65	\$1,031	\$1.05	\$0.91	\$0.89	\$1.00	\$1.20	
700	\$156.39	\$1,095	\$1.09	\$0.98	\$0.99	\$1.09	\$1.23	\$1.27
750	\$157.02	\$1,178	\$1.17	\$1.09	\$1.12	\$1.23	\$1.37	\$1.46
800	\$158.56	\$1,268	\$1.25	\$1.20	\$1.24	\$1.35	\$1.48	\$1.58
850	\$157.35	\$1,337	\$1.26	\$1.22	\$1.26	\$1.35	\$1.46	\$1.53
900	\$154.28	\$1,388	\$1.24	\$1.20	\$1.23	\$1.31	\$1.39	\$1.43

Price-Weight Relationship

Medium/Large No. 1 Steers, Oklahoma



Steer Price, Total Value and Value of Gain
February 18, 2022, Oklahoma Combined Auction

Weight (lbs)	Average Price (\$/cwt.)	Total Value (\$/hd)	VOG 400 lb. Beg. Weight (\$/lb.)	VOG 450 lb. Beg. Weight (\$/lb.)	VOG 500 lb. Beg. Weight (\$/lb.)	VOG 550 lb. Beg. Weight (\$/lb.)	VOG 600 lb. Beg. Weight (\$/lb.)	VOG 650 lb. Beg. Weight (\$/lb.)
400	\$221.28	\$885						
450	\$215.52	\$970	\$1.69					
500	\$208.58	\$1,043	\$1.58	\$1.46				
550	\$199.17	\$1,095	\$1.40	\$1.26	\$1.05			
600	\$187.99	\$1,128	\$1.21	\$1.05	\$0.85	\$0.65		
650	\$176.80	\$1,149	\$1.06	\$0.90	\$0.71	\$0.54	\$0.42	
700	\$167.80	\$1,175	\$0.96	\$0.82	\$0.66	\$0.53	\$0.47	\$0.51
750	\$162.82	\$1,221	\$0.96	\$0.84	\$0.71	\$0.63	\$0.62	\$0.72
800	\$158.82	\$1,271	\$0.96	\$0.86	\$0.76	\$0.70	\$0.71	\$0.81
850	\$154.54	\$1,314	\$0.95	\$0.86	\$0.77	\$0.73	\$0.74	\$0.82
900	\$150.50	\$1,355	\$0.94	\$0.85	\$0.78	\$0.74	\$0.76	\$0.82

Current Forage Considerations

- Take stock now of forage and feed resources
- Preserve hay supplies
 - Fall calving
 - Wean early
 - Sell bred cows
- Use graze-out wheat for cows
 - Sell stockers early
 - Stretch hay supplies

Need to Monitor Developing Drought Scenarios

- Widespread drought
 - Cattle and forage market impacts more likely
- Drought continues here; improves elsewhere
 - More flexibility; regional market impacts
- Drought improves here; remains elsewhere
 - Pursue long-term objectives
 - New opportunities
- Drought abates

Prepare to Survive Drought

- Drought is very emotional and stressful
- **Early planning is key**
 - **Action plan provides discipline to reduce emotion and make timely decisions**
- **Have an end game in mind**
 - **Plan for recovery at the beginning of drought**



Cow-Calf Corner

The Weekly Email Newsletter

From OSU Animal Science and Agricultural Economics

- Send Email to derrell.peel@okstate.edu



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EXTENSION SERVICE**

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