

Agricultural Market Outlook

Dr. Scott Brown

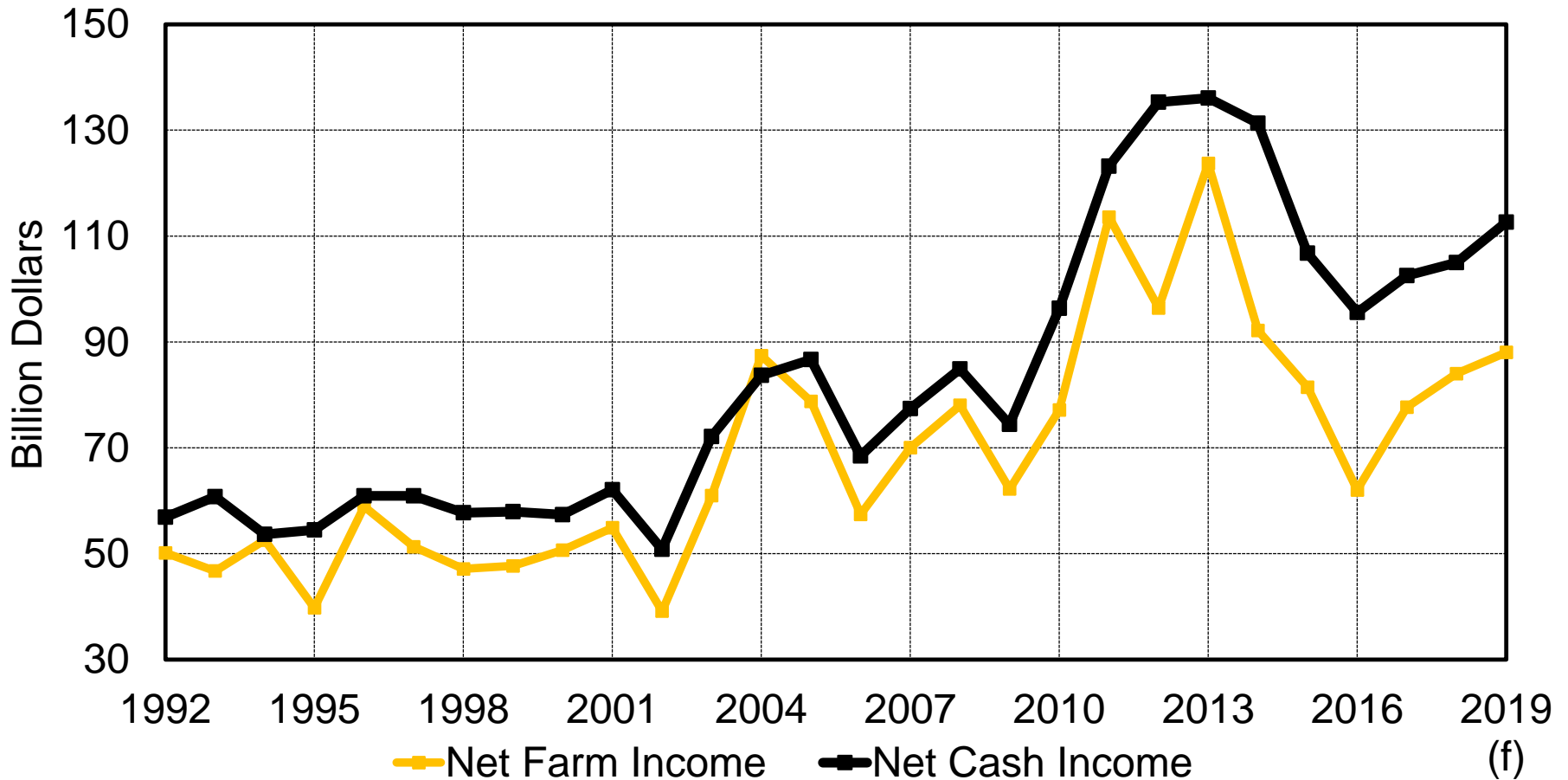
Agricultural Markets and Policy

Division of Applied Social Sciences

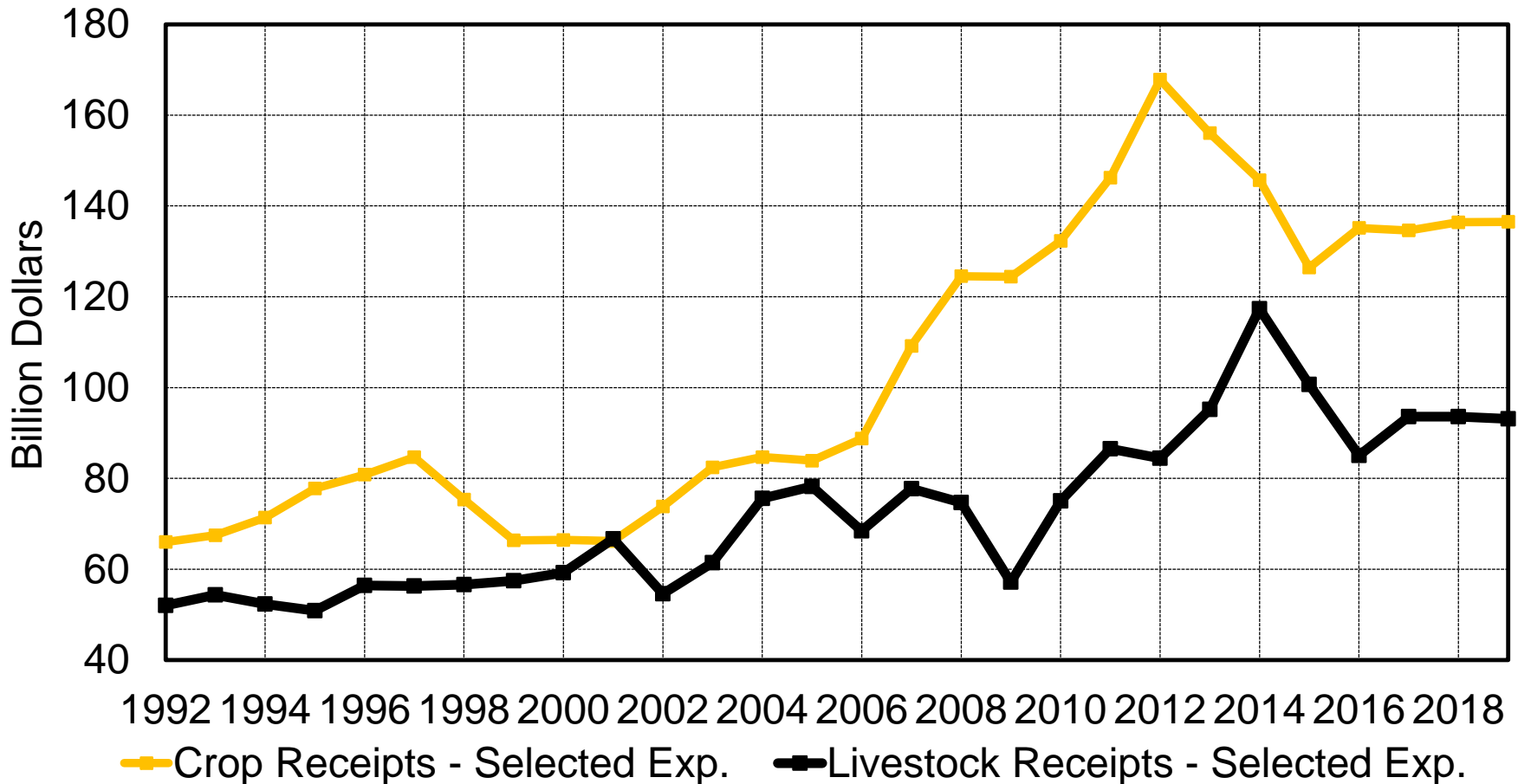
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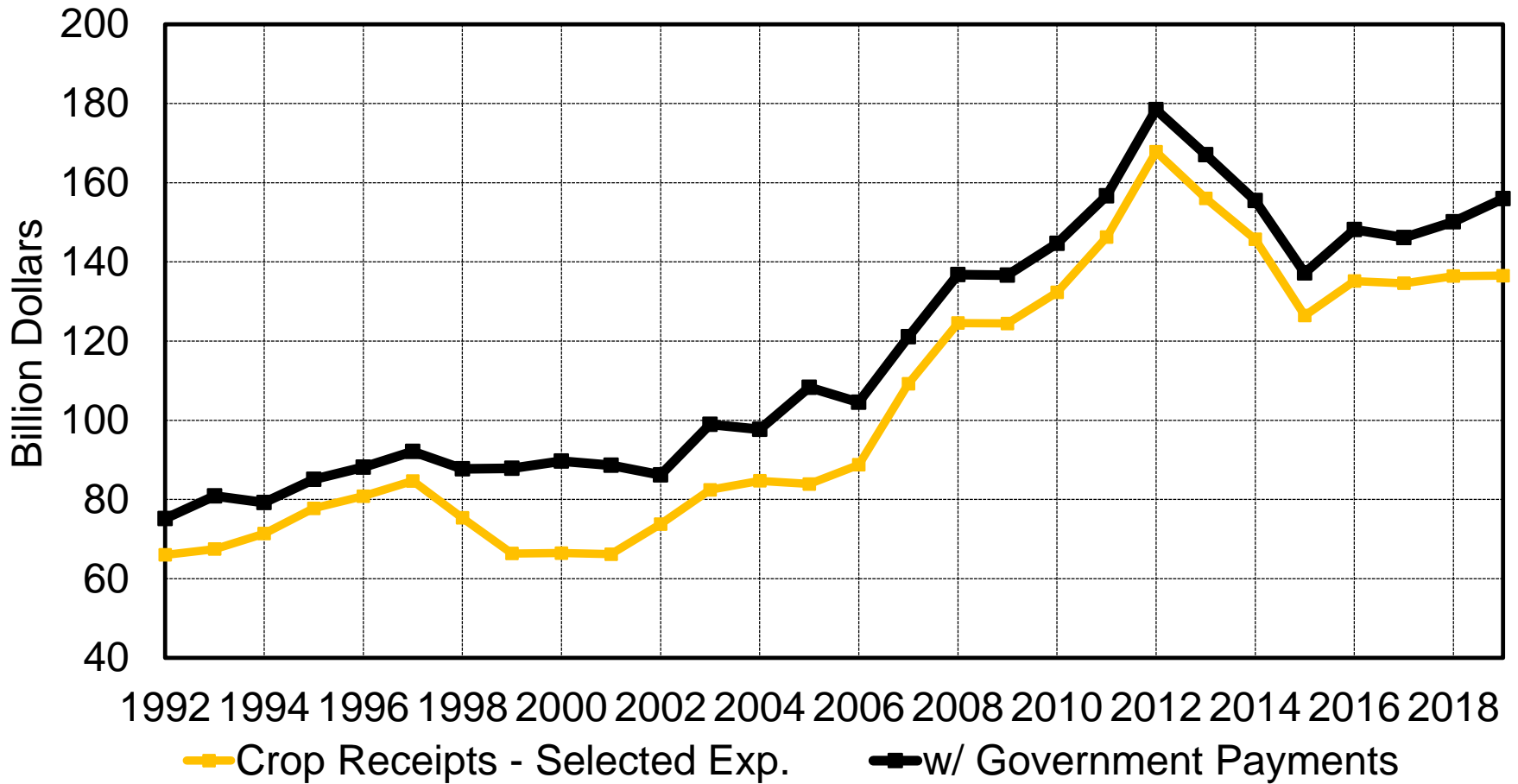
US Farm Income Slowly Recovering?



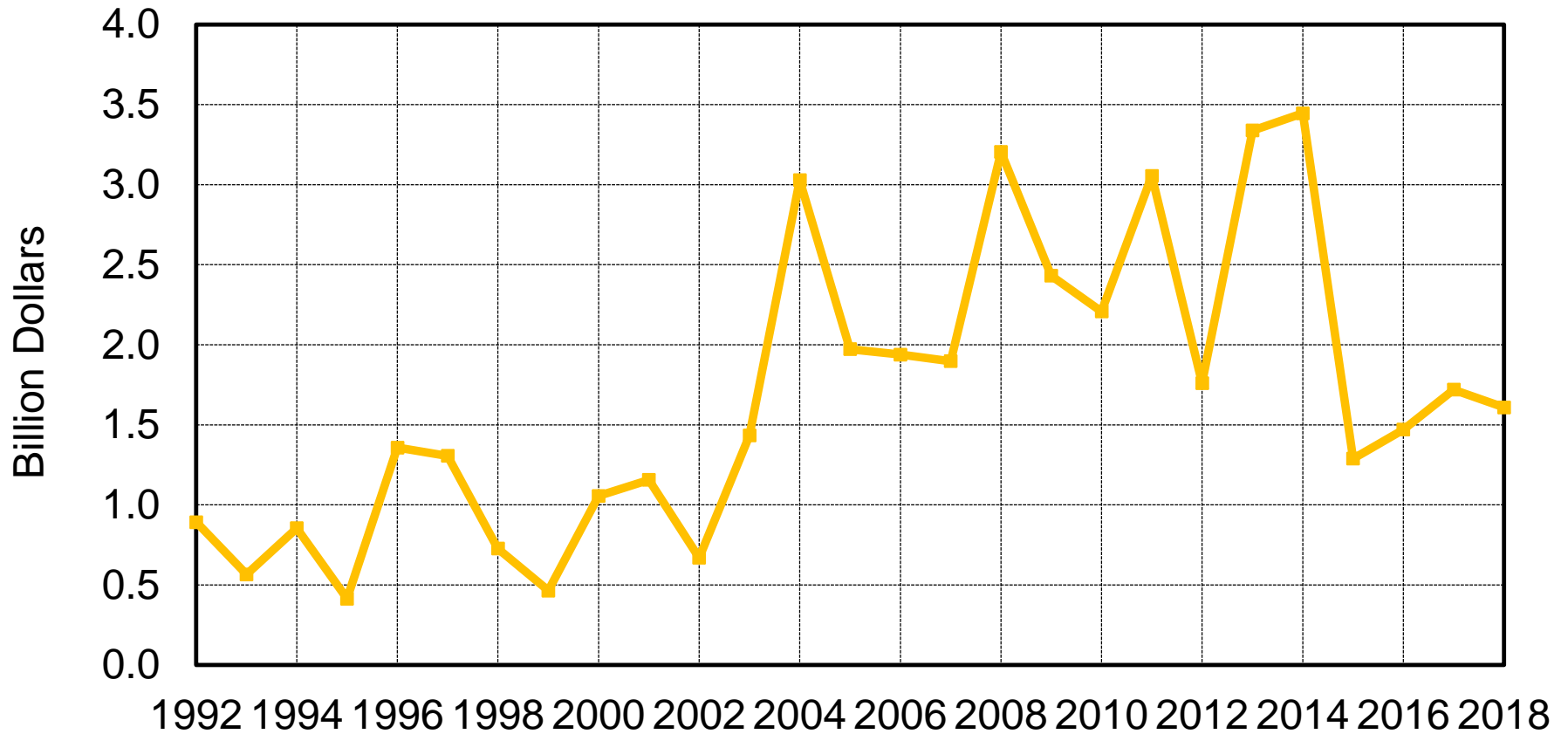
Where is the Recovery?



Where is the Recovery?



Missouri Net Farm Income



Missouri Financial Situation – Debt/Asset Ratio

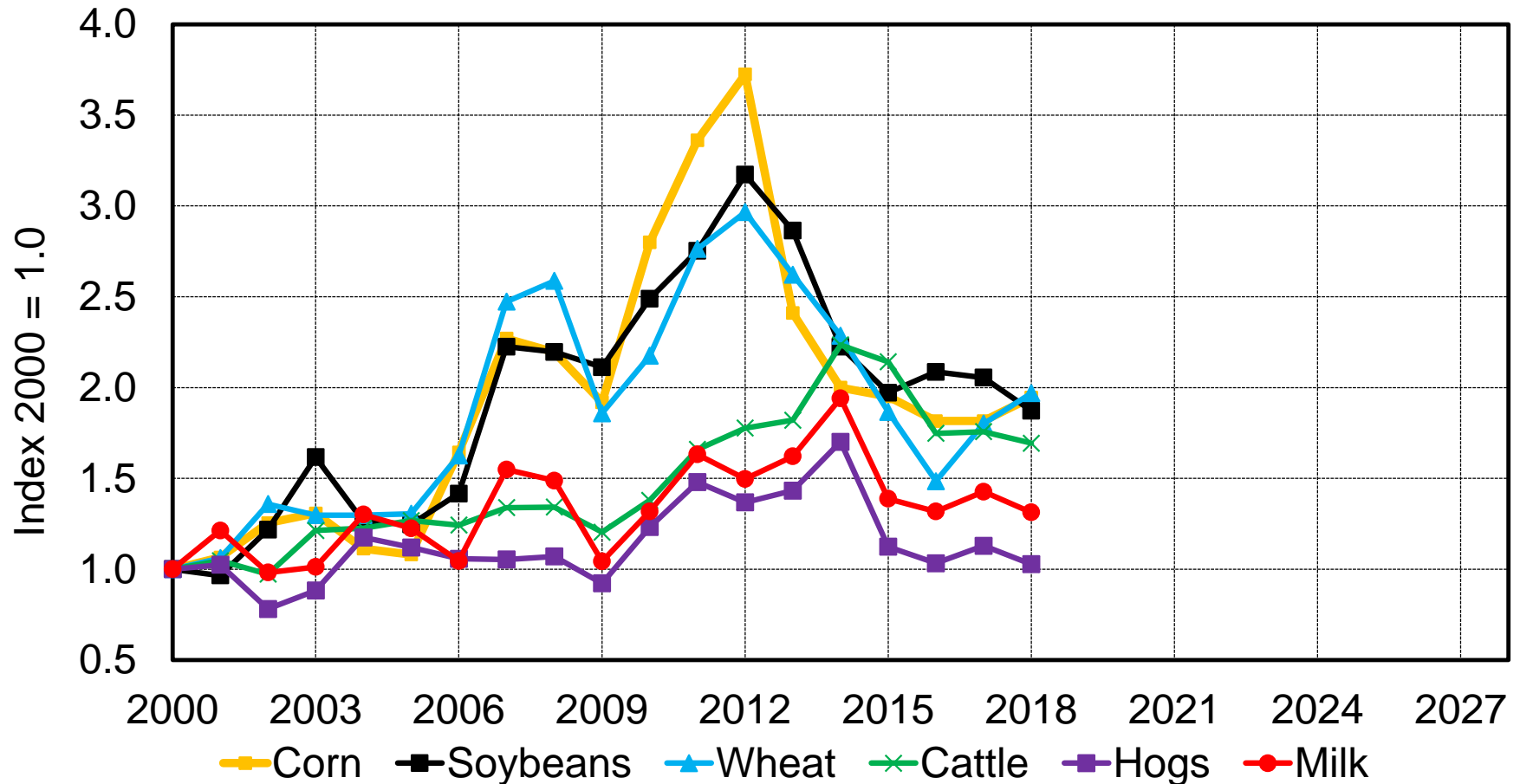
Age	2017	2012
x < 34	21.3	30.9
35 > x > 44	34.8	14.5
45 > x > 54	10.2	13.2
55 > x > 64	8.5	7.3
x > 65	4.3	2.7



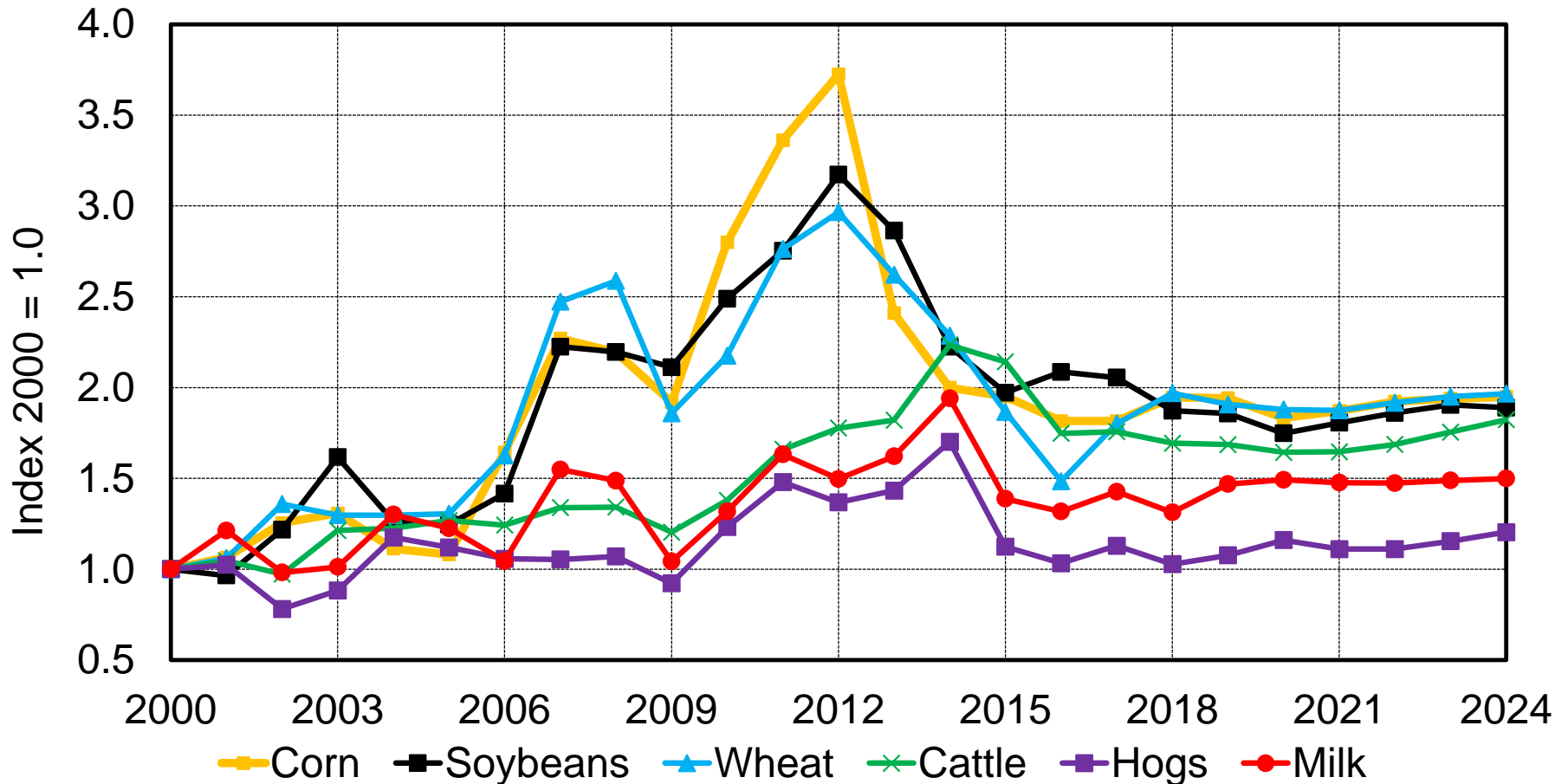
ARMS Farm Financial and Crop Production Practices / Tailored
Reports: Farm Structure and Finance



Agricultural Prices, A Period of Extreme Volatility



Agricultural Prices



Does This Old Economist Adage Still Apply?

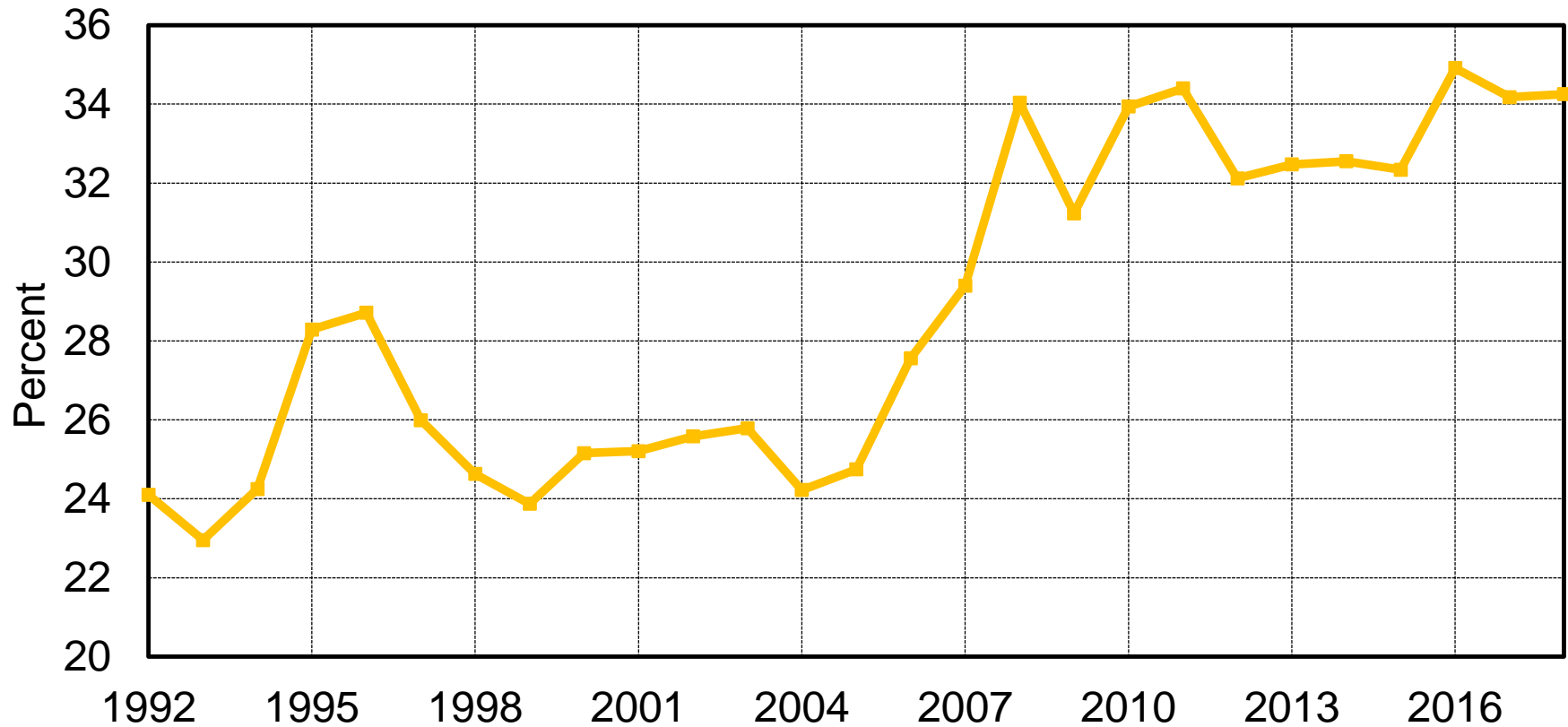
The cure for low prices is low prices

This adage refers to supply adjustment not demand adjustment

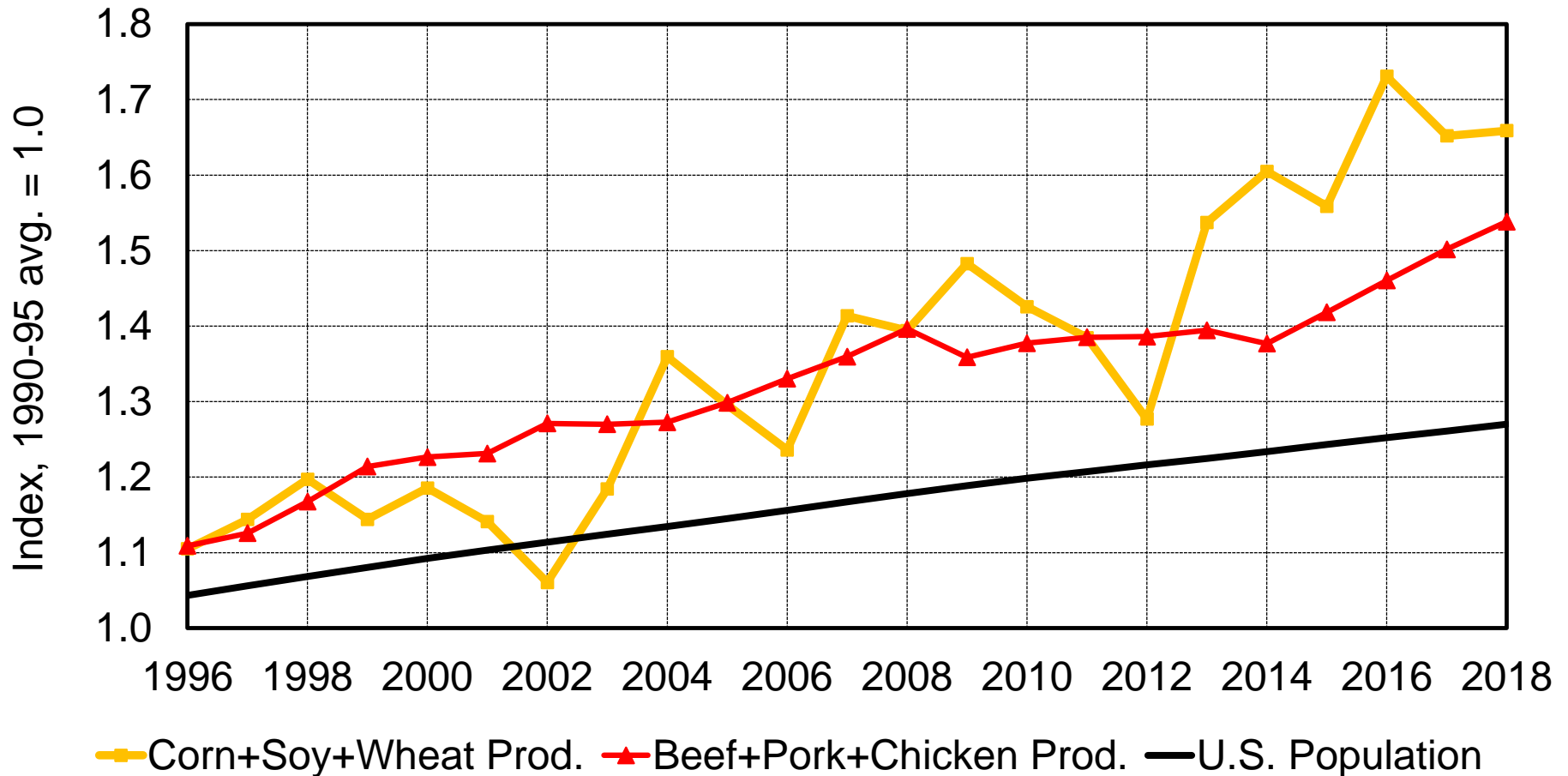
Consumption increases at lower prices but demand does not shift



Value of Ag Exports / Farm Receipts

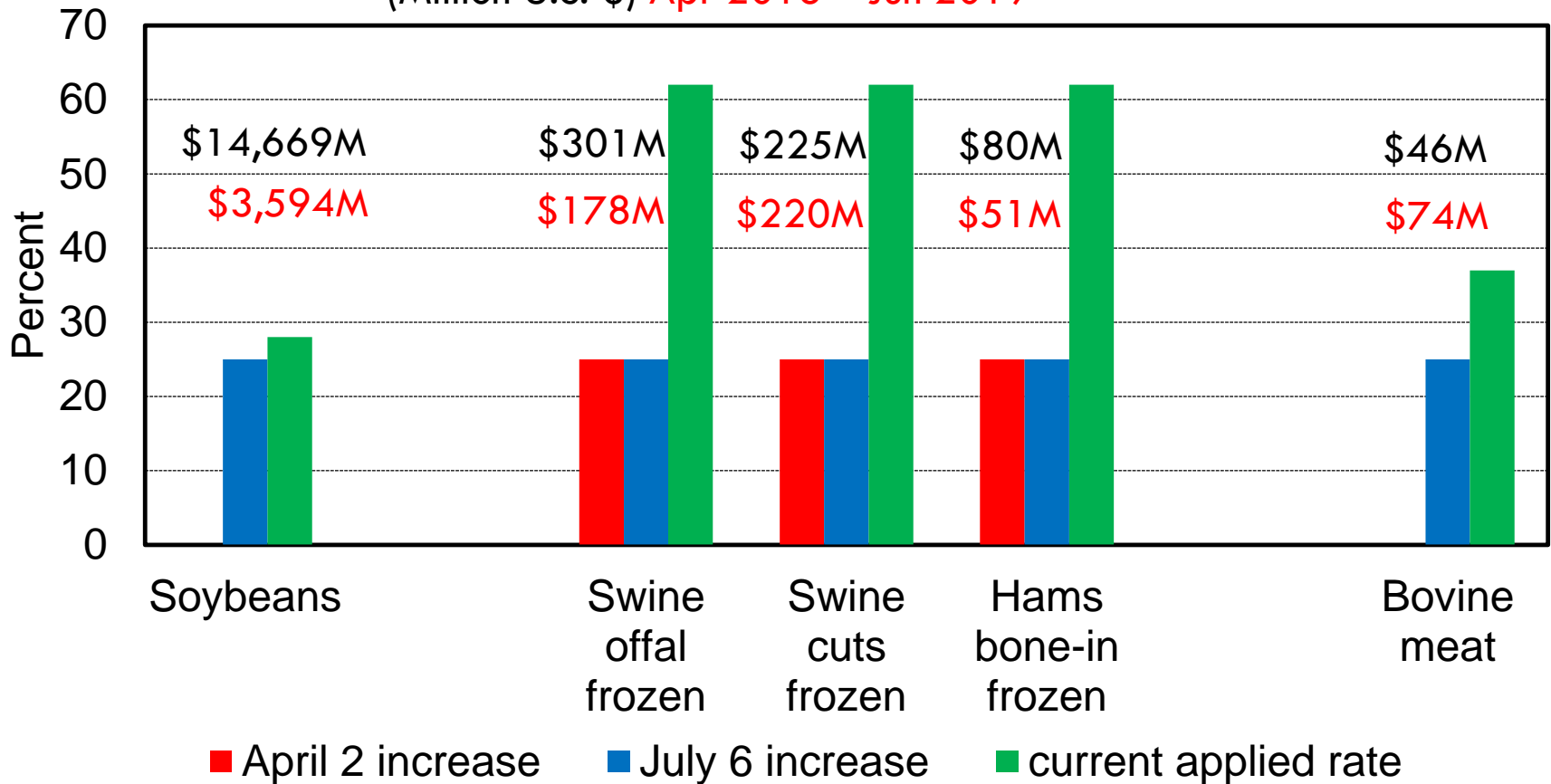


Trade: Why is it Important?



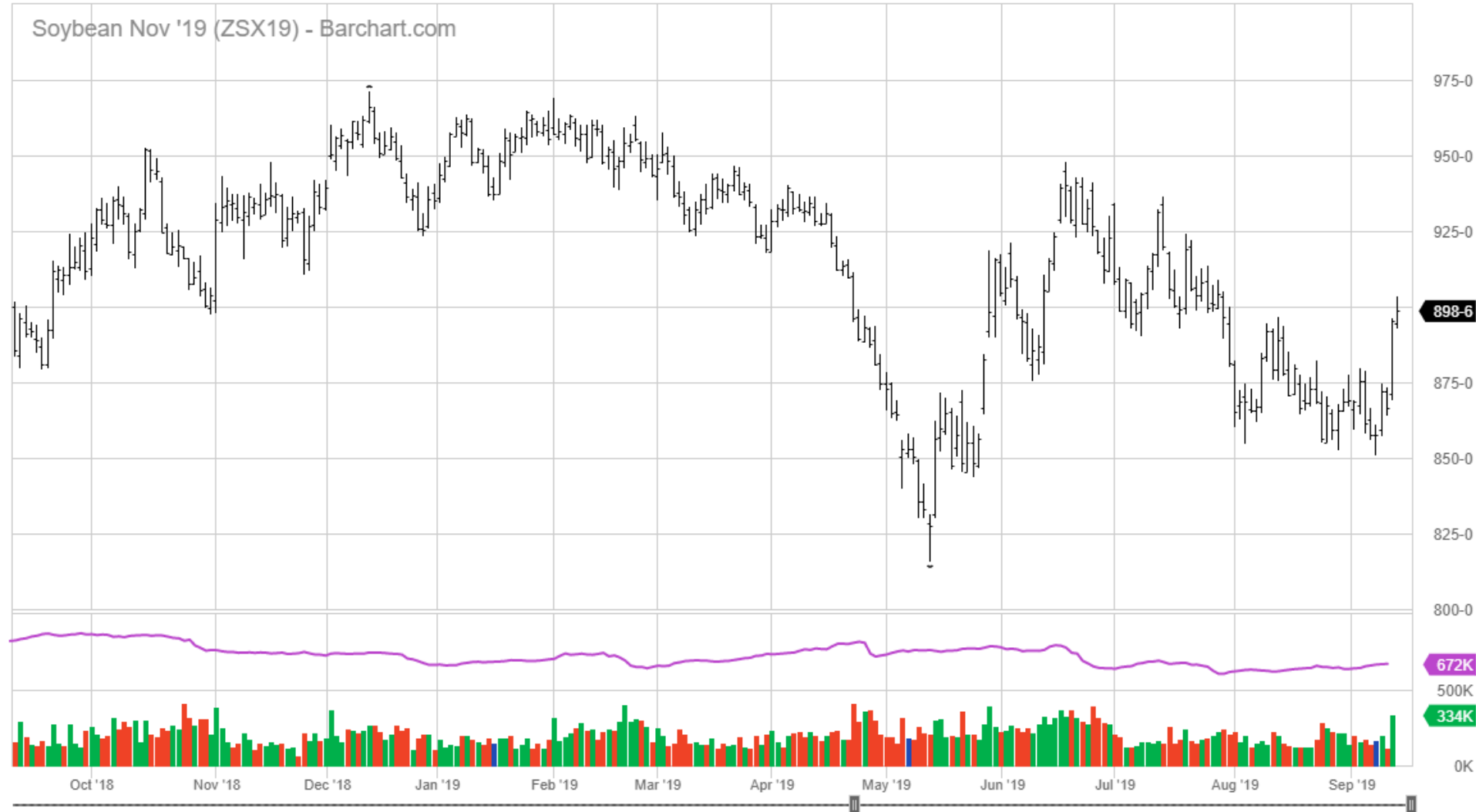
China Tariffs for Selected Products

Export value, Jan 2017 – Mar 2018
(Million U.S. \$) **Apr 2018 – Jun 2019**



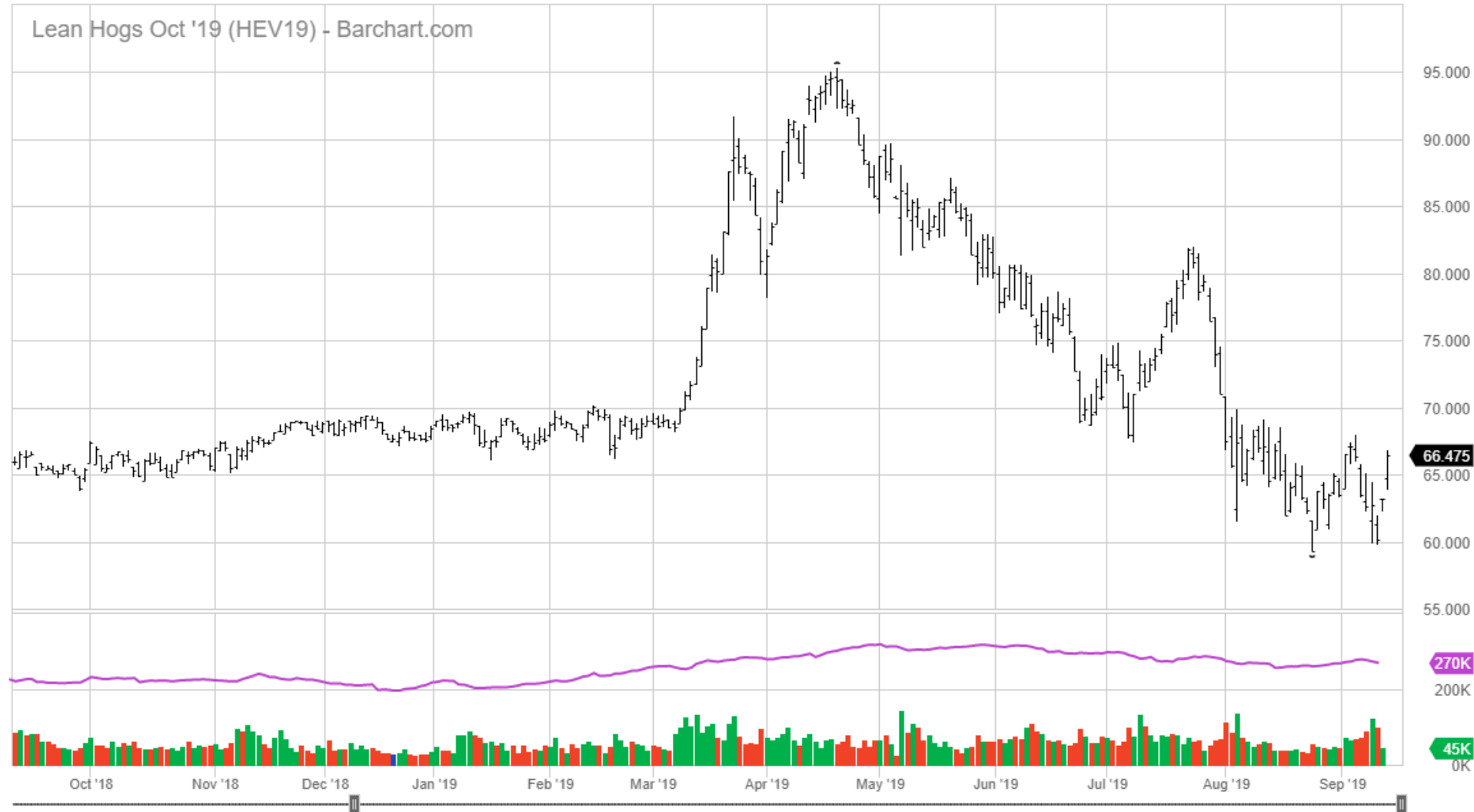
November 2019 Soybean Futures

Soybean Nov '19 (ZSX19) - Barchart.com

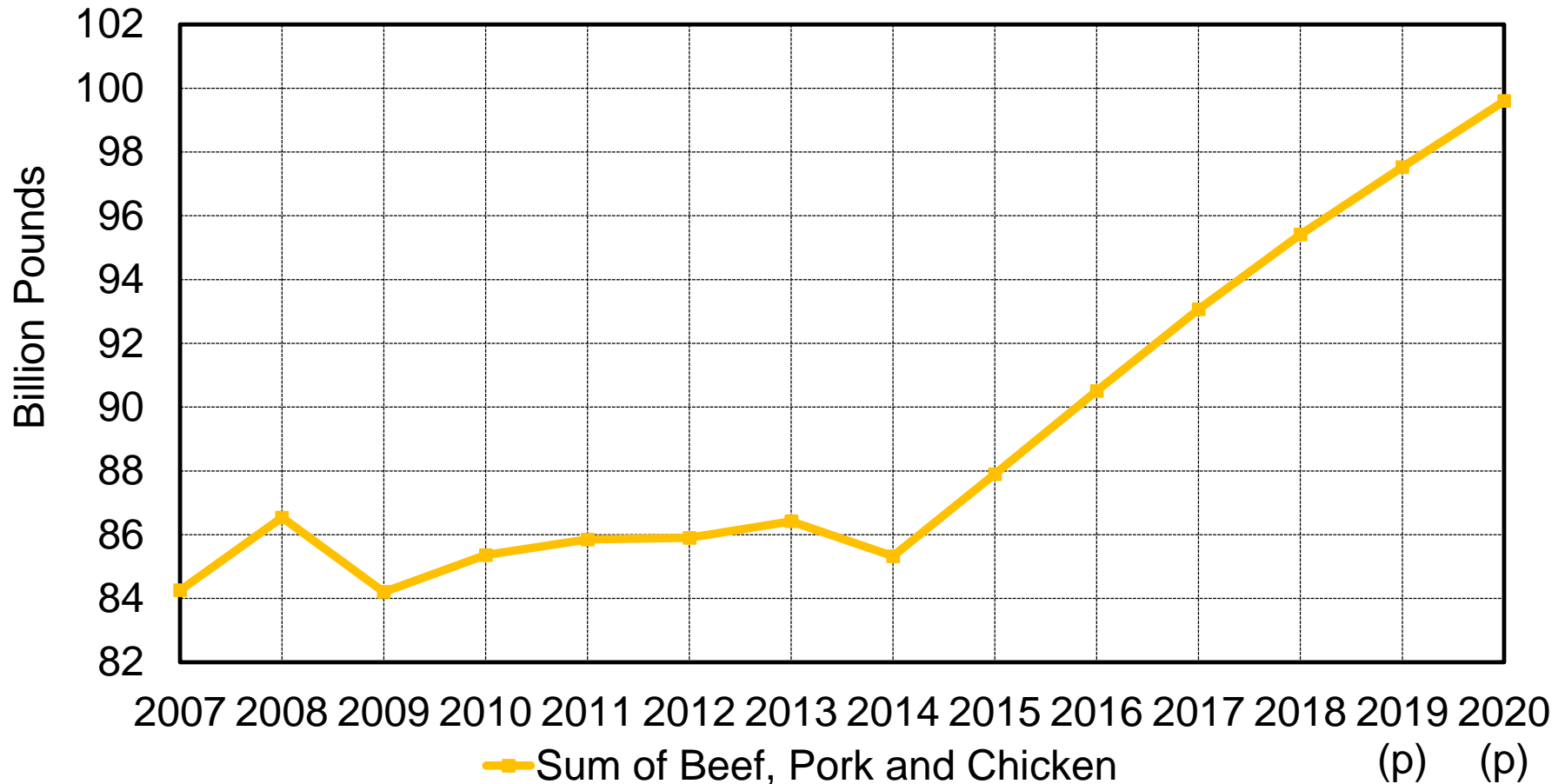


October 2019 Lean Hog Futures

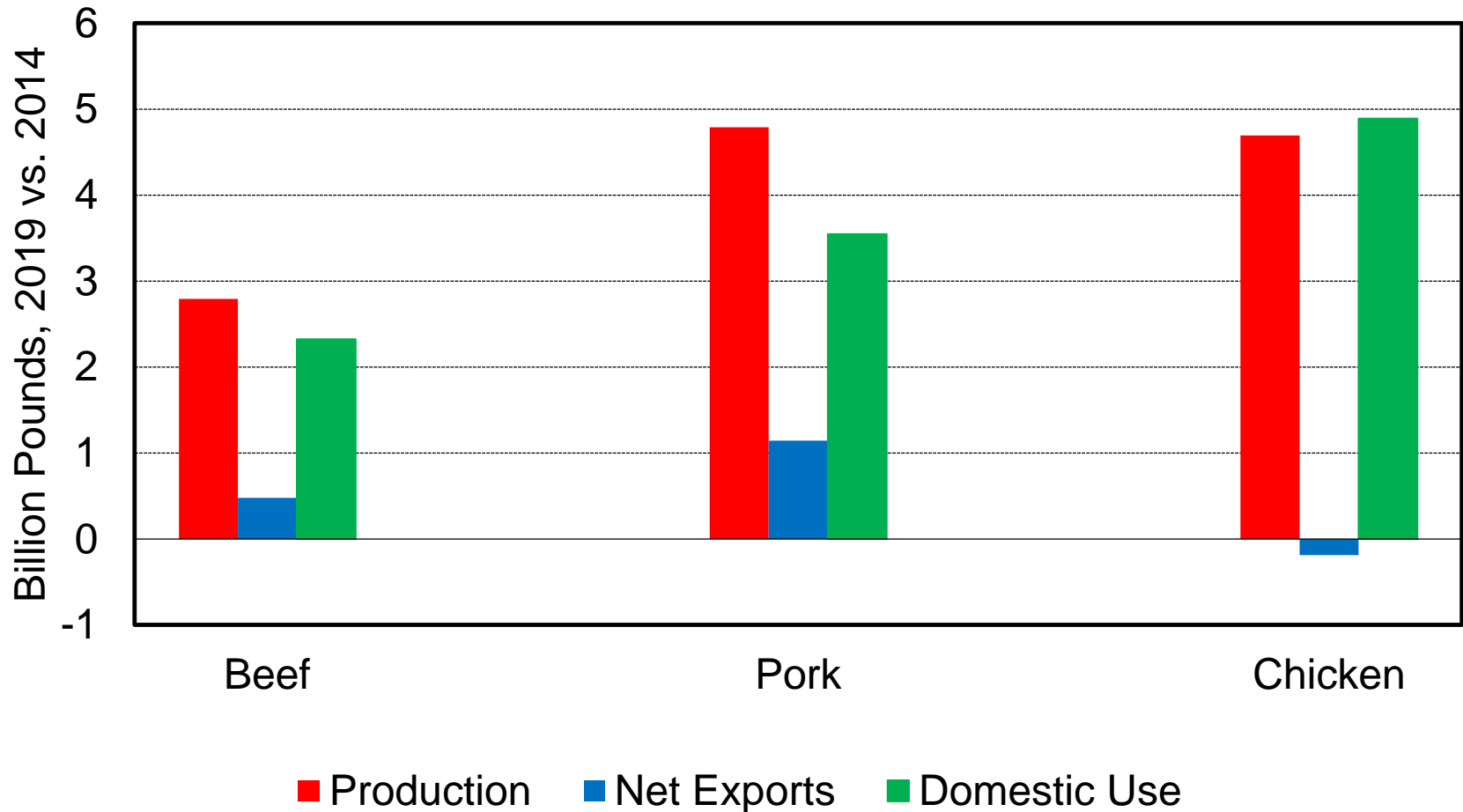
Lean Hogs Oct '19 (HEV19) - Barchart.com



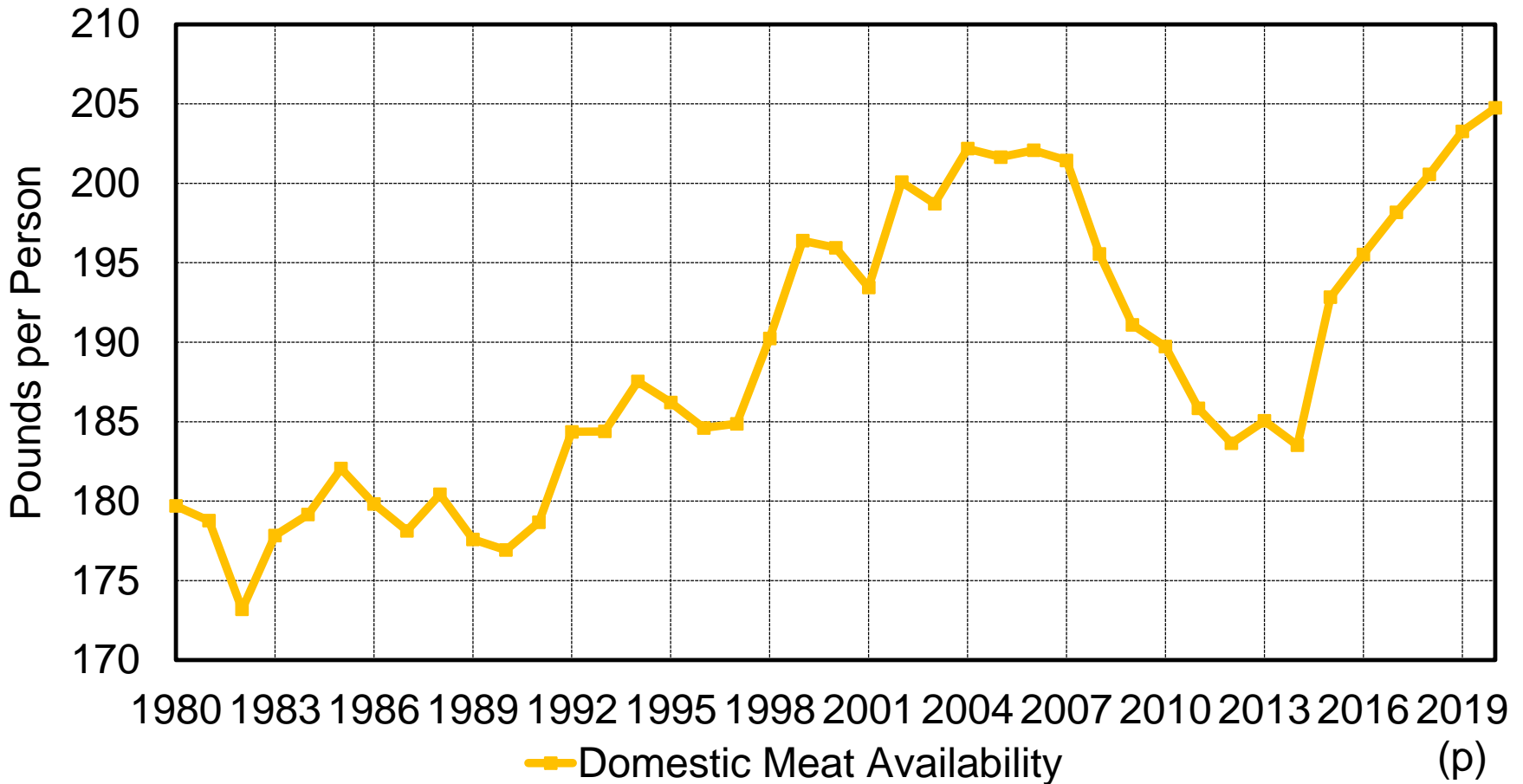
U.S. Meat Production Has Been Booming



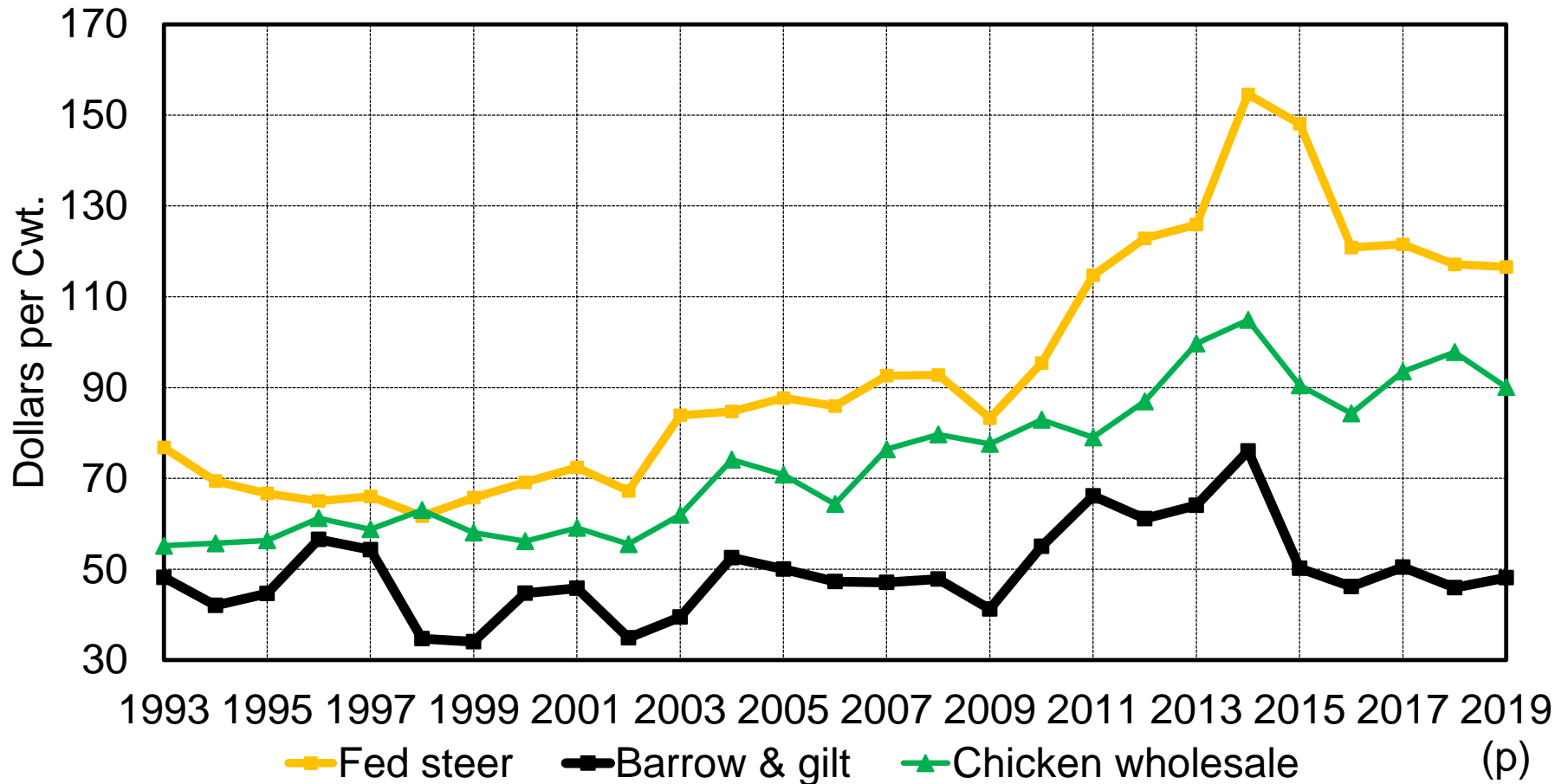
How Has Additional Production Been Utilized?



How Much is Too Much for U.S. Consumers?



Prices Have Held Up Reasonably Well



Meat Production and Trade, Sep. WASDE

	2018	Projected	
		2019	2020
Production (billion lbs.)	102.1	104.2	106.4
Beef	26.9	27.0	27.7
Pork	26.3	27.6	28.4
Chicken	42.1	43.0	43.5
Other	6.8	6.6	6.8
Exports (billion lbs.)	16.8	17.5	18.3
Beef	3.2	3.1	3.2
Pork	5.9	6.5	7.1
Chicken	7.1	7.1	7.3
Other	0.6	0.8	0.7
Imports (billion lbs.)	4.5	4.4	4.3
Beef	3.0	3.0	3.0
Pork	1.0	1.0	0.9
Other	0.5	0.4	0.4



Meat Availability and Prices, Sep. WASDE

	2018	Projected	
		2019	2020
Availability (lbs. / capita)	219.5	221.4	223.2
Beef	57.2	57.2	58.0
Pork	50.9	51.8	52.1
Chicken	92.4	93.9	94.4
Other	19.0	18.5	18.7
Prices (cents / lb.)			
Fed steer	117.12	113.50	115.00
Barrow and gilt	45.93	49.50	59.00
Chicken	97.8	87.0	92.0
Turkey	80.2	88.5	90.0

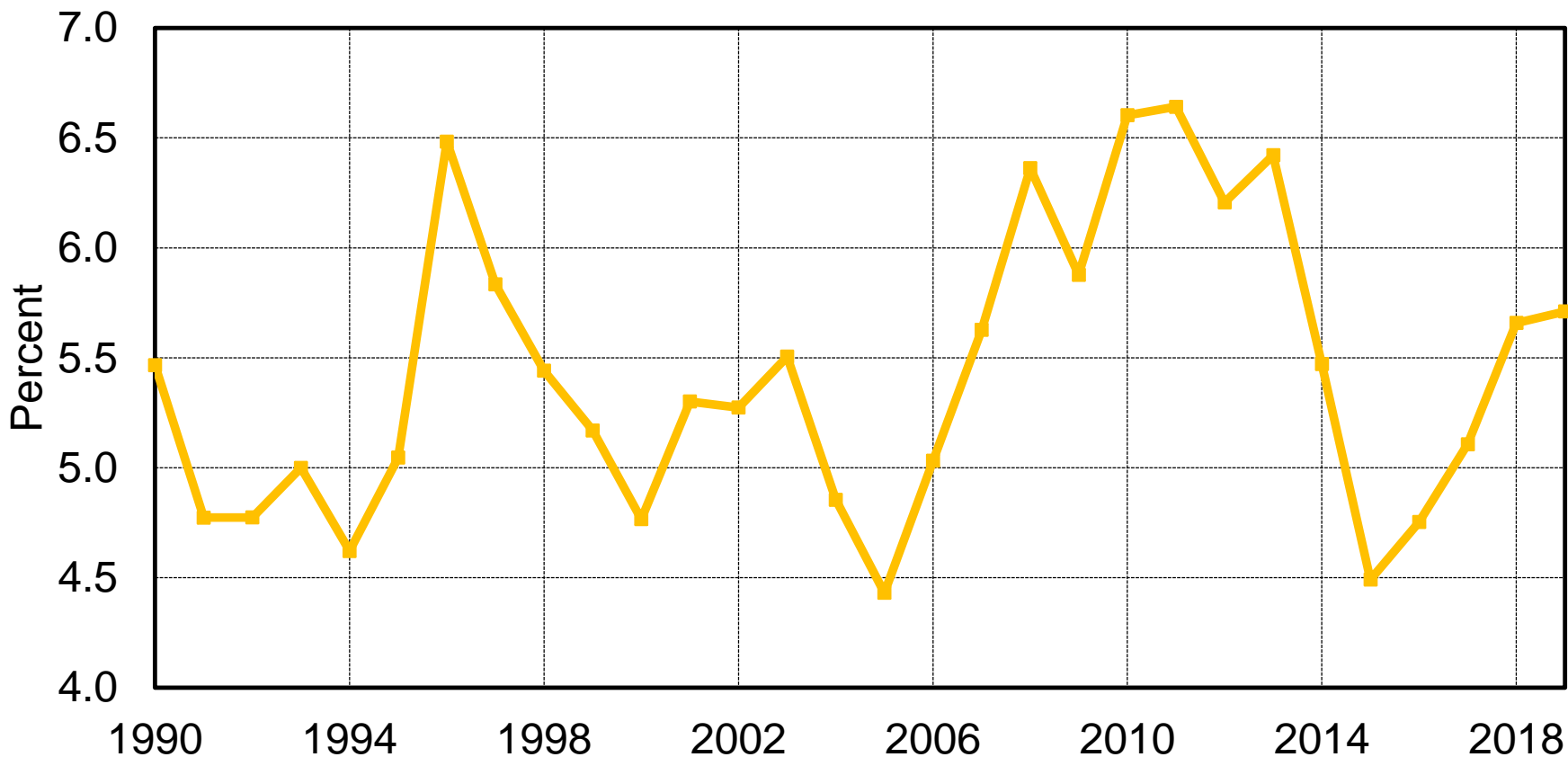


Cattle Outlook: Supplies Soon to Turn Around?

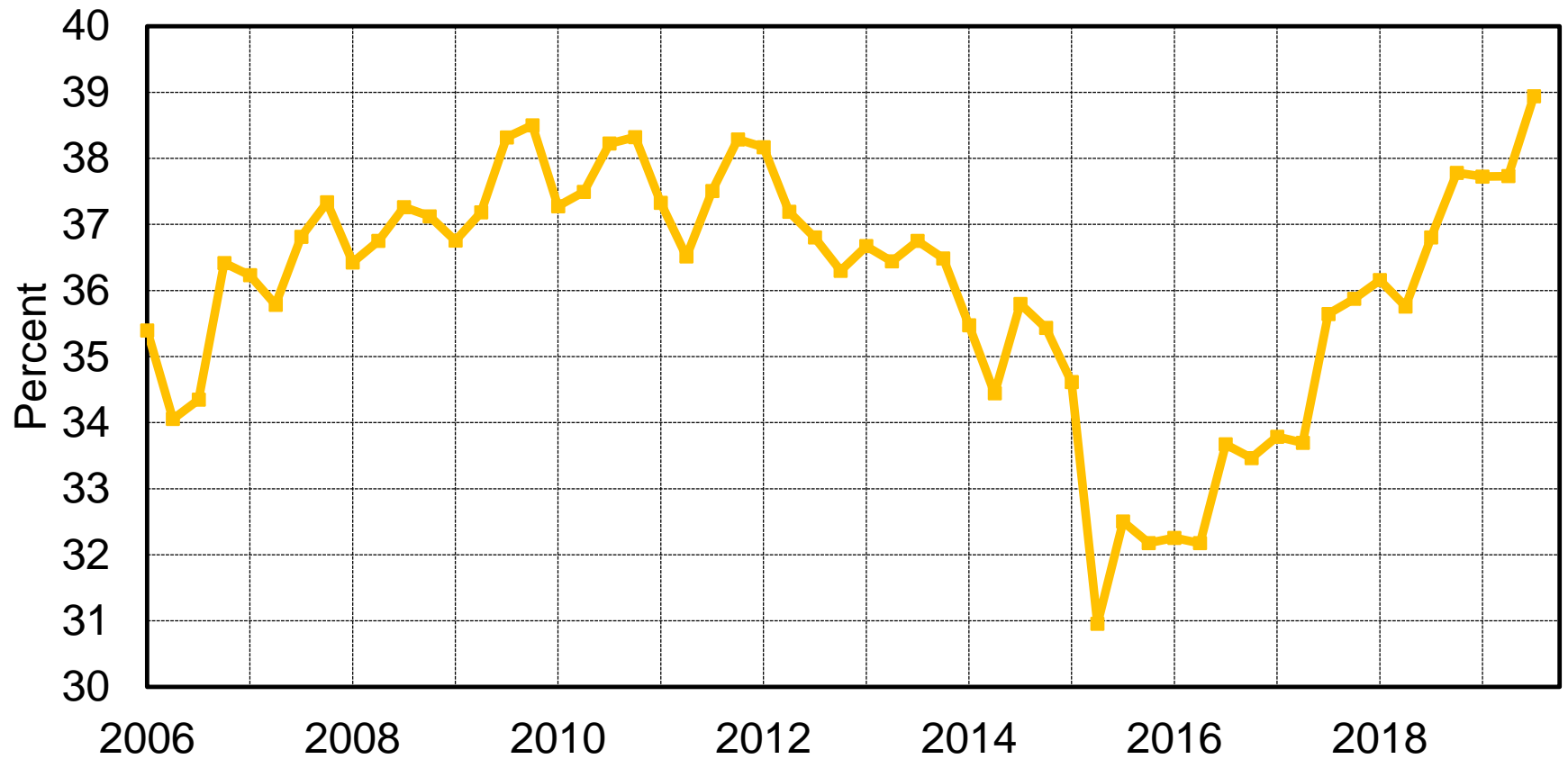
- Beef cow herd has grown since 2014
 - ▣ Nearly 3 million cows added
 - ▣ Expansion phase could end soon
- Demand has been a positive
 - ▣ High-quality beef continues as a domestic growth market
 - ▣ Trade facing some speed bumps after years of solid growth
- Some issues to navigate on the path to higher prices
 - ▣ Slaughter capacity reduced, at least for a time
 - ▣ Competing meat supplies keep quality thrust a must



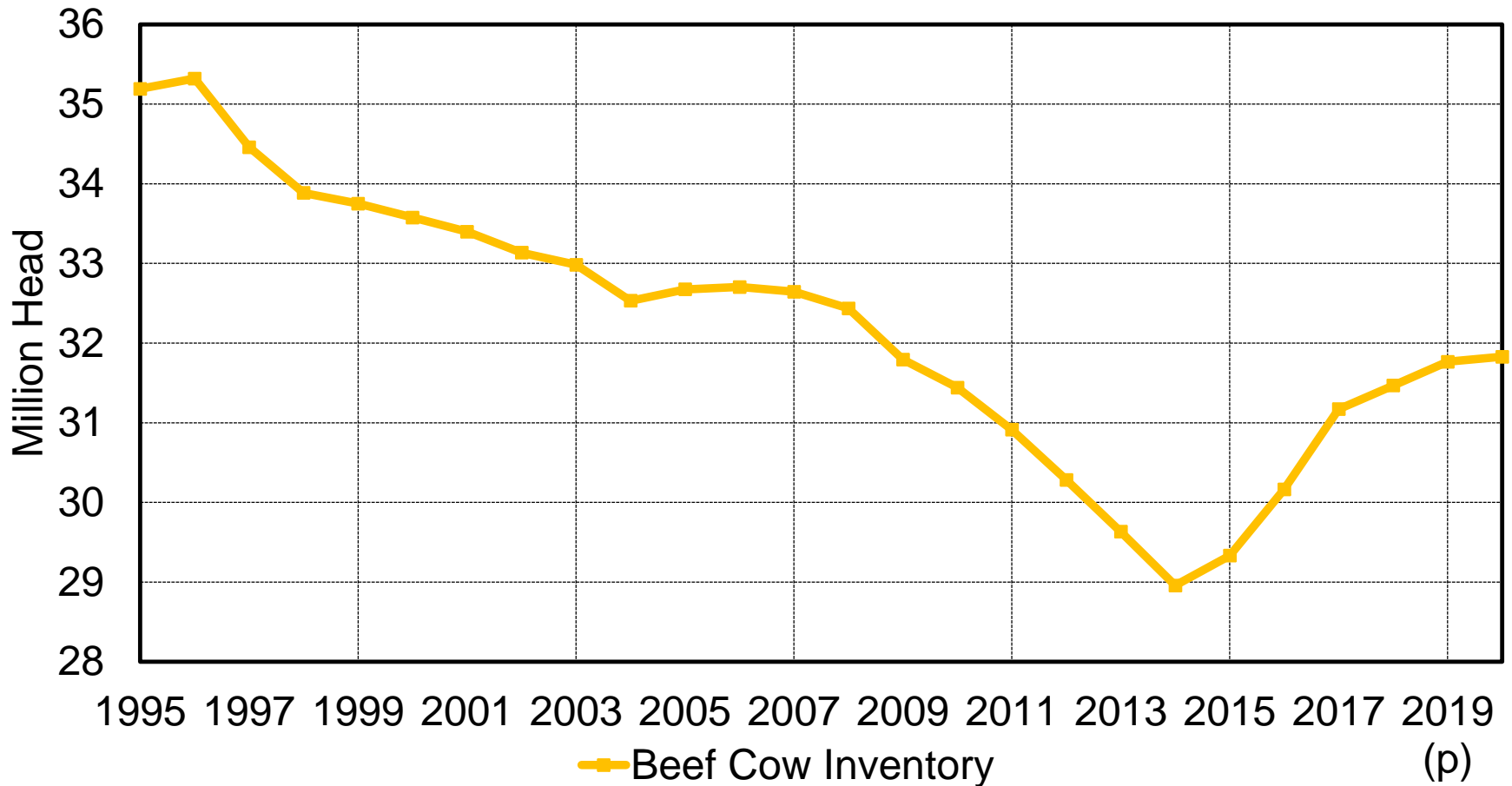
Jan-July Beef Cow Slaughter as % of Jan. 1 Inventory



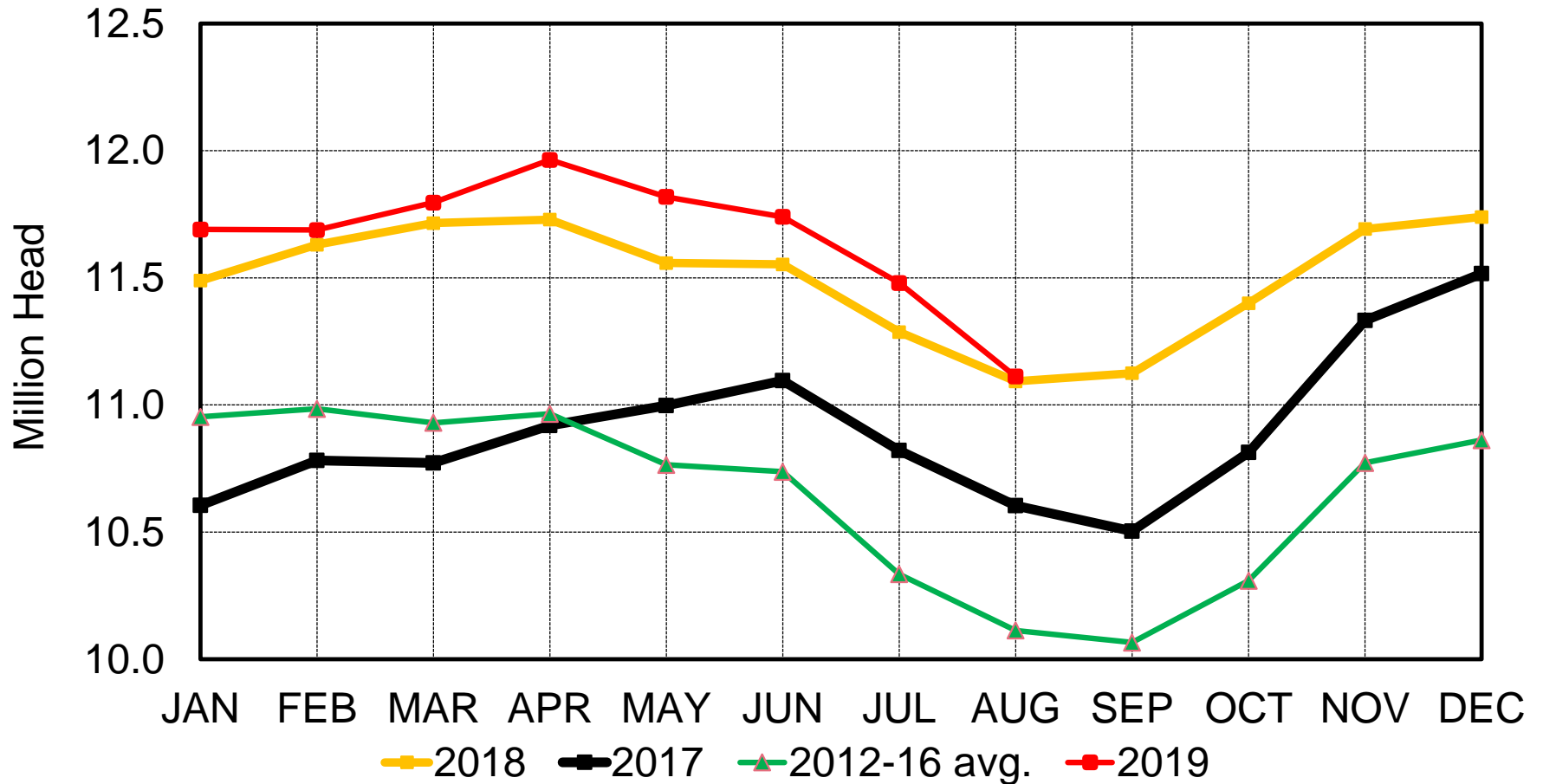
Heifers / Total on Feed



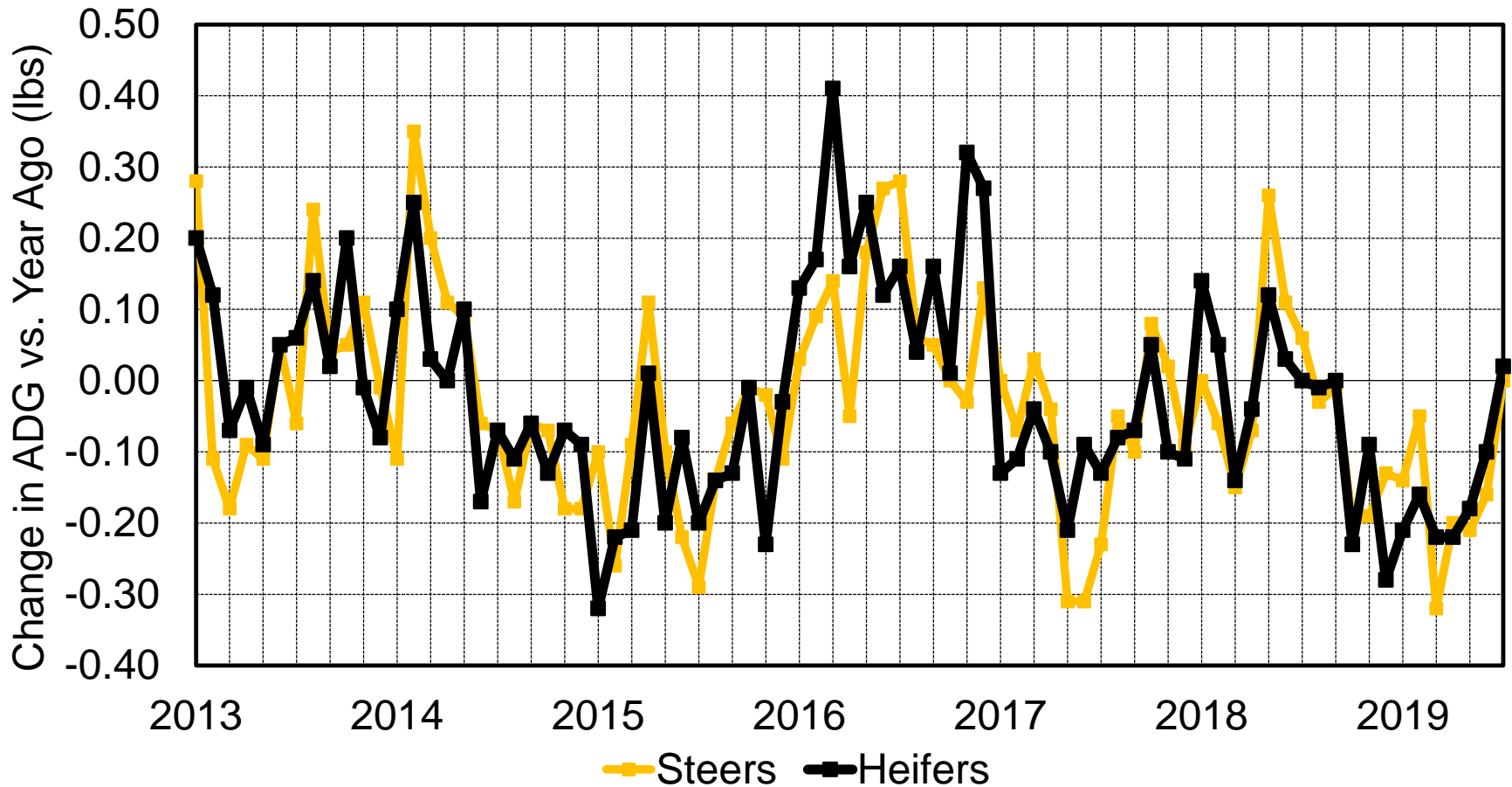
How Many More Beef Cows?



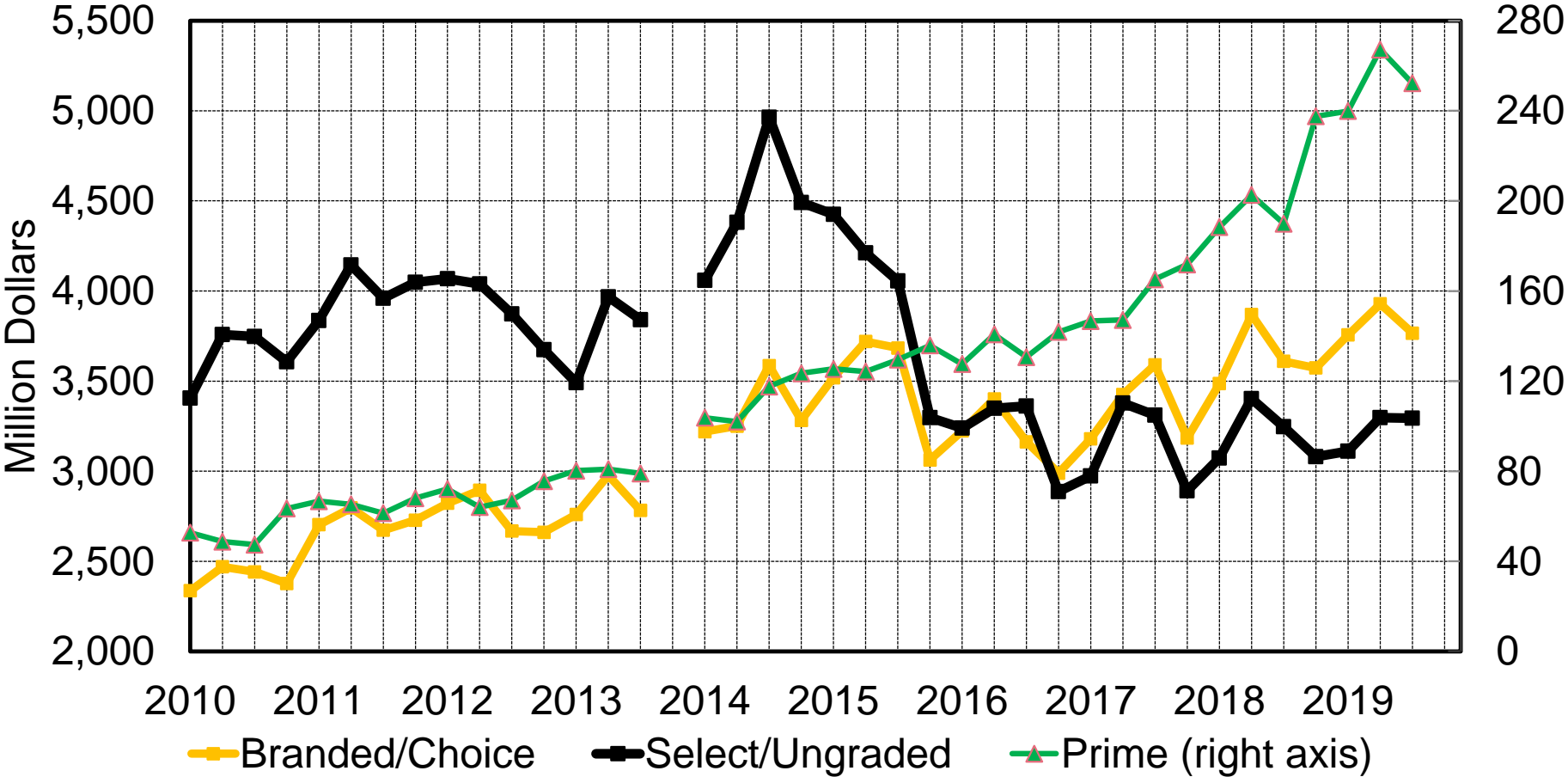
Cattle on Feed, 1000+ Capacity Lots



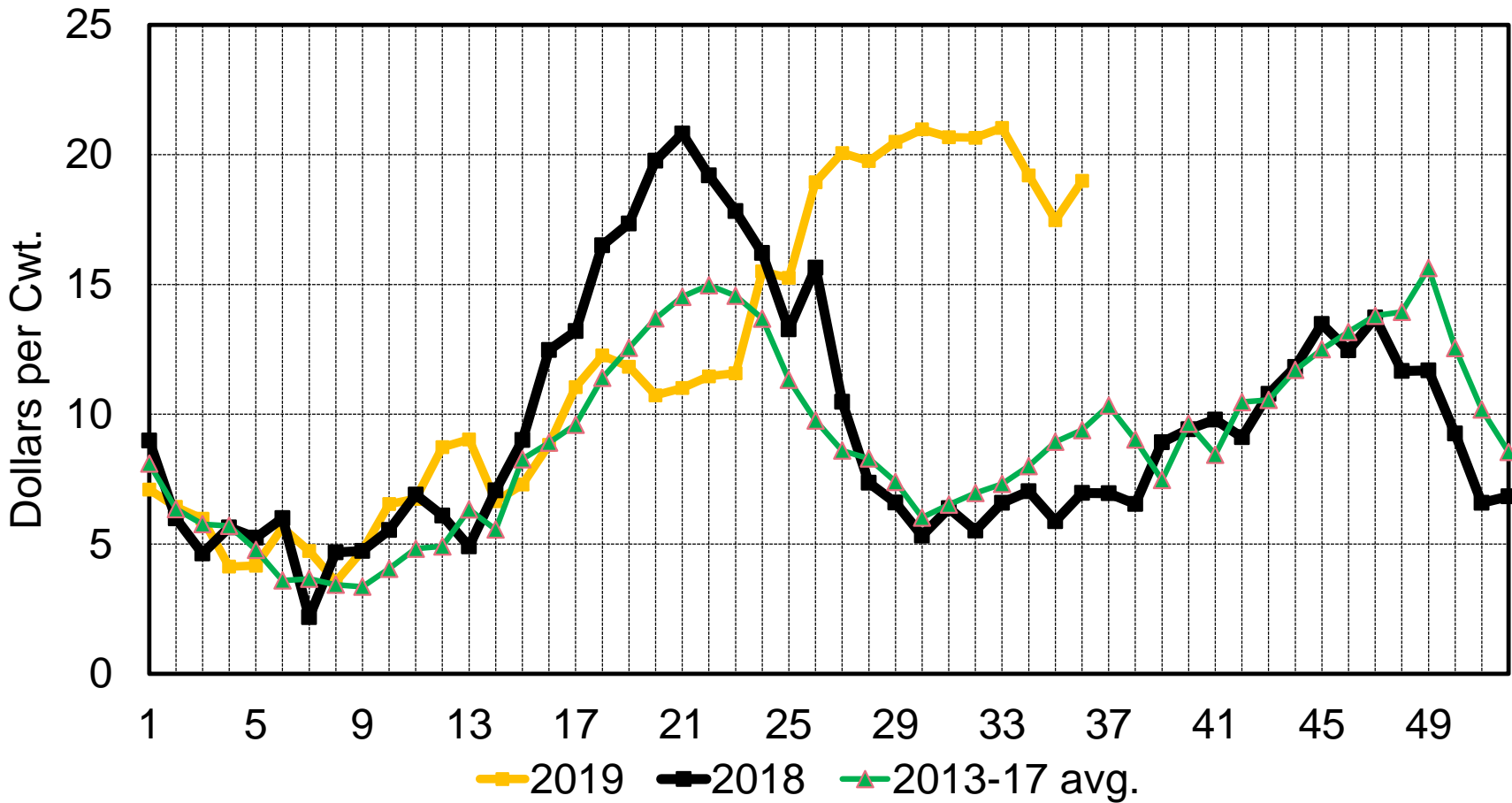
Kansas Feedlot Performance



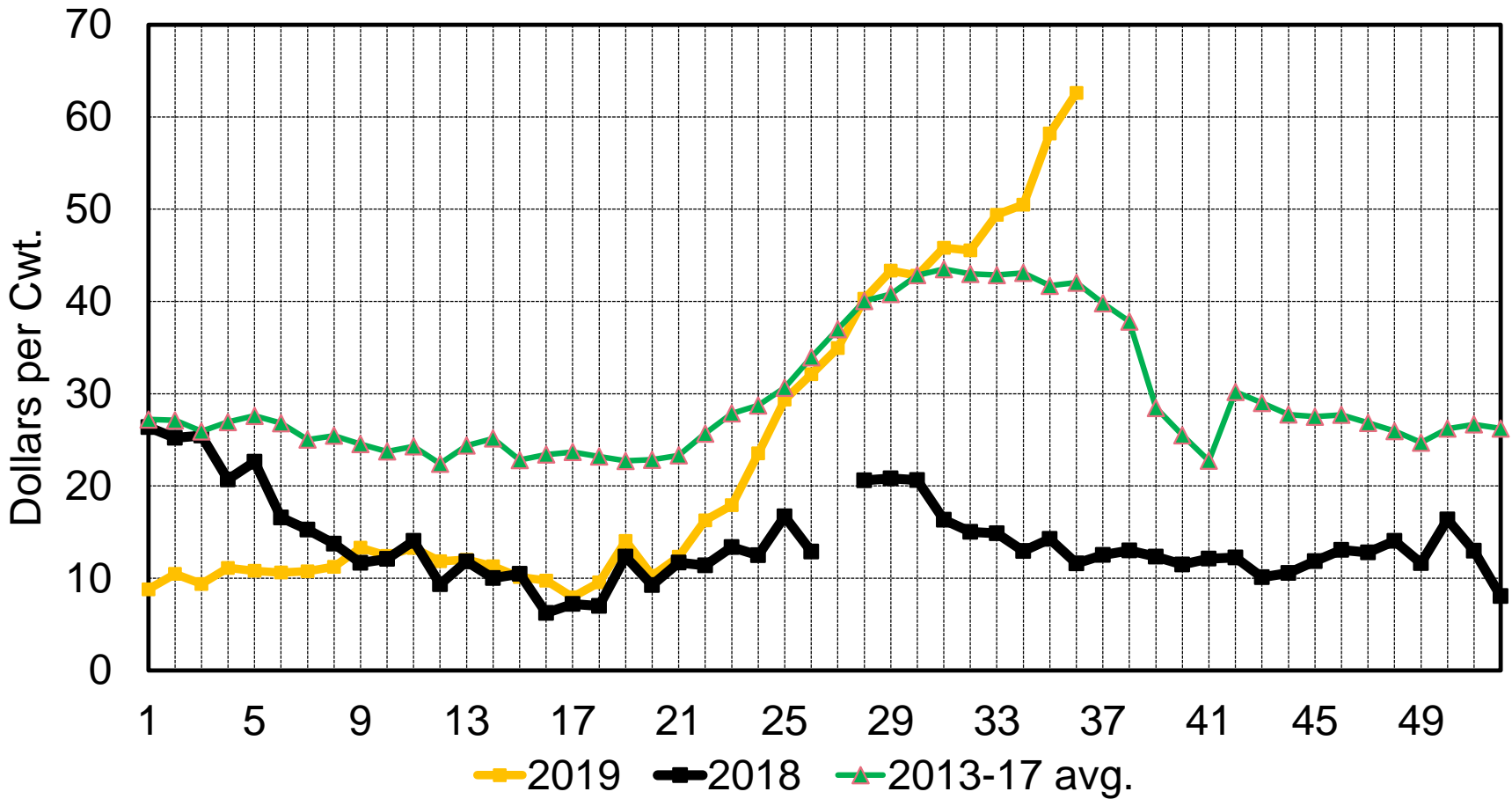
Wholesale Value of Fed Steer/Heifer Beef



Boxed Beef Choice-Select Spread



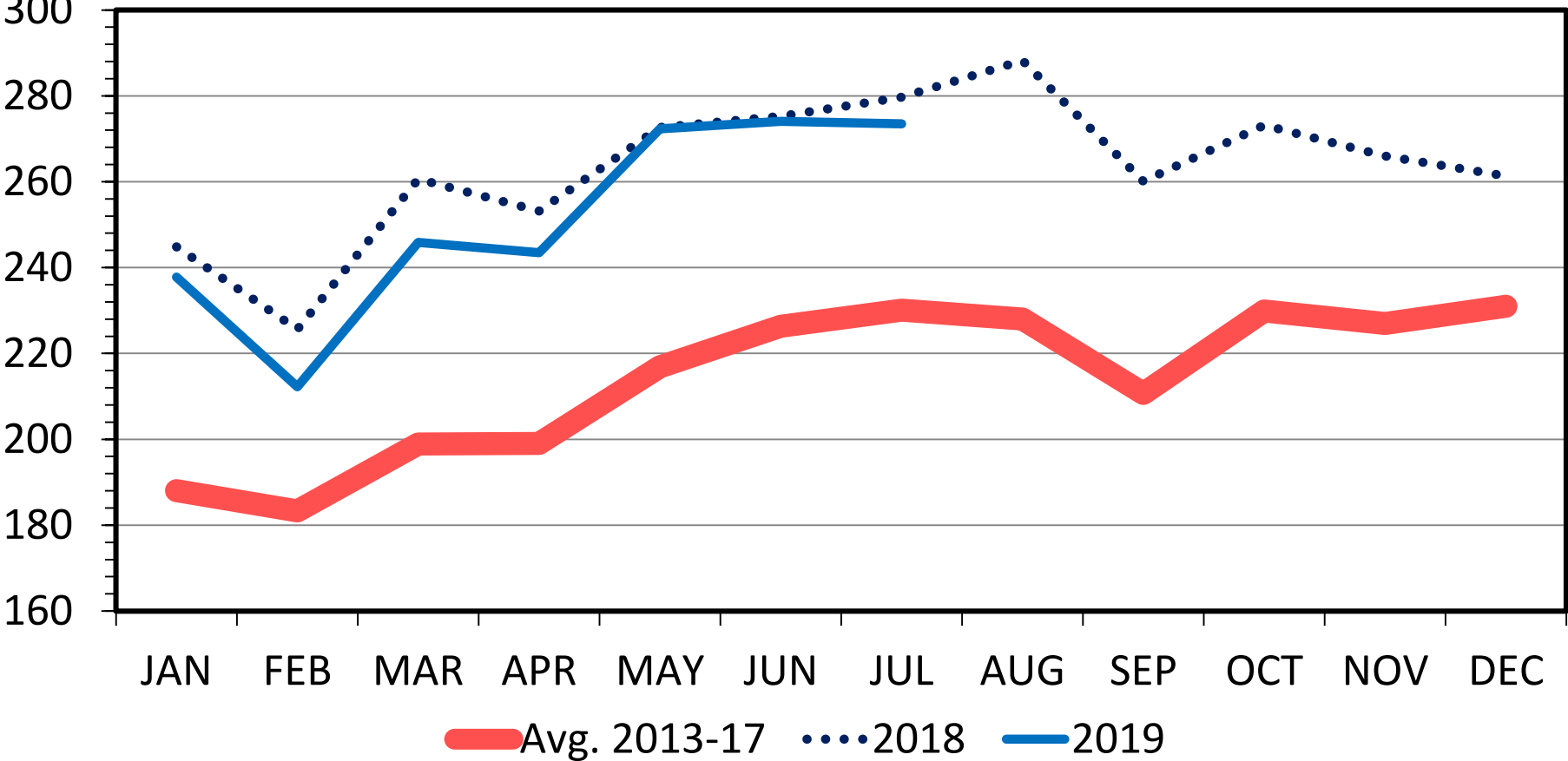
Boxed Beef Prime-Choice Spread



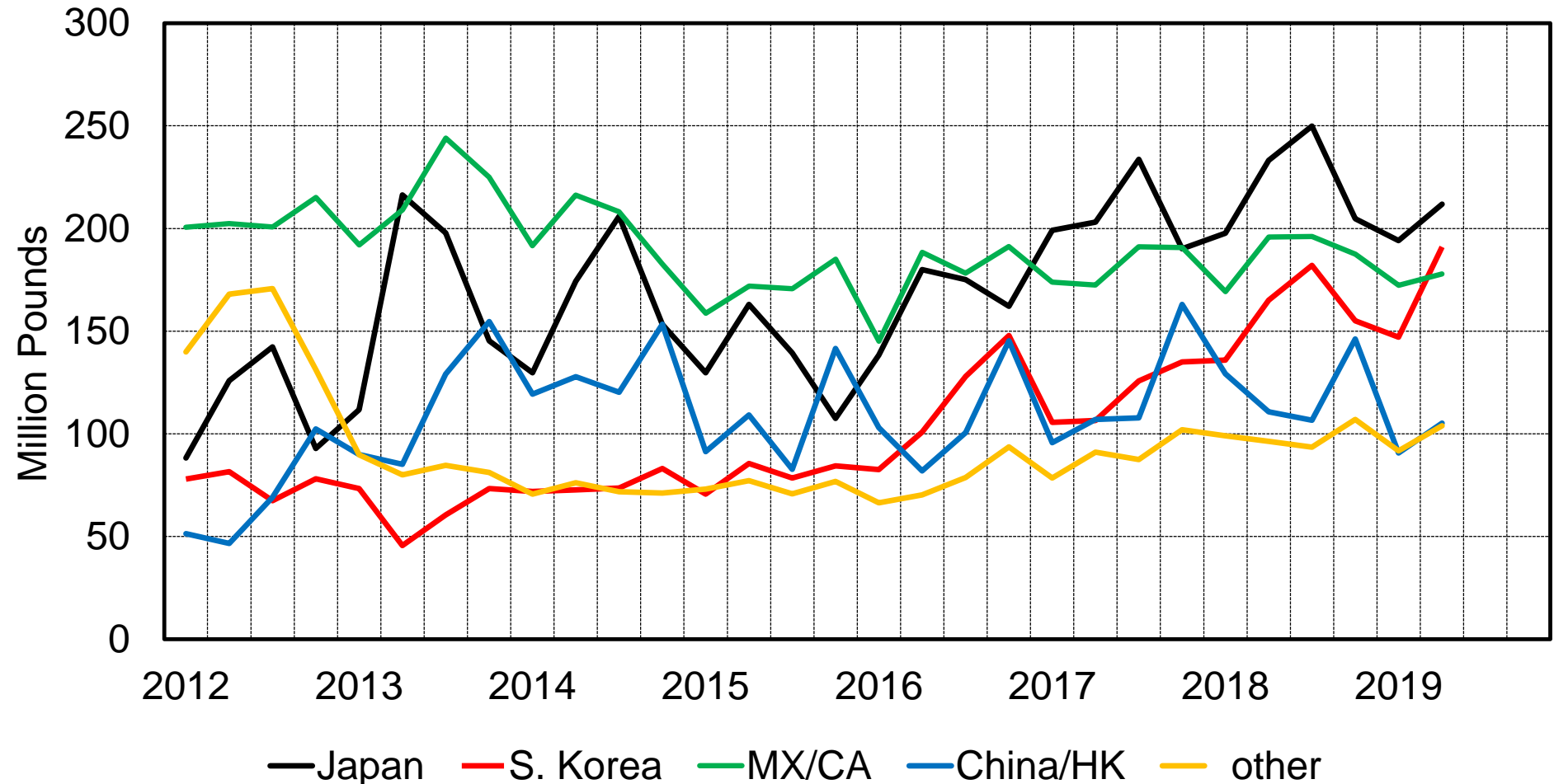
US BEEF AND VEAL EXPORTS

Carcass Weight, Monthly

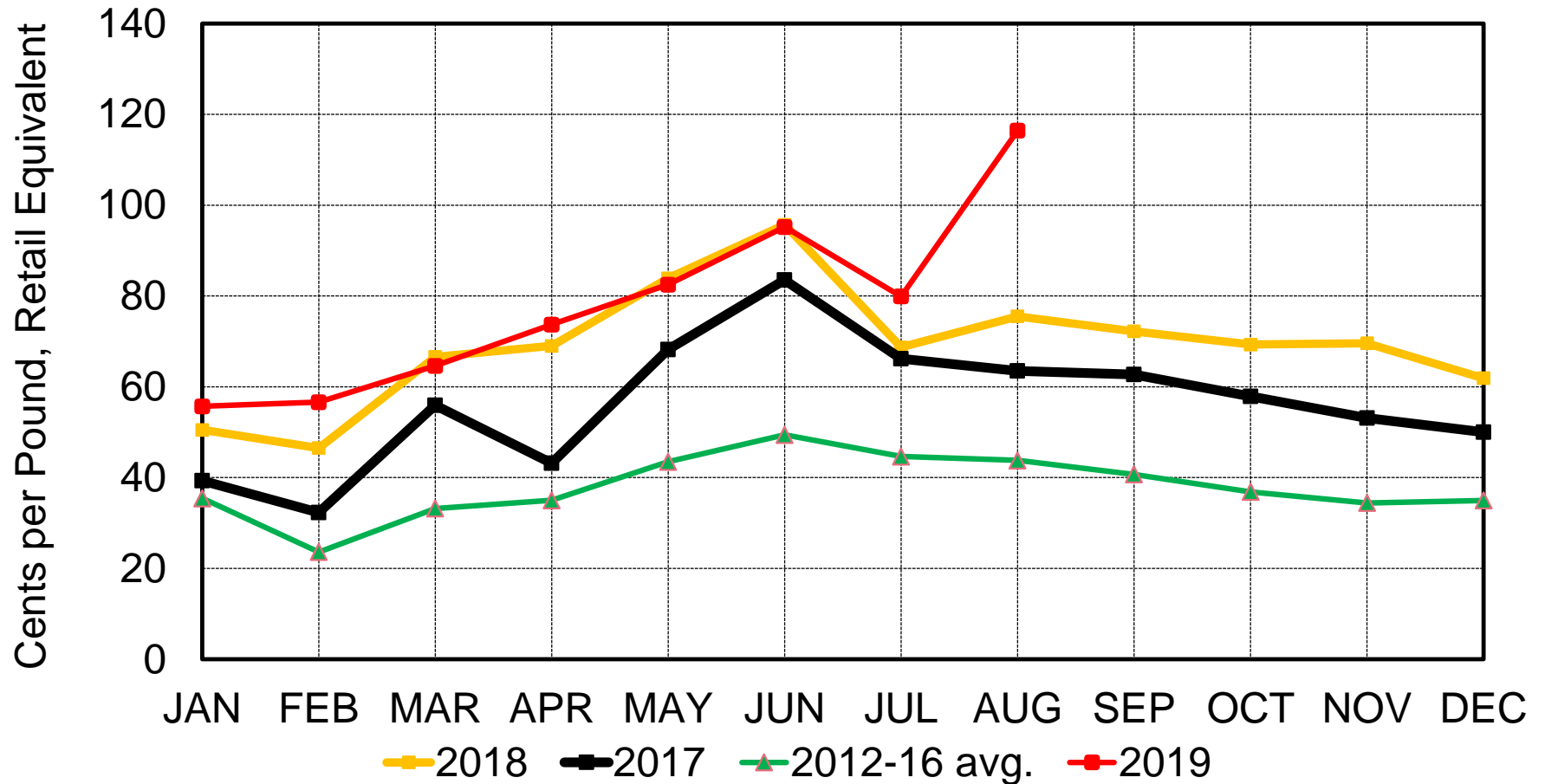
Mil. Pounds



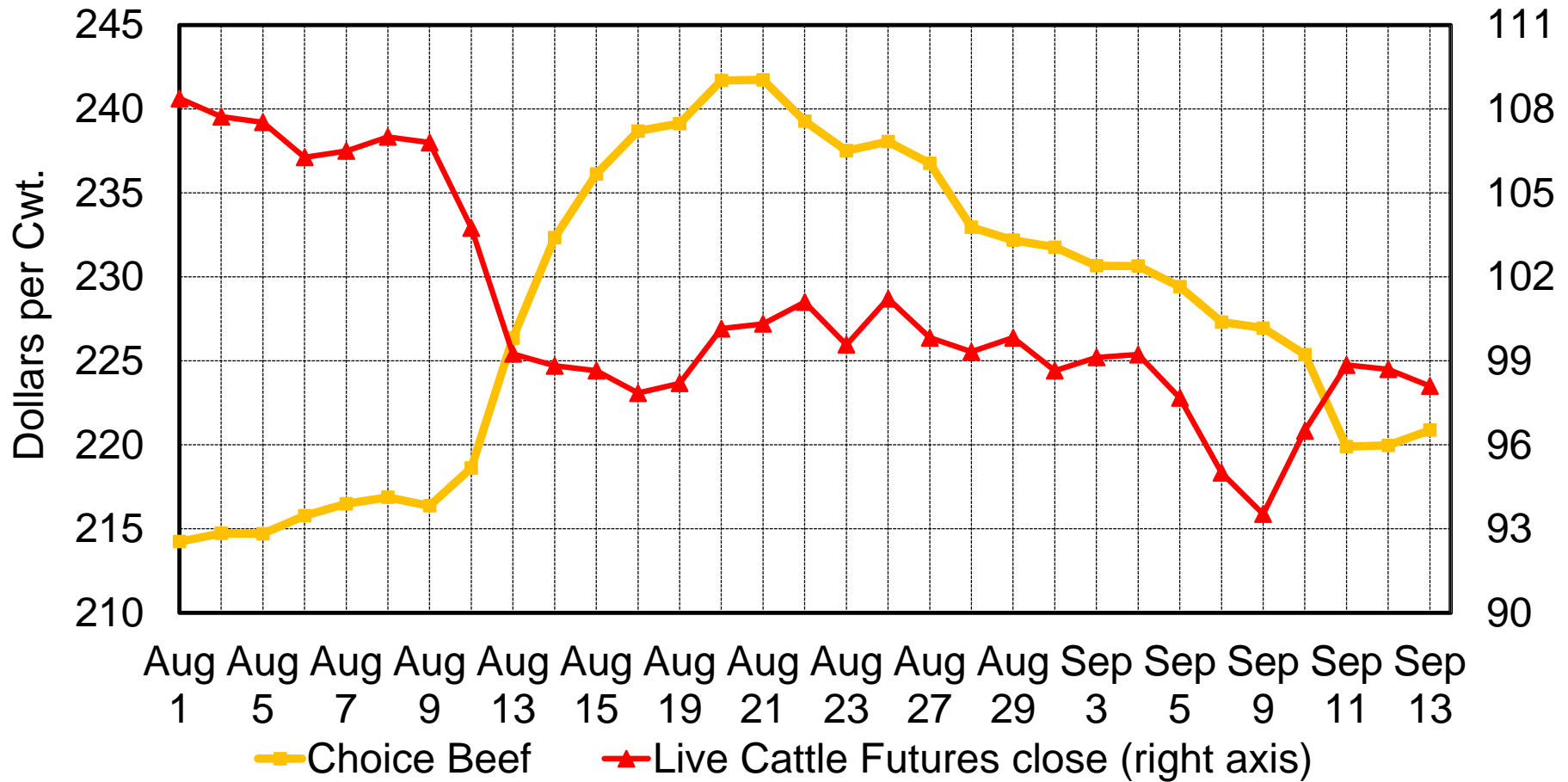
International Markets for U.S. Beef



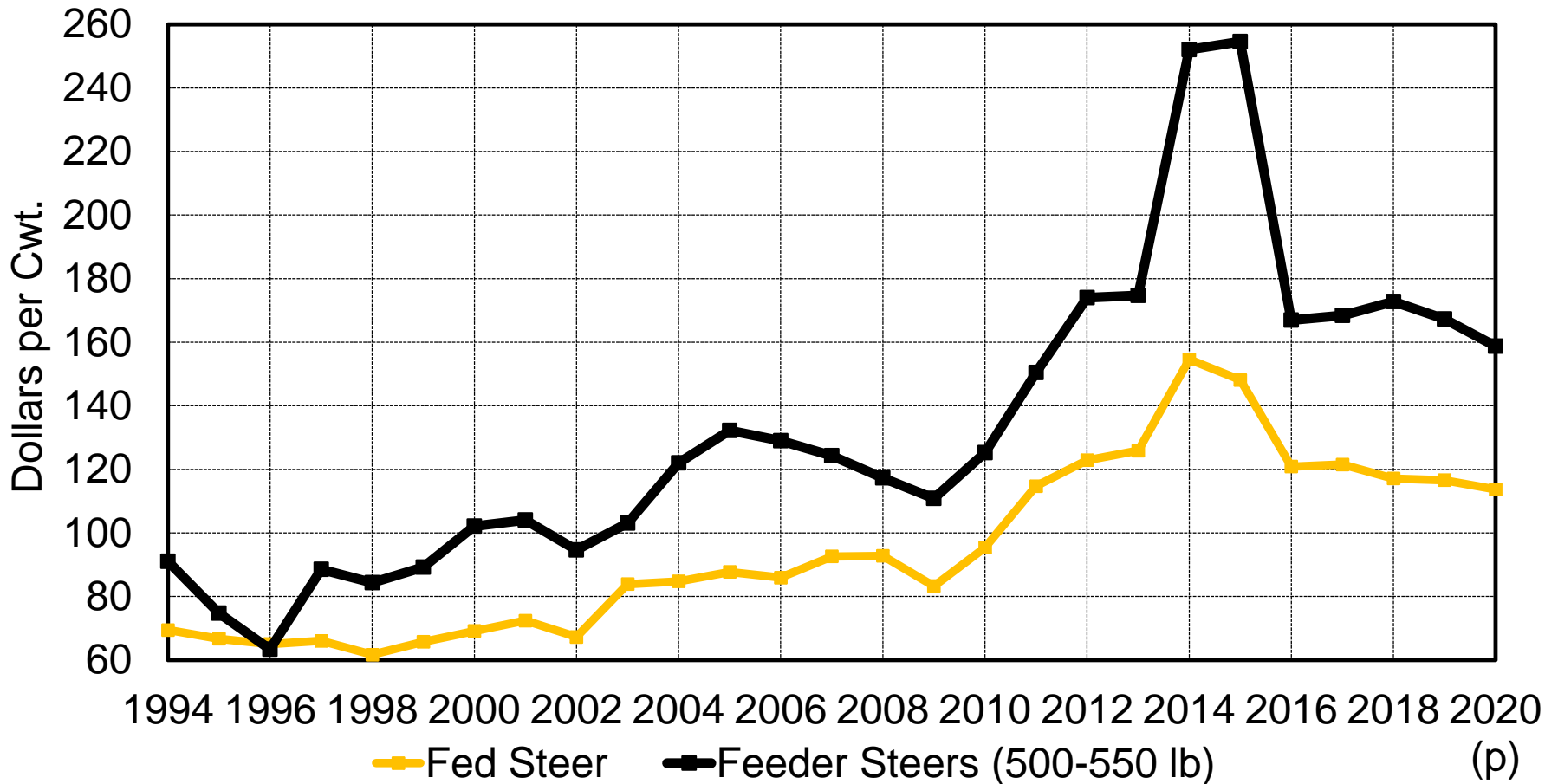
Wholesale – Farm Beef Price Spread



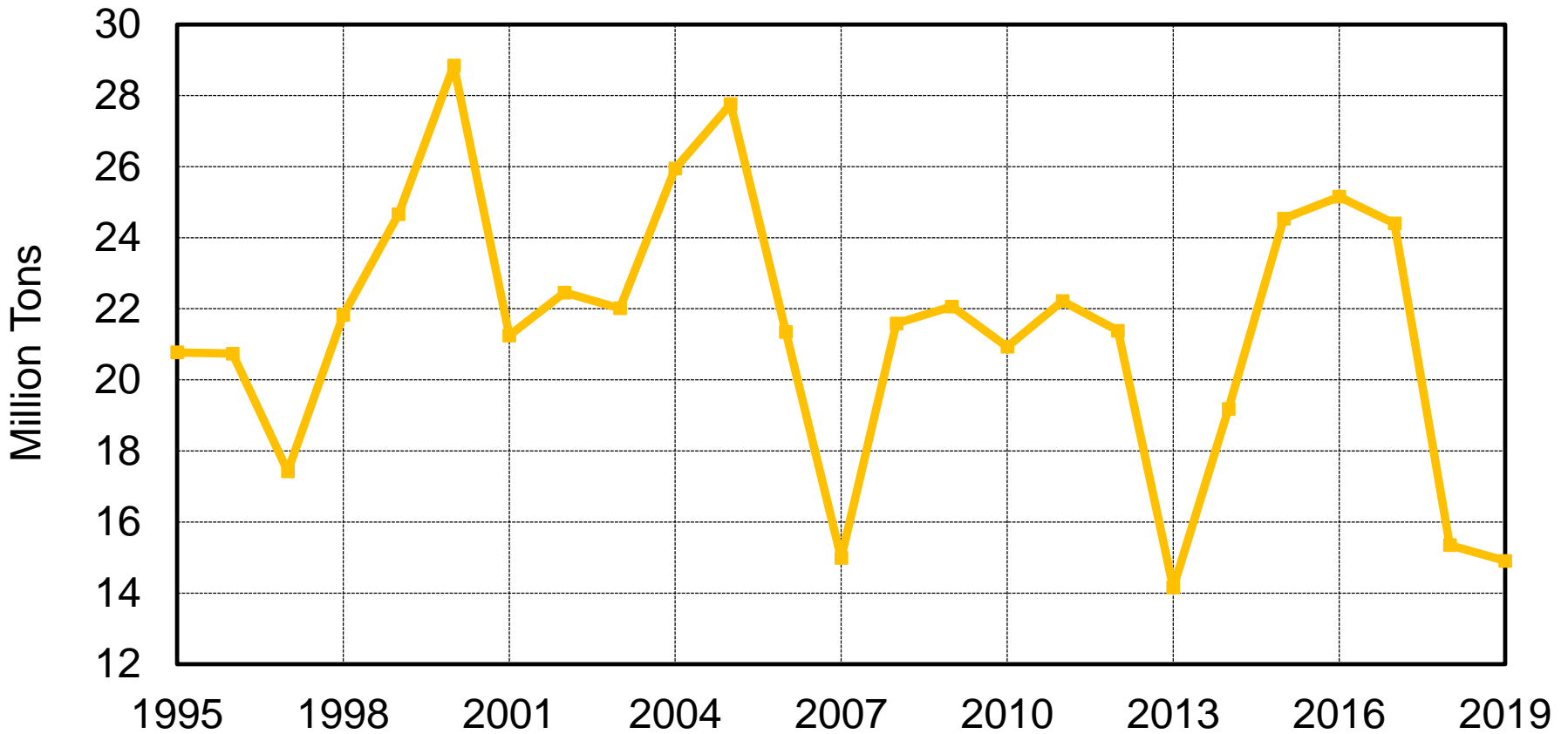
Choice Boxed Beef vs. Oct Fed Cattle Futures



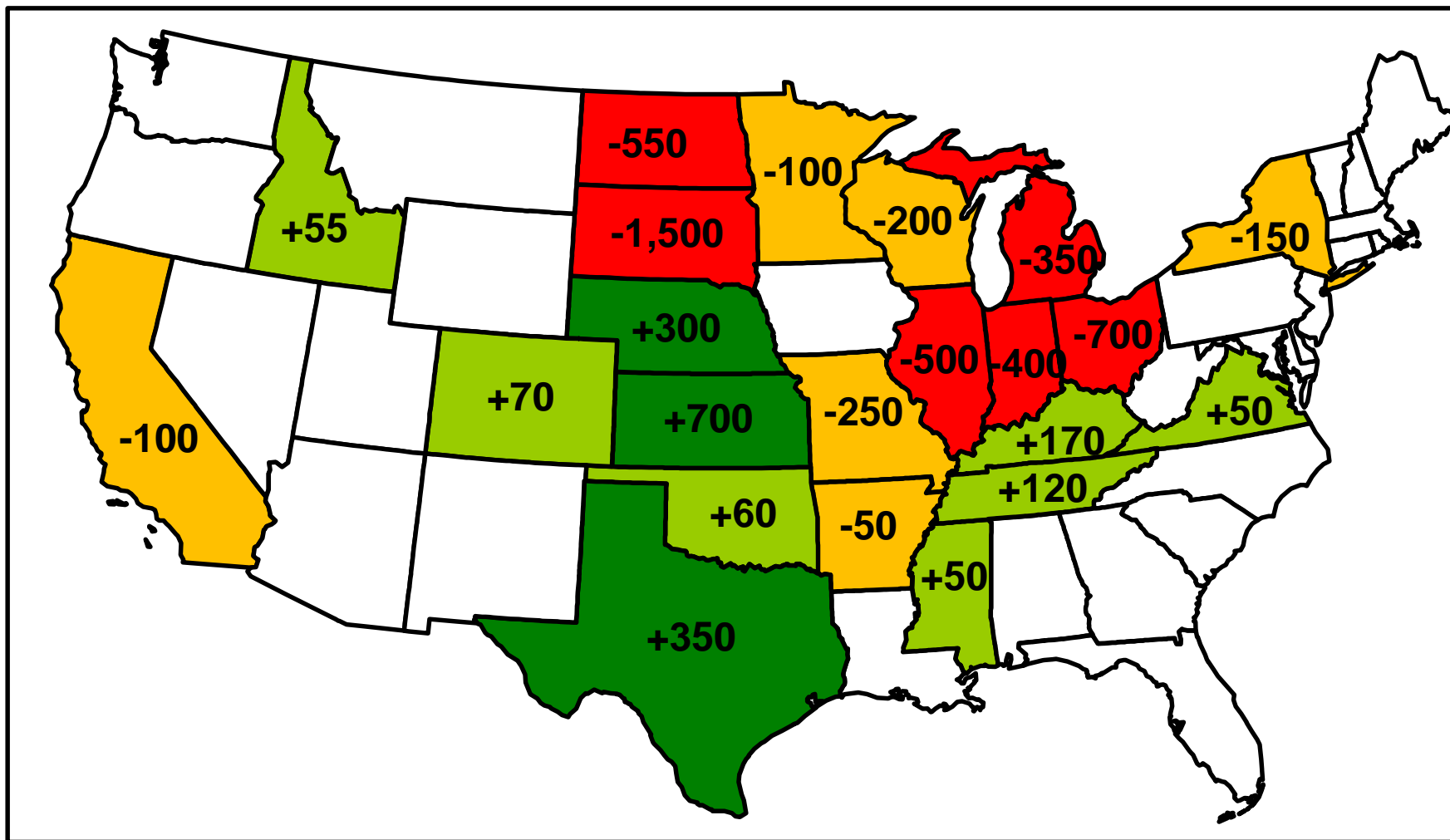
Cattle Prices



Hay Stocks, May 1



Change in Corn Planted Acreage, Aug. 12 vs. March 29 (Thousand Acres)



U.S. Corn Supply and Use, Sep. 2019

	2017/18	Projected	
		2018/19	2019/20
Planted area (mil. ac.)	90.2	89.1	90.0
Harvested area (mil. ac.)	82.7	81.7	82.0
Yield (bu./ac.)	176.6	176.4	168.2
Beginning stocks (mil.bu.)	2,293	2,140	2,445
Production	14,609	14,420	13,799
Imports	36	25	50
Total supply	16,939	16,585	16,295
Feed	5,304	5,275	5,175
Ethanol	5,605	5,375	5,450
Food, seed, other	1,452	1,430	1,430
Exports	2,438	2,060	2,050
Total use	14,798	14,140	14,105
Ending stocks	2,140	2,445	2,190
Stocks/use ratio	14.5%	17.3%	15.5%
Farm price	\$3.36	\$3.60	\$3.60



Summary

- Wildcards will matter
 - ▣ Trade
 - ▣ Disease
 - ▣ Weather
- Barring major wildcard events, most sectors keep moving sideways
- Financial stress showing but it appears in limited scope so far
- Cost efficient resource use will be critical for individual operations
- Long term price strength hinges on international demand
- US economic growth remains important to meat demand



Questions

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Weekly Livestock Update, Brownfield Ag News

<https://brownfieldagnews.com/brownfield-livestock-market-updates/>

