

# Weekly Article

3-14-2022

## Where is The Cattle Market Heading?

Hello, my Name is Richard Purdin with OSU Extension, Ag and Natural Resource Educator and Community Development Educator for Adams County. I hope to better inform local producers and the public of the latest news in the world of agriculture. Spring to winter and back to spring again, mother nature can't seem to make up her mind these days. Last week featured it all from days in the 70's, 2.5-3 inches of rain, and to top it off 3-4 inches of snow with wind chills in the teens. I understand that late winter and early spring weather can be very unpredictable, but I would have never thought markets for grain, livestock, fertilizer, petroleum, and other farm input would be so unpredictable. The past few weeks have presented producers with much to ponder on as they prepare their planters and tractors for spring planting season. There are many challenges facing producers these days and I find myself as a producer in split on the outlook of 2022 marketing year. As any farmer I am excited spring is around the corner and the hopes and dreams of a new growing season or livestock marketing season is upon us! The looming challenges of extremely high input cost and gold instability is quite concerning. Today I want to throw a gold nugget in the pot of gold at the end of the rainbow (it is St. Patrick's Day). I was able to listen in on the 2022 -2025 Cattle market update given by the Cattle fax marketing group. Here are the key factors and points given that will have a direct effect on the future cattle markets for Cow/Calf, stocker/backgrounding, and Finishing operations.

- **Lower Cattle Numbers** – From 2019 to 2021 there are 2.9 million less cattle in the U.S.
- **People are looking for the beef-** Demand is at a 30 year high even at higher prices due to inflation.
- **Farmers are raising better beef but not getting paid for it-** Currently 83% of finished cattle are grading prime +choice but most profits are going to the packers!
- **There are some strong headwinds-** Drought in the southern plains is intensifying and 45% of U.S. cattle are raised in drought stricken areas. Input cost, energy cost and inflation rates have doubled and almost tripled. Low corn stock and Russian Ukraine conflict unknowns, Ukraine exports 17% of the global corn supplies.
- **Farmers are not giving Bessy a second chance-** Cull cow slaughter rates are up 10% to 6.7 million head in 2021.

- **Feedlots are getting thinner** – Fed cattle numbers are around 26.6 million head; this is down from 27 million head in 2021.
- **Exports are bright-** Other countries want our beef Japan is the largest market, 2<sup>nd</sup> is South Korea, and China is 3<sup>rd</sup> but expected to be #1 by 2025.
- **Consumers are leaving other meats on the shelf-** In 2021 consumers consumed 59 lbs./per person of beef. Pork consumption was down 1.5% and poultry were down .8%.
- **Where are the prices going to land?** – 2022 Fed cattle Prices are expected to average out at 1.40/lbs. live weight with a range of 1.30-1.55/lbs. The cut out value is expected to be around \$2.60/cwt. Feeder cattle weighing 550lbs is expected to average around \$1.80/lbs. with a range of \$1.70- \$2.00/ lbs. Yearling calves are expected to range from \$1.55-\$1.85/lbs. with an average around \$1.70/lbs. Cull cows are expected to average around .75/lbs.
- **Last thoughts-** After the session was over there was a few thoughts that I came up with, 1. Cattle farmers should see a steady improvement in prices received for their animals. 2 U.S. farmer/rancher raised the best beef in the world and the world wants it. 3. Don't get down about the headwinds rather put your head down, grab your pen/paper and calculator to stride for profits. 4 retaining ownership of calve and preconditioning will be critical for cow/calf producers to make a profit now and in the future.

Some other details to go over

- March 22<sup>nd</sup>, 2022 – Bull Buying School located at Gustin Family Farm 4786 Spurgeon Hill Road West Union, Ohio 45693. Topics include reading EPD'S, proper nutrition, importance of bull soundness exam, semen testing, and phenotype and structural soundness. Call OSU Extension Adams County to RSVP by March 15<sup>th</sup> (937) 544-2339.
- March 23<sup>rd</sup> Adams SWCD tree seedling scheduled to arrive. Call (937) 544-2033 (ext. 4) before coming to the office to pick up the trees.
- 2022 Tobacco GAP recertification course will be March 31,2022 at Raines Farm and Greenhouse, 10:00am-12:00pm. This event will be open to both Adams and Brown County producers. Call the Adams County OSU Extension office to RSVP at (937) 544-2339.
- April 13 6:00-8:00pm Small Ruminant School hosted by W/C Milling LLC, event location will be held at the Seaman Community Center 17806 State Route 247 Seaman, Ohio 45679. Please RSVP by April 6<sup>th</sup> by calling the Adams County Extension office at (937) 544-2339.