

Over the past few years, cattle producers have seen cattle prices reach record highs and extreme lows. Although no one knew that the prices would do exactly what they did, there were many economists that predicted similar outcomes. Having a way to look ahead and predict future cattle prices may prove to help producers capitalize on those prices. This week we want to discuss expected trends for 2016 cattle prices. We also want to look at marketing methods so producers make the most of prices when they sell their cattle- regardless of if the prices are high or low.

As we all know, cattle prices can be volatile and change with no warning. Tracking market trends is helpful, but sometimes we find that what should be the “norm” for a certain time of year is not always so. Take, for example, Figure 1, which compares average feeder steer prices in 2014 vs. 2015.

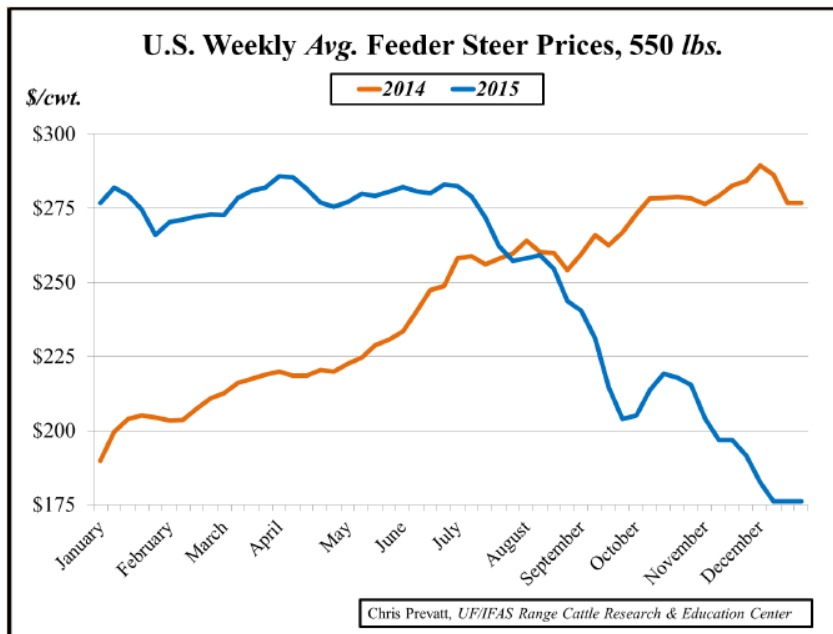


Figure 1. Chris Prevatt, 2016 Beef Cattle Market Outlook

You can see from the graph that the prices in these two years differed greatly. This graph is a great example of two extreme, out of the ordinary, cases that are on both ends of the spectrum. Although most back to back years are more consistent, this is a good reminder that prices *can* fluctuate. However, we encourage you to tap into the resources available to help give you an idea of what to expect from the market.

In the 2016 Beef Cattle Market Outlook, Chris Prevatt predicts that we likely will not get those high cattle prices back soon unless we see a significant increase in beef demand and/or a decrease in beef supplies. He states that a key factor that will likely affect beef cattle prices in 2016 is the competing supplies of meat proteins. Over the past few years we have seen pork and broiler production increase dramatically, causing tough competition for beef. Further, we can expect that herd expansion will continue to take place until prices reach the cost of production. This also creates lower cattle prices. Therefore, U.S. cattle producers would be wise to search for methods to lower their cost of production (what it costs a producer to produce one pound of beef). It is also helpful to find ways to best market your cattle in order to achieve higher levels of profit at selling.

So, with prices expected to be low, what can cattle producers do to still come out on top? This is where it pays to track and understand market trends. In a study evaluating Superior Livestock Auction Value-Added programs from 1995-2015, many notable results were discovered. Glenn Rogers, DVM found that these following things (among many others) had an impact on the 2015 sale price of cattle: auction date, gender of lot, health program, and age and source verification. Are you marketing your cattle when demand is high? Historically, October prices average lower than September or November prices. This is because most producers wean and sell their calves in October. When supply is high, prices are generally low. The study also found that groups of only steer calves sold for more than groups of mixed gender and groups of only female calves. Non-vaccinated calves sold through Superior were almost obsolete. In fact, the calves that had not been weaned and vaccinated prior to selling sold for significantly less money than the calves that *had* been weaned and vaccinated. The article also states that once morbidity, mortality, ADG, and feed conversion are taken into account, VAC 45 calves (vaccinated twice and weaned at least 45 days prior to shipping) should be worth about \$90 per head more than other calves. Are you marketing your cattle in a way that yields the greatest return?

Knowing this information, producers may have a better understanding of how to market their cattle more effectively. Although trends can change, they are a great decision-making tool available for producers. Understanding market reports and demands, and implementing these in your herd can help you grow one step closer to having a profitable operation. If you have any questions about the market outlook, or trends through Superior Auction, please contact us. To read the 2016 Beef Cattle Market Outlook, visit <http://rcrec-ona.ifas.ufl.edu/vclassroom/slides/Orep1-2016W2016BeefCattleMarketOutlook.pdf>

Prices for feeder steers medium and large 1 sold through the Oklahoma National Stockyards on Monday, May 23, 2016 are as follows: 470lb- \$181.43, 573lb- \$160.59, 668lb- \$156.06, 776lb- \$139.90. The price for August 2016 750lb feeder steers on the Chicago Mercantile Exchange was \$142.15 on closing Tuesday, May 24, 2016.