



Variable Forecast

CattleFax shares market outlook for remainder of 2018.

by Kindra Gordon, field editor

Many factors are affecting the cattle market forecast for the remainder of 2018 — making it difficult to pinpoint just where market prices will land in the coming months. That's the report CattleFax analyst Lance Zimmerman shared during a webinar broadcast in late May. Because of the multitude of variables affecting the market, Zimmerman noted, "Market risk is elevated."

Weather woes

Topping the list of factors affecting the current market is the weather. Zimmerman said, "The weather

has absolutely wreaked havoc on everything." He added, "It's no secret that the drought monitor indicates cattle country is in tough shape."

Zimmerman shared that about 10% of the United States, primarily in the Southwest, is in the red on the drought monitor, indicating extreme drought, and about one-fourth of the United States are in regions that indicate moderate to severe drought. (To view the current drought monitor map visit <http://droughtmonitor.unl.edu/>.)

As a result of these conditions, pasture supply and hay production

are concerns for cow herds. On the feeding side, Zimmerman said many cattle have been shifted from wheat pastures to feedlots, which means larger supplies of feedlot cattle earlier in the year than normal. It also means feedstuff supplies are being used.

Moreover, spring planting conditions were impacted by weather, which delayed corn planting. Zimmerman explained that fewer corn acres were planted, so there is a yield concern which could also affect corn supplies this fall and winter.

Additionally, the national cow herd is continuing to grow. "It's not

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growing like it was, but it is also not contracting," Zimmerman said.

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In total Zimmerman said, "Our projection is for hay prices and pasture rates to be elevated for 2018-2019...hay supplies will be tighter and there will be more cattle to feed. This will affect margins as breakevens are increasing."

Regarding corn prices, CattleFax anticipates summer price risk as high as \$4.30 to \$4.40 per bushel (bu.) with potential fall lows near \$3.75 to \$3.85 per bu. on a futures market basis. Zimmerman noted that corn is seeing more demand for feed, as well as for export and ethanol markets. He stated, "Much like the hay situation, the corn market can expect higher prices as well."

Market concern

As a result of the higher prices for feedstuffs, Zimmerman foresees feeder-cattle and calf prices could see lower bids in late summer and fall.

Looking ahead, Zimmerman added, "Demand for feeder cattle will be challenged. We're not forecasting a

profit for cattle feeders. The market will simply be at breakeven in many instances."

In some scenarios, feedyards could see \$100-per-head losses based on futures prices.

Zimmerman noted, "When buying at this time of year — and at a loss — it is hard to rally prices enough by the end of the year to become profitable."

He added, "It is bearish to the entire cattle market if feedyards are selling at a loss."

An additional concern with the market is supplies. Zimmerman said more cattle were placed in the past six months than normal. This means cattle are already there and the market must work through that early supply. It also suggests fourth-quarter reserves could be tighter.


Thus, the futures market is enticing cattle feeders to hold out until December, when profits should be better. "It suggests adding weight to cattle and kicking the can down the road," Zimmerman says. "If feeders choose that option, it

could affect cattle and calf markets too."

On the other side of the coin, margins for retailers and packers have been favorable. Also, consumer demand was up 4% in April 2018, along with solid export demand. "That's generally supportive to cattle markets," says Zimmerman. If that scenario continues, it could help bail out the market, according to Zimmerman. "If the retail prices stay where projected, the cattle market could be OK," he says.

Specifically, Zimmerman says if retail prices average \$5.60 per pound, calves should find support in the low to mid-\$150s per hundredweight (cwt.).

Regarding the feeder cattle market, Zimmerman anticipates it may go lower before it goes higher and reaches a seasonal rally. On the calf side, he believes the market will be similar to the 2017 trend with the market supported more on the front end of sales in the summer. Calves that are contracted early could bring \$150s to \$160s per cwt., he says.

If trade talks or a Trump tweet interrupts market conditions, prices could be more around the \$120s, Zimmerman said. "That's the risk," he concluded. 

Editor's Note: Kindra Gordon is a cattlemaster and freelance writer from Whitewood, S.D. The lead photo is by Jaden Borman from the 2018 NJAA/Angus Journal photo contest.

Weather shift coming

The weather forecast projects a shift from a *La Niña* weather pattern to an *El Niño* pattern in the coming months, according to CattleFax analyst Lance Zimmerman. This suggests the hot, dry June will transition to a cooler and wetter pattern in July and August.

While the moisture will be welcome for many farmers and ranchers, Zimmerman says the bad news is that it will likely be too late. "You don't catch up forage and crop yields when you start the summer dry," he stated.

Zimmerman says the cooler, wetter weather is forecast to remain into fall and winter.

September 21, 2018

Friday • 1:00 PM EST

Hosted at Blue Lake Cattle Ranch, Carlisle, KY

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FFF/FPF BLACKCAP 4A11 QHF

Featuring progeny from Blackcap 4A11, the \$130,000 valued donor dam who is a direct daughter of Rampage's full sister, Quaker Hill Blackcap 0A38. Progeny sell sired by HA Cowboy Up 5405, TEX Playbook 5347, Deer Valley Old Hickory, Baldrige Colonel C251 and WR Journey-1X74.



BLUE LAKE RITA 3444

Offering full interest in this full sister to the \$180,000 valued Select Sires AI stud bull Deer Valley Old Hickory. Sired by Plattemere Weigh Up K360, she is a direct daughter of Deer Valley Rita 1126, the \$100,000 valued selection of Trowbridge Farms in the 2016 Select Sires Diamond Selections Sale. Due Spring 2019 to Whitestone 18-Million.



BLUE LAKE BLACKCAP 3230

Direct daughter of the \$90,000 valued Deer Valley Blackcap 5824 sired by Plattemere Weigh Up K360. A full sister heifer pregnancy was the \$13,000 selection of EZ Angus at the 2017 Bluegrass Trifecta Sale. She is one of only two Weigh Up sired non-parent females in the entire breed with her combination of growth from BW to WW and YW.



BLUE LAKE RITA 2820

Selling heifer pregnancies from the featured Rita 2820 sired by Baldrige Colonel C251 and Plattemere Weigh Up K360. The donor dam is direct daughter of DRMCTR 111 Rita 6108 sired by VAR Discovery 2240 and her full sisters include the \$290,000 valued Vintage Rita 5490 and the \$220,000 valued Rita 5488.



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BW -1.4
 WW +44
 YW +79
 Milk +22
 CW +25
 MARB +.57
 RE +.47
 FAT -.004
 \$W +47.46
 \$F +32.38
 \$G +40.18
 \$B +100.48

Reg# 18107057

SS 5 PEPPERS MISS LUCY C235

Selling a heifer pregnancy sired by 3F Epic 4631 out of the \$80,000 valued donor dam, Miss Lucy C235 who is a full sister to the ABS Global sire, KCF Bennett Absolute.



BW -.3
 WW +68
 YW +132
 Milk +30
 CW +45
 MARB +.96
 RE +.47
 FAT +.010
 \$W +71.10
 \$F +95.20
 \$G +48.00
 \$B +145.63

Reg# 18709663

XAG ANGELS ENVY 1701

Offering one-half interest and full possession in this bred heifer that is a full sister to the \$75,000 valued Select Sires roster member ACC Bourbon 0115. Due Spring 2019 to TEX Playbook 5347.



BW 1+1.8
 WW 1+64
 YW 1+114
 Milk 1+32
 CW 1+49
 MARB 1+1.05
 RE 1+.43
 FAT 1+.049
 \$W +70.54
 \$F +76.16
 \$G +45.26
 \$B +155.85

Reg# +18835026

4SF-RHI LUCY 0328E (EPDS ABOVE)

A daughter of Basin Payweight 1682 from JLM Lucy W333 (above) who traces to the \$110,000 valued Basin Lucy 3859. Due Spring 2019 to FF Rito Righteous 6R41.



BW +1.4
 WW +42
 YW +78
 Milk +23
 CW +39
 MARB +1.02
 RE +.74
 FAT +.018
 \$W +44.15
 \$F +40.14
 \$G +51.94
 \$B +149.99

Reg# 16856170

DEANS QUEENIE X092

Selling choice of heifer pregnancies out of Queenie X092 sired by Baldrige Colonel C251 and Basin Payweight 1682. A full sister to the Payweight pregnancy was the \$50,000 selection of ZWT Ranch and Pasture View Angus at the 2017 Decades of Excellence Sale. The donor dam is a full sister to the \$600,000 valued Deans Queenie Y120 and the \$72,000 valued Deans Queenie X104.



BW 1+2.1
 WW 1+66
 YW 1+122
 Milk 1+29
 CW 1+45
 MARB 1+.82
 RE 1+.81
 FAT 1+-.034
 \$W +66.01
 \$F +80.39
 \$G +50.49
 \$B +147.52

Reg# 18627881

BGG HENRIETTA PRIDE R596 (EPDS ABOVE)

Henrietta Pride R596 is a direct daughter of the \$45,000 former Black Gold Genetics foundation Henrietta Pride 2912 (above) who is now a headliner of the Ankony Angus program sired by the proven growth and Marb. sire, Discovery. The dam of Henrietta Pride R596 is a direct daughter of the \$4 million producer, Henrietta Pride 643T sired by the RE sire in the ABS roster, Complete. Henrietta Pride R596 sells due 9/24/18 to VAR Legend 5019.



BW 1+-.9
 WW 1+57
 YW 1+106
 Milk 1+28
 CW 1+38
 MARB 1+.74
 RE 1+.56
 FAT 1+-.038
 \$W +61.31
 \$F +64.23
 \$G +41.68
 \$B +128.64

Reg# 19146790

BLACK GOLD RITA 680 (EPDS ABOVE)

Rita 680 is an outstanding first calf heifer sired by the proven ABS roster member, Absolute and produced by the full sister to the growth and Marb. Select Sires roster member, Prophet, GAR Bextor 268 (above) who is a former member of the Black Gold Genetics donor program. Rita 680 sells due 9/24/18 to VAR Legend 5019 along with a maternal sister by the low-birth and carcass sire, Journey who sells due 9/24/18 to the popular Black Gold sire, Playbook 5437.

Visit our sale website www.bluegrasstrifecta.com for updates, videos, and more

Hosted by Blue Lake Cattle Ranch in Carlisle, KY

