

# Normal Seasonal Price Patterns Returning

Economist Jim Robb shares market outlook.

by **Troy Smith**, field editor



PHOTO BY RACHEL SMITH FROM NIAA/ANGUS JOURNAL PHOTO CONTEST



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▶ Catch Angus Media's interview with Jim Robb on the *The Angus Report* at <http://bit.ly/1TM2352>. His segment begins at 1:22.

The cattle market has moved into an environment that is different from what cow-calf producers have experienced in recent years. However, it really isn't unfamiliar territory. Speaking at the 24th semi-annual Range Beef Cow Symposium in November, Livestock Market Information Center agricultural economist Jim Robb said cow folk should expect a return to the "more normal" seasonal price patterns.

Gone is the trend toward ever-higher calf prices, said Robb, reminding his audience that the record-high prices of 2014 represented an anomaly (see Figs. 1 and 2). He expects prices to trend lower through 2018 at least, and probably through 2019. Prices are lower and costs are increasing, especially pasture rent. Robb said annual production costs are as much as \$900 per cow.

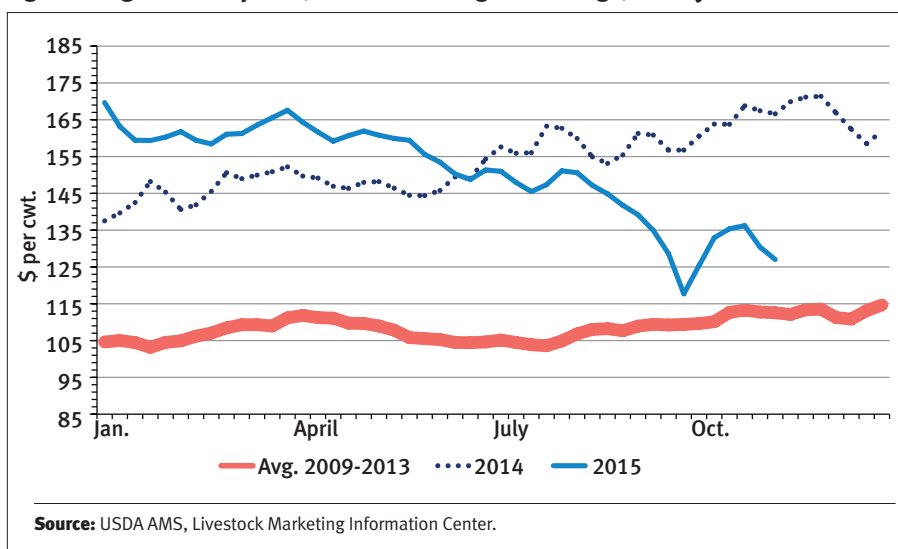
"Net return to cow-calf producers is way down compared to 2014," Robb stated, "but it's still the second-highest rate of return ever."

Commenting on beef demand, Robb said the U.S. economy is still growing, though modestly. Many other countries are in recession, however, including countries representing major U.S. beef export markets. Consequently export sales declined in 2015, and Robb sees little opportunity for growth in 2016. Global beef demand could rebound in 2017 and U.S. beef producers should be beneficiaries.

Within the United States, per capita consumption of beef is also in decline, but Robb hastened to remind listeners that per capita consumption does not define beef demand (see Fig. 3). The price consumers are willing to pay for beef must be considered, too, and beef buyers remain willing to pay relatively high prices.

"The really good news is that beef's

**Fig. 1: Slaughter steer prices, five-market weighted average, weekly**





demand profile remains pretty solid,” Robb said.

Looking at competitive proteins, Robb said the chicken and pork industries each experienced surges in production during 2015. Production levels for both are expected to level off in 2016 and 2017.

Commenting on U.S. beef industry expansion, Robb cited July 2015 data indicating that breeding heifer retention was up 6% from the previous year, and the retention rate has increased since the report was issued.

**As part of the Angus Journal’s full meeting coverage, you can listen to Jim Robb’s presentation at <http://bit.ly/1NPOC47>.**

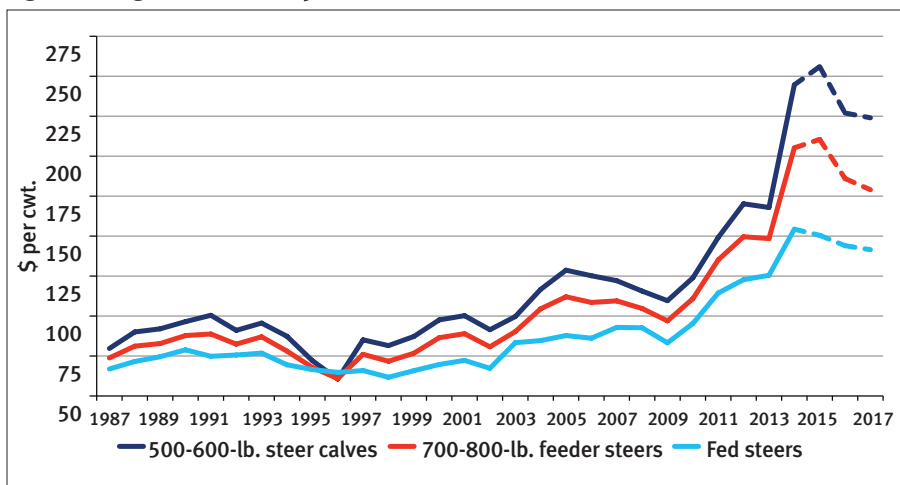
“The cow-calf industry is expanding herd numbers at a fairly aggressive rate. That’s likely to continue through next year, then slow down due to the economic realities of expanded beef supply,” Robb stated.

The economist predicted cyclically eroding calf and feeder-cattle prices through 2018, with some volatility. He advised calf sellers to expect a return to seasonal price fluctuations and plan their marketing accordingly.

**Editor’s Note:** This summary is part of the Angus Journal’s online coverage of the 2015 Range Beef Cow Symposium, which was hosted Nov. 17-19, 2015, in Loveland, Colo. For additional coverage, to review this presentation’s PowerPoint or to listen to the presentation, visit the Newsroom at [www.rangebeefcow.com](http://www.rangebeefcow.com). The Angus Journal’s coverage of the event is made possible through collaboration with the event committee and sponsorship of LiveAuctions.tv. Troy Smith is a cattleman and freelance writer from Sargent, Neb.

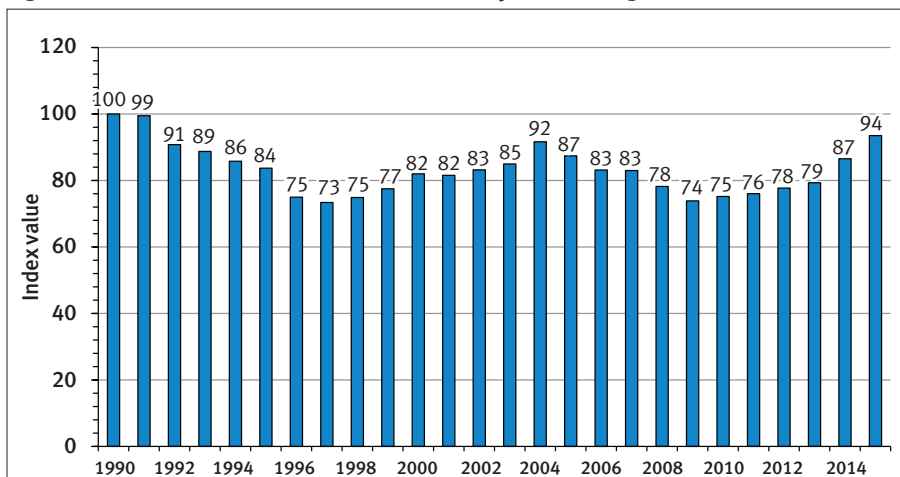


**Fig. 2: Average annual cattle prices, Southern Plains**



Source: USDA AMS, compiled and forecasts by Livestock Marketing Information Center.

**Fig. 3: Retail all fresh beef demand index, third quarter, using CPI 1990 = 100**



Source: Bureau of Labor Statistics, USDA ERS, compiled and analysis by Livestock Marketing Information Center.