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1/31/2019



There's plenty for beef producers to worry about in 2019. But there's also good news to warm your outlook this winter.

That's what Randy Blach, the CEO of the cattle outlook organization, [CattleFax](#), told those attending the [Cattle Industry Convention](#) this week. Here are 10 business trends and facts worth noting.

**1. The general economy remains strong.** Expect 2.5% GDP growth for 2019. That underpins beef demand. And while the stock market will continue to be volatile, it will mostly remain strong. But the risk of economic slowdown increases in 2020.

**2. Interest rates will tick up.** There will be one, and possibly two, rate hikes of .25% by the Federal Reserve in 2019.

**3. We've got record amounts of meat.** There are 6 million more cattle in the nation's herd in the last five years (and still growing), with an added 300,000 head of fed cattle to be harvested this year alone. Add

to that ongoing expansion of pork and poultry, and total meat supplies will increase 1.8% in 2019, to 219 pounds per capita.

**4. Grain markets will be roughly flat for five years.** That's not such good news for grain farmers, but it predicts stability to the livestock industry for its single biggest cost item – feed.

**5. Strong exports and increased market access are essential.** Beef exports in total represent about \$360 of the total value of every animal harvested. Any hiccup in trade could take cattle profit margins from positive to negative. Because the U.S. ships so little beef to China, that particular trade dispute has less impact on beef than it does on pork and soybeans. Rather, cattle producers can worry about Canada, Mexico, and Japan.

**6. African Swine Fever is the wild card.** This deadly disease is sweeping through China and has already led to them destroying millions of hogs. The reason this is so important to the U.S. and global meat industries, beef and pork alike, is because of the enormity of pork production in China: It represents 20% of the entire global protein market, said Blach.

**7. Beware of changing consumer preferences.** The beef industry makes every effort to stay ahead of new demands for health, safety, transparency, and environmental awareness. But to be honest, no one knows what will dominate the news tomorrow.

**8. Harvest capacity (beef slaughter) is full up.** No one is building new shackle space. That could crimp market availability for feedlots, especially this fall when the full impact of large fed cattle supplies hit.

**9. Fake meat will gain market share.** It's already becoming more cost-competitive. "Let's face it, we aren't going to stop it," said Blach. "We will combat it with labeling and other regulations, but it's coming, and we'll have to compete."

**10. Expect more market volatility.** Fed cattle prices now often swing in \$15 movements above and below an average over the course of a year. This year CattleFax expects fed cattle prices to average \$117 per cwt, with

swings between \$100 and \$130. Feeder calves will vary from \$140 to \$185, down 5% from last year, but still profitable for cow-calf producers. Next year could be the turning point for cow-calf profits in this market cycle, Blach warned producers.

Taken from Successful Farming