
Beef and Cattle Market Outlook

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Cattlemen's Day 2010
March 5, 2010

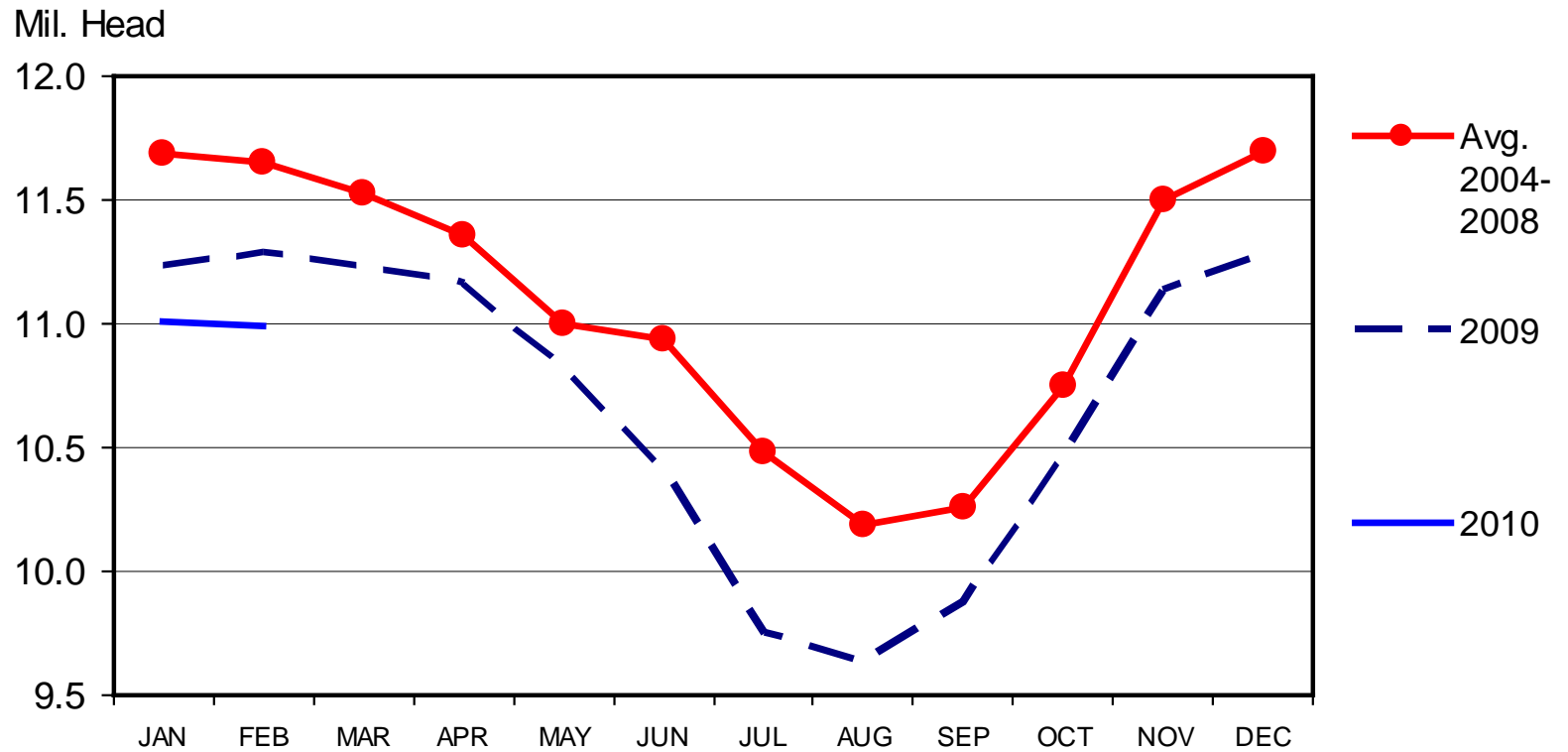
Cold Storage Stocks Down ...

(2/22 USDA NASS report)

- Beef stocks down 6% from last year
 - 5% below 2004-2008 average
 - Driven by reduced US beef production & increased US beef exports
 - Pork stocks down 18% from last year
 - 4% below 2004-2008 average
 - Improved export sales
 - Frozen chicken stocks down 10% from last year
 - 12% below 2004-2008 average
 - BUT: Stocks of paws & feet are up; Chinese trade issues
-

CATTLE ON FEED

US Total, Monthly

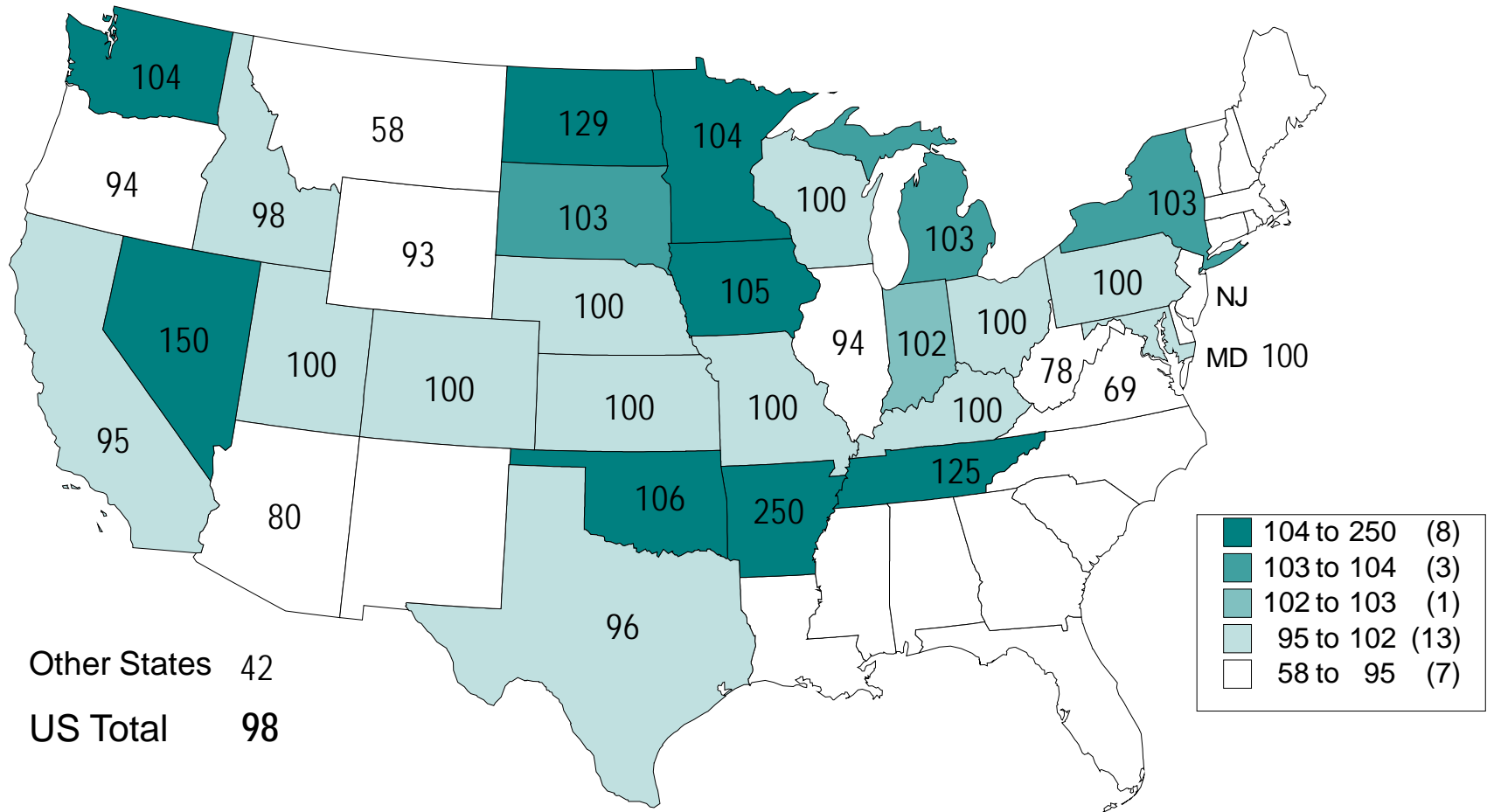


Livestock Marketing Information Center

Data Source: USDA/NASS

C-N-10
02/19/10

CATTLE ON FEED JANUARY 1, 2010 AS A % OF 2009



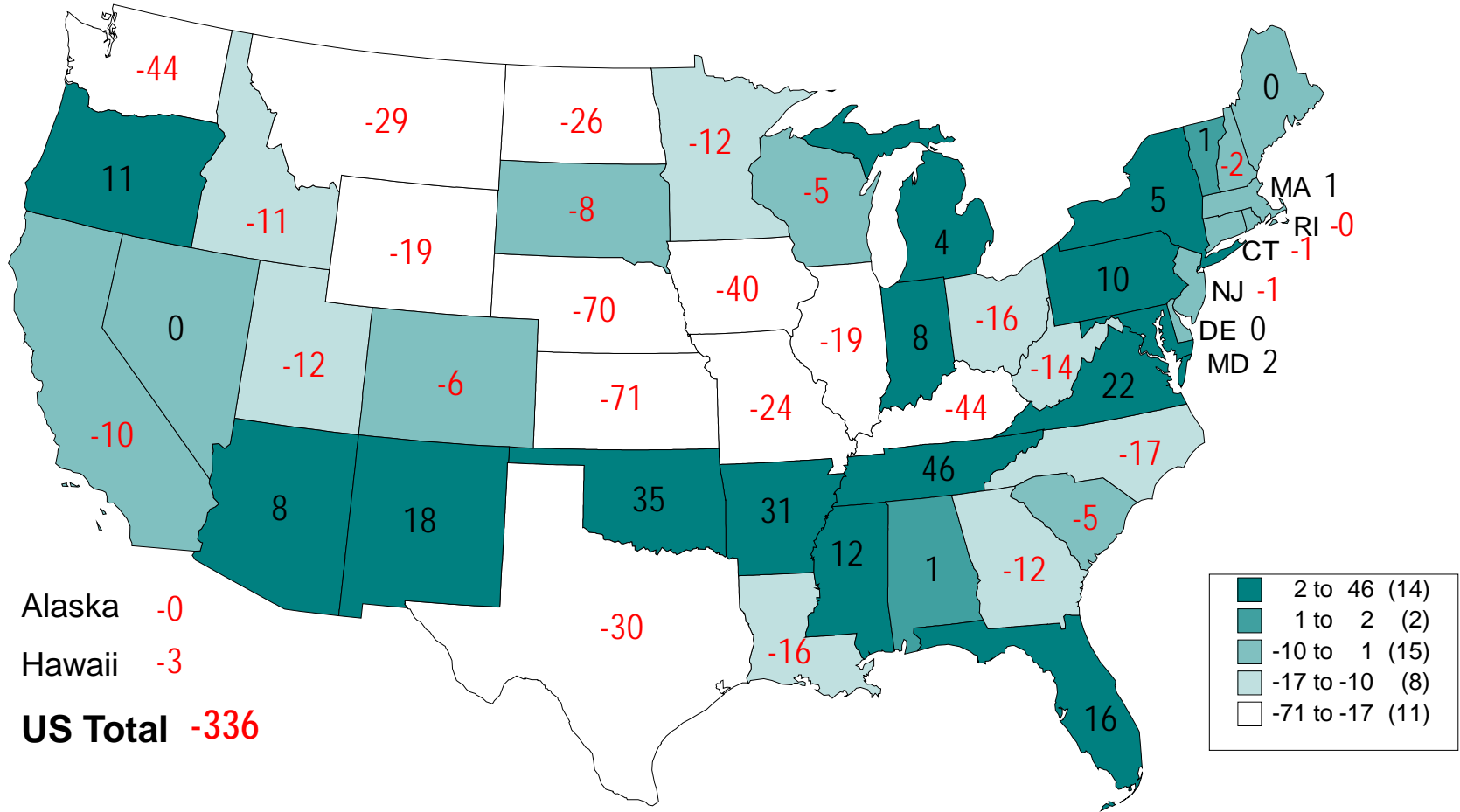
Livestock Marketing Information Center

Data Source: USDA/NASS

C-N-25

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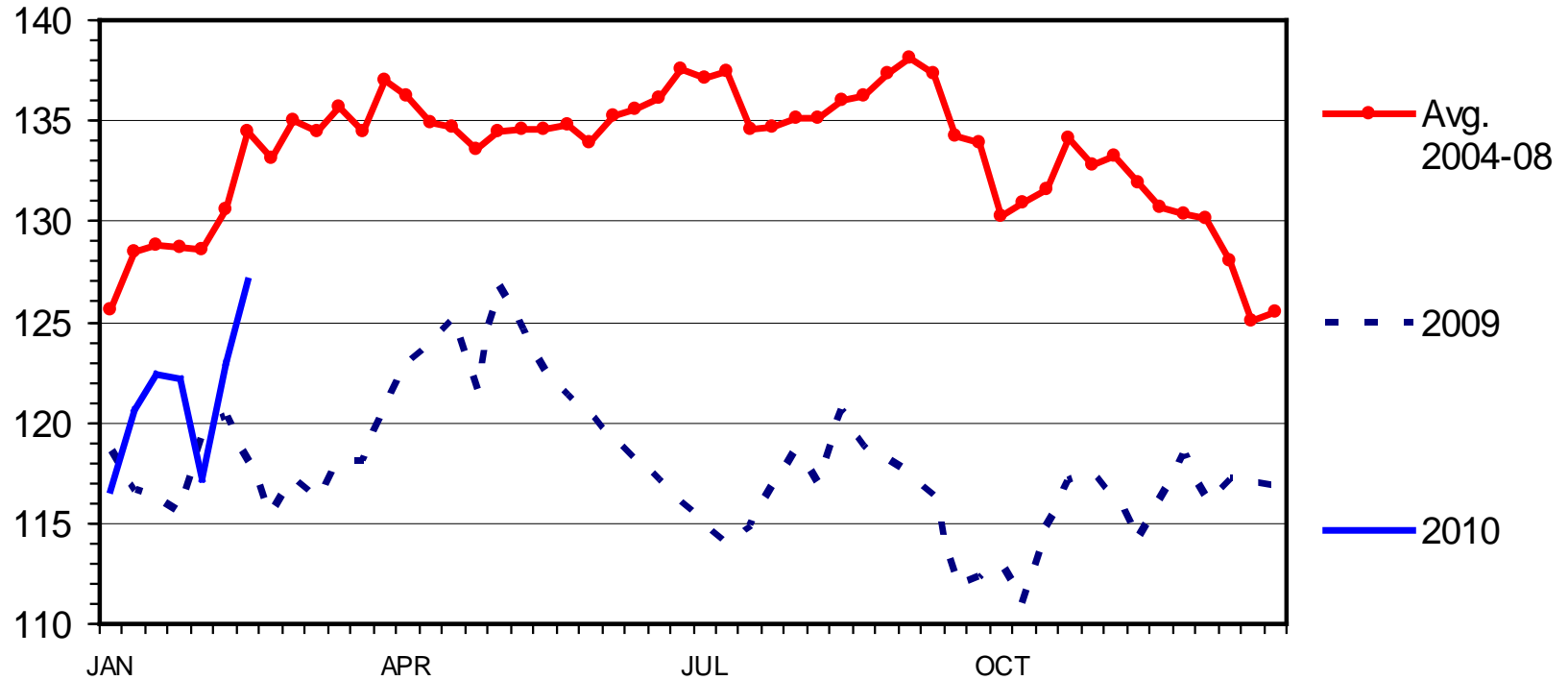
CHANGE IN BEEF COW NUMBERS JANUARY 1, 2009 TO JANUARY 1, 2010 (1000 Head)



MED. & LRG. #1 STEER CALF PRICES

400-500 Pounds, Southern Plains, Weekly

\$ Per Cwt.



Data Source: USDA-AMS, Compiled & Analysis by LMIC

C-P-49A
02/22/10

FC FUTURES (3/4)

March: 102.5

April: 105.3

May: 106.1

Aug: 108.1

Sep: 107.2

Oct: 106.9

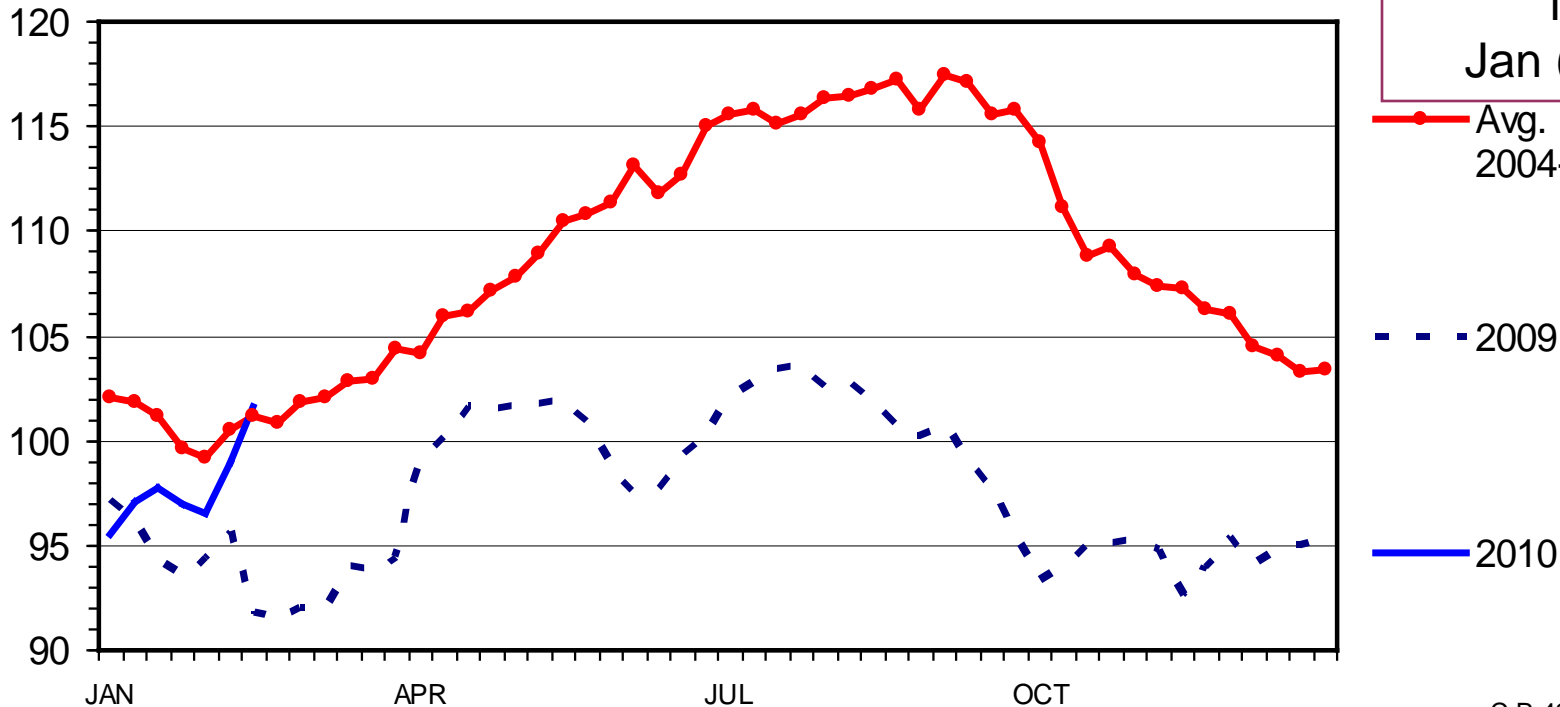
Nov: 106.2

Jan (11'): 105.4

MED. & LRG. #1 FEEDER STEER PRICES

700-800 Pounds, Southern Plains, Weekly

\$ Per Cwt.



Data Source: USDA-AMS, Compiled & Analysis by LMIC

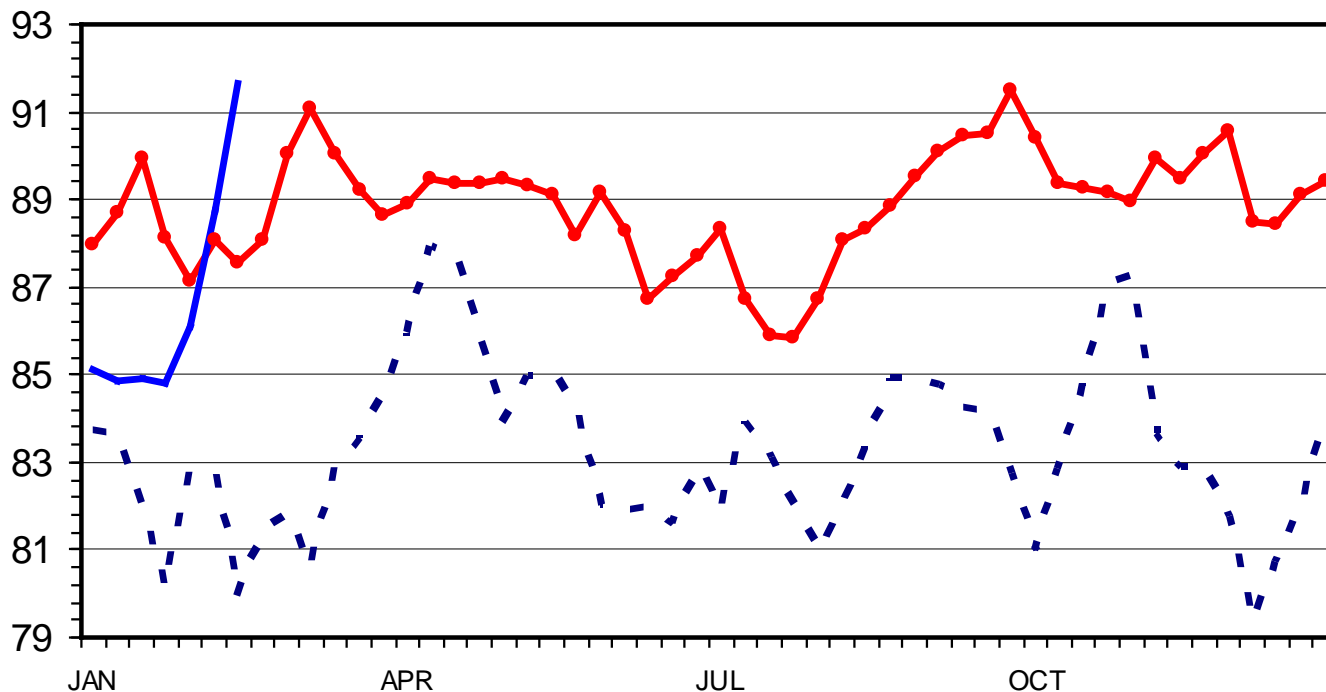
C-P-49
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SLAUGHTER STEER PRICES

Southern Plains, Weekly

LC FUTURES (3/4)	
April:	93.0
June:	91.7
Aug:	90.1
Oct:	92.7
Dec:	94.2
Feb (11')	95.4
Apr (11')	95.9

\$ Per Cwt.



—●— Avg.
2004-08

- - - 2009

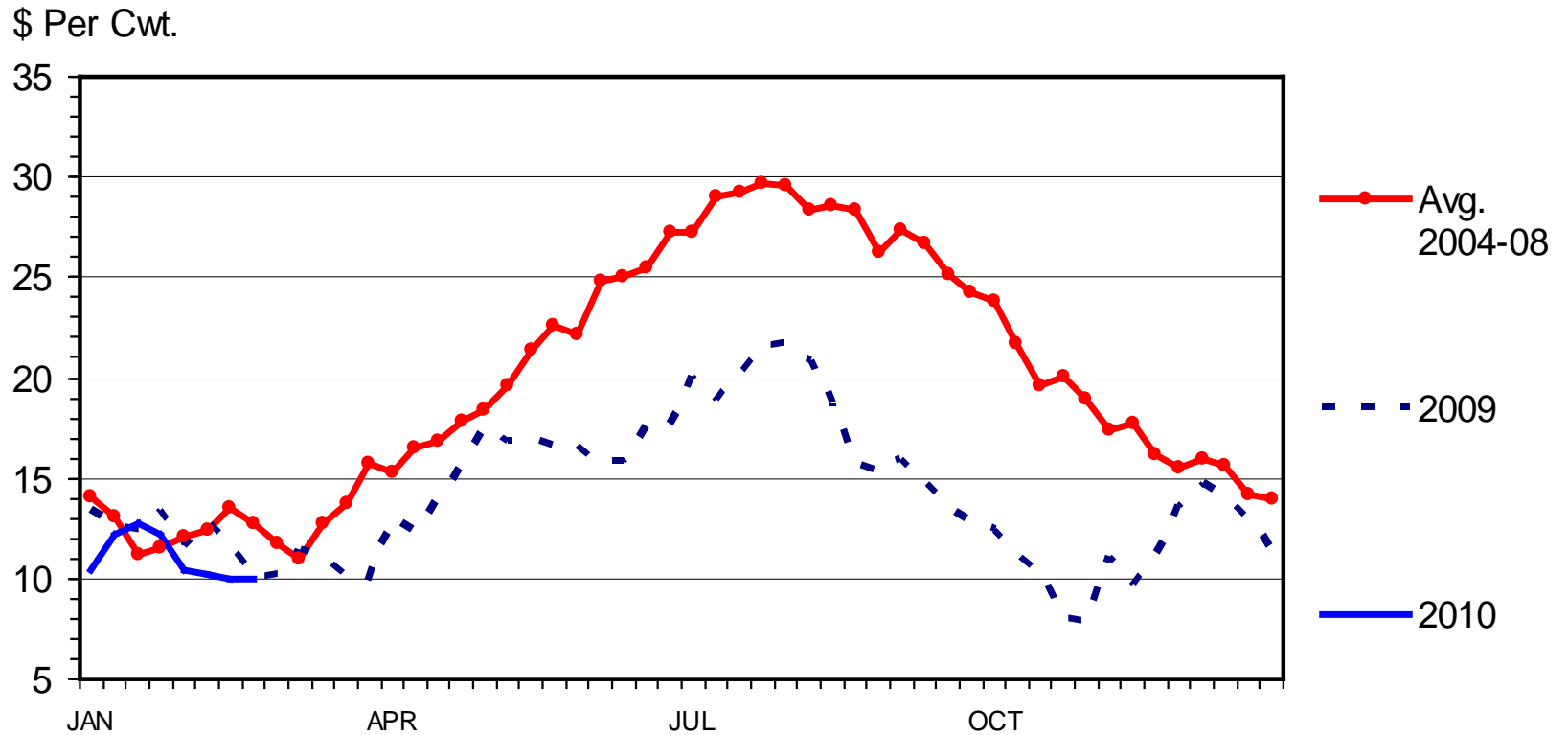
— 2010

Data Source: USDA-AMS, Compiled by LMIC

C-P-52
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FEEDER STEER vs FED STEER PRICES

700-800 Lbs. Minus Slaughter Steer, S. Plains, Weekly



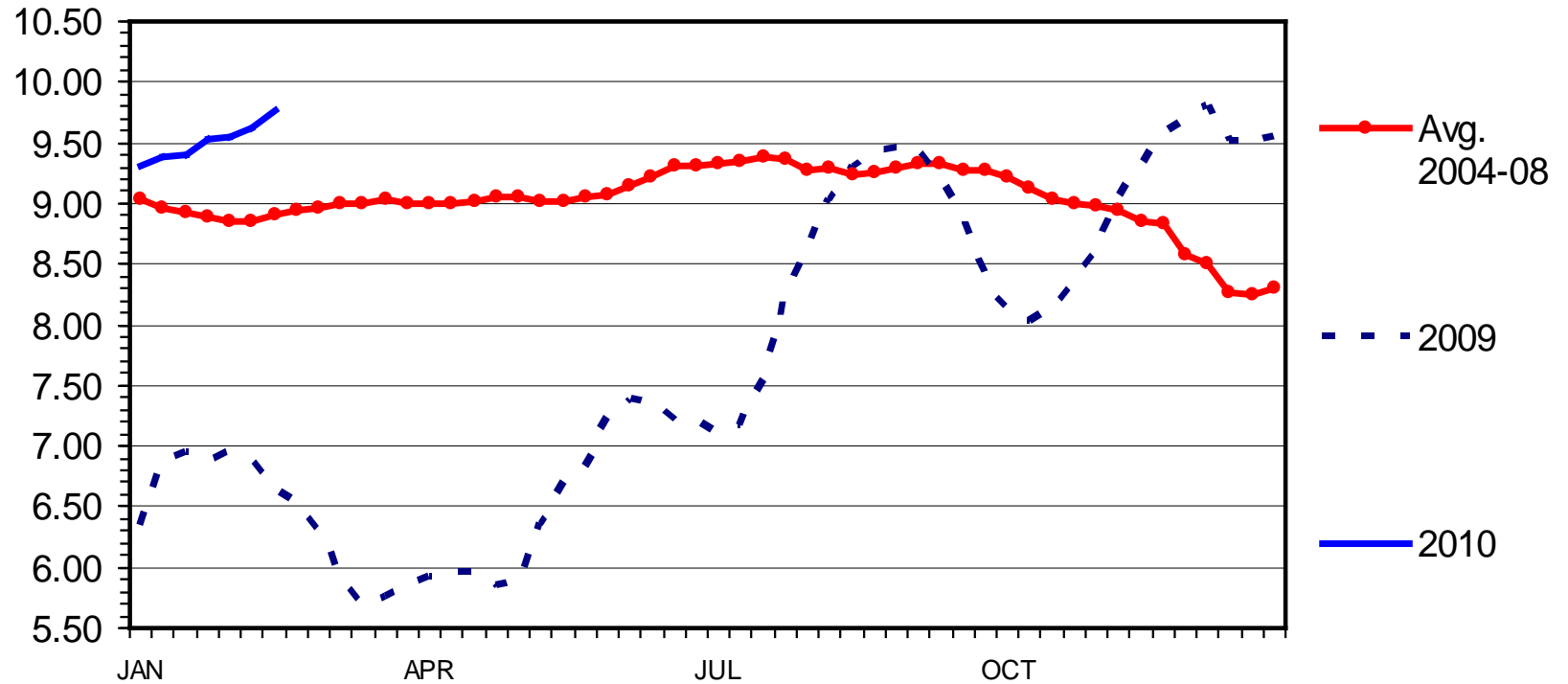
Data Source: USDA-AMS, Compiled & Analysis by LMIC

C-P-53
03/01/10

STEER HIDE AND OFFAL VALUE

Live Animal Basis, Weekly

\$ Per Cwt.



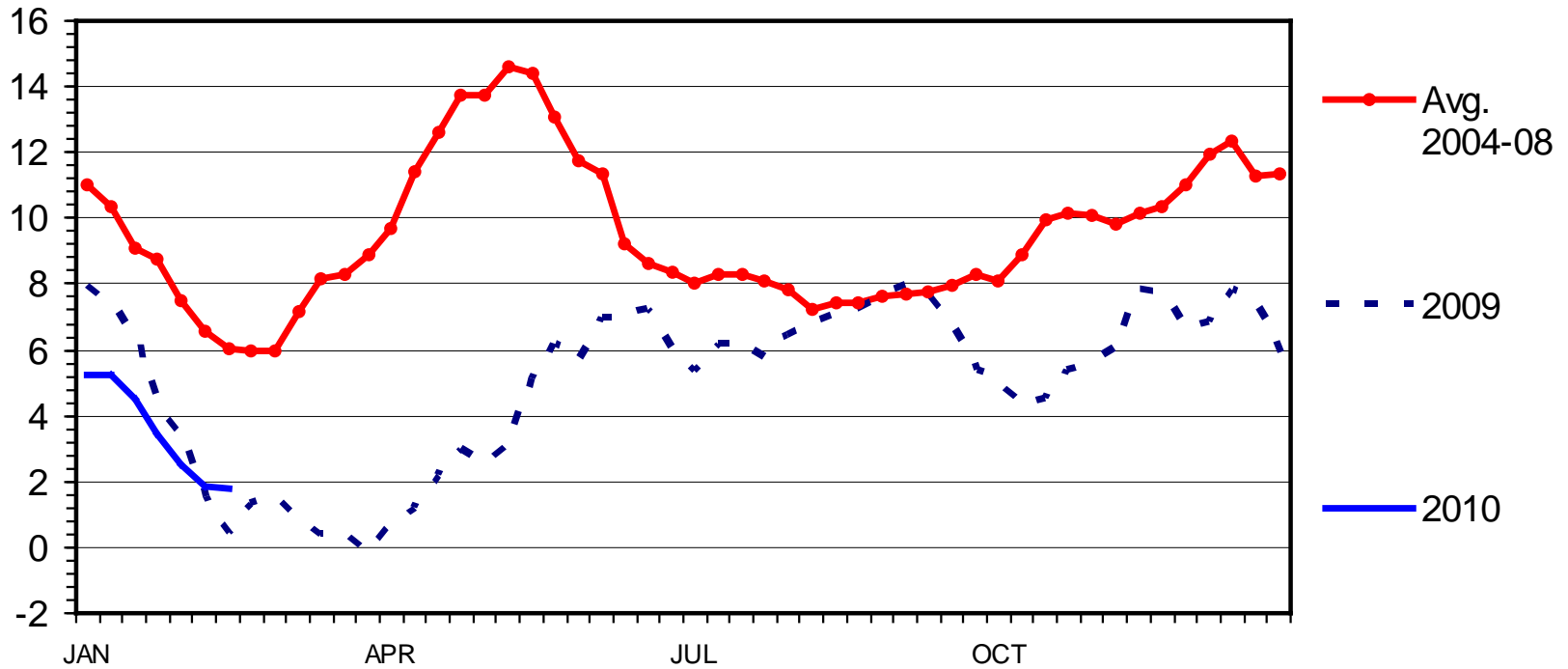
Data Source: USDA-AMS, Compiled by LMIC

C-P-39
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CHOICE MINUS SELECT BEEF PRICES

Carcass Cutout Value 600-900 Lbs., Weekly

\$ Per Cwt.

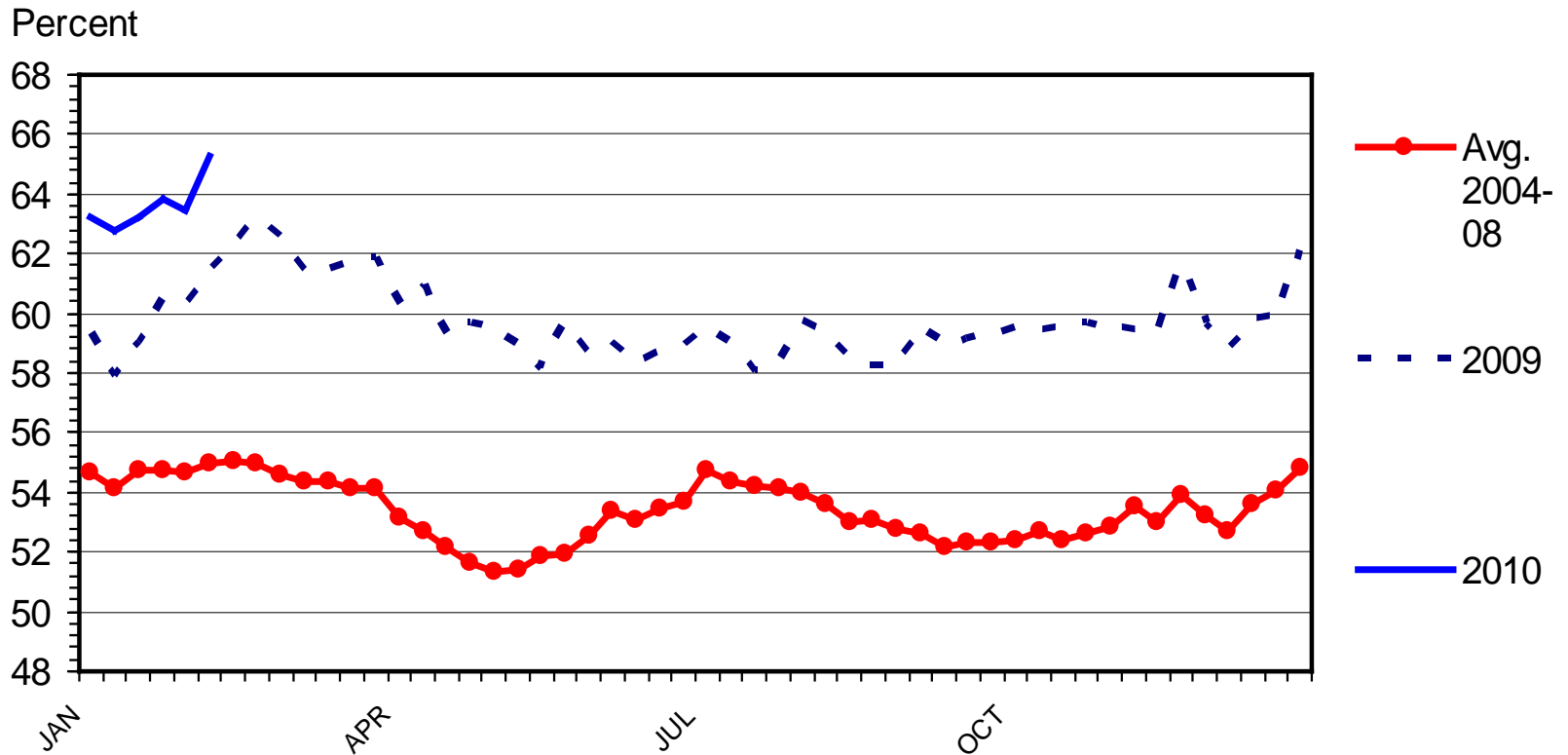


Data Source: USDA-AMS, Compiled by LMIC

C-P-68
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BEEF GRADED CHOICE

As a Percent of Beef Graded, Weekly



Data Source: USDA-AMS, Compiled by LMIC

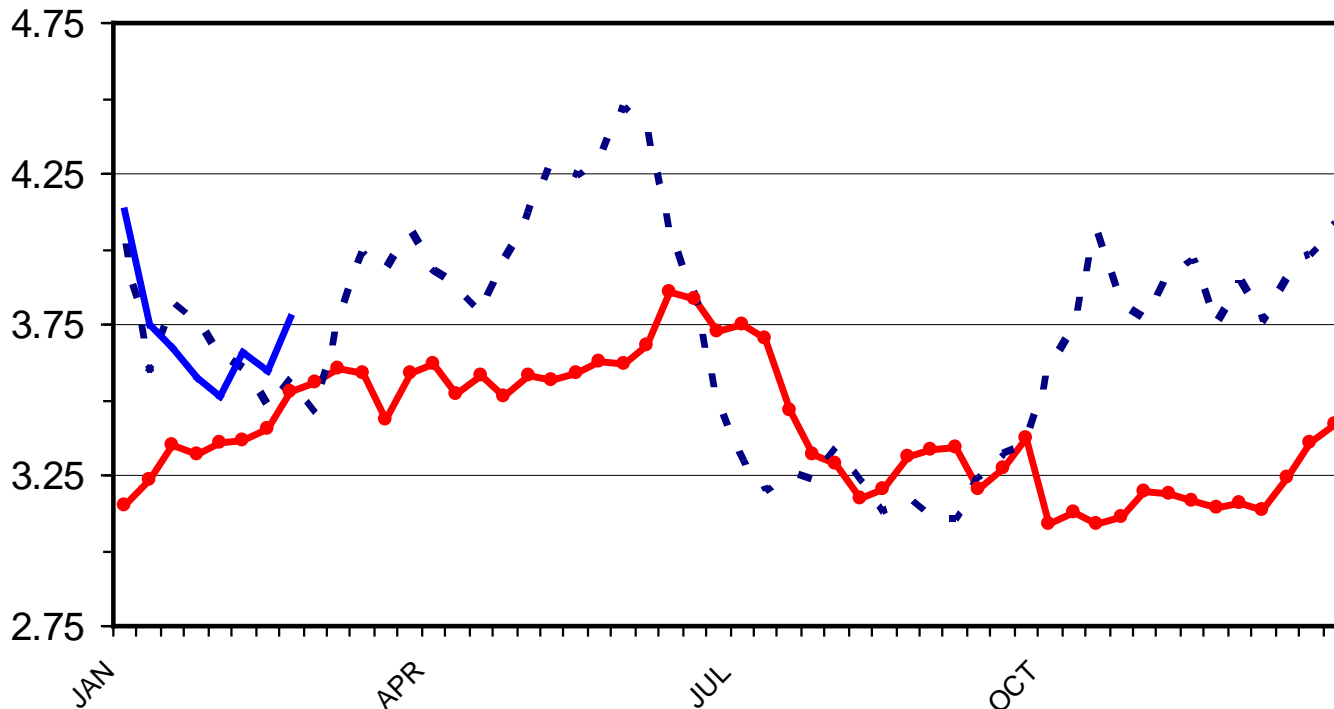
M-S-26
03/01/10

SOUTHERN PLAINS CORN PRICES

Weekly

C FUTURES (3/4)
 March: 3.75
 May: 3.86
 July: 3.96
 Sep: 4.04
 Dec: 4.11
 Dec (11'): 4.22
 Dec (12'): 4.20

\$ Per Bu.



—●— Avg.
2004-08

- - - 2009

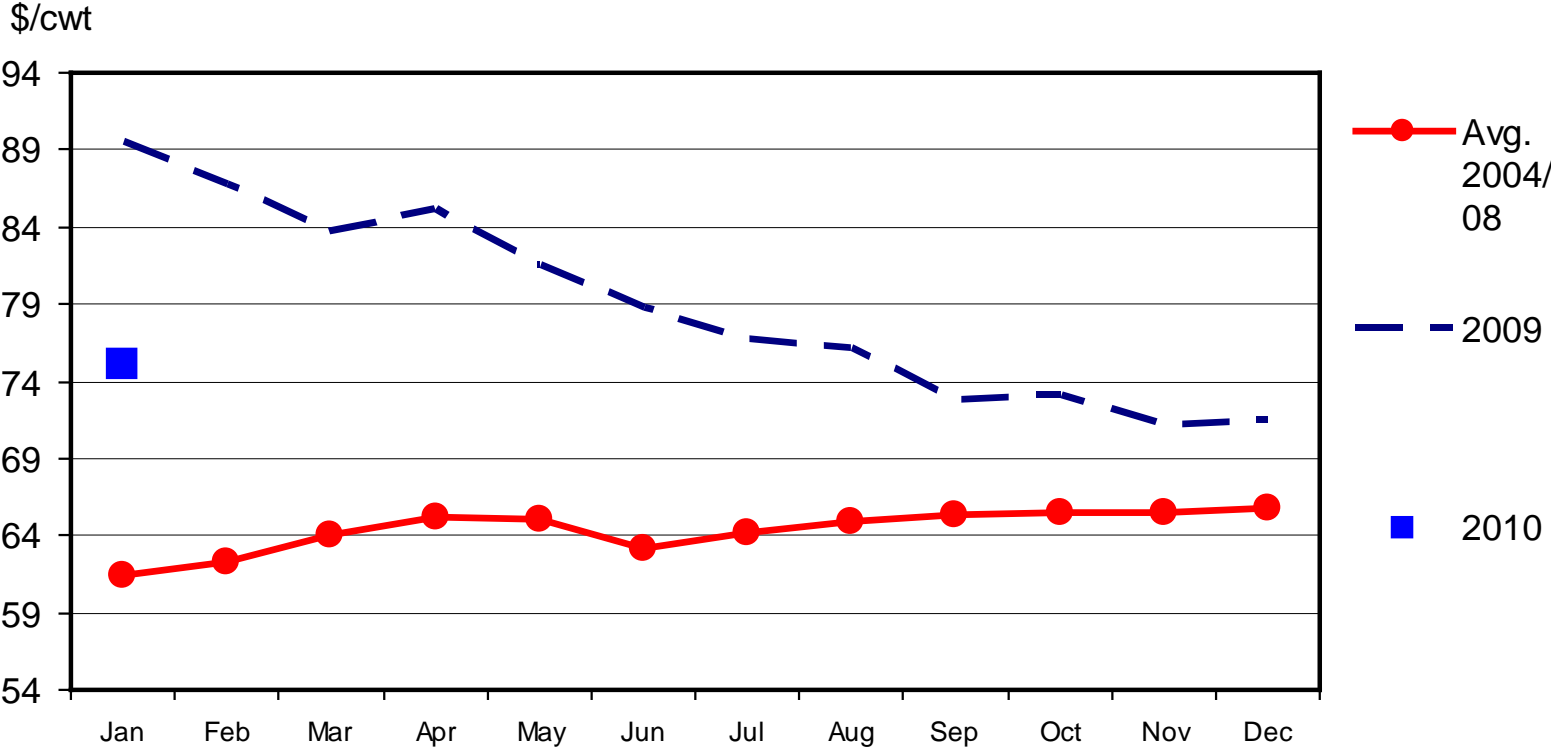
— 2010

Data Source: USDA-AMS, Compiled by LMIC

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KANSAS FEEDLOT CLOSEOUTS

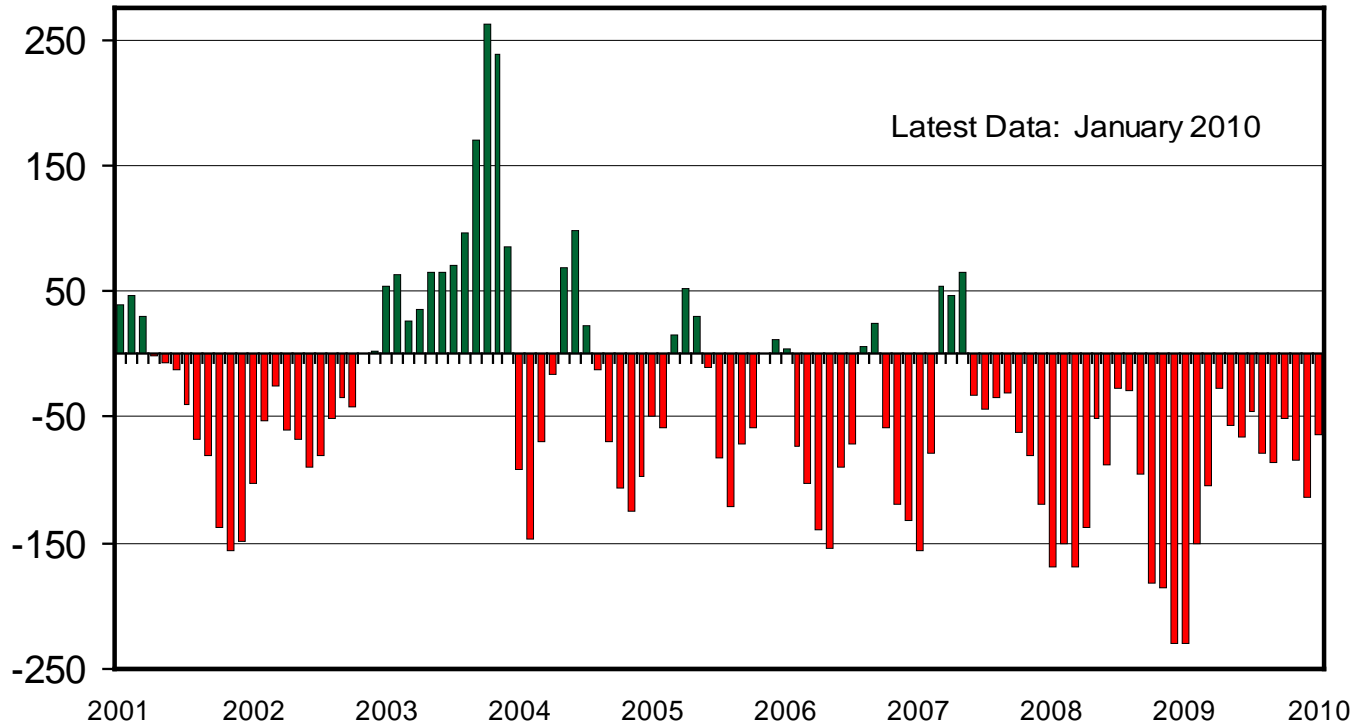
Feeding Costs per Cwt, Steers



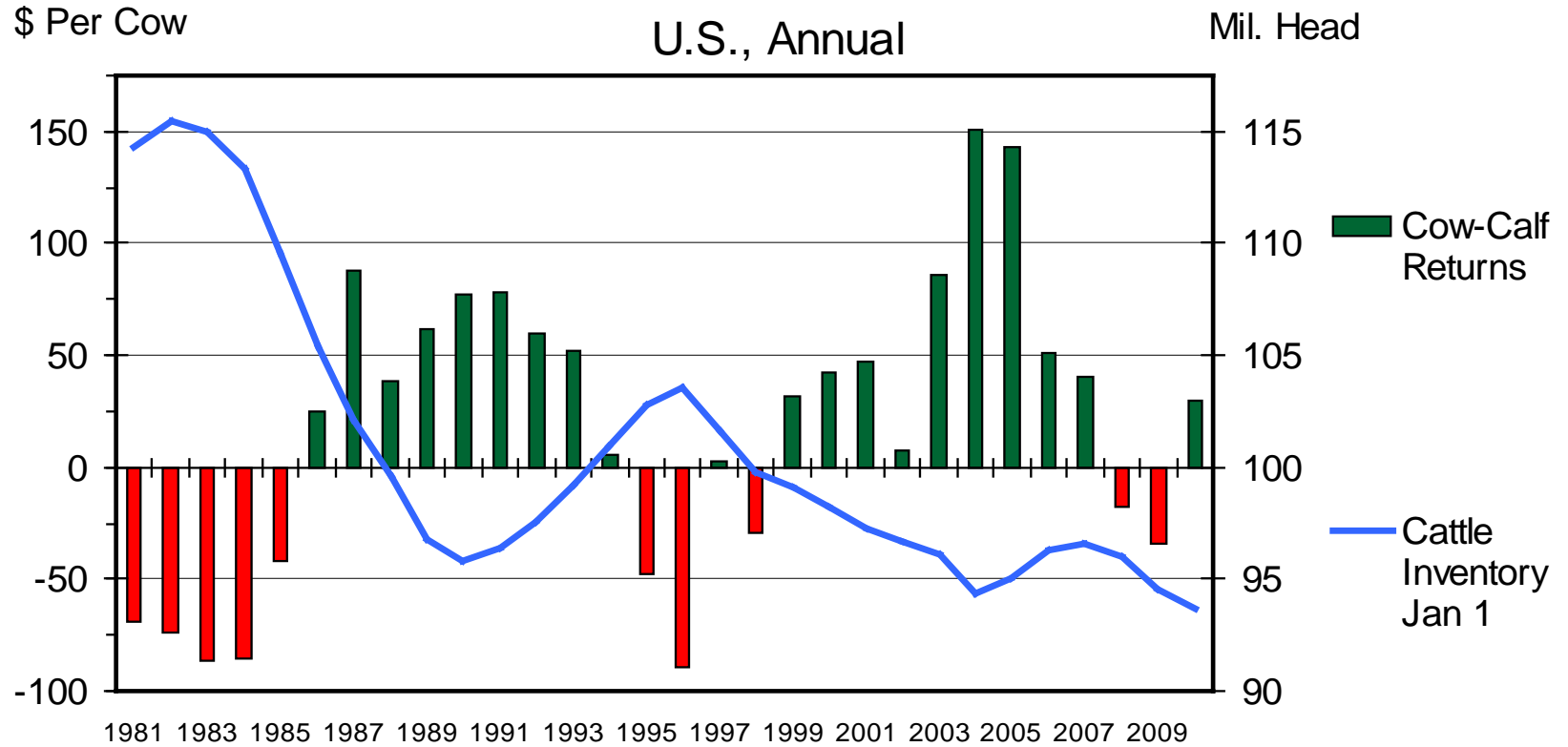
AVERAGE RETURNS TO CATTLE FEEDERS

Feeding 725 Lb. Steers, S. Plains, Monthly

\$ Per Head

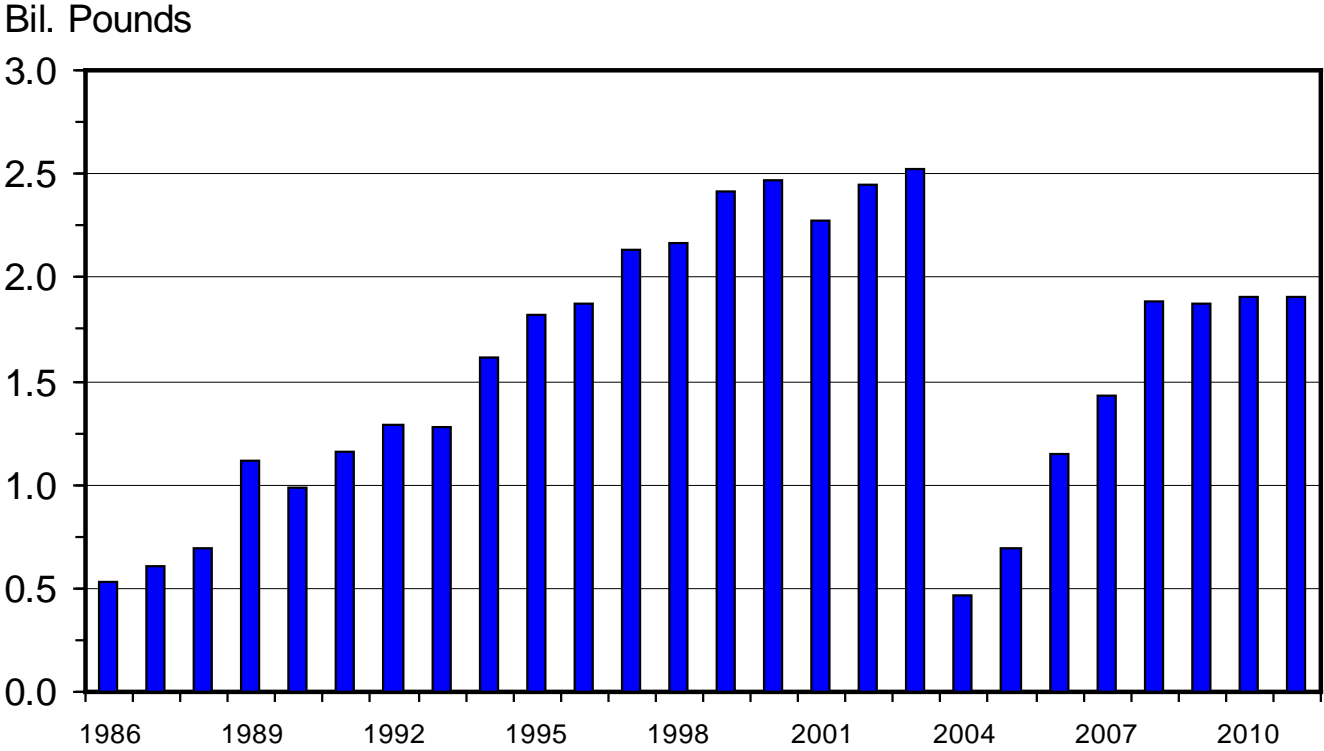


COW-CALF RETURNS AND CATTLE INVENTORY



U S BEEF AND VEAL EXPORTS

Carcass Weight, Annual

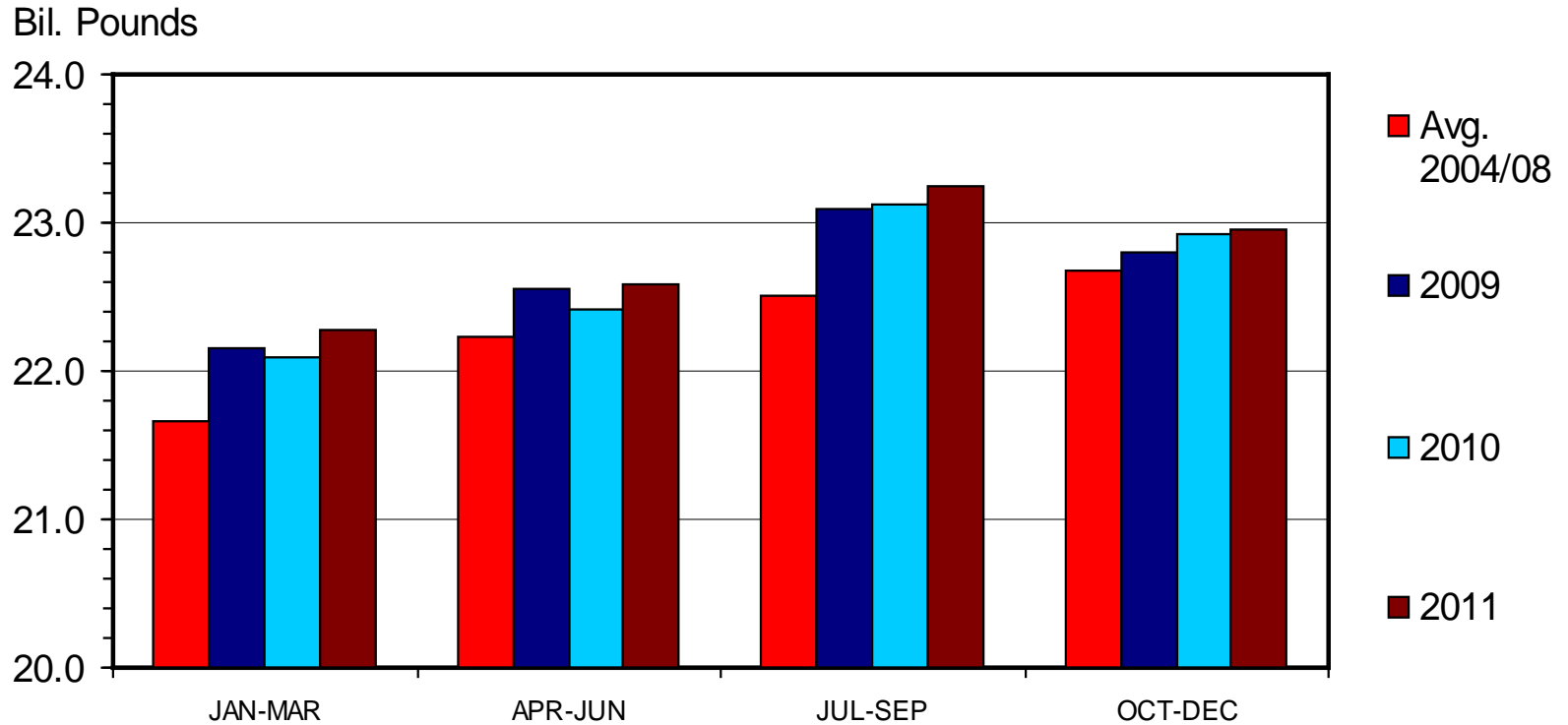


Data Source: USDA-ERS & FAS; Compiled & Forecasts by LMIC

I-N-06
02/26/10

TOTAL RED MEAT & POULTRY PRODUCTION

Quarterly

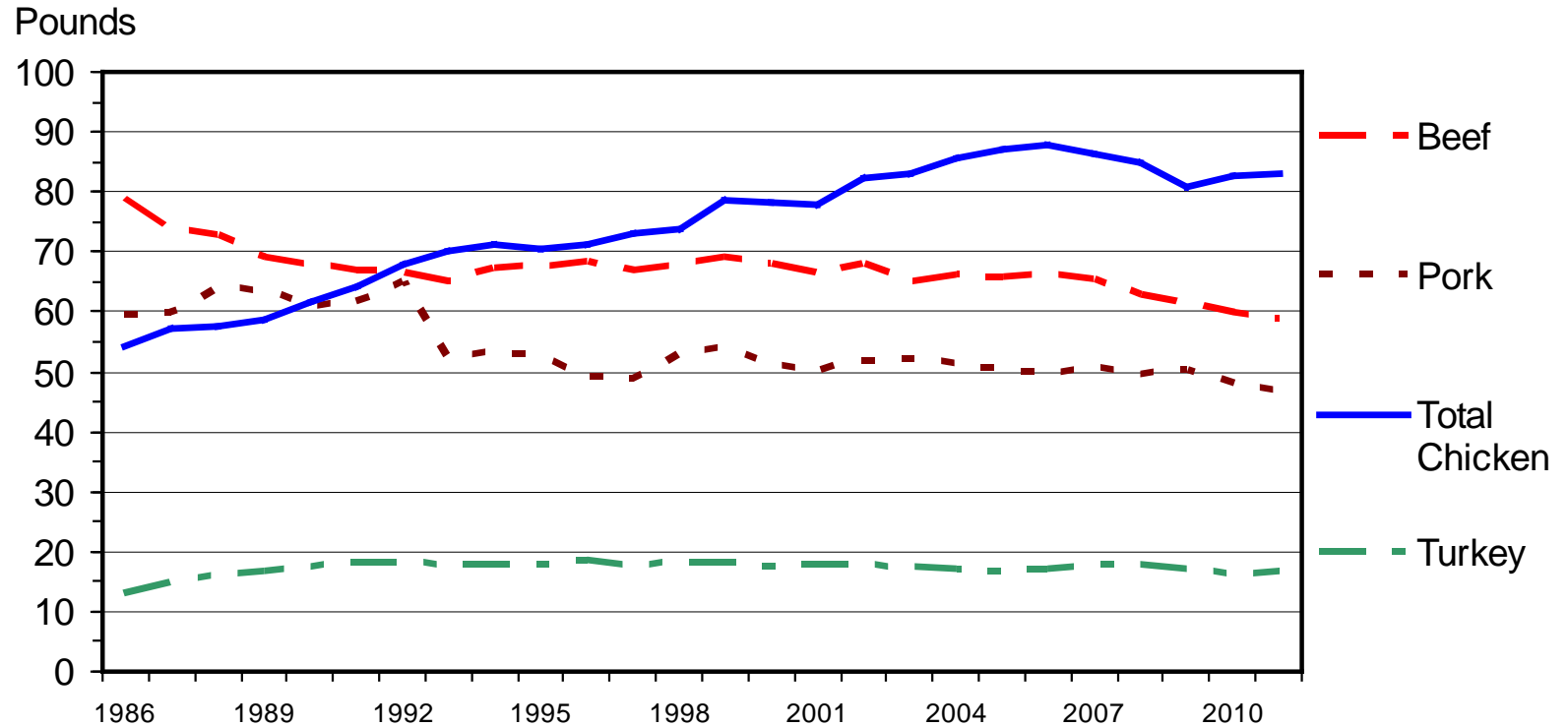


Data Source: USDA-NASS, Compiled and Forecasts by LMIC

M-S-31
02/18/10

U S RED MEAT & POULTRY CONSUMPTION

Per Capita, Retail Weight, Annual



QUARTERLY CATTLE & BEEF FORECASTS (LMIC: 2/26/2010)

Year Quarter	Comm. Beef Prod. (Mil lbs)	% Change 1 Year	AVG Dressed WT	% Change 1 Year	Per Capita Consumption (Retail lbs)	% Change 1 Year
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2010

I	6,152	-1.5	769	-1.9	14.7	-4.2
II	6,313	-4.4	767	0	15.1	-3.7
III	6,587	-1.5	792	0.8	15.3	-1.7
IV	6,285	-2.2	794	1.8	14.7	-0.2
YEAR	25,337	-2.4	780	0.2	59.8	-2.5

2011

I	6,188	0.6	787	2.5	14.5	-1.2
II	6,242	-1.1	776	1.1	14.8	-2
III	6,577	-0.2	799	0.9	15	-1.7
IV	6,108	-2.8	800	0.8	14.2	-3.5
YEAR	25,115	-0.9	790	1.3	58.7	-1.8

QUARTERLY CATTLE & BEEF FORECASTS (LMIC: 2/26/2010)

Year Quarter	Live Slaughter Steer Price 5-Mkt Avg (\$/cwt)	% Change 1 Year	Feeder Steer Price Southern Plains 7-800# (\$/cwt)	5-600# (\$/cwt)
2010				
I	86-88	5.9	97-99	110-113
II	87-90	4.8	98-102	114-119
III	83-87	2.3	102-108	114-122
IV	87-92	7.5	99-107	108-118
YEAR	86-89	5.1	99-104	111-119
2011				
I	88-94	4.6	96-105	110-121
II	92-99	7.9	103-113	115-126
III	86-94	5.9	106-117	117-130
IV	90-99	5.6	104-114	113-126
YEAR	89-97	6.3	102-112	114-126

NAIBER'S CATTLE FEEDING

RETURN RISK FORECASTS (3/3):

Placed (1st day):

March

April

May

FC Cash:

\$ 98.77

\$ 101.01

\$ 101.20

Expected Profit:

\$ (9.74)

\$ (12.46)

\$ (10.35)

Lower tail (5%):

\$(257.85)

\$(296.86)

\$(350.80)

Upper tail (5%):

\$ 291.90

\$ 329.56

\$ 368.83

Placed (1st day):

June

July

August

FC Cash:

\$ 103.77

\$ 103.20

\$ 104.12

Expected Profit:

\$ (9.25)

\$ (5.13)

\$ (2.51)

Lower tail (5%):

\$(392.92)

\$(451.88)

\$(417.46)

Upper tail (5%):

\$ 361.70

\$ 409.58

\$ 414.09

Risk Management and Return Forecasting

Tools Available:

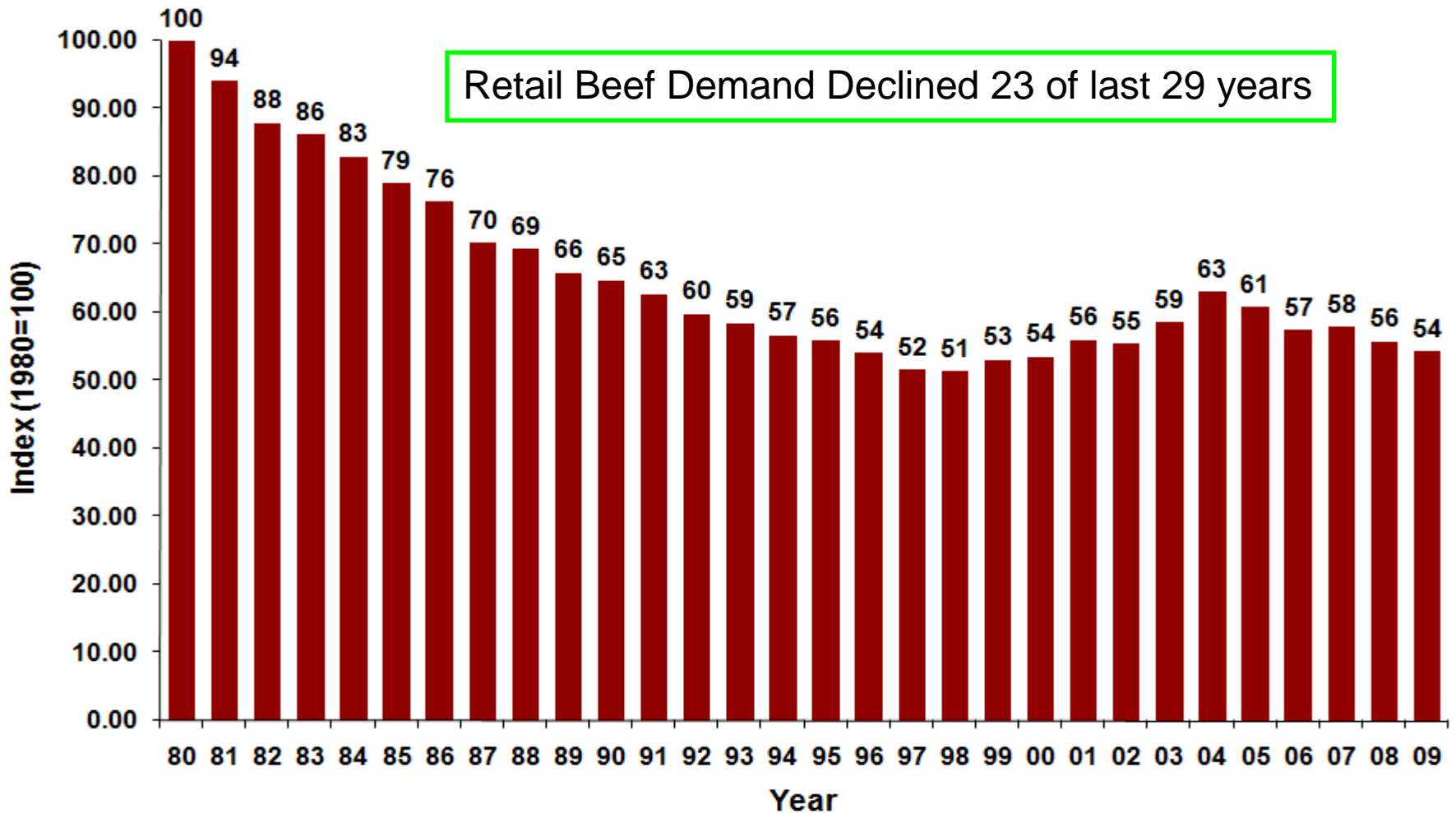
- Feeder Cattle Sales Risk Management Tool,
 - Compare expected sales prices of alternative FC marketing strategies
 - (<http://www.agmanager.info/livestock/marketing/LRP/default.asp>)

 - Feedlot Profitability Tool: NAIBER's Feeding Risk Analyzer
 - Forecasts feedlot returns and variability in returns for future placements
 - (<http://www.naiber.org/cattleriskanalyzer/>)

 - BeefBasis.com
 - Decision support for hedging feeder cattle (output for cow-calf; input for feedlots)
 - (<http://www.beefbasis.com/Home/tabid/53/Default.aspx>)
-

Beyond Today's Ps & Qs

US Choice Beef Demand Index, 1980-2009, 1980=100



Source: T. Schroeder, Kansas State University, February 2009

Beef Demand Determinants

Study (08'-09') Summary:

- ✓ Weak U.S. economy will hurt beef demand
 - ✓ Increasing incomes have historically boosted beef demand
 - ✓ Product quality remains vitally important
 - ✓ As competing price effects decline quality perception rules...
 - ✓ Food safety problems reducing beef demand
 - ✓ 41 recalls in 09' vs. 26 in 08' = 1.34% drop in beef demand
 - ✓ will new corresponding regulations be implemented???
 - ✓ Convenience important: Lack of new products holds back demand
-

Additional demand drivers in need of evaluation:

- Animal welfare
 - “social pressures” are here to stay ...
 - beef/cattle are not immune
 - Differentiation of niche products = stigmatizing conventional products?
 - Perceived safety beyond FSIS recalls
 - traceability and identification (in)ability sends signals
 - calls for antibiotic bans, etc.
-

Other Issues to Note:

- CME has created a DDG futures contract (100 tons of DDG) – trading starts in April
 - International trade
 - Poultry out of China & Russia
 - Hide & Offal value to beef markets...
 - Pork prices are increasingly driven by trade
 - Food Safety
 - Beef recalls are up;
-

QUESTIONS???

Snapshot of current markets:

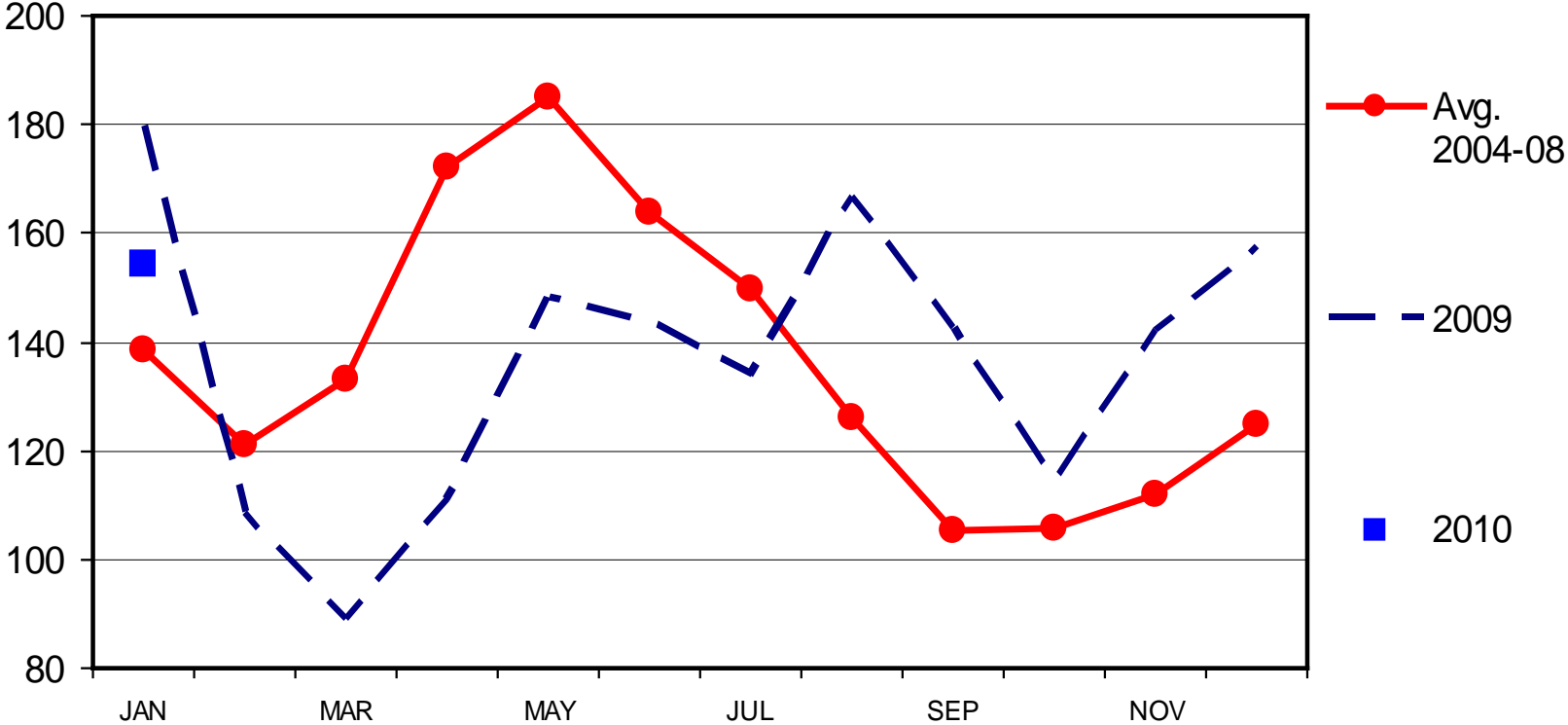
	Unit	Current	Week Ago Number	Week Ago % Change	Year Ago Number	Year Ago % Change
Production						
FI Slaughter	Thou Head	632	620	1.90%	619	2.10%
Avg. Live Weight	Lbs	1290	1291	-0.10%	1313	-1.80%
Avg. Dressed Weight	Lbs	775	774	0.10%	794	-2.40%
Beef Production	Million Lbs	488.1	478.2	2.10%	489.5	-0.30%
Prices - \$/cwt						
Live Fed Steer	Weighted Avg	90.95	91.03	-0.10%	81.56	11.50%
Dressed Steer	Weighted Avg	144.55	144.48	0.00%	129.47	11.60%
Georgia Feeder Steer	600-700 Lbs	95.31	95.52	-0.20%	80.16	18.90%
Beef Cutout	600-900 Choice	149.62	144.58	3.50%	133.3	12.20%
Rib	Choice	218.75	212.62	2.90%	185.92	17.70%
Round	Choice	133.06	129.52	2.70%	124.15	7.20%
Chuck	Choice	126.56	122.85	3.00%	108.39	16.80%
Trimmings, 50%	Fresh	88.39	78.54	12.50%	82.06	7.70%
Trimmings, 90%	Fresh	160.7	159.35	0.80%	135.57	18.50%
Hide/Offal	Live Steer	9.8	9.77	0.30%	6.54	49.80%
Week Ending						2/27/2010

Source: LMIC, 03/01/2010

LIVE TO CUTOUT BEEF PRICE SPREAD

Monthly

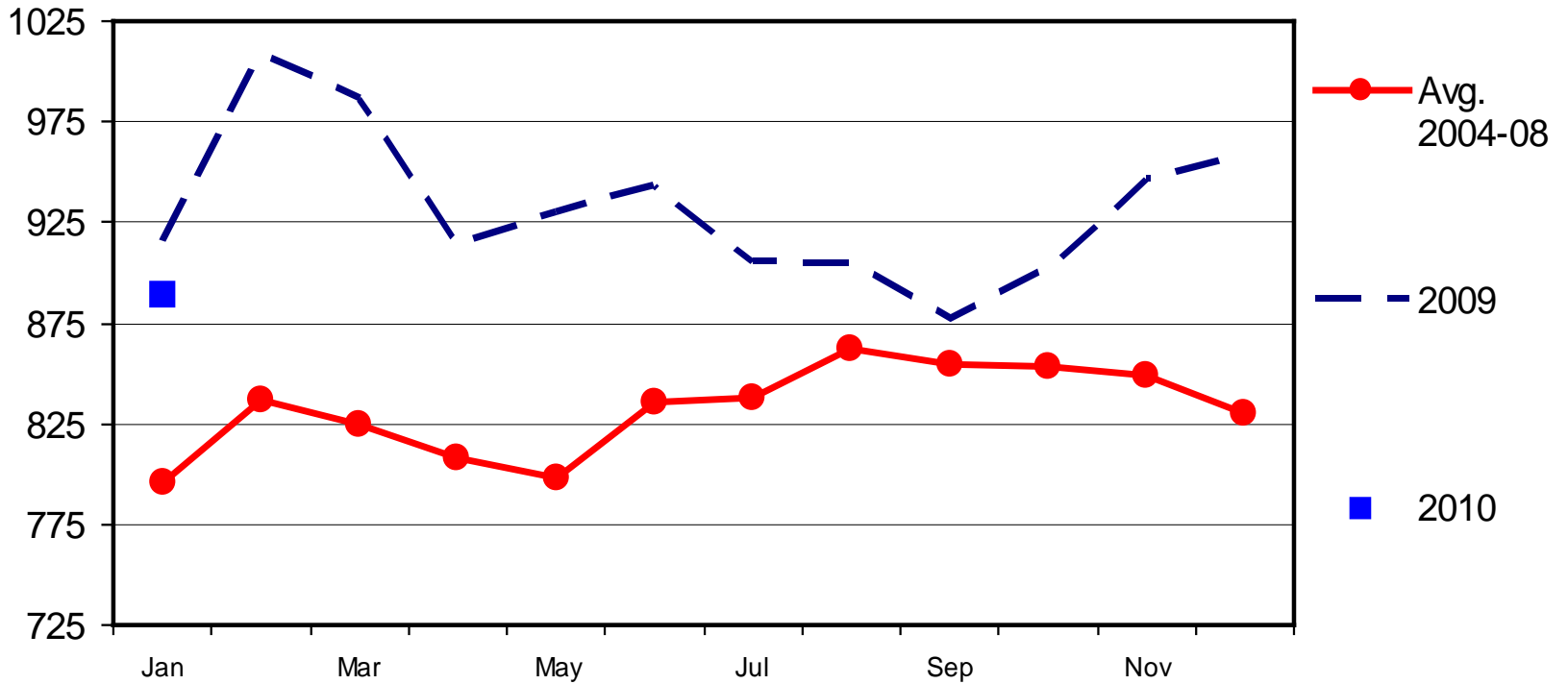
\$ Per Head



CUTOUT TO RETAIL BEEF PRICE SPREAD

Monthly

\$ Per Head

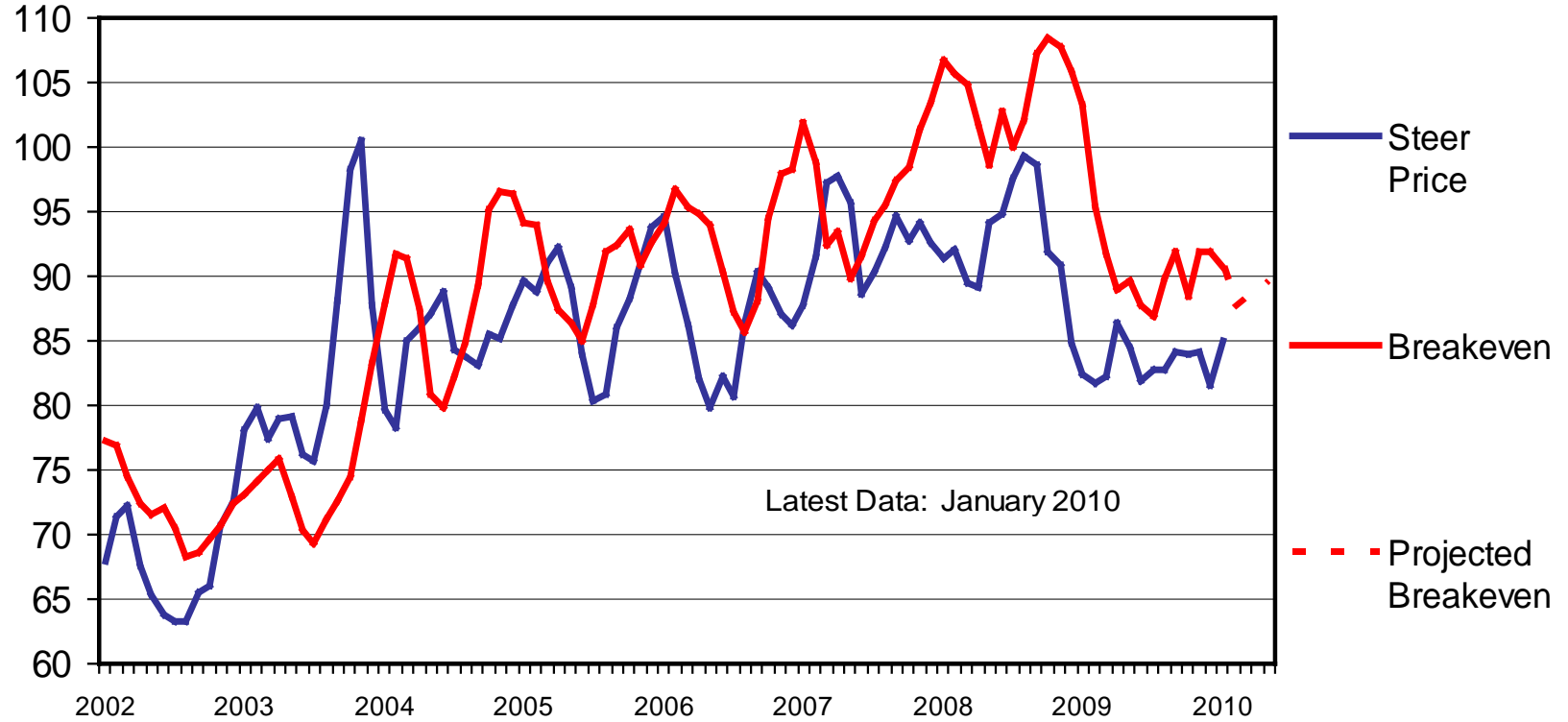


C-P-04
02/19/10

CHOICE STEER PRICE vs BREAKEVEN

Cattle Feeding, S. Plains, Monthly

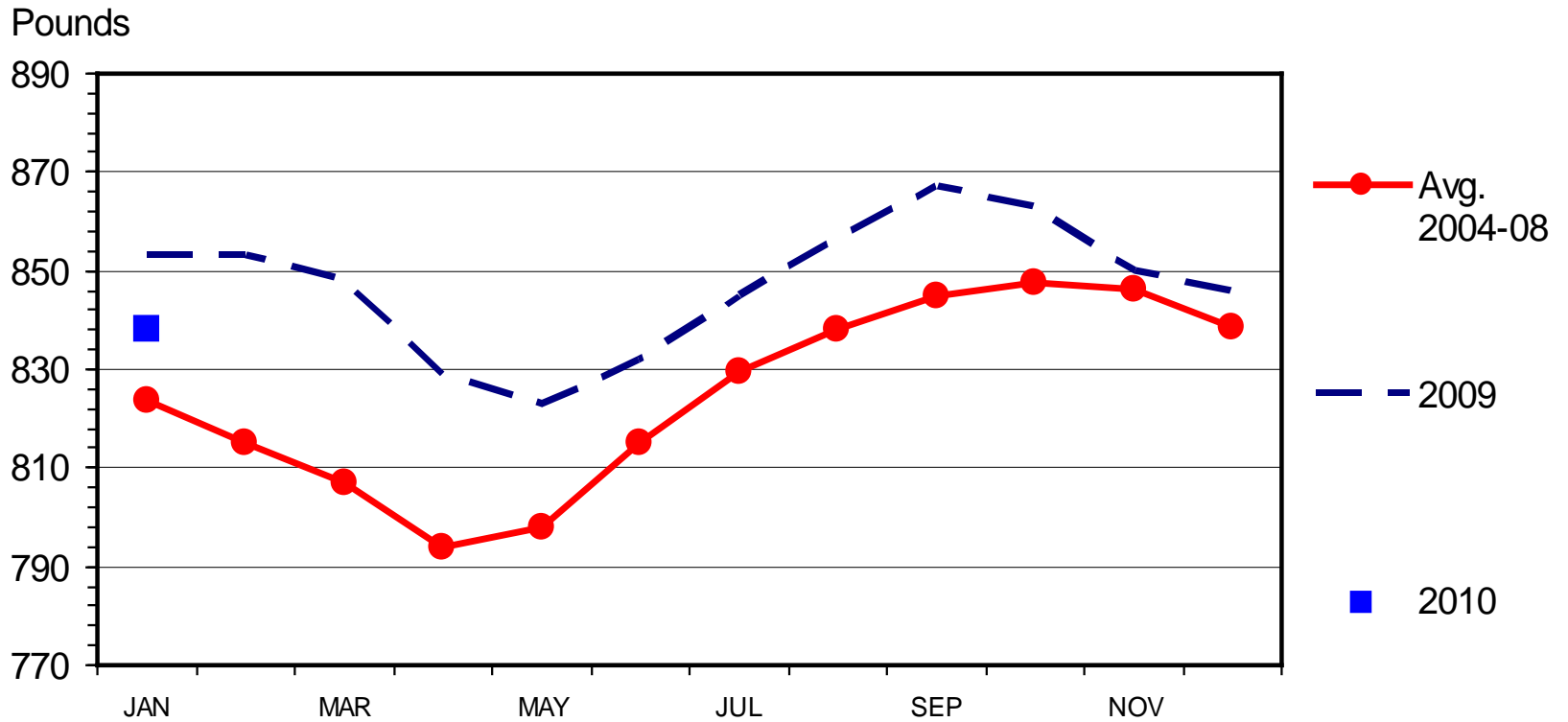
\$ Per Cwt



C-P-21
02/19/10

AVERAGE DRESSED WEIGHT -- STEERS

Federally Inspected, Monthly



Livestock Marketing Information Center

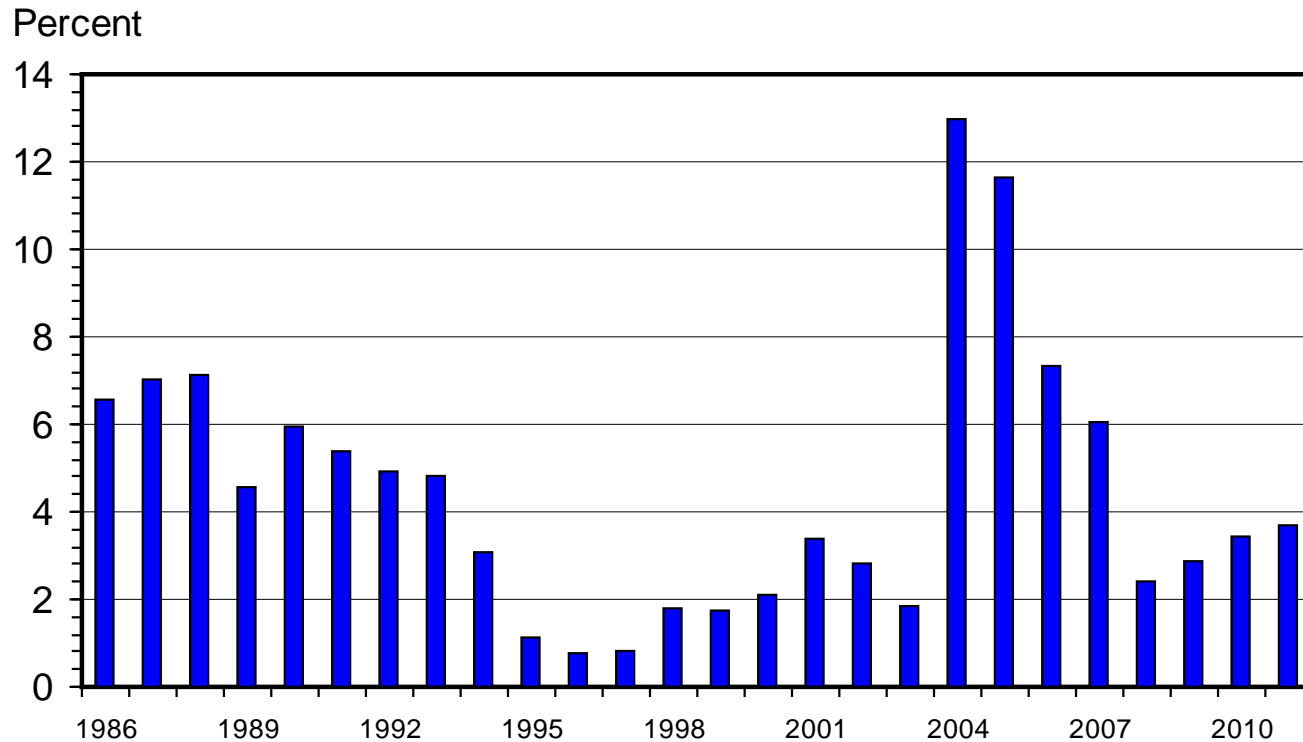
Data Source: USDA/NASS

C-S-24D

02/26/10

U S BEEF AND VEAL NET IMPORTS

As a Percentage of Production, Carcass Weight, Annual

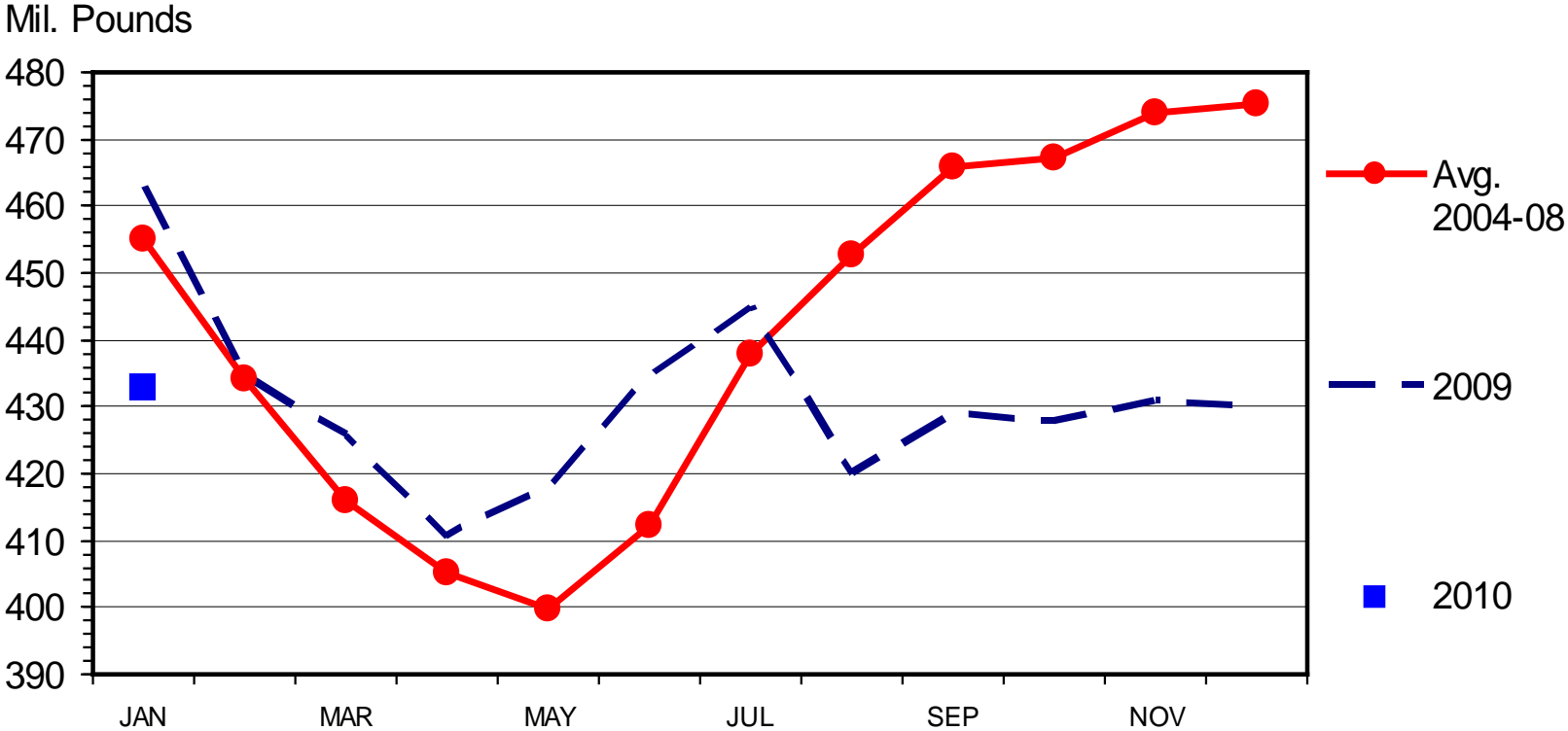


Data Source: USDA-ERS & FAS; Compiled & Forecasts by LMIC

I-N-11
02/26/10

BEEF IN COLD STORAGE

End of the Month



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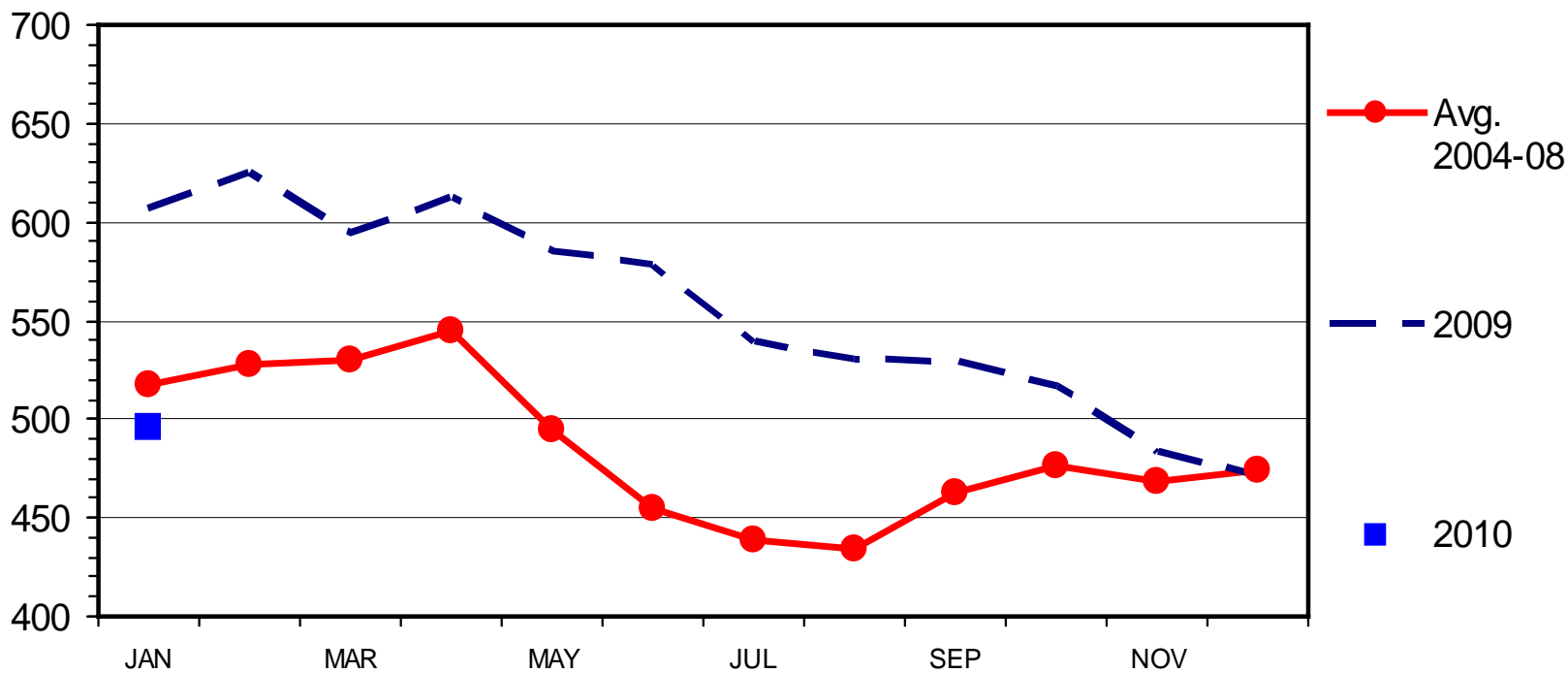
Data Source: USDA/NASS

M-S-09
02/22/10

PORK IN COLD STORAGE

Frozen and Cured, End of the Month

Mil. Pounds



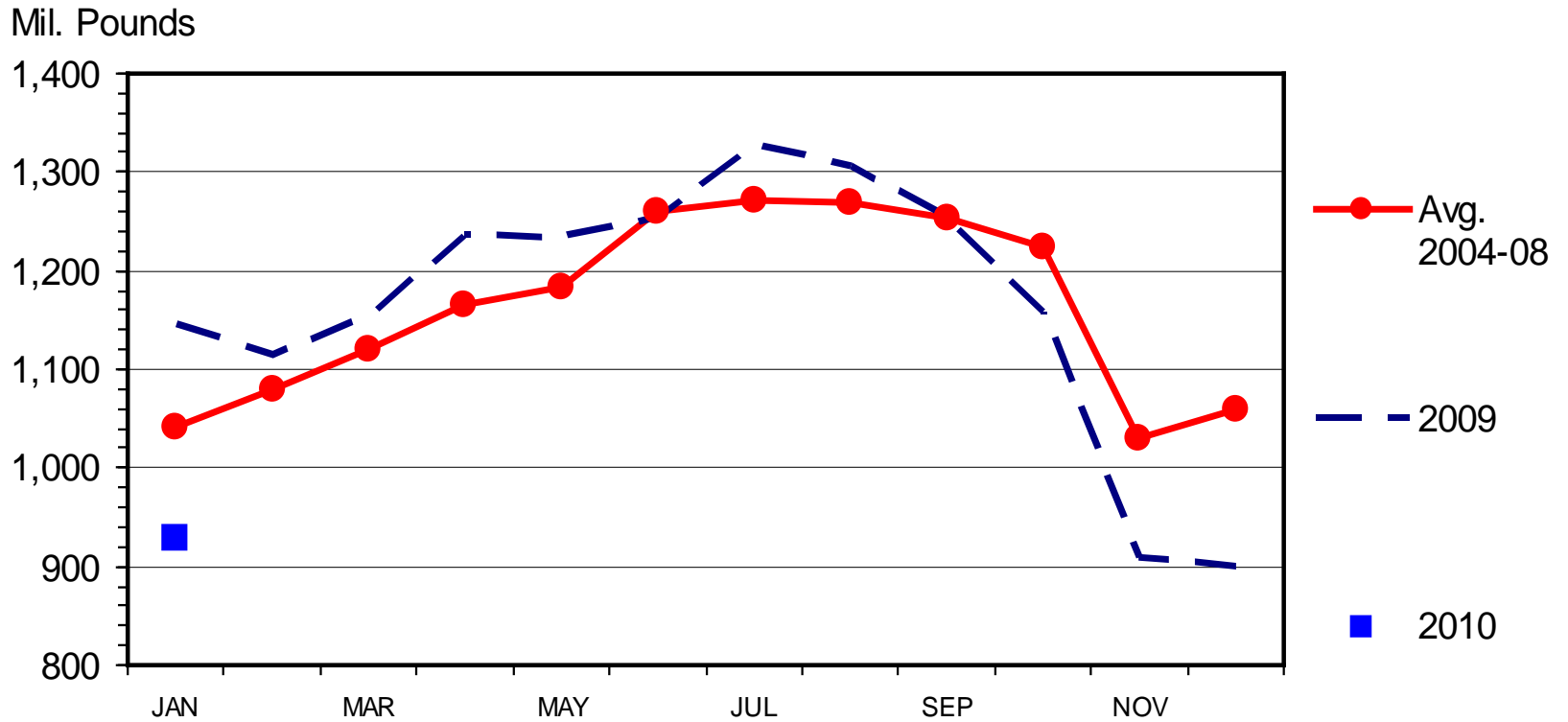
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Data Source: USDA/NASS

M-S-10
02/22/10

TOTAL POULTRY IN COLD STORAGE

End of the Month



Livestock Marketing Information Center

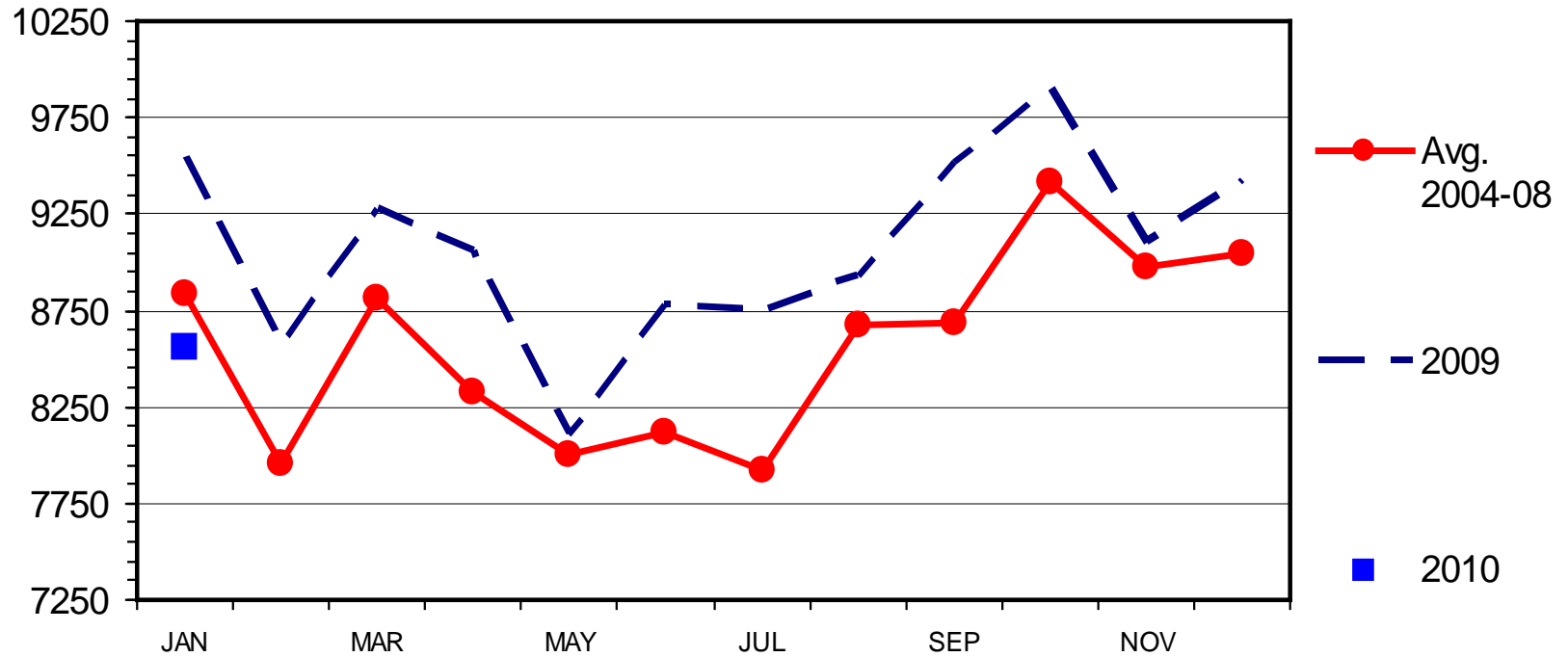
Data Source: USDA/NASS

P-S-03
02/22/10

BARROW AND GILT SLAUGHTER

Federally Inspected, Monthly

Thou. Head



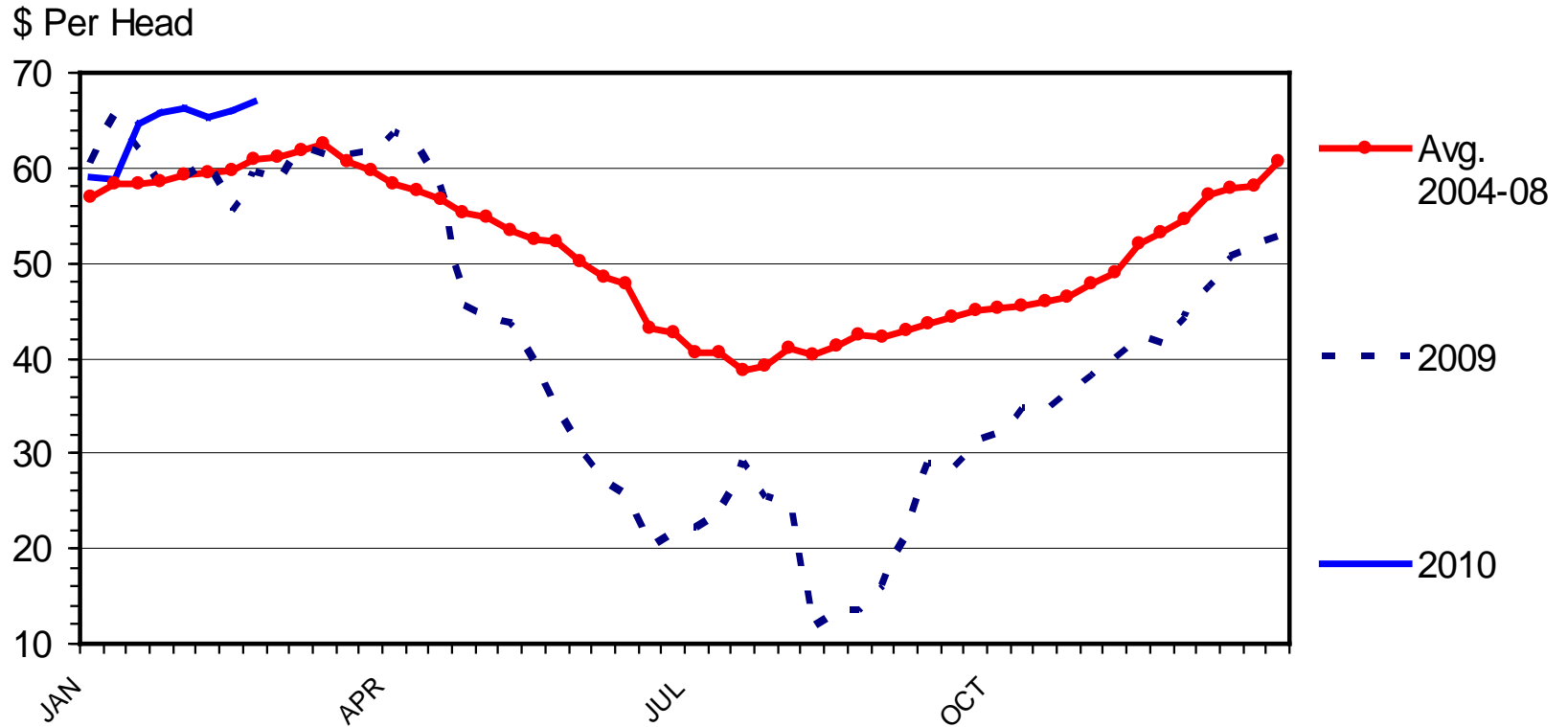
Livestock Marketing Information Center

Data Source: USDA/NASS

H-S-01
02/26/10

FEEDER PIG PRICES

40 Pounds, Weekly

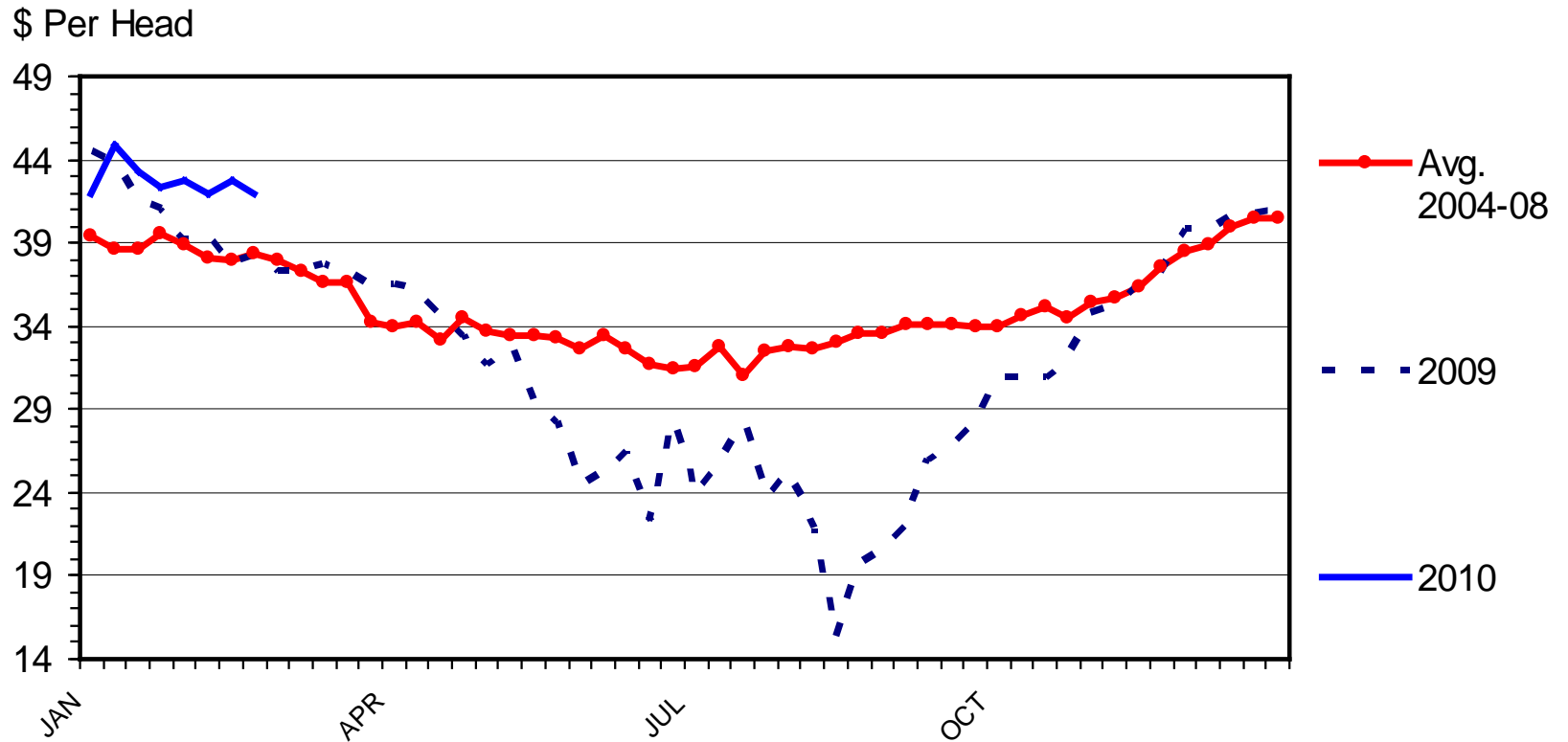


Data Source: USDA-AMS, Compiled by LMIC

H-P-22
03/01/10

EARLY WEANED PIG PRICES

National, 10 Lbs, Delivered, Weekly

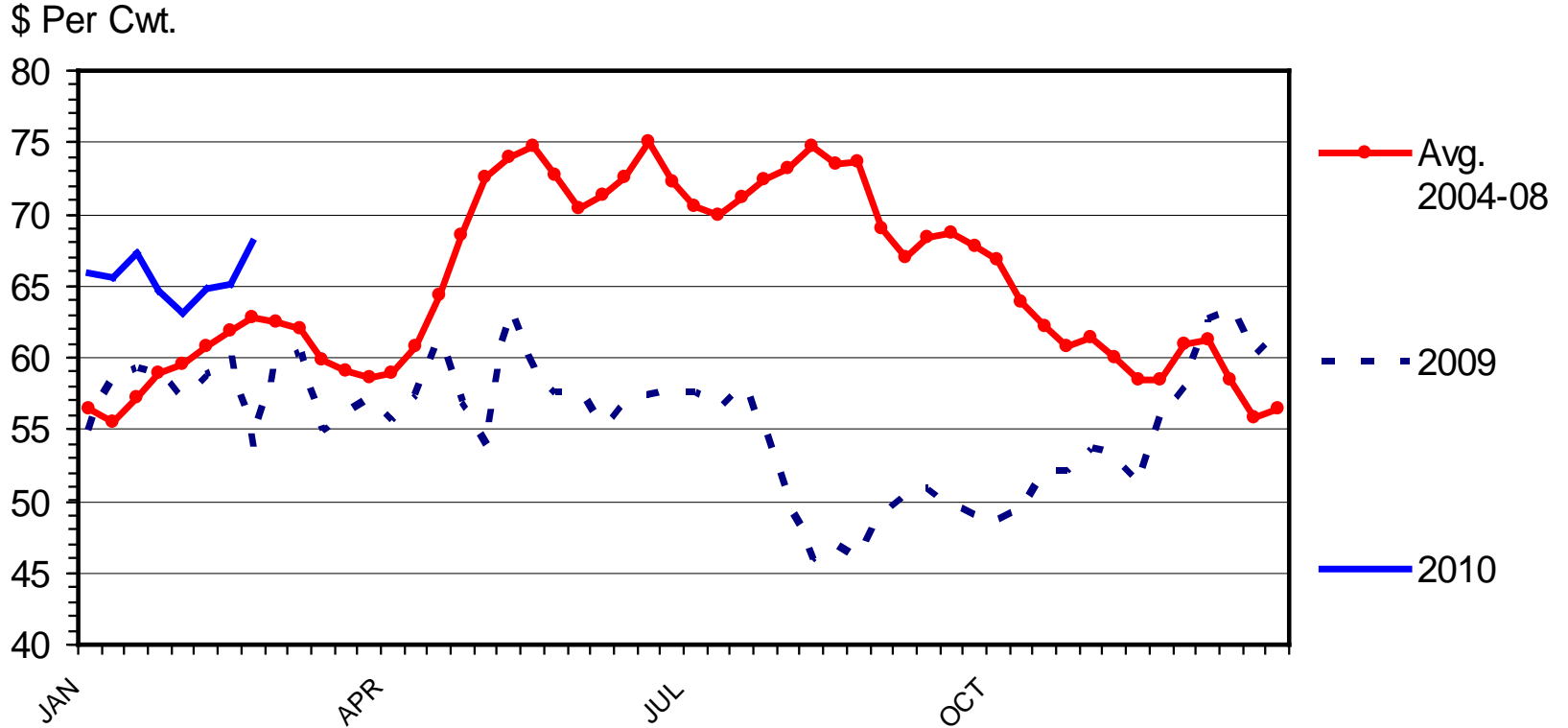


Data Source: USDA-AMS, Compiled by LMIC

H-P-21
03/01/10

BARROW AND GILT PRICES

Iowa - So. Minnesota, Carcass Base Price, Weekly

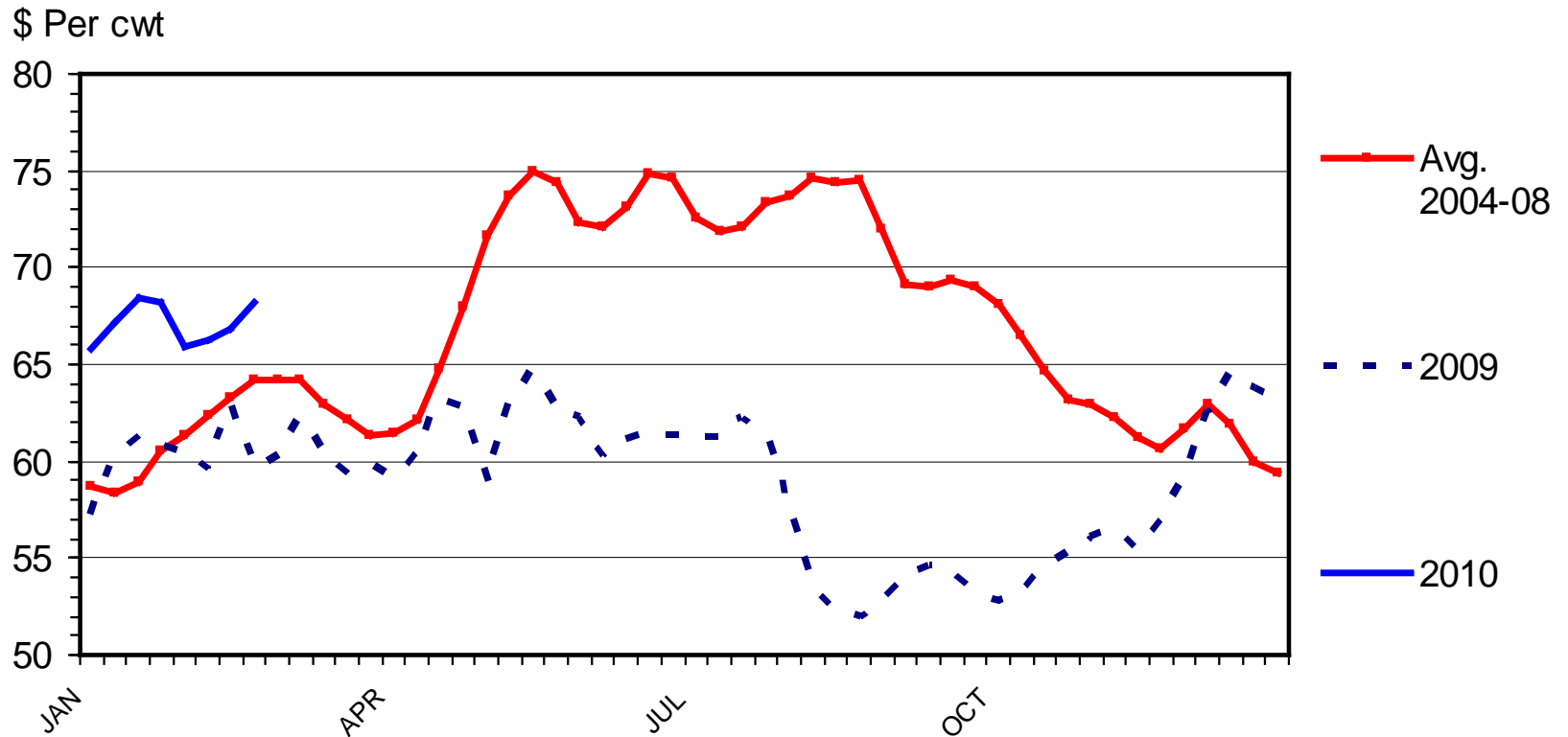


Data Source: USDA-AMS, Compiled & Analysis by LMIC

H-P-09
03/01/10

NET SLAUGHTER HOG PRICES

National, Weighted Average Carcass Price, Weekly

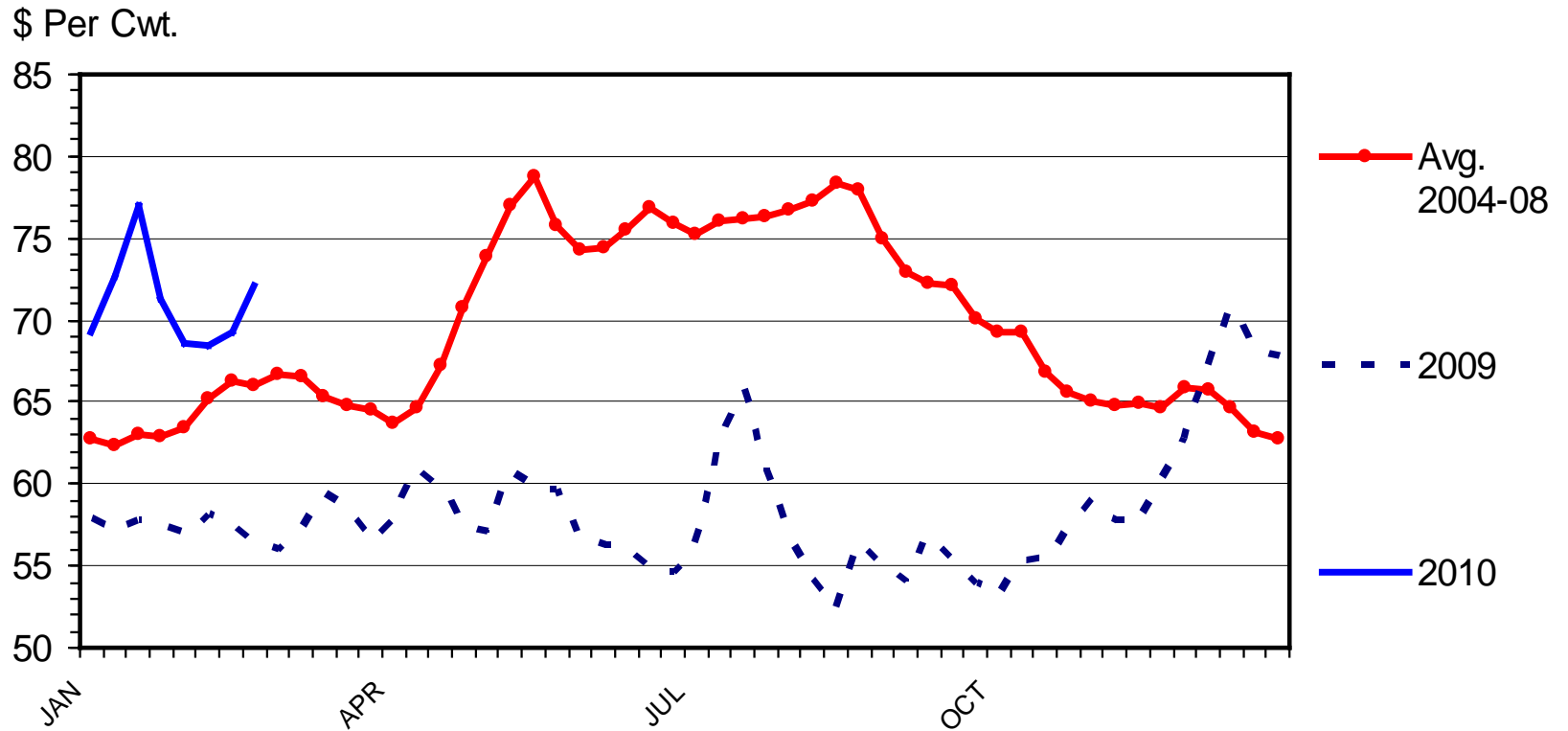


Data Source: USDA-AMS, Compiled & Analysis by LMIC

H-P-24
03/01/10

HOG CUTOFF VALUE

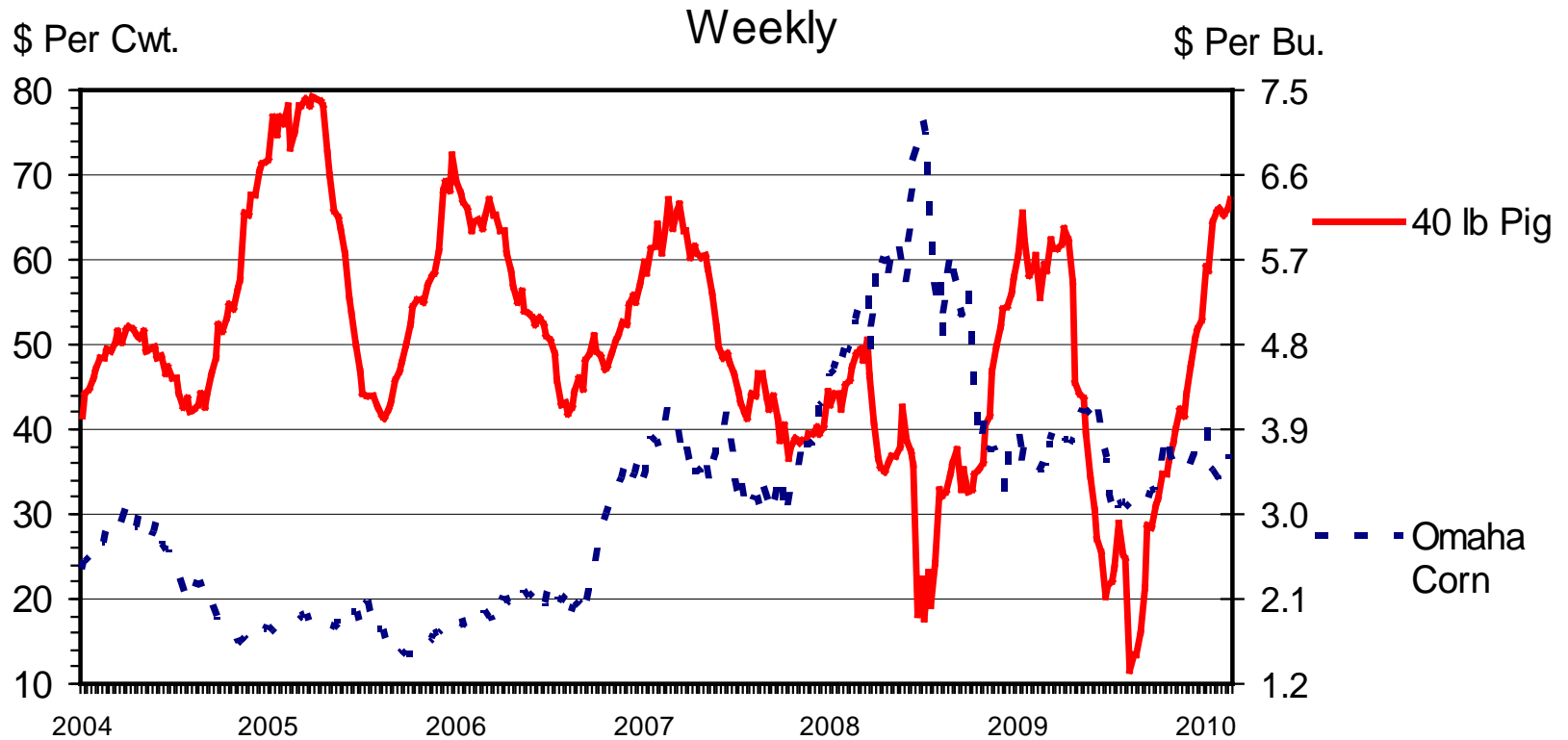
Weekly



Data Source: USDA-AMS, Compiled by LMIC

H-P-10
03/01/10

NATIONAL FEEDER PIG PRICES vs OMAHA CORN PRICES



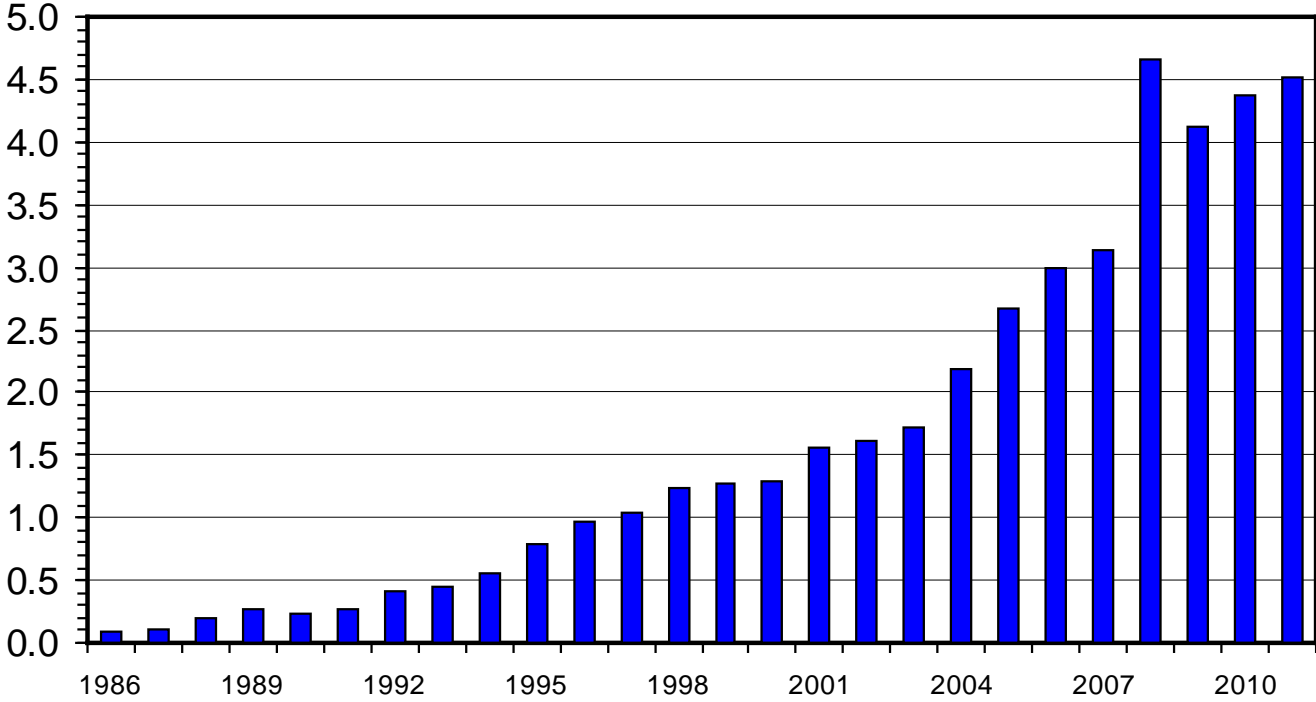
Data Source: USDA-AMS, Compiled by LMIC

03/01/10

U S PORK EXPORTS

Carcass Weight, Annual

Bil. Pounds



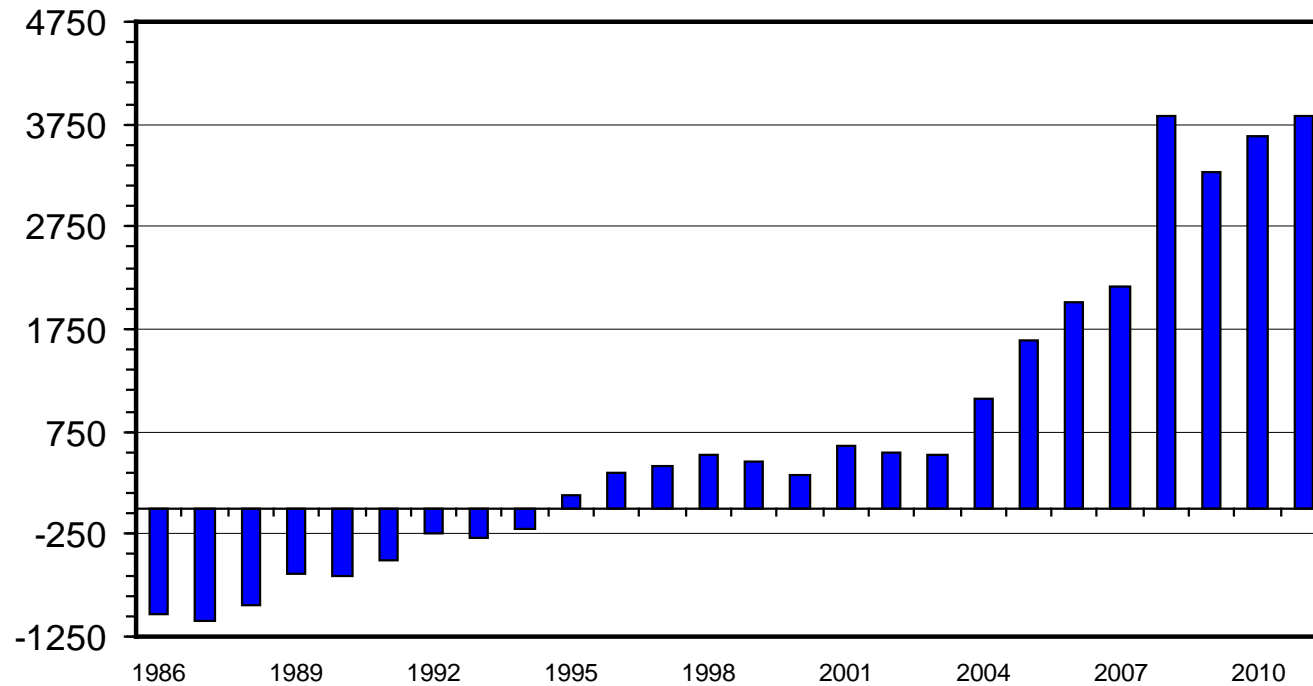
Data Source: USDA-ERS & FAS; Compiled & Forecasts by LMIC

I-N-05
02/26/10

U S PORK NET EXPORTS

Carcass Weight, Annual

Mil. Pounds

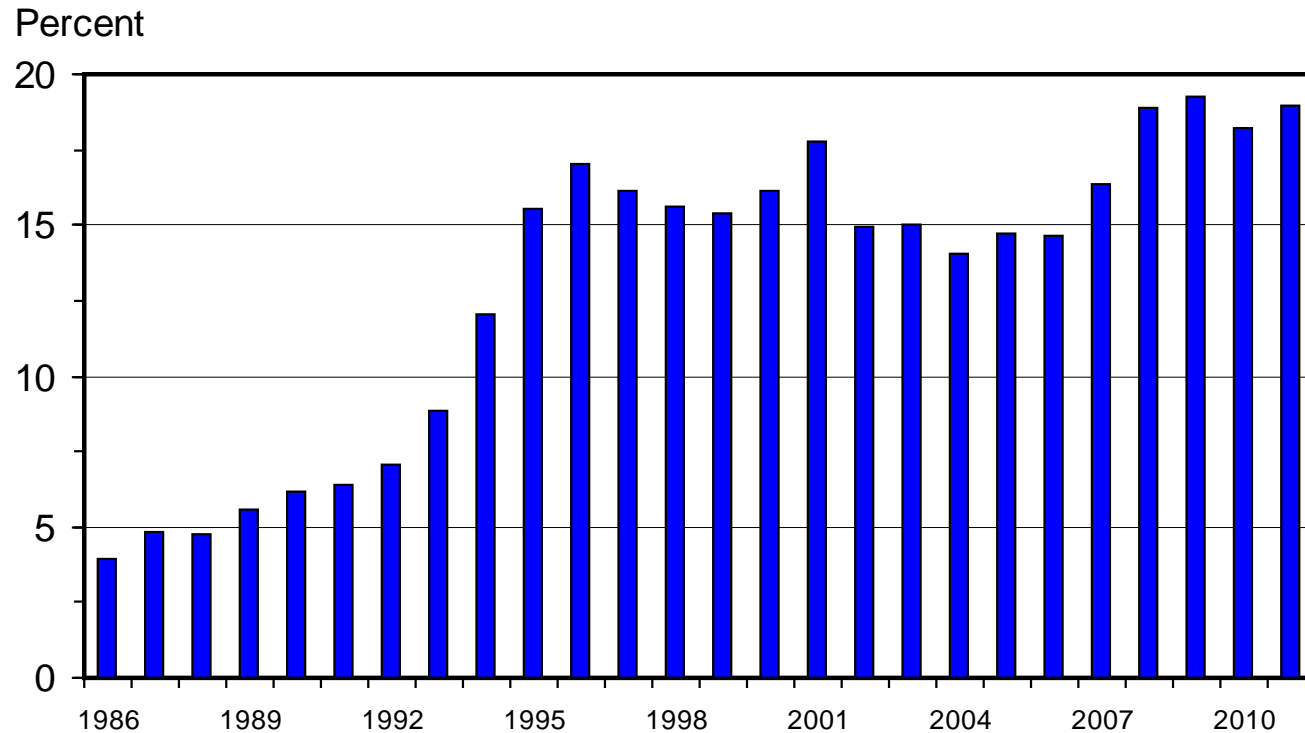


Data Source: USDA-ERS & FAS; Compiled & Forecasts by LMIC

I-N-33
02/26/10

U S BROILER EXPORTS

As a Percentage of Broiler Production, RTC, Annual

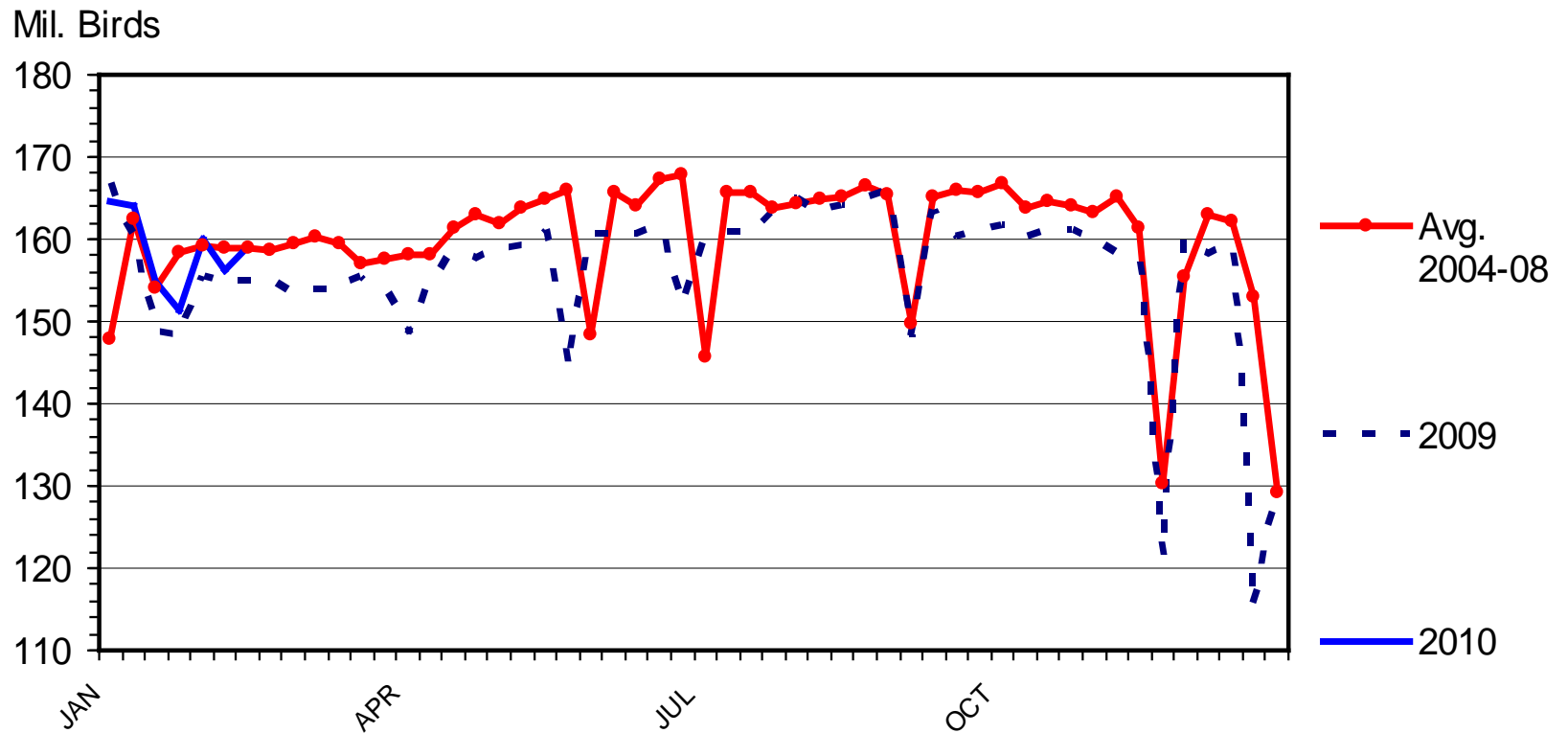


Data Source: USDA-ERS & FAS; Compiled & Forecasts by LMIC

I-N-51
02/26/10

BROILER SLAUGHTER

Federally Inspected, Weekly



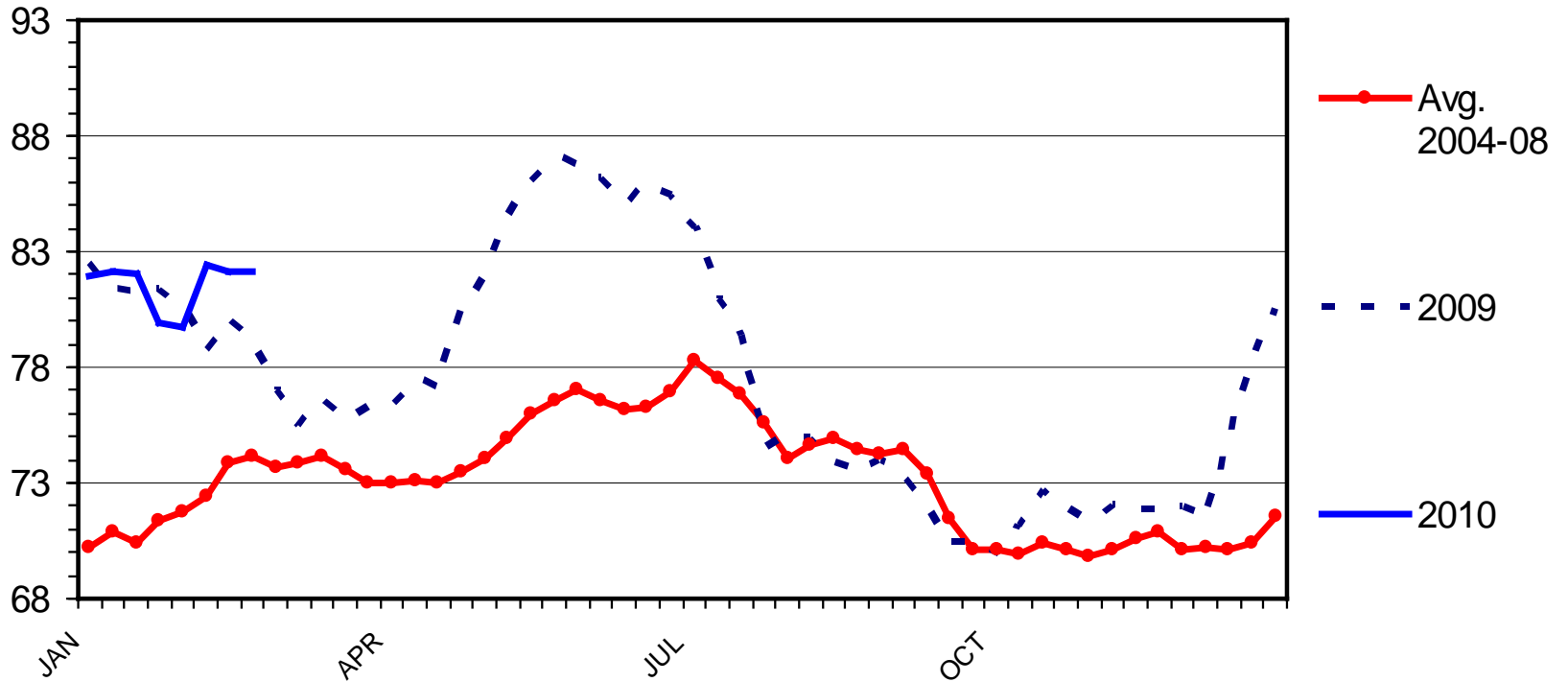
Data Source: USDA-AMS, Compiled by LMIC

P-S-16
02/25/10

BROILER PRICES

12-City Composite, Weekly

Cents Per Pound



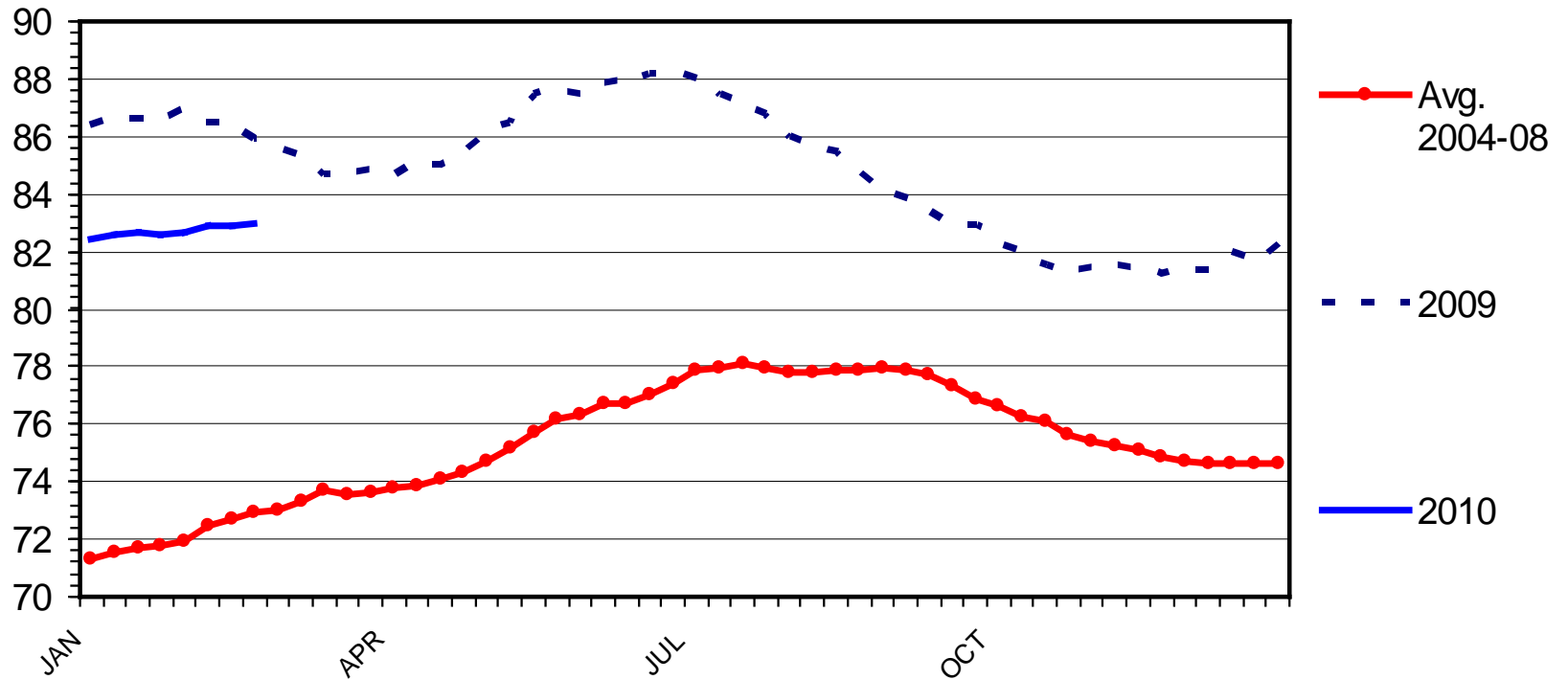
Data Source: USDA-AMS, Compiled by LMIC

P-P-01
03/01/10

BROILER PRICES

Georgia Dock 2.5-3 Lbs. Bird, Weekly

Cents Per Pound



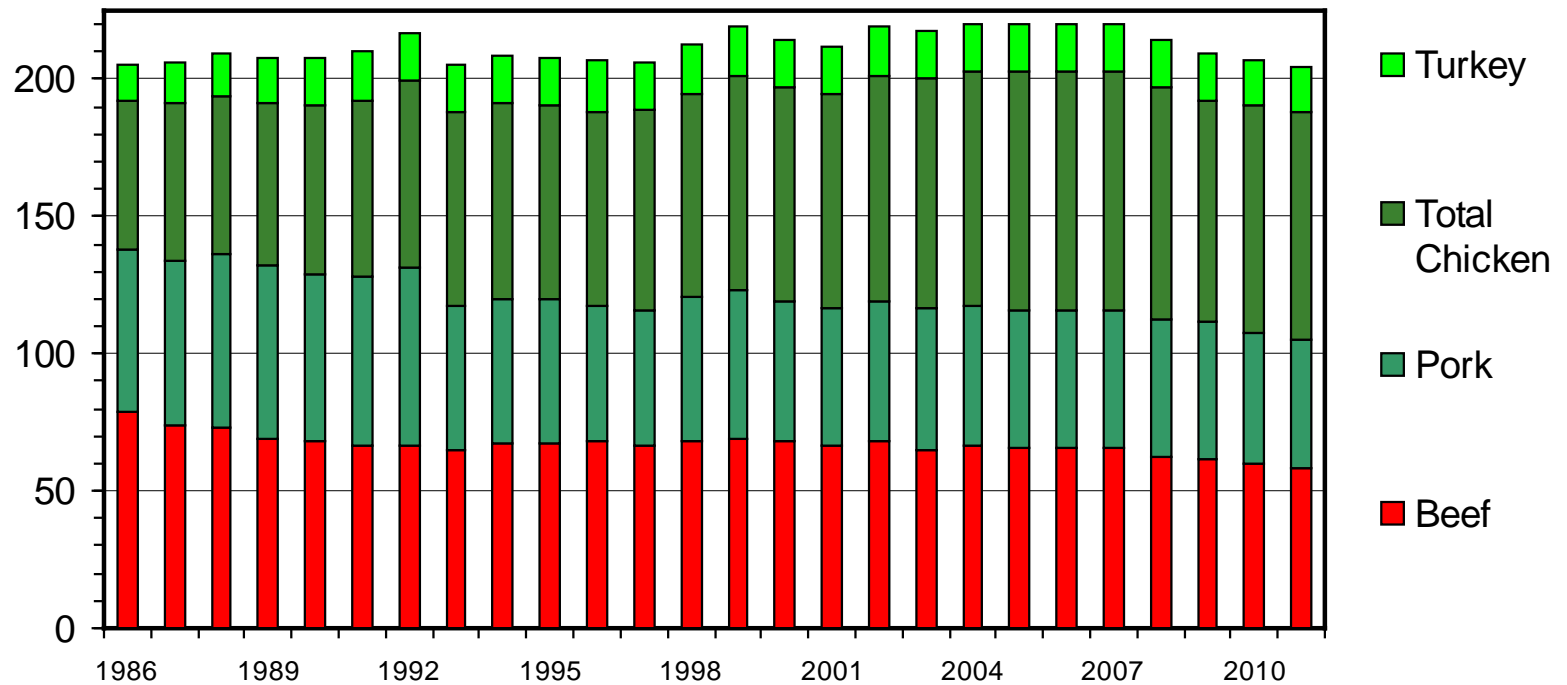
Data Source: USDA-AMS, Compiled by LMIC

P-P-06
03/01/10

U S RED MEAT & POULTRY CONSUMPTION

Per Capita, Retail Weight, Annual

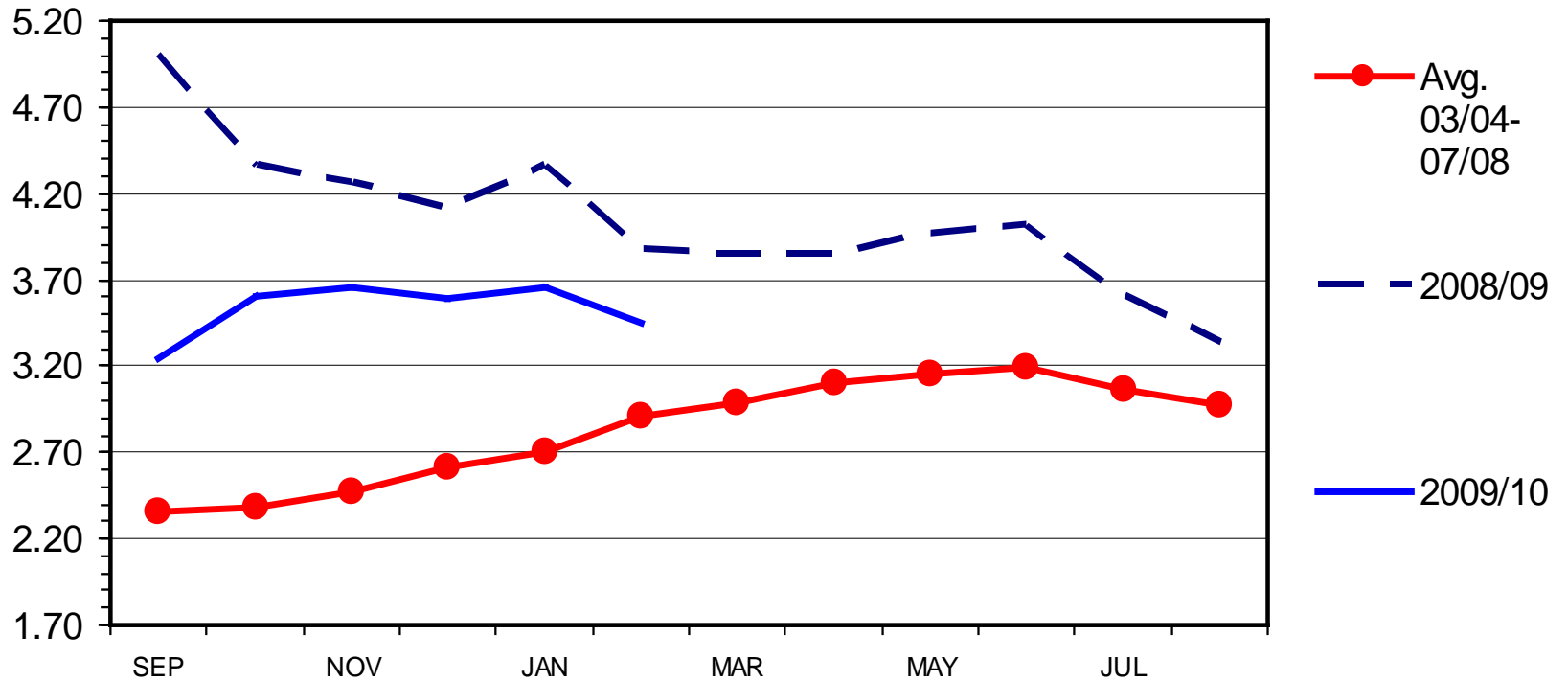
Pounds



CORN - MONTHLY AVERAGE PRICE

Received by Farmers, U.S., Crop Year

\$ Per Bu.



Livestock Marketing Information Center

Data Source: USDA/NASS

G-P-09
02/26/10

PERSONAL SAVINGS AS A PERCENT OF DISPOSABLE PERSONAL INCOME

