
Beef and Cattle Market Outlook

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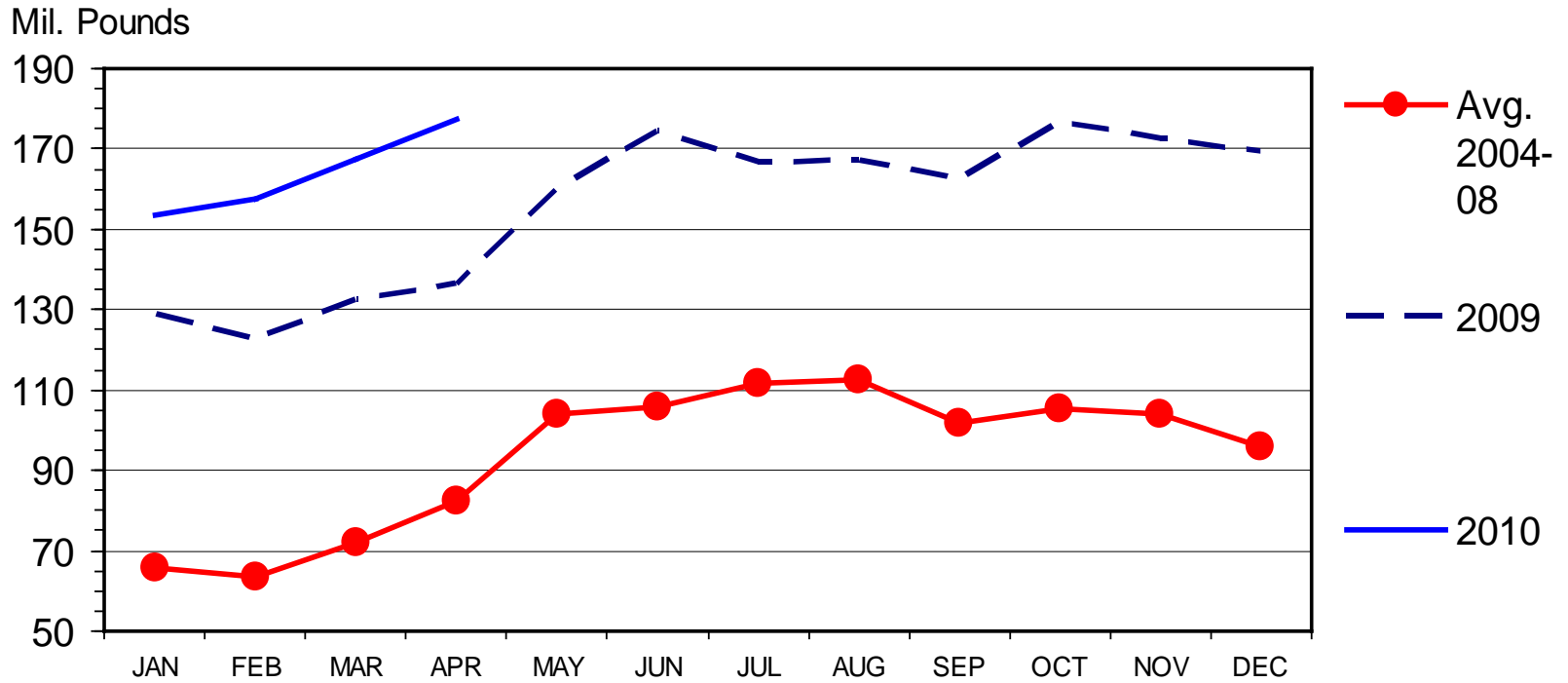
June 15, 2010

Overview

- Export demand been strong; weakened recently
 - Domestic demand continues to be weak
 - Reduced supplies relative to last year
 - = elevated fed/feeder cattle prices in Apr/May but recent fall off...
 - Macroeconomic concerns weighing on markets...
 - “Social pressures” increasing in influence...
-

U S BEEF AND VEAL EXPORTS

Carcass Weight, Monthly

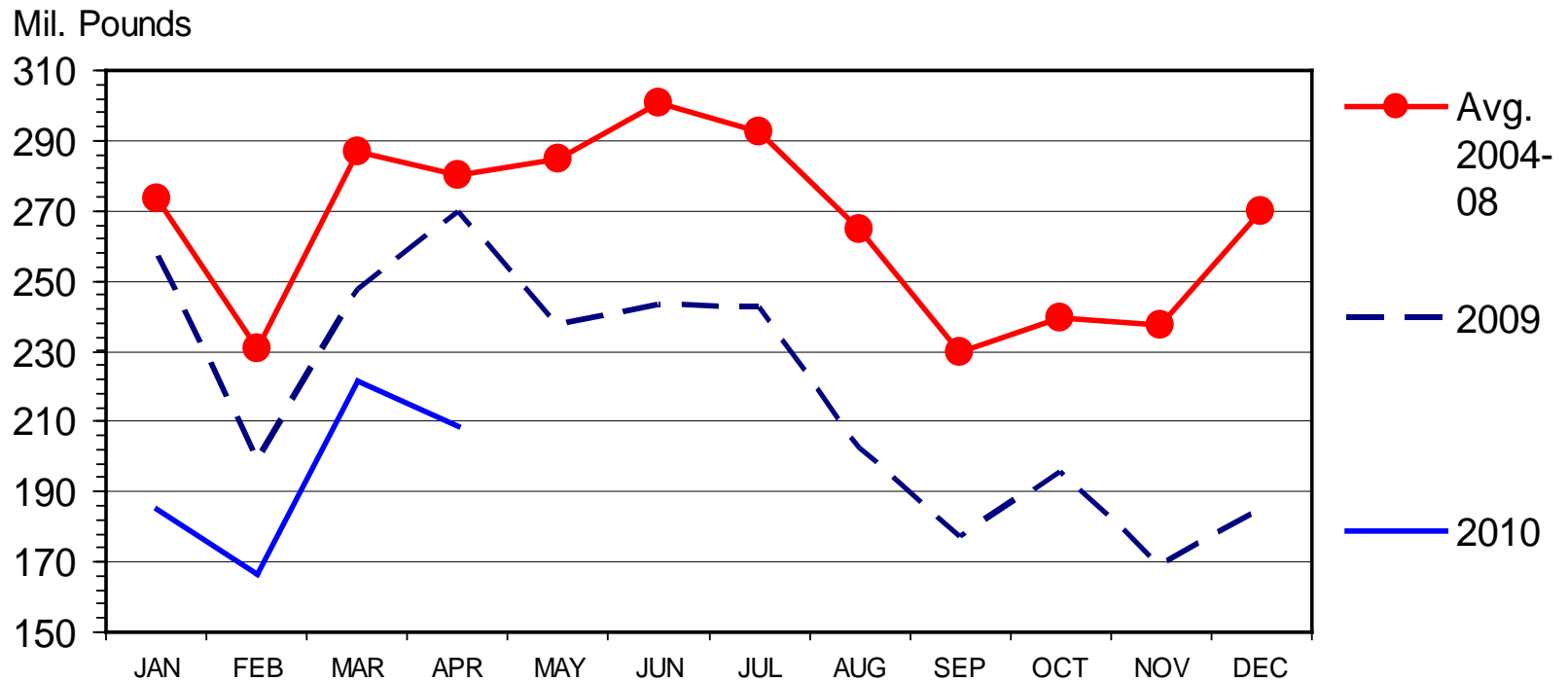


Data Source: USDA-ERS & USDA-FAS, Compiled by LMIC

I-N-16
06/11/10

U S BEEF AND VEAL IMPORTS

Carcass Weight, Monthly

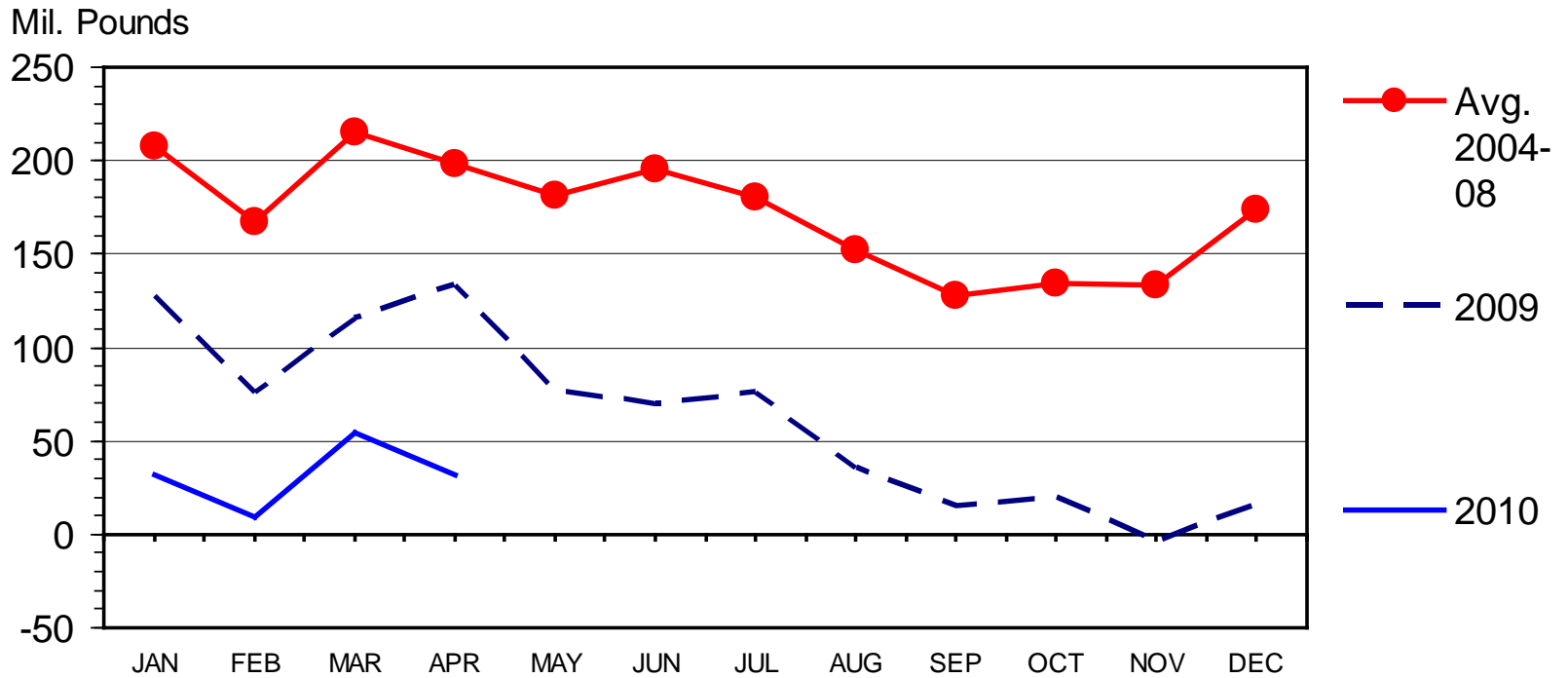


Data Source: USDA-ERS & USDA-FAS, Compiled by LMIC

I-N-15
06/11/10

U S NET BEEF IMPORTS

Carcass Weight, Monthly

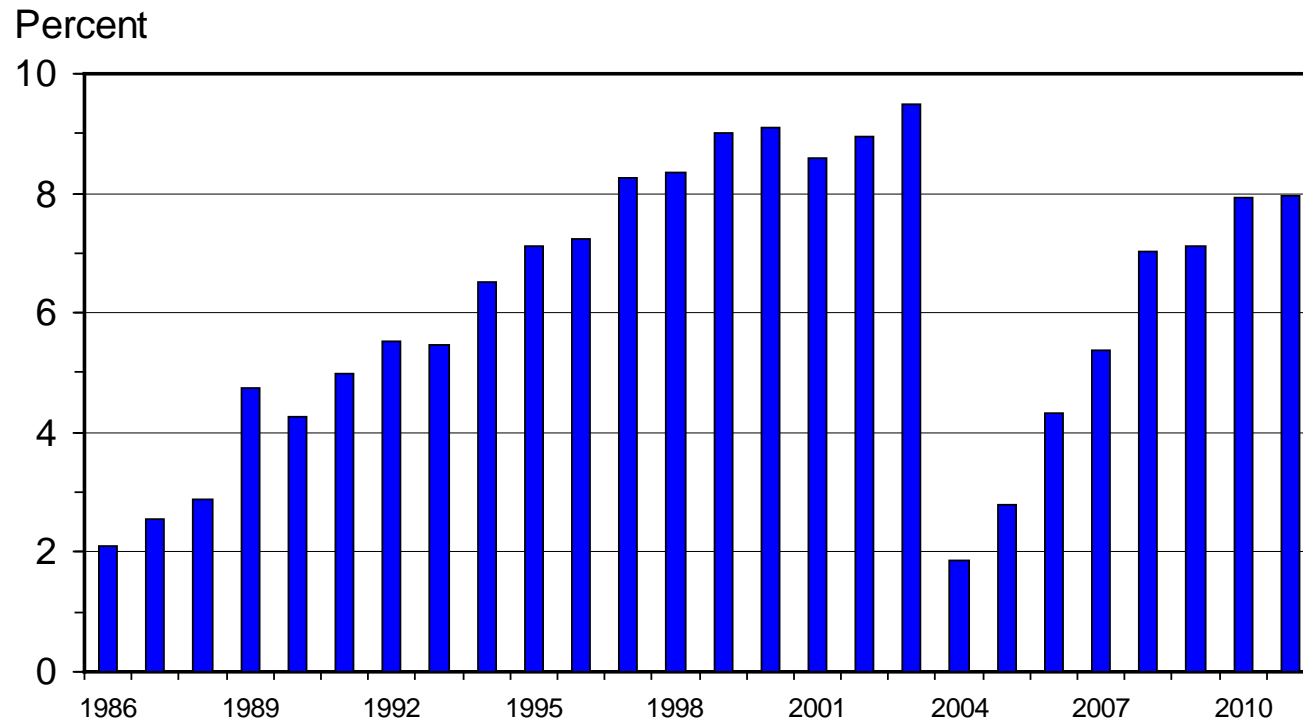


Data Source: USDA-ERS & USDA-FAS,
Compiled by LMIC

I-N-31
06/11/10

U S BEEF AND VEAL EXPORTS

As a Percentage of Production, Carcass Weight, Annual

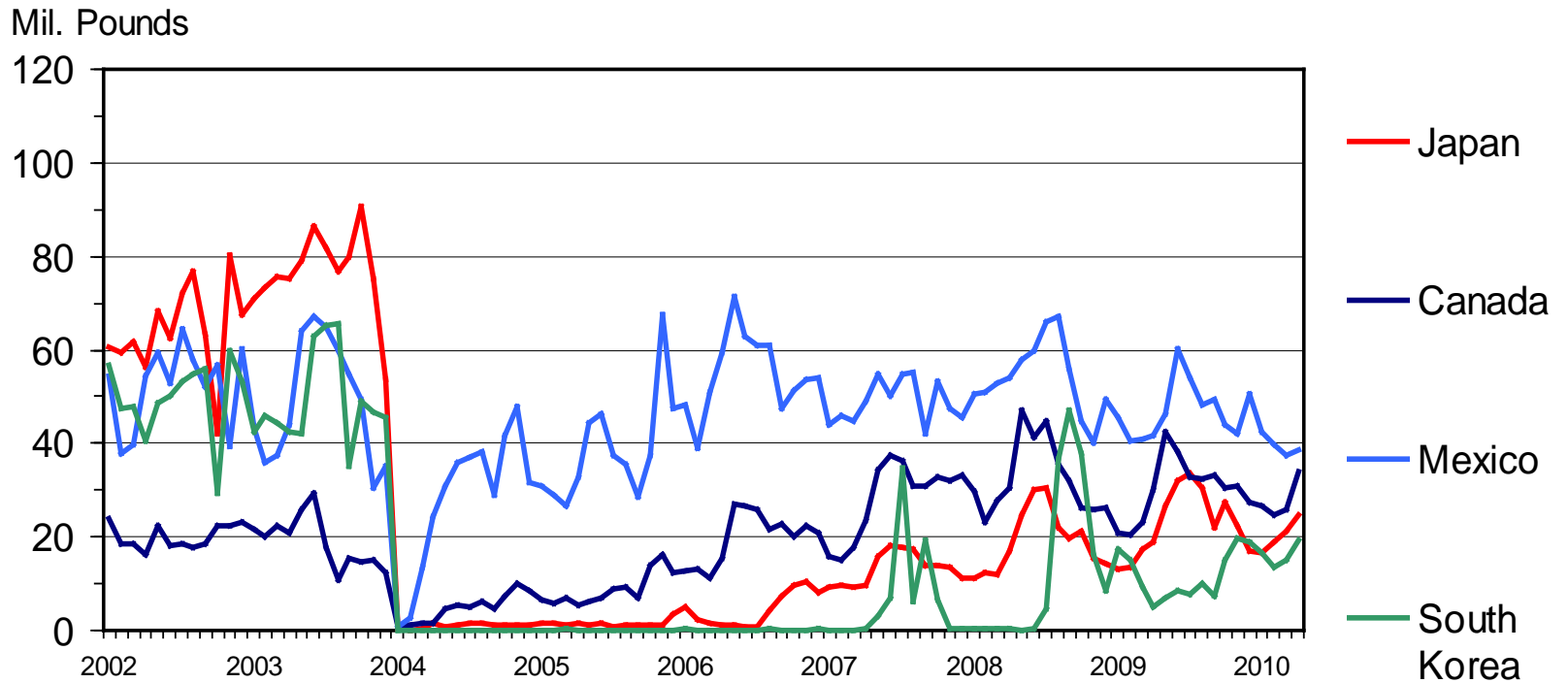


Data Source: USDA-ERS & FAS; Compiled & Forecasts by LMIC

I-N-07
06/02/10

U S BEEF EXPORTS TO MAJOR MARKETS

Carcass Weight, Monthly

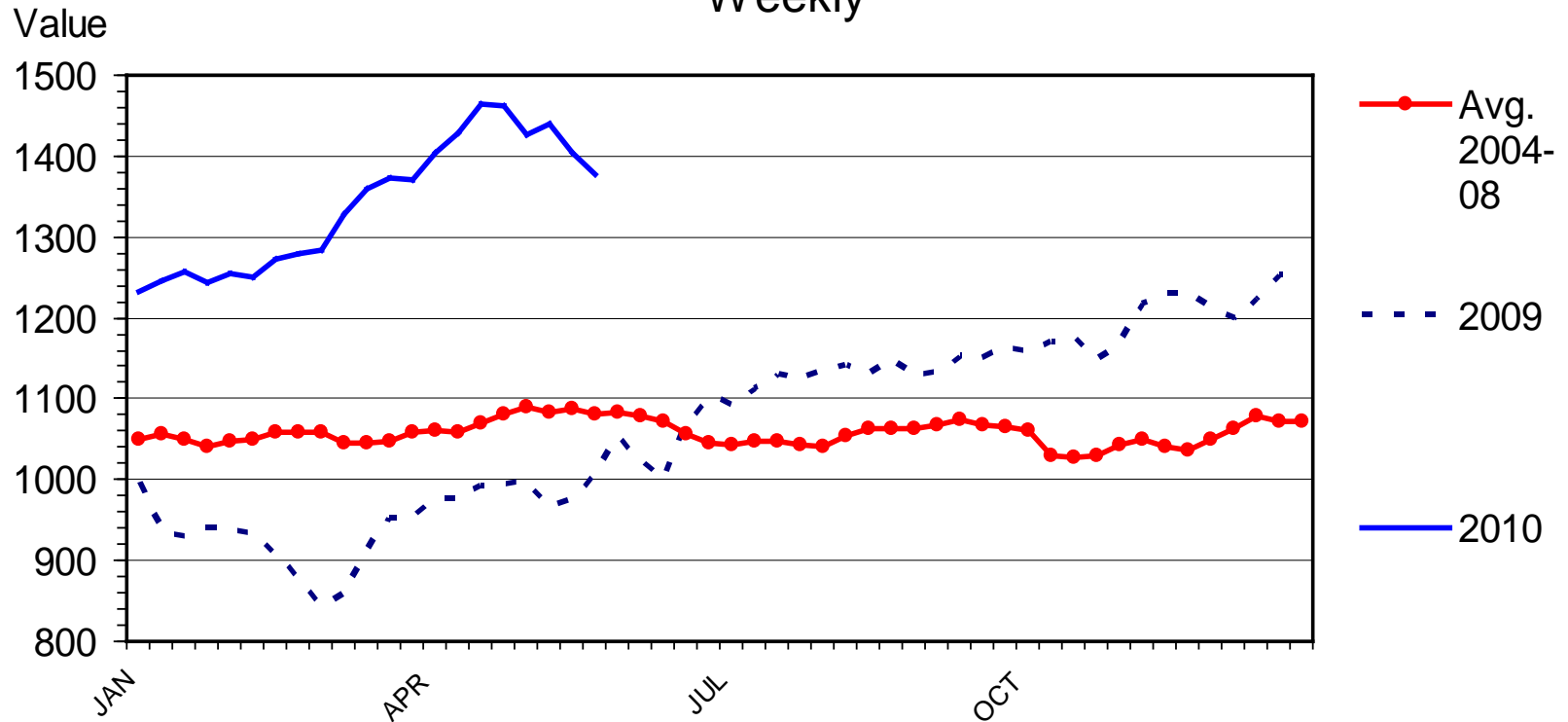


Data Source: USDA-ERS & USDA-FAS,
Compiled by LMIC

I-N-35
06/11/10

NATIONAL RESTAURANT NEWS STOCK MARKET INDEX

Weekly



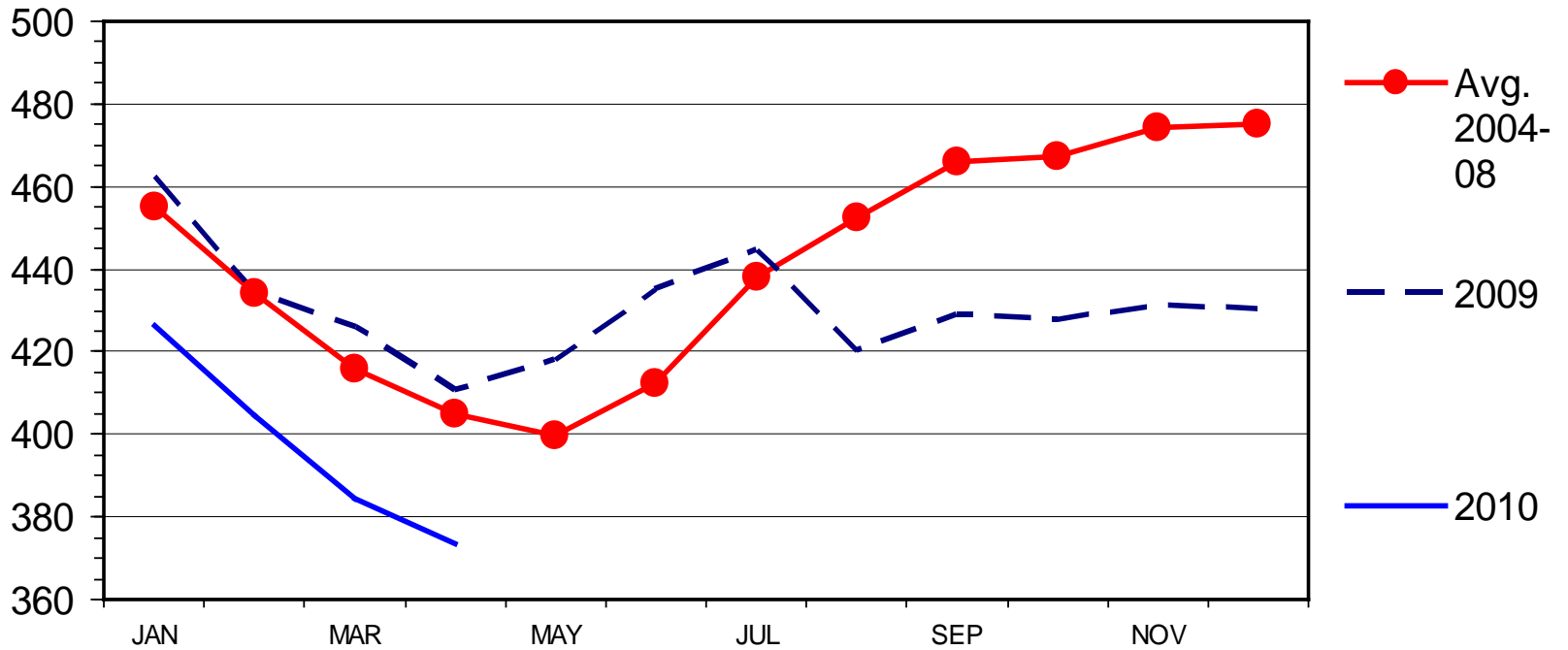
Data Source: National Restaurant News; Compiled & Weekly Analysis by LMIC

06/01/10

BEEF IN COLD STORAGE

End of the Month

Mil. Pounds



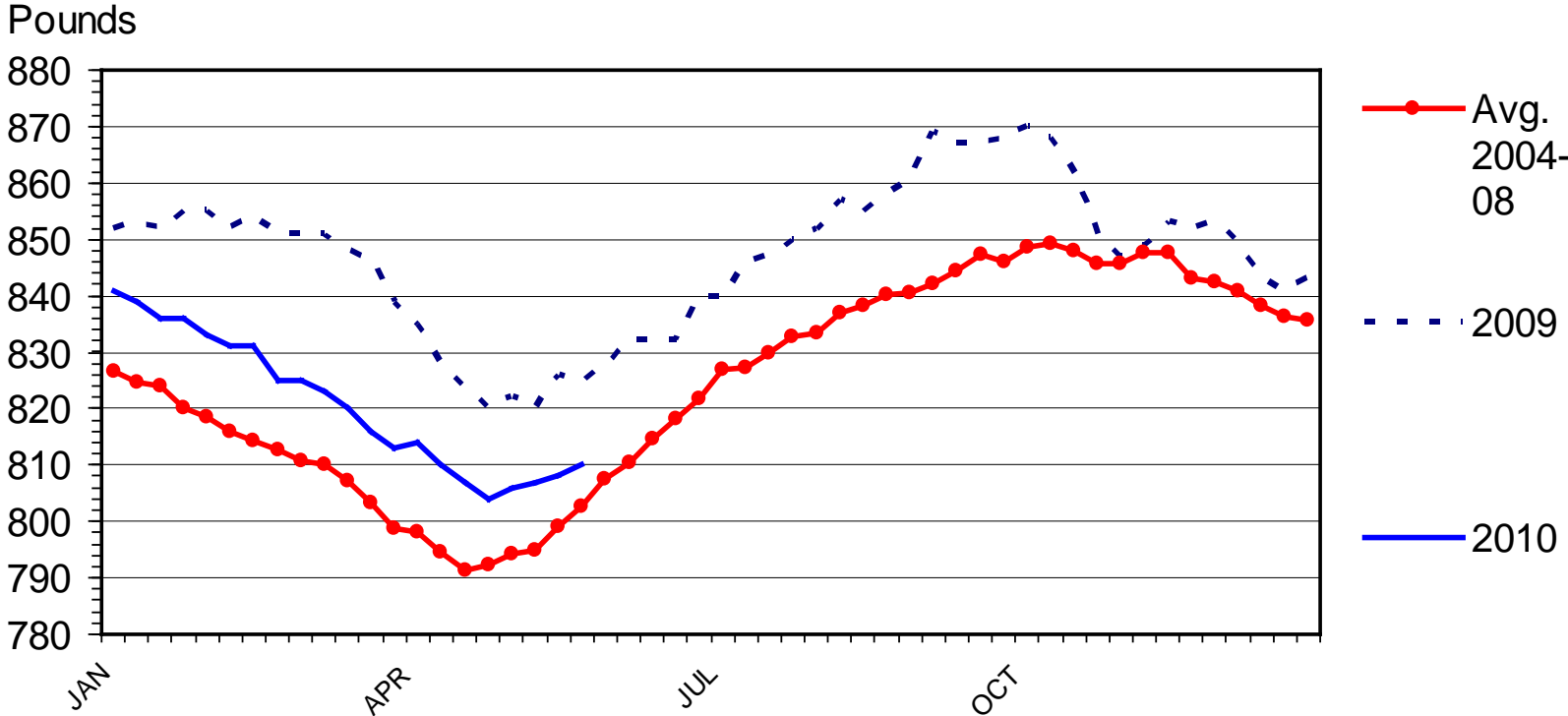
Livestock Marketing Information Center

Data Source: USDA/NASS

M-S-09
05/21/10

STEER DRESSED WEIGHT

Federally Inspected, Weekly

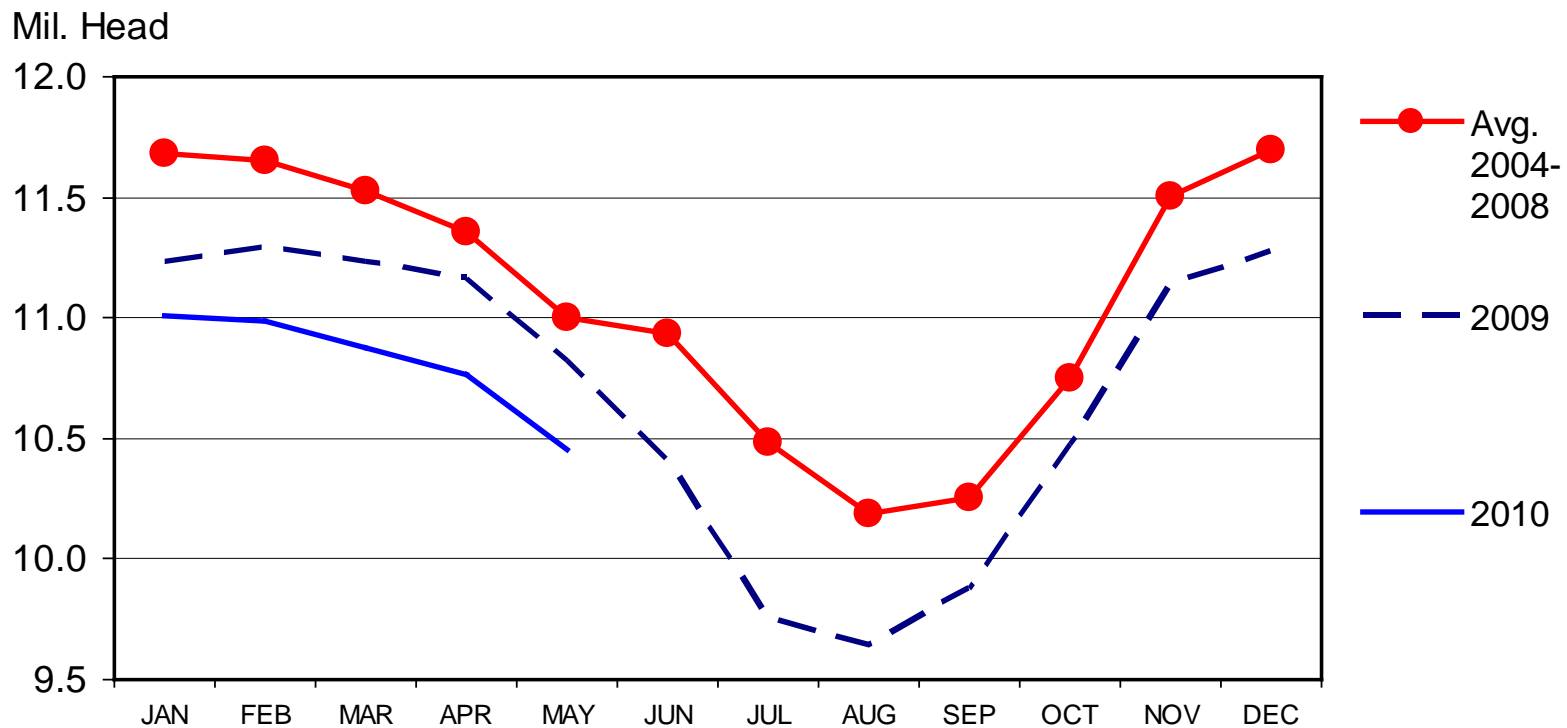


Data Source: USDA-NASS, Compiled by LMIC

C-S-18
06/11/10

CATTLE ON FEED

US Total, Monthly



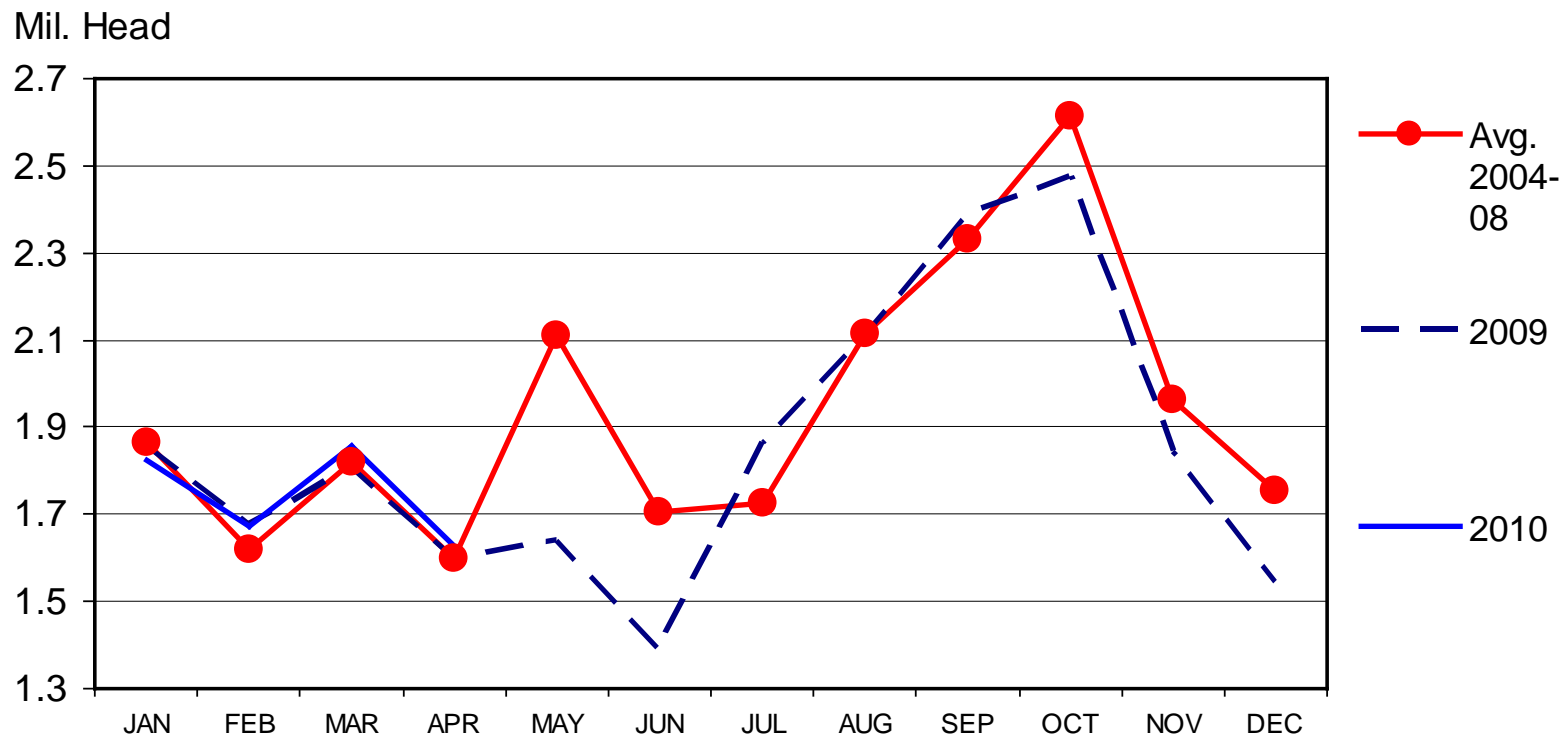
Livestock Marketing Information Center

Data Source: USDA/NASS

C-N-10
05/21/10

FEEDLOT PLACEMENTS

US Total, Monthly

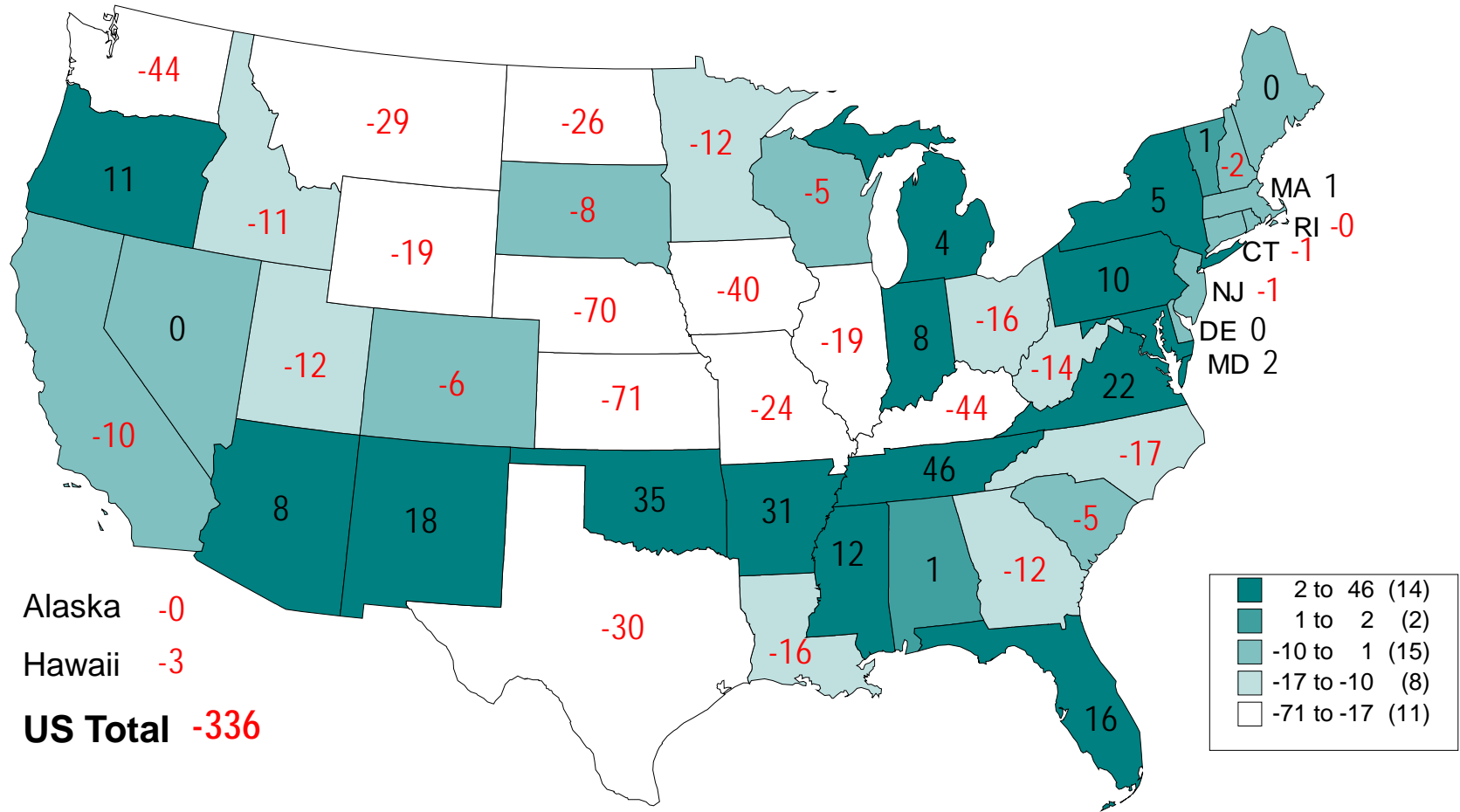


Livestock Marketing Information Center

Data Source: USDA/NASS

C-N-08
05/21/10

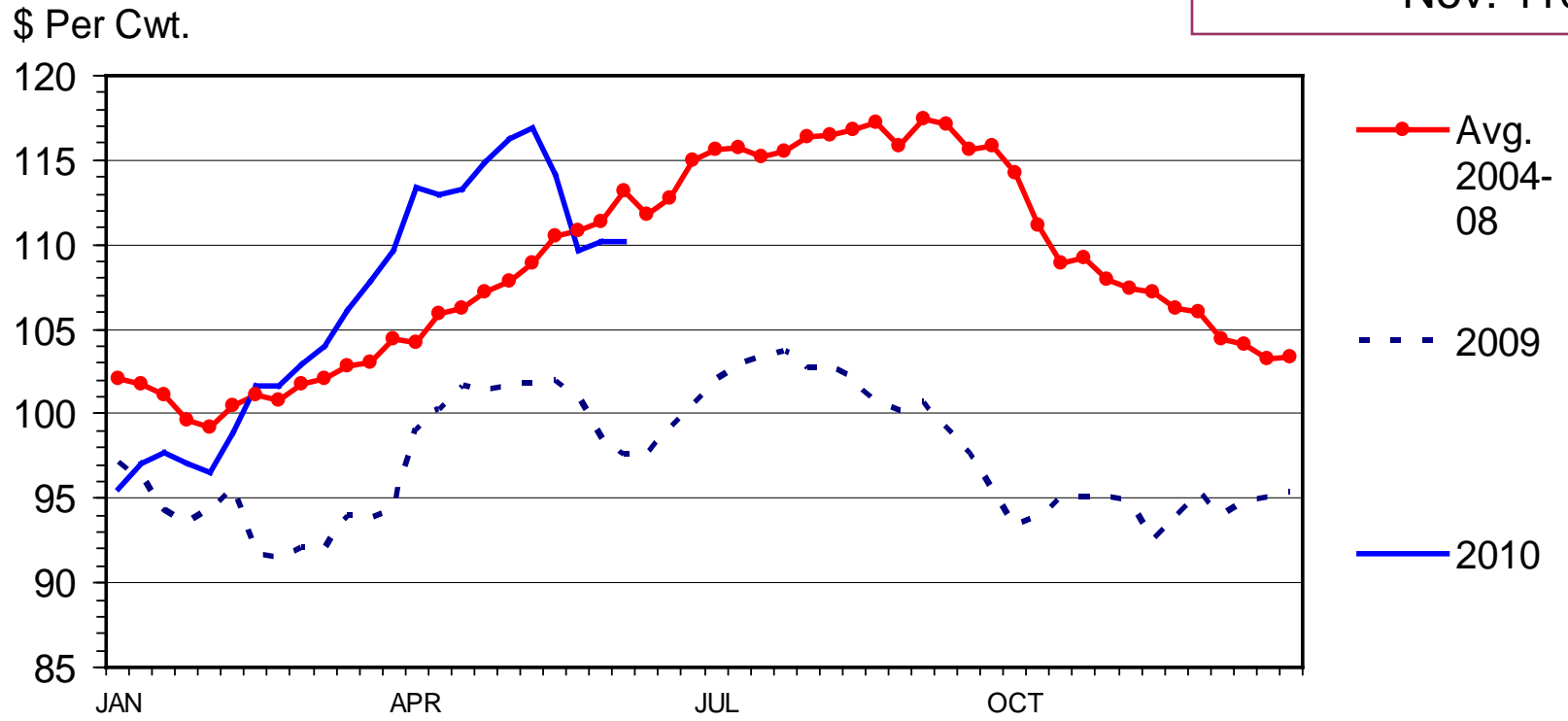
CHANGE IN BEEF COW NUMBERS JANUARY 1, 2009 TO JANUARY 1, 2010 (1000 Head)



MED. & LRG. #1 FEEDER STEER PRICES

700-800 Pounds, Southern Plains, Weekly

FC FUTURES (6/14)
Aug: 110.8
Sep: 110.9
Oct: 110.7
Nov: 110.0



Data Source: USDA-AMS, Compiled by LMIC

C-P-49
06/14/10

LC FUTURES (6/14)

June: 89.8

Aug: 88.1

Oct: 89.6

Dec: 91.9

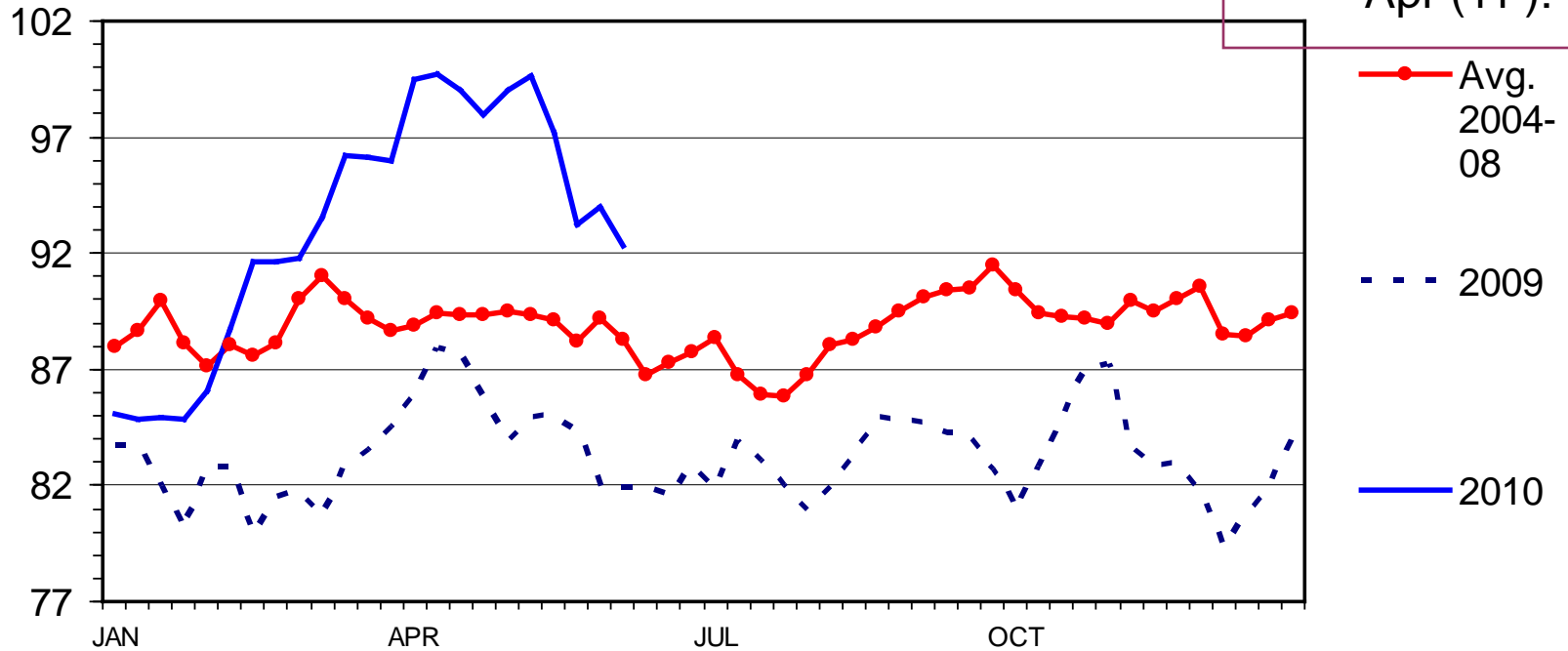
Feb (11'): 93.3

Apr (11'): 95.9

SLAUGHTER STEER PRICES

Southern Plains, Weekly

\$ Per Cwt.

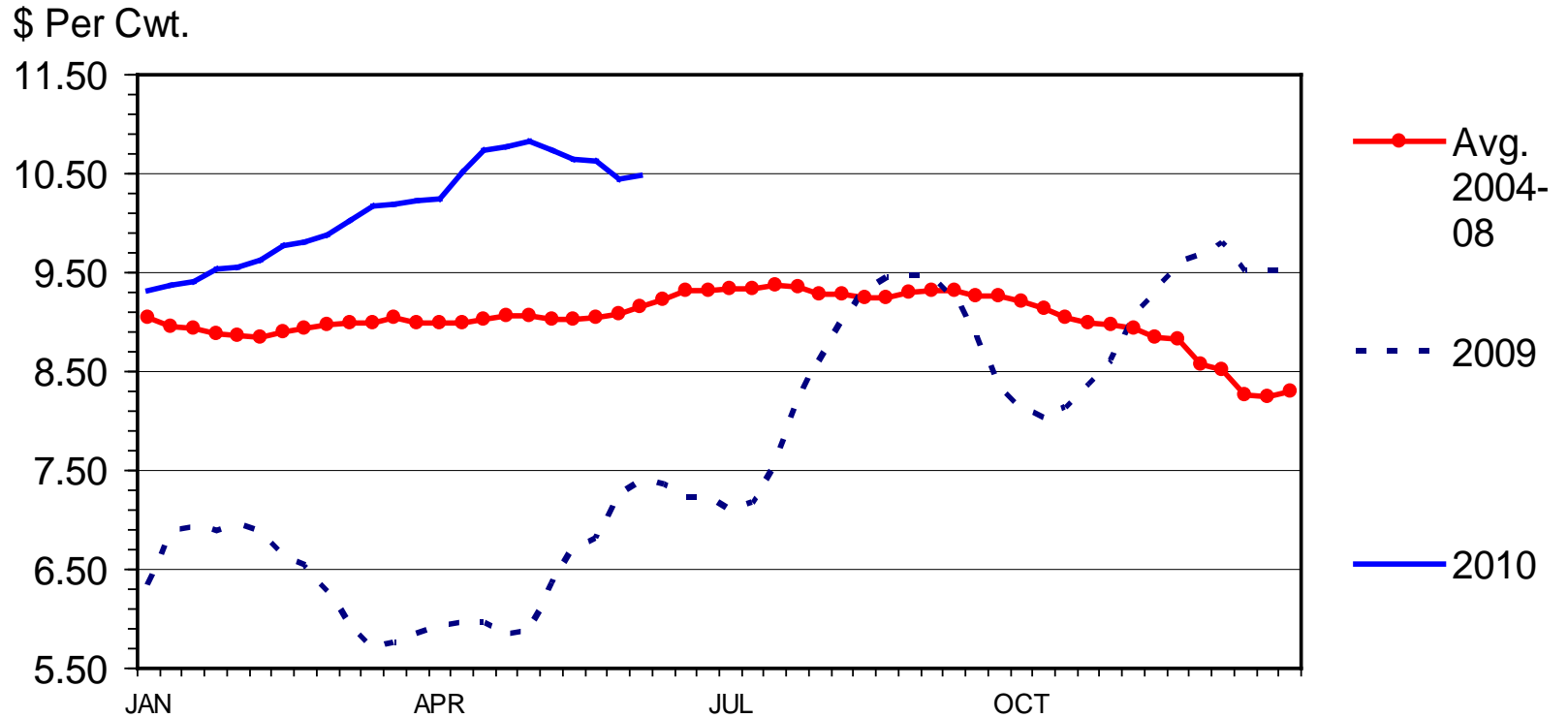


Data Source: USDA-AMS, Compiled by LMIC

C-P-52
06/14/10

STEER HIDE AND OFFAL VALUE

Live Animal Basis, Weekly

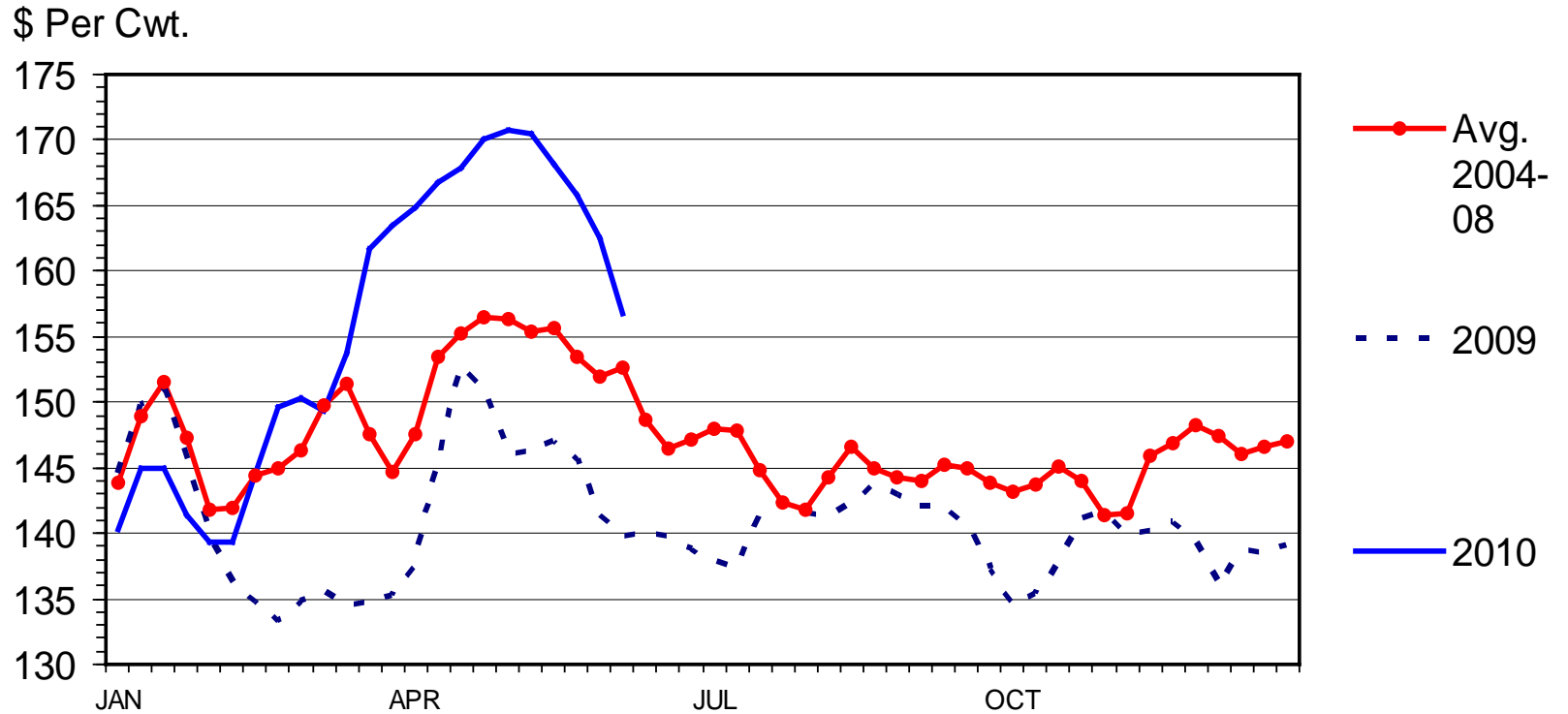


Data Source: USDA-AMS, Compiled by LMIC

C-P-39
06/14/10

BOXED BEEF CUTOUT VALUE

Choice 600-900 Lbs. Carcass, Weekly

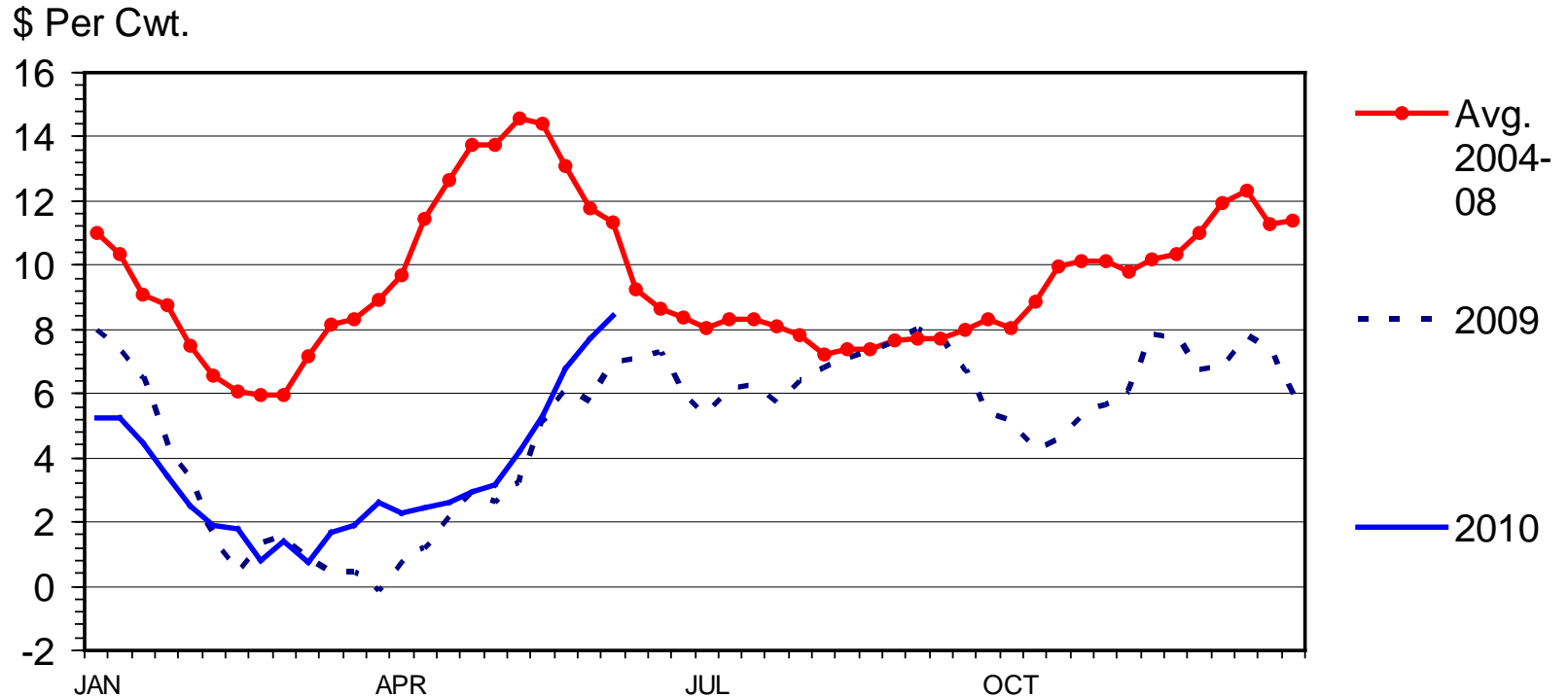


Data Source: USDA-AMS, Compiled by LMIC

C-P-62
06/14/10

CHOICE MINUS SELECT BEEF PRICES

Carcass Cutout Value 600-900 Lbs., Weekly



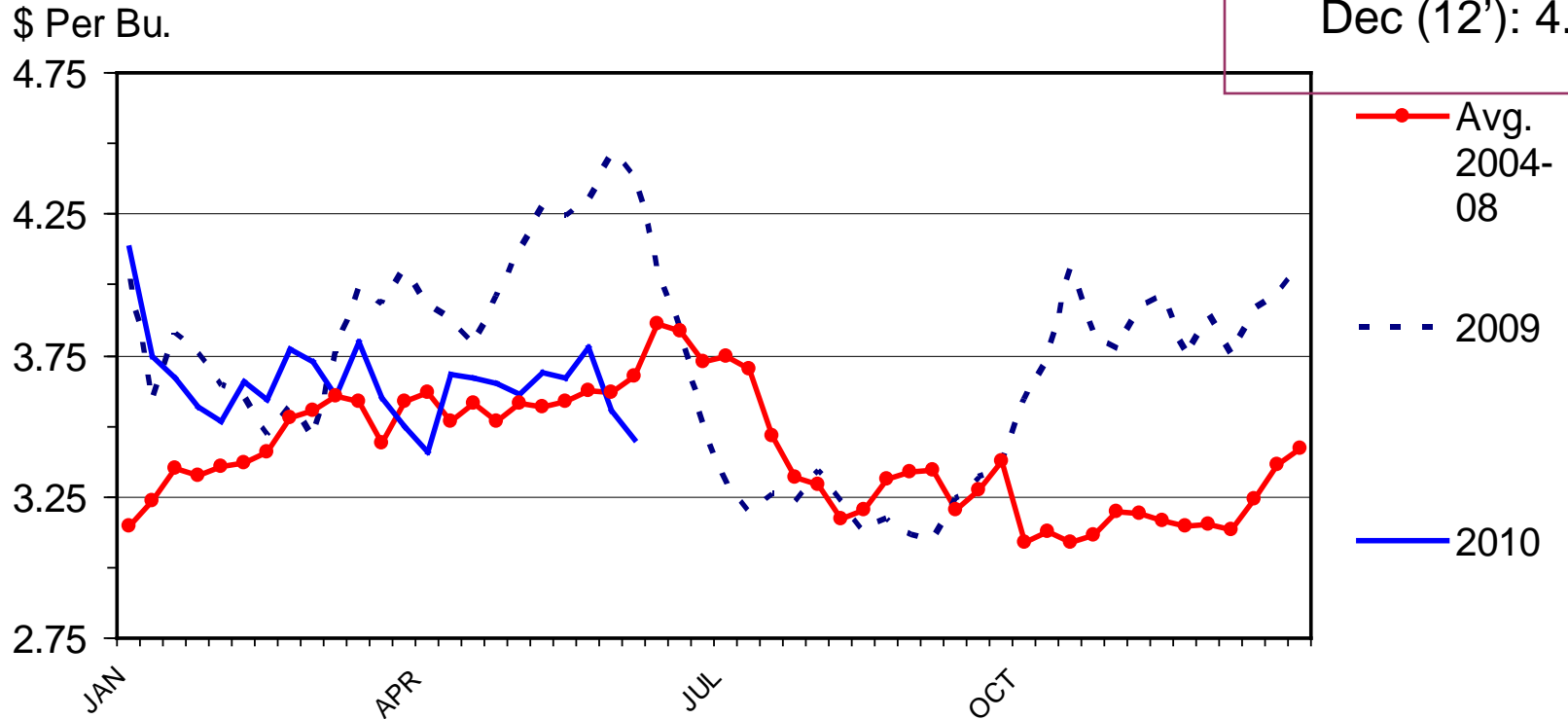
Data Source: USDA-AMS, Compiled by LMIC

C-P-68
06/14/10

SOUTHERN PLAINS CORN PRICES

Weekly

C FUTURES (6/14)
July: 3.52
Sep: 3.61
Dec: 3.73
Dec (11'): 4.07
Dec (12'): 4.19

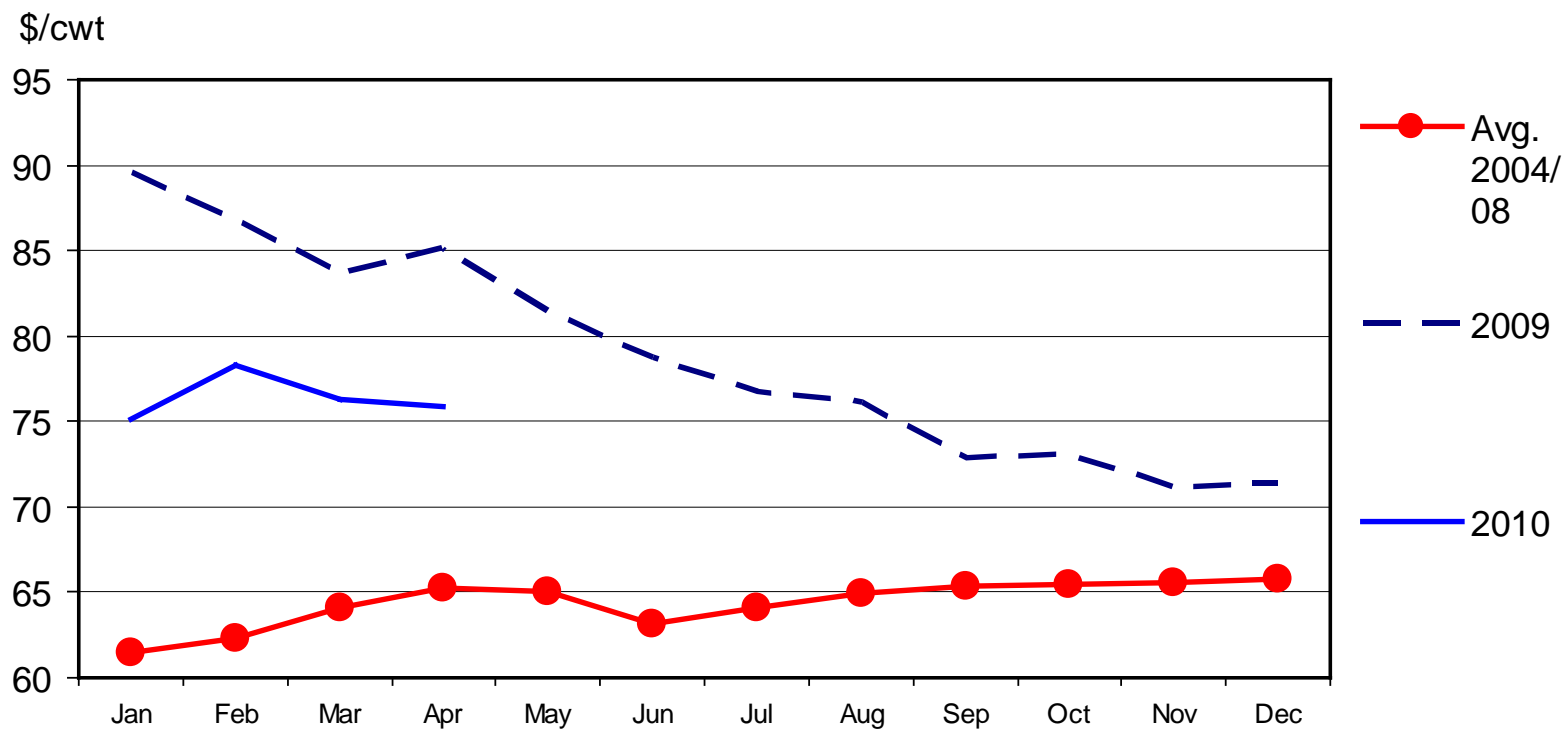


Data Source: USDA-AMS, Compiled by LMIC

G-P-04
06/10/10

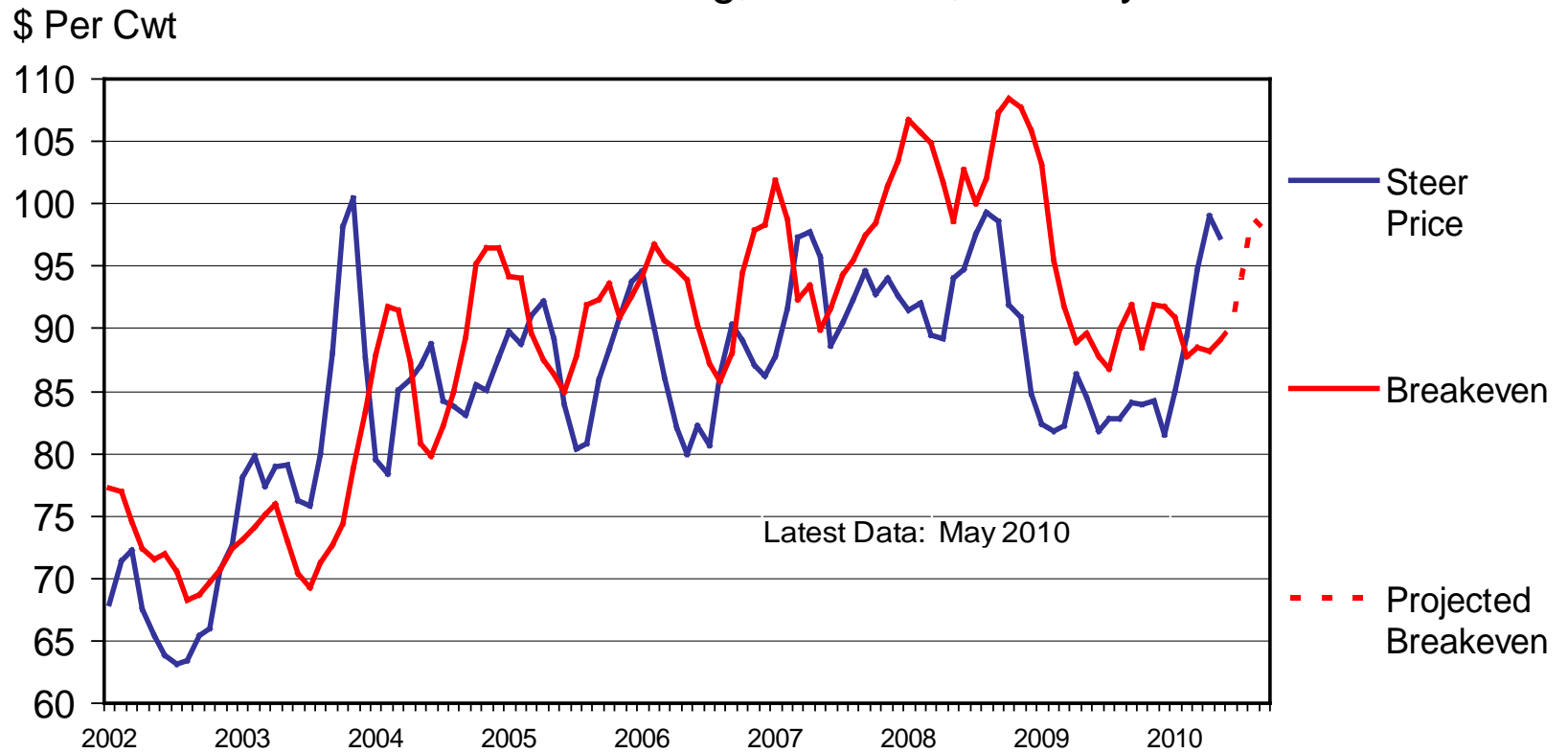
KANSAS FEEDLOT CLOSEOUTS

Feeding Costs per Cwt, Steers



CHOICE STEER PRICE vs BREAKEVEN

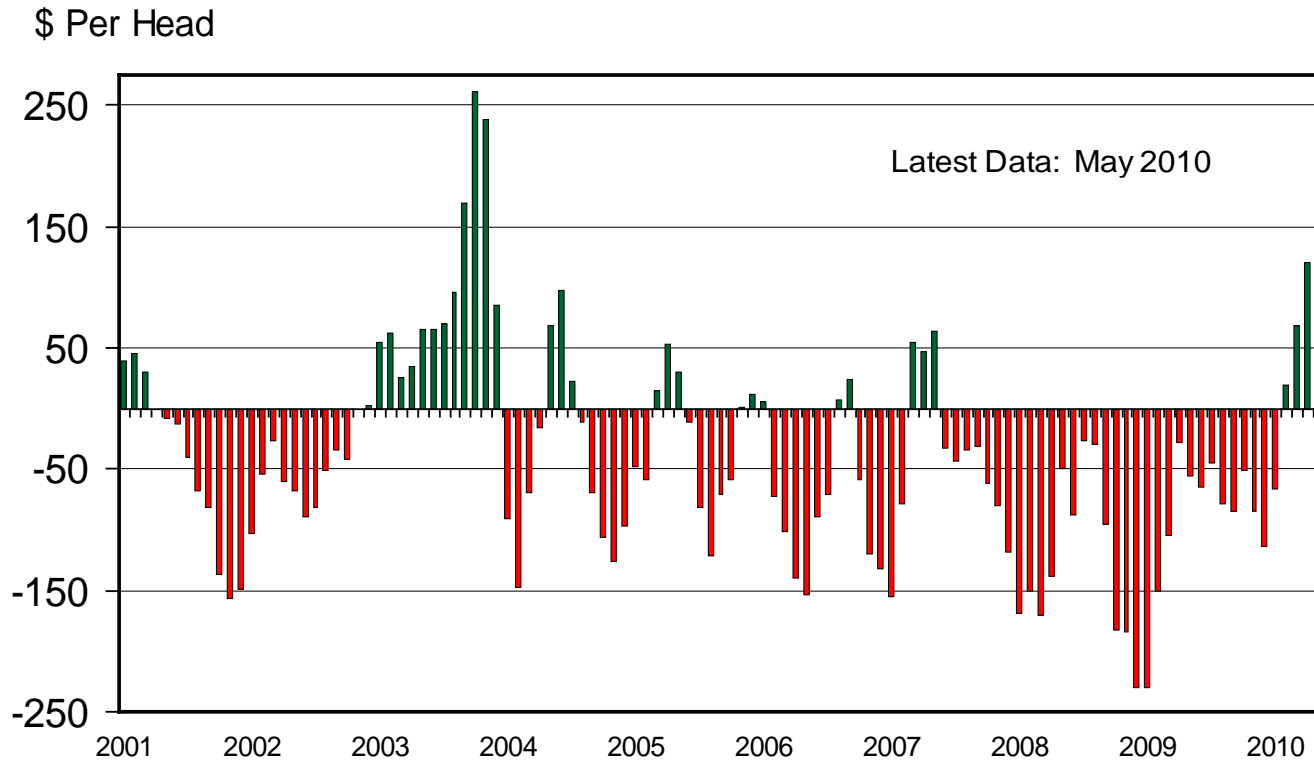
Cattle Feeding, S. Plains, Monthly



C-P-21
06/01/10

AVERAGE RETURNS TO CATTLE FEEDERS

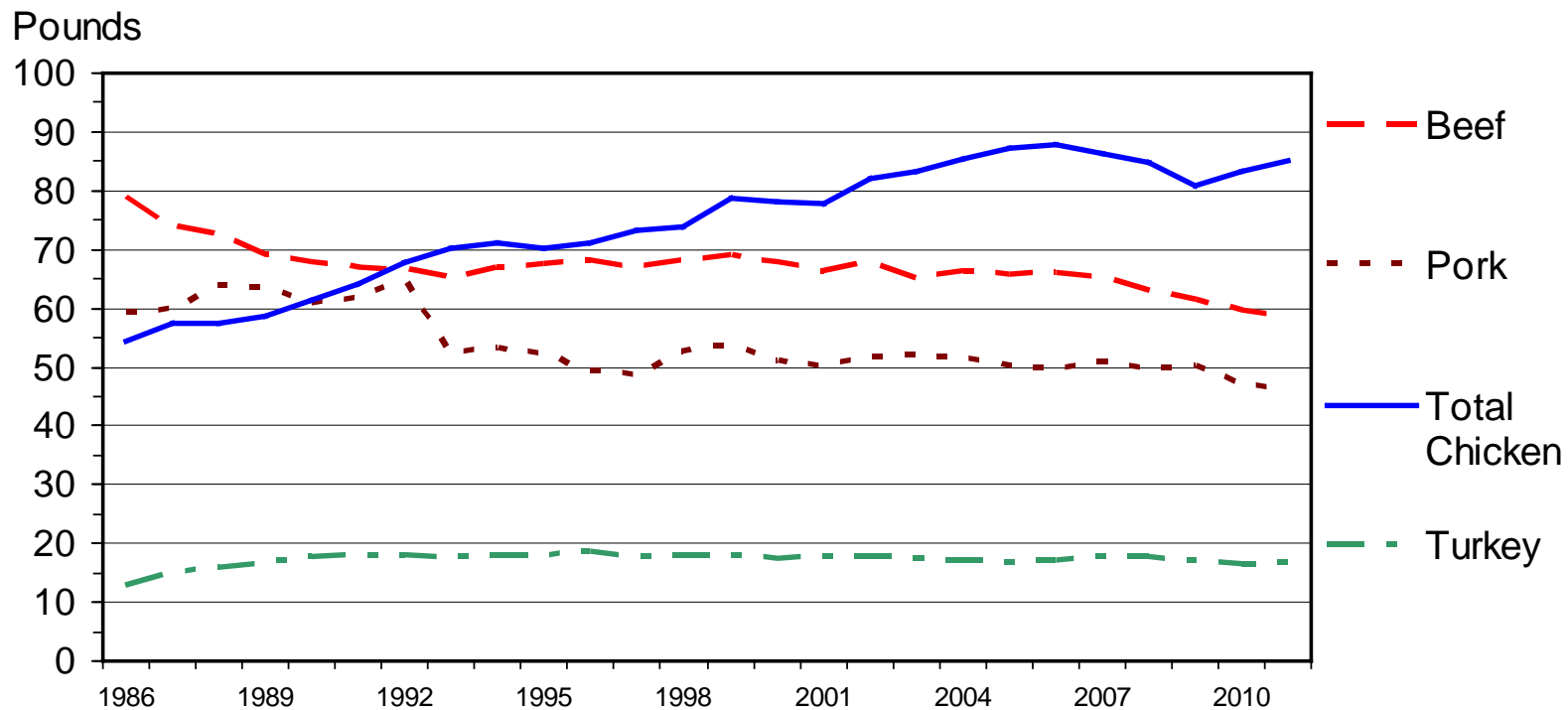
Feeding 725 Lb. Steers, S. Plains, Monthly



C-P-22
06/01/10

U S RED MEAT & POULTRY CONSUMPTION

Per Capita, Retail Weight, Annual



M-C-10
06/02/10

QUARTERLY CATTLE & BEEF FORECASTS (LMIC: 6/15/2010)

Year Quarter	Comm'l Slaughter (1,000 Head)	% Chg. from Year Ago	Average Dressed Weight (Lbs.)	% Chg. from Year Ago	Comm'l Beef Production (Mil. Lbs.)	% Chg. from Year Ago
2010						
I	8,167.50	2.40	765.34	(2.30)	6,250.90	0.05
II	8,504.00	(1.16)	758.00	(1.22)	6,446.00	(2.36)
III	8,330.00	(2.21)	790.88	0.71	6,588.00	(1.52)
IV	7,906.00	(4.07)	793.70	1.78	6,275.00	(2.35)
Year	32,907.50	(1.29)	776.72	(0.27)	25,559.90	(1.56)
2011						
I	7,936.00	(2.83)	785.03	2.57	6,230.00	(0.33)
II	8,159.00	(4.06)	771.17	1.74	6,292.00	(2.39)
III	8,230.00	(1.20)	798.06	0.91	6,568.00	(0.30)
IV	7,603.00	(3.83)	799.29	0.70	6,077.00	(3.16)
Year	31,928.00	(2.98)	788.24	1.48	25,167.00	(1.54)

QUARTERLY CATTLE & BEEF FORECASTS (LMIC: 6/15/2010)

Year Quarter	Per Capita Consumption (Retail Wt.)	% Chg. from Year Ago	Live Sltr. Steer Price 5-Mkt Avg (\$/Cwt.)	% Chg. from Year Ago	Feeder Steer Price Southern Plains 7-800# 5-600# (\$/Cwt.)
2010					
I	14.57	(4.72)	89.44	8.84	100.88 116.2266667
II	15.25	(2.83)	95-97	13.65	110-113 126-130
III	15.12	(2.86)	88-91	7.76	109-113 124-129
IV	14.49	(1.58)	90-94	10.46	102-109 116-122
Year	59.44	(3.00)	91-93	10.51	105-109 119-125
2011					
I	14.42	(1.04)	89-95	2.86	99-107 118-127
II	14.83	(2.75)	93-99	-	105-115 123-133
III	15.02	(0.63)	88-95	2.23	108-119 124-135
IV	14.09	(2.74)	92-100	4.35	104-114 119-130
Year	58.53	(1.53)	91-97	2.17	105-113 121-131

Risk Management and Return Forecasting

Tools Available:

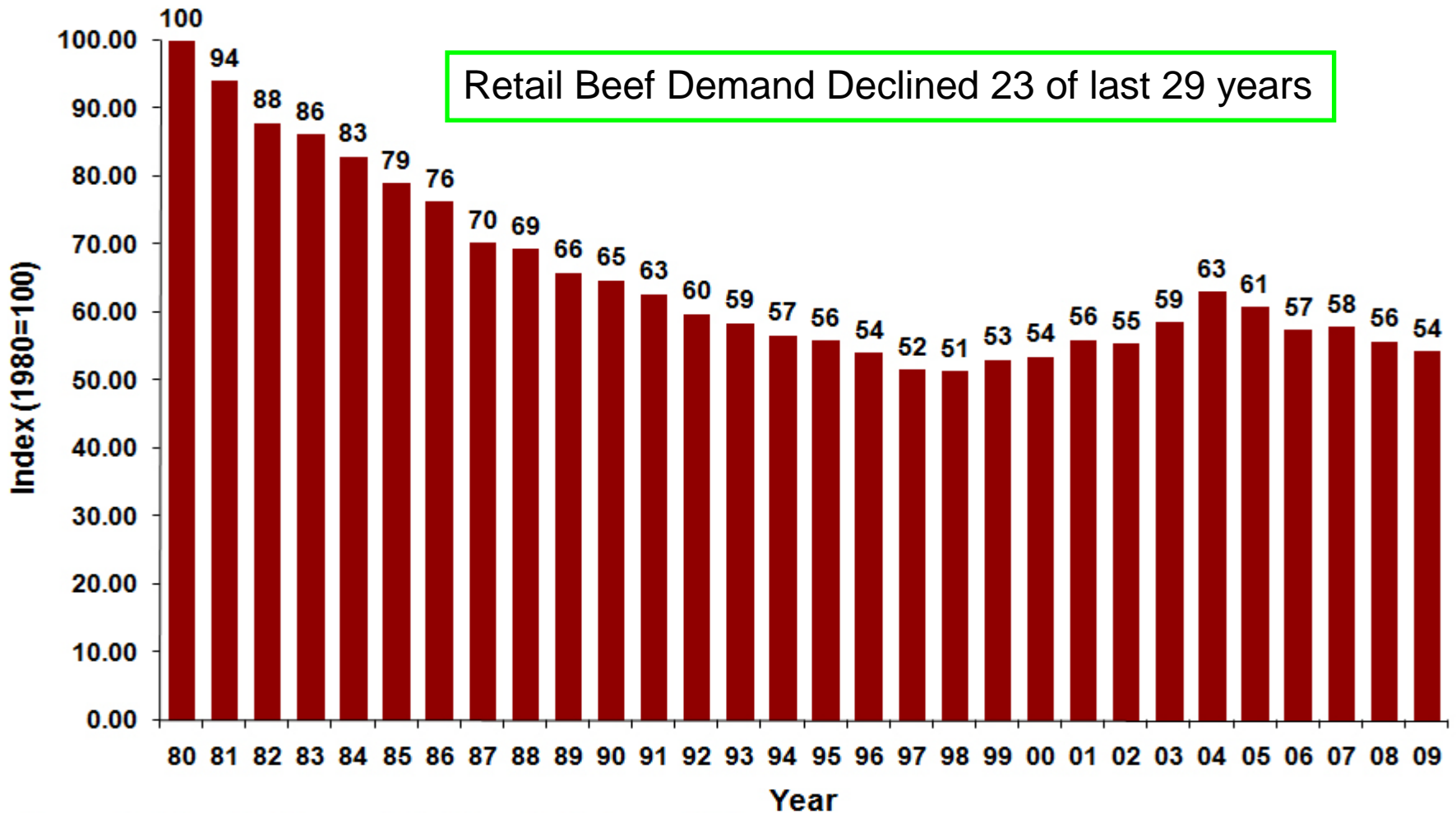
- Feeder Cattle Sales Risk Management Tool,
 - Compare expected sales prices of alternative FC marketing strategies
 - (<http://www.agmanager.info/livestock/marketing/LRP/default.asp>)

 - 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 & industry pressures in need of evaluation:

- Animal well-being/welfare
 - “social pressures” are here to stay ...
 - beef/cattle are not immune
 - Recent analysis suggests meat expenditures reallocate to non-meat in response to increasing media attention...
- Does differentiation of niche products = stigmatizing of conventional products???
- E.g. what impact does promotion of “humanely raised” beef have on “commodity beef?”
- Perceived safety issues span beyond FSIS recalls
 - traceability and identification (in)ability sends signals
 - calls for antibiotic bans, etc. will likely continue...

More information available at:
AgManager (<http://www.agmanager.info/>)

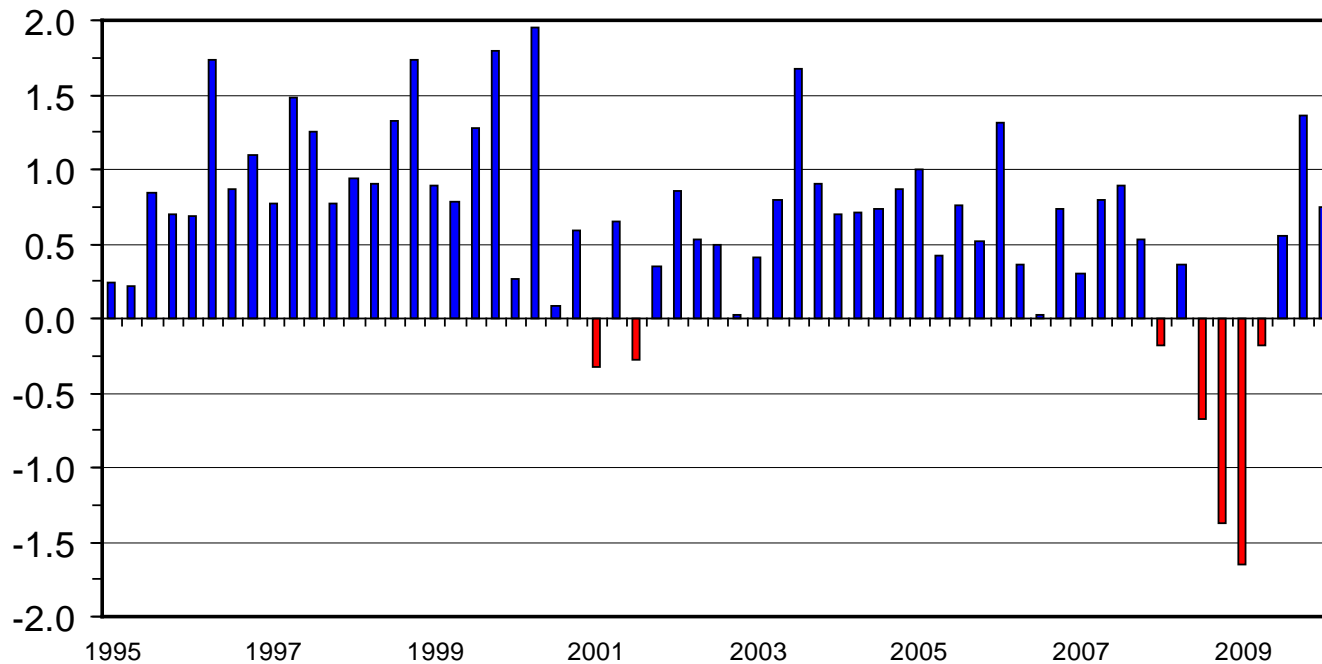
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QUESTIONS???

QTRLY GROSS DOMESTIC PRODUCT (GDP)

Real Dollar (2005) Change from Previous Quarter

Percent Change



E-E-01
05/27/10

PERSONAL SAVINGS AS A PERCENT OF DISPOSABLE PERSONAL INCOME

Current Dollars, Quarterly

