



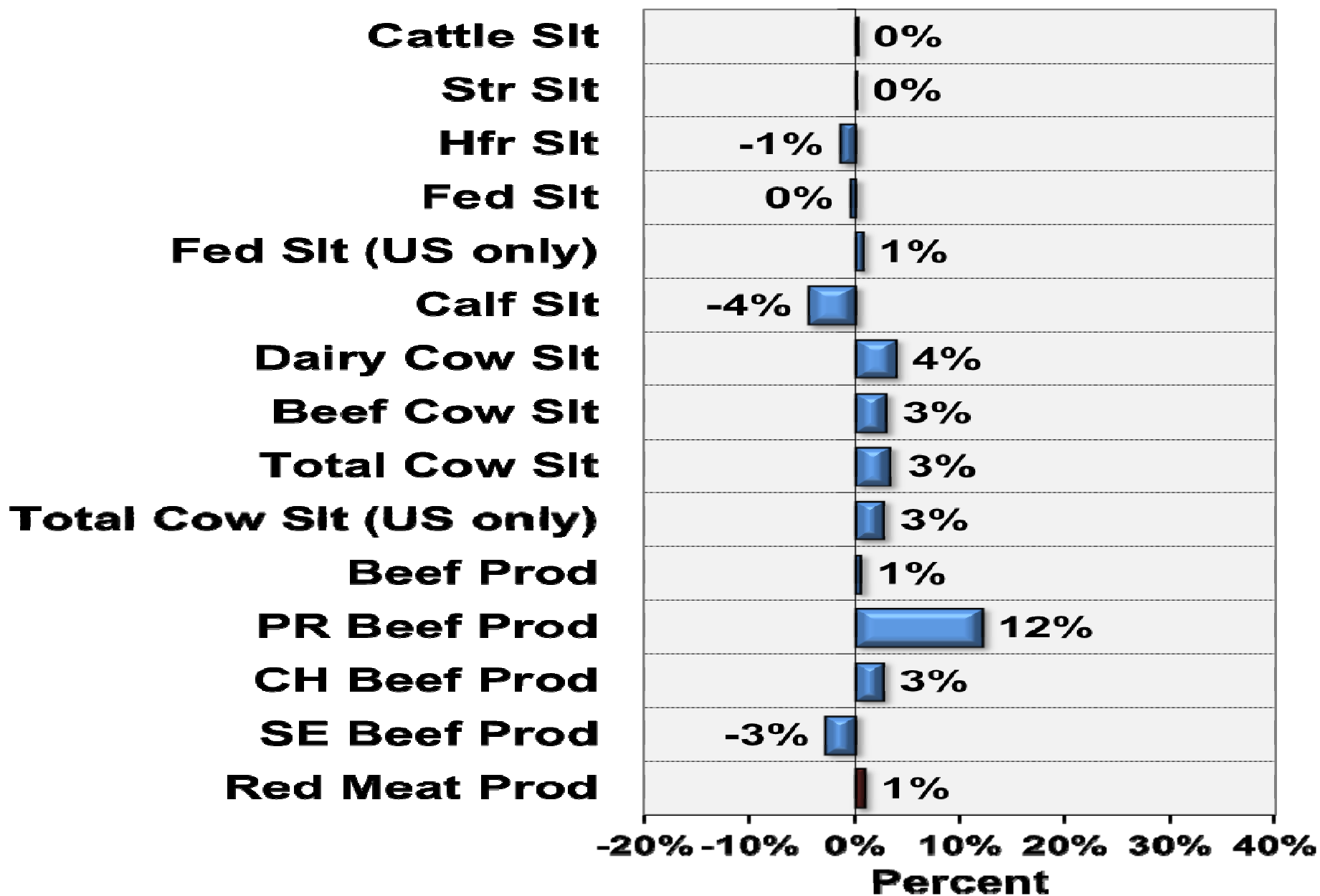
# Cattle and Beef Industry “Situation and Outlook”

October 2011

# Factors to Watch

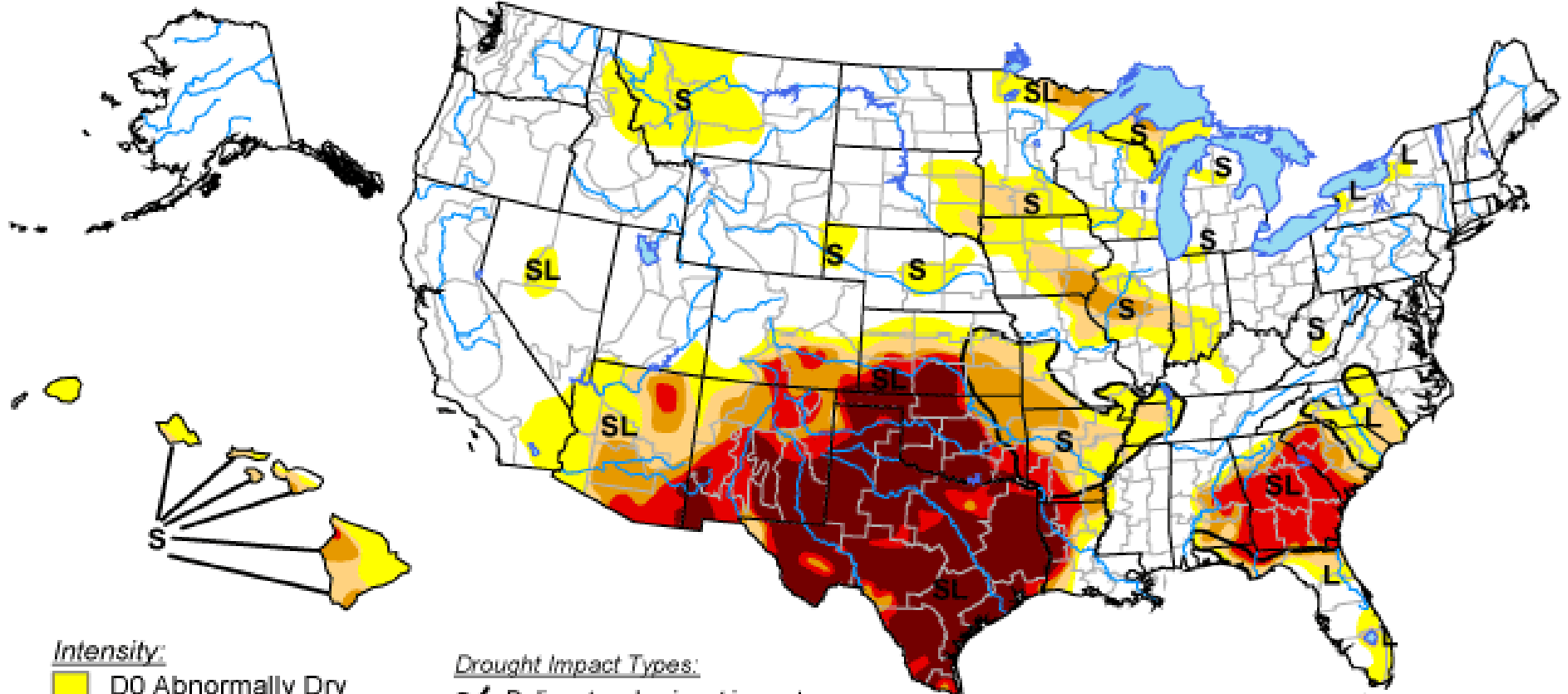
- Economy
- Washington D.C.
- Supplies

# YTD Change in Slaughter & Production








# U.S. Drought Monitor


September 27, 2011  
Valid 8 a.m. EDT



## Intensity:

-  D0 Abnormally Dry
-  D1 Drought - Moderate
-  D2 Drought - Severe
-  D3 Drought - Extreme
-  D4 Drought - Exceptional

## Drought Impact Types:

-  Delineates dominant impacts
- S = Short-Term, typically <6 months (e.g. agriculture, grasslands)
- L = Long-Term, typically >6 months (e.g. hydrology, ecology)

The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.

<http://droughtmonitor.unl.edu/>



Released Thursday, September 29, 2011

Author: Michael Brewer/Liz Love-Brotak, NOAA/NESDIS/NCDC

# U.S. Drought Monitor

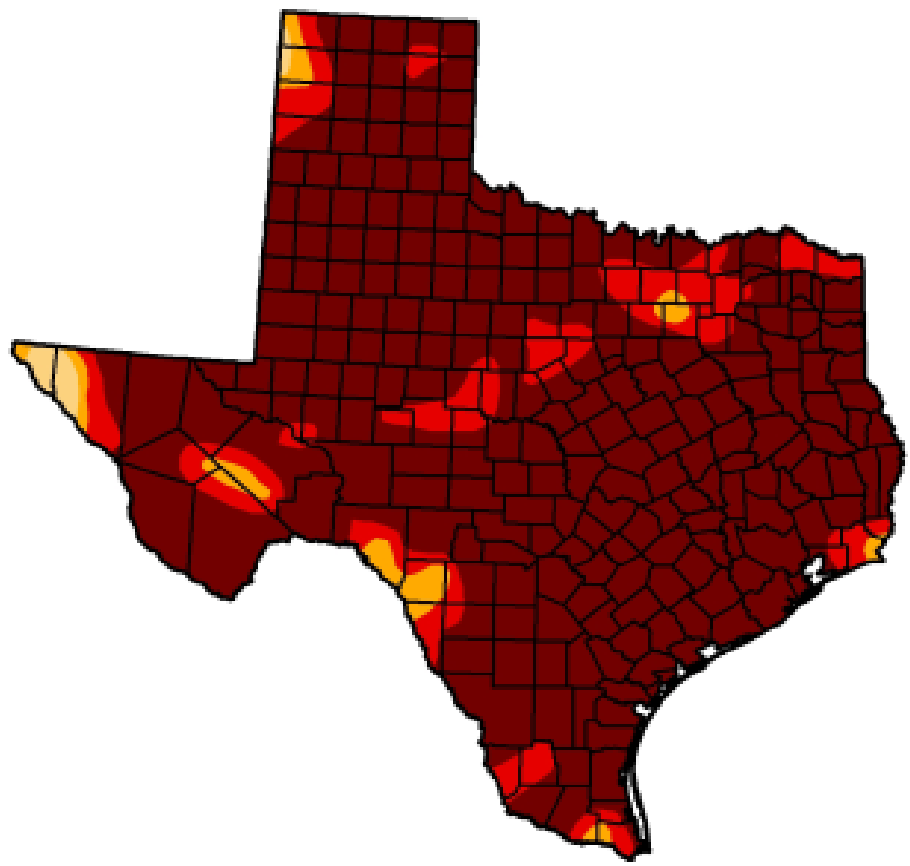
September 27, 2011

Valid 7 a.m. EST

## Texas

Drought Conditions (Percent Area)

	None	D0-D4	D1-D4	D2-D4	D3-D4	D4
Current	0.00	100.00	100.00	99.16	96.65	85.75
Last Week (09/20/2011 map)	0.00	100.00	100.00	99.03	96.10	85.43
3 Months Ago (06/28/2011 map)	2.68	97.32	95.71	94.52	90.62	72.32
Start of Calendar Year (12/28/2010 map)	7.89	92.11	69.43	37.46	9.59	0.00
Start of Water Year (09/28/2010 map)	75.57	24.43	2.43	0.99	0.00	0.00
One Year Ago (09/21/2010 map)	77.29	22.71	3.34	0.97	0.00	0.00



Intensity:

- D0 Abnormally Dry
- D1 Drought - Moderate
- D2 Drought - Severe
- D3 Drought - Extreme
- D4 Drought - Exceptional

The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.

<http://drought.unl.edu/dm>



Released Thursday, September 29, 2011  
Michael Brewer, National Climatic Data Center, NOAA

# North American Drought Monitor

August 31, 2011

Released: Friday September 9, 2011

<http://www.ncdc.noaa.gov/nadm.html>

Analysts:

Canada - Trevor Hadwen  
Dwayne Chobanik  
Richard Rieger  
Mexico - Reynaldo Pascual  
Adelina Albanil  
U.S.A. - Brian Fuchs\*  
Eric Luebehusen

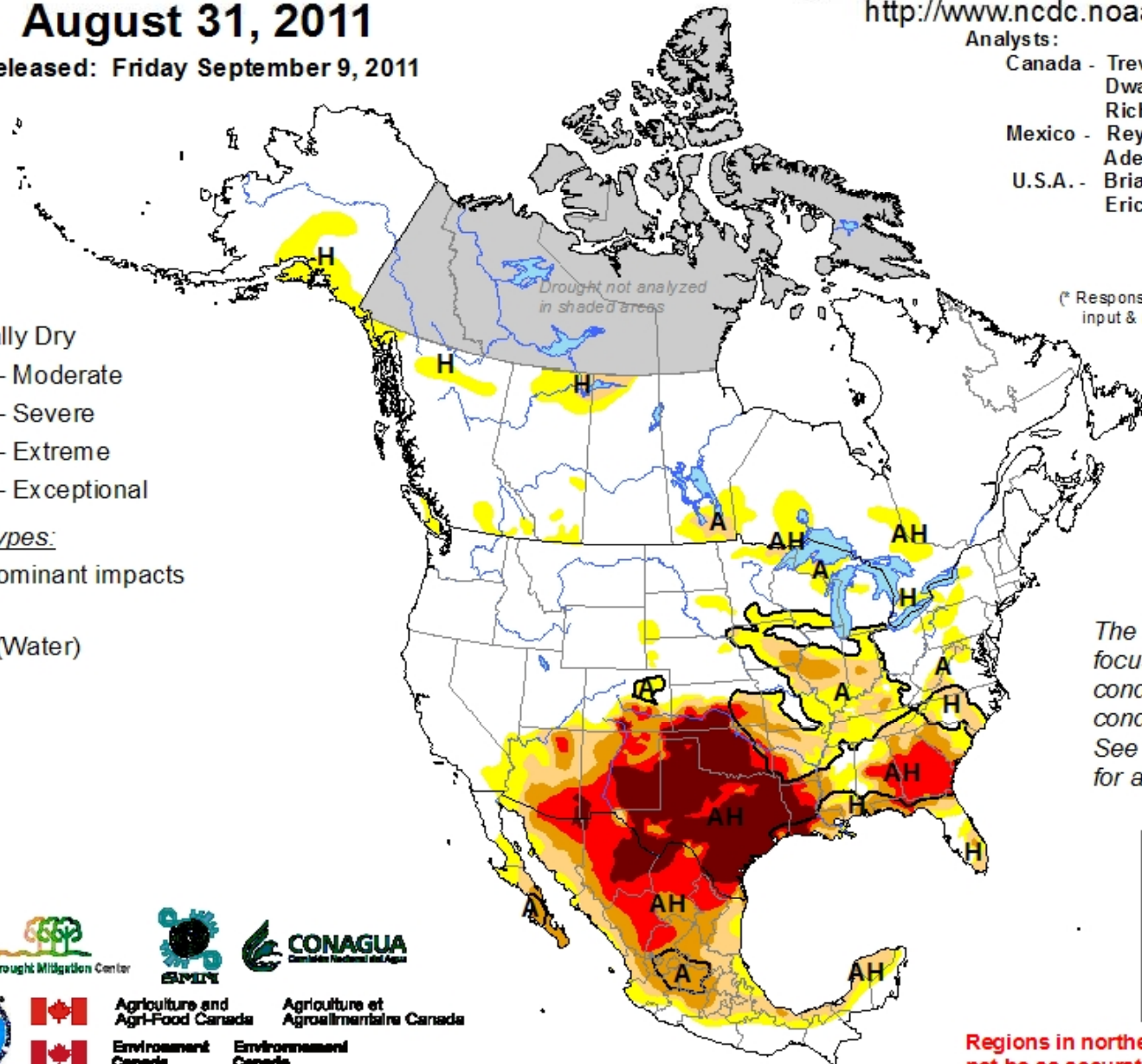
(\* Responsible for collecting analysts' input & assembling the NA-DM map)

## Intensity:

- D0 Abnormally Dry
- D1 Drought - Moderate
- D2 Drought - Severe
- D3 Drought - Extreme
- D4 Drought - Exceptional

## Drought Impact Types:

- Delineates dominant impacts
- A = Agriculture
- H = Hydrological (Water)



The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text for a general summary.

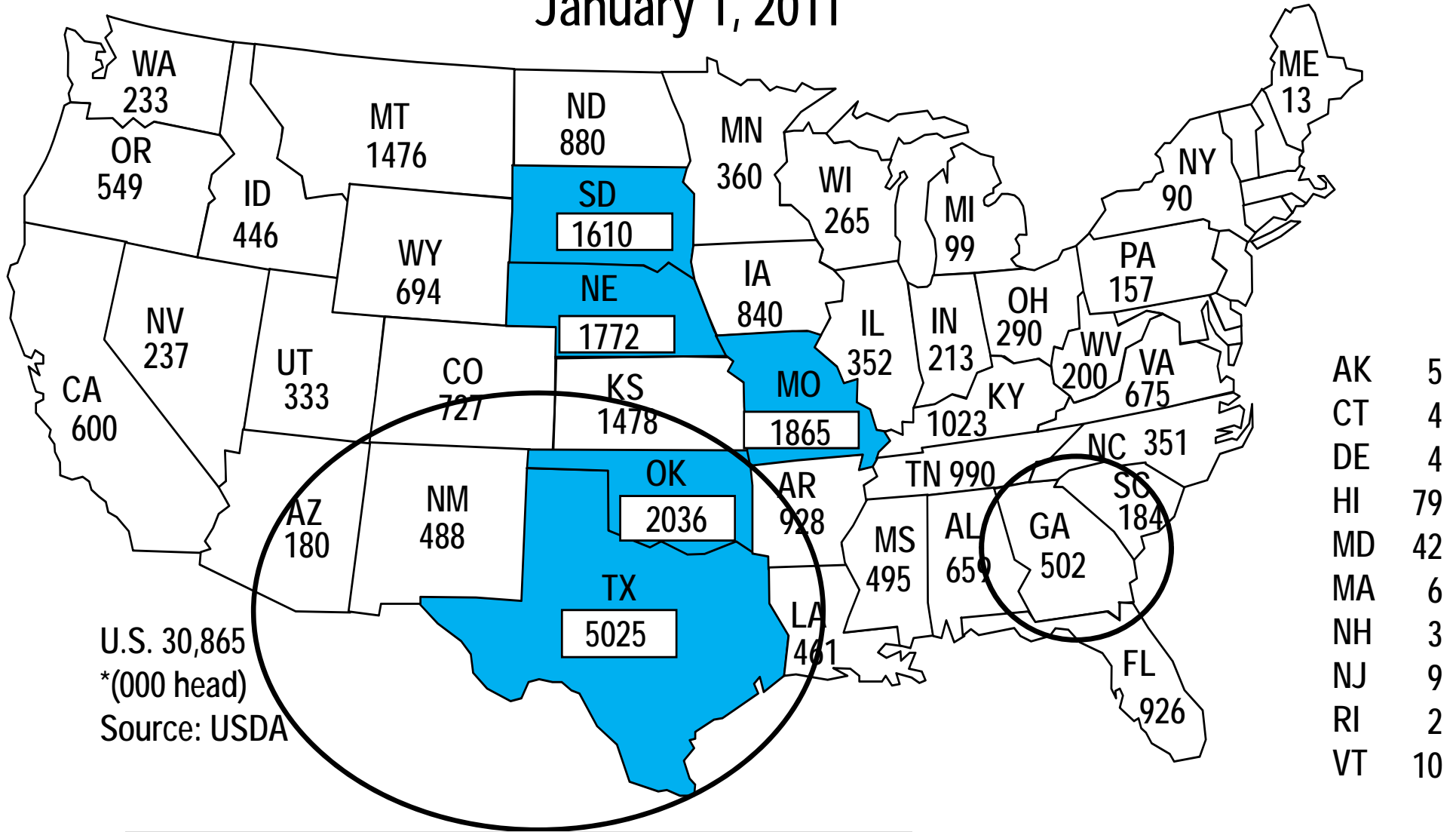


Regions in northern Canada may not be as accurate as other regions due to limited information.



# Beef Cow Numbers\* by State

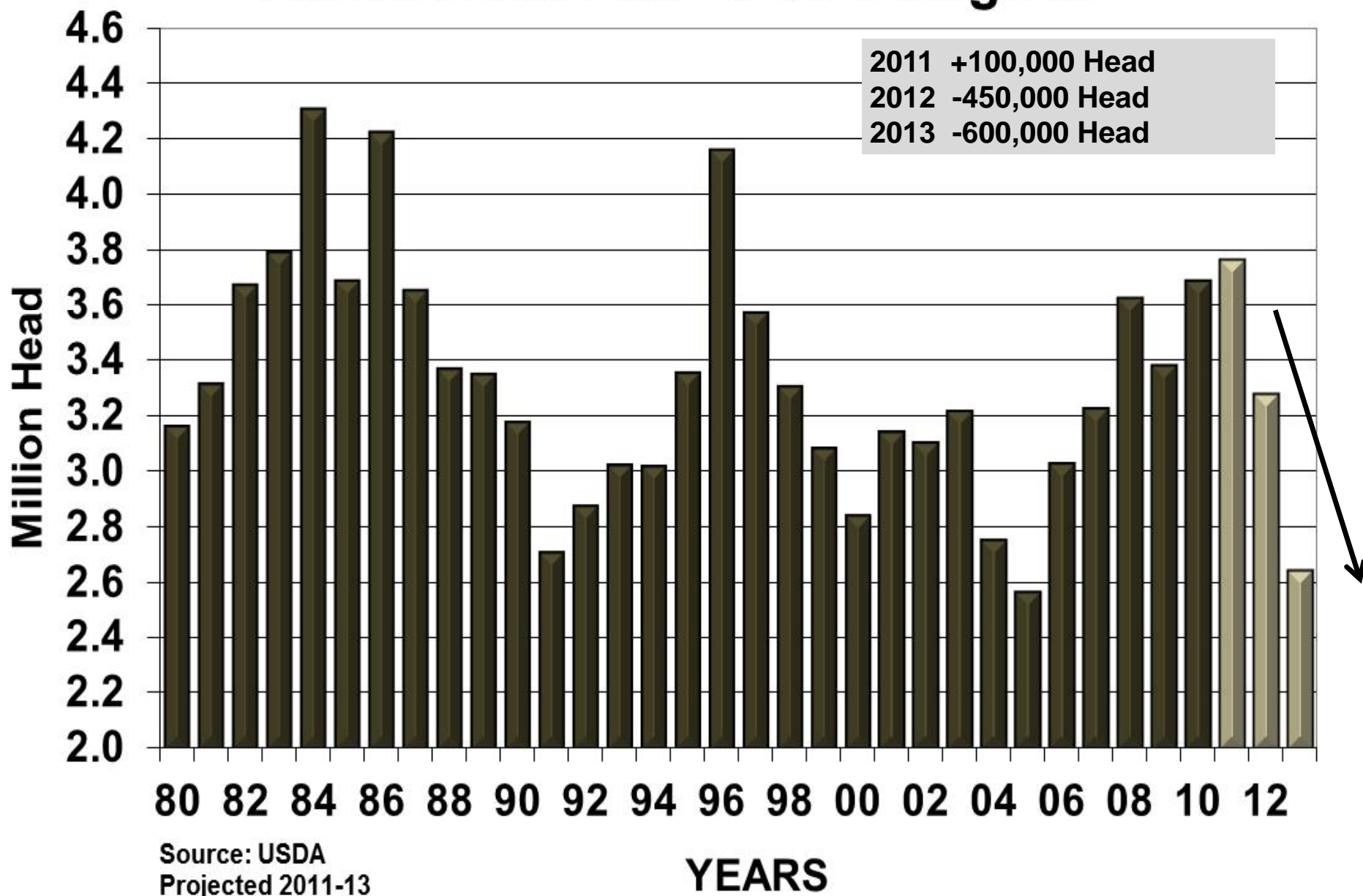
January 1, 2011



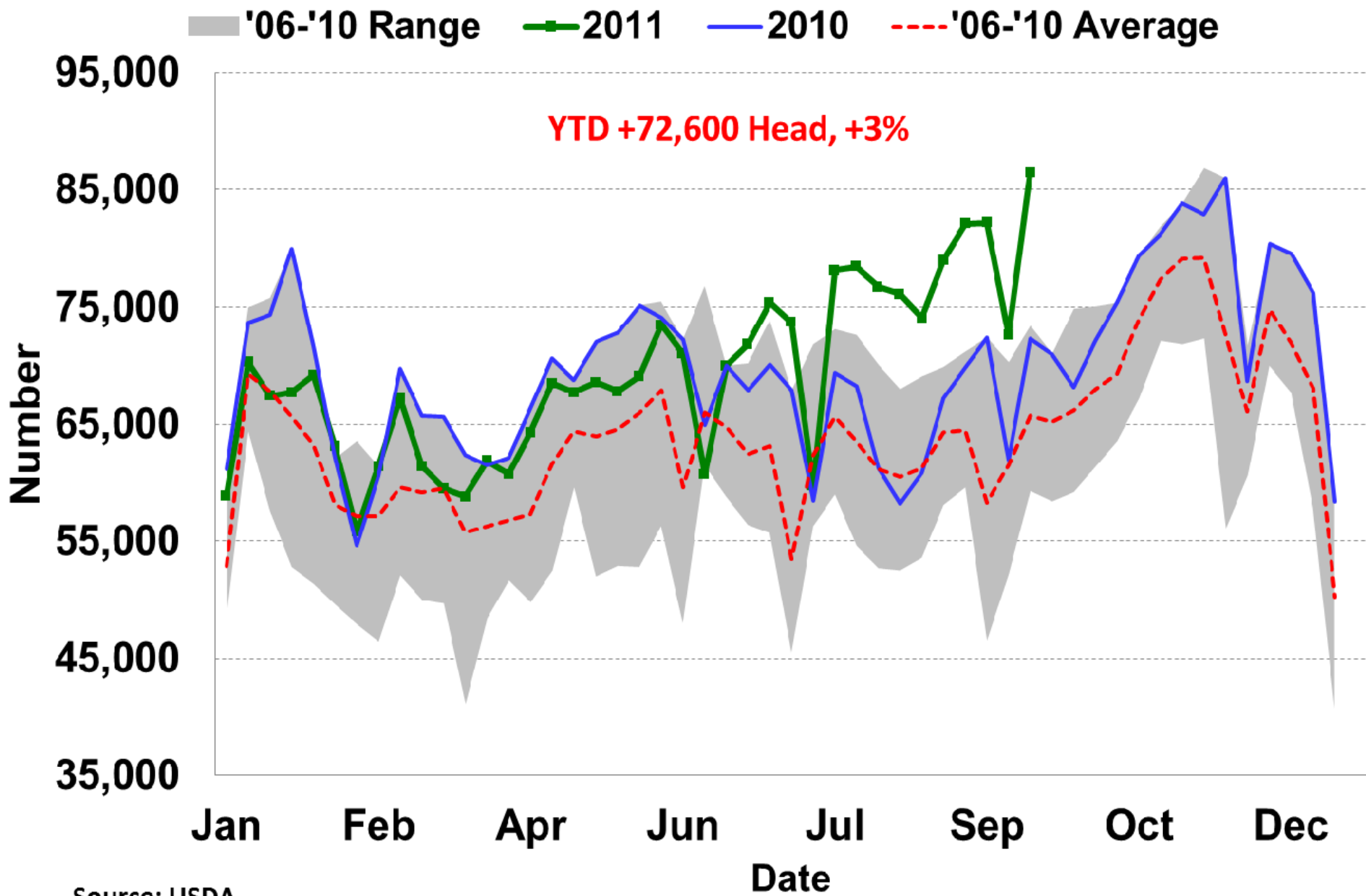
U.S. 30,865  
 \*(000 head)  
 Source: USDA

10 million (1/3) of the beef cow herd is located in Extreme/Exceptional drought areas

# Commercial Beef Cow Slaughter



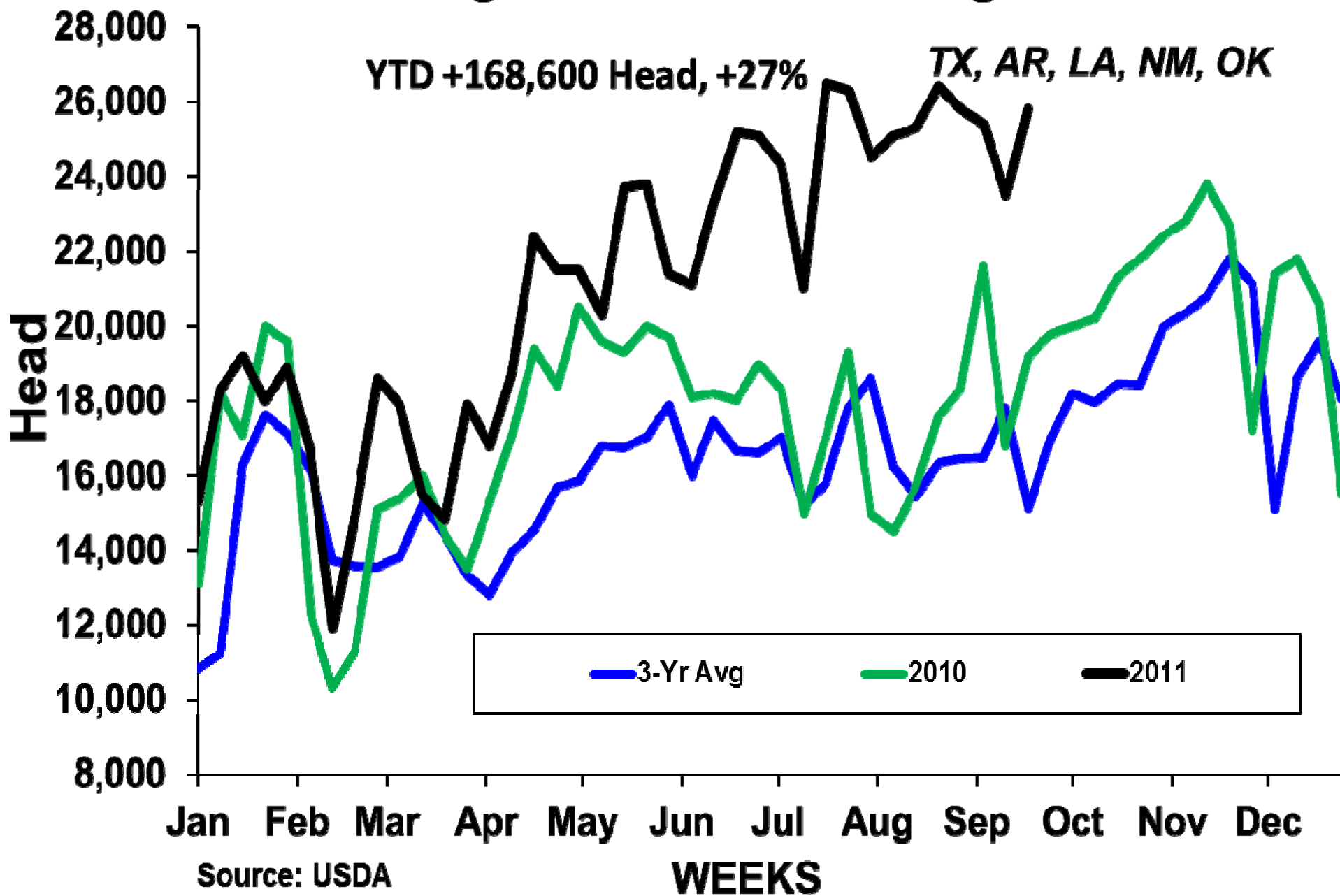
# Weekly U.S. Beef Cow Slaughter



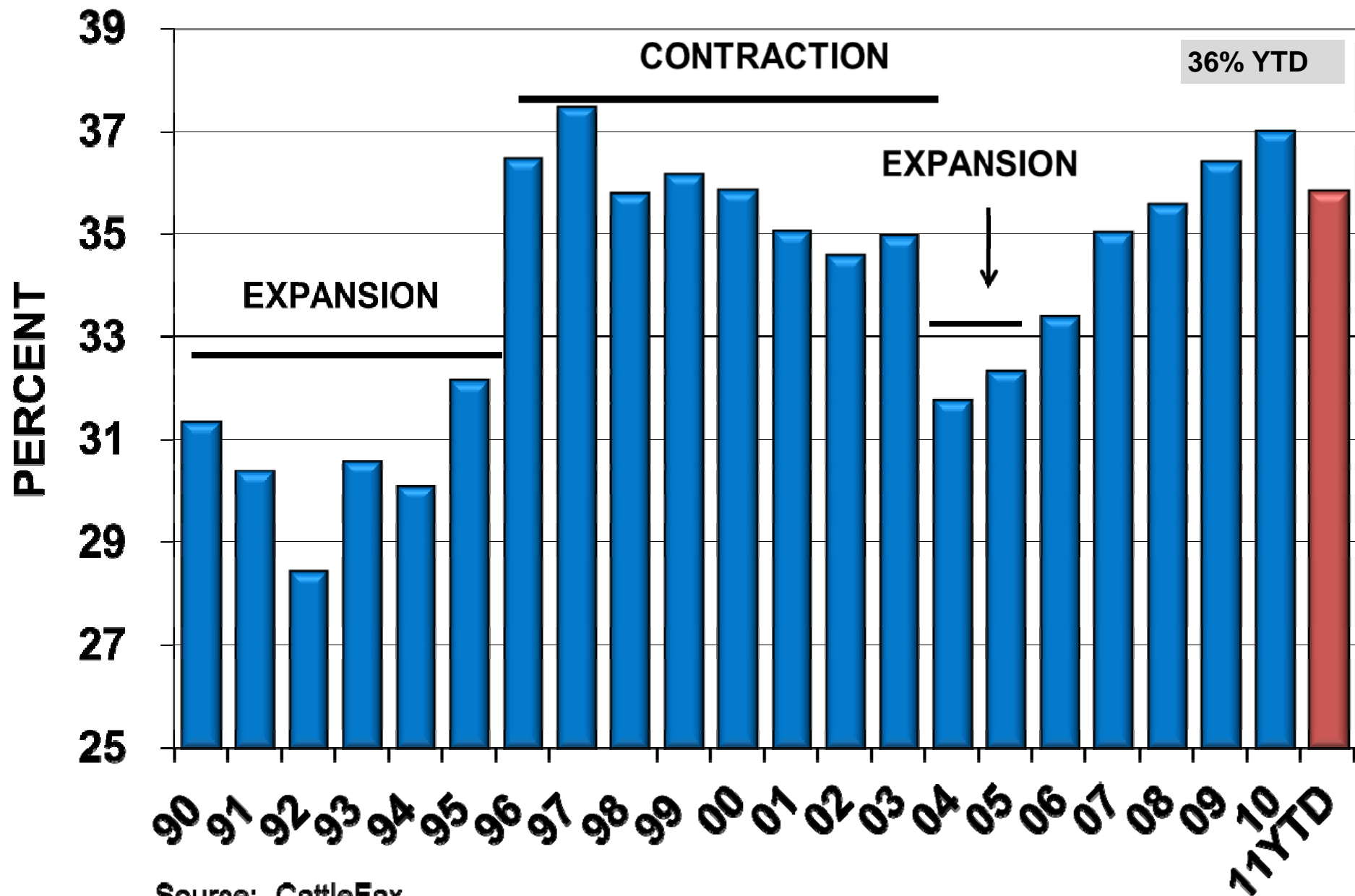
Source: USDA

# Regional Beef Cow Slaughter

YTD +168,600 Head, +27%  
TX, AR, LA, NM, OK

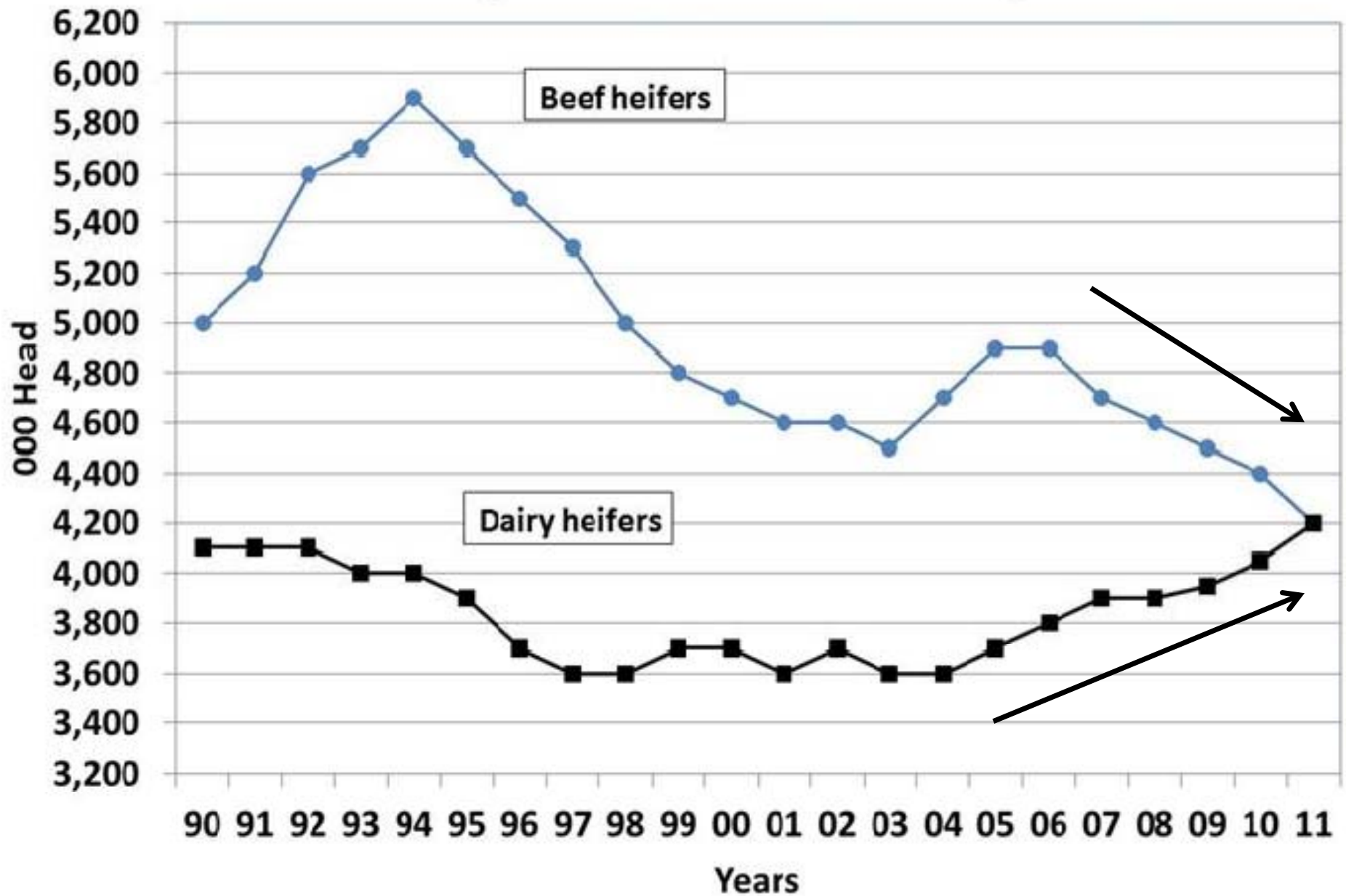


# Percent Heifer Placements



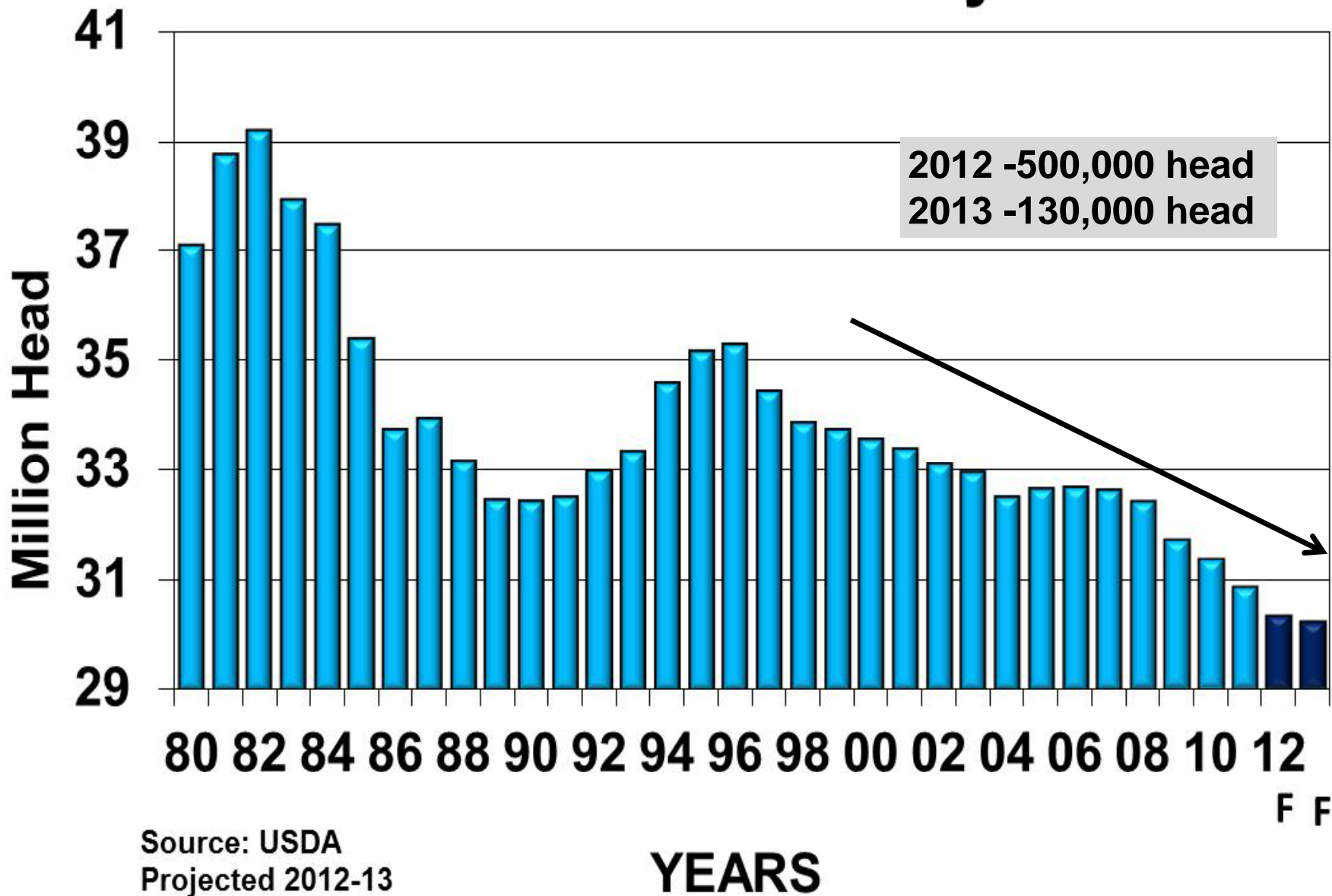
Source: CattleFax,  
2011 Jan.-May

# U.S. Replacement Heifers - July 1

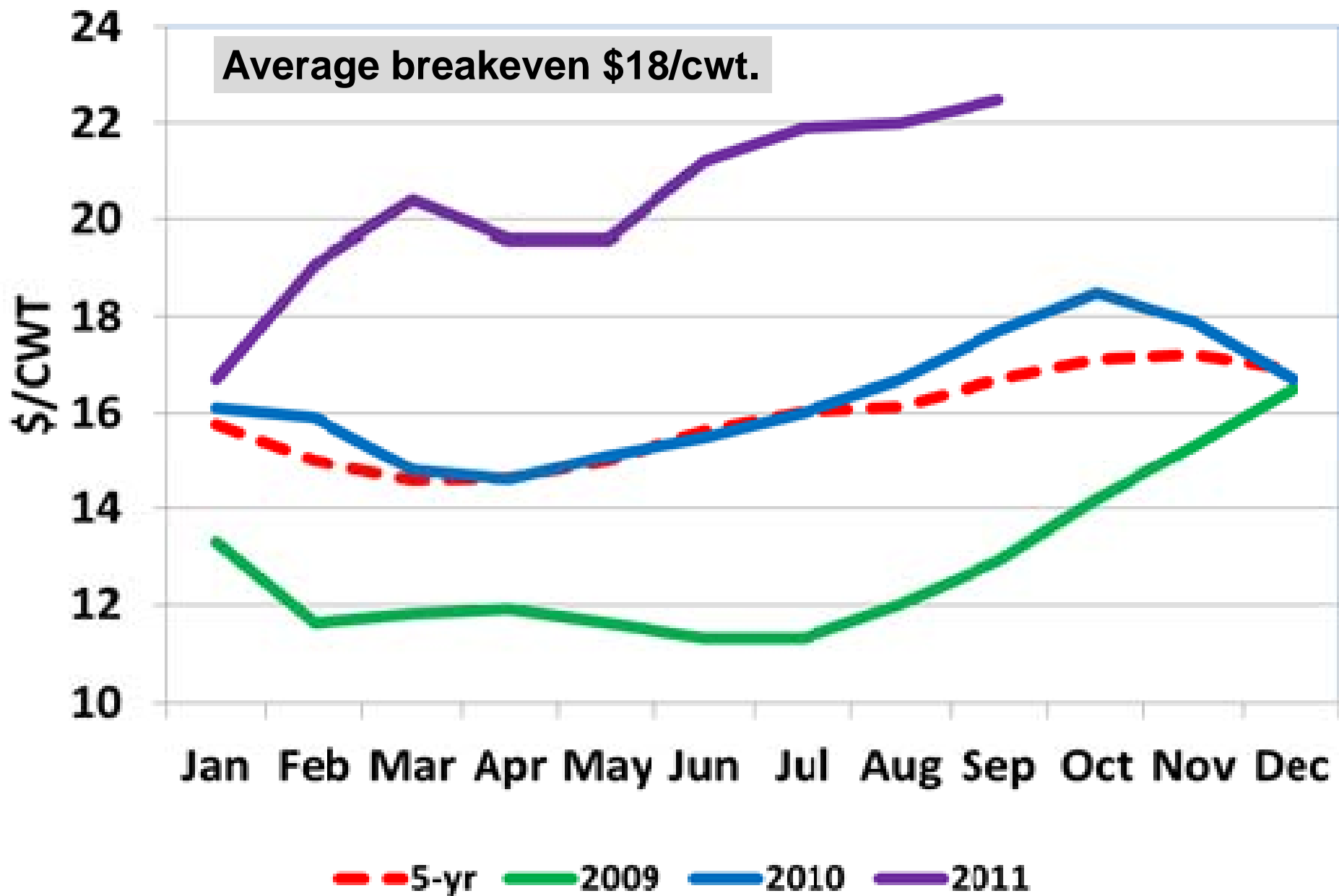


Source: USDA

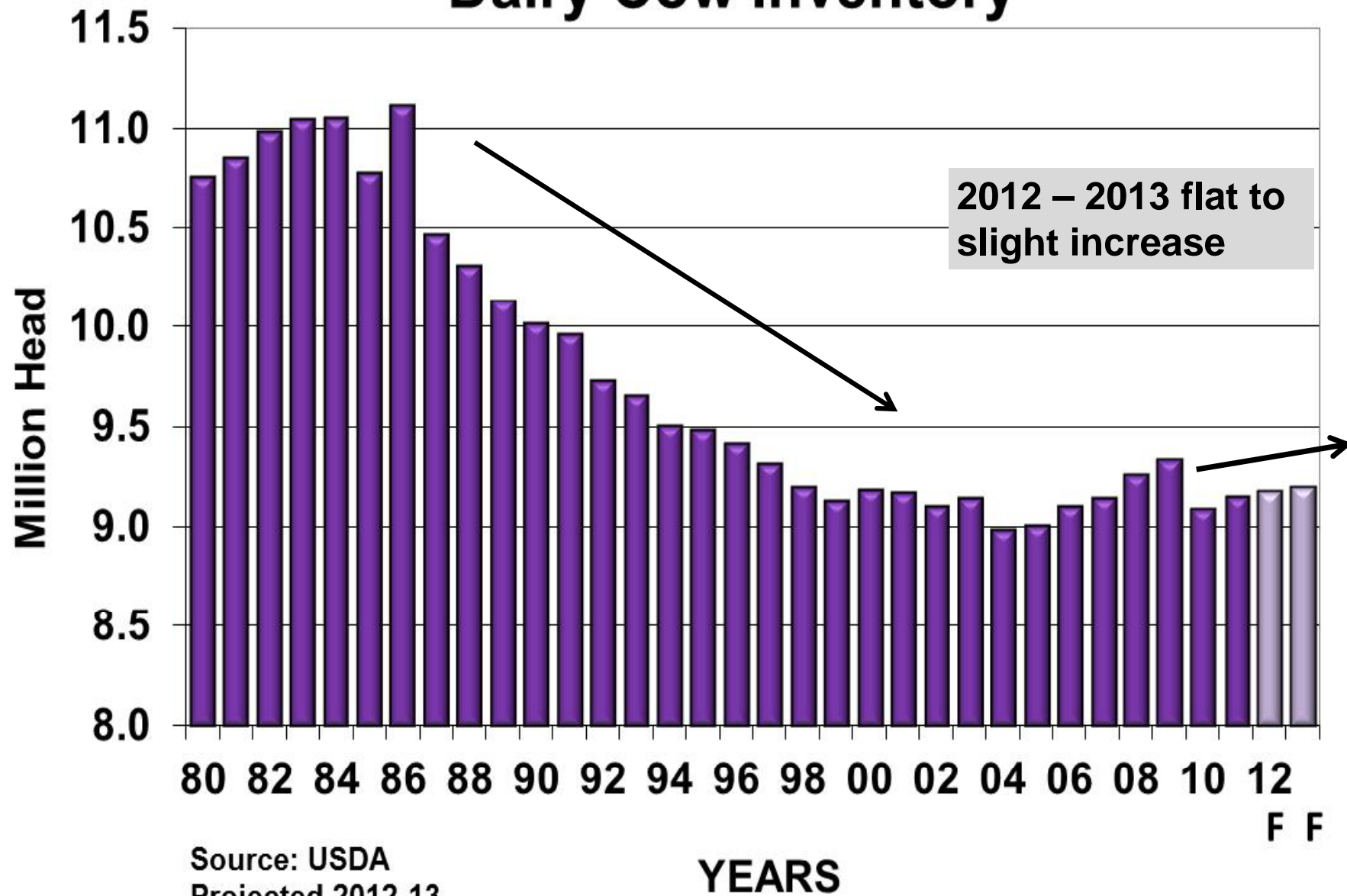
# Beef Cow Inventory



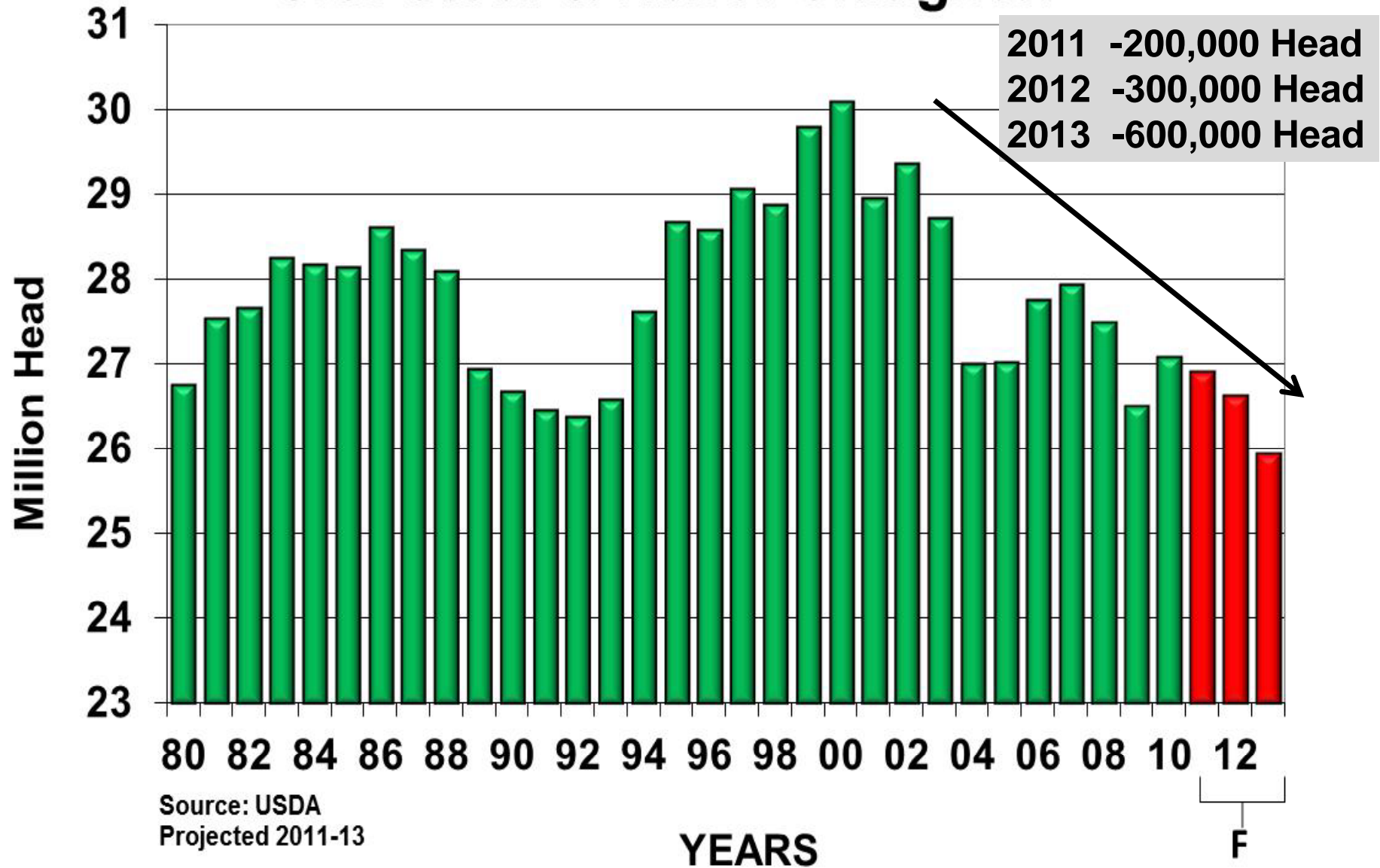
# USDA ALL MILK PRICE



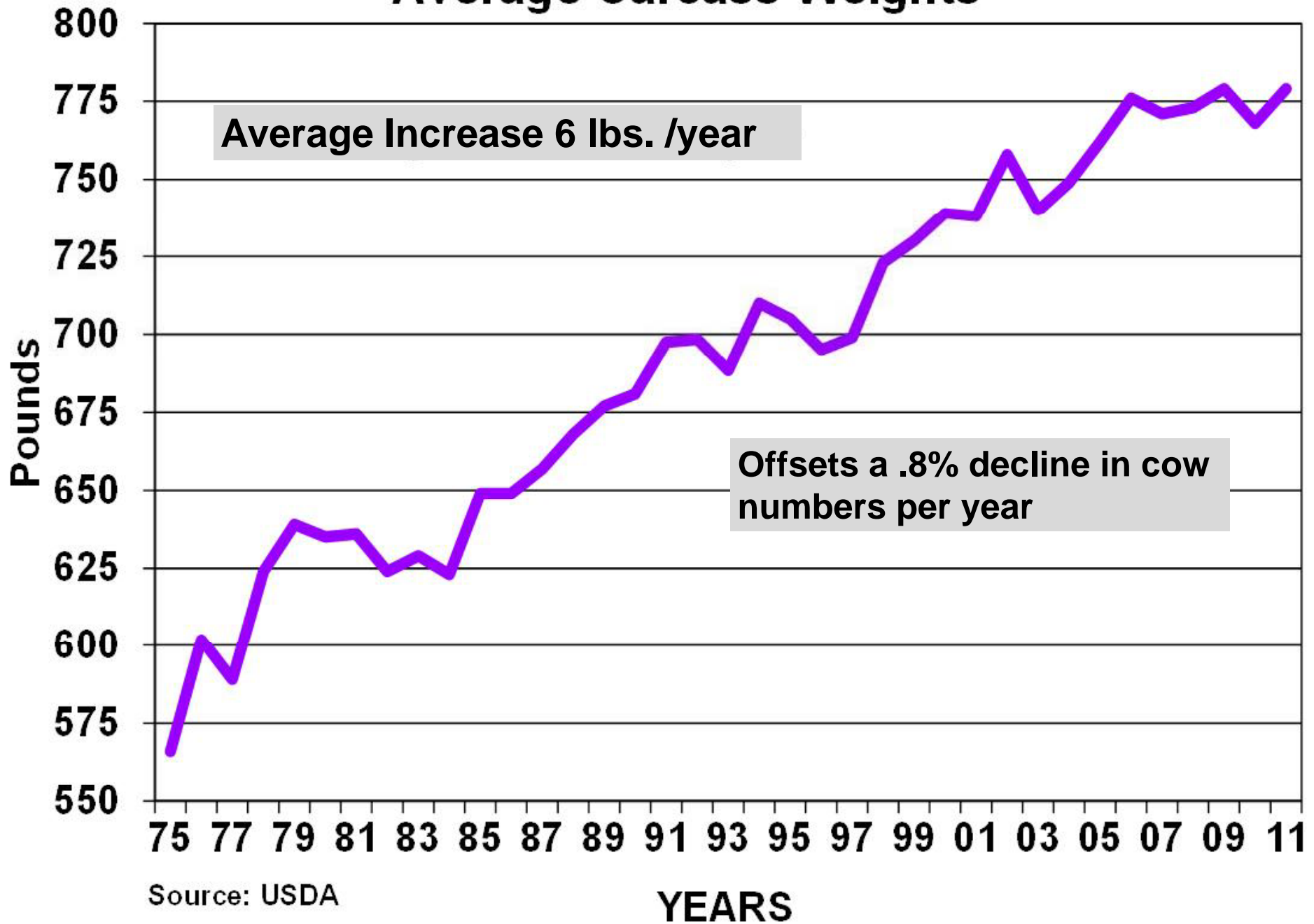
# Dairy Cow Inventory



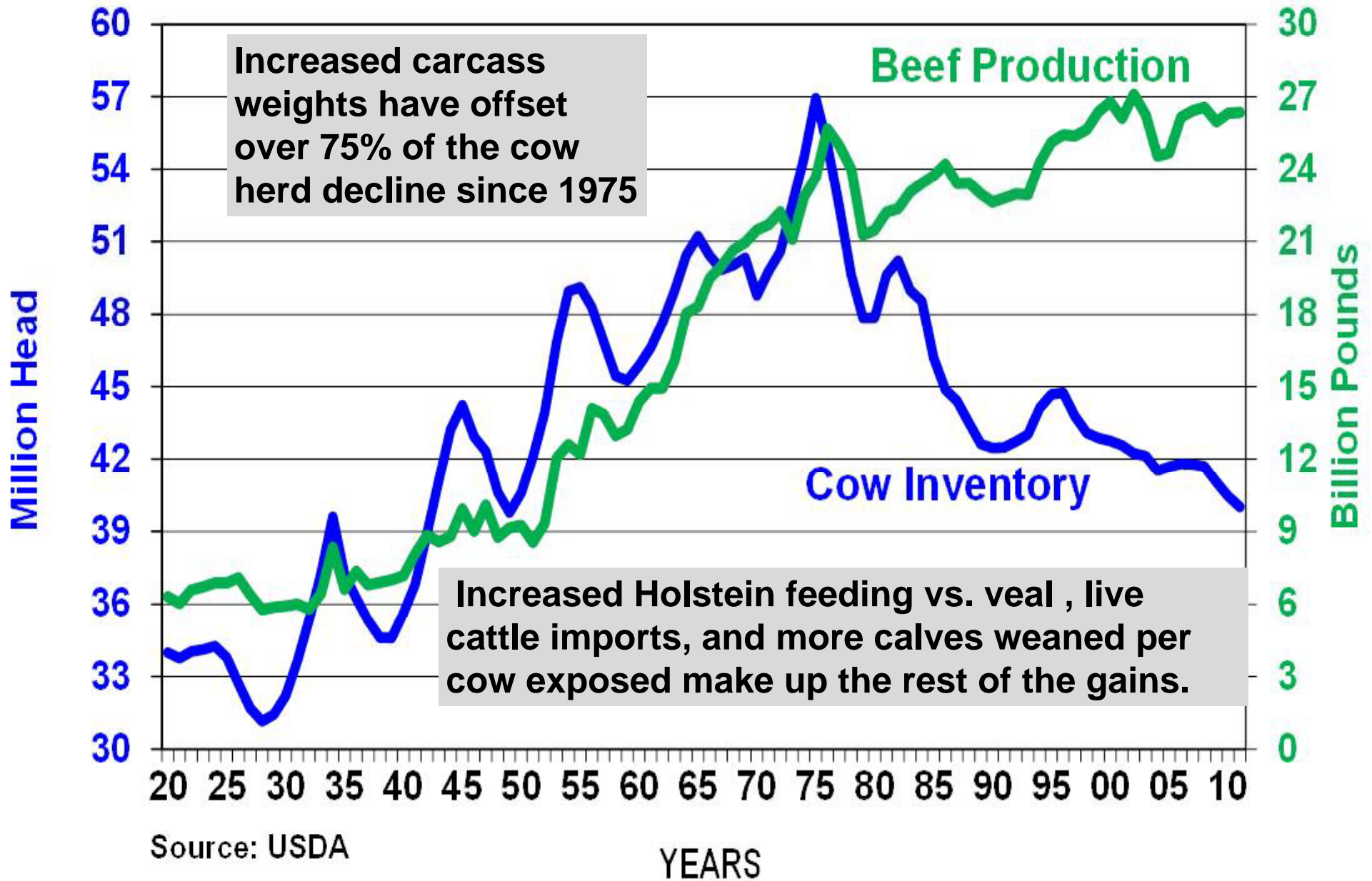
# U.S. Steer & Heifer Slaughter



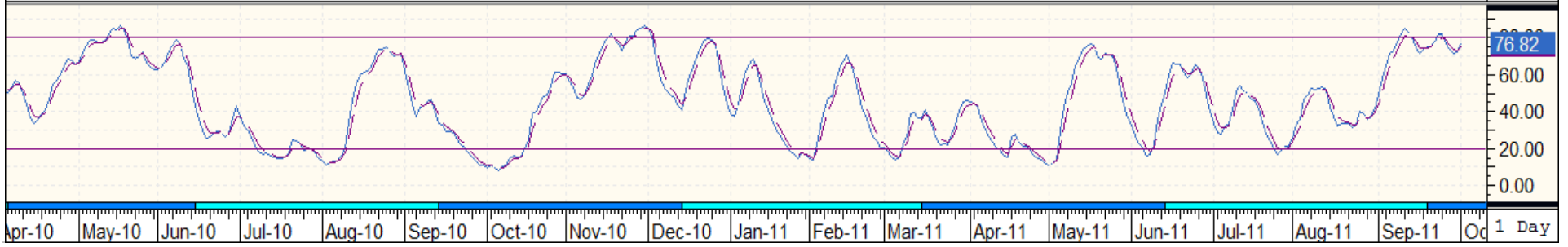
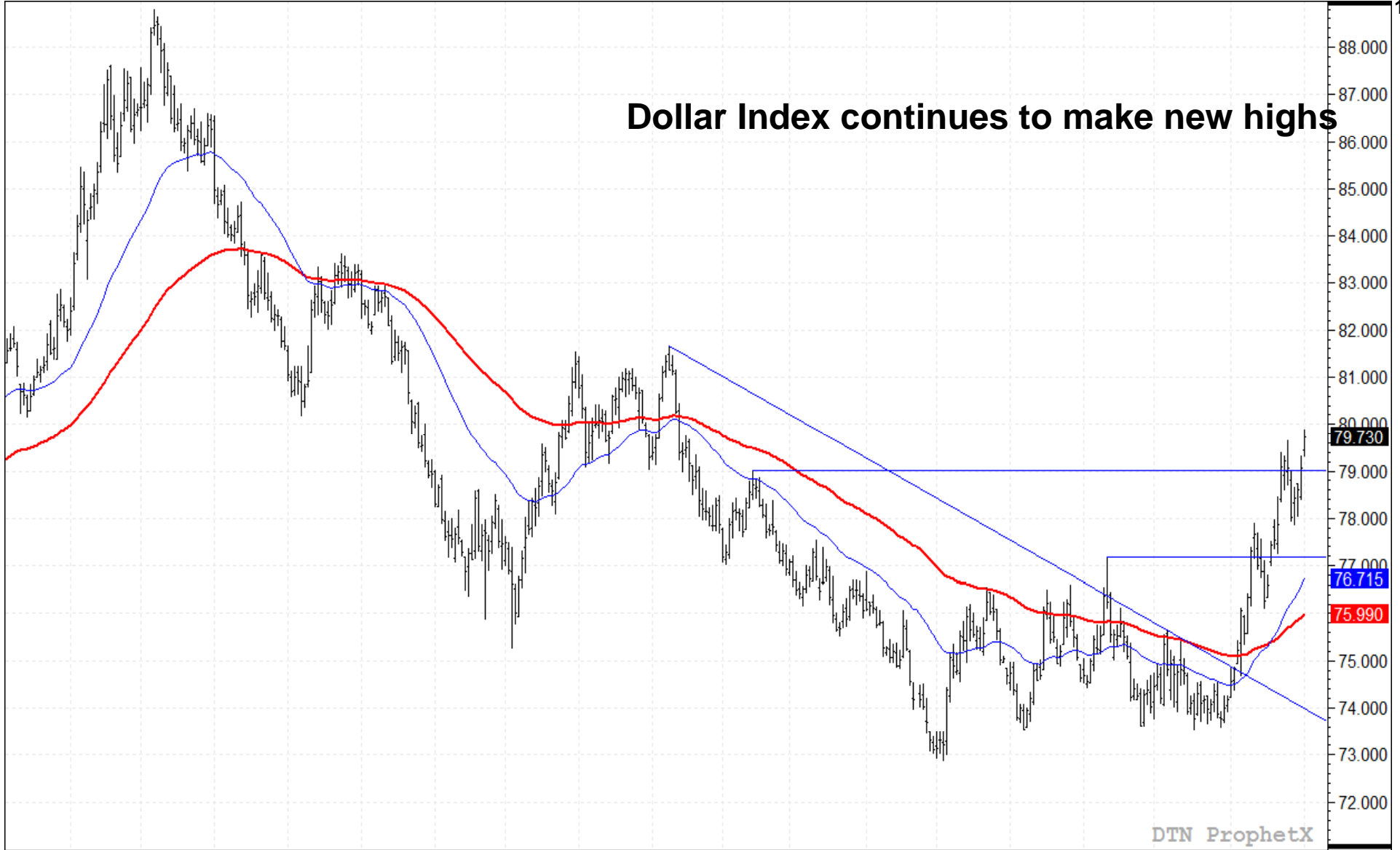
# Average Carcass Weights



# Total Cow Inventory & Commercial Beef Production

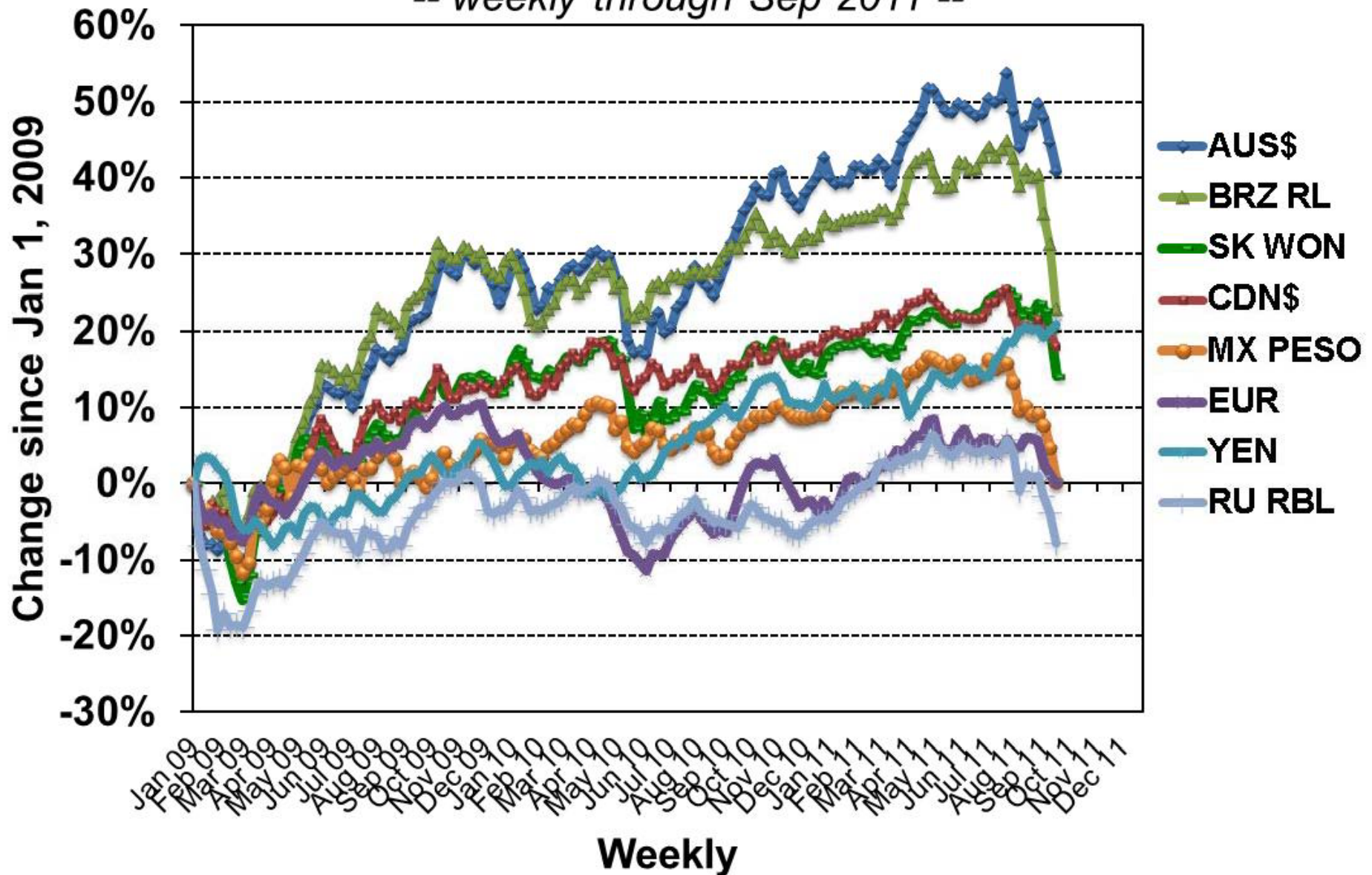


# Dollar Index continues to make new highs



# Changes vs. the Dollar

-- weekly through Sep 2011 --



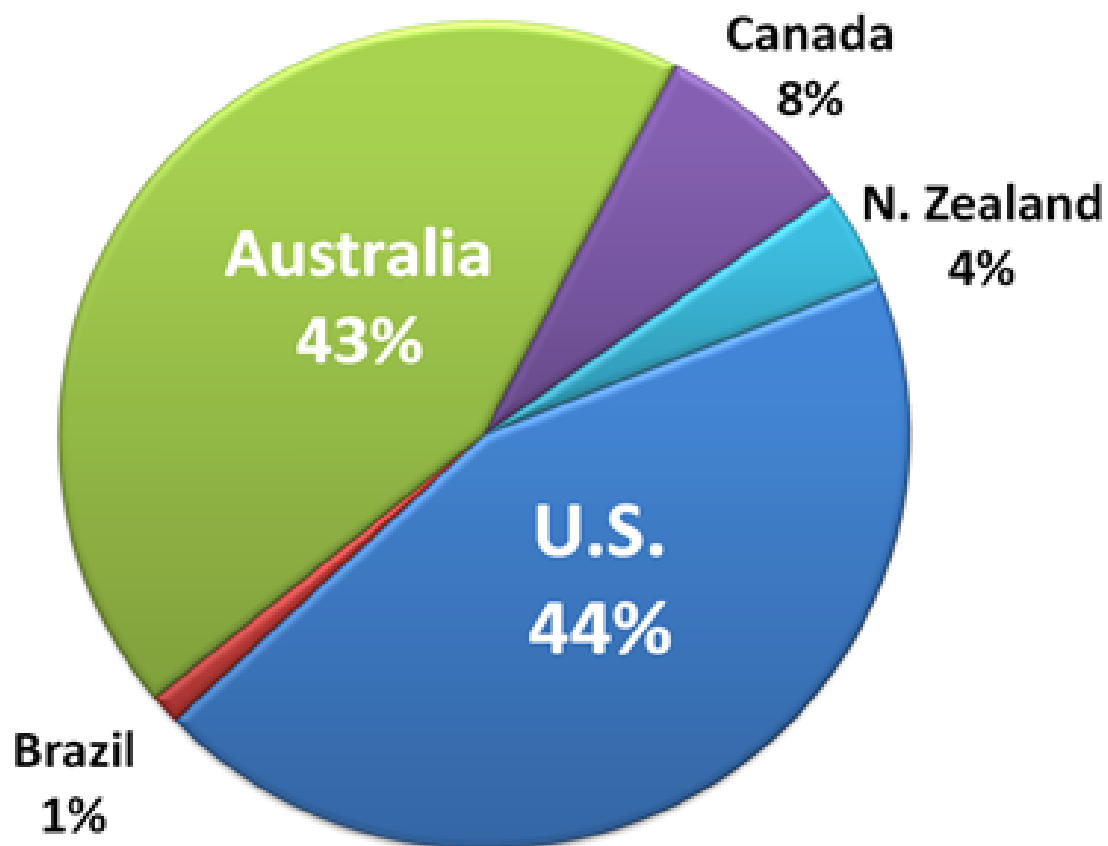
# U.S. Beef: Competitors



## Global Exports Beef to U.S. "Big 5"

75% of U.S. beef exports go to FIVE countries:

- ❑ Mexico
- ❑ Canada
- ❑ S. Korea
- ❑ Japan
- ❑ Vietnam

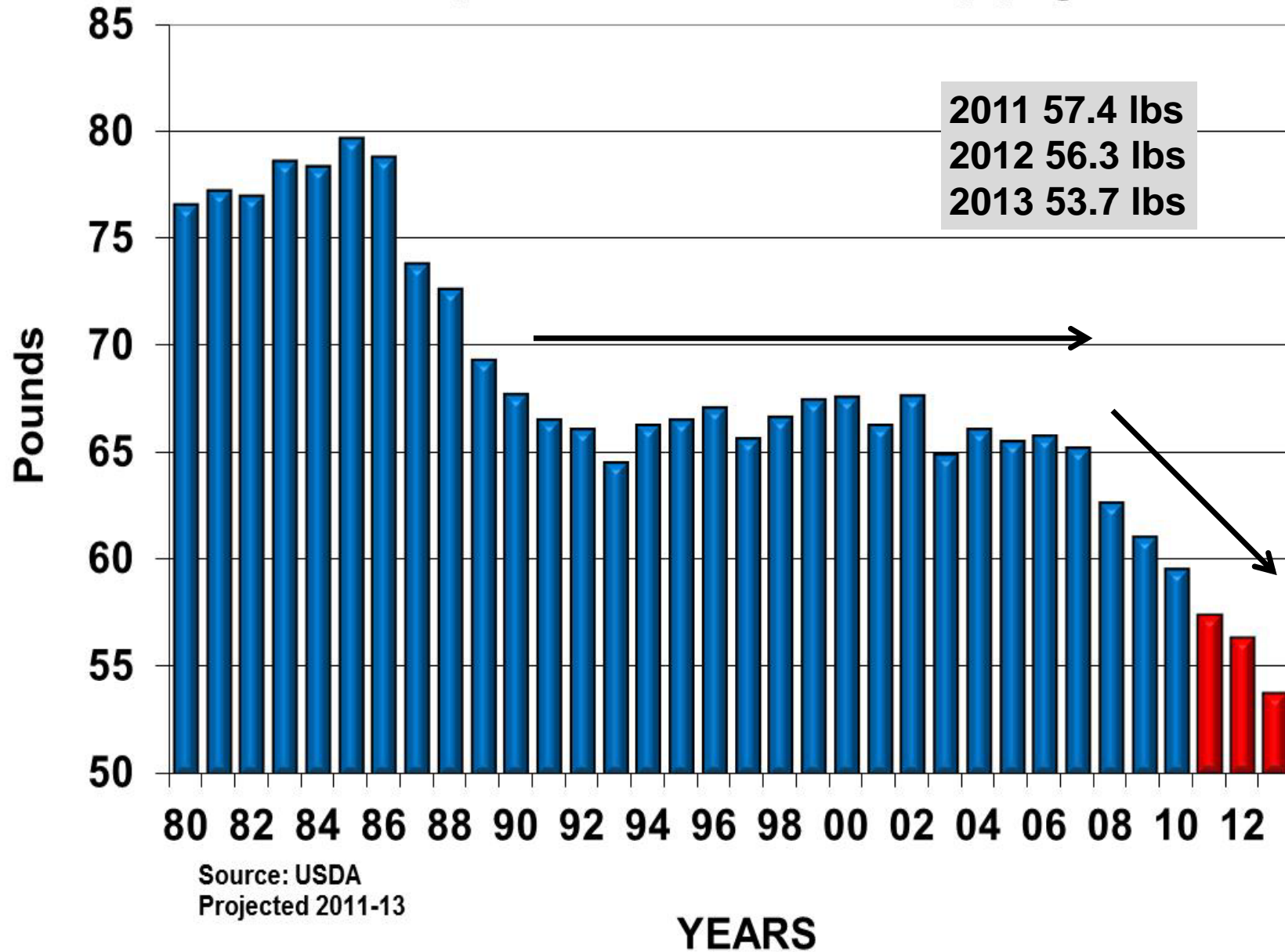


Source: Various Customs Agencies

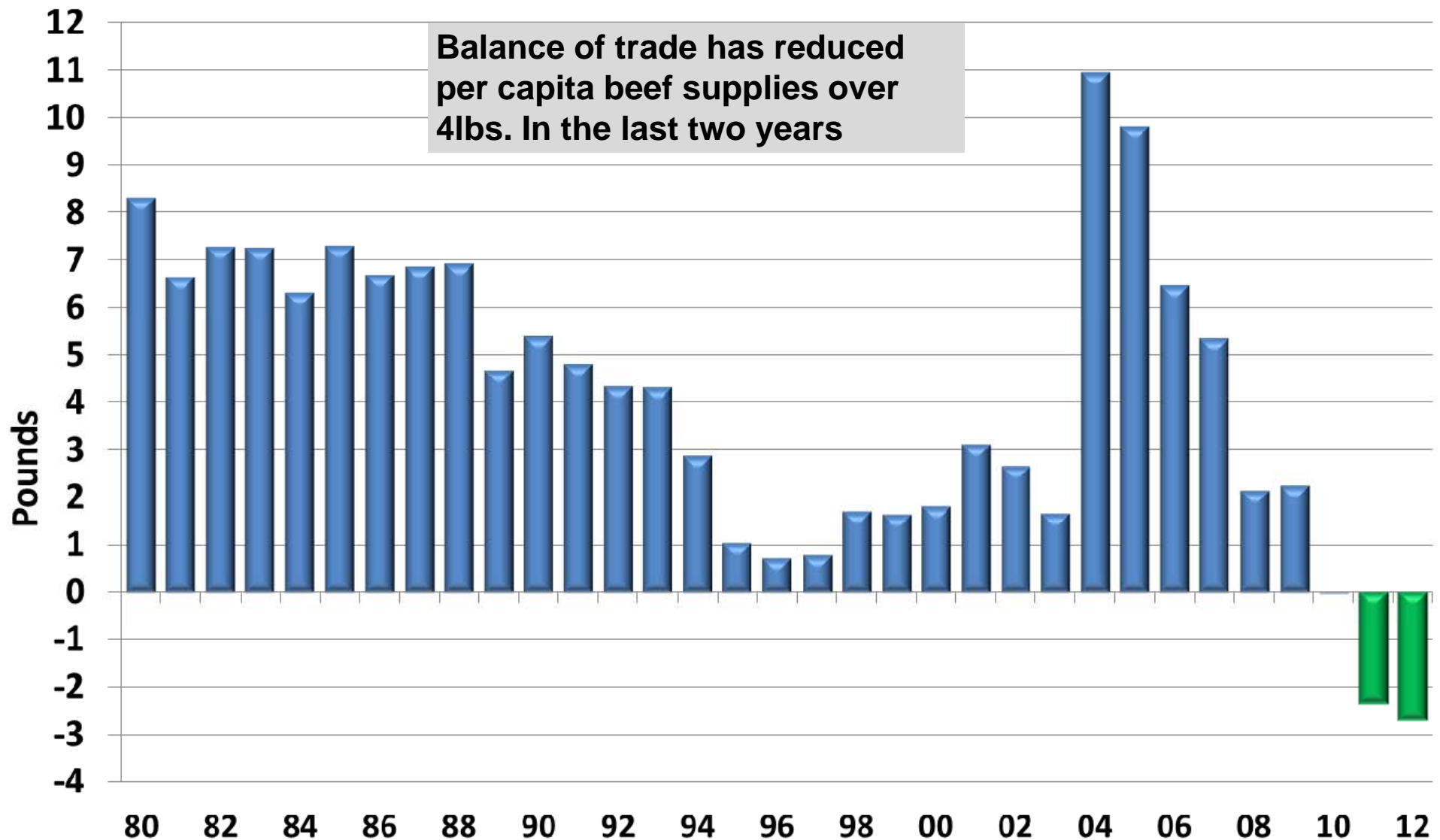
## U.S. Beef Imports and Exports



# Per Capita Net Beef Supply



# Per Capita Net Beef Trade

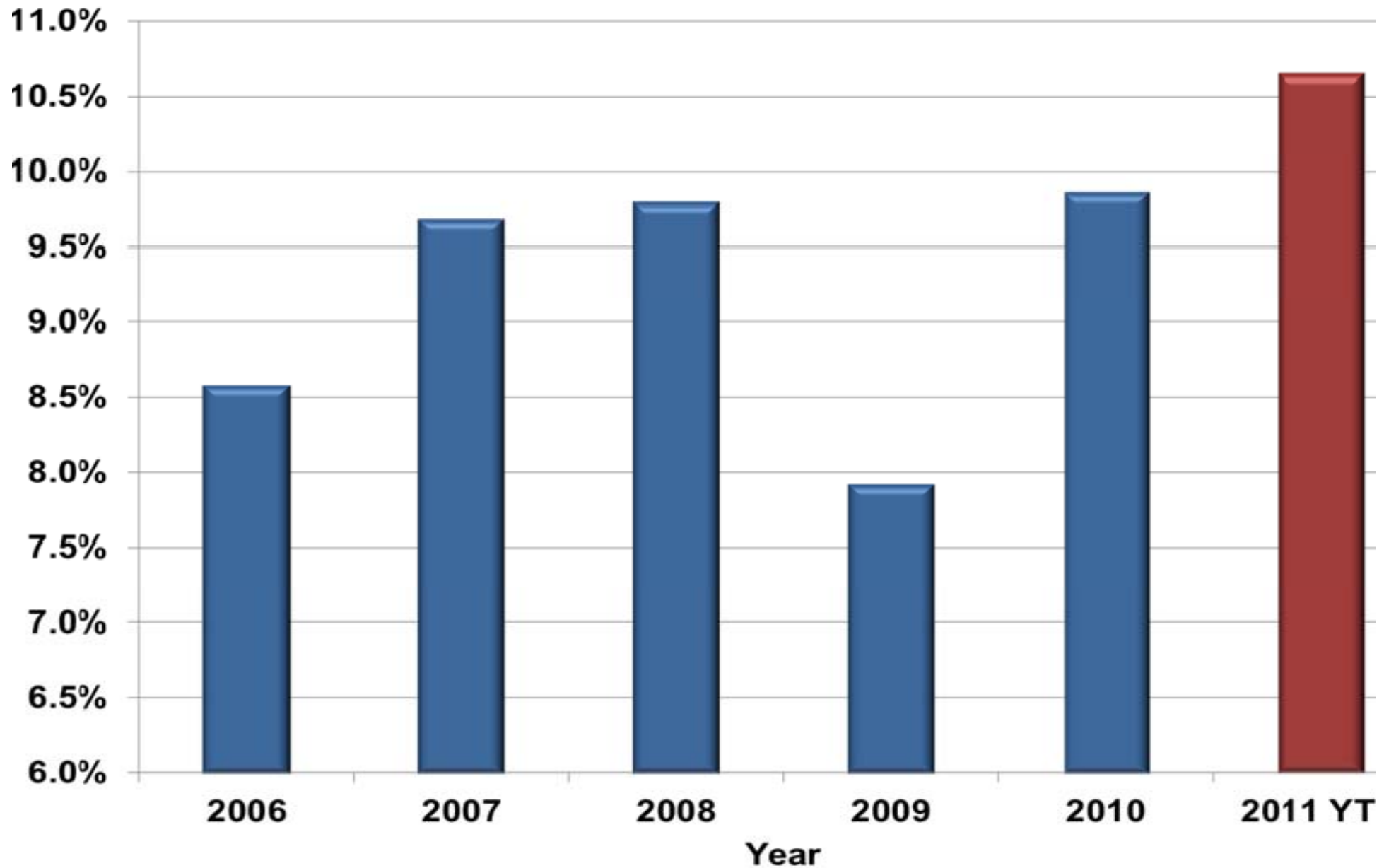


Source; USDA  
 Projected 2011-2012  
 Exports minus Imports/Population

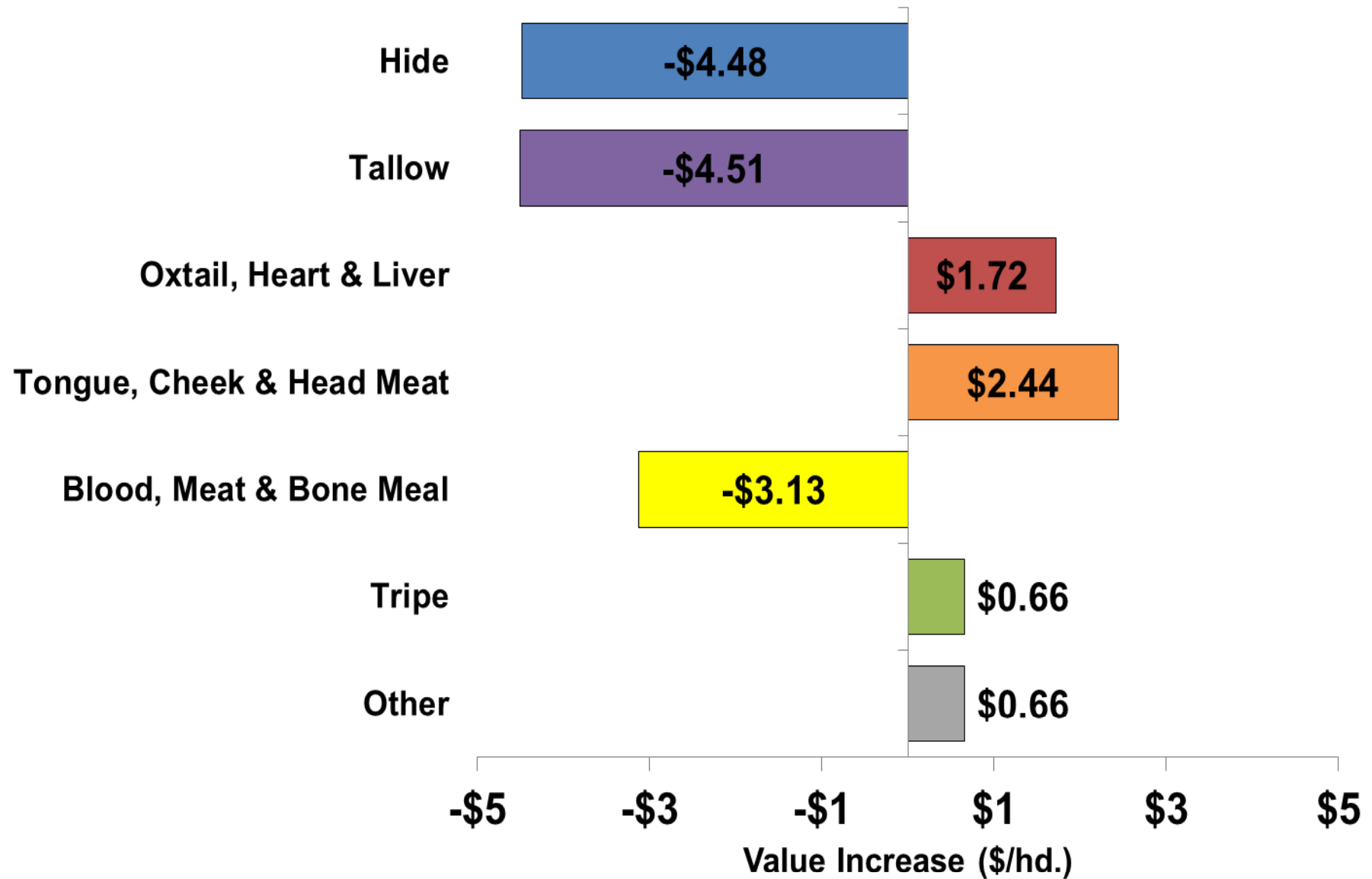
# Hide & Offal Value



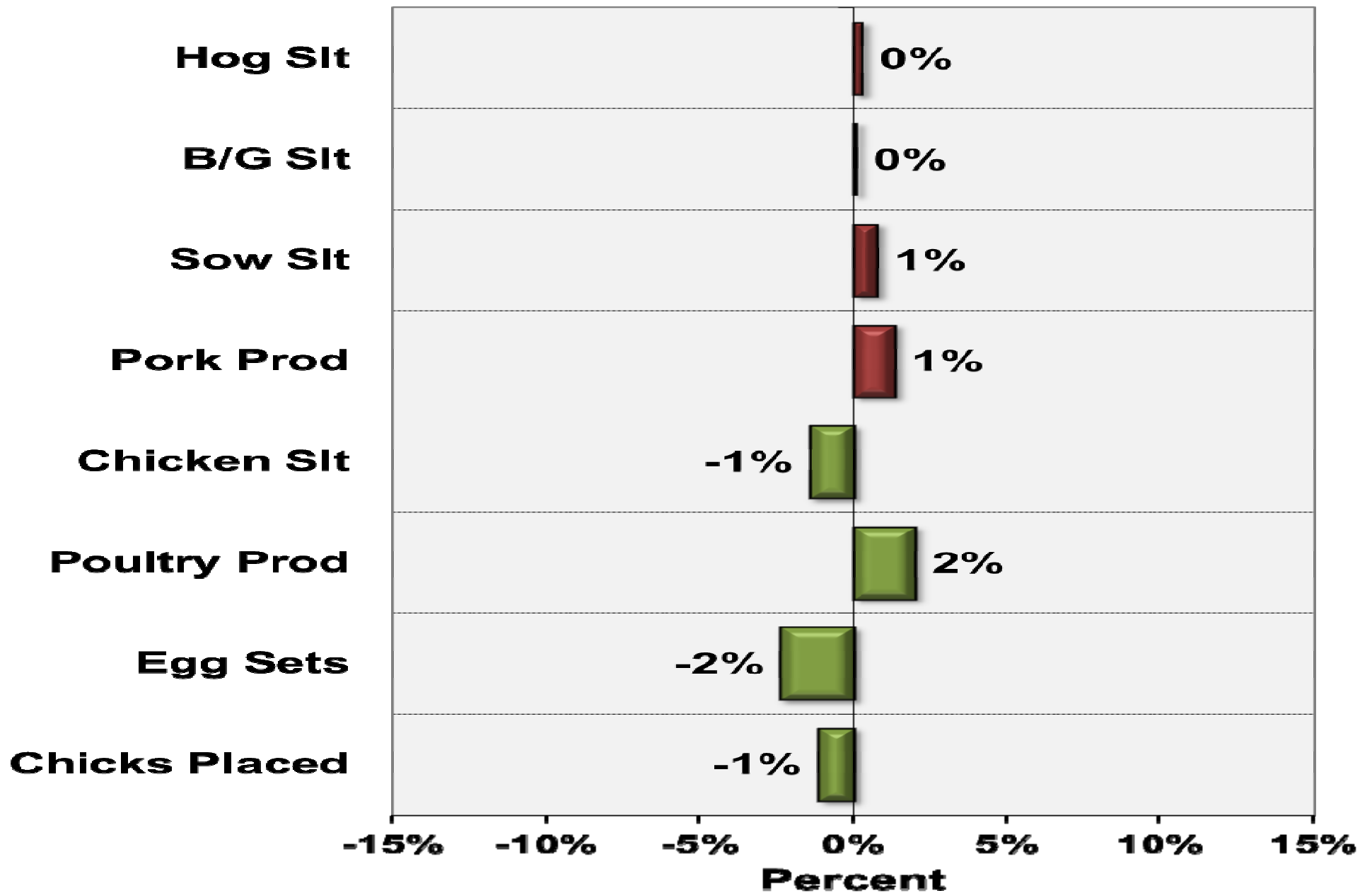
## Annual Hide & Offal Value as % of Fed Steer Value Negotiated, Forward Contract and Formula Sales



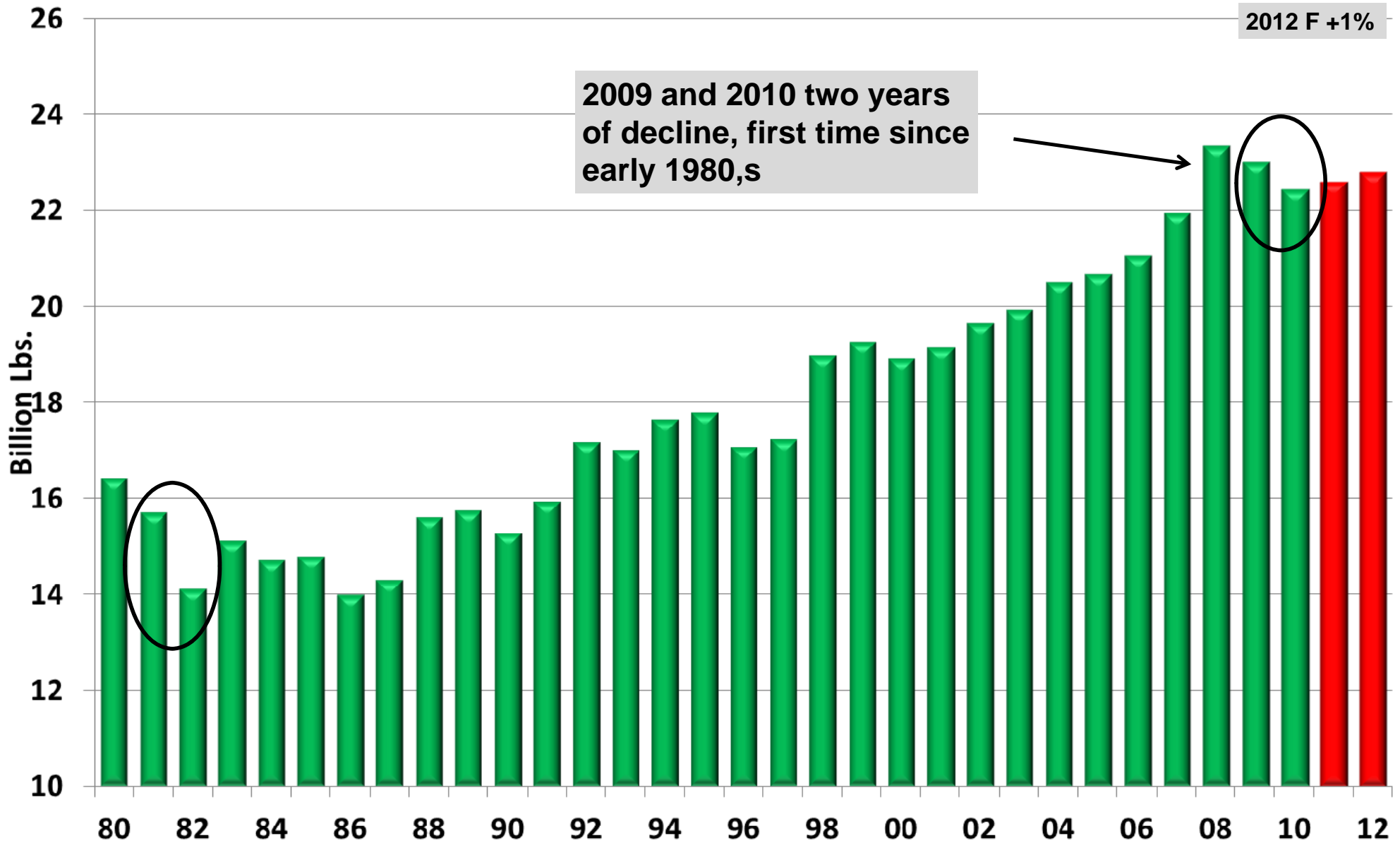
# Change in Fed Steer By Product Value June 24, 2011 to September 30, 2011



# YTD % Change

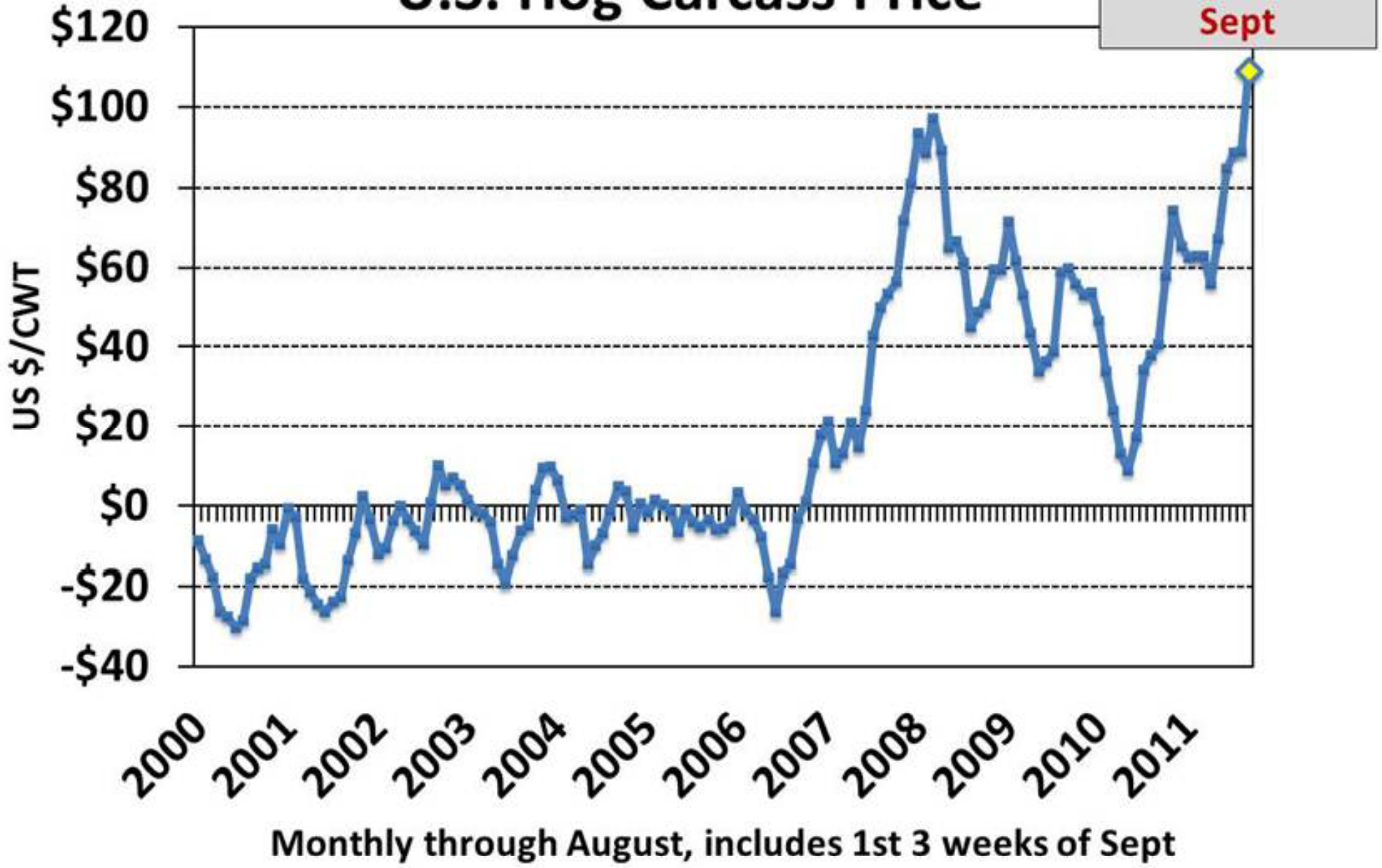


# U.S Pork Production

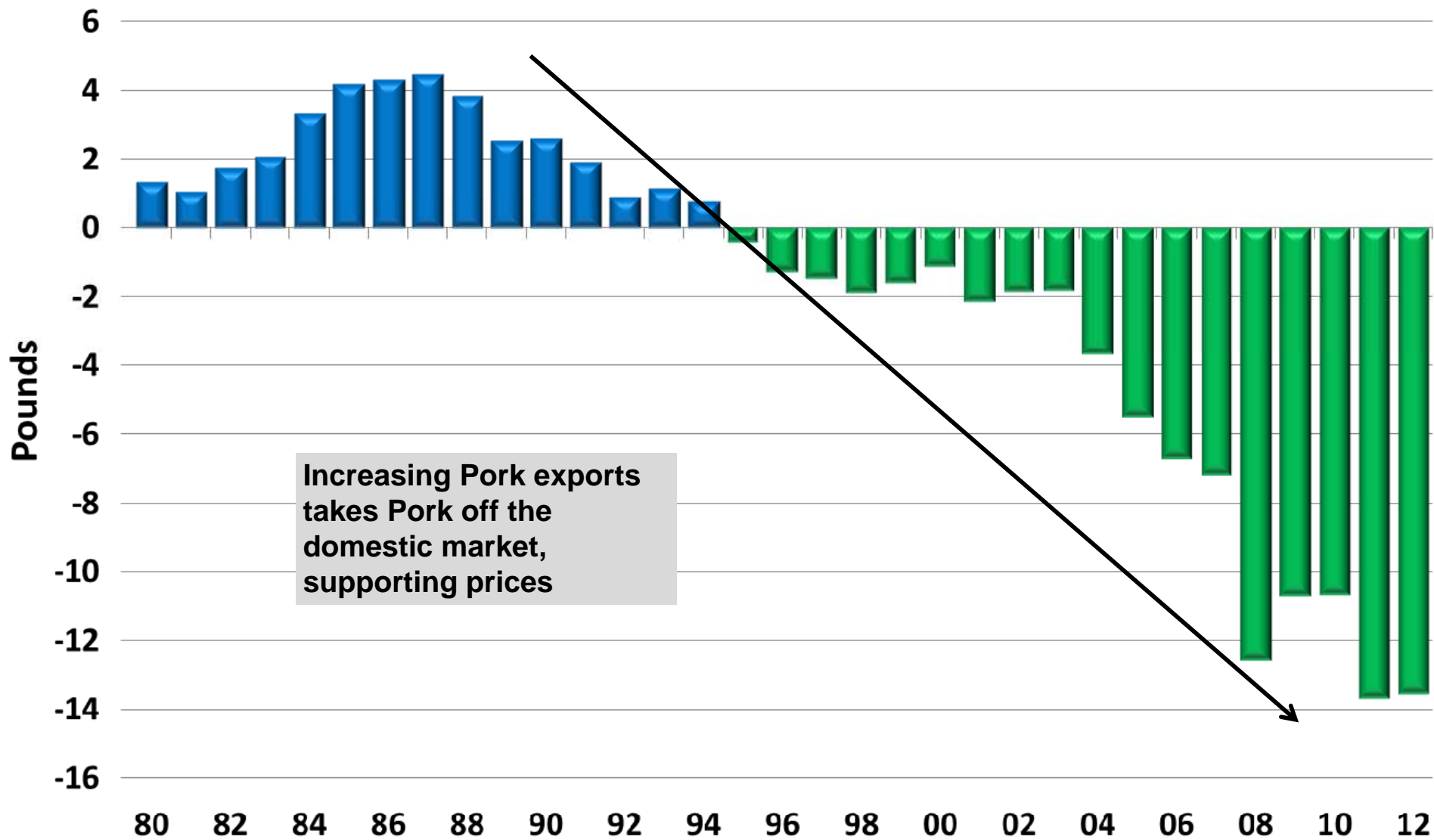


Source: USDA, 2011-2012 projected

# Spread: China Hog Carcass Price less U.S. Hog Carcass Price

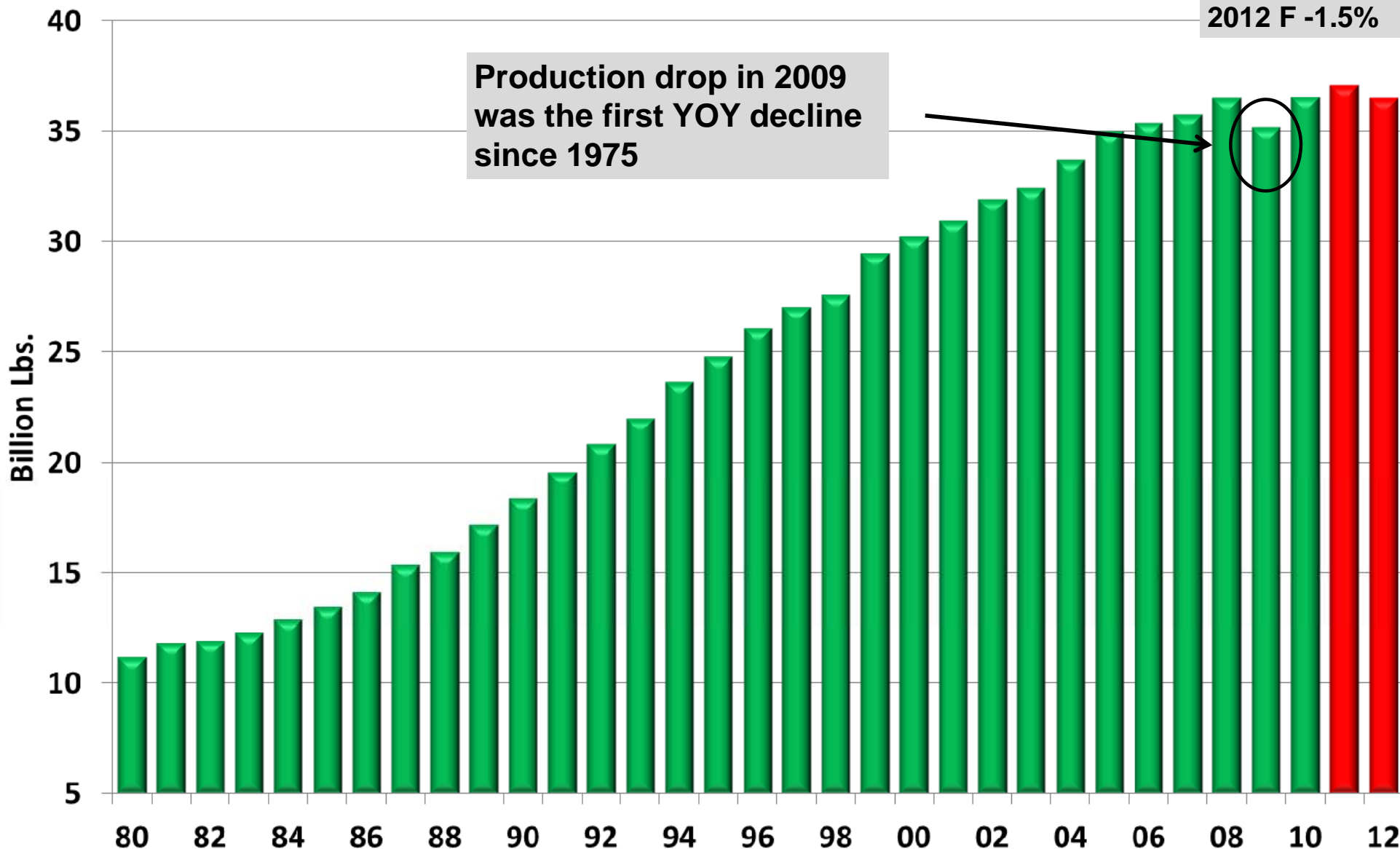


# Per Capita Net Pork Trade



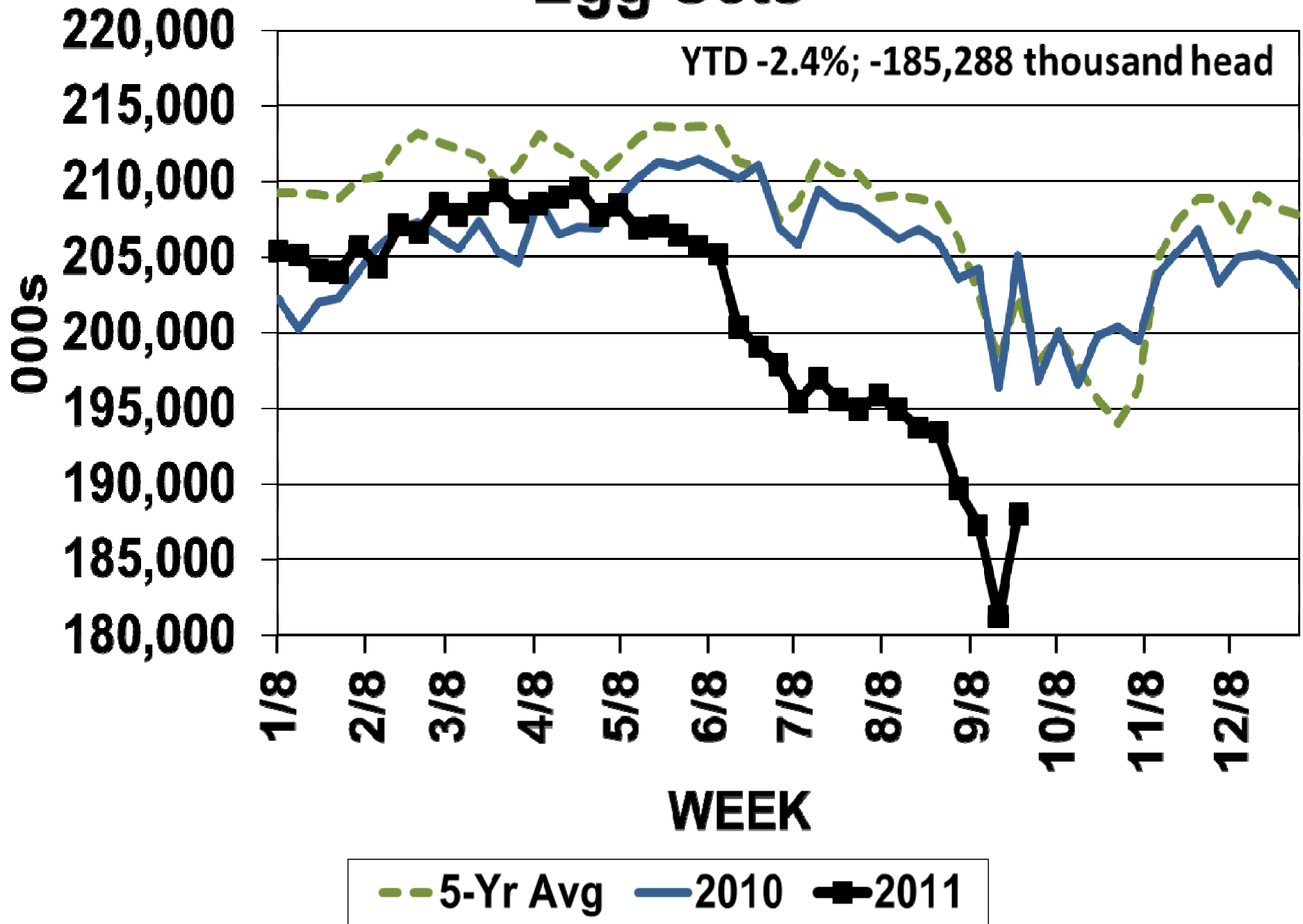
Source: USDA  
Projected 2011-2012  
Exports minus Imports / Population

# U.S. Broiler Production

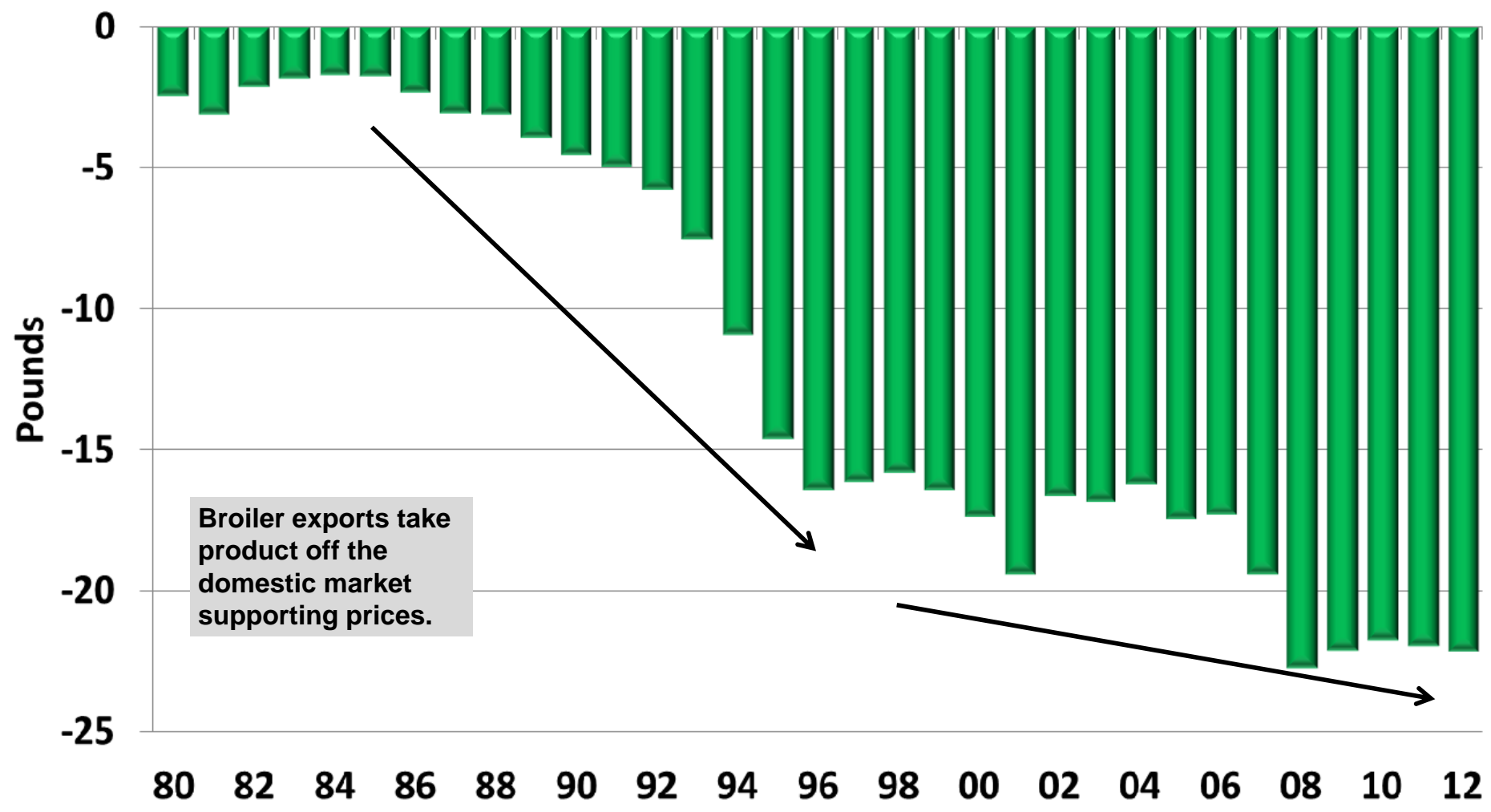


Source: USDA 2011-2012 projected

# Egg Sets

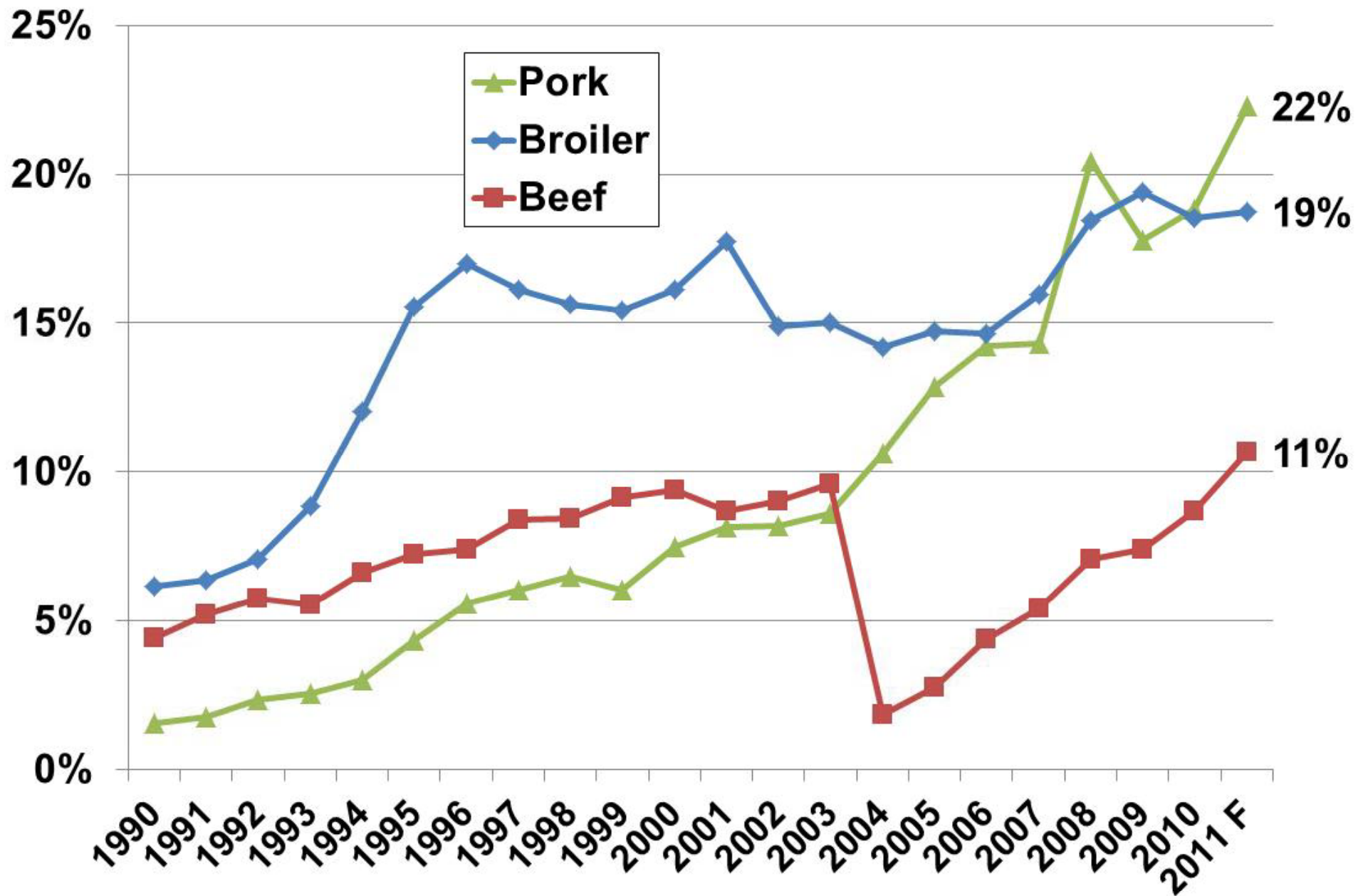


# Per Capita Net Broiler Trade



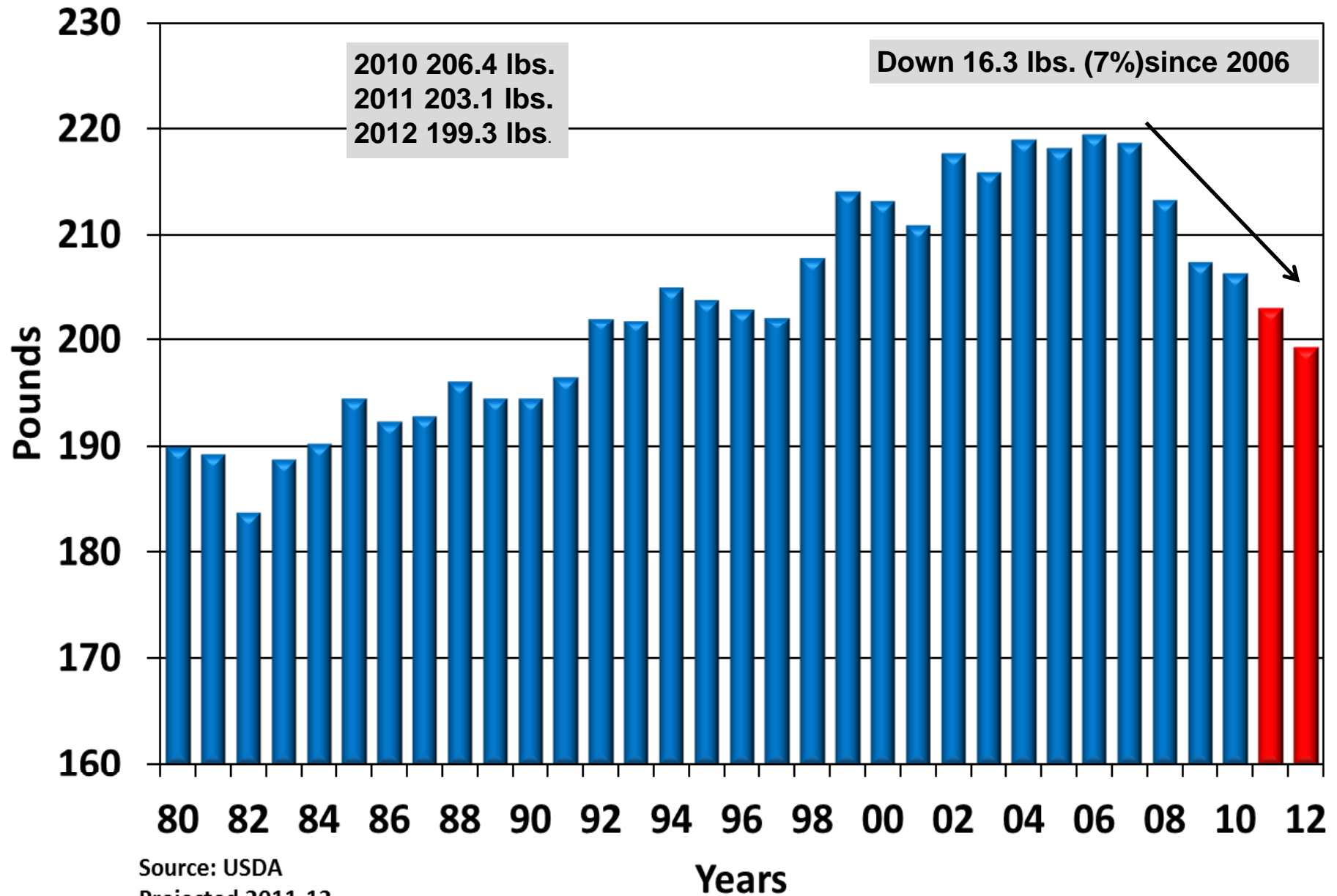
Source: USDA  
Projections 2011-2012  
Exports-Imports/ Population

# Exports as a % of Production

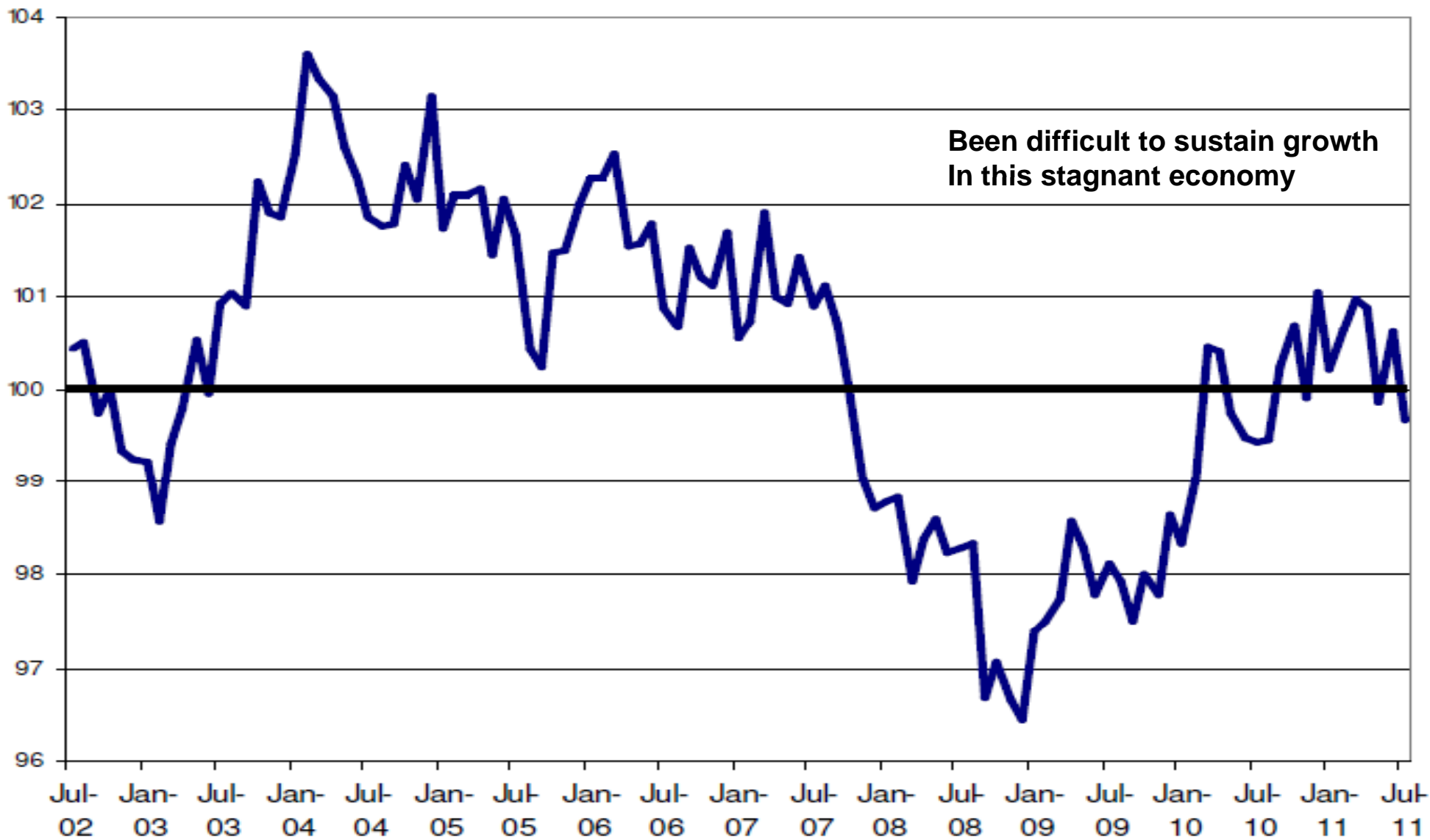


Source: USDA, CF Forecasts

# Per Capita Net Meat & Poultry Supplies



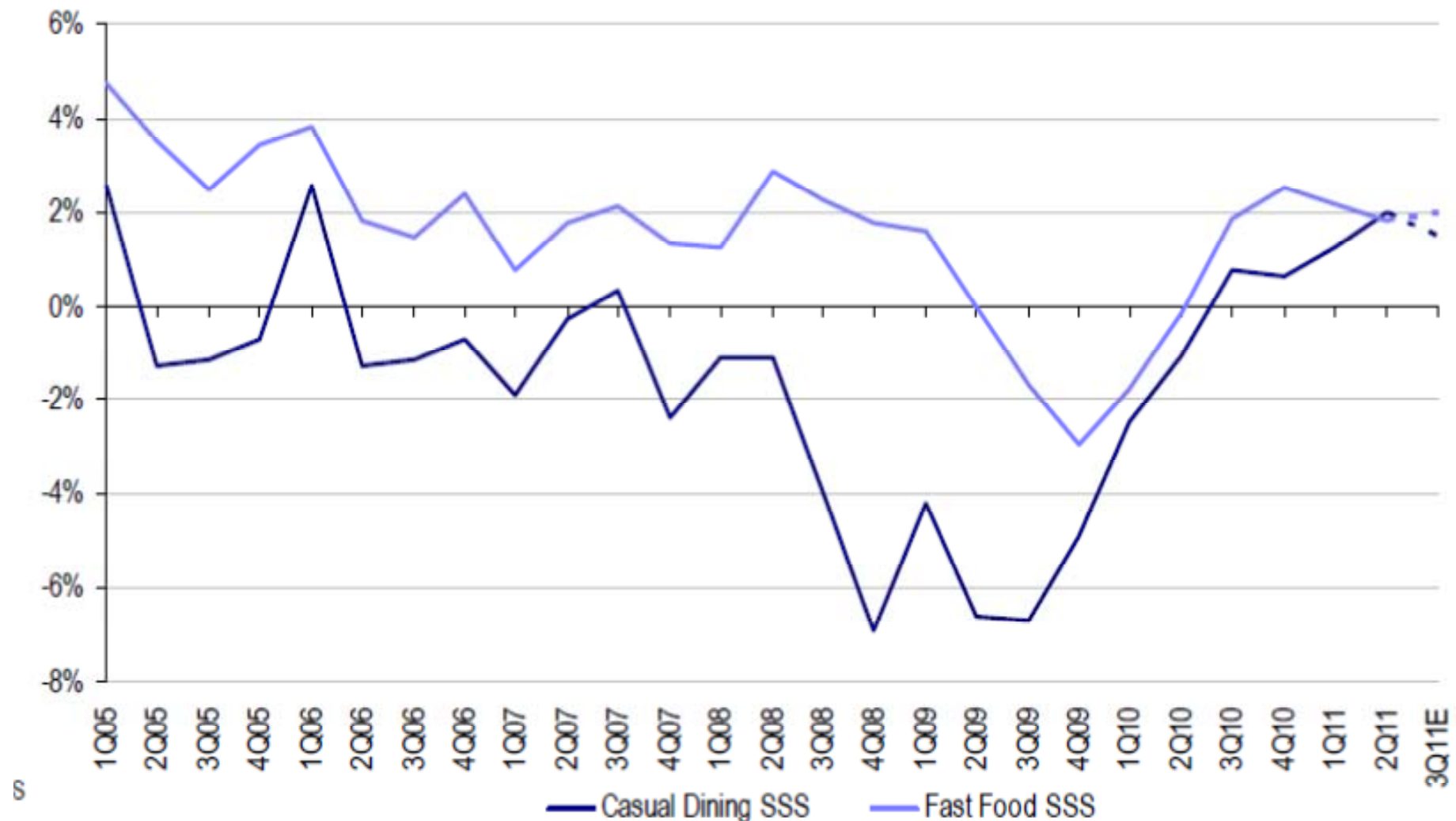
# *Restaurant Performance Index*



Source: NRA; Values Greater than 100 = Expansion; Values Less than 100 = Contraction

# Fast food and casual dining chain same store sales recovering

## Casual Dining and Fast Food SSS Trends

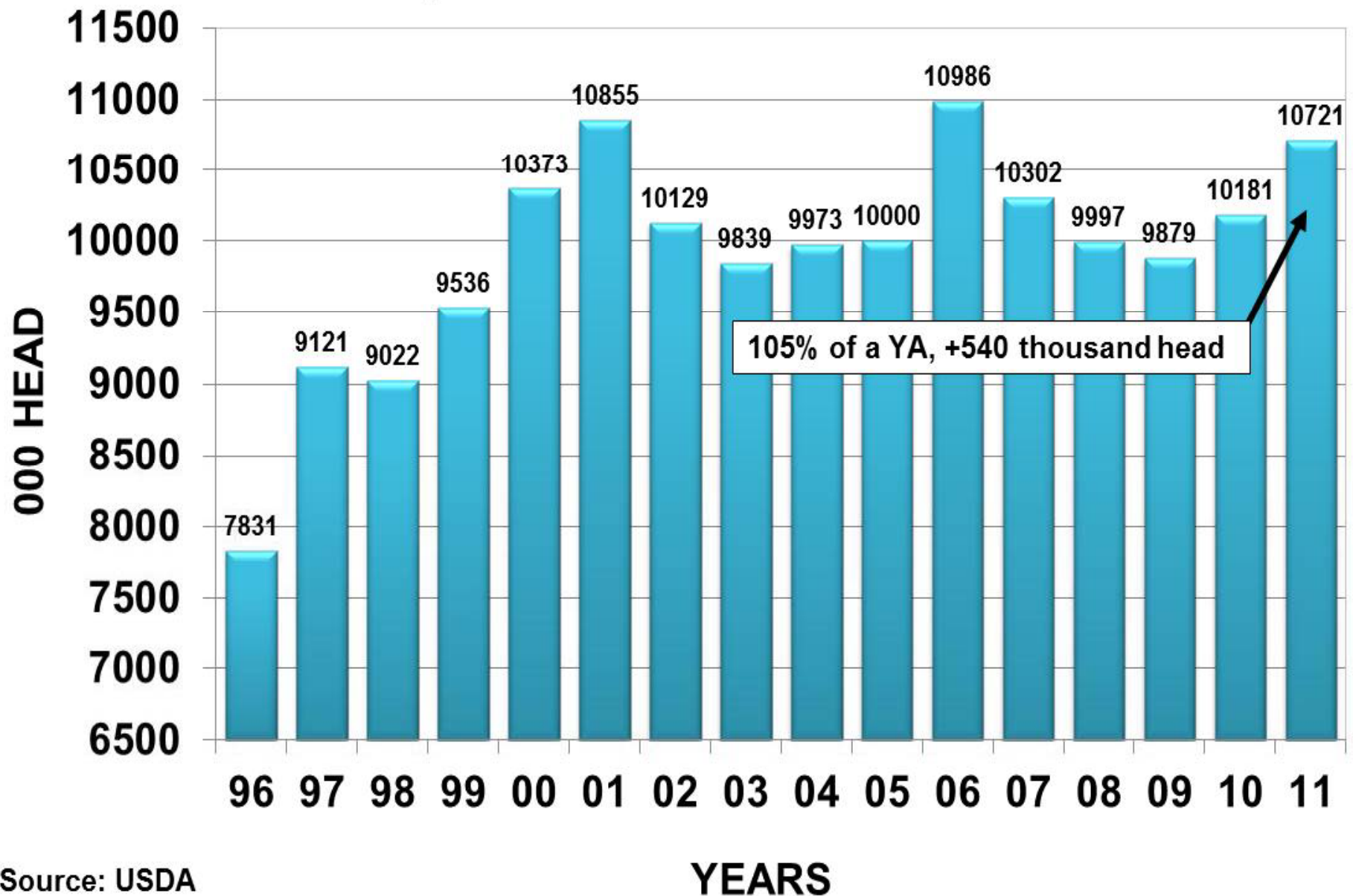


# 2011 Retail Protein Prices

	July	August	Aug. '11 vs. Aug. '10
<b>Choice Beef</b>	\$4.781	\$4.872	11.4%
<b>All-Fresh Beef</b>	\$4.445	\$4.489	11.8%
<b>Ground Beef</b>	\$2.818	\$2.819	12.7%
<b>Composite Pork</b>	\$3.466	\$3.512	8.8%
<b>Composite Broiler</b>	\$1.740	\$1.787	2.3%
<b>Fresh Whole Chicken</b>	\$1.306	\$1.296	3.3%
<b>Boneless Breast</b>	\$3.253	\$3.275	-1.9%
<b>Whole Frozen Turkey</b>	\$1.603	\$1.641	7.9%

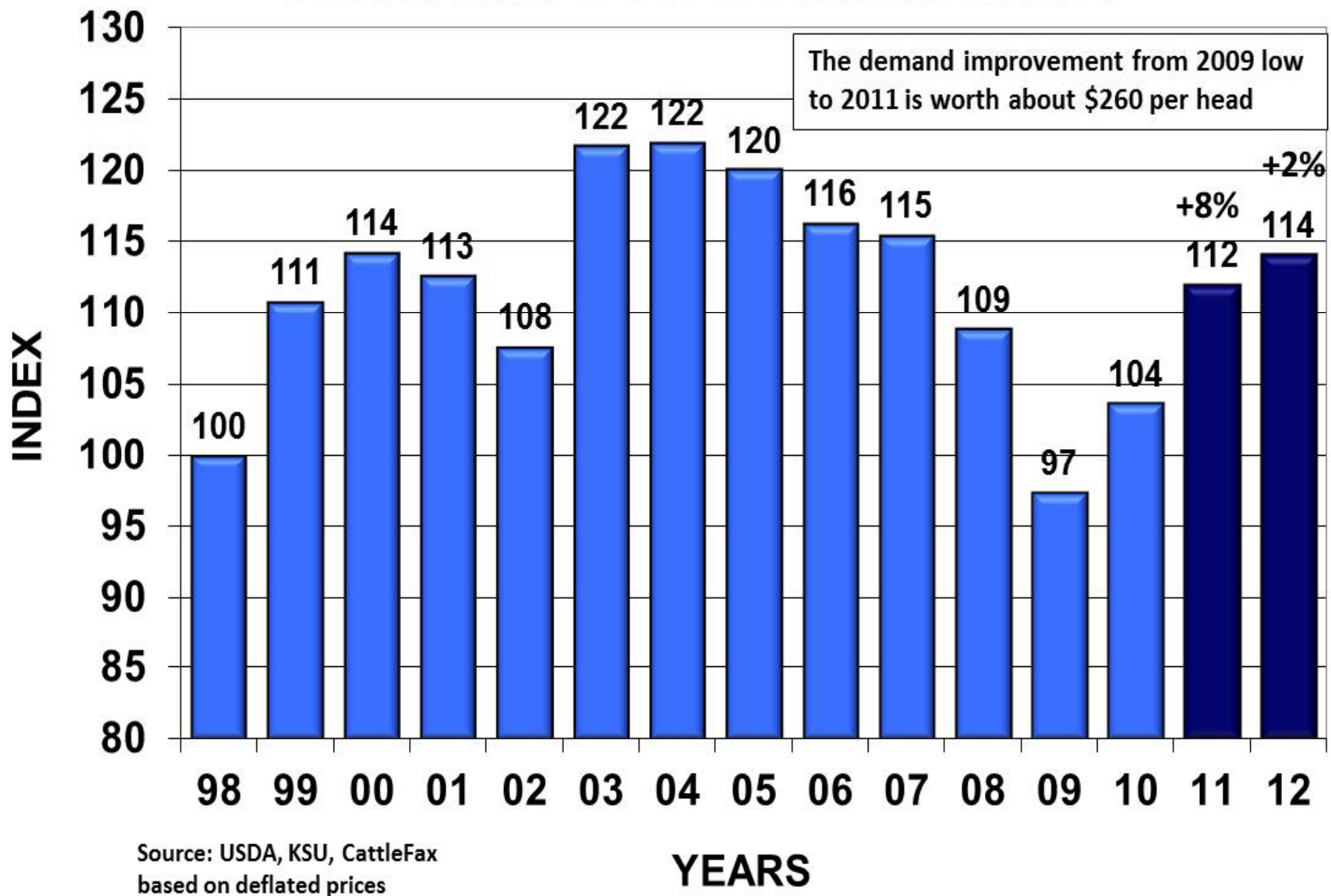
Source: USDA and BLS

## September 1 Cattle-on-Feed



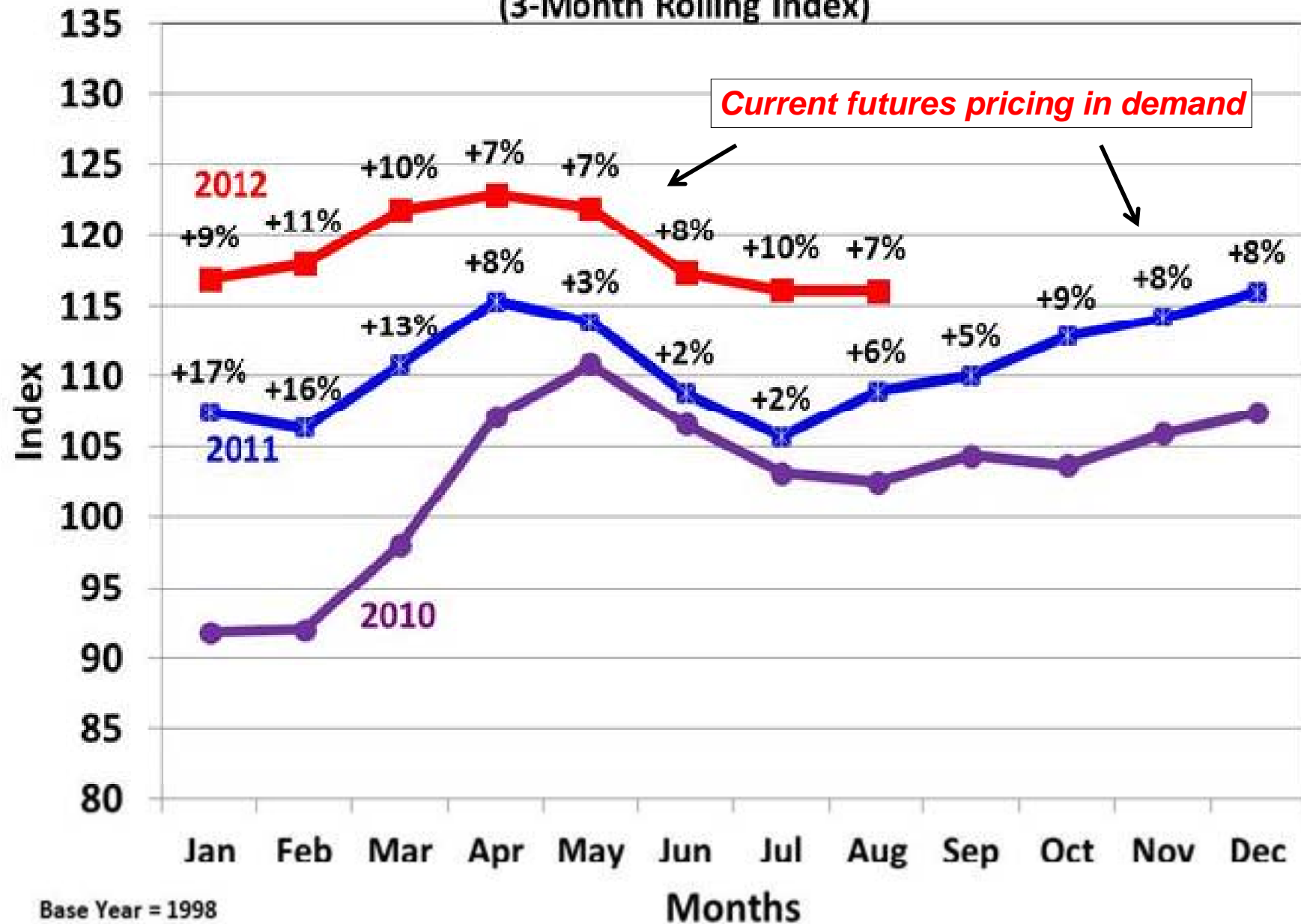
Source: USDA

# Wholesale Beef Demand Index

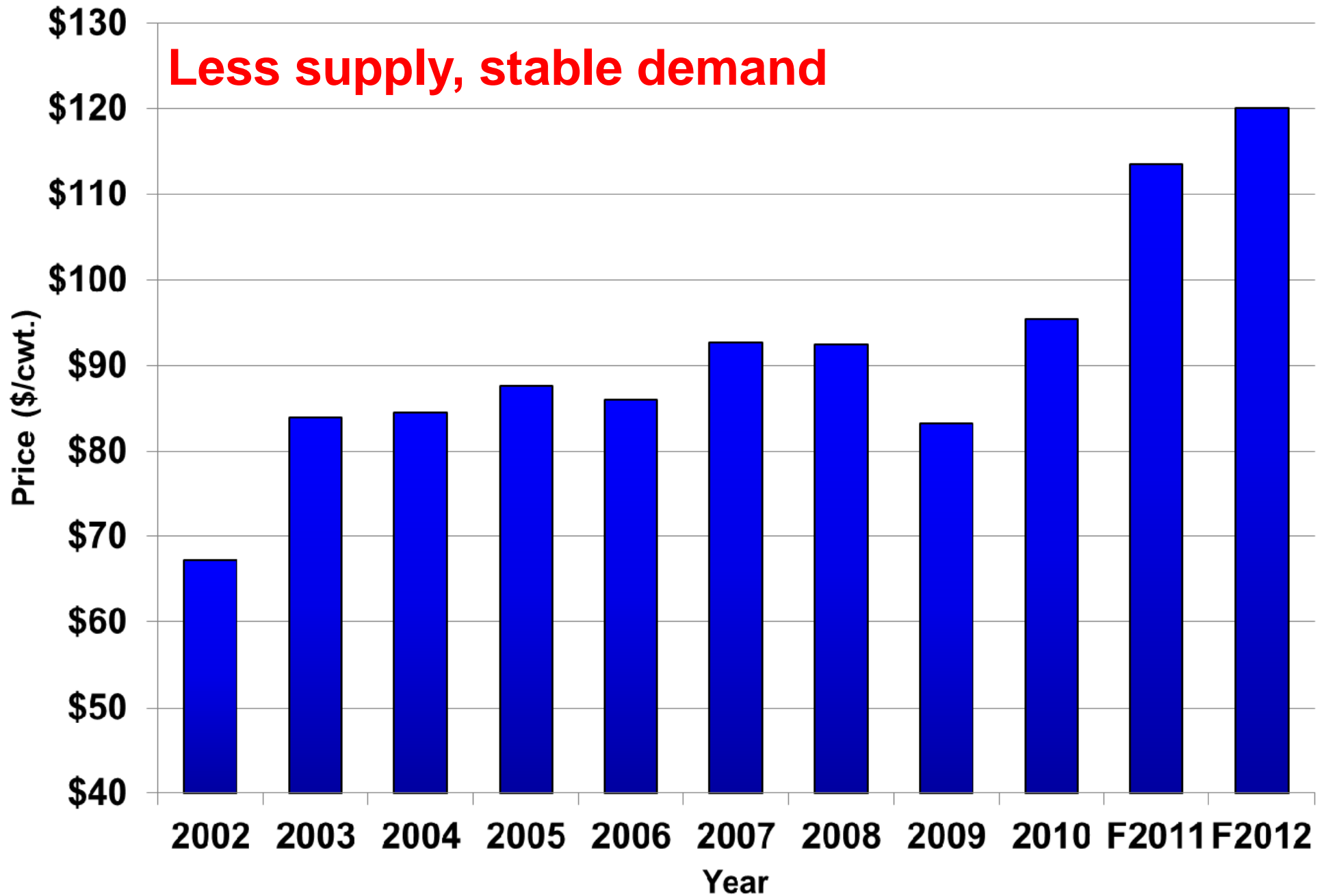


# Wholesale Beef Demand Index

(3-Month Rolling Index)



# CattleFax Fed Steer Price



Source: CattleFax

# 2012 Fed Price projections based on Changes in Supply and Demand

Per Capita Net Beef Supply	Demand Change vs. Prior Year				
	-5%	-2%	+0%	+2%	+5%
<b>58</b>	\$110.34	\$113.34	\$115.35	\$117.35	\$120.36
<b>57</b>	\$113.29	\$116.29	<b>\$118.30</b>	\$120.30	\$123.31
<b>56</b>	\$116.24	\$119.25	<b>\$121.25</b>	\$123.26	\$126.26
<b>55</b>	\$119.19	\$122.20	\$124.20	\$126.21	\$129.21
<b>54</b>	\$122.17	\$125.17	\$127.18	\$129.18	\$132.19
<b>53</b>	\$125.1	\$128.13	\$130.13	\$132.13	\$135.14

With annual avg of \$120 the normal range would be \$108 to \$132

# Daily Omaha Cash Corn Prices



Source: USDA, AMS and CBOT

# U.S. Corn Supply and Use

	2010/11			2011/12		
	USDA Sep. 2011 Projection	Proj. after Grain Stocks report	Change	USDA Sep. 2011 Projection	Proj. after Grain Stocks report	Change
	2010/11 Projection	2010/11 Projection		2011/12 Projection	2011/12 Projection	
	Million acres	Million acres		Million acres	Million acres	
Planted	88.192	88.192	0.000	92.282	92.282	
Harvested	81.446	81.446	0.000	84.388	84.388	0.00
Yield Bu./Ac.	152.8	152.8	0.0	148.1	148.1	0.0
	Million bushels	Million bushels		Million bushels	Million bushels	
Beginning Stocks	1,708	1,708	0	920	1,128	208
Production	12,447	12,447	0	12,497	12,497	0
Imports	30	30	0	15	15	0
Supply, total	14,185	14,185	0	13,432	13,640	208
Feed and Residual	5,000	4,792	(208)	4,700	4,700	0
Food, Seed & Industrial**	6,430	6,430	0	6,410	6,410	0
Ethanol for fuel	5,020	5,020	0	5,000	5,000	0
Domestic, total	11,430	11,222	(208)	11,110	11,110	0
Exports	1,835	1,835	0	1,650	1,650	0
Use, total	13,265	13,057	(208)	12,760	12,760	0
Ending Stocks, total	920	1,128	208	672	880	208
Ending Stocks/Use	6.9%	8.6%	1.7%	5.3%	6.9%	1.6%

\*\* Includes Corn Used for Ethanol

•Corn stocks on Sep. 1<sup>st</sup> were pegged at 1.128 billion pounds. Friday's larger than expected corn stocks number will drive old crop (2010/11) feed/residual usage lower, which will need to be revised approximately 200 million bushels lower. Feed/residual usage will need to be lowered from 5.000 billion bushels to approximately 4.792 billion bushels.

•If no other changes were made to the new crop balance sheet, stocks to use would rise from 5.3% to 6.9% (estimated, not official), however, the actual numbers will be most susceptible to the October Crop Production

- Beef supplies to decline
- Pork supplies to stabilize
- Poultry supplies to be even to down slightly
- Economic condition to remain volatile



Jan Feb

CattleFax