Outlook for U.S. Livestock and Poultry in 2010

Joel L. Greene
World Agricultural Outlook Board
United States Department of Agriculture

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Weak Demand in 2009…

• U.S. GDP -2.5, World GDP -2.1
• U.S. unemployment rises to 10%
• Disposable income growth weak
• Consumer confidence weak
• Reduced restaurant sales
Weak Demand In 2009 Impacts The Meat Sector

- Producer returns negative
  - Reflects high feed prices of 2008
  - Impacting production through 2009
- Recession compounds losses for sector
# Meat Production Falls in 2009

<table>
<thead>
<tr>
<th>Billion Pounds</th>
<th>2008</th>
<th>2009</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beef</td>
<td>26.56</td>
<td>25.96</td>
<td>-2.3</td>
</tr>
<tr>
<td>Pork</td>
<td>23.35*</td>
<td>23.00</td>
<td>-1.5</td>
</tr>
<tr>
<td>Broiler Meat</td>
<td>36.91*</td>
<td>35.49</td>
<td>-3.8</td>
</tr>
<tr>
<td>Turkey</td>
<td>6.25*</td>
<td>5.66</td>
<td>-9.3</td>
</tr>
</tbody>
</table>

* Record
Livestock & Poultry Prices Lower in 2009

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2009</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cattle, $/cwt</td>
<td>92.27*</td>
<td>82.68</td>
<td>-10.4</td>
</tr>
<tr>
<td>Hogs, $/cwt</td>
<td>47.84</td>
<td>41.24</td>
<td>-13.8</td>
</tr>
<tr>
<td>12-City Broilers, ¢/lb</td>
<td>79.7*</td>
<td>77.6</td>
<td>-2.6</td>
</tr>
<tr>
<td>Eastern Turkey Hens, ¢/lb</td>
<td>87.5*</td>
<td>79.5</td>
<td>-9.1</td>
</tr>
</tbody>
</table>

* Record
# Meat Exports Lower in 2009

<table>
<thead>
<tr>
<th>Billion Pounds</th>
<th>2008</th>
<th>2009</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beef</td>
<td>1.89</td>
<td>1.87</td>
<td>-0.9</td>
</tr>
<tr>
<td>Pork</td>
<td>4.67*</td>
<td>4.13</td>
<td>-11.6</td>
</tr>
<tr>
<td>Broiler Meat</td>
<td>6.96*</td>
<td>6.84</td>
<td>-1.8</td>
</tr>
<tr>
<td>Turkey</td>
<td>0.68*</td>
<td>0.53</td>
<td>-20.9</td>
</tr>
</tbody>
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* Record
What to Look For In 2010…

• Positive GDP, domestic and international
• Relatively weak U.S. dollar
• Demand will firm?
  – Consumer confidence stronger
  – Restaurant sales pick up
  – Disposable income growth higher than 2009
  – But, persistent high unemployment
What to Look For In 2010…

• Producer returns improving
  – Lower to steady feed prices
  – Higher prices across the board
• Declining or slow growth in meat output
• Stronger exports for red meat
• Trade issues for poultry
• Declining per capita disappearance
Cattle and Beef
Cattle Herd at 93.7 Million on Jan 1, 2010, Herd Contraction Continues During Year

* Forecast
Beef Cows 1 Percent Lower Jan. 1, 2010. Calf Crop Declines This Year

* Forecast Calf Crop
Beef Replacement Heifers 2 Percent Lower on January 1

Million Head

Cattle On Feed Lower on January 1

Million Head

2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010

-0.1%

-1.5%

Outside Feedlots
On-Feed
Beef Production to Decline to 25.7 Billion Pounds in 2010

* Forecast
Average Cattle Carcass Weight Growth Slips in 2010

* Forecast
Beef Output Falls Below Year Earlier in Each Quarter

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2008</th>
<th>2009</th>
<th>2010*</th>
</tr>
</thead>
<tbody>
<tr>
<td>QI</td>
<td></td>
<td></td>
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<tr>
<td>QII</td>
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<tr>
<td>QIII</td>
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<td></td>
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<tr>
<td>QIV</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

* Forecast
Cattle Imports Increase About 5 Percent to 2.1 Million Head In 2010

* Forecast
Beef Exports Expected to Exceed 2 Billion Pounds

![Graph showing beef exports from 2000 to 2010 with a forecast for 2010.](Image)
*Forecast*
Beef Imports Increase 6 Percent to 2.8 Billion Pounds

* Forecast
Cattle Prices Rise in 2010, to Average $85 to $91 per cwt

Nebraska Choice Steers

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2008</th>
<th>2009</th>
<th>2010*</th>
</tr>
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<tbody>
<tr>
<td>QI</td>
<td></td>
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<td>QIII</td>
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<td></td>
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<tr>
<td>QIV</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Annual</td>
<td></td>
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</tbody>
</table>

* Forecast
Hogs and Pork
Beginning Hog Inventory Falls 2 Percent to 65.8 Million Head

Inventory on December 1, Preceding Year

Million Head

Breeding Herd Falls 3.5 Percent to 5.85 Million Head
Sows Farrowing Expected to Continue to Decline During 2010

- First Half Reported Intentions, Second Half Forecast
Pigs Per Litter Growth Steadily Higher

* Forecast
Pork Production Decreases 2 Percent to 22.5 Billion Pounds in 2010

*B Forecast*
Pork Production Declines Through Fourth Quarter

Billion Pounds

QI  QII  QIII  QIV
2008  2009  2010 *

* Forecast
Average Hog Carcass Weights Record
High in 2009, Decline in 2010

2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 *

Pounds

185 190 195 200 205

202.4

* Forecast
Hog Imports Drop 32 Percent in 2009, Decline Below 6 Million Head in 2010

* Forecast
Pork Exports in 2010 Rise to 4.5 Billion Pounds
Pork Exports Rise to 4.5 Billion Pounds, Pork Imports Continue Slow Growth
Hog Prices to Rebound to Average $46 to $49 per cwt

National Base, 51-52% Lean, Live Equivalent

* Forecast
Poultry
Broiler Hatching Flock Just Moving Back Into Positive

Million Birds

Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec

04-07 avg 2008 2009
Chicks Placed For Grow Out About at Year Ago Level

19 Selected States

Million Birds

- 2008
- 2009
- 2010
Broiler Meat Output Rises to 35.9 Billion Pounds in 2010

* Forecast
Live Bird Weight Growth Slowed in 2009

Pounds

Jan 04  Jul 04  Jan 05  Jul 05  Jan 06  Jul 06  Jan 07  Jul 07  Jan 08  Jul 08  Jan 09  Jul 09
Broiler Meat Output Grows In Each Quarter In 2010

Billion Pounds

QI  QII  QIII  QIV

2008  2009  2010*

* Forecast
Broiler Exports Drop 15 Percent in 2010 to 5.8 Billion Pounds

* Forecast
Broiler Whole Bird Prices Increase, to Average 77 to 82 Cents Per Pound

12-City Wholesale

Cents per Pound

QI | QII | QIII | QIV | Annual

2008 2009 2010*

* Forecast
Turkey Production Drops Below 5.6 Billion Pounds in 2010

Billion Pounds

2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010*

* Forecast
Turkey Production Rises in Second Half, Still Below Year Earlier at 5.56 Billion Pounds

[Bar chart showing turkey production by quarter from QI to QIV, with 2008, 2009, and 2010 (forecast) data, indicating an increase in production.]
Net Poult Placements Remain Low Into 2010
Turkey Production Start to Rebuild from Lowest 1st Quarter Since 2000

Billion Pounds


* Forecast
Turkey Exports Increase Slightly to 545 Million Pounds in 2010

* Forecast
Turkey Prices Increase to Average 80 to 85 Cents Per Pound
Total Egg Production Slightly Higher at 7.6 Billion Dozen

* Forecast
Egg Prices Increase in 2010 to Average $1.08 to $1.15 Per Dozen

Wholesale, Grade A, Large, NY

* Forecast
Total Meat Per Capita Disappearance in 2010 About 208 Pounds, Retail Weight

Pounds per Capita

2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010*

Beef
Pork
Broilers
Other

* Forecast
Retail Beef and Broiler Meat Increase, Pork Down Slightly for 2010

2009 $4.26
2009 $2.92
2009 $1.78

* Forecast
Additional information about the 2008 outlook is available on the following websites:

- World Agricultural Outlook Board (WAOB) World Agricultural Supply and Demand Estimates

- Economic Research Service (ERS) Livestock, Dairy, and Poultry Situation and Outlook

- Foreign Agricultural Service (FAS) Livestock and Poultry: World Markets and Trade