Outlook for the U.S. Livestock and Poultry Sectors in 2011

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Situation Facing Livestock and Poultry Producers in 2011

• Higher feed prices
  – Corn: $5.05-$5.75/bu in 2010/11
    $3.55 in 2009/2010
  – Soybean meal: $340-380/ton in 2010/11
    $311 in 2009/2010

• Shrinking returns
Higher Feed Bites into Gains from Livestock and Poultry Prices

- **Cattle/Corn**
- **Hog/Corn**
- **Broiler/Feed**

*Forecast*
Highlights for Livestock & Poultry in 2011

• Offsetting meat production
  – Beef, lamb, and turkey lower
  – Pork and broilers higher
Red Meat and Poultry Production Will Increase 0.1 Percent in 2011

* Forecast
Highlights for Livestock & Poultry in 2011

• Offsetting meat production

• Stronger red meat exports but weaker broiler exports
Support for Exports

• Rising incomes fuel increased demand for meat protein.
  – World GDP, less U.S., at about 3-4 percent in 2011
• Weaker U.S. dollar will support meat exports.
• Trade issues remain irritants
  – Pork issues resolved
  – BSE restrictions remain
  – Poultry issues
Red Meat Exports Represent Increasing Share of Production

![Graph showing the percentage of red meat exports as a share of production from 2001 to 2011 with a forecast for 2011.*](image)

- **Beef** line graph
- **Pork** line graph
- **Broilers** line graph

* Forecast
Highlights for Livestock & Poultry in 2011

- Offsetting meat production

- Stronger red meat exports but weaker broiler exports

- Domestic supply impacts mixed
  - Larger broiler meat net supplies
  - Smaller beef, pork, and turkey net supplies

- Gradual economic improvement
  - U.S. GDP growth about 3 percent
  - Unemployment gradually declining
Total Per Capita Retail Basis Meat Disappearance in 2011 at 207 Pounds

* Forecast
Despite Price Increase, Chicken Will Maintain Pricing Advantage at Retail

Retail Price Ratios

- **Beef/Chicken**
- **Beef/Pork**
- **Pork/Chicken**

* Forecast
Beef Production to Decline to 25.9 Billion Pounds in 2011

*Billion Pounds

* Forecast
Cattle Herd at 92.6 Million on Jan 1, 2011; Further Contraction Likely

* Forecast
Beef Cows 1 Percent Lower Jan. 1, 2011. Calf Crop Declines in 2010

* Forecast Calf Crop
Cattle for Feeding Lower on January 1

Million Head


Outside Feedlots
On-Feed

-1.3%
+2.8%
-3.3%
U.S. Beef Cow Areas Experiencing Drought

Reflects February 15, 2011
U.S. Drought Monitor data

Approximately 31% of the domestic beef cow inventory is within an area experiencing drought, based on NASS 2002 Census of Agriculture data.

Major and minor agricultural areas are based on NASS 2002 Census of Agriculture data. Counties shaded in gray contain data that are not published by NASS, and hence were not used in delineating the major and minor agricultural areas. Additional information on these agricultural data can be found at: http://www.agcensus.usda.gov/.

Mapped drought areas are derived from the U.S. Drought Monitor product and do not depict the intensity of drought in any particular location. More information on the Drought Monitor can be found at: http://www.drought.unl.edu/dm/monitor.html.

- Major areas combined account for 75% of the total national inventory.
- Major and minor areas combined account for 99% of the total national inventory.
Cattle Imports Decline to 2.1 Million Head
In 2011

* Forecast
Herds in Canada and Mexico Shrink

Cattle and Calves January 1

Million Head

2005 2006 2007 2008 2009 2010 2011

Canada Mexico

* Forecast
Average Cattle Carcass Weights Recover to Near Record in 2011

* Forecast
Beef Exports Increase 2 Percent to 2.4 Billion Pounds

* Forecast
2011 Exports Remain Below 2003

Billion pounds

2005 2006 2007 2008 2009 2010 2011*

Mexico Canada Japan South Korea Vietnam Other

* Forecast
Beef Imports Increase 4 Percent to 2.4 Billion Pounds

* Forecast
Cattle Prices Rise in 2011, to Average $102 to $109 per cwt
Pork Production Increases to 22.5 Billion Pounds in 2011

* Forecast
Beginning Hog Inventory Falls to 64.3 Million Head

Inventory on December 1, Preceding Year

Million Head

Sows Farrowing Expected to Stabilize in Late 2011

* Quarters 1-2 NASS Reported, Quarters 3-4 Forecast
Growth in Pigs Per Litter Slower

*Forecast
Hog Imports at 5.8 Million Head in 2011

* Forecast
Average Hog Carcass Weights Record
High in 2011

* Forecast
Pork Exports Rise to 4.7 Billion Pounds, Pork Imports Continue Slow Growth
Hog Prices to Average $58 to $61 per cwt

National Base, 51-52% Lean, Live Equivalent

$ per cwt

QI | QII | QIII | QIV | Annual

2009 | 2010 | 2011*

* Forecast
Broiler Meat Production Record High in 2011

*B Billion lbs.

* Forecast
Broiler Laying Flock
Monthly Average

2008
2009
2010
Chicks Placed For Grow Out
19 Selected States

Million birds

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

2009  2010  2011
Live Bird Weights Jumped in Late 2010
2011 Broiler Exports Will Fall

* Forecast
Broiler Whole Bird Prices to Average 80 to 85 Cents Per Pound

12-City Wholesale

<table>
<thead>
<tr>
<th></th>
<th>Cents per Pound</th>
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<tbody>
<tr>
<td>QI</td>
<td>80</td>
</tr>
<tr>
<td>QII</td>
<td>81</td>
</tr>
<tr>
<td>QIII</td>
<td>Forecast</td>
</tr>
<tr>
<td>QIV</td>
<td>Forecast</td>
</tr>
<tr>
<td>Annual</td>
<td>Forecast</td>
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</table>

* Forecast
Turkey Production Forecast
At 5.6 Billion Pounds in 2011

*Billion lbs.*

*Forecast*
Turkey Poult Placements Above Year Earlier

[Graph showing turkey poult placements from January to November for the years 2009, 2010, and 2011. The graph indicates that placements were higher than the previous year in the specified months.]
Turkey Weight Growth Continues

Live weight (lbs)

Jan 04 to Jul 10
Turkey Exports Will Decline in 2011

* Forecast
Turkey Prices to Average 89-95 Cents per Pound

National Hen Price

<table>
<thead>
<tr>
<th>Year</th>
<th>Cents/lb.</th>
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<tbody>
<tr>
<td>2006</td>
<td>75</td>
</tr>
<tr>
<td>2007</td>
<td>75</td>
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<tr>
<td>2008</td>
<td>85</td>
</tr>
<tr>
<td>2009</td>
<td>75</td>
</tr>
<tr>
<td>2010</td>
<td>90</td>
</tr>
<tr>
<td>2011*</td>
<td>100</td>
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</tbody>
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* Forecast
Egg Production Growth Slow

- Forecast

[Bullet chart showing egg production growth from 2001 to 2011, with 2011 forecasted higher than the previous years.]
Table Egg Laying Flock
Monthly Average

<table>
<thead>
<tr>
<th>Month</th>
<th>Million birds</th>
</tr>
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<tbody>
<tr>
<td>Jan</td>
<td>272.0</td>
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<tr>
<td>Mar</td>
<td>274.0</td>
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<tr>
<td>May</td>
<td>276.0</td>
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<tr>
<td>Jul</td>
<td>278.0</td>
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<tr>
<td>Sep</td>
<td>280.0</td>
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<tr>
<td>Oct</td>
<td>282.0</td>
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<tr>
<td>Nov</td>
<td>284.0</td>
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</tbody>
</table>

Graph showing monthly average egg laying flock from 2008 to 2010.

- Red line represents 2008
- Blue line represents 2009
- Green line represents 2010
Egg Prices Will Decline

N.Y. Wholesale Price - Large Eggs

Cents/lb.

2003 2004 2005 2006 2007 2008 2009 2010 2011*

* Forecast
Additional information about the 2011 outlook is available at 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  