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

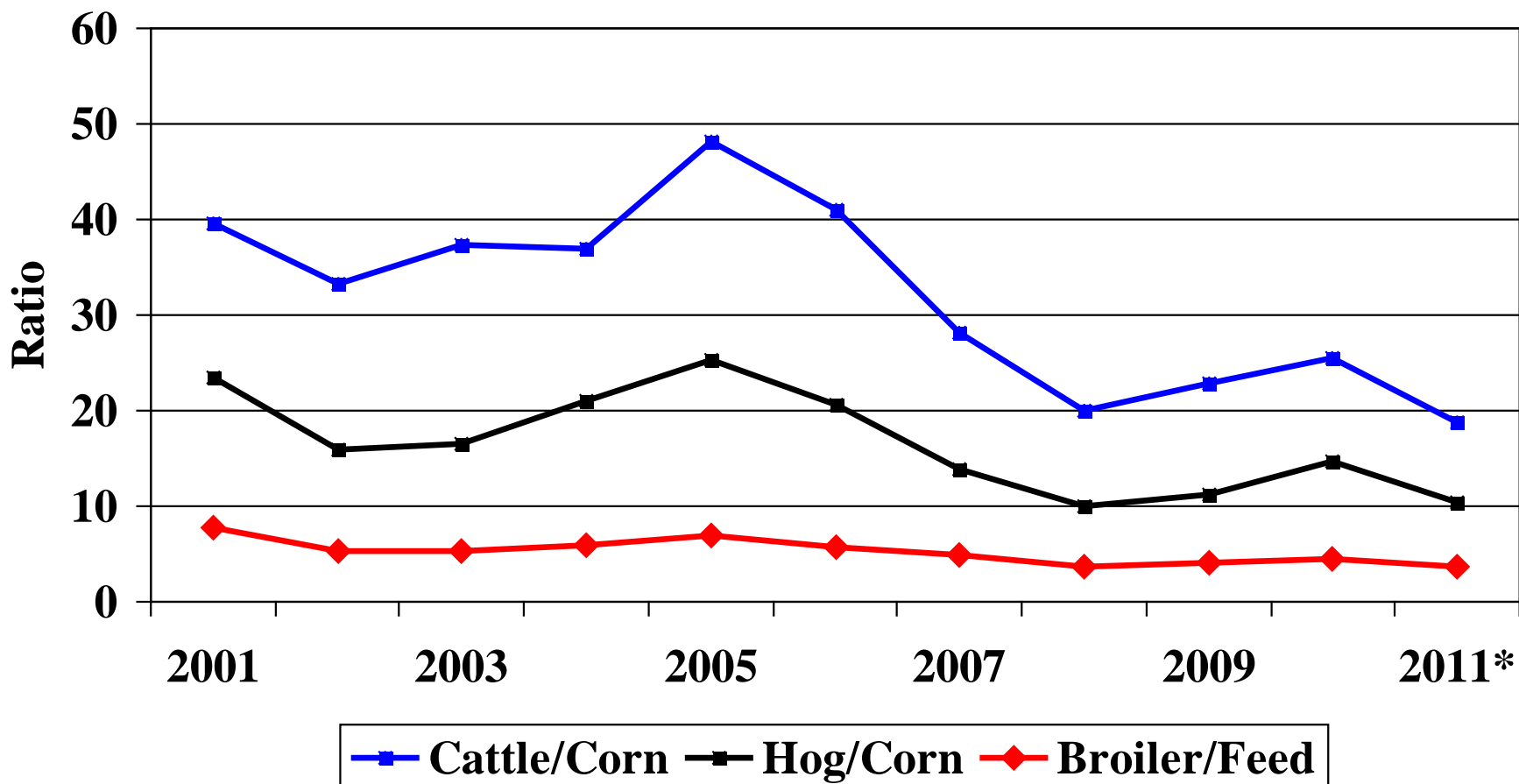
**Presented By
Shayle D. Shagam
World Agricultural Outlook Board, USDA**

**USDA Outlook Forum
Washington, D.C.
February 25, 2011**

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

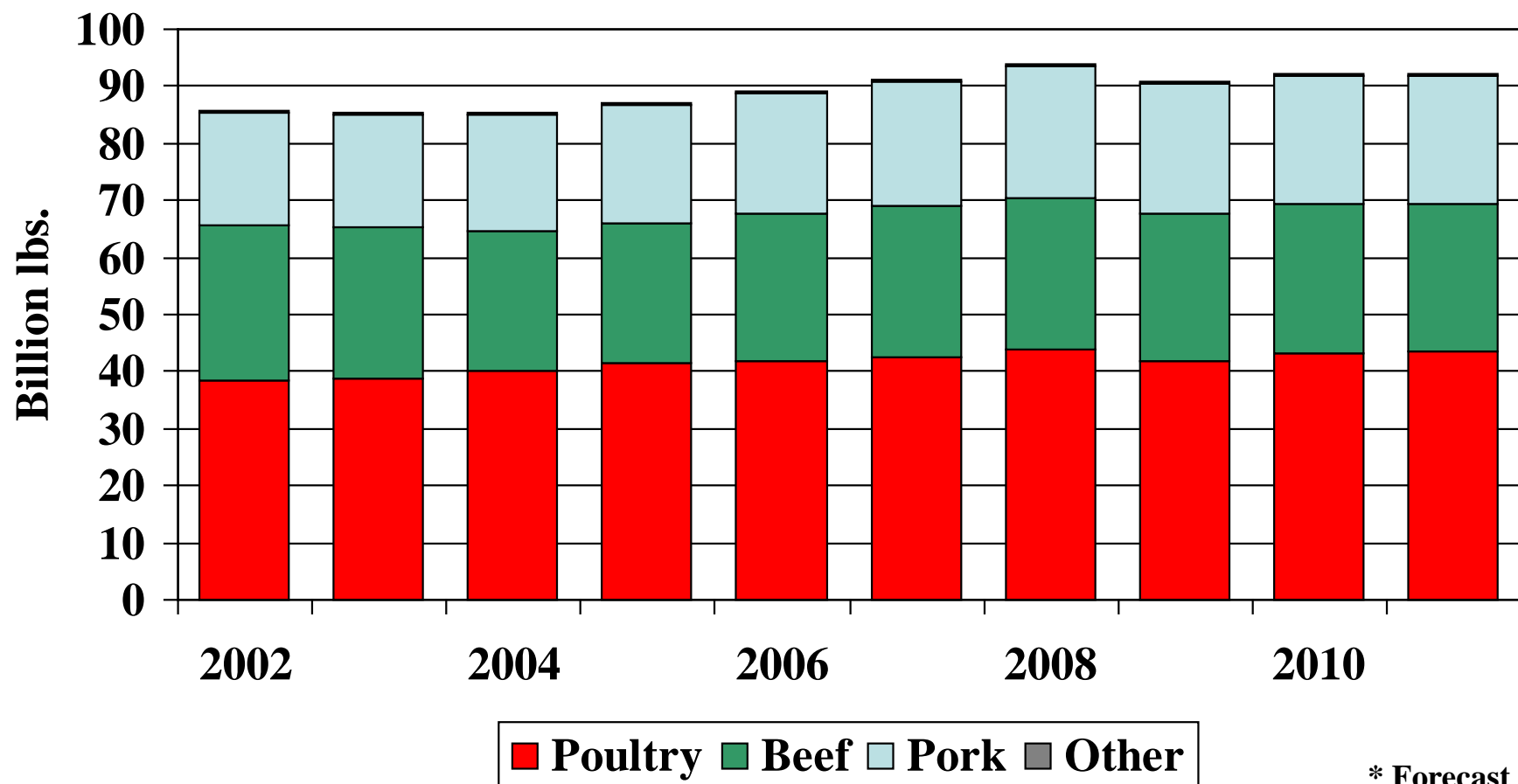


* Forecast

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



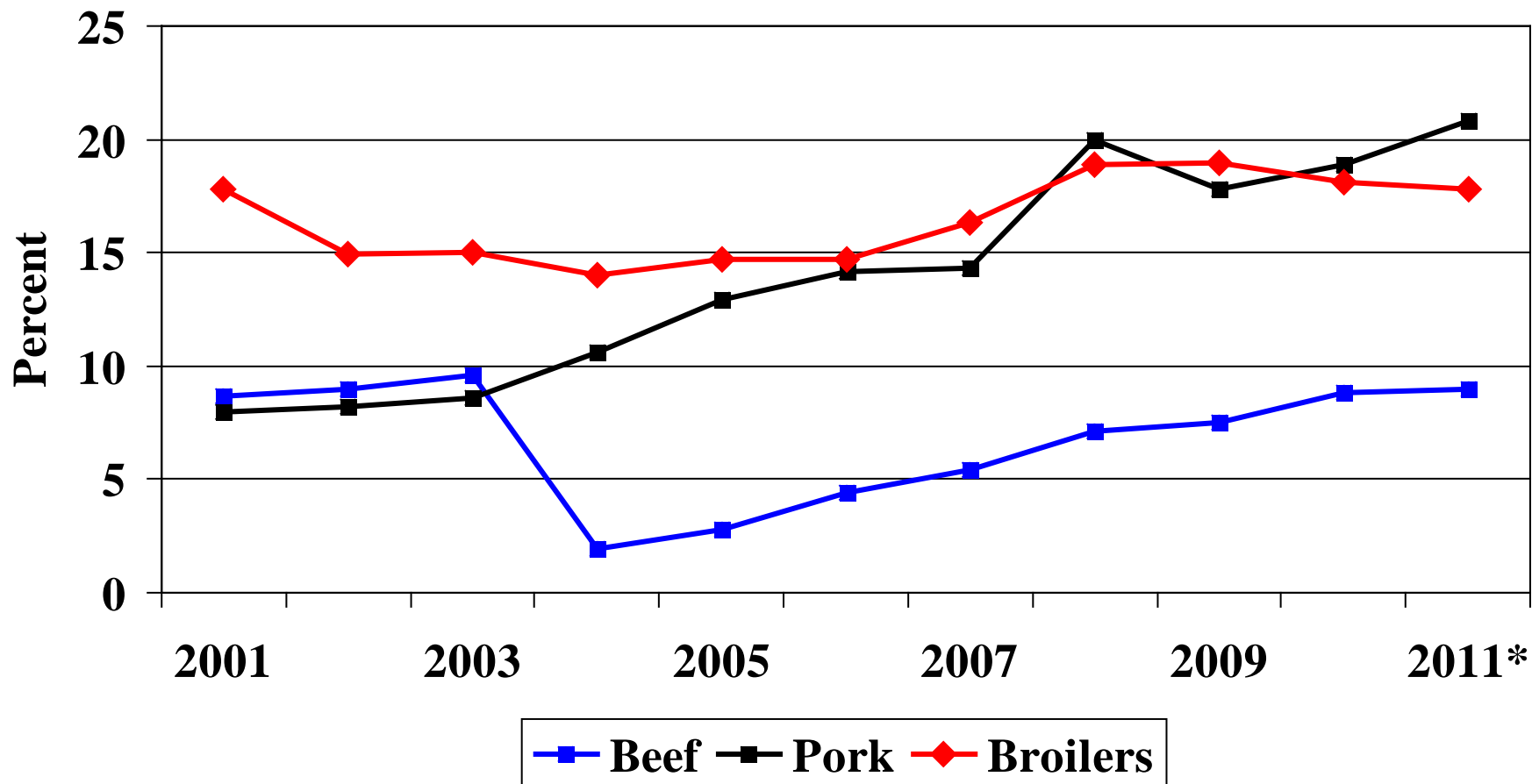
Highlights for Livestock & Poultry in 2011

- **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

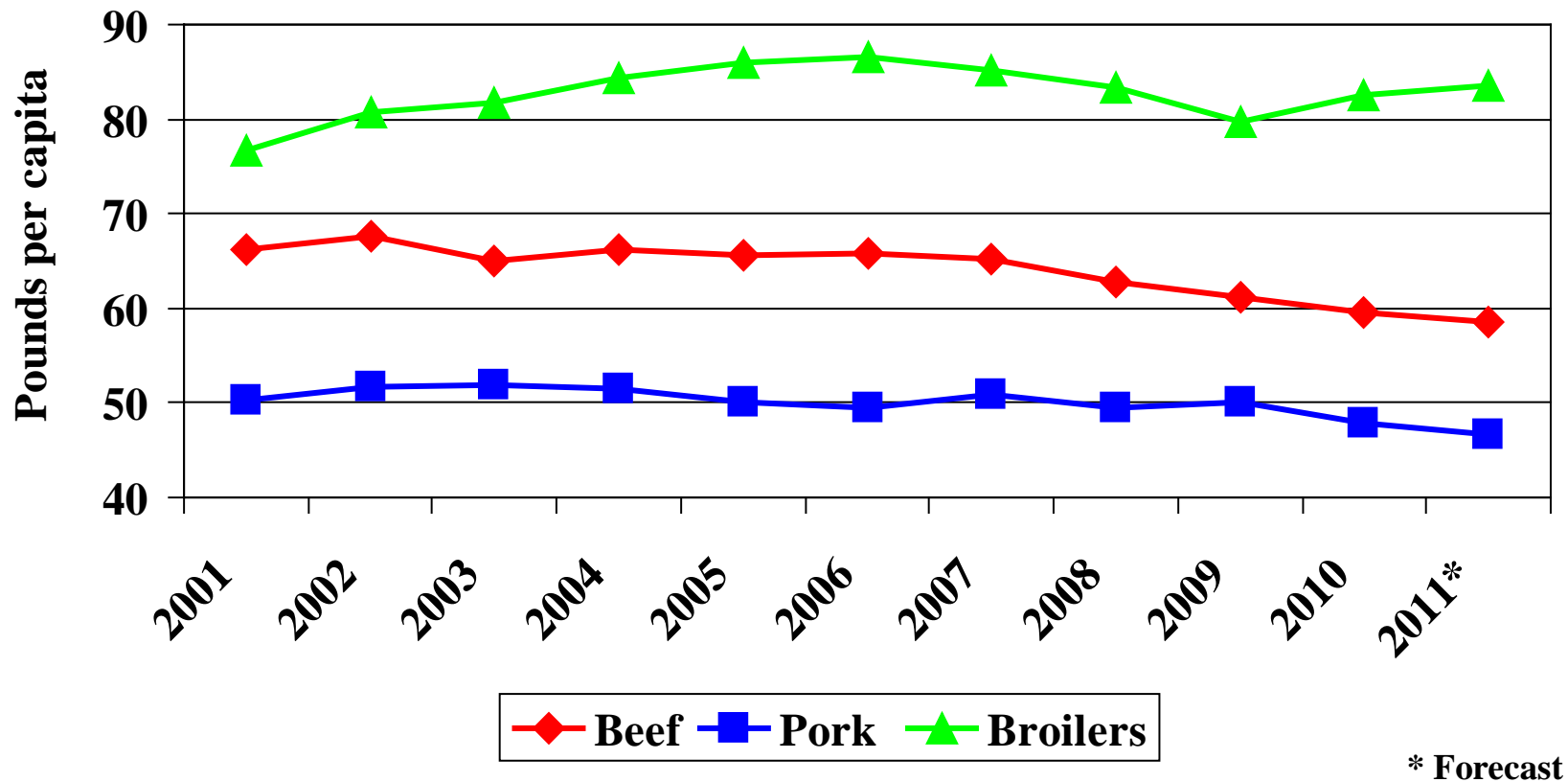


* Forecast

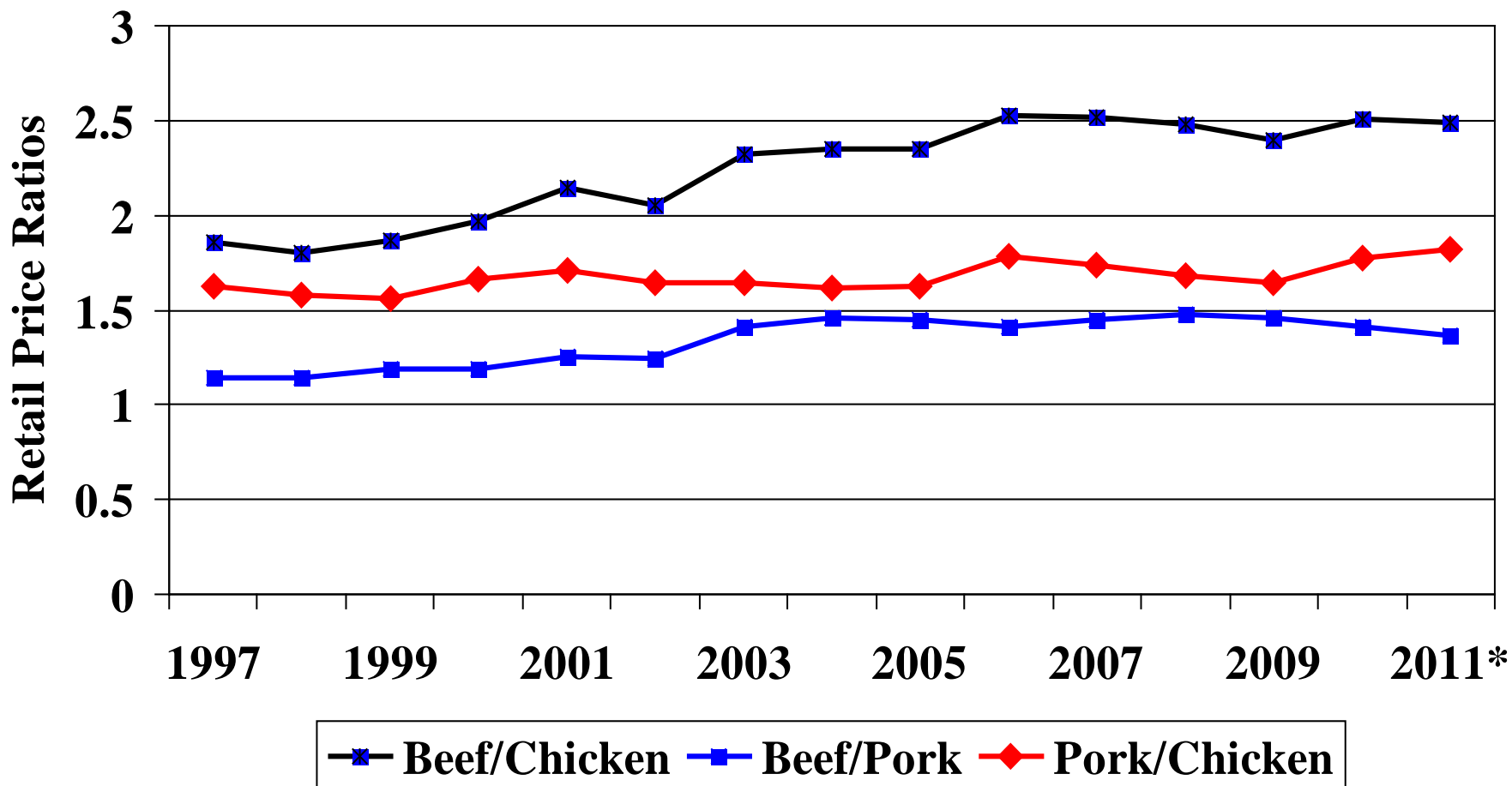
Highlights for Livestock & Poultry in 2011

- **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**

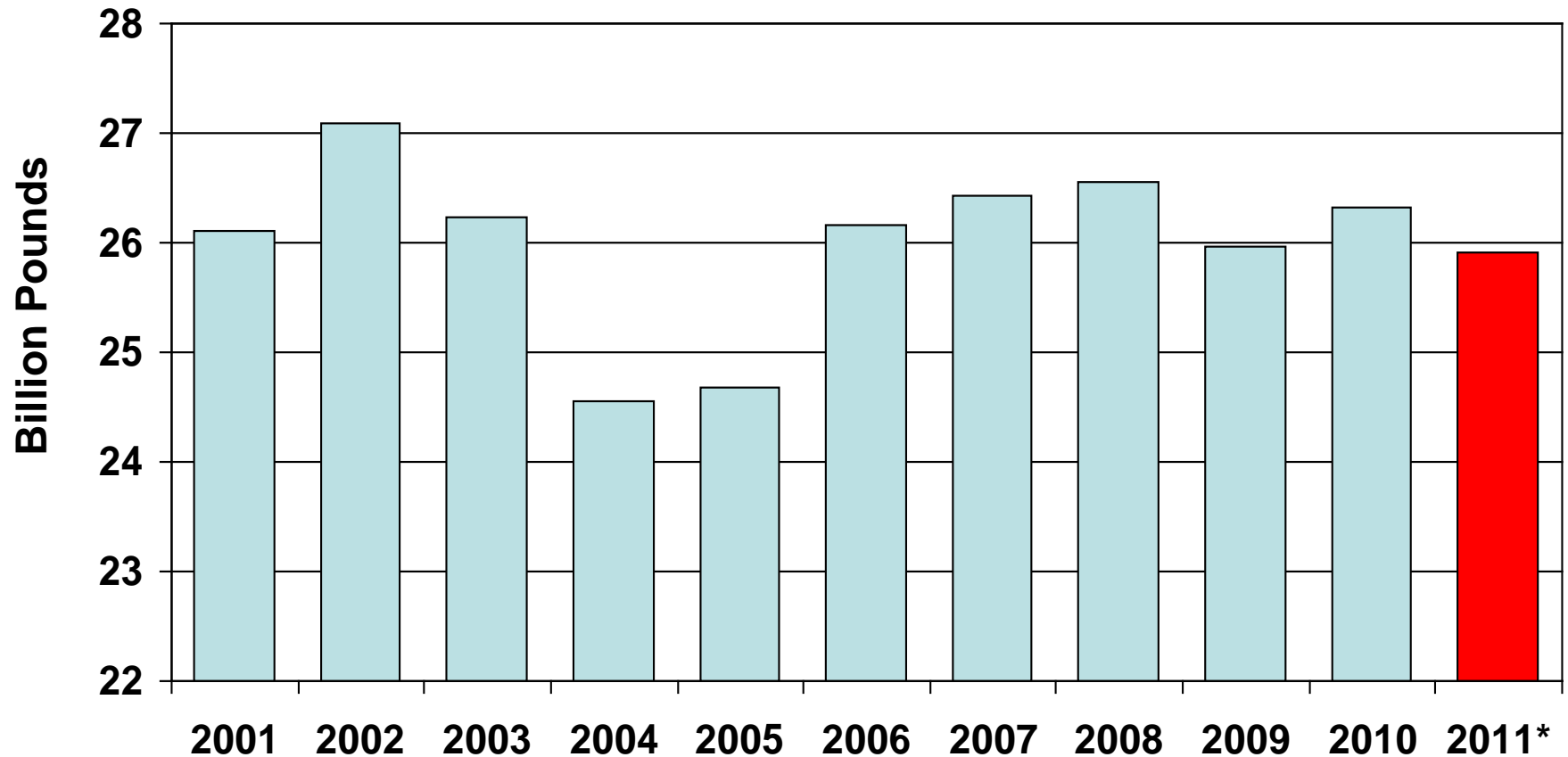
Total Per Capita Retail Basis Meat Disappearance in 2011 at 207 Pounds



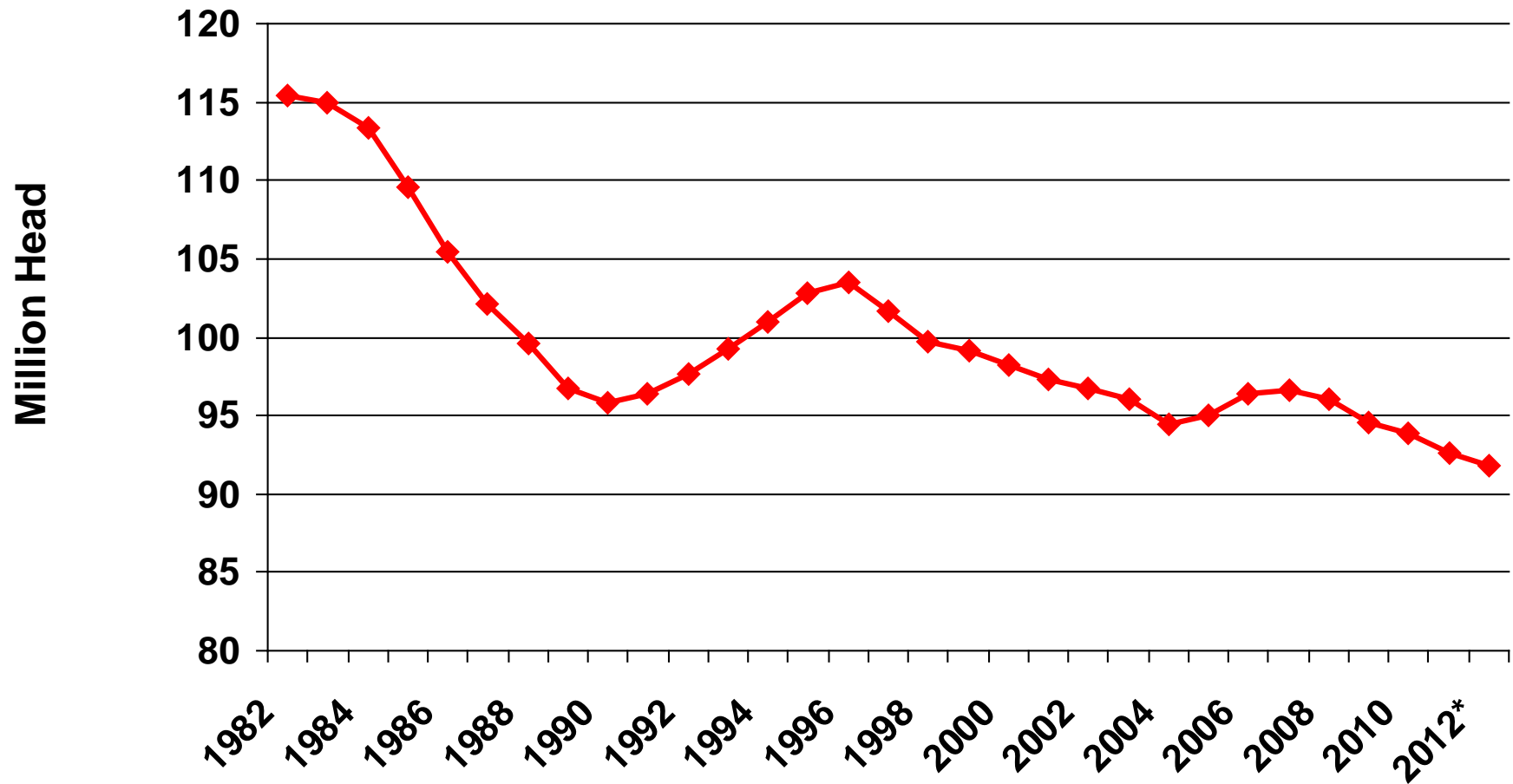
Despite Price Increase, Chicken Will Maintain Pricing Advantage at Retail



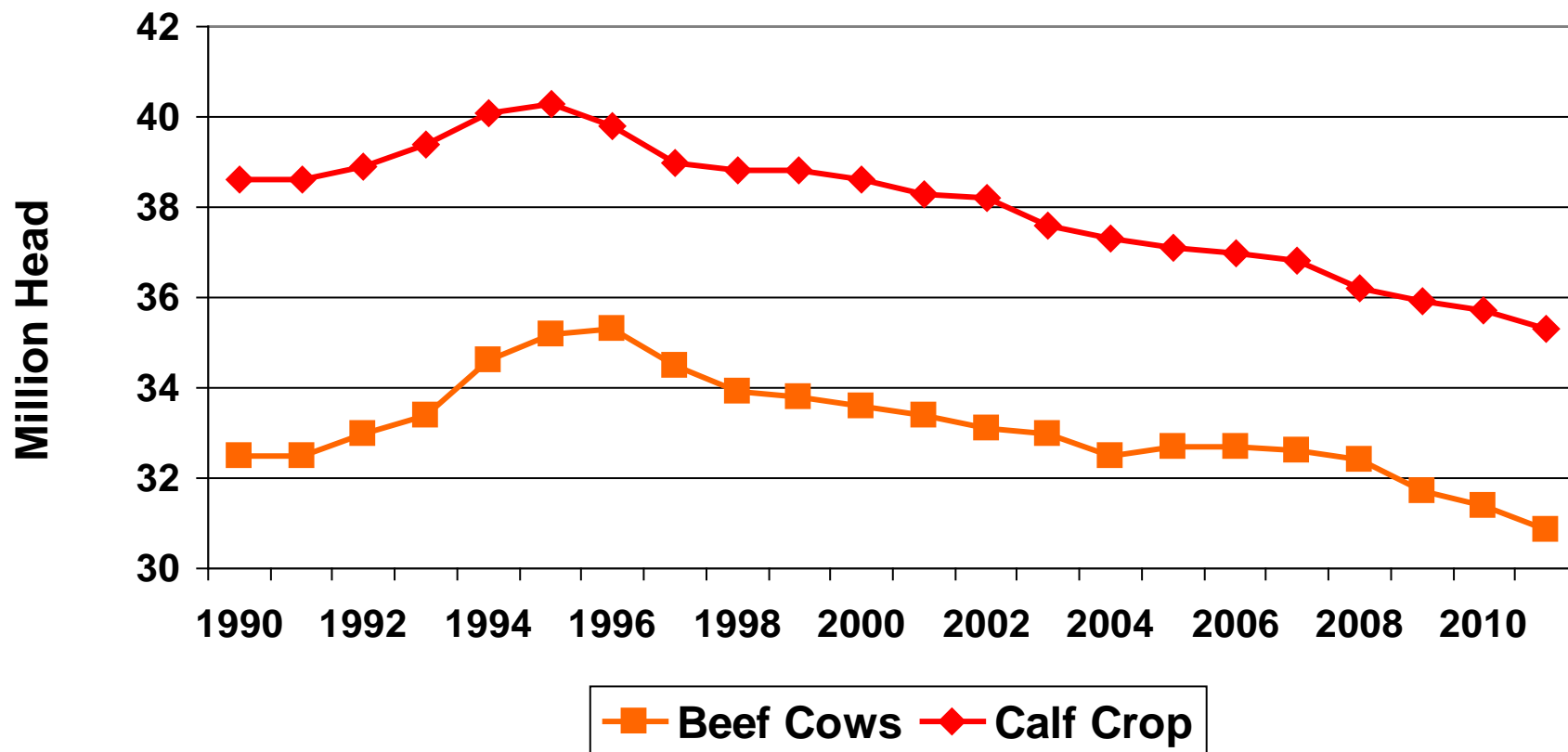
Beef Production to Decline to 25.9 Billion Pounds in 2011



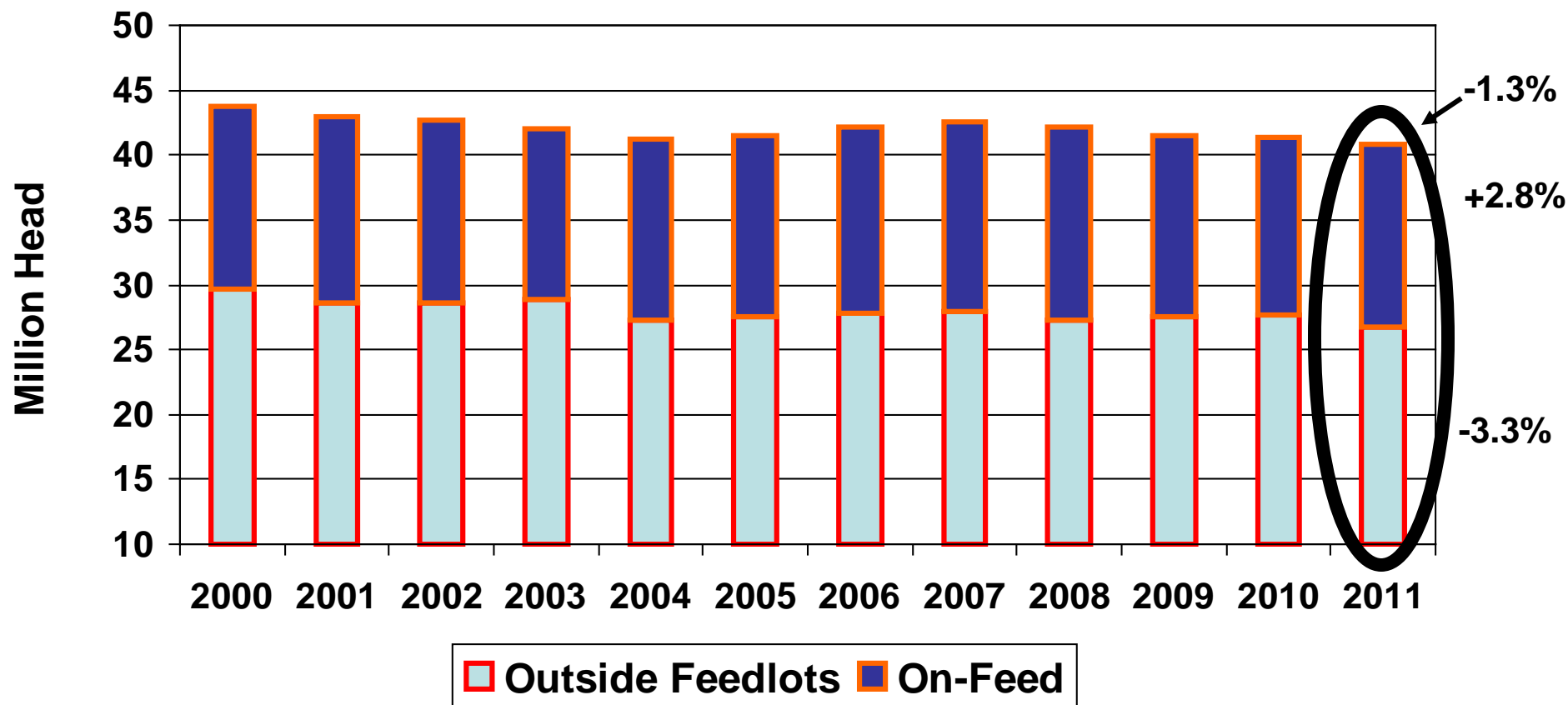
Cattle Herd at 92.6 Million on Jan 1, 2011; Further Contraction Likely



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



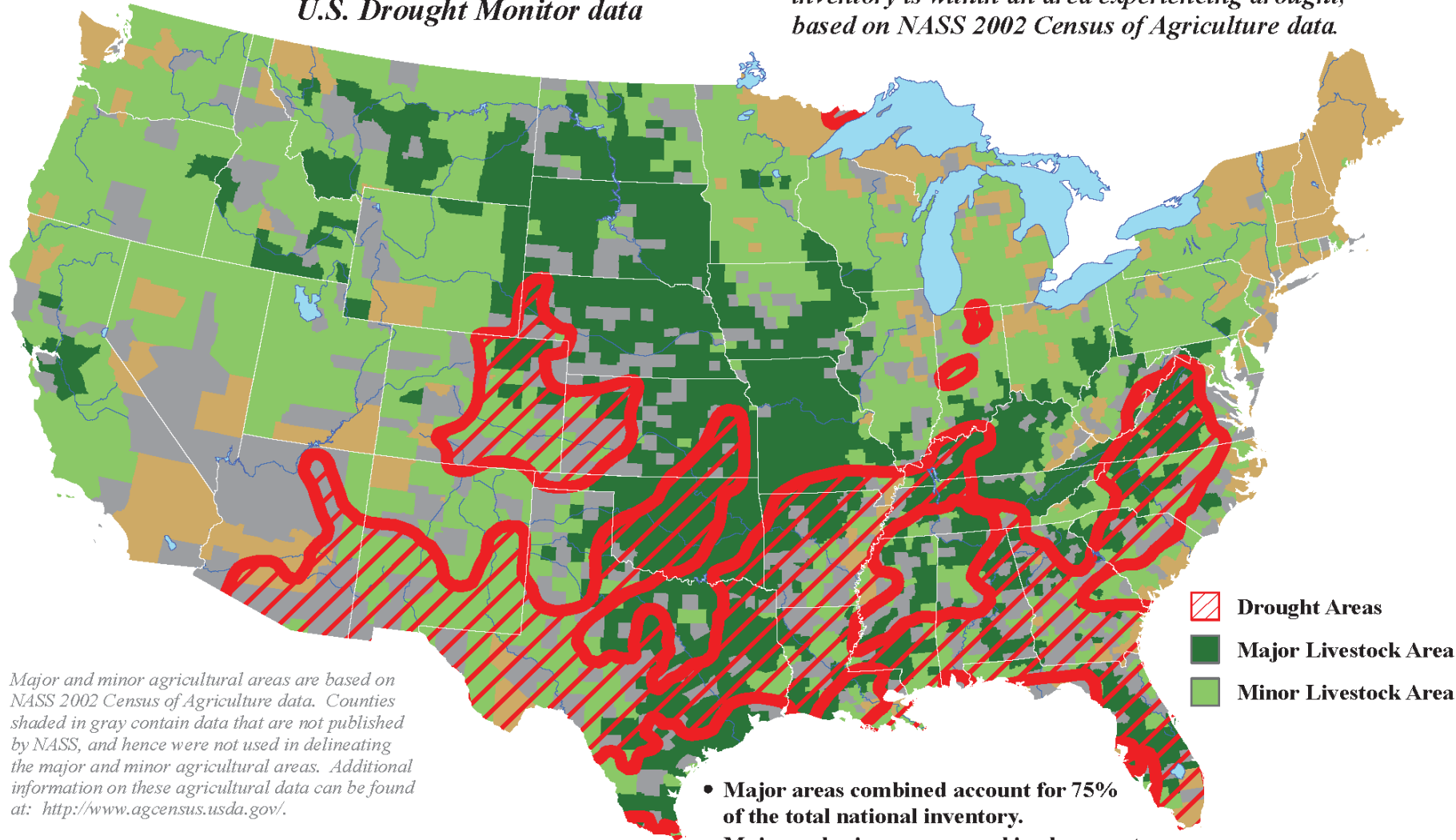
Cattle for Feeding Lower on January 1



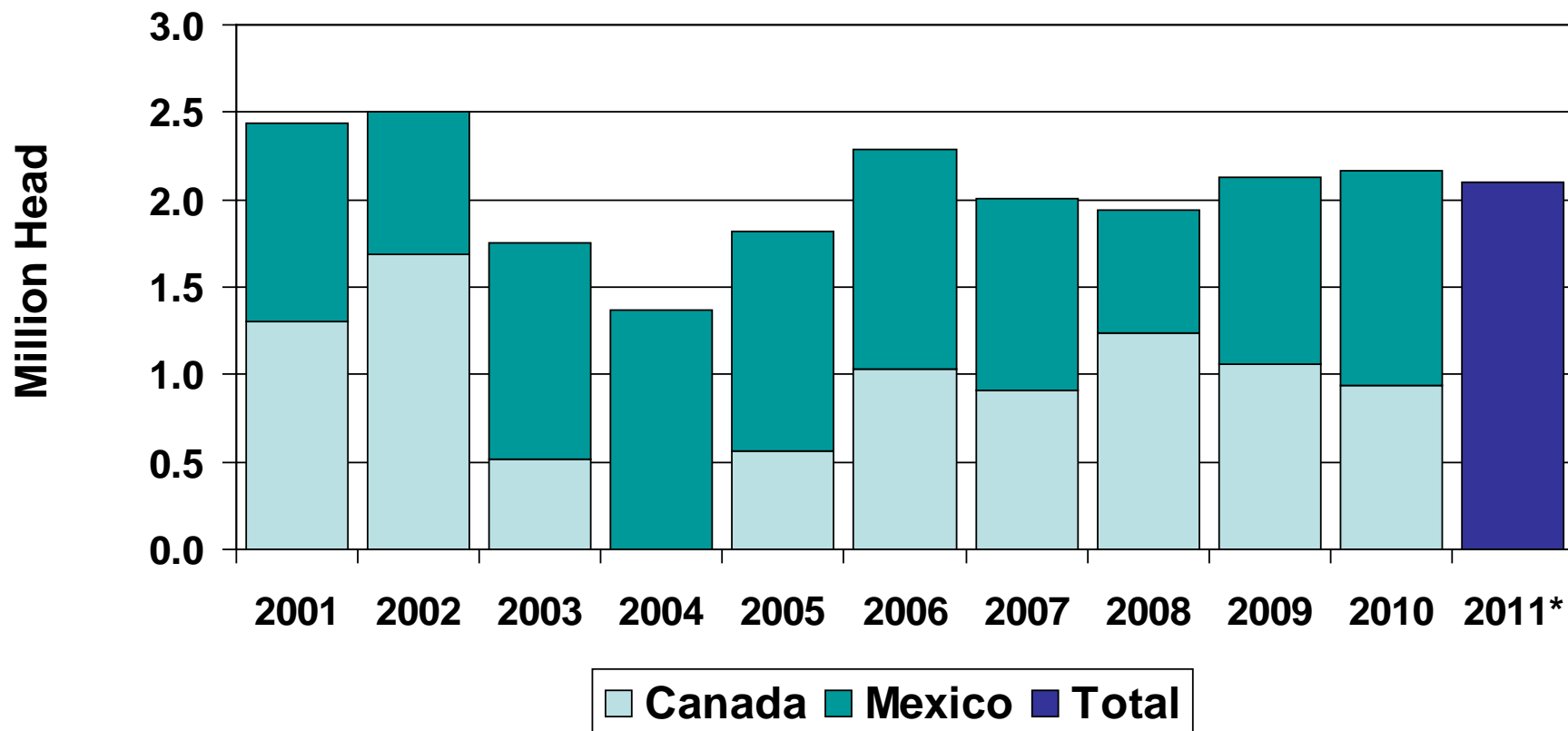
U.S. Beef Cow Areas Experiencing Drought

*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.*

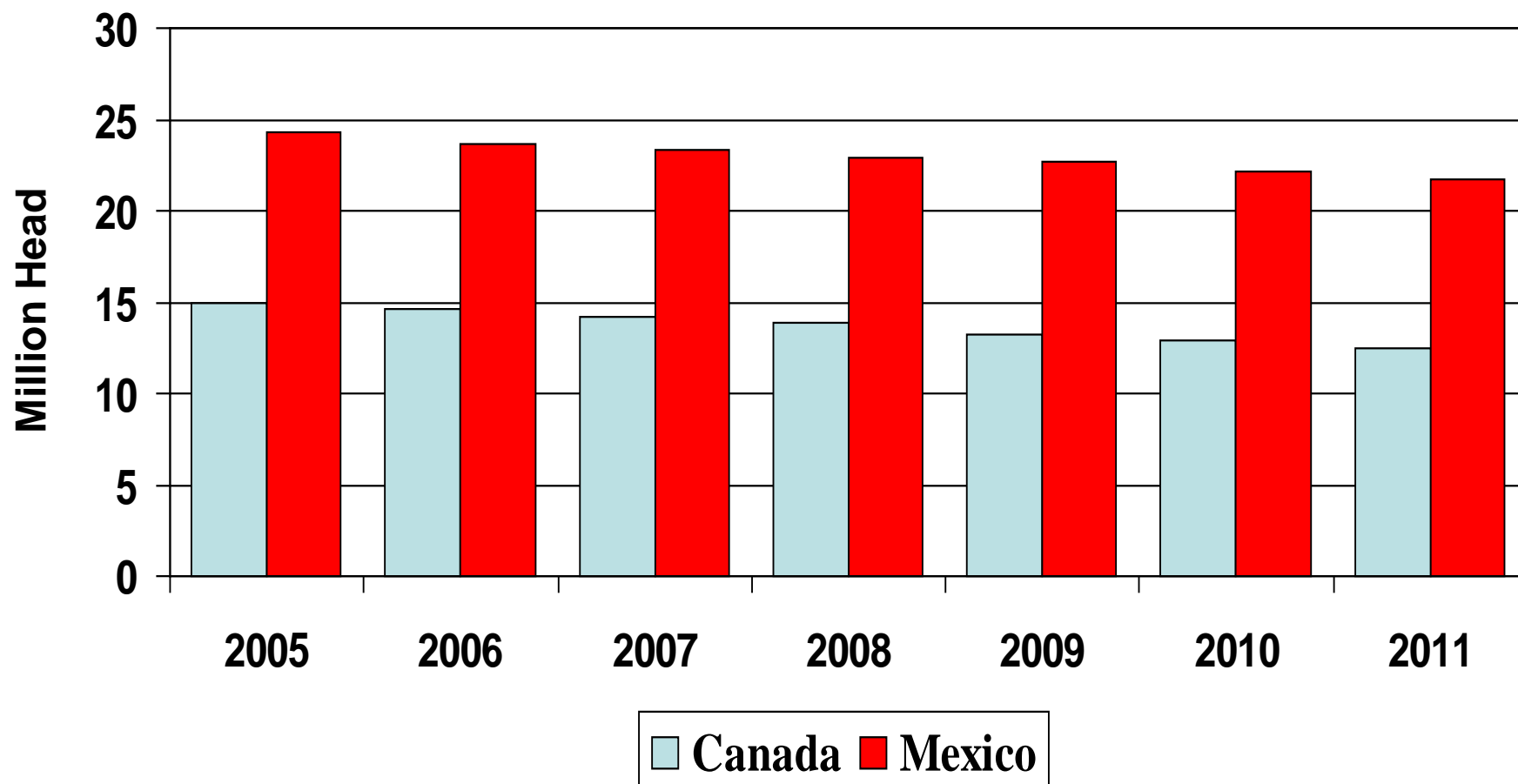


Cattle Imports Decline to 2.1 Million Head In 2011

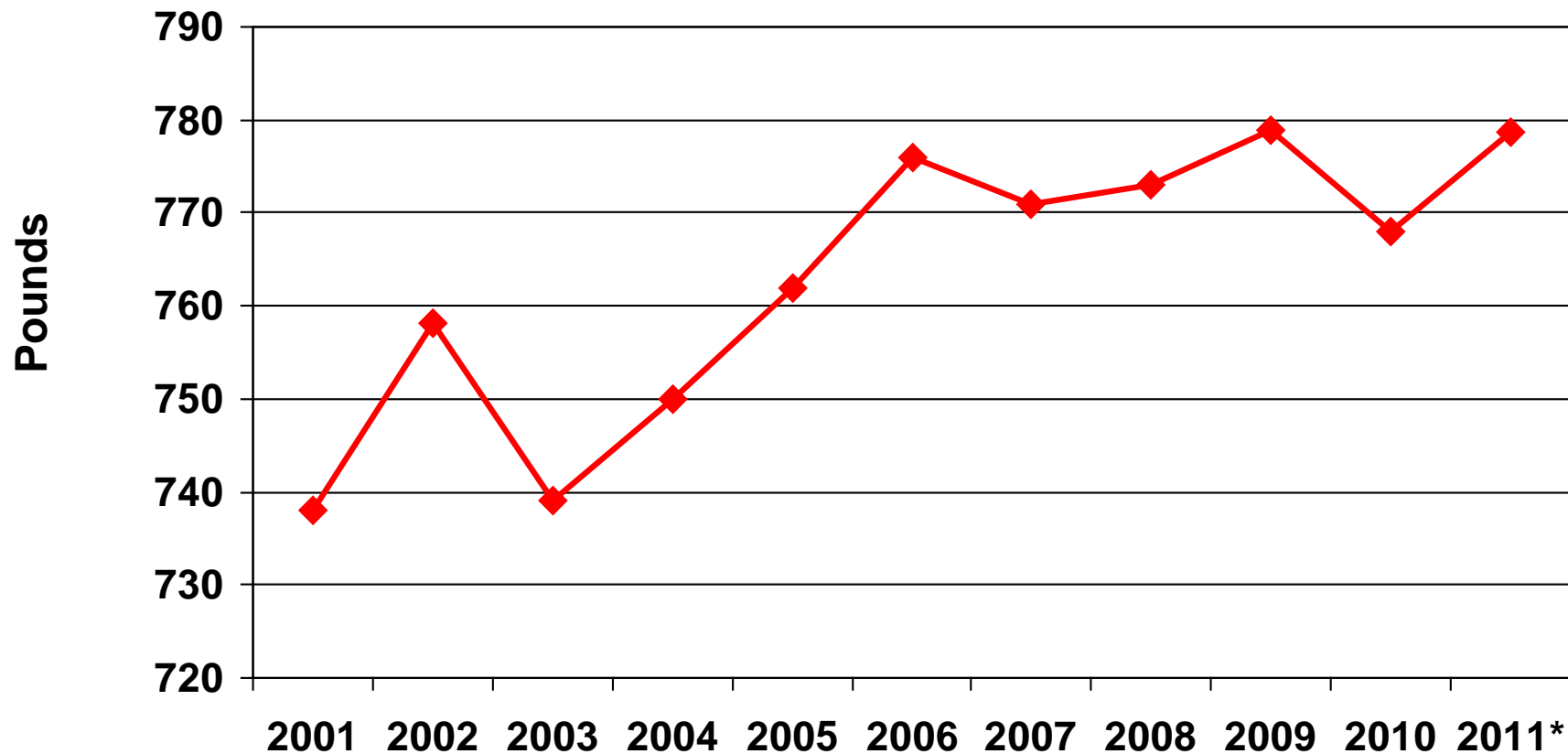


Herds in Canada and Mexico Shrink

Cattle and Calves January 1



Average Cattle Carcass Weights Recover to Near Record in 2011

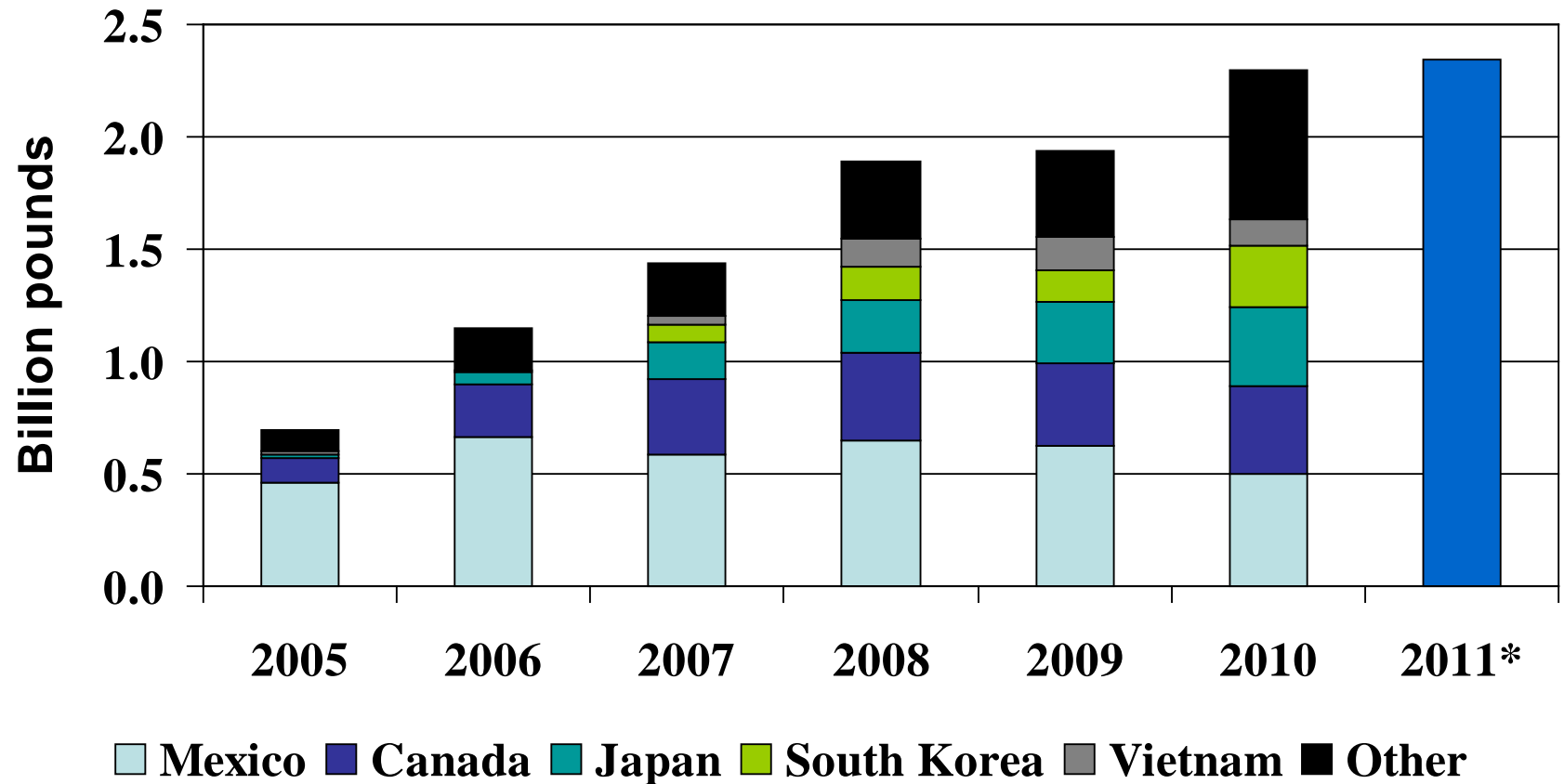


* Forecast

Beef Exports Increase 2 Percent to 2.4 Billion Pounds



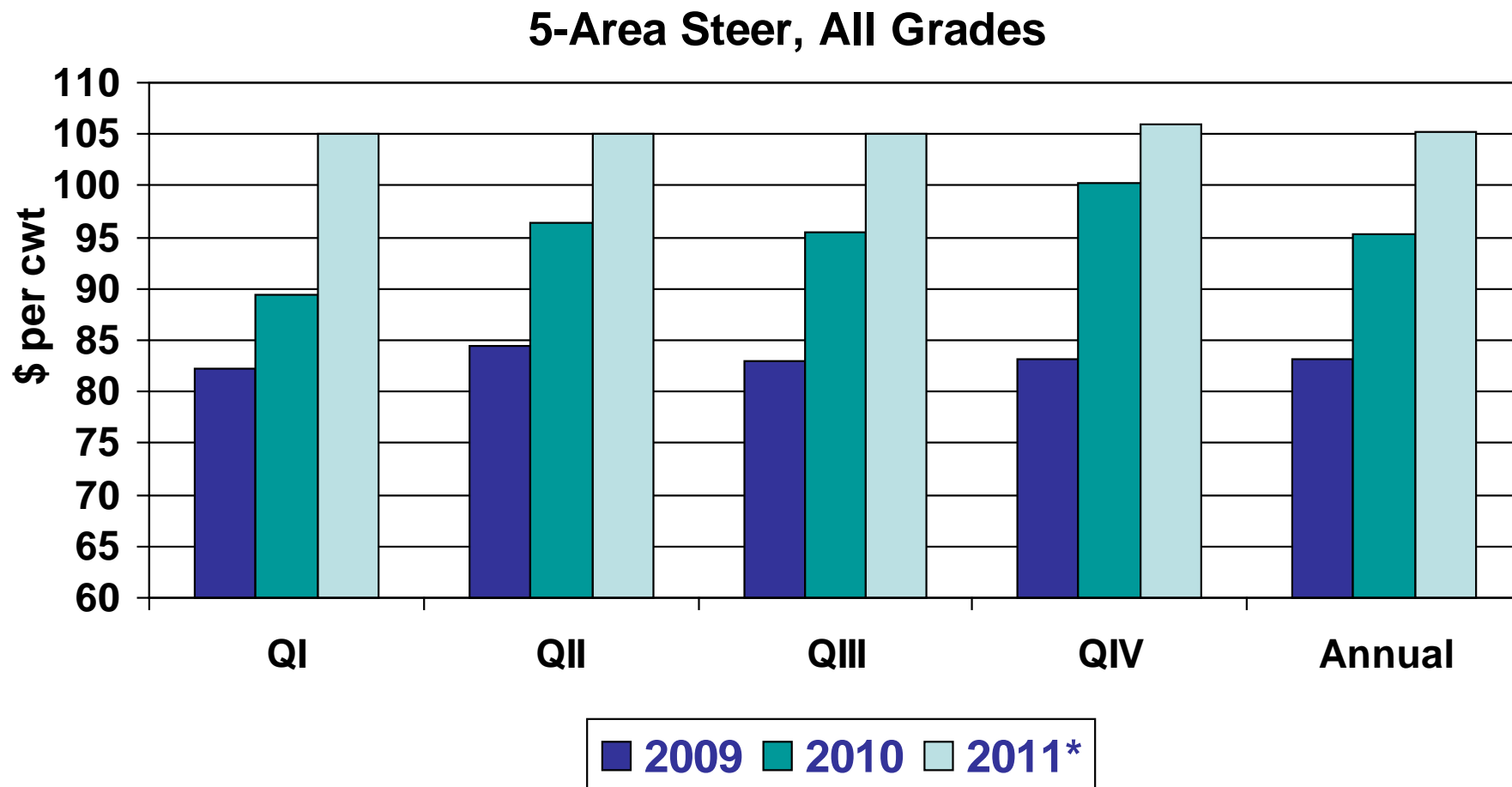
2011 Exports Remain Below 2003



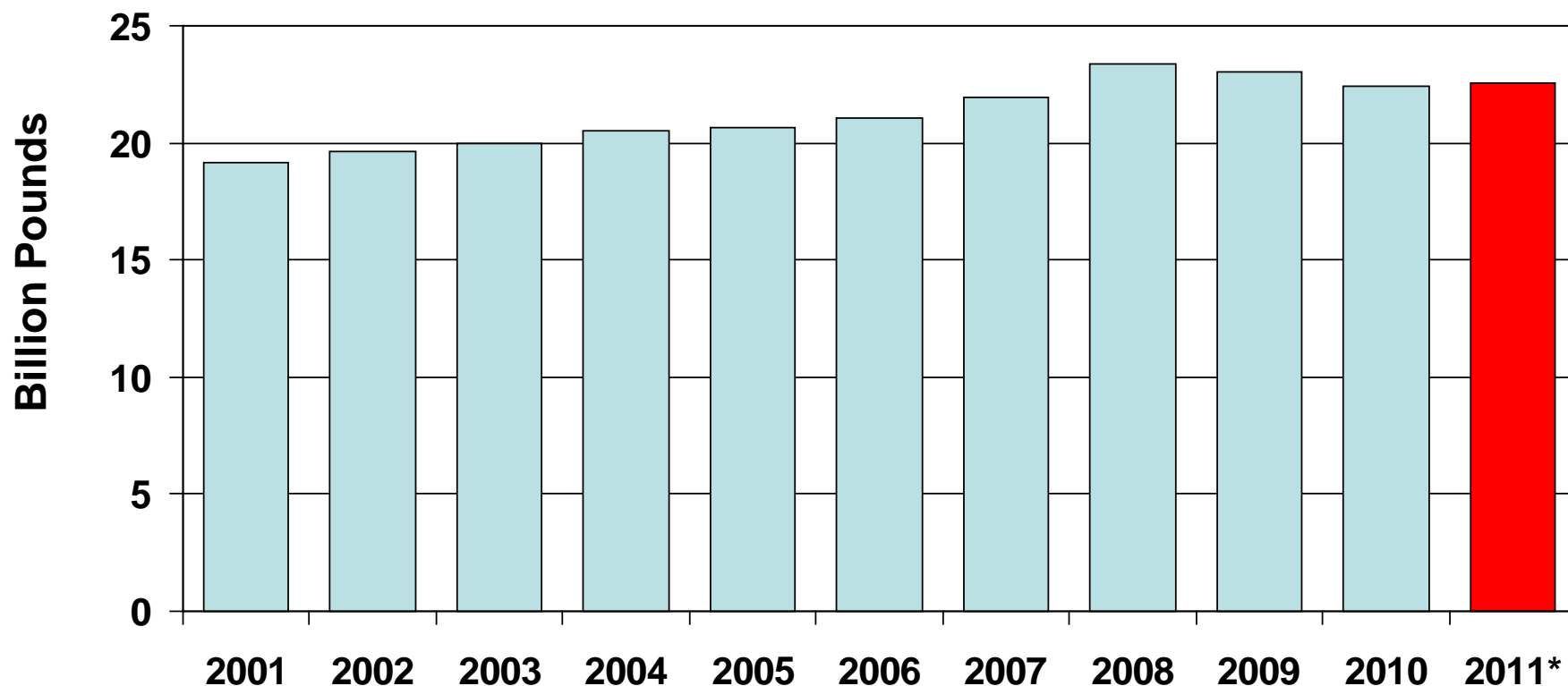
Beef Imports Increase 4 Percent to 2.4 Billion Pounds



Cattle Prices Rise in 2011, to Average \$102 to \$109 per cwt

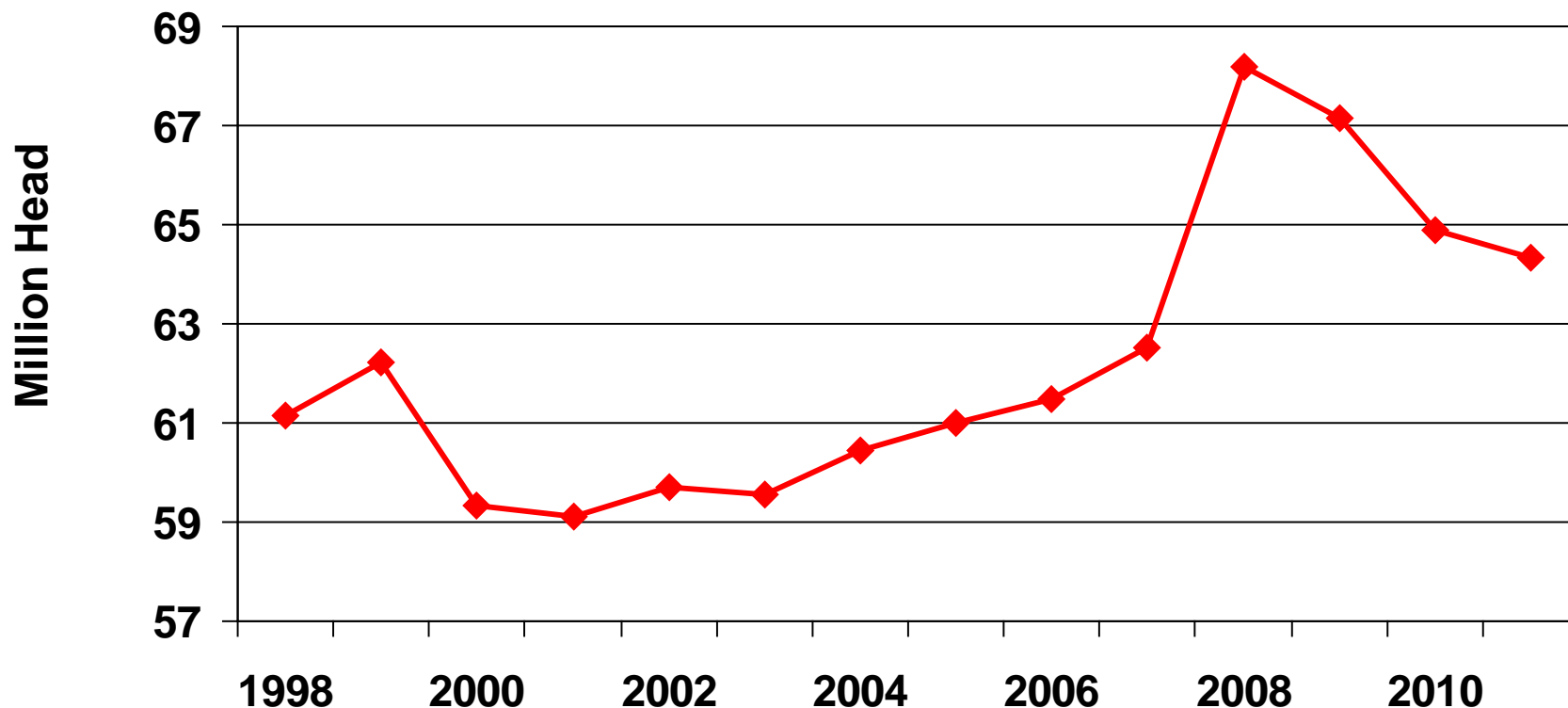


Pork Production Increases to 22.5 Billion Pounds in 2011

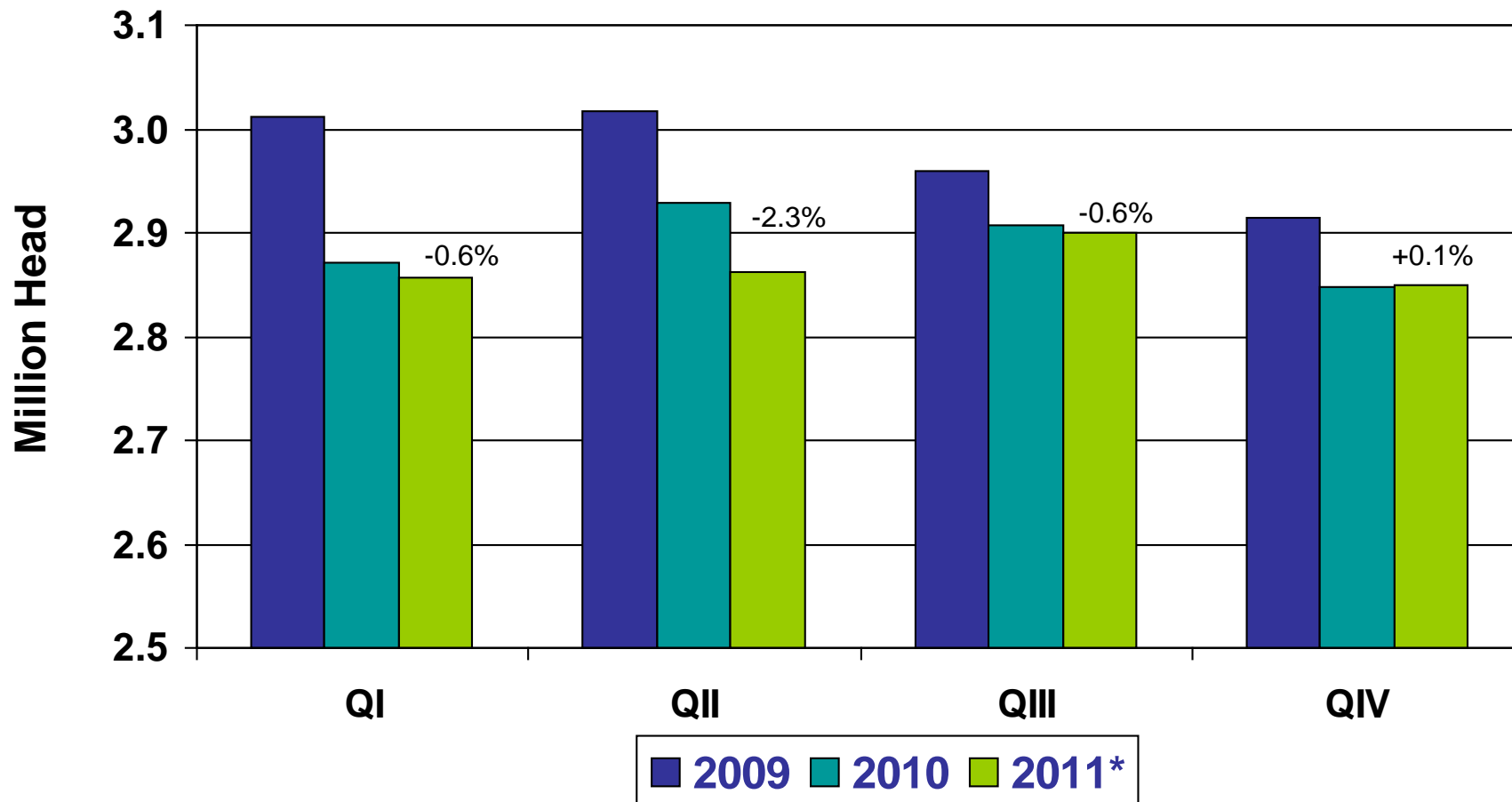


Beginning Hog Inventory Falls to 64.3 Million Head

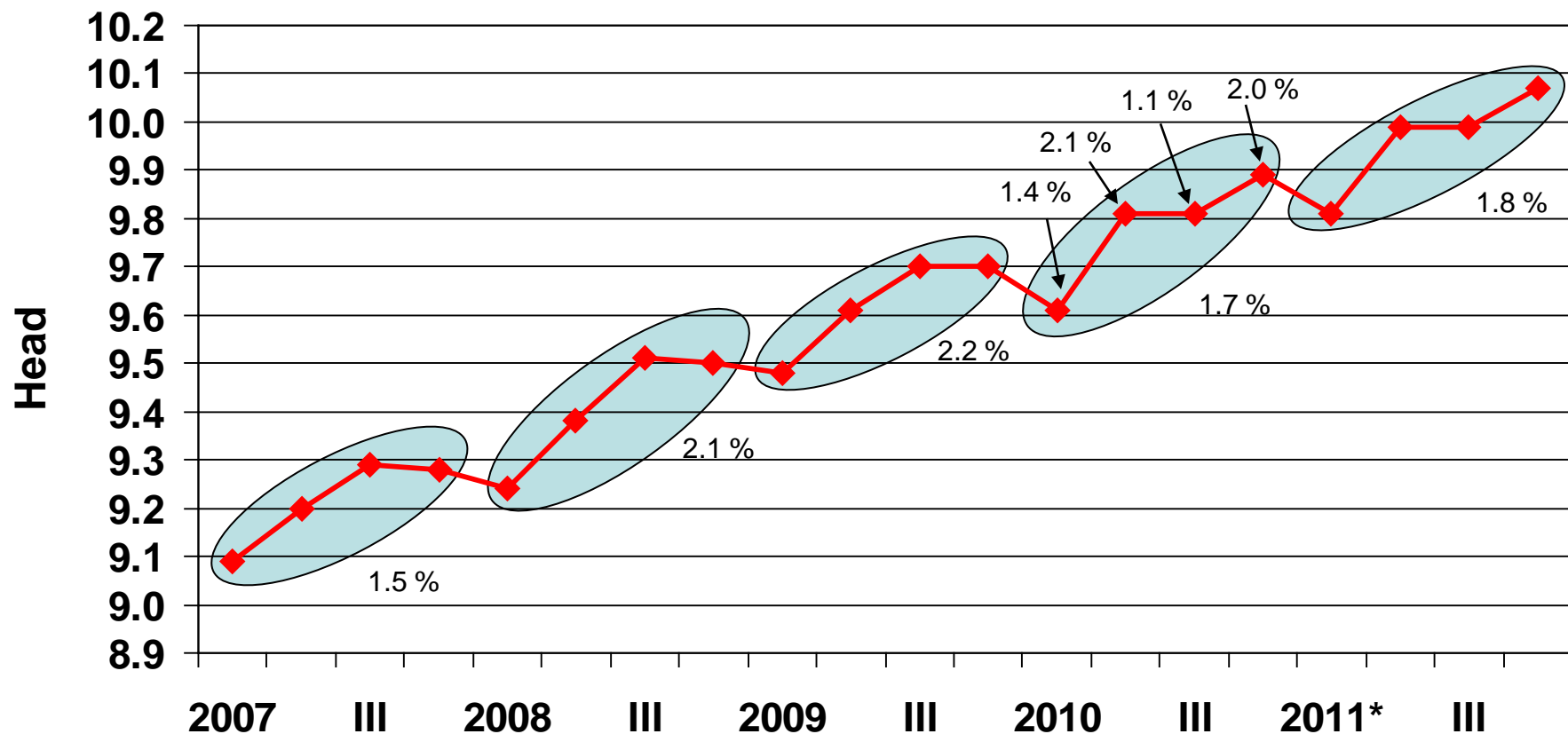
Inventory on December 1, Preceding Year



Sows Farrowing Expected to Stabilize in Late 2011

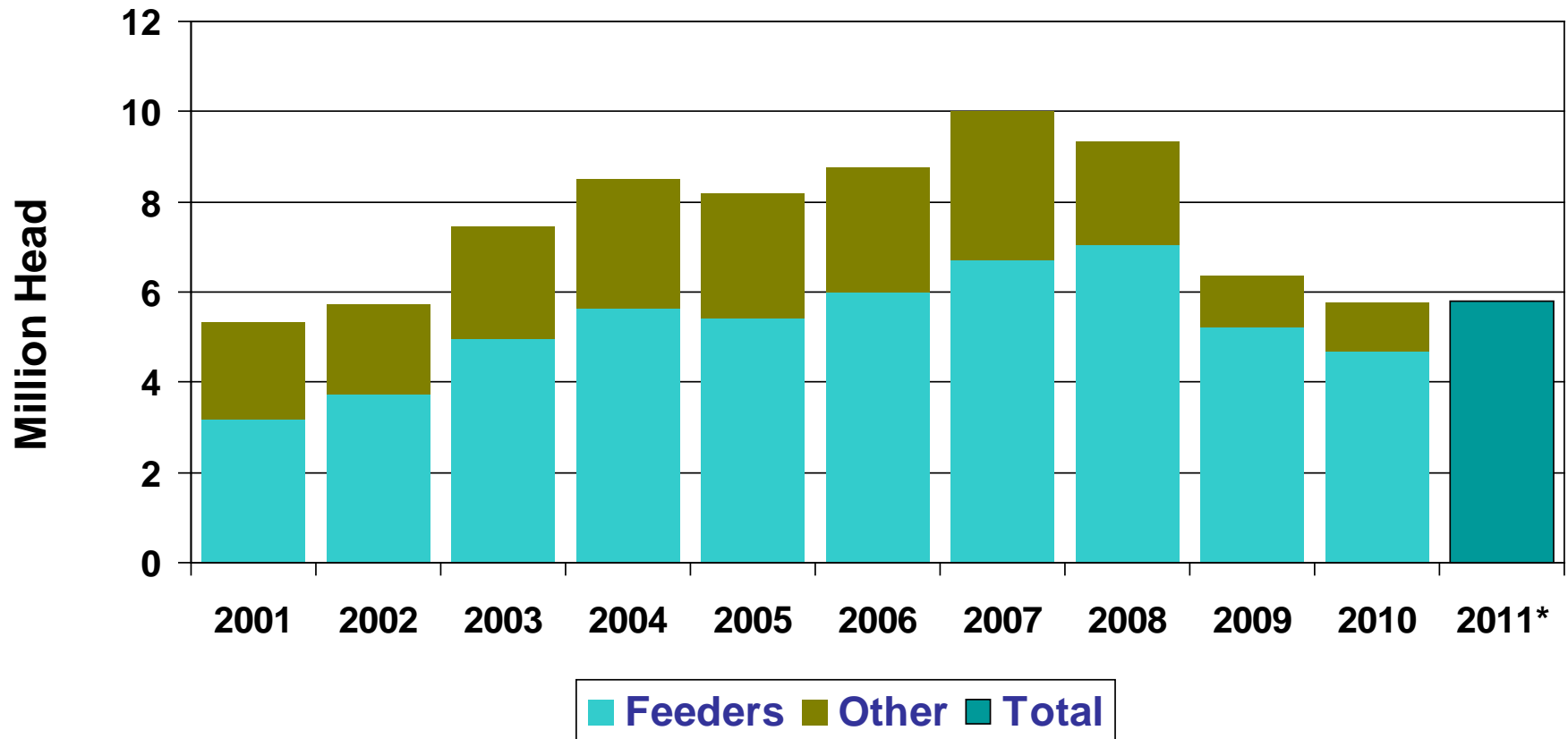


Growth in Pigs Per Litter Slower



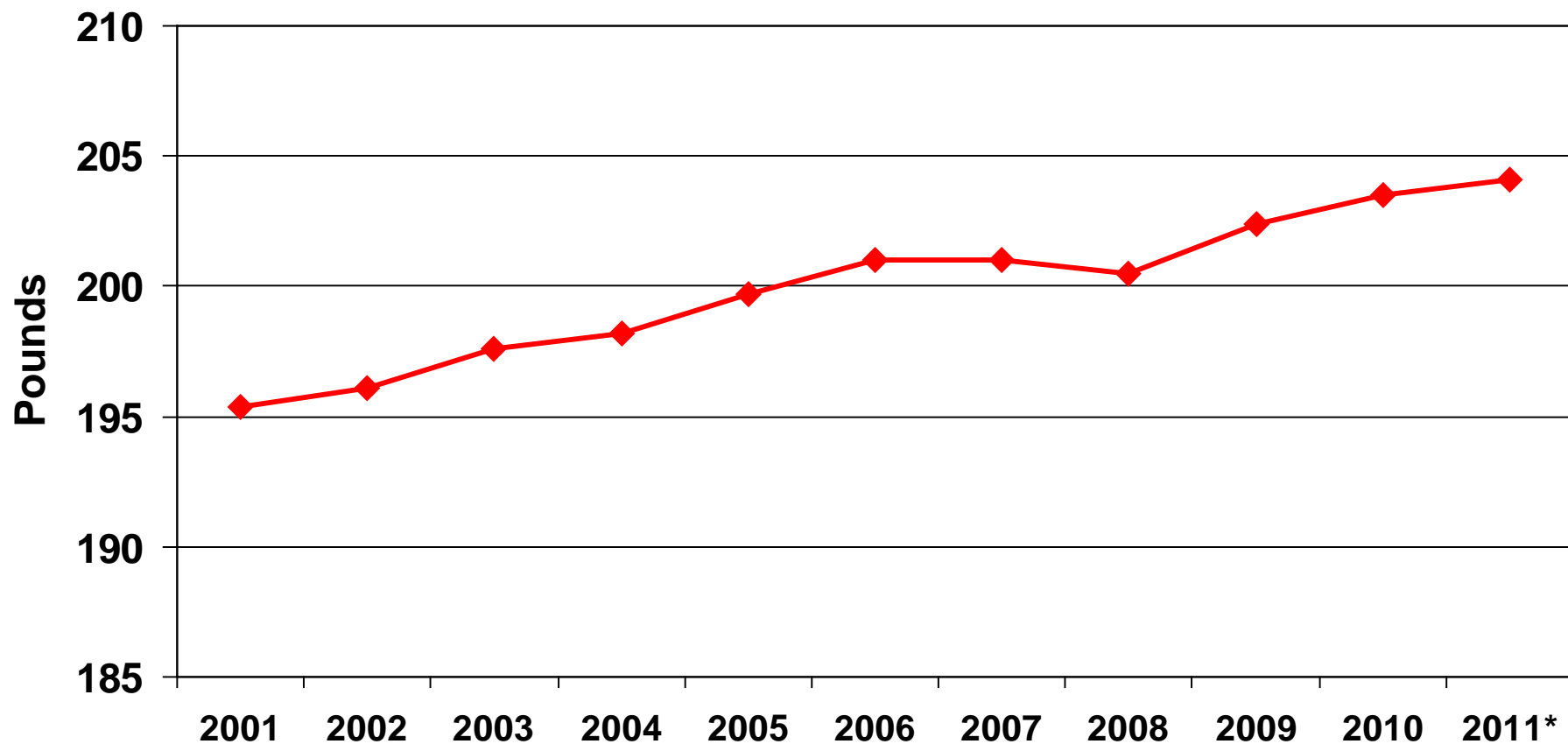
*Forecast

Hog Imports at 5.8 Million Head in 2011



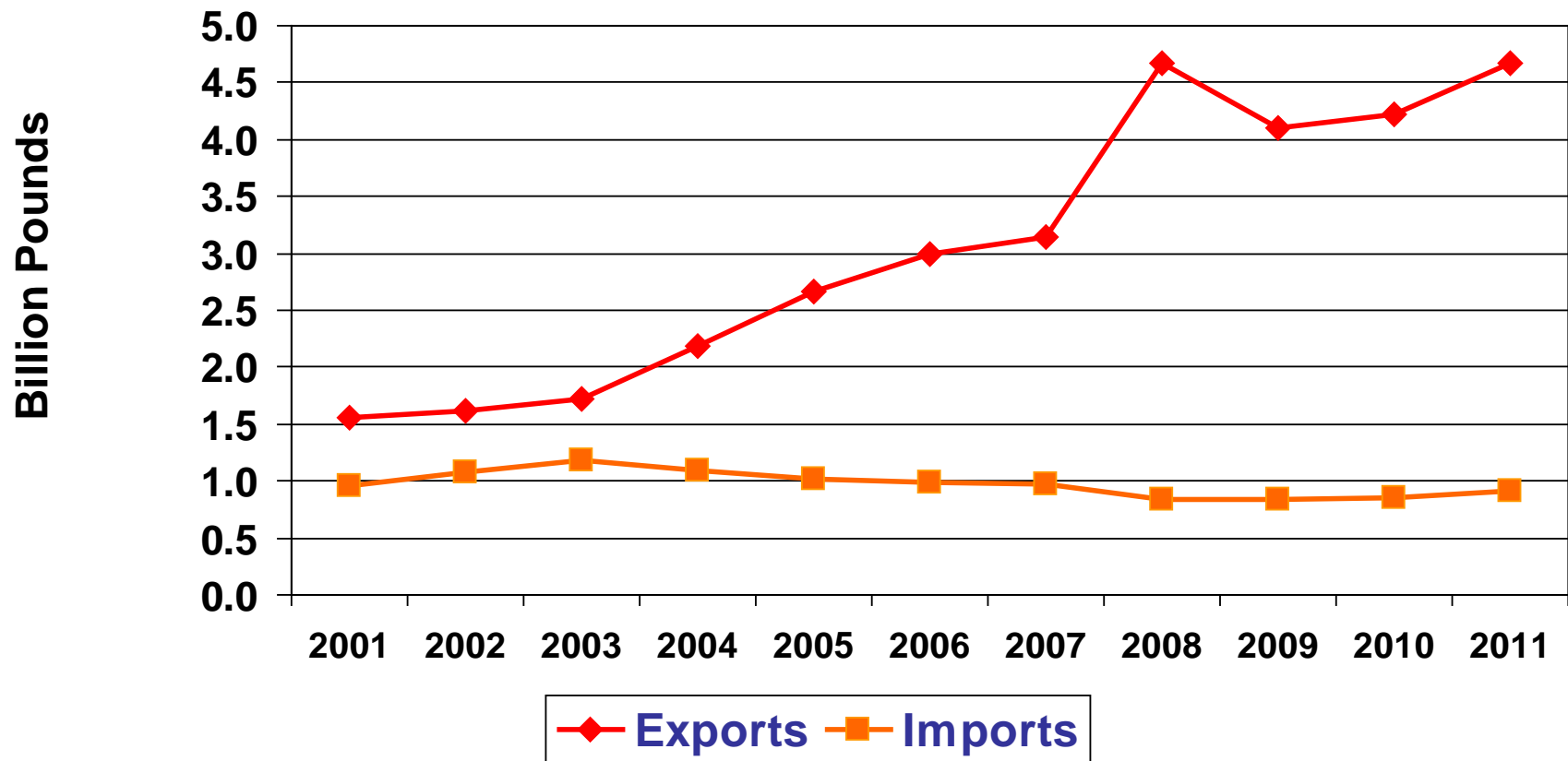
* Forecast

Average Hog Carcass Weights Record High in 2011



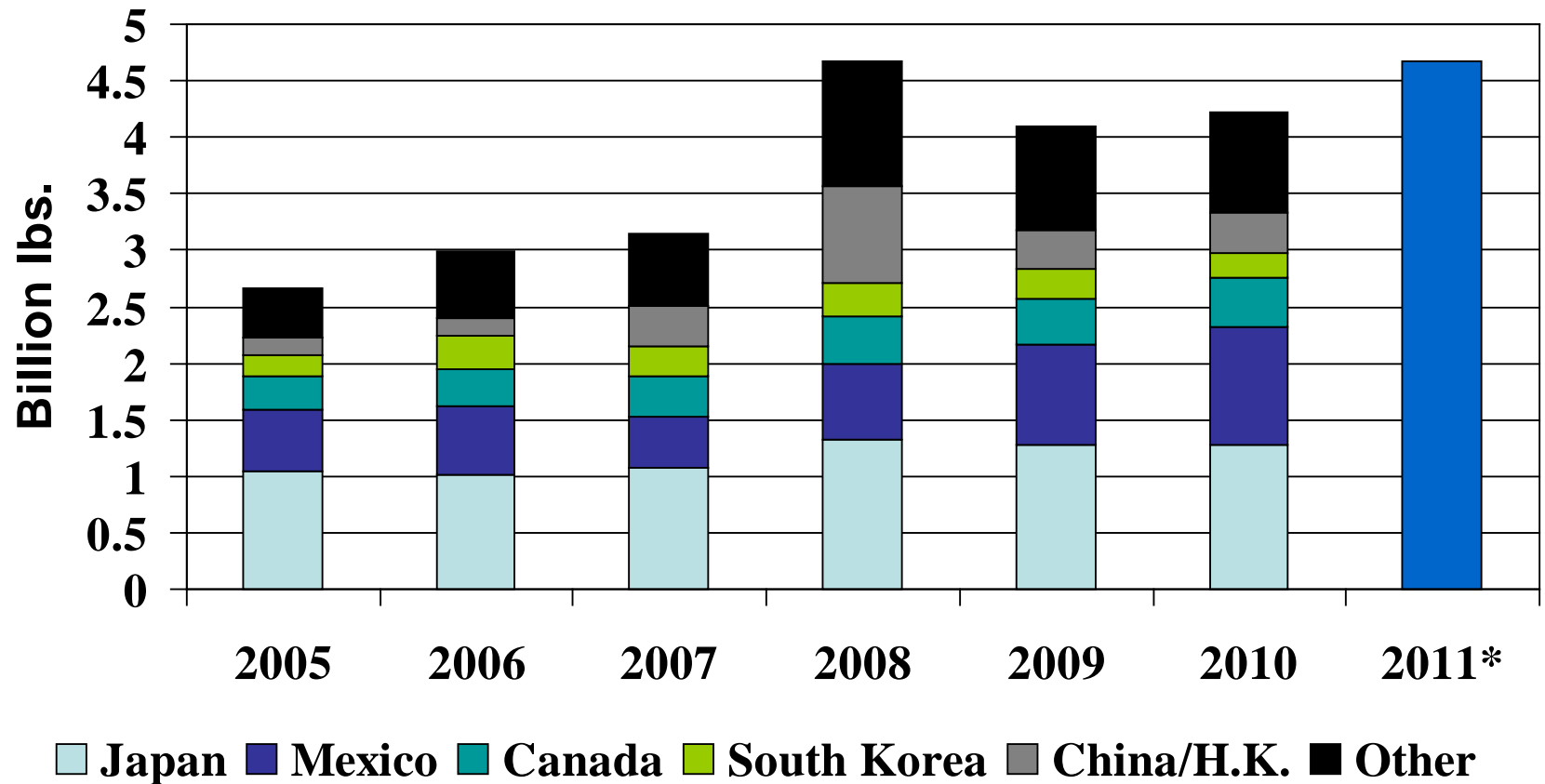
* Forecast

Pork Exports Rise to 4.7 Billion Pounds, Pork Imports Continue Slow Growth



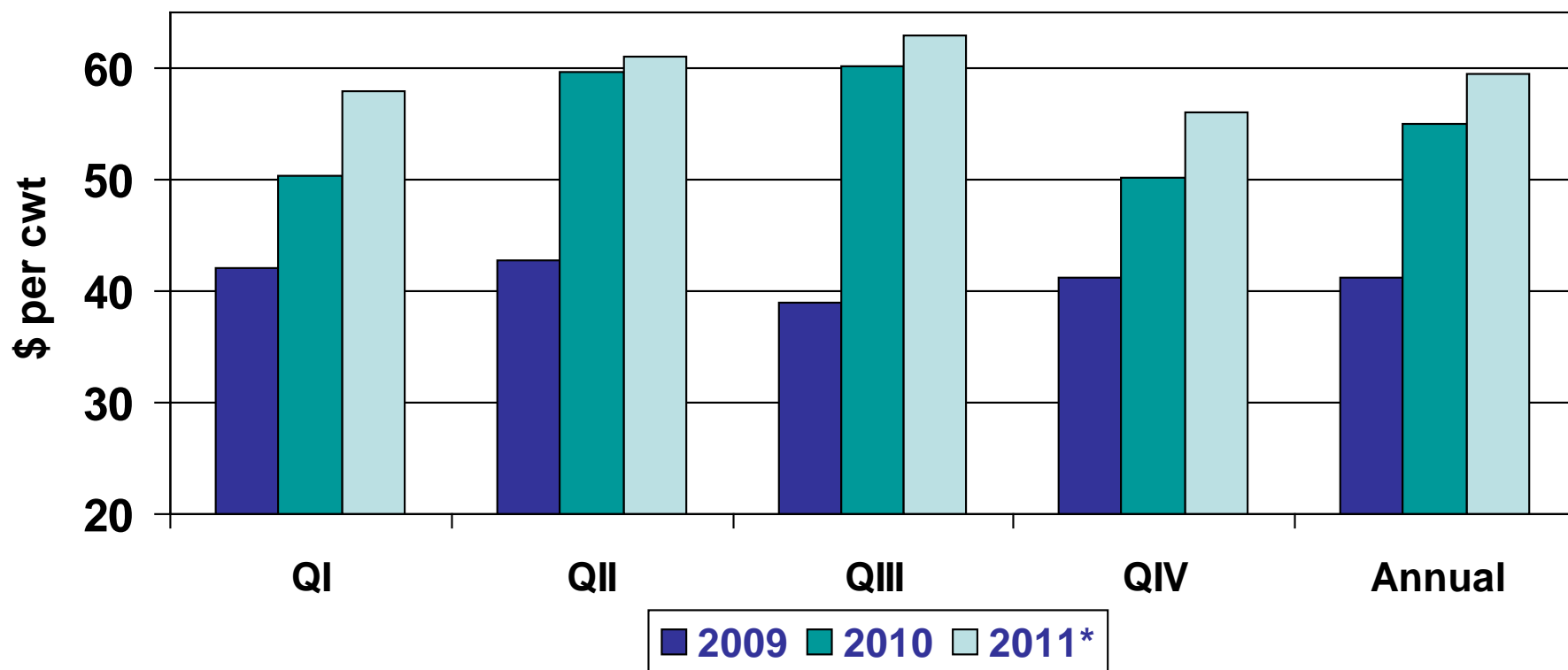
* Forecast

2011 Pork Exports Record High

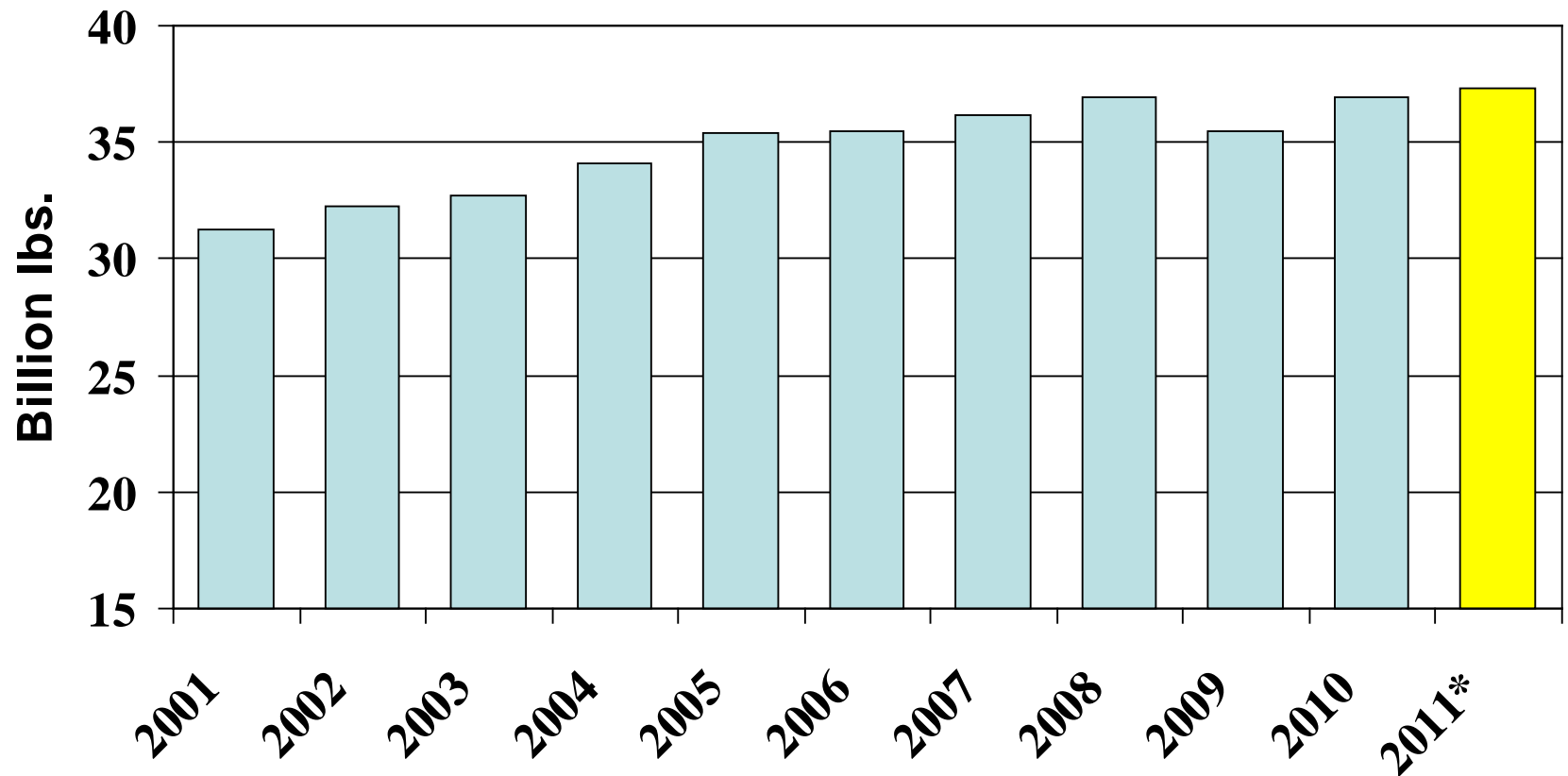


Hog Prices to Average \$58 to \$61 per cwt

National Base, 51-52% Lean, Live Equivalent



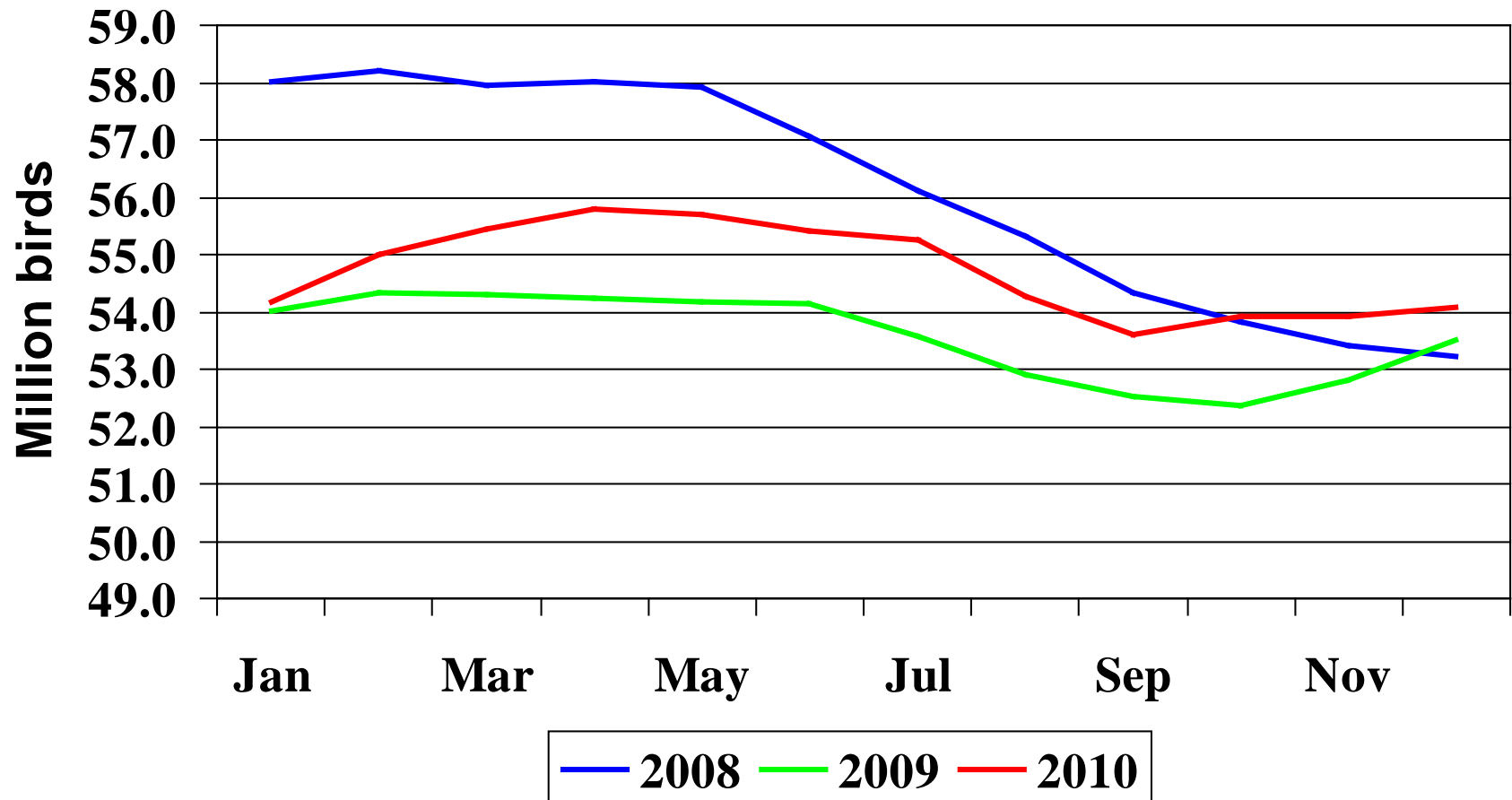
Broiler Meat Production Record High in 2011



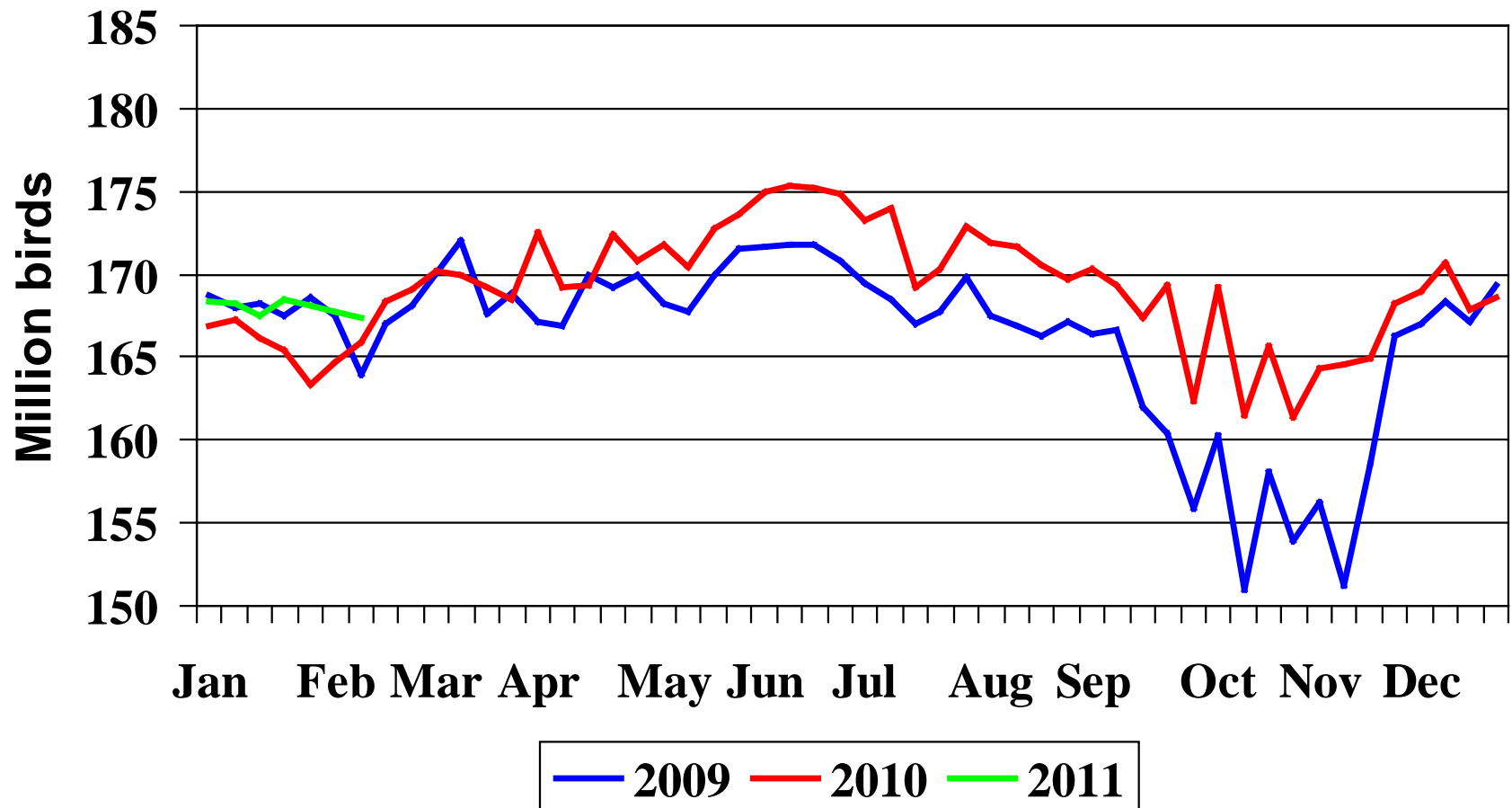
* Forecast

Broiler Laying Flock

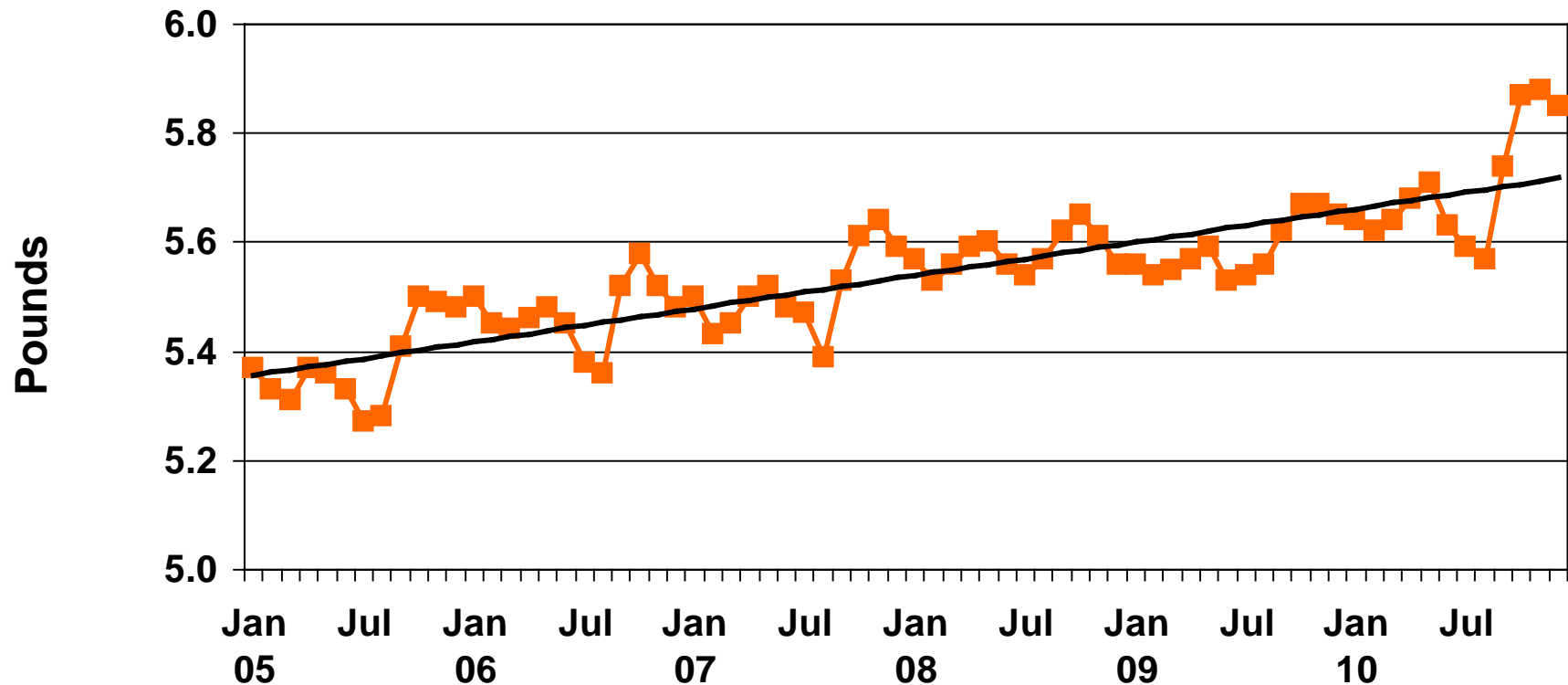
Monthly Average



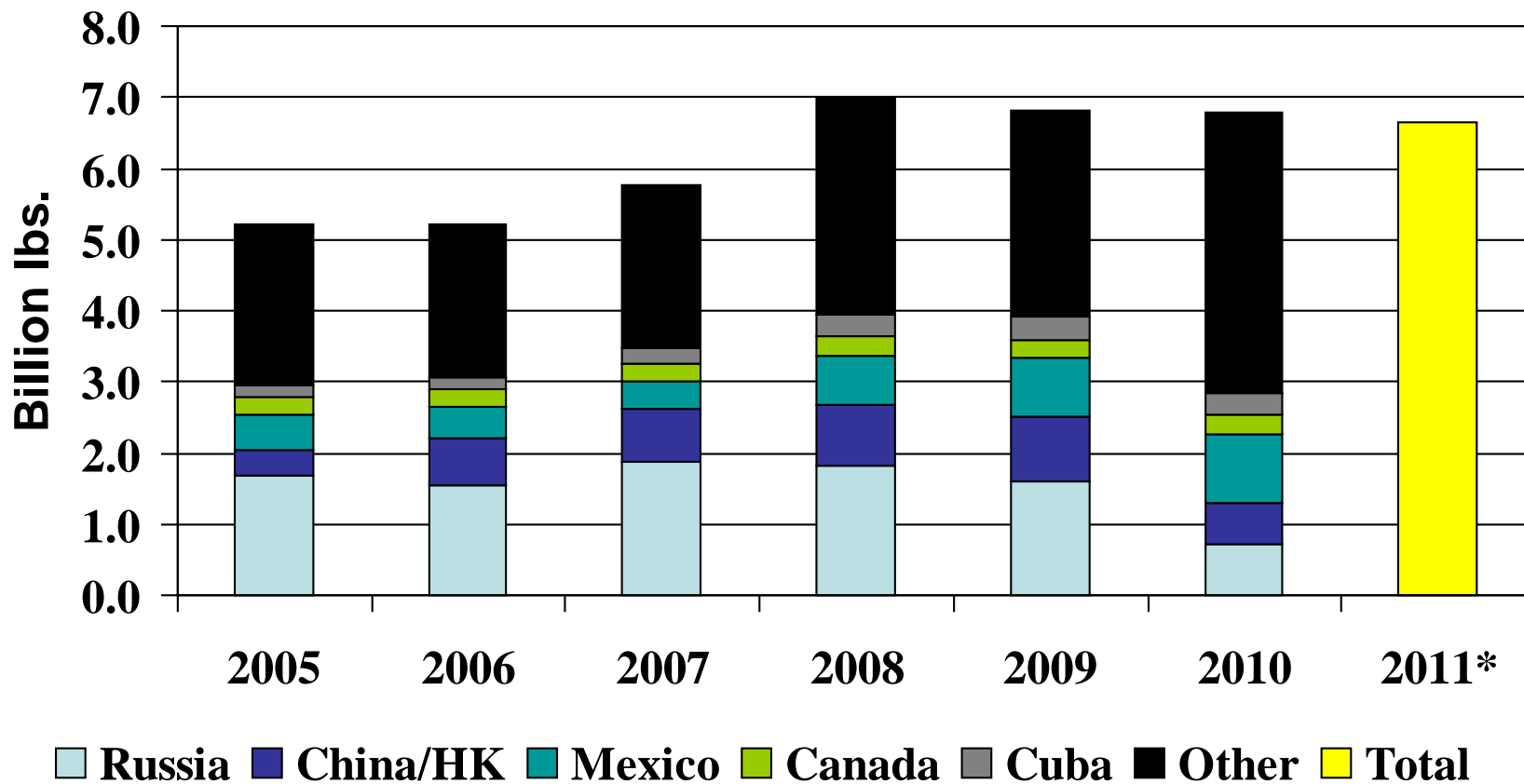
Chicks Placed For Grow Out 19 Selected States



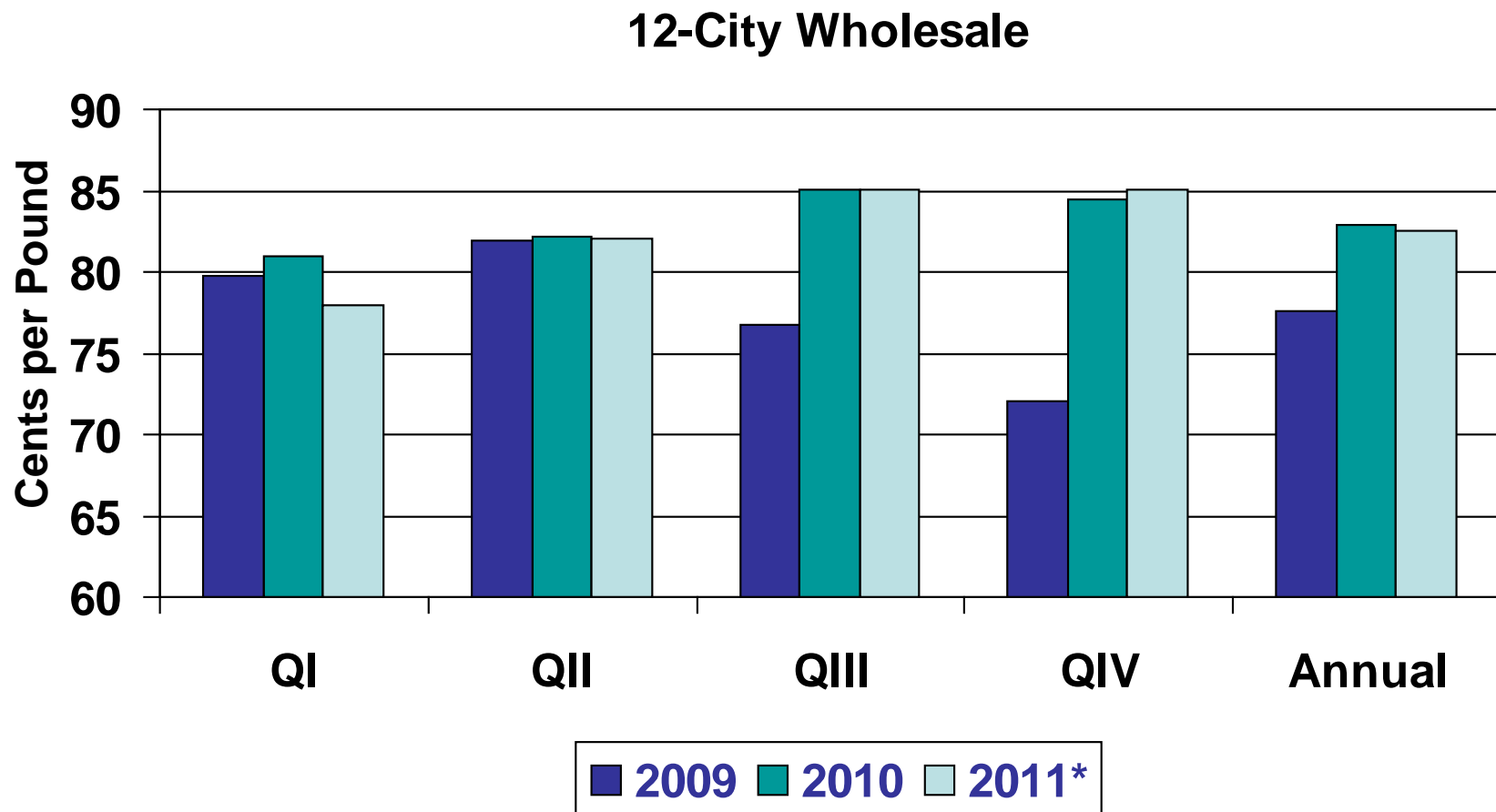
Live Bird Weights Jumped in Late 2010



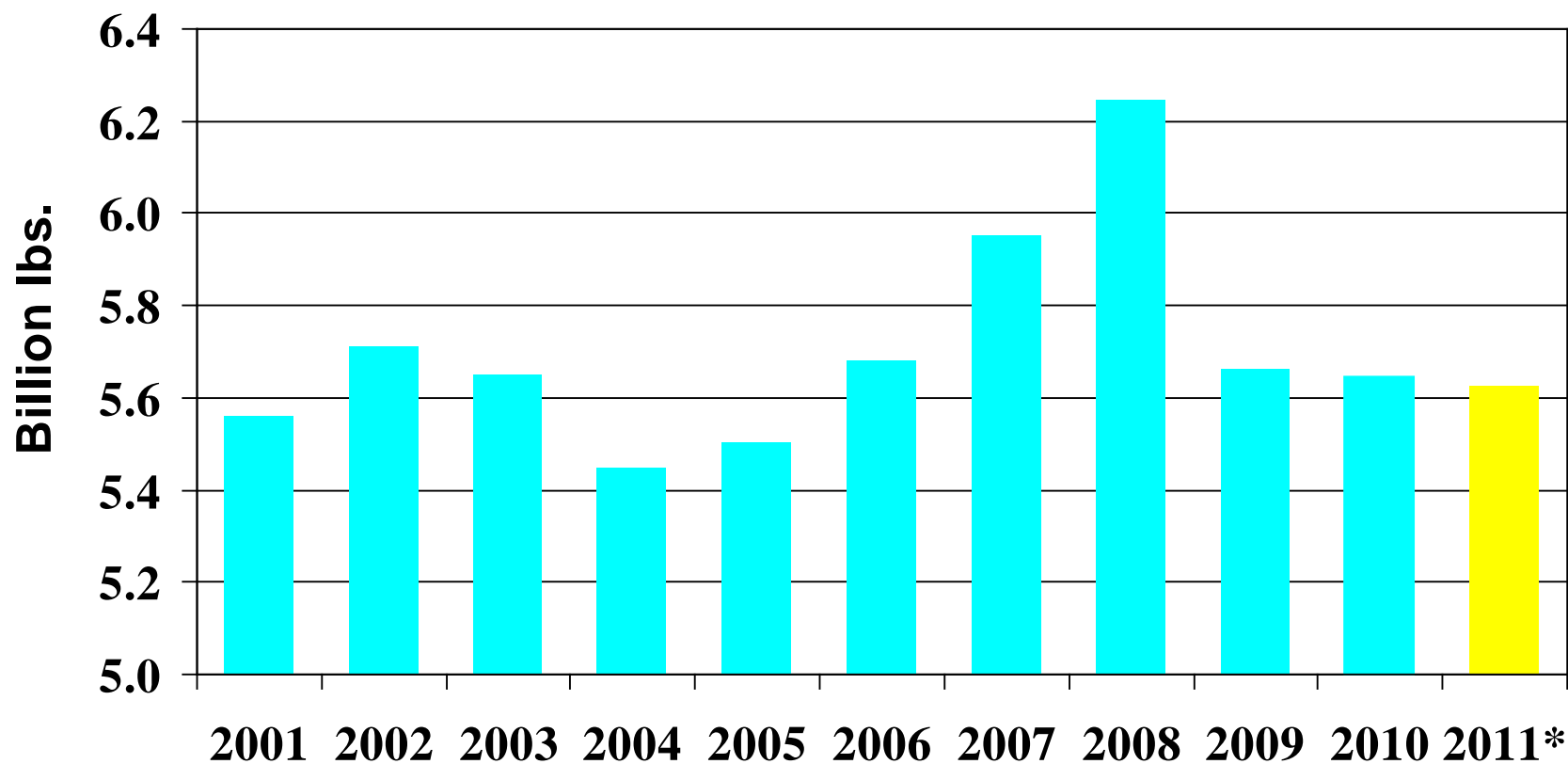
2011 Broiler Exports Will Fall



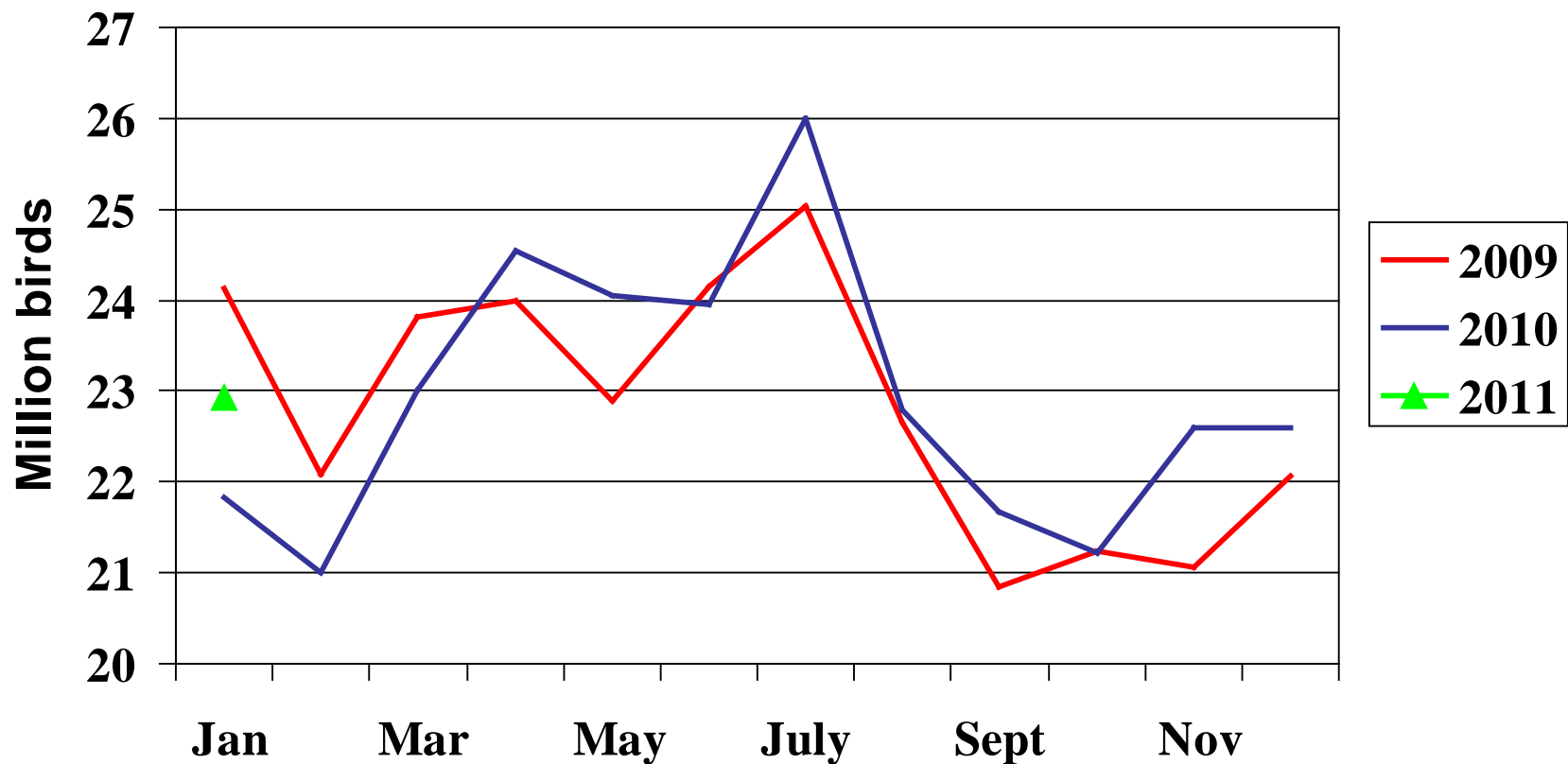
Broiler Whole Bird Prices to Average 80 to 85 Cents Per Pound



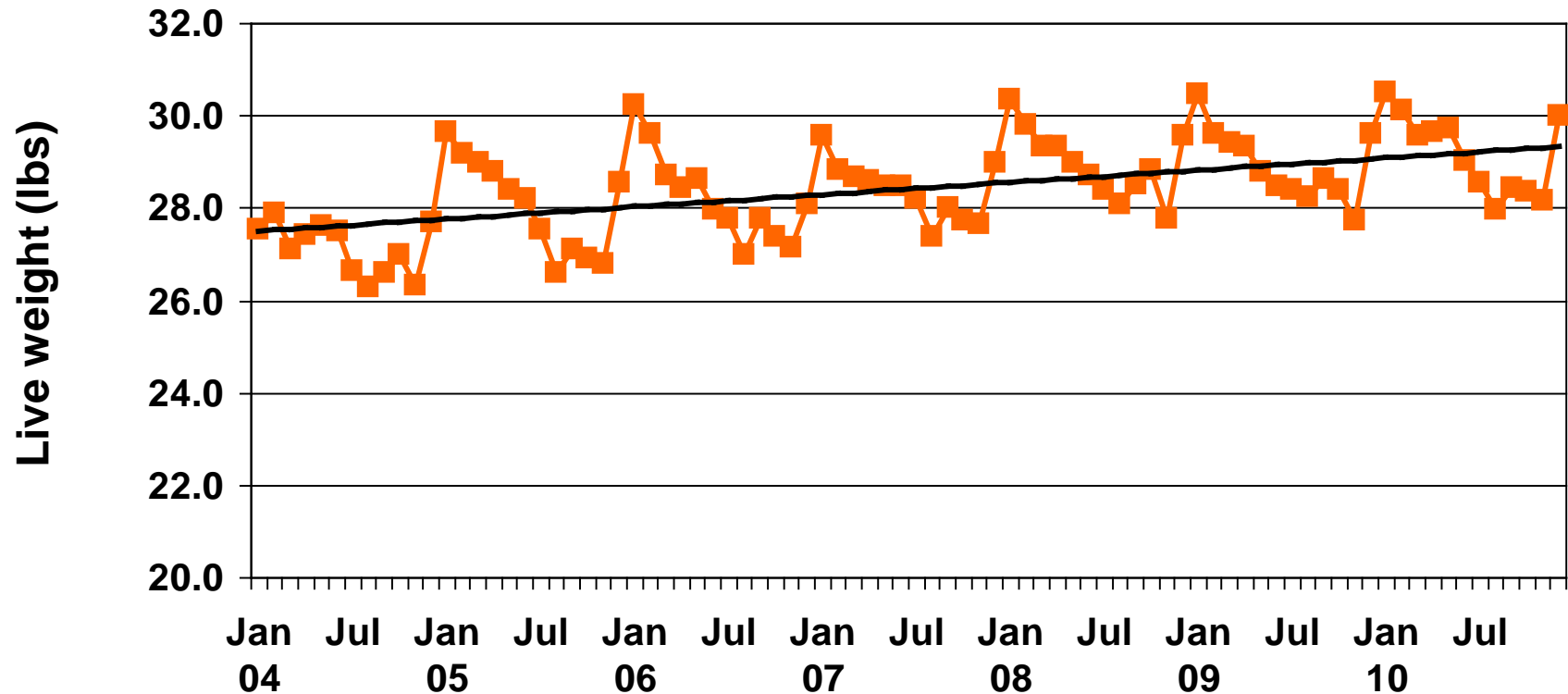
Turkey Production Forecast At 5.6 Billion Pounds in 2011



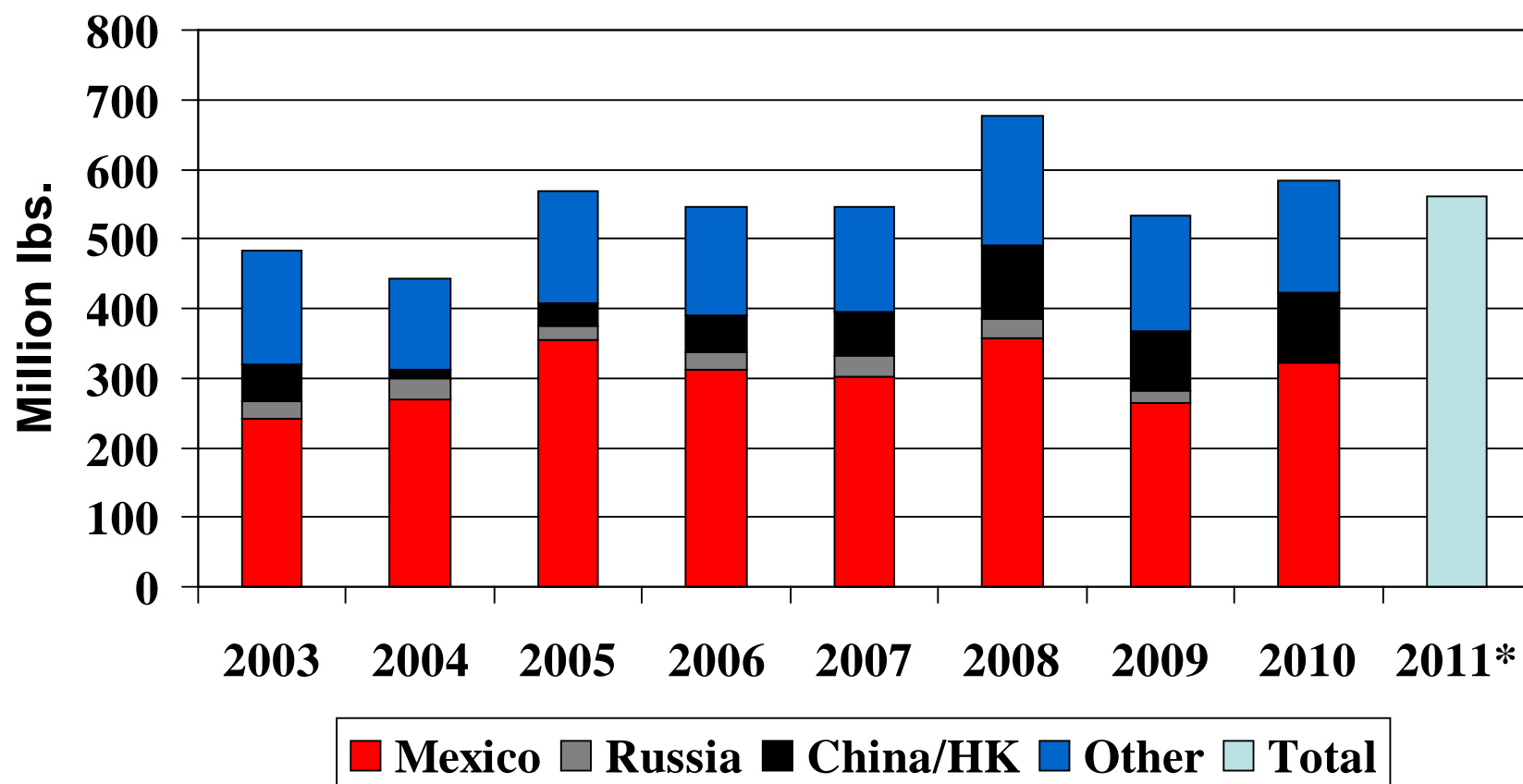
Turkey Poult Placements Above Year Earlier



Turkey Weight Growth Continues



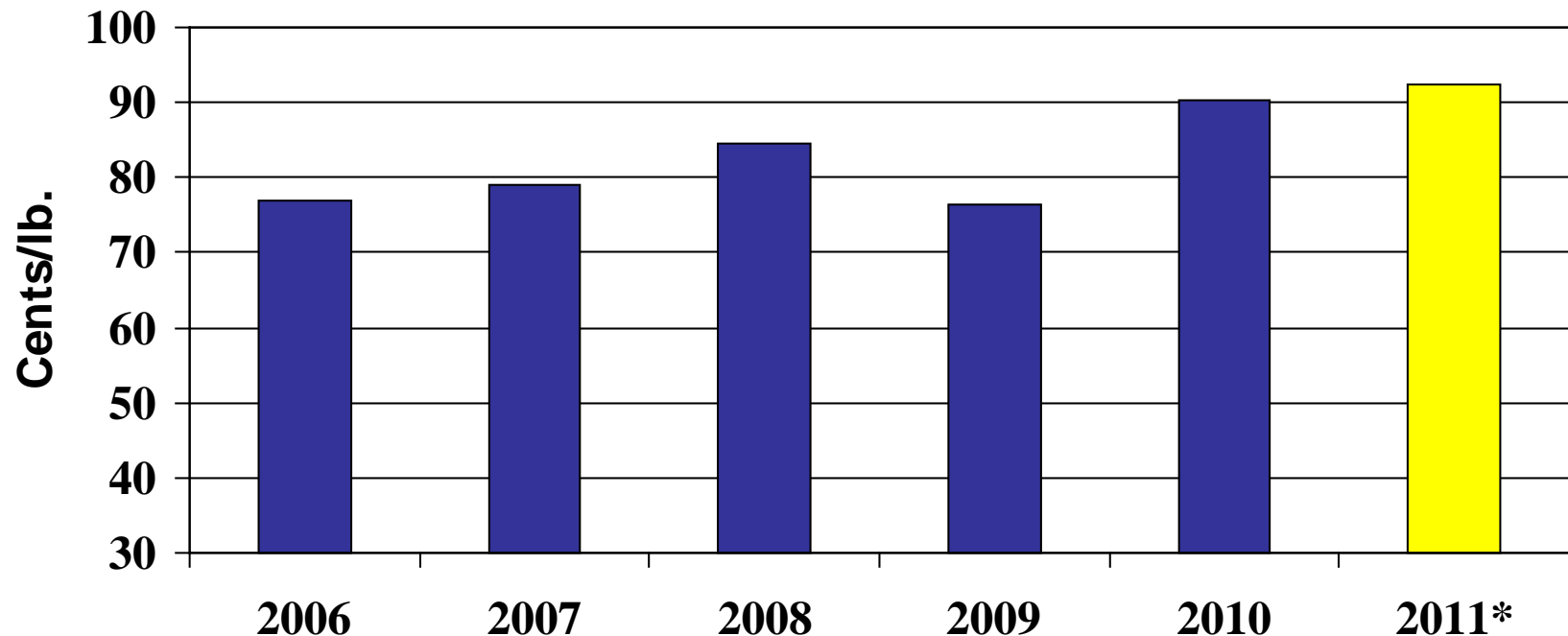
Turkey Exports Will Decline in 2011



* Forecast

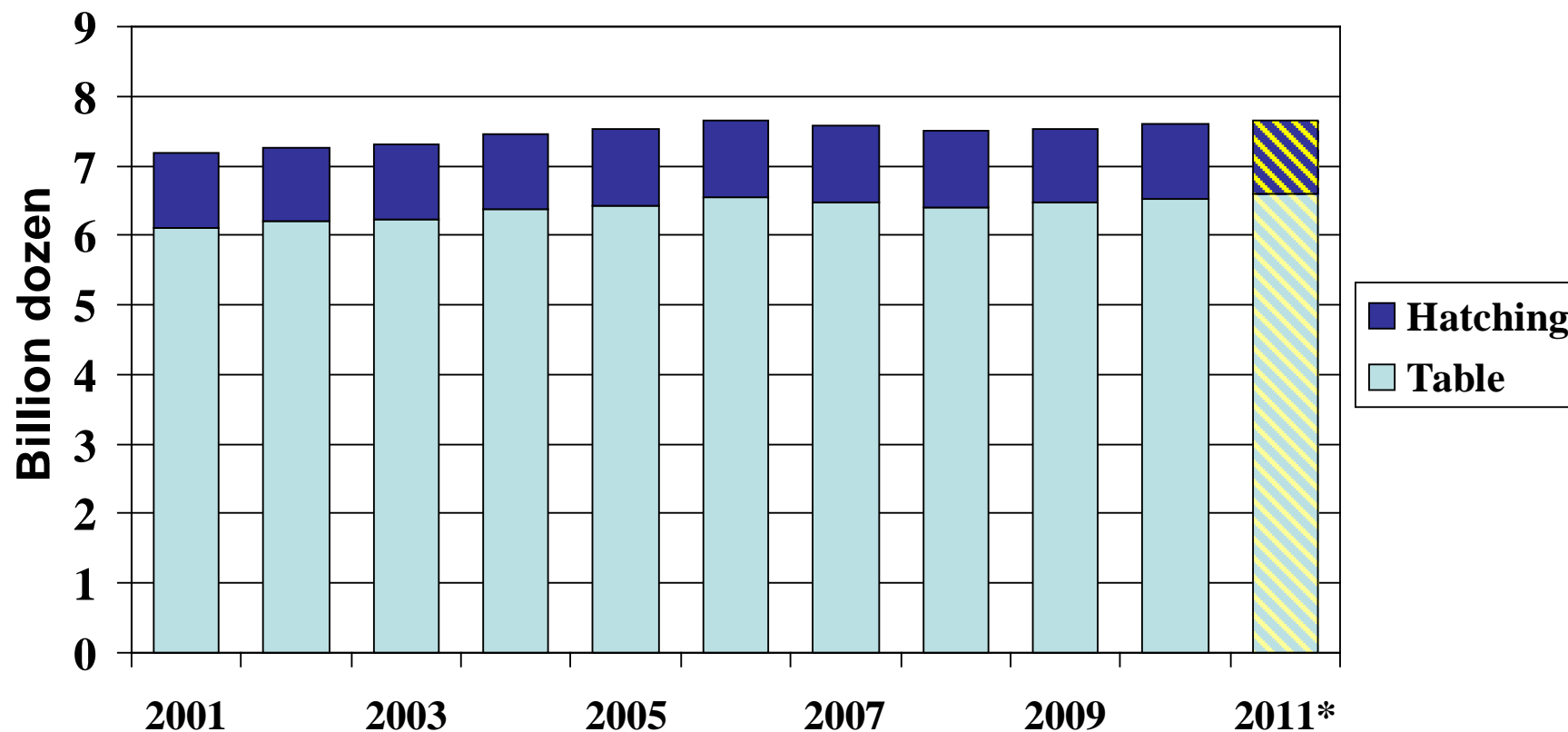
Turkey Prices to Average 89-95 Cents per Pound

National Hen Price



* Forecast

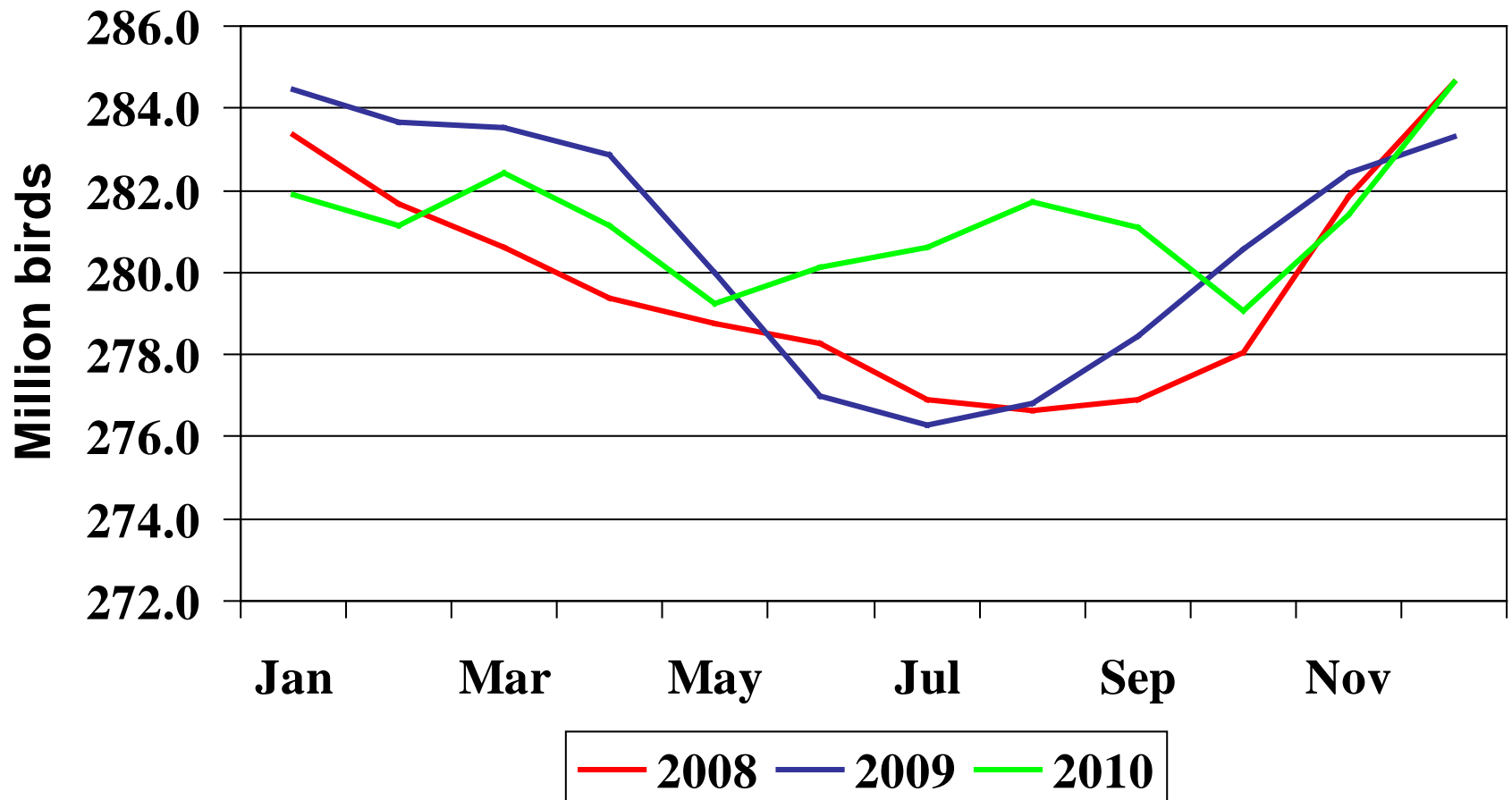
Egg Production Growth Slow



* Forecast

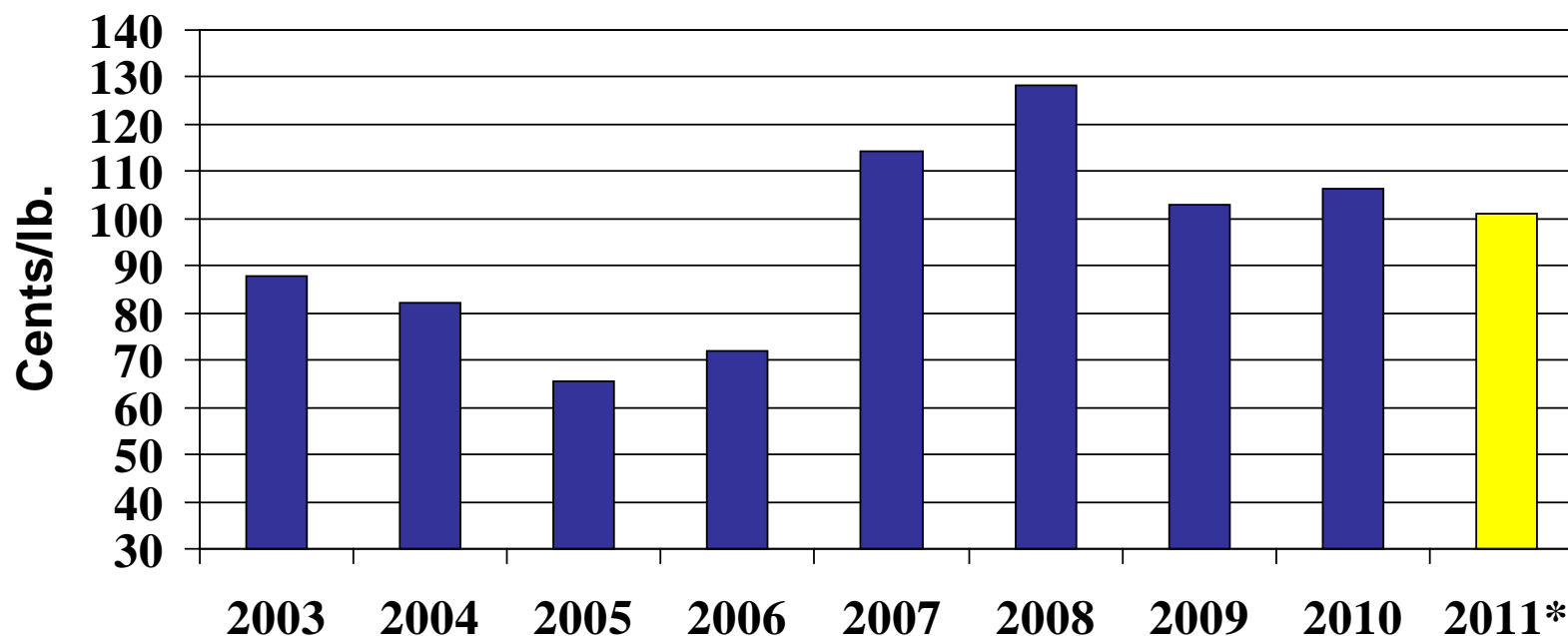
Table Egg Laying Flock

Monthly Average



Egg Prices Will Decline

N.Y. Wholesale Price - Large Eggs



* Forecast

Additional information about the 2011 outlook is available at the following websites:

- World Agricultural Outlook Board (WAOB)
World Agricultural Supply and Demand Estimates
 - www.usda.gov/oce/commodity/wasde/index.htm
- Economic Research Service (ERS)
Livestock, Dairy, and Poultry Situation and Outlook
 - www.ers.usda.gov/publications/ldp/
- Foreign Agricultural Service (FAS)
Livestock and Poultry: World Markets and Trade
 - www.fas.usda.gov/dlp/livestock_poultry.asp