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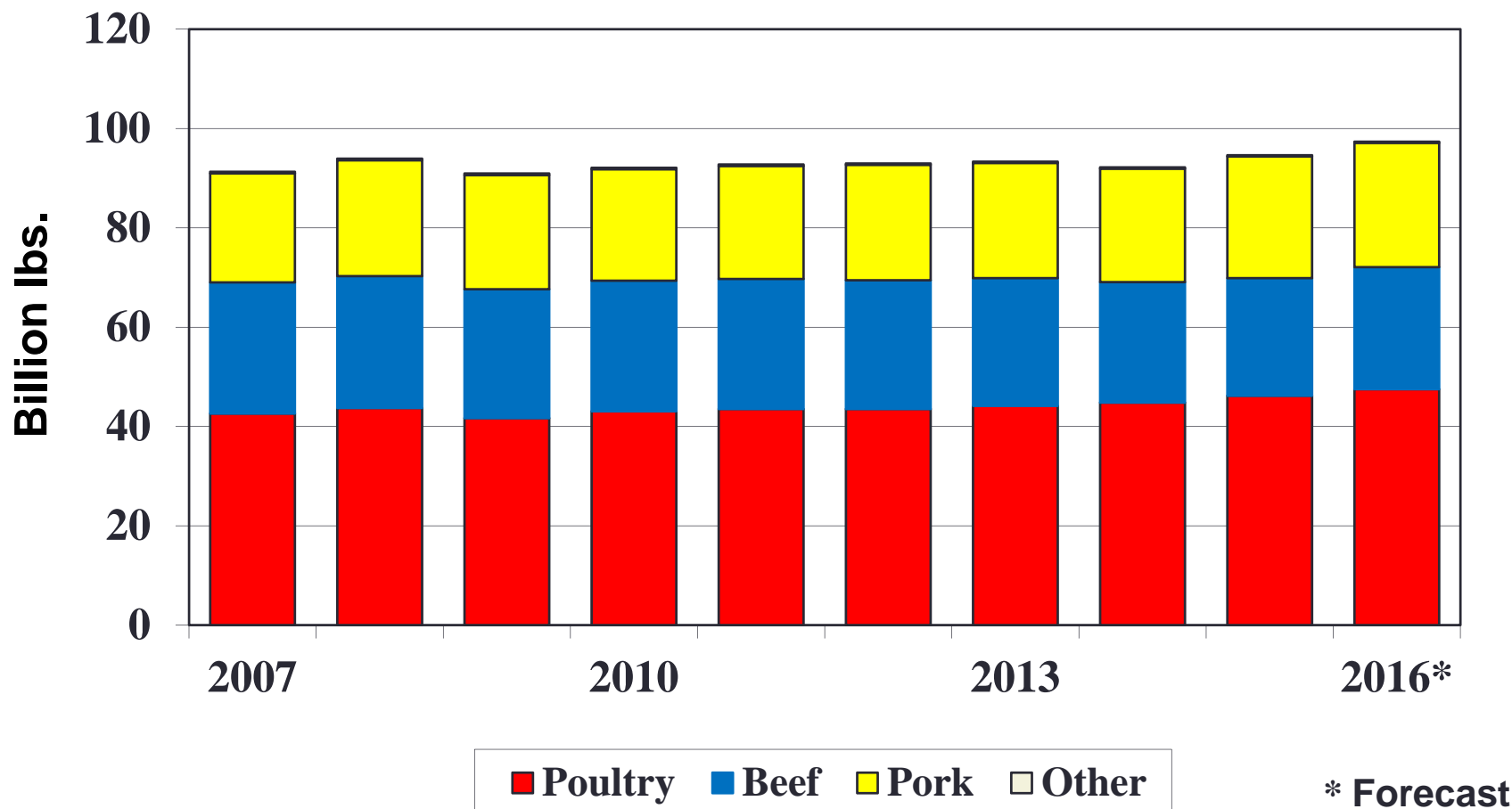
OUTLOOK FOR THE U.S. LIVESTOCK AND POULTRY SECTORS

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

USDA Outlook Forum
Washington, D.C.
February 26, 2016



Red Meat and Poultry Production Will Be Record Large in 2016



Total Meat Production 3 Percent Higher

Billion pounds	2014	2015	2016	2015-16 % Change
Beef	24.252	23.690	24.580	3.8
Pork	22.843	24.499	25.030	2.2
Broiler Meat	38.550	40.042	41.025	2.5
Turkey	5.756	5.628	5.945	5.6
Total Red Meat And Poultry	92.171	94.615	97.352	2.9

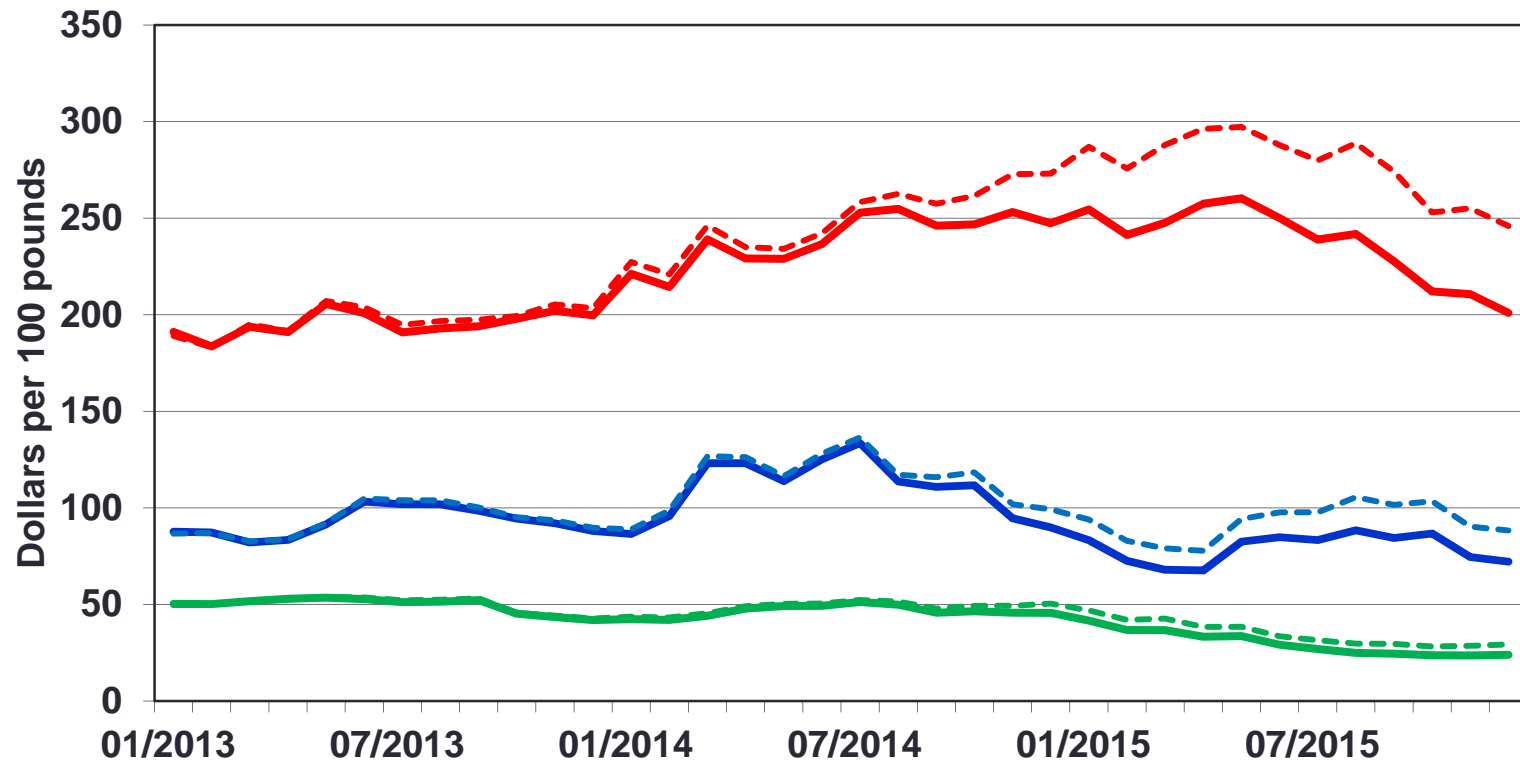


Meat Exports Will Rise with Lower Prices

Billion pounds	2014	2015	2016	2015-16 % Change
Exports				
Beef	2.573	2.266	2.475	9.2
Pork	4.857	4.941	5.125	3.7
Broiler Meat	7.301	6.319	6.765	7.1
Imports				
Beef	2.947	3.370	2.845	-15.6
Pork	1.008	1.111	1.000	-10.0



Strong Dollar Limited Benefits of Lower Wholesale Prices



*Exchange Rate: Trade Weighted U.S. Dollar Index
Federal Reserve Bank of St. Louis

Livestock and Poultry Prices Will Decline

	2014	2015	2016	2015-16 % Change*
Cattle, \$/cwt	154.56	148.12	133-142	-7.3
Hogs, \$/cwt (live equiv.)	76.03	50.23	46-49	-5.9
National Composite Broiler, \$/lb	1.05	0.91	0.85-0.90	-3.3
Turkey, \$/lb	1.08	1.16	1.10-1.18	-1.9



* At midpoint

Situation Facing Livestock and Poultry Producers in 2016

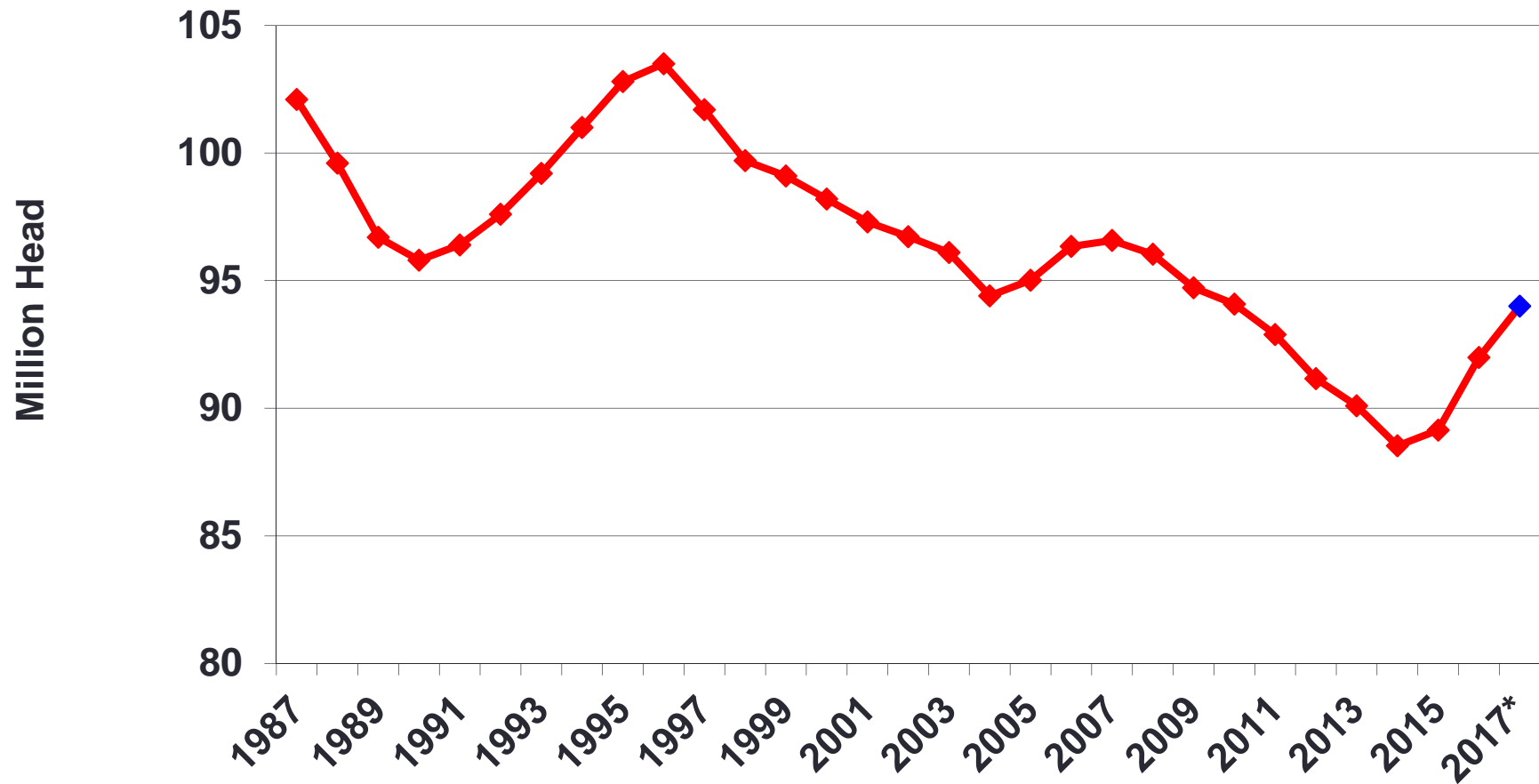
- **Feed prices trending lower**
 - **Corn: \$3.35-\$3.85/bu in 2015/16**
\$3.70 in 2014/2015
 - **Soybean meal: \$270-\$310/ton in 2015/16**
\$368 in 2014/2015
- **Feed prices should decline further moving into 2016/17 crop year**
 - **Corn season average: \$3.45/bu**
 - **Soybean meal season average: \$280/ton**



Factors Driving the Forecasts:

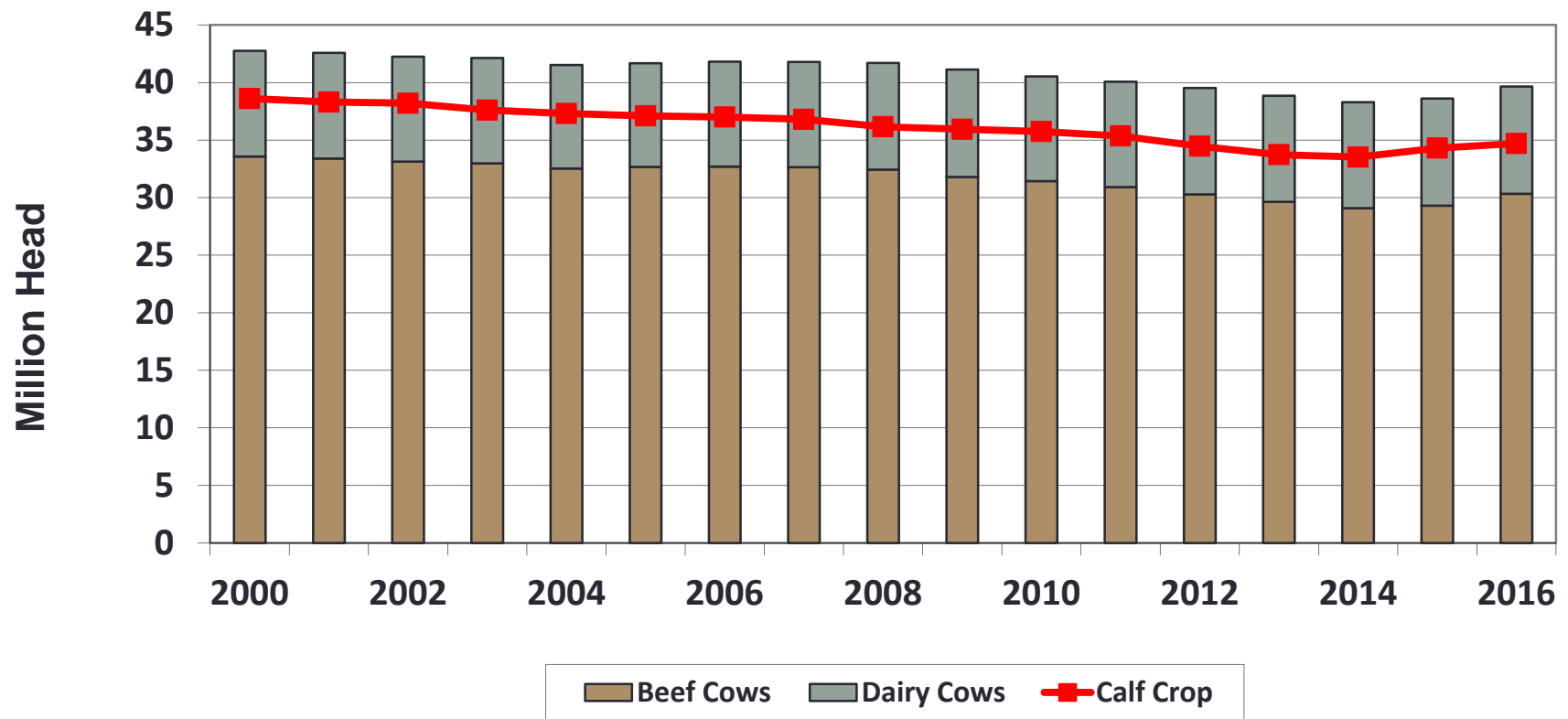
- Cattle – Increasing Supplies
 - **Expanding Inventory**

Cattle Herd at 92.0 Million on Jan 1, 2016; Expansion Will Continue During 2016



* Forecast

Beef Cow Herd in Second Year of Expansion; Calf Crop Increasing



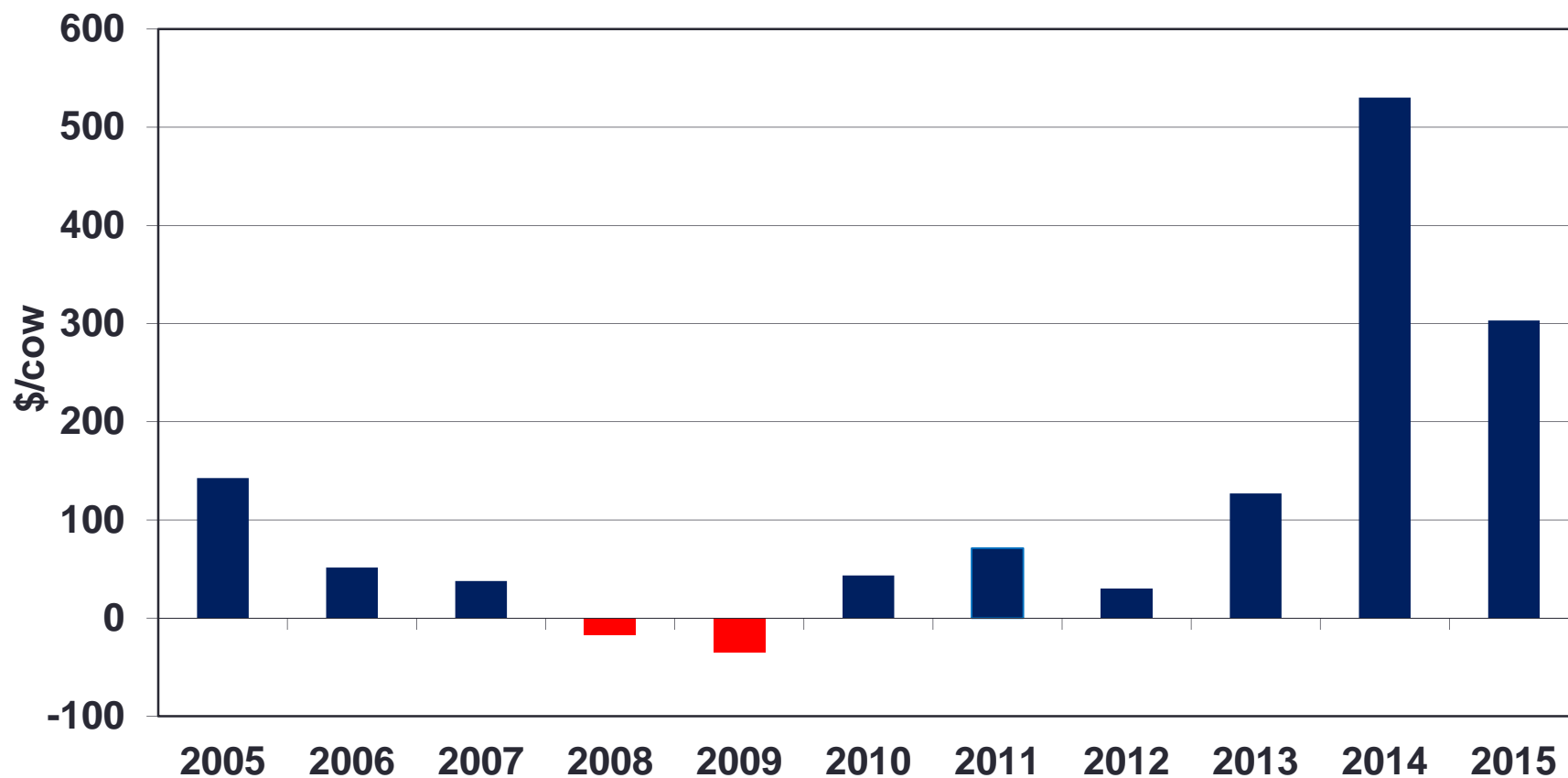
* 2016 Calf Crop Forecast

Factors Driving the Forecasts:

- Cattle – Increasing Supplies
 - Expanding Inventory
 - **Incentives to Continue Expanding the Herd**

Estimated Average Cow Calf Returns

Returns Over Cash Cost (Includes Pasture Rent), Annual



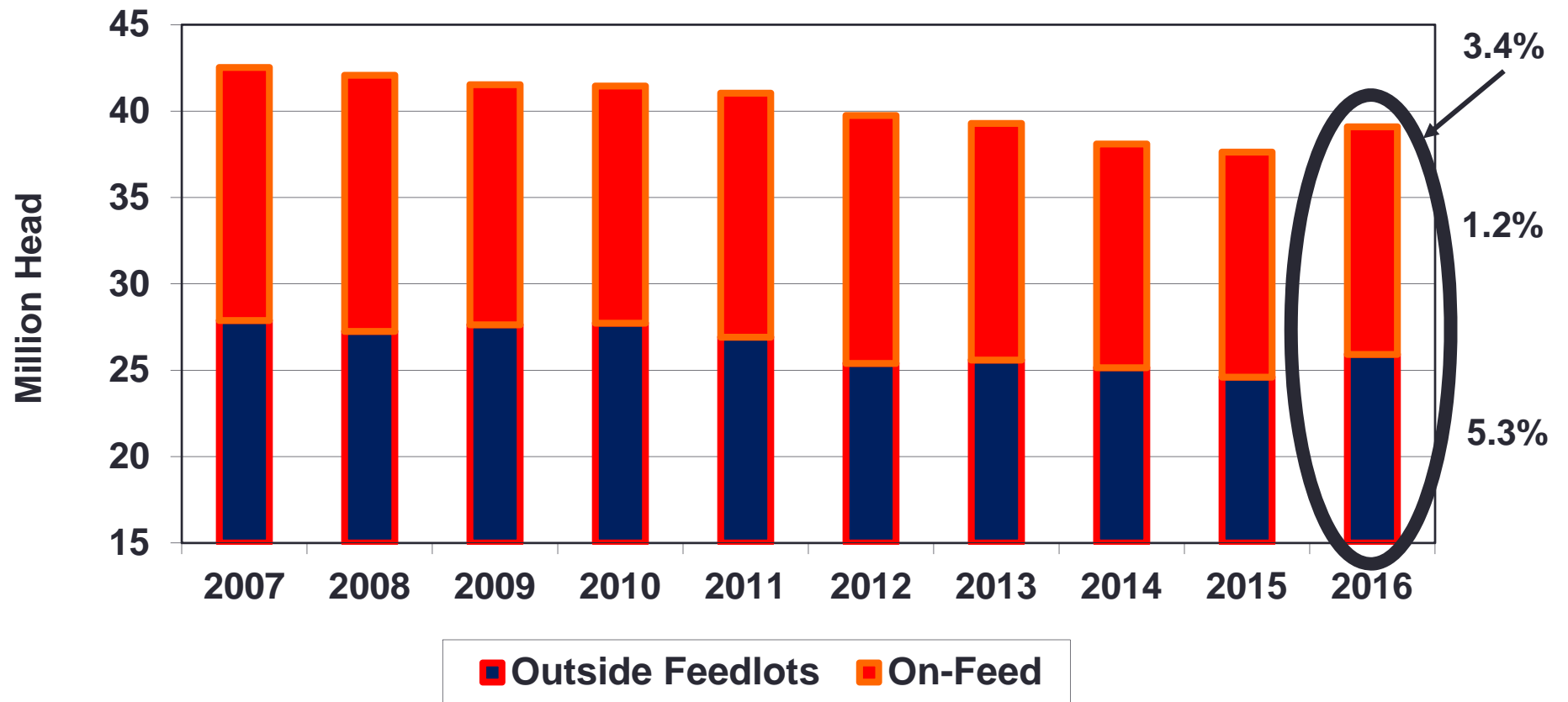
Source: Livestock Marketing Information Center

Factors Driving the Forecasts:

- Cattle – Increasing Supplies
 - Expanding Inventory
 - Incentives to Continue Expanding the Herd
 - **Feeder Cattle Supplies Ample**



Cattle for Placement Higher on January 1

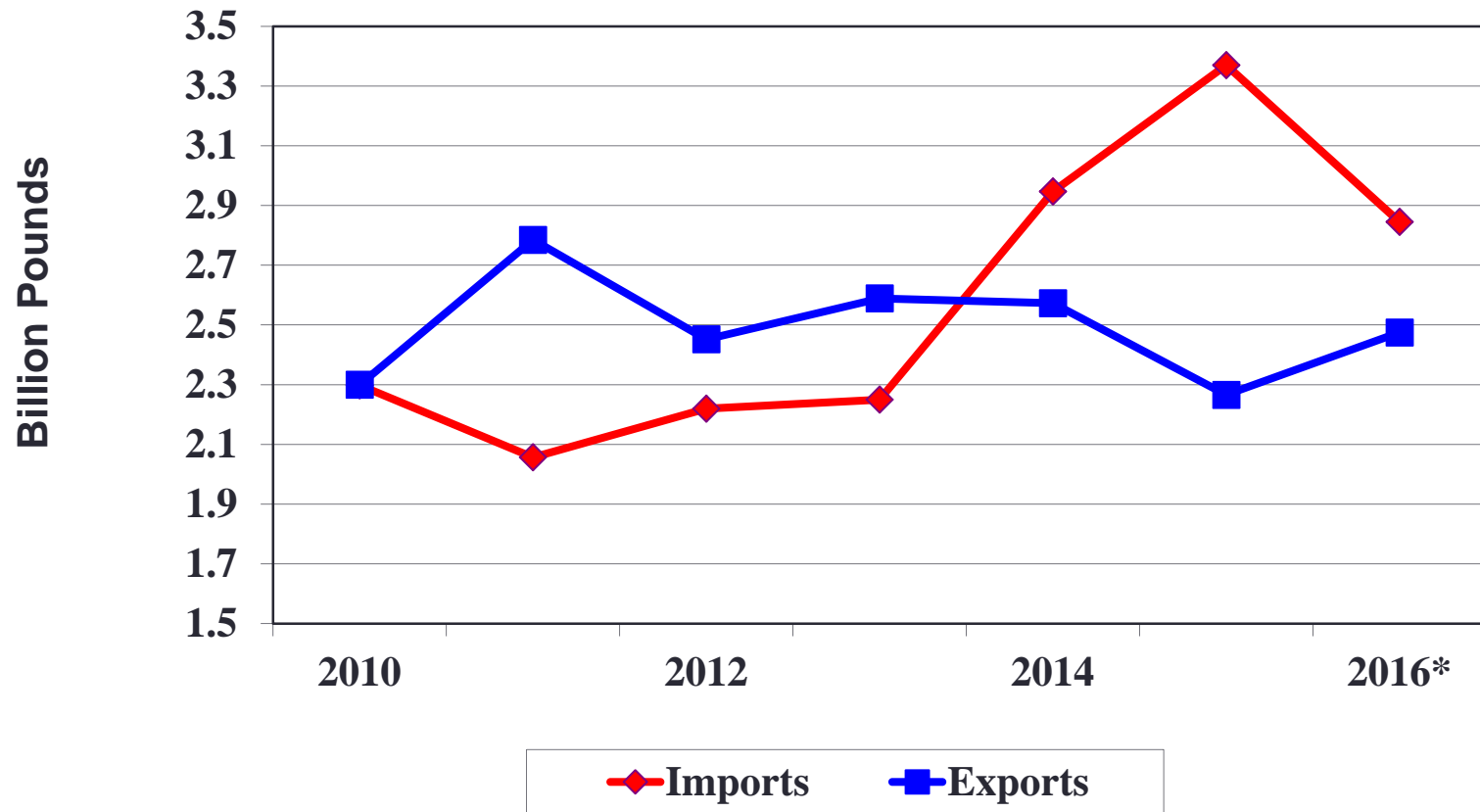


Factors Driving the Forecasts:

- Cattle – Tighter Supplies
 - Expanding Inventory
 - Incentives to Continue Expanding the Herd
 - Feeder Cattle Supplies Ample
 - **Lower Imports; Higher Exports**



U.S. Smaller Net Importer



* Forecast

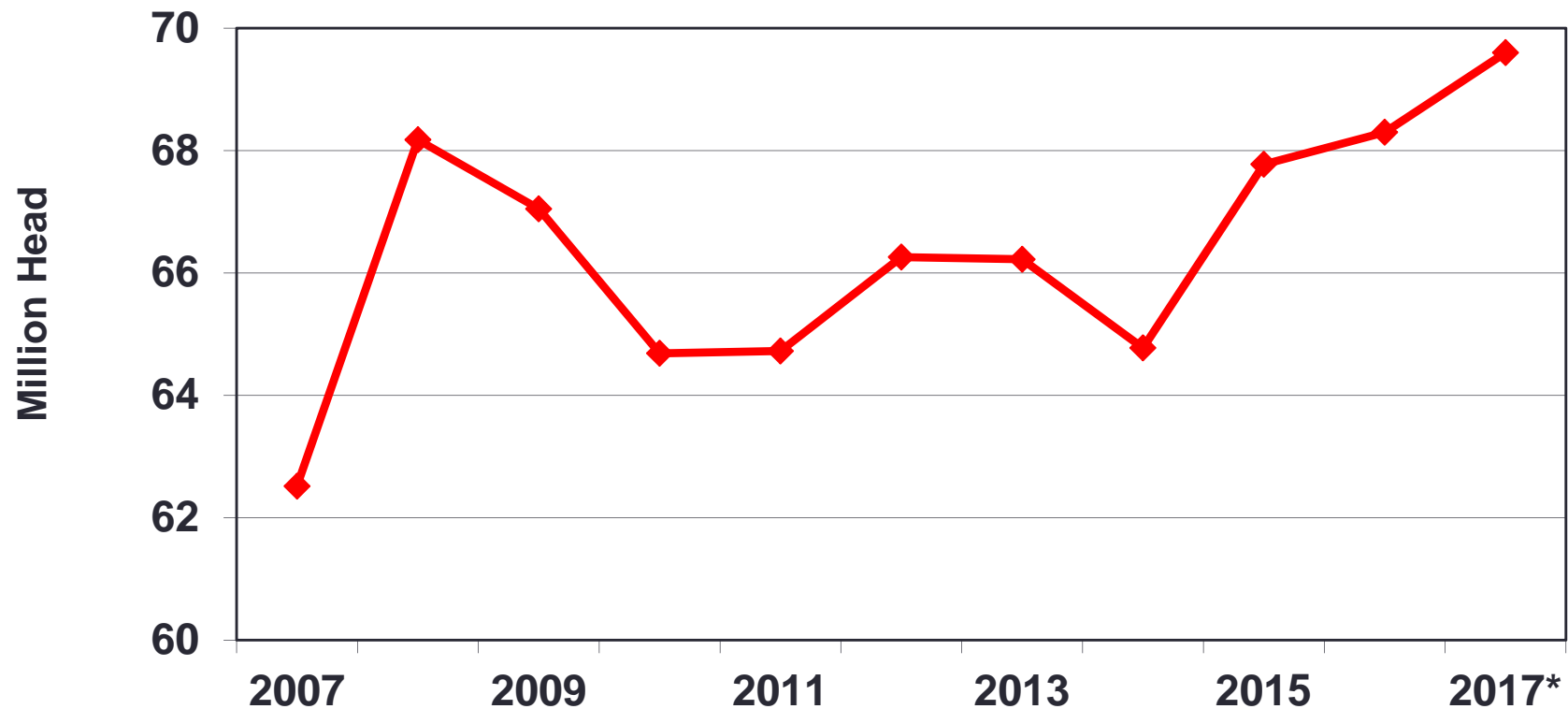


Factors Driving the Forecasts:

- Hogs – Prospects for Expansion
 - **Inventory Larger at Beginning of 2016**
 - **Farrowings Tempered by Weakening Returns**

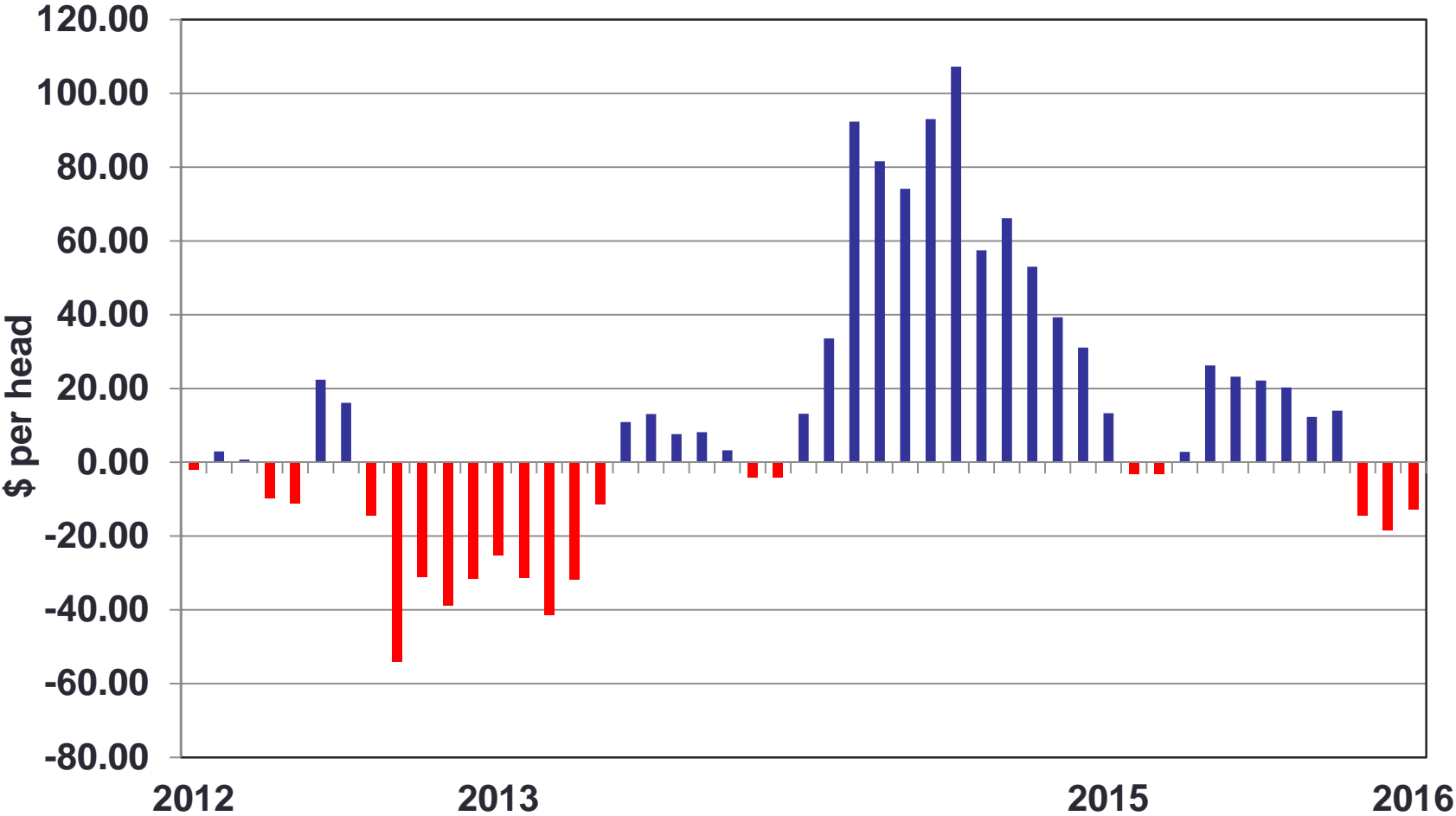
Hog Inventory Increased to 68.3 Million Head on December 1, 2015

Inventory on December 1, Preceding Year



* Forecast

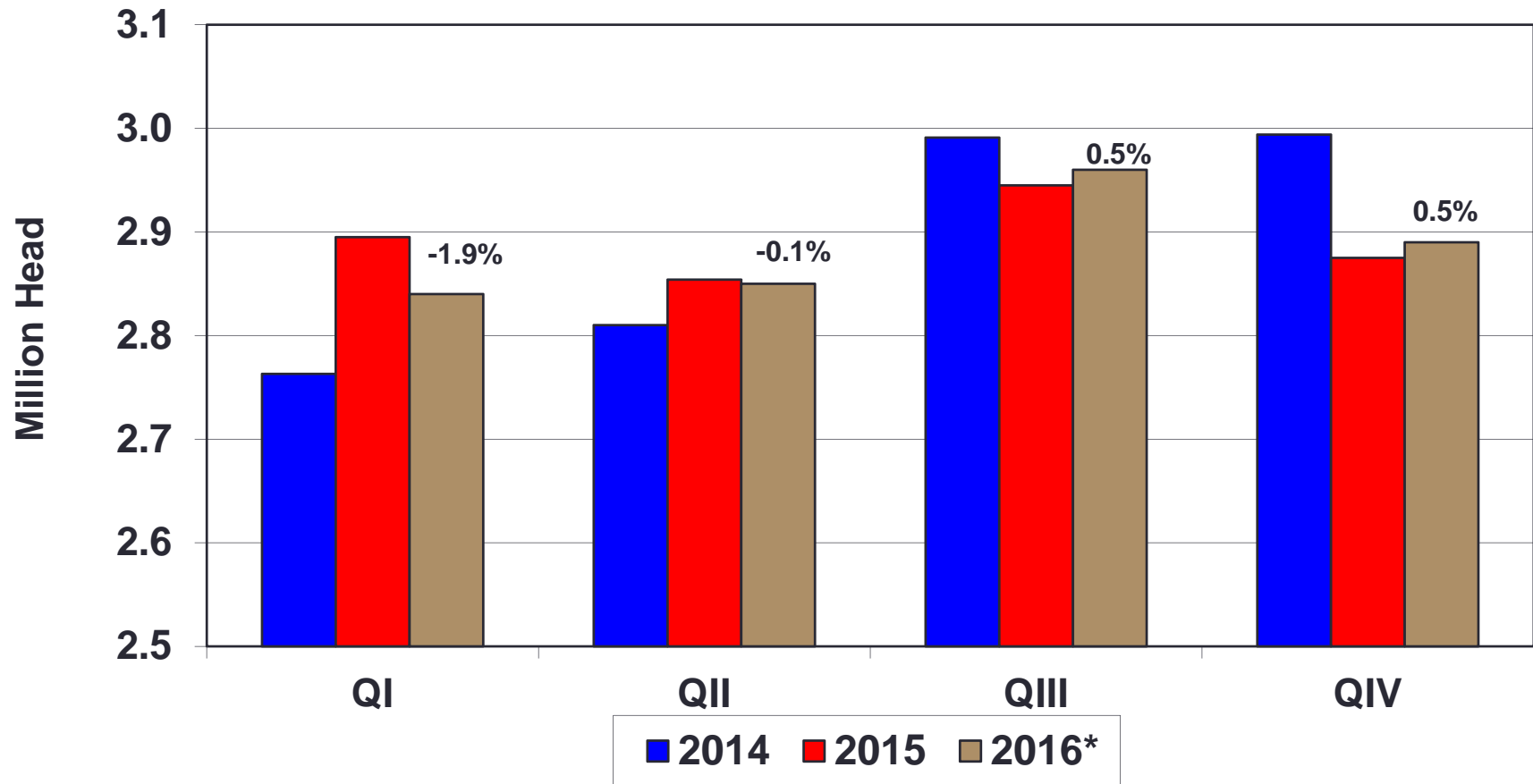
Average Returns to Farrow-Finish Operators



Source: Iowa State University



Slow Growth in Sows Farrowing

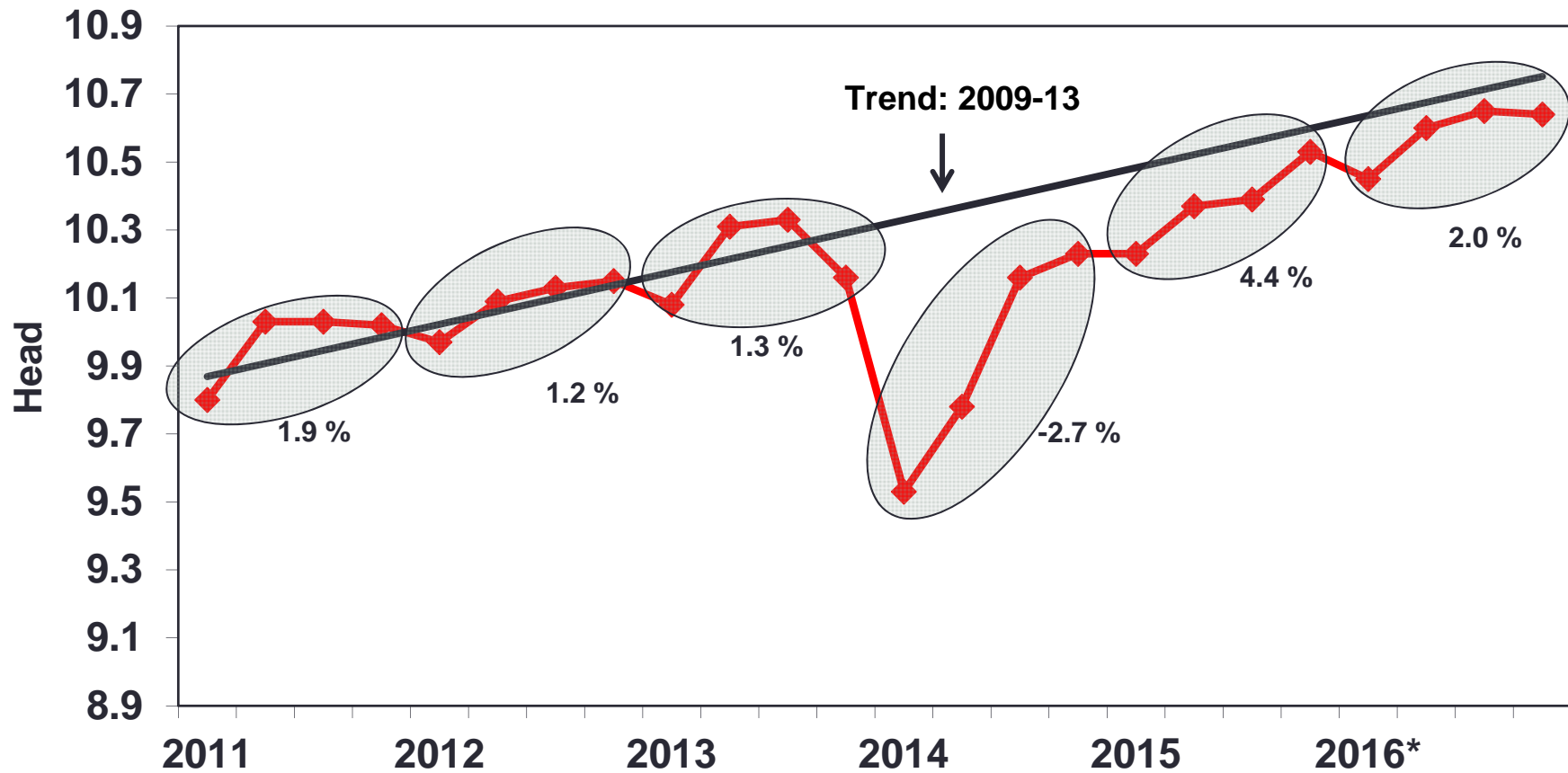


* Quarters 1-2 NASS Reported ,
Quarters 3-4 Forecast

Factors Driving the Forecasts:

- Hogs – Prospects for Expansion
 - Inventory Larger at Beginning of 2016
 - Farrowings Tempered by Weakening Returns
 - **Pigs per Litter Recovering from PEDv**

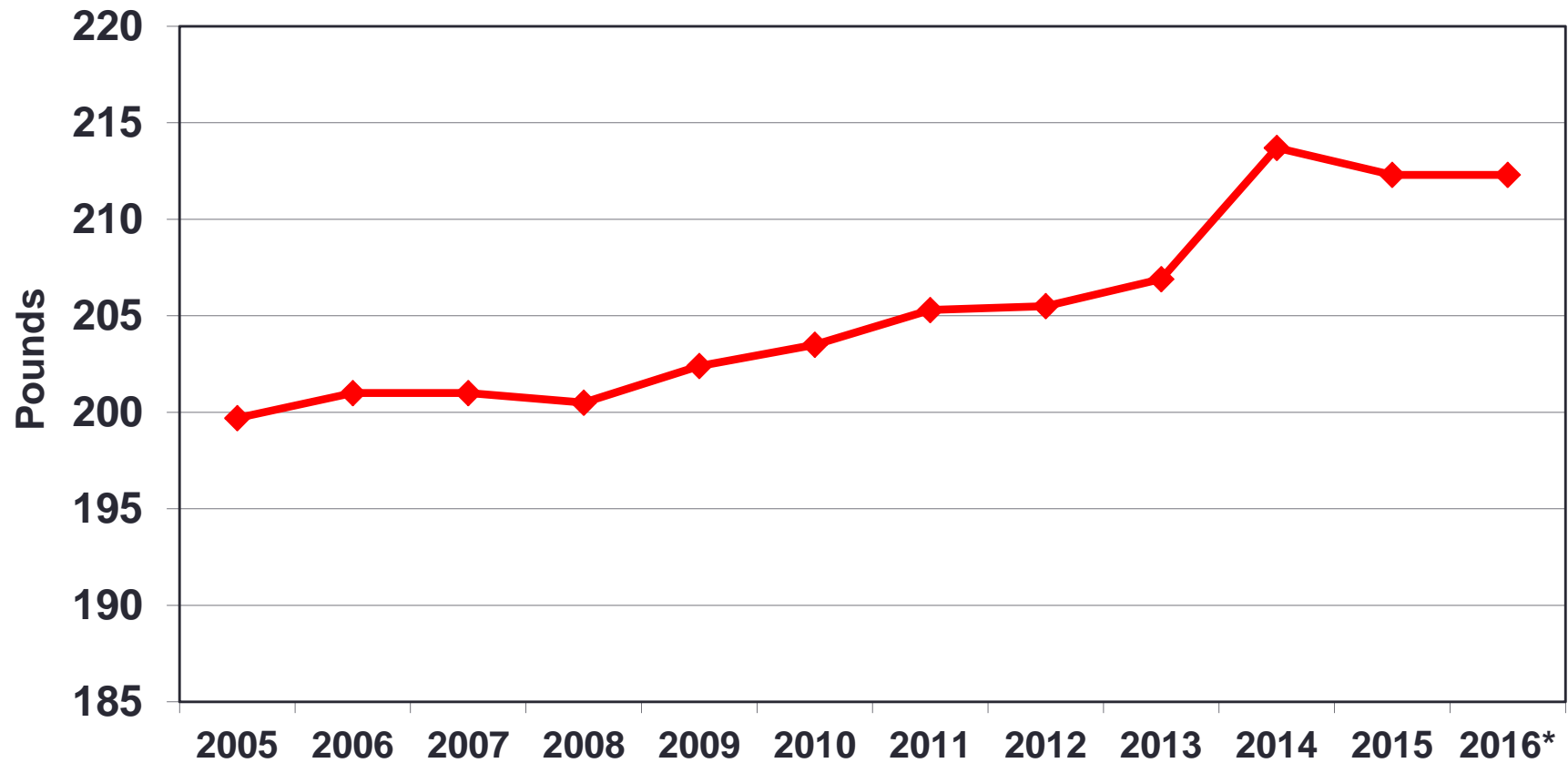
Growth in Pigs per Litter Recovering From PEDv



*Forecast



Average Hog Carcass Weights Will Flatten



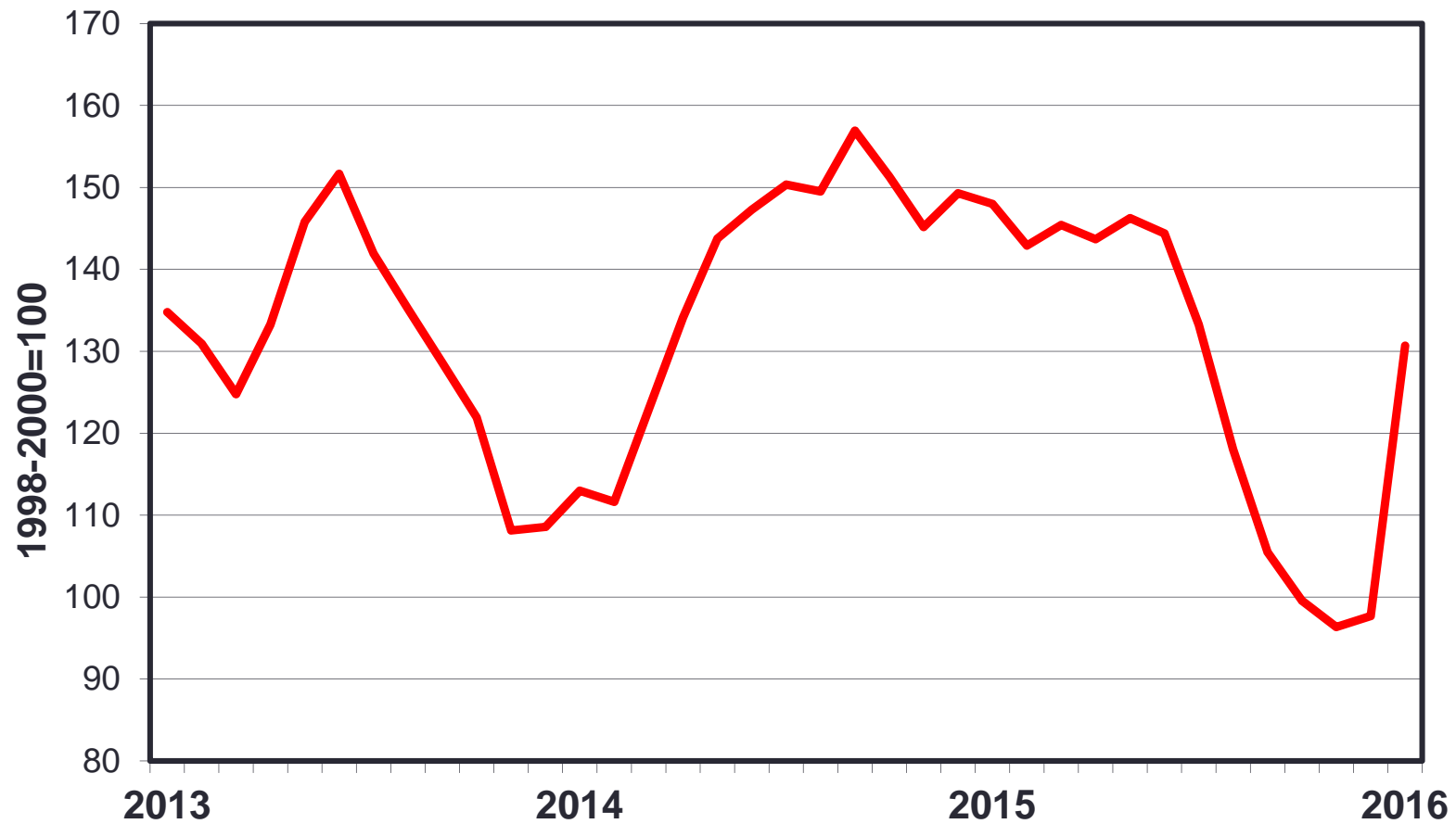
* Forecast



Factors Driving the Forecasts:

- Broilers - Expansion Continues
 - **Producer Returns Under Pressure**

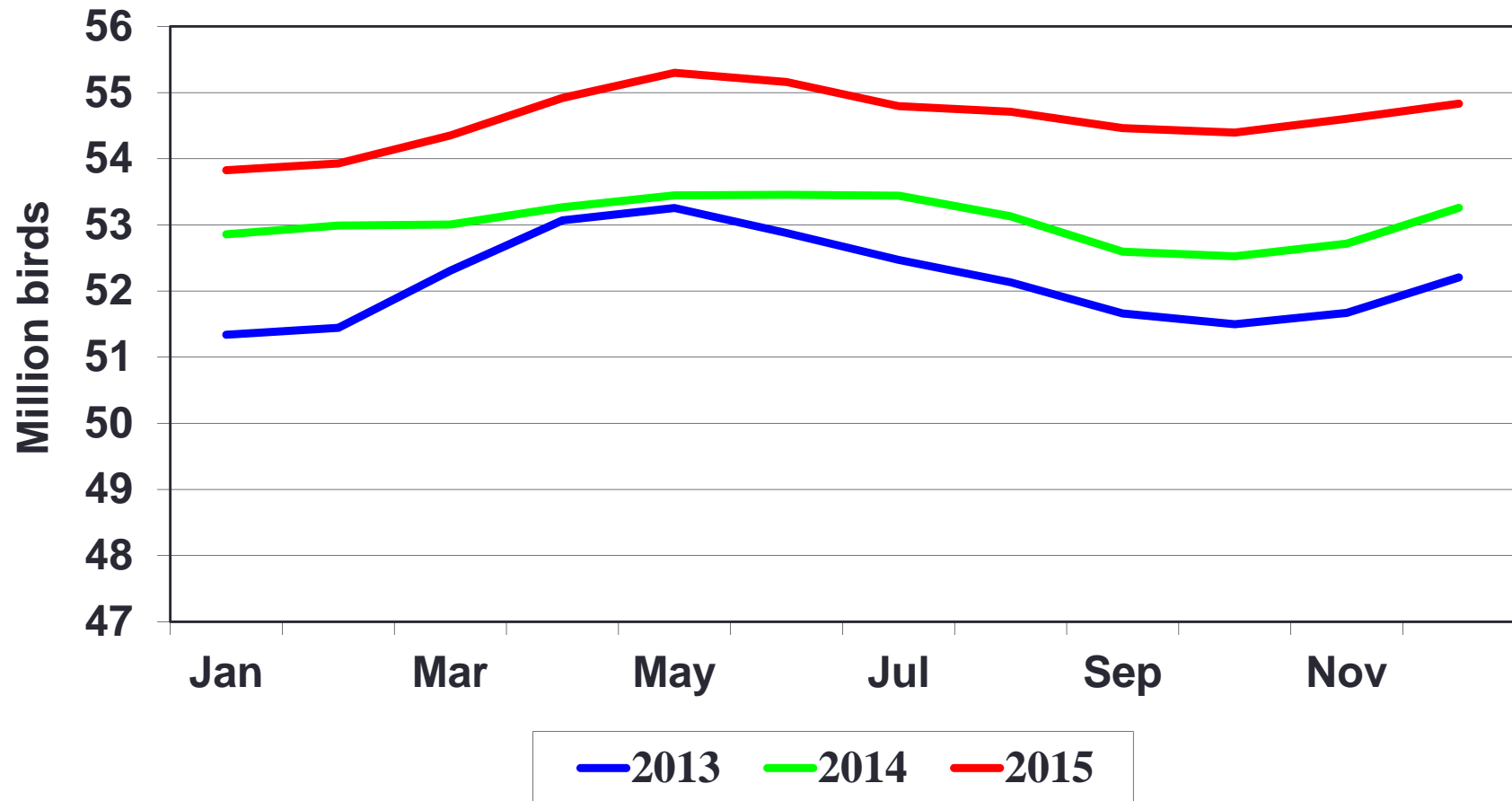
Indexed Broiler Returns: Market Price Minus Feed Cost



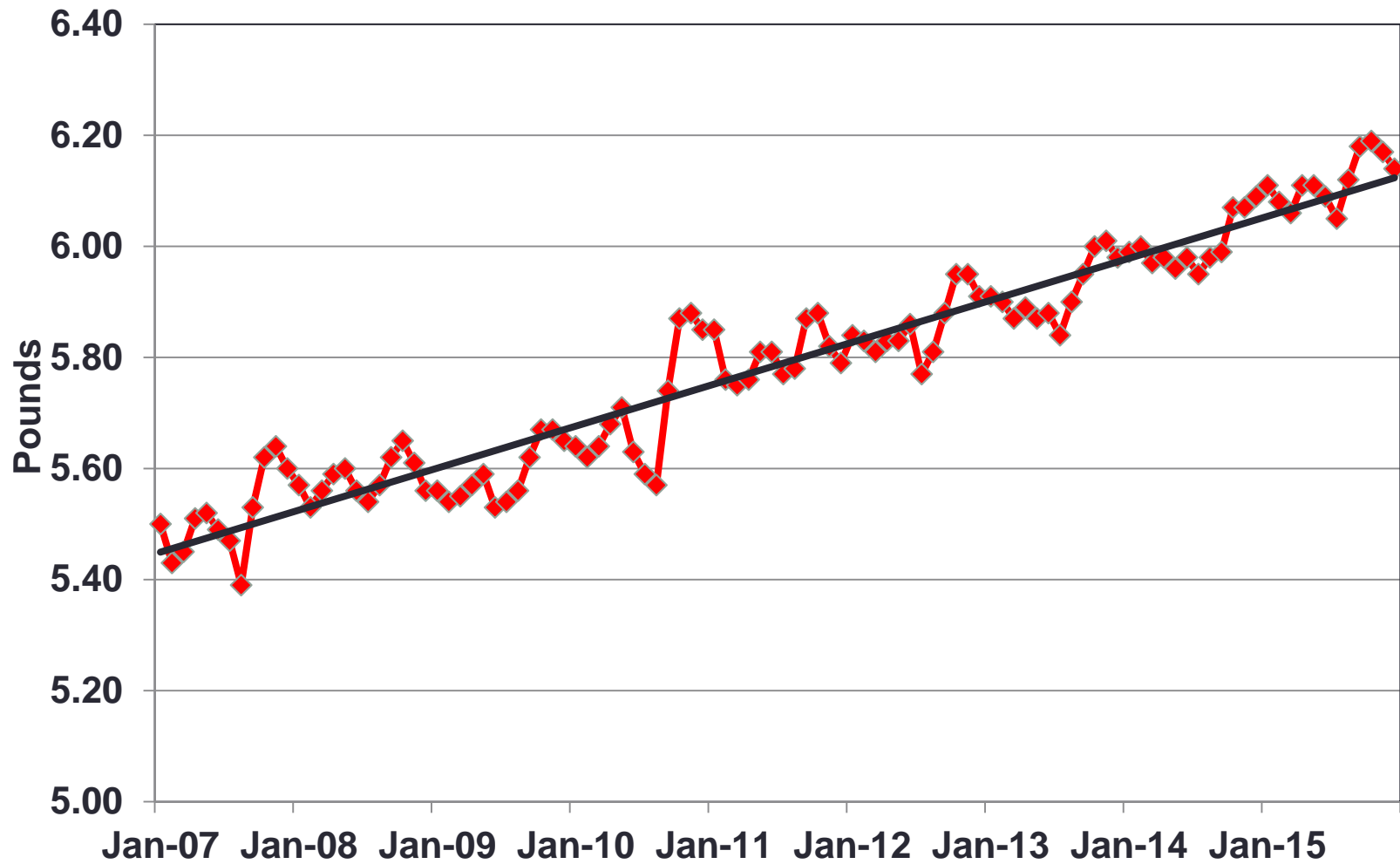
Factors Driving the Forecasts:

- Broilers – Expansion Continues
 - Producer Returns Under Pressure
 - **More Birds, Heavier Weights**

Broiler Laying Flock Increasing Monthly Average



Broiler Live Weights Growing

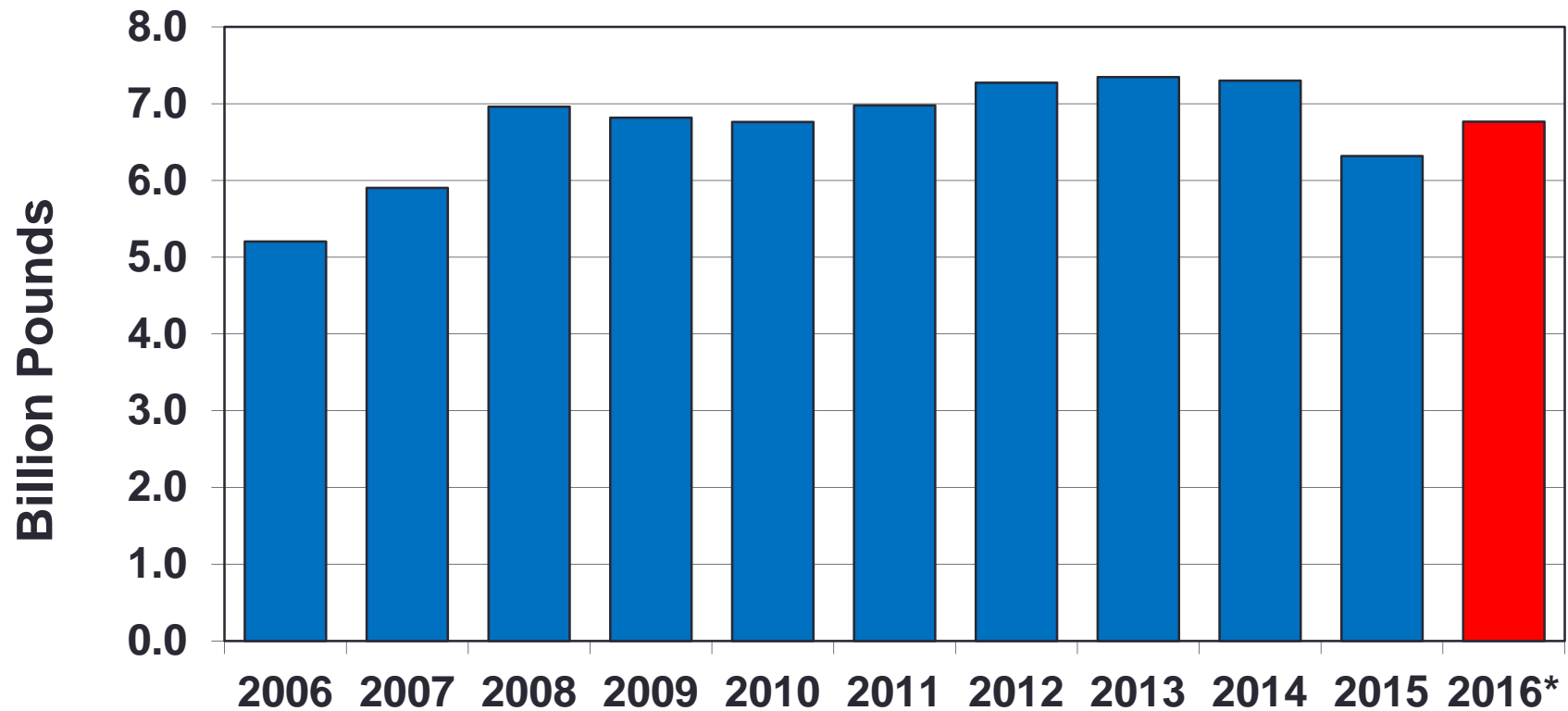


Factors Driving the Forecasts:

- Broilers – Expansion Continues
 - Producer Returns Under Pressure
 - More Birds, Heavier Weights
 - **Exports Affected by HPAI Bans**

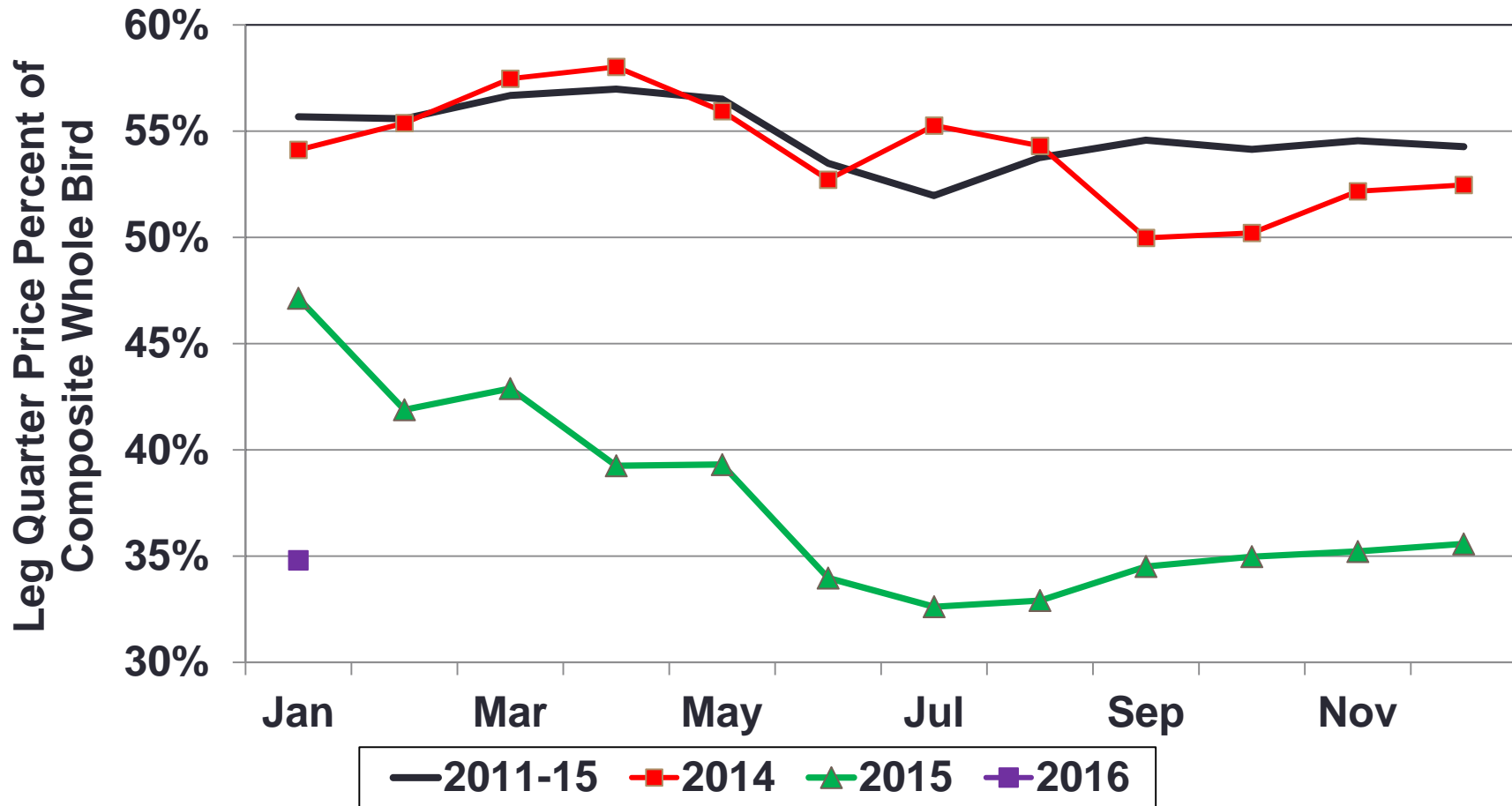


Broiler Exports to Regain Part of Market Lost in 2015



* Forecast

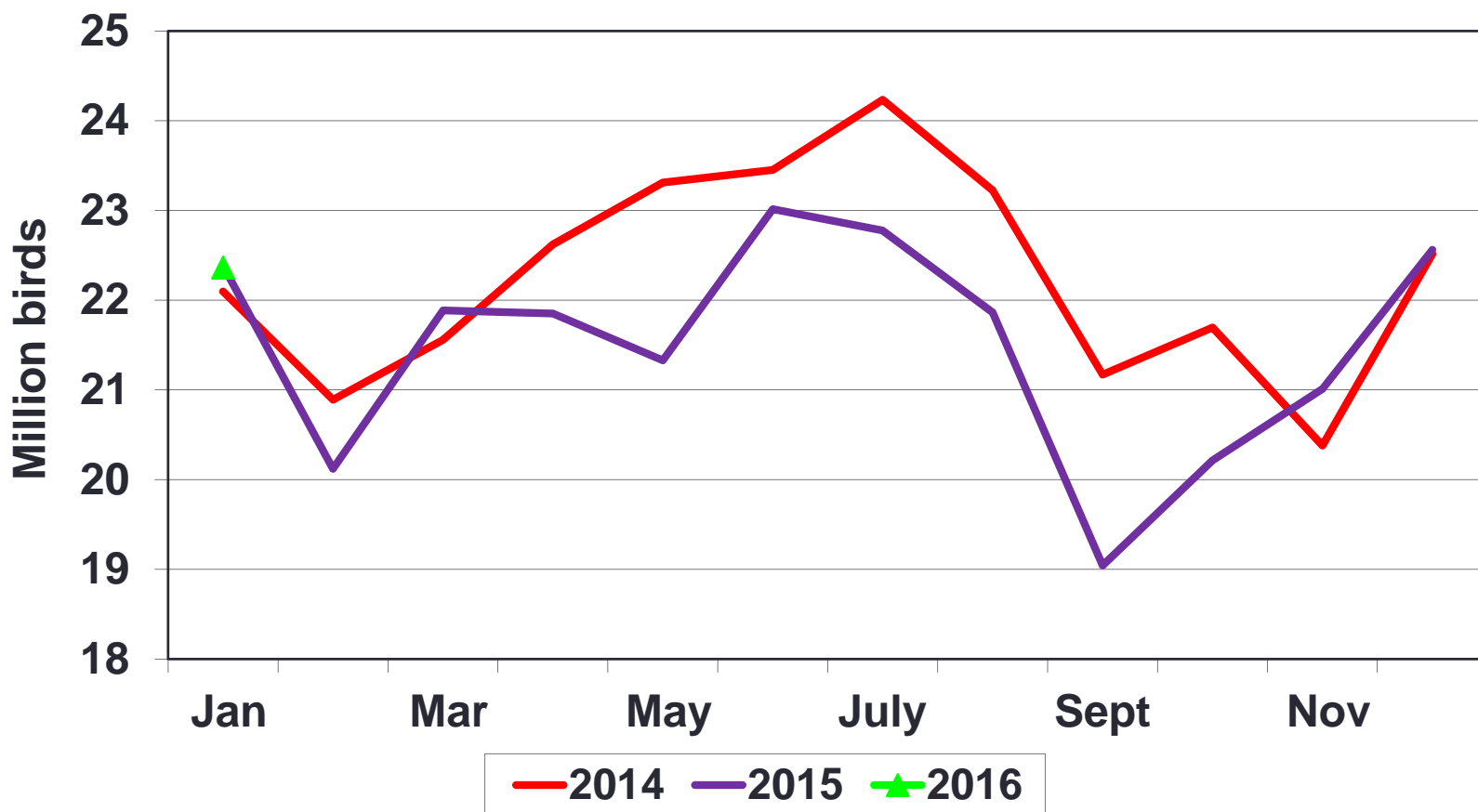
N.E. Leg Quarter Prices Soft Relative to Other Parts Prices



Factors Driving the Forecasts:

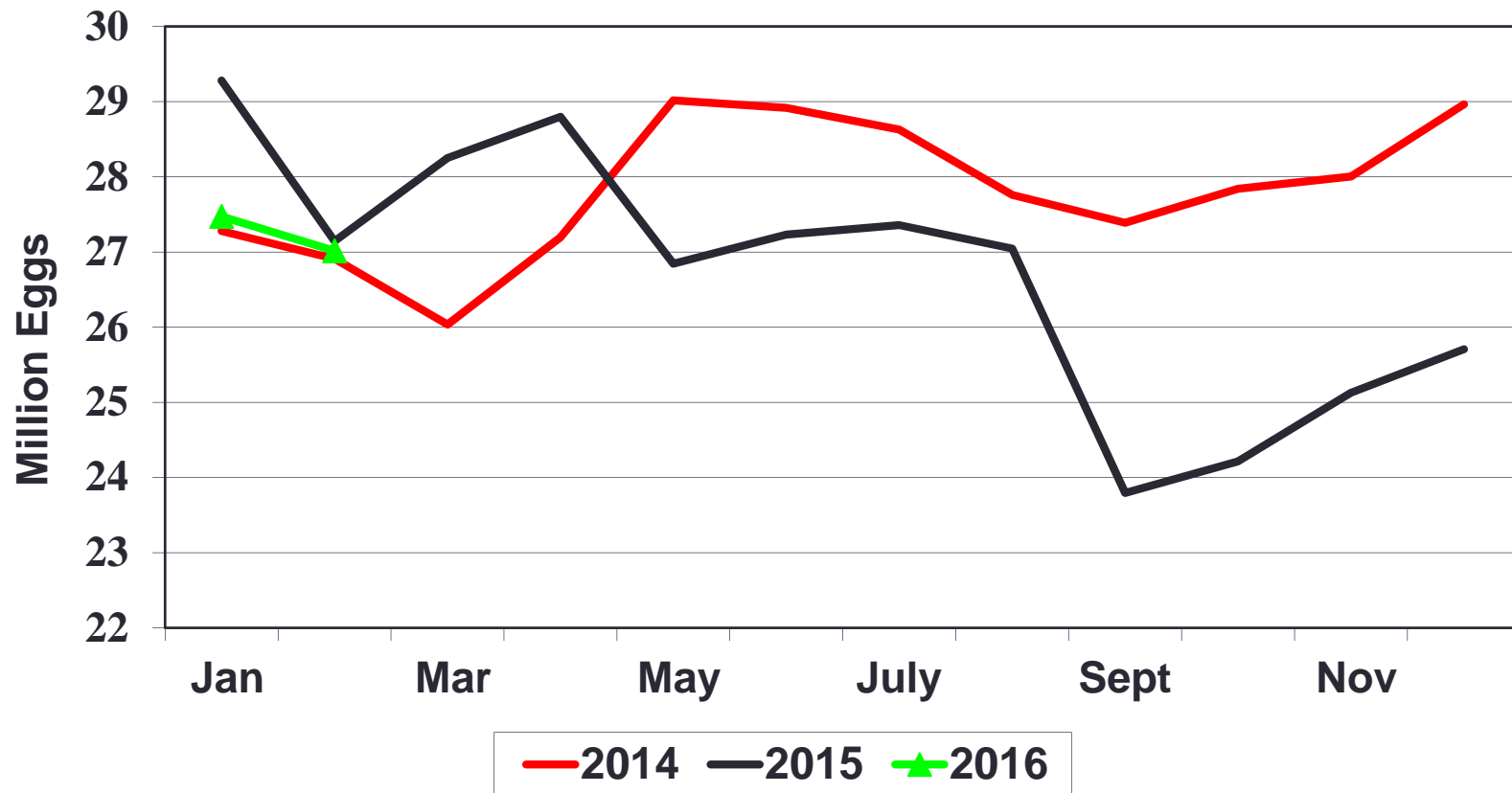
- Turkey – Industry Recovering from HPAI
 - **Flock Declines Reflect Bird Losses Due to HPAI**

Turkey Poult Placements Recovering

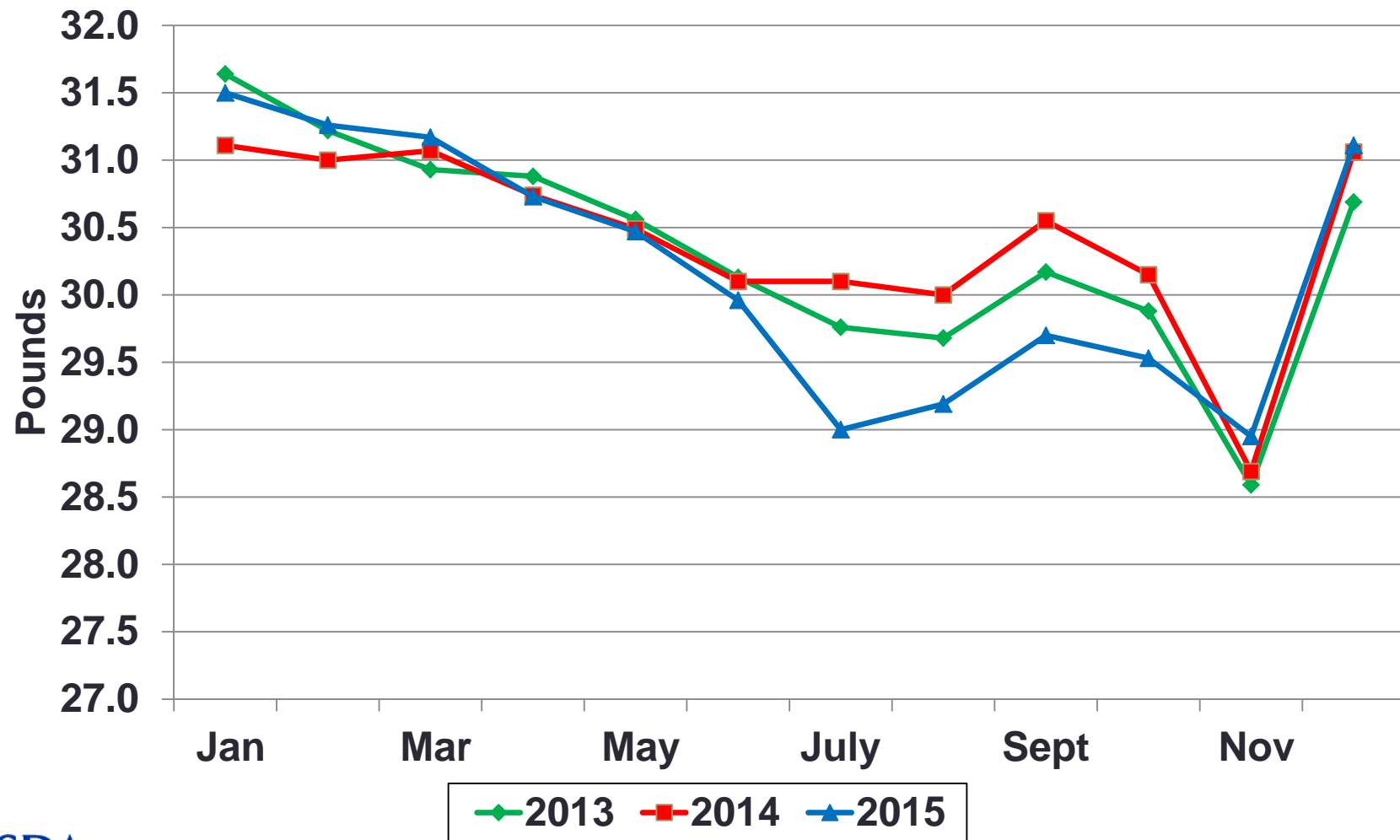


Eggs Set Remain Below Year-Earlier

Eggs in Incubators, First of Month



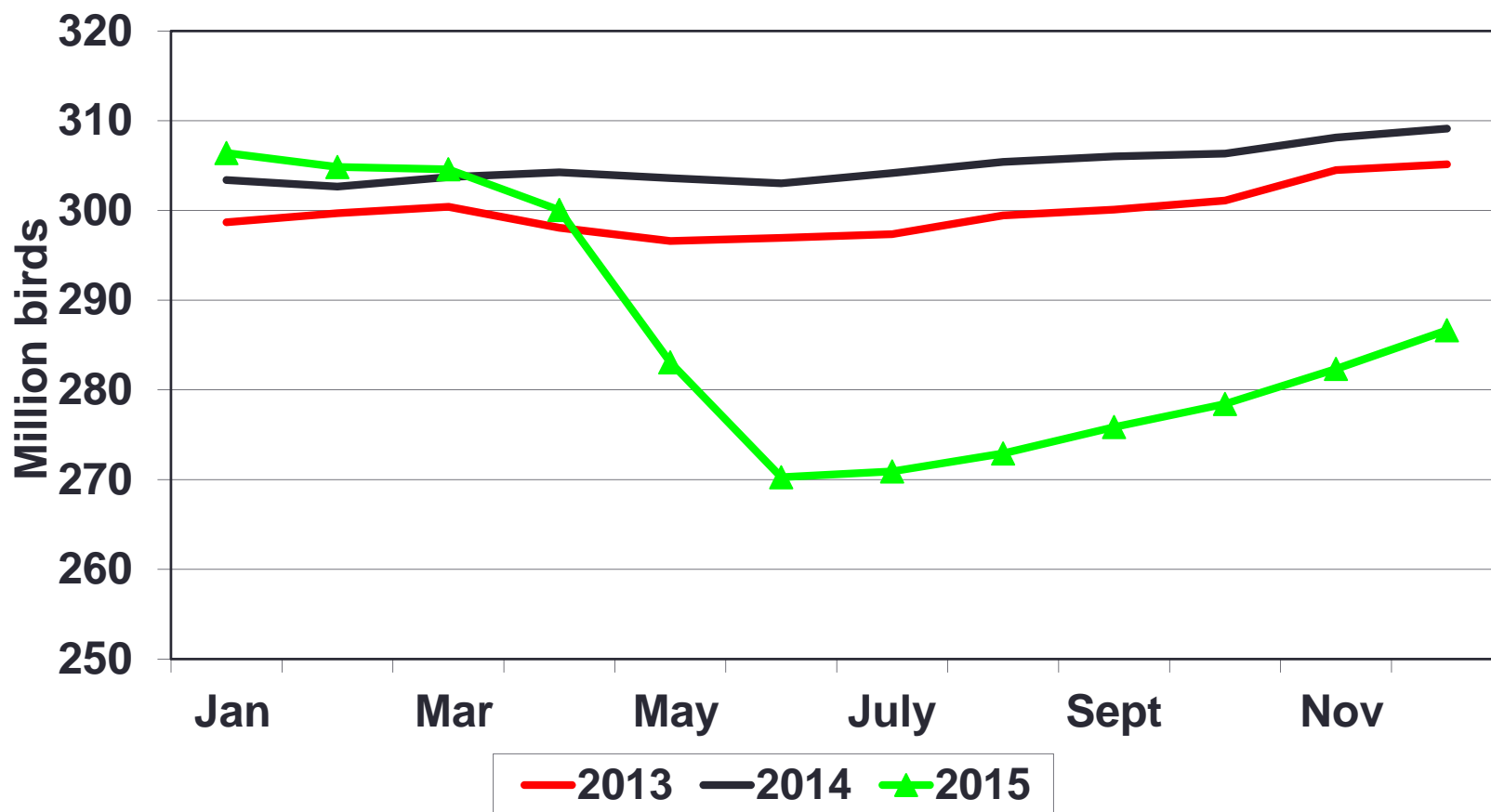
Live Turkey Weights Averaged Lower in 2015



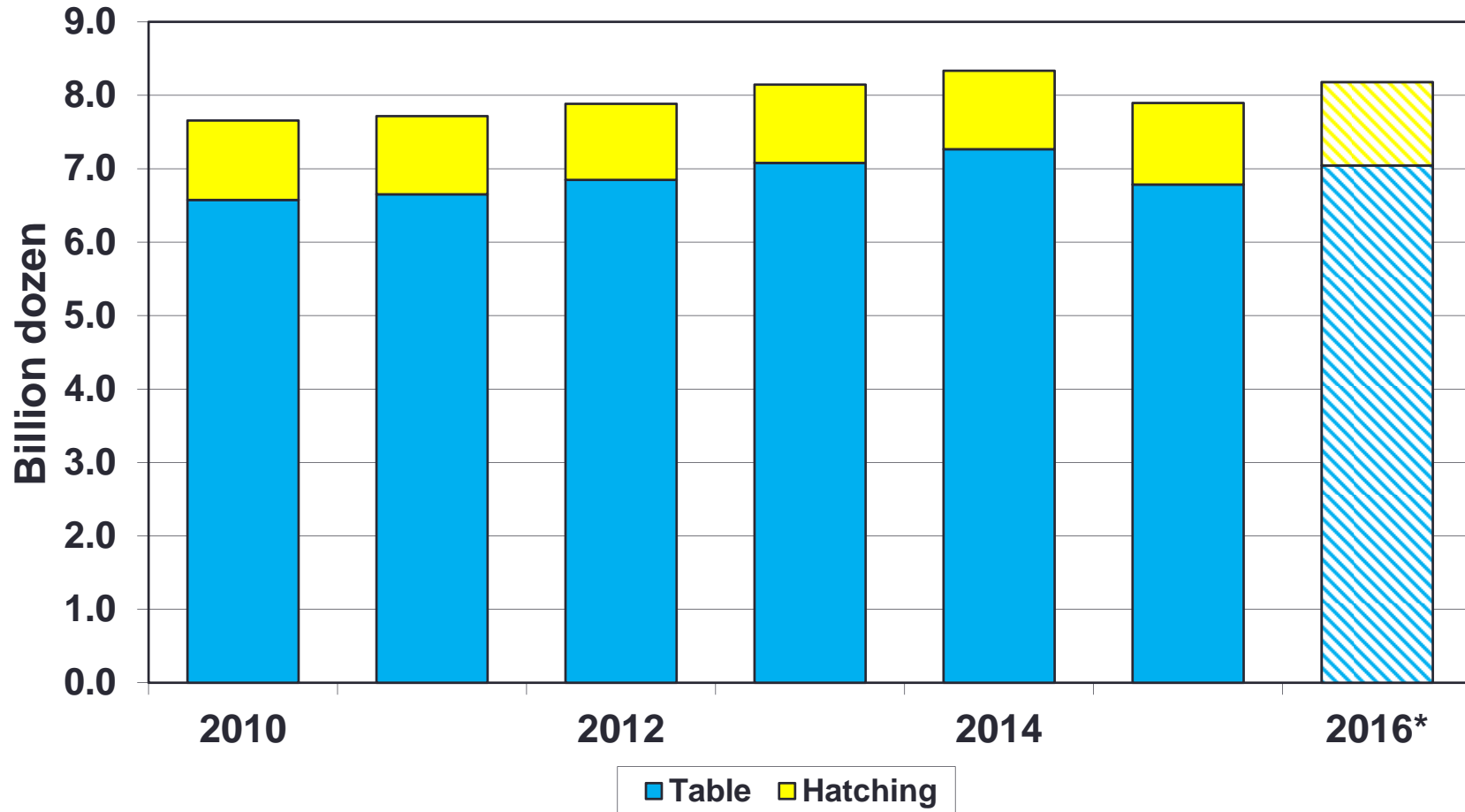
Factors Driving the Forecasts:

- Eggs – HPAI Cut Production
 - Laying Flock Lower on Bird Losses

Egg Laying Flock Slowly Recovering



Egg Production Will Recover



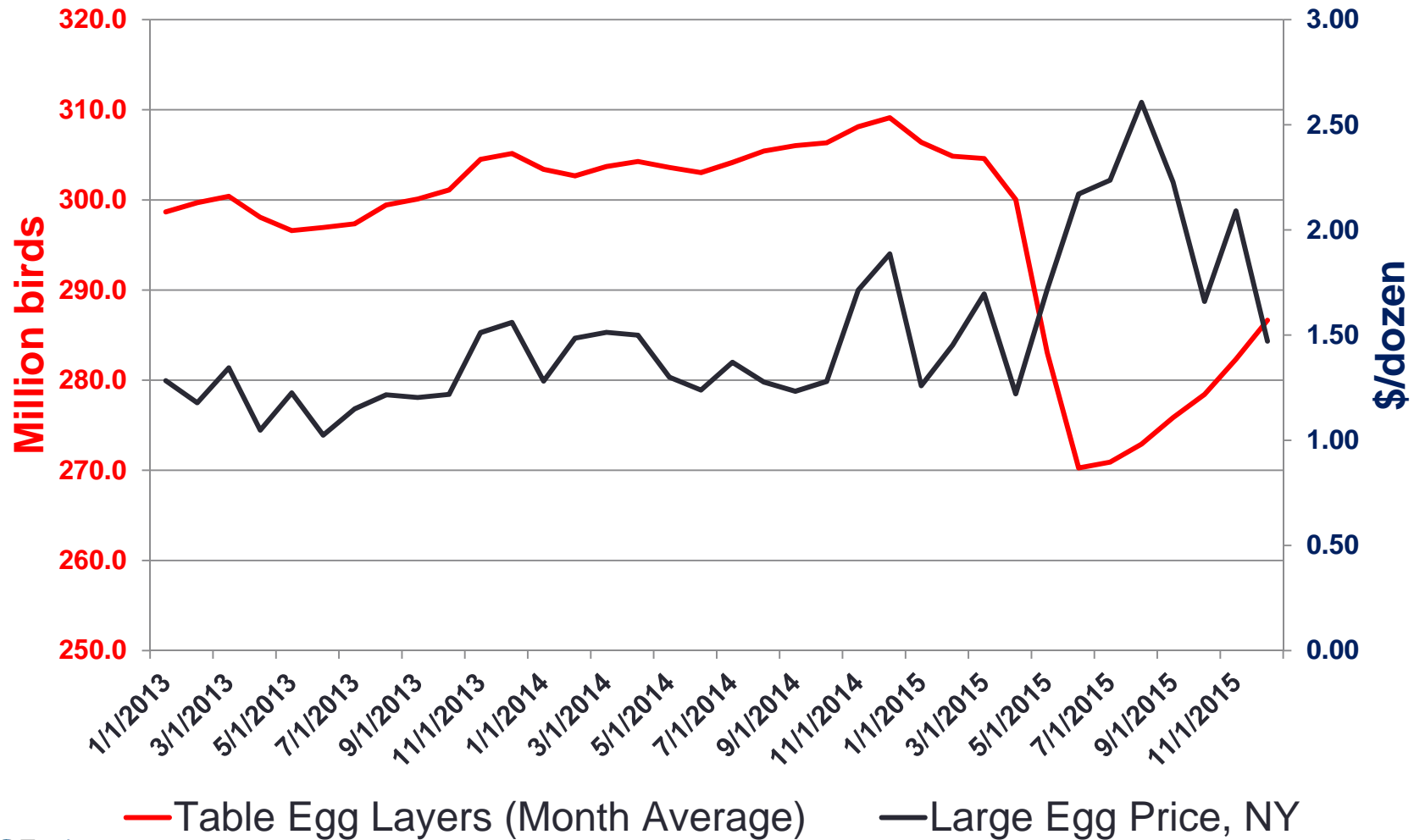
*Forecast



Factors Driving the Forecasts:

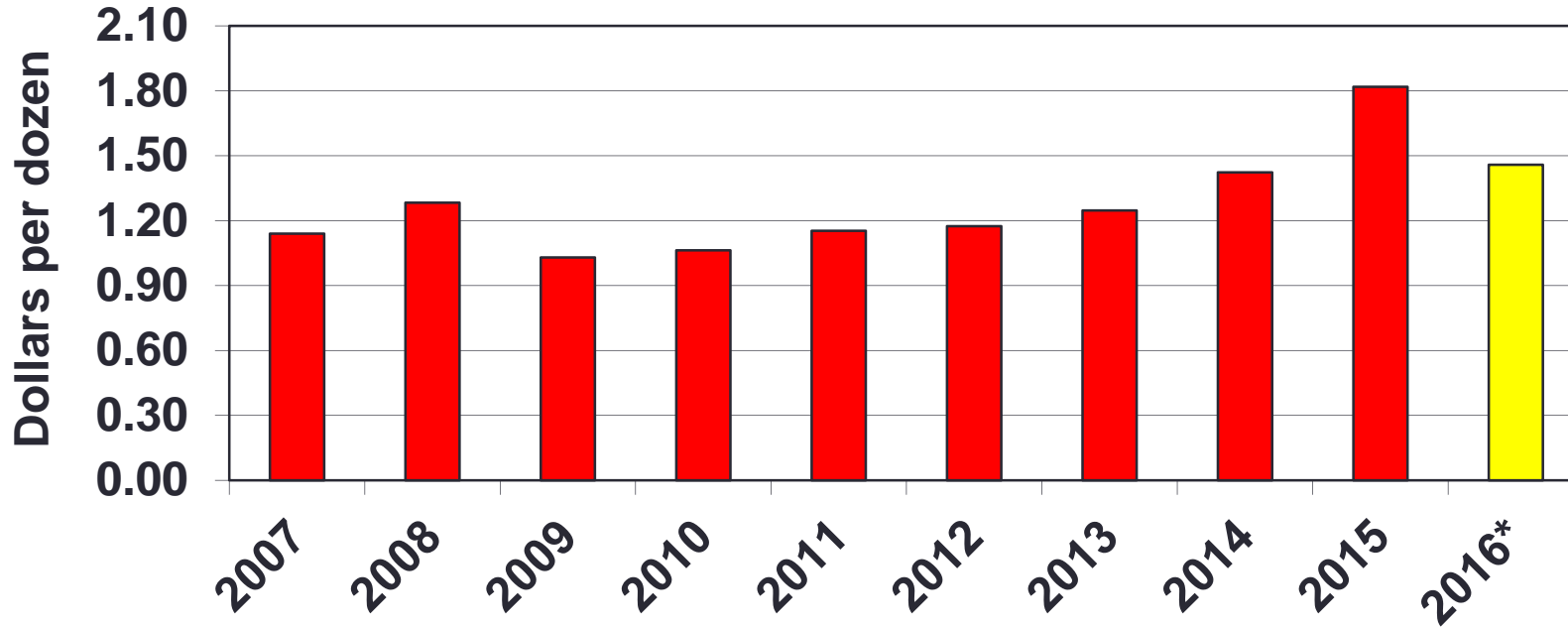
- Eggs – HPAI Cut Production
 - Laying Flock Lower on Bird Losses
 - **Egg Prices Volatile on Supply Tightness**

Wholesale Egg Prices Spiked as Reduced Laying Flock Affected Egg Supplies



Egg Prices Will Decline to \$1.41-\$1.50 per Dozen

N.Y. Wholesale Price - Large Eggs



* Forecast



Additional information about the USDA 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
 - <http://www.fas.usda.gov/data/livestock-and-poultry-world-markets-and-trade>

