Outlook for the U.S. Livestock and Poultry Sectors in 2012

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World Agricultural Outlook Board, USDA

USDA Outlook Forum
Washington, D.C.
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Situation Facing Livestock and Poultry Producers in 2012

• Higher feed prices for most of year
  – Corn: $5.80-$6.60/bu in 2011/12
    $5.18 in 2010/2011
  – Soybean meal: $290-$320/ton in 2011/12
    $345 in 2010/2011

• Feed prices should moderate moving into 2012/13 crop year
Early Year Feed Costs Eat into Gains in Livestock and Poultry Prices

* Forecast
Highlights for Livestock & Poultry in 2012

- Offsetting meat production
  - Beef, lamb, and broilers lower
  - Pork and turkey higher
Red Meat and Poultry Production Will Decrease 1.8 Percent in 2012

* Forecast
Highlights for Livestock & Poultry in 2012

- Offsetting meat production
- Continued strength in exports but no aggregate growth
Factors Affecting Exports

• Rising incomes fuel increased demand for meat protein.

• Weaker U.S. dollar will support meat exports.
  – Smaller decline than 2011.

• Production growth in some markets increases competition.
Total Per Capita Retail Basis Meat Disappearance in 2012 at 198 Pounds

* Forecast
Pork Will Gain Pricing Advantage at Retail

Retail Price Ratios

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

* Forecast
Beef Production to Decline to 25.1 Billion Pounds in 2012

*B Forecast
Cattle Herd at 90.8 Million on Jan 1, 2012; Further Contraction Likely

* Forecast

* Calf Crop Forecast
U.S. Cattle Areas Experiencing Drought

Reflects December 27, 2011
U.S. Drought Monitor data

Yellow numbers = percent change in beef cows and beef replacement heifers in the past year

- Drought Areas
- Major Livestock Area
- Minor Livestock Area

- Major areas combined account for 75% of the total national inventory.
- Major and minor areas combined account for 99% of the total national inventory.

Major and minor agricultural areas are based on NASS 2007 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.

USDA Agricultural Weather Assessments
World Agricultural Outlook Board
U.S. Cattle Areas Experiencing Drought


Approximately 38% (2/14/12) and 27% (2/15/11) of the domestic cattle inventory was within areas experiencing drought, based on NASS 2007 Census of Agriculture data.

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- 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 for Feeding Lower on January 1

Million Head

-2.3%
+0.8%
-4.0%

Outside Feedlots
On-Feed
Cattle Imports Decline to 2.05 Million Head In 2012

U.S. Cattle Imports

Cattle and Calves, Jan. 1

* Forecast
Carcass Weight Growth Dampened by Light Placement Weights

![Graph showing the weight growth of carcasses and placements from 2002 to 2012. The graph indicates a trend where weight growth is dampened by light placement weights. The forecast for 2012 is also shown.]
2011 Beef Exports at Record 2.79 Billion Pounds, 2012 Slightly Lower

Top 4 Markets Equal 94% of exports

Top 4 Markets Equal 62% of exports

Mexico Canada Japan South Korea Vietnam Other

* Forecast
2012 Beef Imports Increase 2 Percent to 2.1 Billion Pounds

* Forecast
Weak Dollar Mutes Price Signals

Change in U.S. Import Unit Value for Fresh, Chilled, and Frozen Beef

US Share of Major Trader Exports

Weak Dollar Mutes Price Signals
Cattle Prices Rise in 2012, to Average $121 to $129 per cwt

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2010</th>
<th>2011</th>
<th>2012*</th>
</tr>
</thead>
<tbody>
<tr>
<td>QI</td>
<td>110</td>
<td>115</td>
<td>125</td>
</tr>
<tr>
<td>QII</td>
<td>115</td>
<td>120</td>
<td>128</td>
</tr>
<tr>
<td>QIII</td>
<td>120</td>
<td>125</td>
<td>132</td>
</tr>
<tr>
<td>QIV</td>
<td>125</td>
<td>130</td>
<td>135</td>
</tr>
<tr>
<td>Annual</td>
<td>118</td>
<td>123</td>
<td>128</td>
</tr>
</tbody>
</table>

* Forecast
Pork Production Will Increase to 23.2 Billion Pounds in 2012

* Forecast
Hog Inventory Increased to 65.9 Million Head on December 1, 2011

Inventory on December 1, Preceding Year

Million Head

1999 2001 2003 2005 2007 2009 2011 2013*

* Forecast
Only Modest Growth in Sows Farrowing

* Quarters 1-2 NASS Reported, Quarters 3-4 Forecast
Growth in Pigs per Litter Remains About Same

*Forecast
Slow Increase in Canada’s Hog Inventory, Weak Dollar Will Limit U.S. Hog Imports

* Slaughter and Imports Forecast
2011 Pork Exports Were Record 5.19 Billion Pounds

* Forecast
2012 Pork Exports at 5.1 Billion Pounds, Pork Imports Decline

* Forecast
Hog Prices to Average $63 to $67 per cwt

National Base, 51-52% Lean, Live Equivalent

Dollars per cwt

QI  QII  QIII  QIV  Annual

2010 2011 2012*

* Forecast
Broiler Meat Production Will Decline to 36.1 Billion Pounds in 2012

*Forecast
Broiler Laying Flock
Monthly Average

Million birds

2009 2010 2011
Chicks Placed For Grow Out
19 Selected States

Million birds

Jan  Apr  Jul  Oct
2010  2011  2012
Live Bird Weights Moderating

![Graph showing live bird weights over time. The x-axis represents months from January to November, and the y-axis represents pounds. The graph shows three lines representing data from 2009, 2010, and 2011.]
2011 Broiler Exports Were Record 6.99 Billion Pounds

“Other” equals 40%

“Other” equals 57%
Broiler Whole Bird Prices to Average 82 to 87 Cents Per Pound

12-City Wholesale

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012*</th>
</tr>
</thead>
<tbody>
<tr>
<td>QI</td>
<td></td>
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<tr>
<td>QII</td>
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<td>QIV</td>
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<tr>
<td>Annual</td>
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</tbody>
</table>

* Forecast
Turkey Production Forecast at 5.9 Billion Pounds in 2012
Turkey Poult Placements Above Year Earlier

Million birds

- **2010**
- **2011**
- **2012**

Jan | Mar | May | July | Sept | Nov
--- | --- | --- | --- | --- | ---
20  | 21  | 22  | 23   | 24   | 25   
21  | 22  | 23  | 24   | 25   | 26   
22  | 23  | 24  | 25   | 26   | 27   

Graph showing turkey poult placements for the years 2010, 2011, and 2012, with a peak in July 2010 and a significant increase in July 2011.
Turkey Exports Will Decline in 2012

The chart shows the exports of Turkey from 2003 to 2012. The exports are categorized into Mexico, Russia, China/HK, Other, and a forecast. The chart indicates a decline in exports starting in 2012.
Turkey Prices to Average $1.00-$1.07 per Pound

**National Hen Price**

<table>
<thead>
<tr>
<th>Year</th>
<th>Price (Dollars per Pound)</th>
</tr>
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<tbody>
<tr>
<td>2007</td>
<td>0.78</td>
</tr>
<tr>
<td>2008</td>
<td>0.83</td>
</tr>
<tr>
<td>2009</td>
<td>0.75</td>
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<tr>
<td>2010</td>
<td>0.90</td>
</tr>
<tr>
<td>2011</td>
<td>1.05</td>
</tr>
<tr>
<td>2012</td>
<td>1.10 (Forecast)</td>
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* Forecast
Egg Production Growth Slow

* Forecast
Table Egg Laying Flock
Monthly Average

<table>
<thead>
<tr>
<th>Month</th>
<th>Million birds 2009</th>
<th>Million birds 2010</th>
<th>Million birds 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan</td>
<td>272</td>
<td>272</td>
<td>272</td>
</tr>
<tr>
<td>Mar</td>
<td>274</td>
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<td>May</td>
<td>274</td>
<td>273</td>
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<td>Jul</td>
<td>276</td>
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<tr>
<td>Sep</td>
<td>277</td>
<td>277</td>
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</tr>
<tr>
<td>Nov</td>
<td>278</td>
<td>278</td>
<td>277</td>
</tr>
</tbody>
</table>

Egg Prices Will Decline to $1.03-$1.09 per Dozen

N.Y. Wholesale Price - Large Eggs

Dollars per dozen

2004 2005 2006 2007 2008 2009 2010 2011 2012*

* Forecast
Additional information about the 2012 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
  - www.ers.usda.gov/publications/lmp/

- Foreign Agricultural Service (FAS)
  Livestock and Poultry: World Markets and Trade
  - www.fas.usda.gov/dlp/livestock_poultry.asp