



Beef Cattle Outlook for 2004 and Beyond

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Current Situation and Short-Term Outlook

Supply

U.S.

- U.S. Beef Cow inventory down less than 0.5% to 32.86 million
- U.S. Beef Replacement Heifers down almost 2% to 5.52 million
- Total U.S. “Beef Factory” down slightly more than 0.5% to 38.38 million head
- 2003 U.S. Calf Crop estimated at 37.9 million, down 1% from 2002
- 13.8 million head of cattle on feed, up 4% from 2003

Georgia

- GA Beef Cows down about 1.5% to 616,000 cows
- GA Beef Replacement Heifers down about 5.5% to 85,000 heifers
- Total GA “Beef Factory” down 2% to 701,000 head
- 2003 GA Calf Crop estimated at 580,000 down 2% from 2003

U.S. Meat Supply and Global Outlook

- Overall, total U.S. beef production for 2003 is estimated at 26.2 billion pounds
- For 2004, this number is expected to down some to about 25.5 billion pounds
- USDA forecasts exports in 2004 to be down 90% to 220 million pounds

Demand

- Consumer demand is expected to remain strong in the U.S.
- Increases in pork and poultry production may pressure retail beef prices
- Resolution of the BSE issue should open the door to export markets now closed
- Increasing feed corn prices will have a negative impact on feeder prices

Forecast Prices for 2004 Fed and Feeder Cattle

2004	Fed Cattle Nebraska Direct (\$/Cwt.)	Feeder Cattle 600- 700 M-1/2 Steers GA Auction (\$/Cwt.)	Feeder Calf 400-500 M-1/2 Steers GA Auctions (\$/Cwt.)
Jan-Mar	\$80-\$82	\$88-\$92	\$108-\$115
Apr-Jun	\$79-\$84	\$86-\$90	\$106-\$112
Jul-Sep	\$75-\$80	\$83-\$87	\$103-\$109
Oct-Nov	\$72-\$77	\$82-\$86	\$102-\$106
Year	\$78-\$82	\$85-\$90	\$104-\$108

Source: USDA and The University of Georgia

Long-term Outlook and Implications

- ❖ The declining size of the “Beef Factory” will continue to hold to production in check for the next few years
- ❖ Barring another major event (BSE, terrorism, drought) producers can look forward to favorable prices for the next few years
- ❖ Once herd expansion begins, prices should climb even higher for a brief period as feeder cattle supplies are reduced.
- ❖ Additional governmental regulations will have cost impacts on producers.
- ❖ Overall, the next few years in the beef industry will be full of change but hopefully favorable prices

Impacts of Feed Costs and Expected Live Cattle Prices on Breakeven Feeder Cattle Prices

Maximum Amount Feeders Can Pay for Cattle At Various Corn and Live Cattle Prices 550 Pound Calf					
Price of Corn per Bushel at Feedyard					
Live Cattle Price (\$/Cwt.)	\$ 2.00	\$ 2.25	\$ 2.50	\$ 2.75	\$ 3.00
\$90.00	\$ 119.42	\$115.96	\$ 112.50	\$ 109.03	\$ 105.57
\$85.00	\$ 108.51	\$105.05	\$ 101.59	\$ 98.12	\$ 94.66
\$80.00	\$ 97.60	\$ 94.14	\$ 90.68	\$ 87.22	\$ 83.75
\$75.00	\$ 86.69	\$ 83.23	\$ 79.77	\$ 76.31	\$ 72.85
\$70.00	\$ 75.78	\$ 72.32	\$ 68.86	\$ 65.40	\$ 61.94
\$65.00	\$ 64.87	\$ 61.41	\$ 57.95	\$ 54.49	\$ 51.03
\$60.00	\$ 53.96	\$ 50.50	\$ 47.04	\$ 43.58	\$ 40.12

Maximum Amount Feeders Can Pay for Cattle At Various Corn and Live Cattle Prices 750 Pound Feeder					
Price of Corn per Bushel at Feedyard					
Live Cattle Price (\$/Cwt.)	\$ 2.00	\$ 2.25	\$ 2.50	\$ 2.75	\$ 3.00
\$90.00	\$ 104.93	\$103.18	\$ 101.42	\$ 99.66	\$ 97.91
\$85.00	\$ 96.93	\$ 95.18	\$ 93.42	\$ 91.66	\$ 89.91
\$80.00	\$ 88.93	\$ 87.18	\$ 85.42	\$ 83.66	\$ 81.91
\$75.00	\$ 80.93	\$ 79.18	\$ 77.42	\$ 75.66	\$ 73.91
\$70.00	\$ 72.93	\$ 71.18	\$ 69.42	\$ 67.66	\$ 65.91
\$65.00	\$ 64.93	\$ 63.18	\$ 61.42	\$ 59.66	\$ 57.91
\$60.00	\$ 56.93	\$ 55.18	\$ 53.42	\$ 51.66	\$ 49.91