

Livestock Situation & Outlook

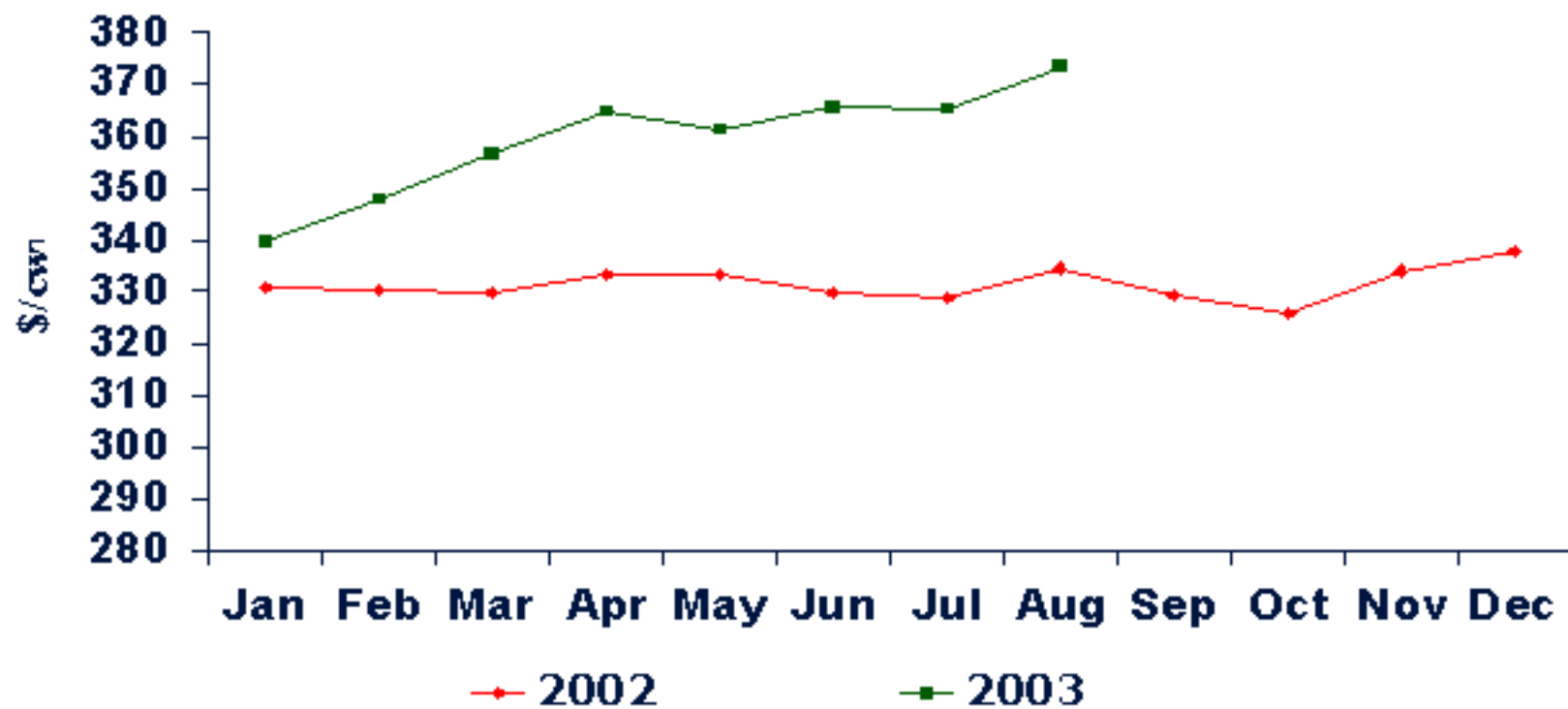
John D. Anderson

Mississippi State University

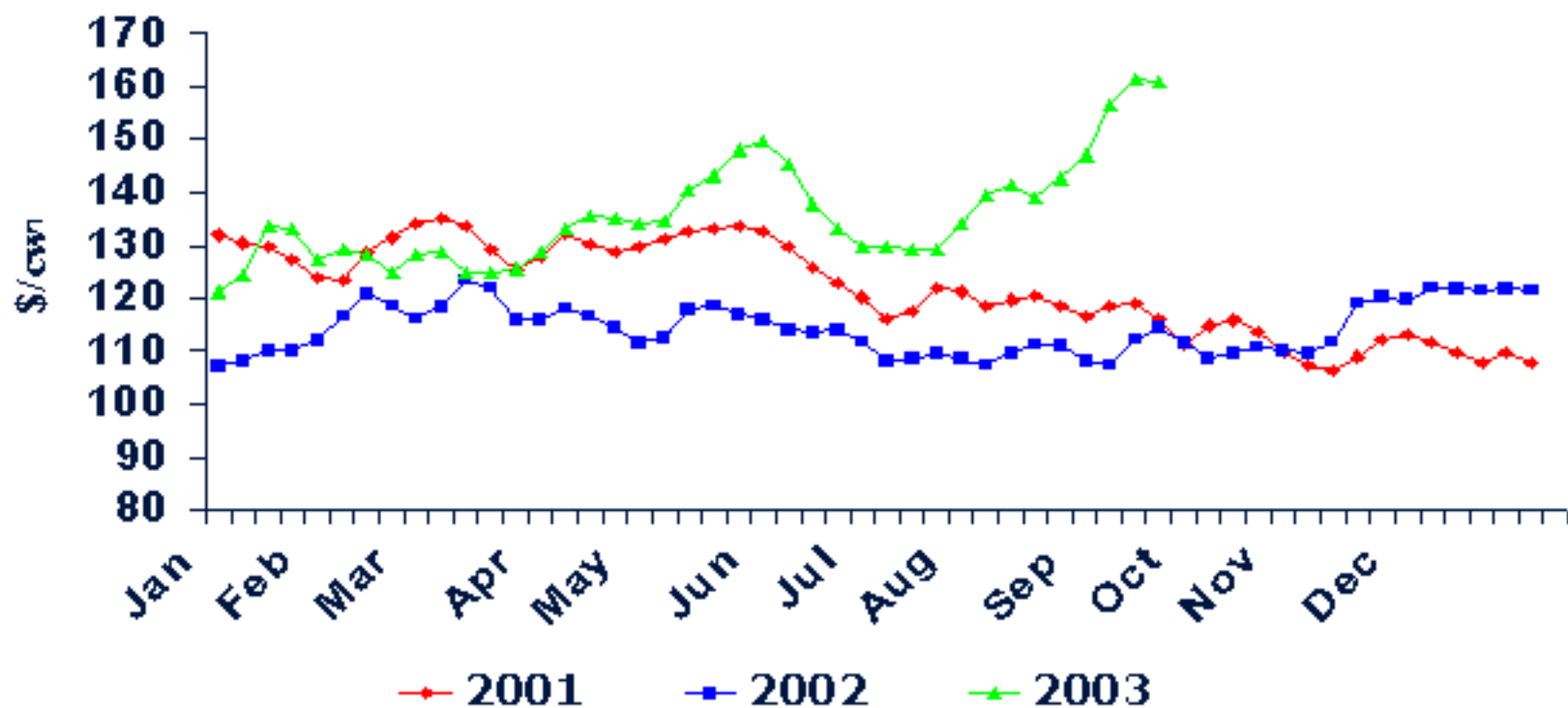
Current Situation

- Exceptional prices at all levels of the industry
 - Record beef, fed cattle, feeder cattle prices

Monthly Retail Beef Prices

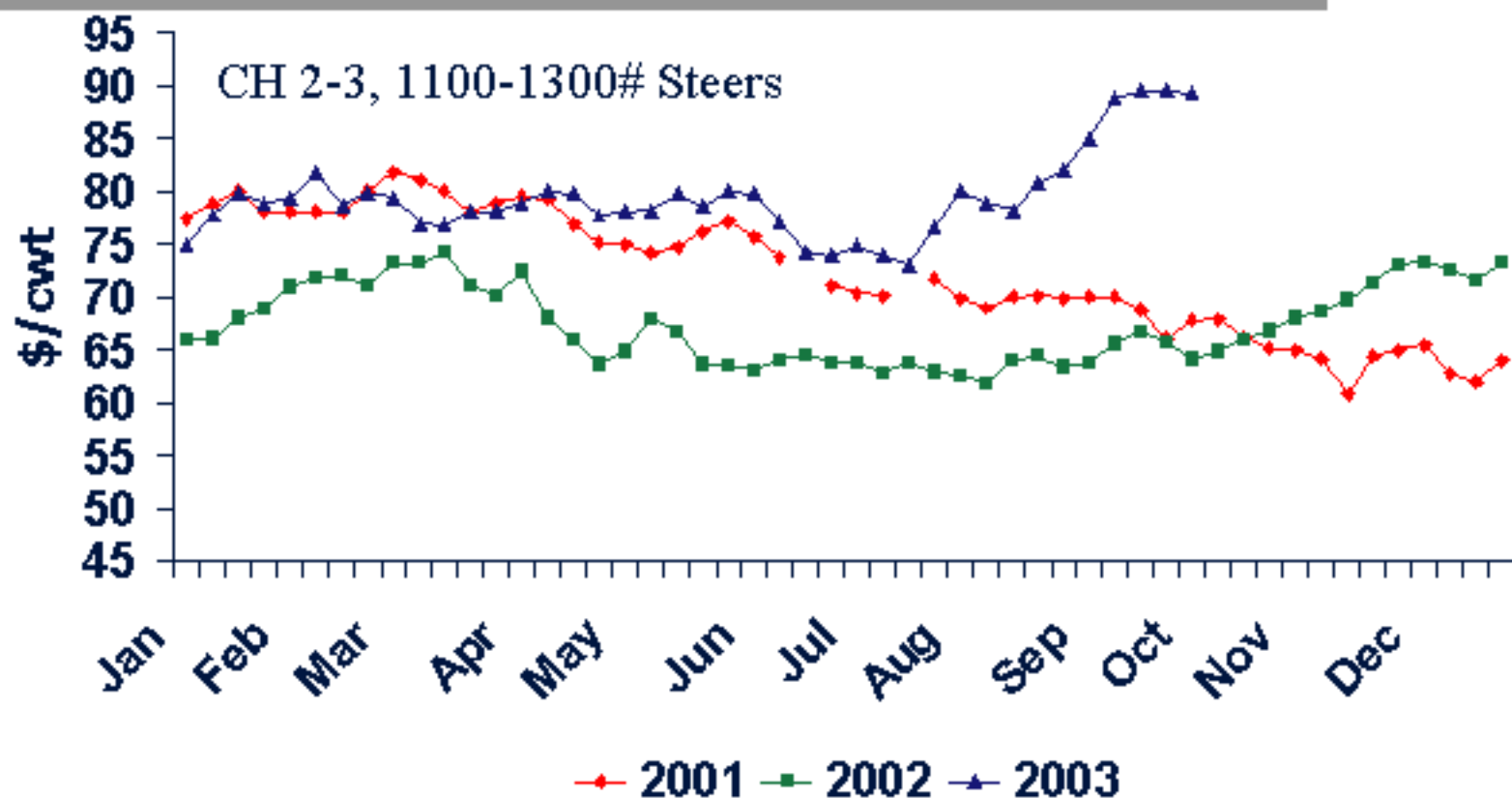


Boxed Beef Cutout Value



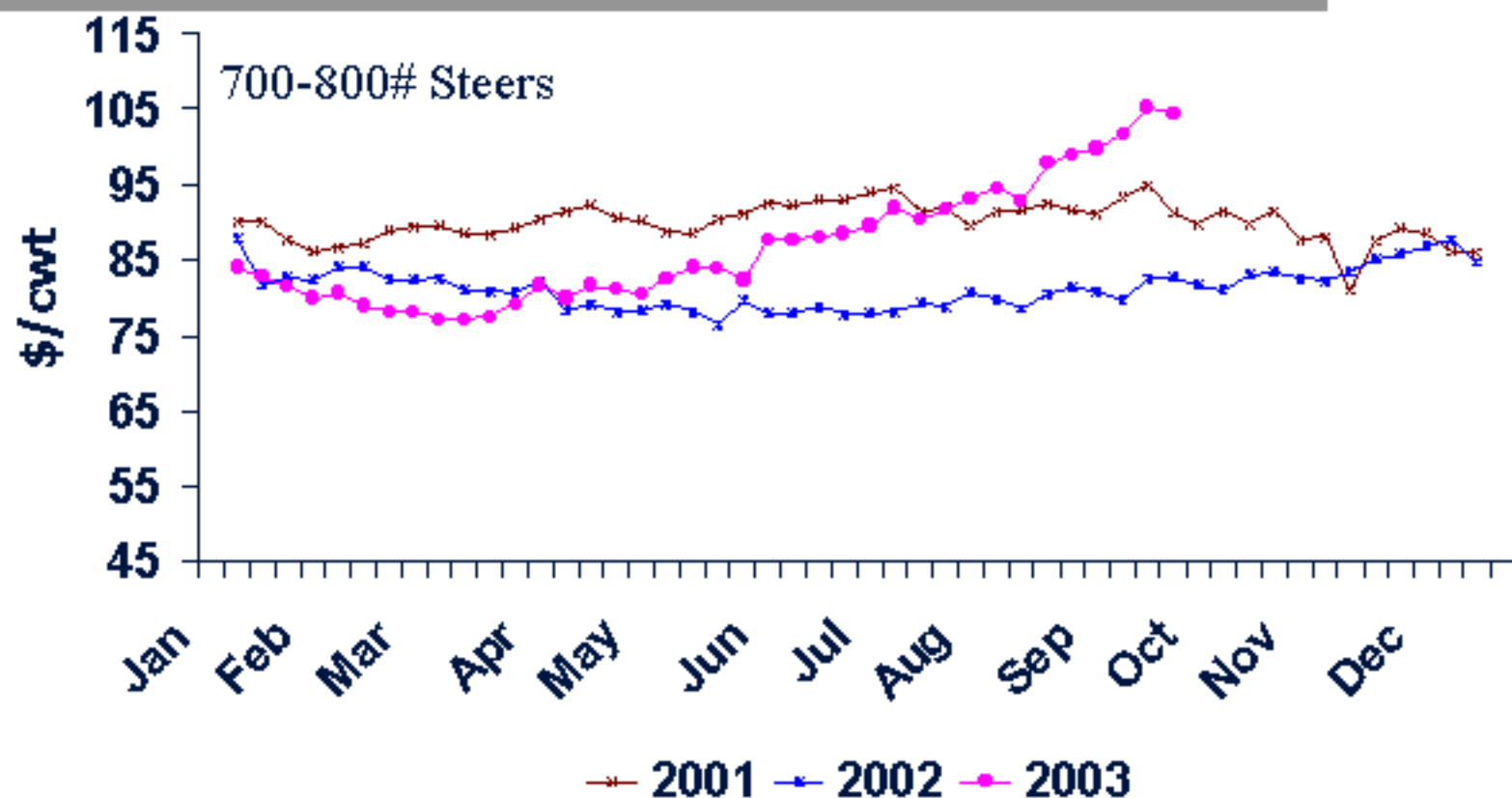
Source: Livestock Marketing Information Center

W. KS Fed Cattle



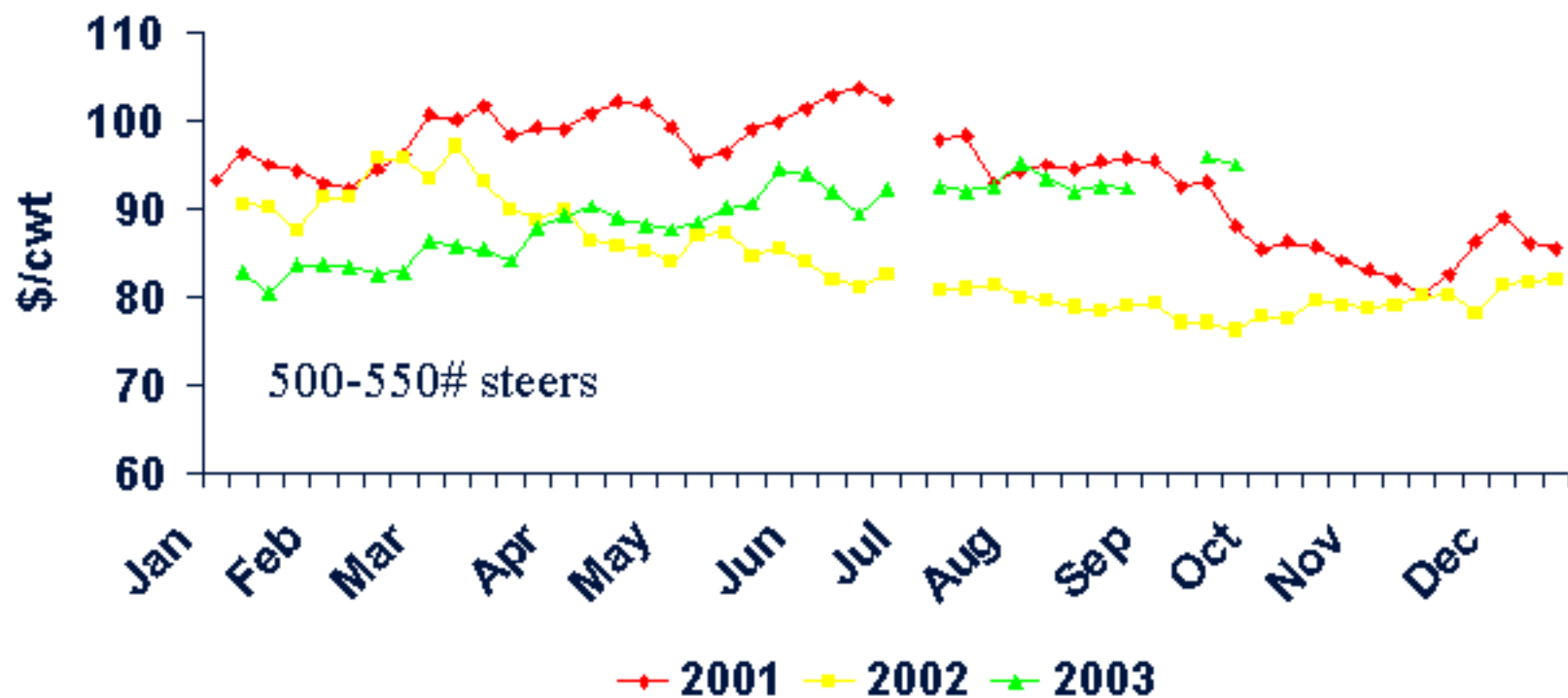
Source: Livestock Marketing Information Center

OKC Feeder Steers



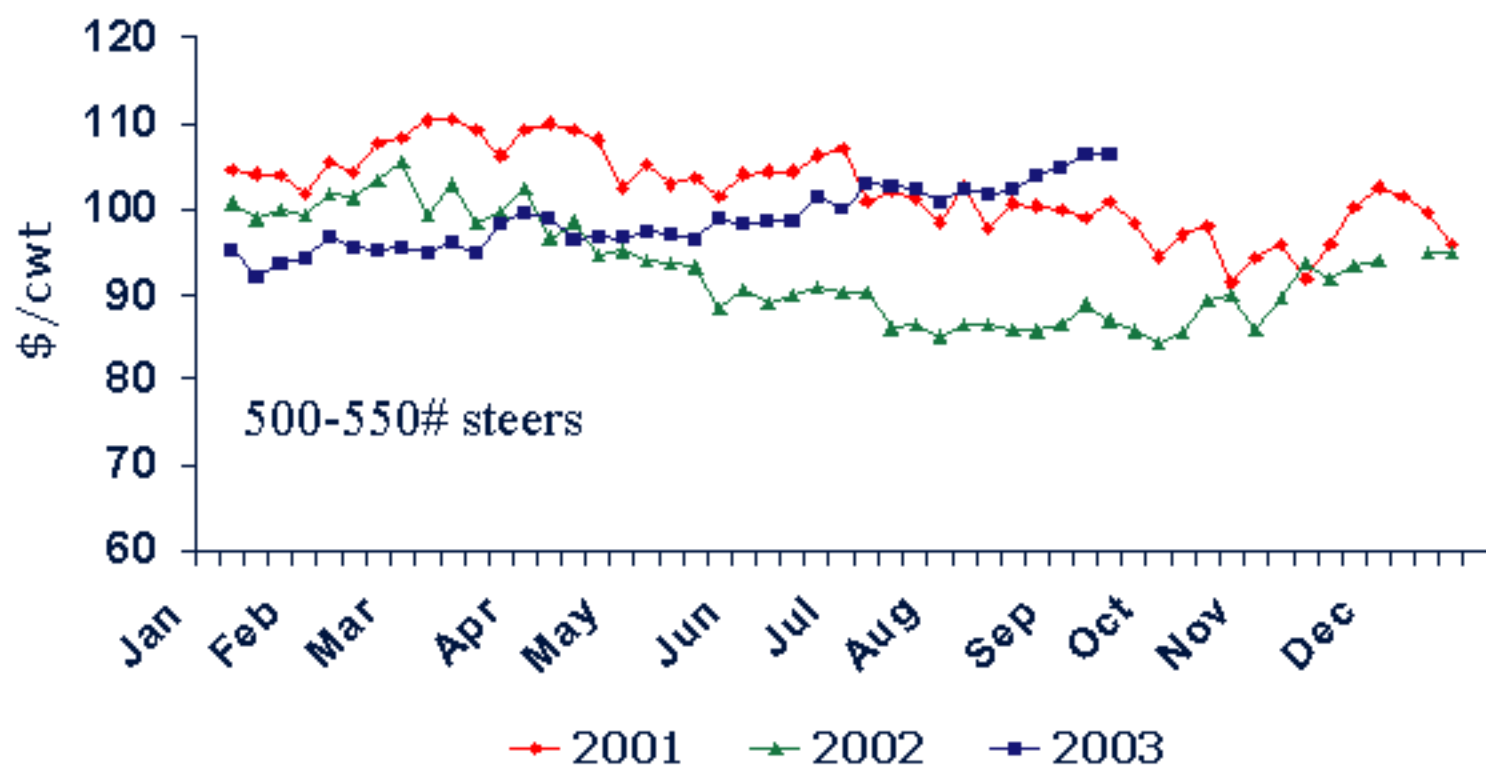
Source: Livestock Marketing Information Center

Tennessee Calf Prices



Source: Livestock Marketing Information Center

Oklahoma Calf Prices

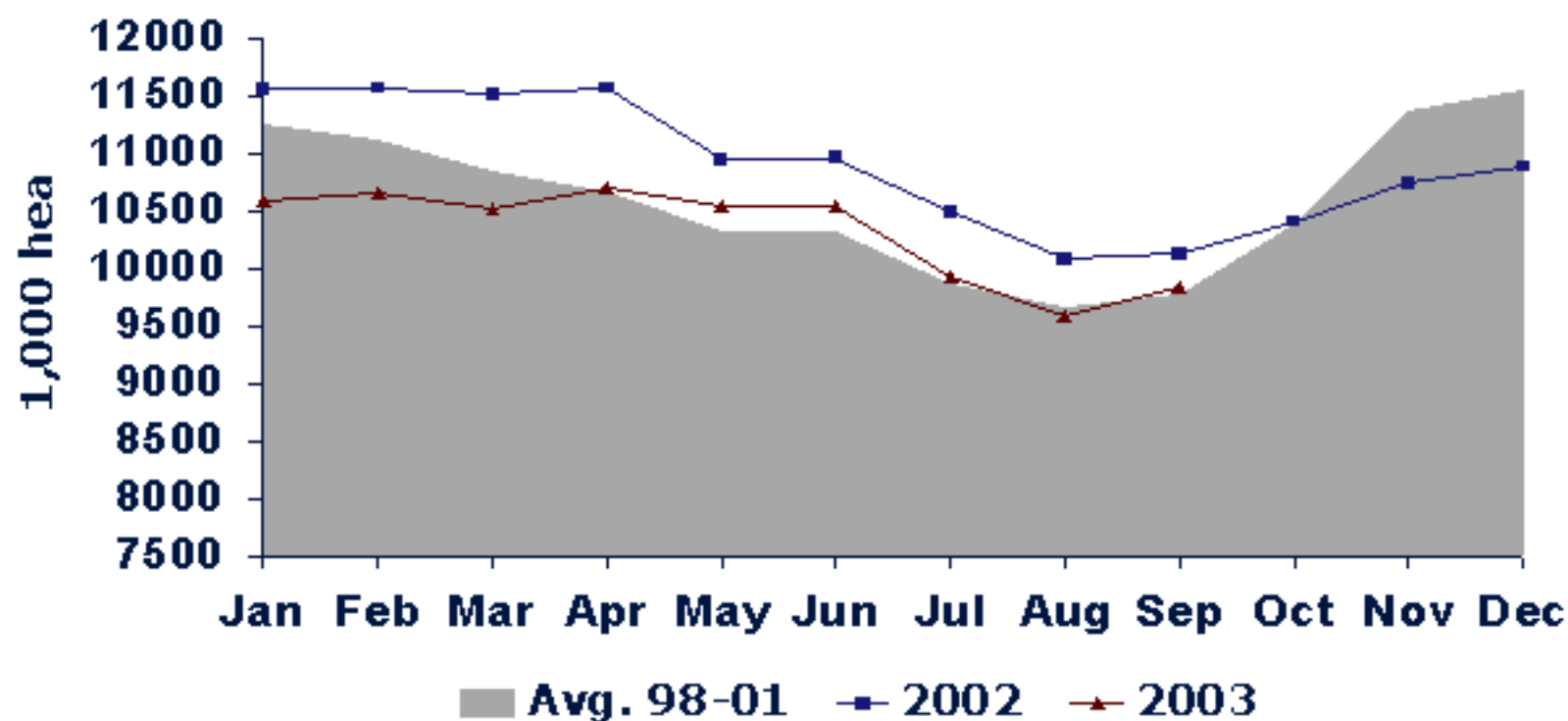


Source: Livestock Marketing Information Center

Current Situation

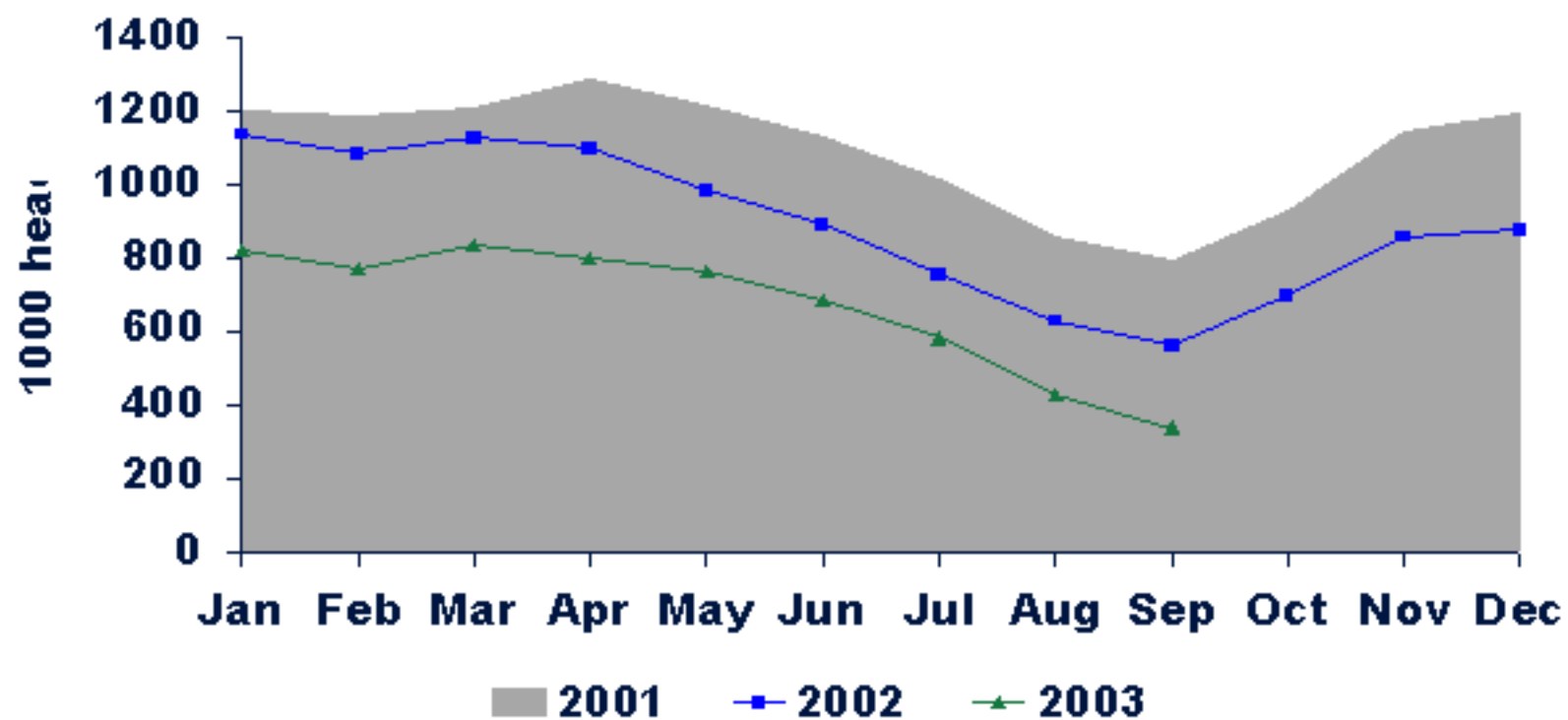
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- Short supply situation
 - Cyclically low cattle numbers
 - Ban on Canadian cattle/beef

Cattle on Feed



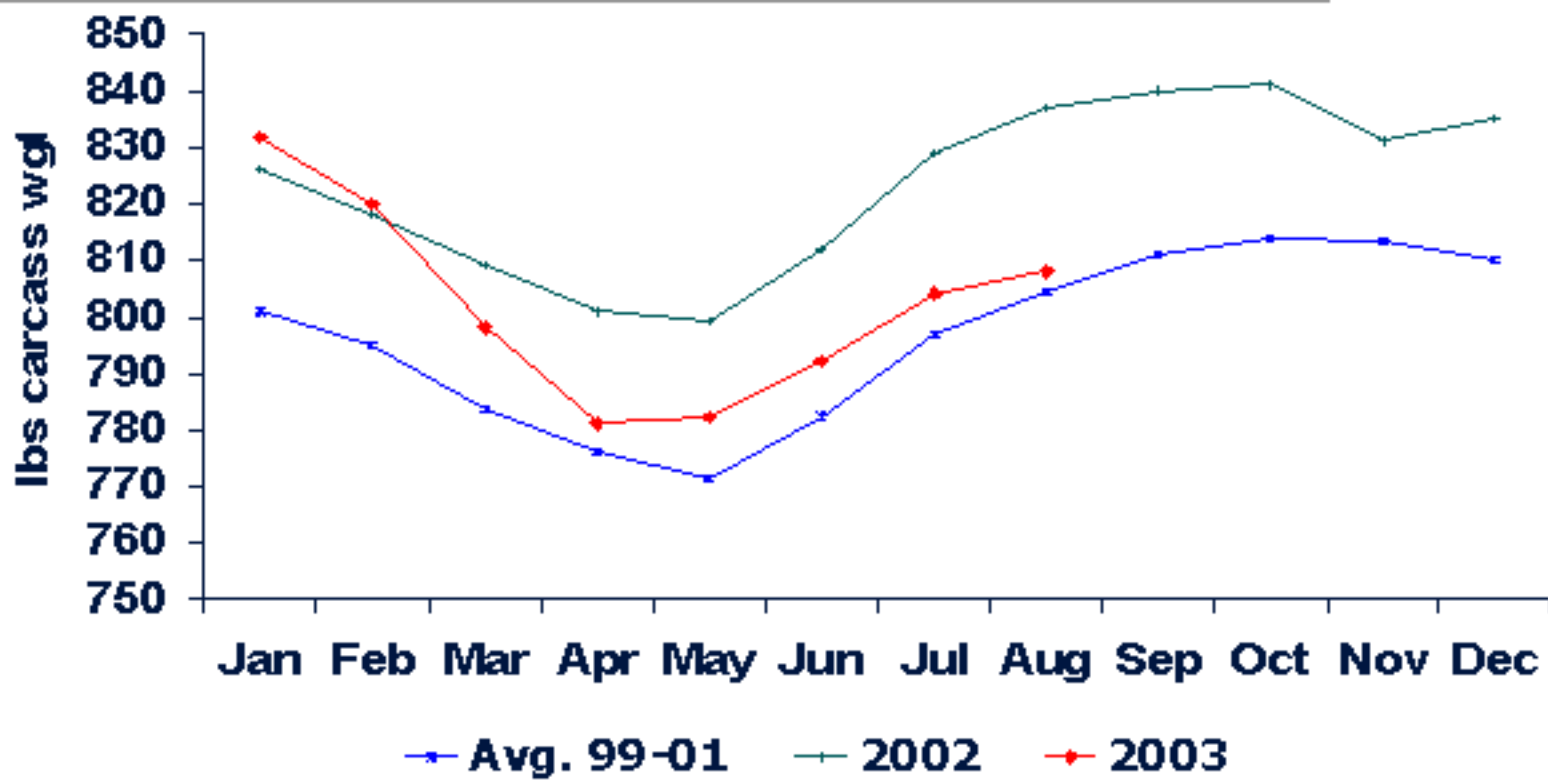
Source: USDA *Cattle on Feed*

Cattle on Feed: Canada



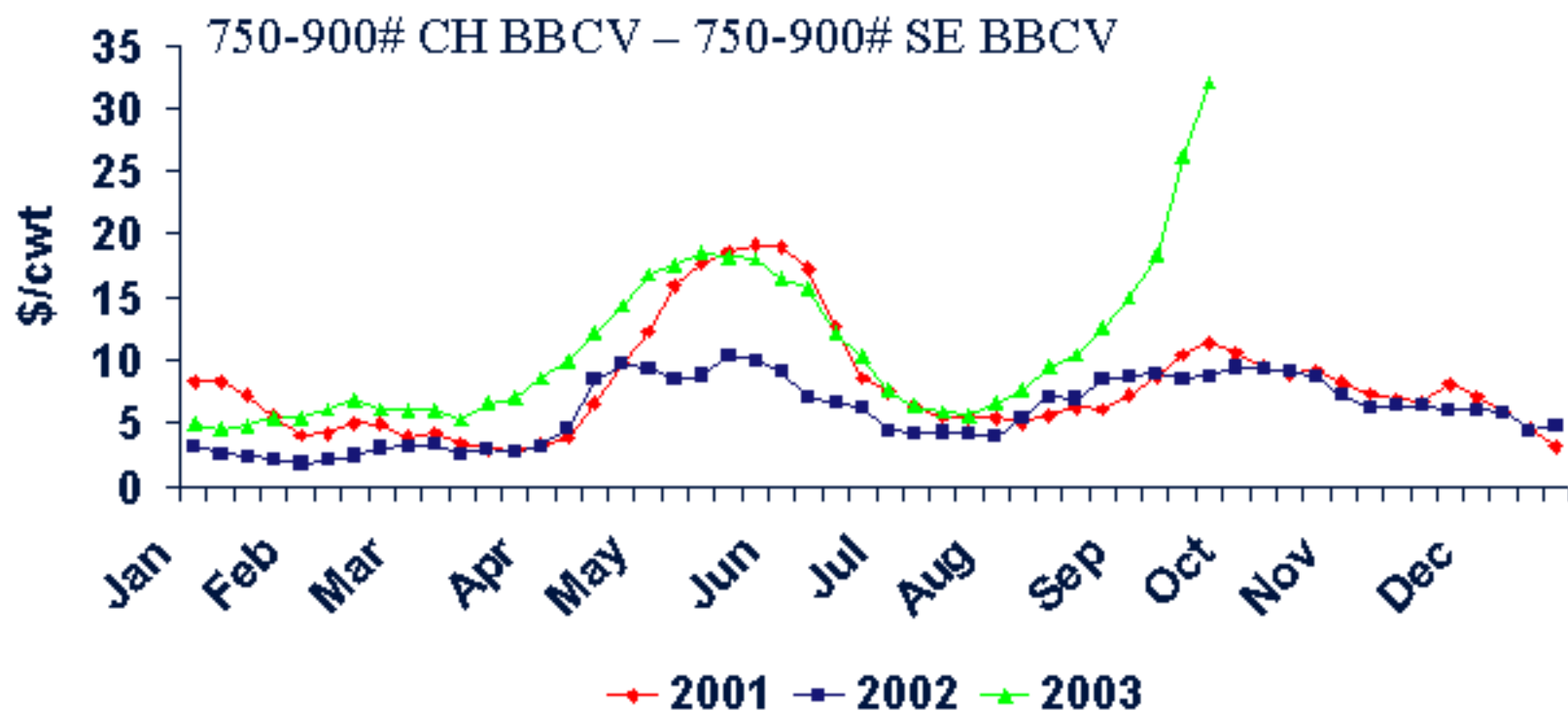
Source: CANFAX. *Canadian Cattle on Feed.*

Steer Carcass Weights



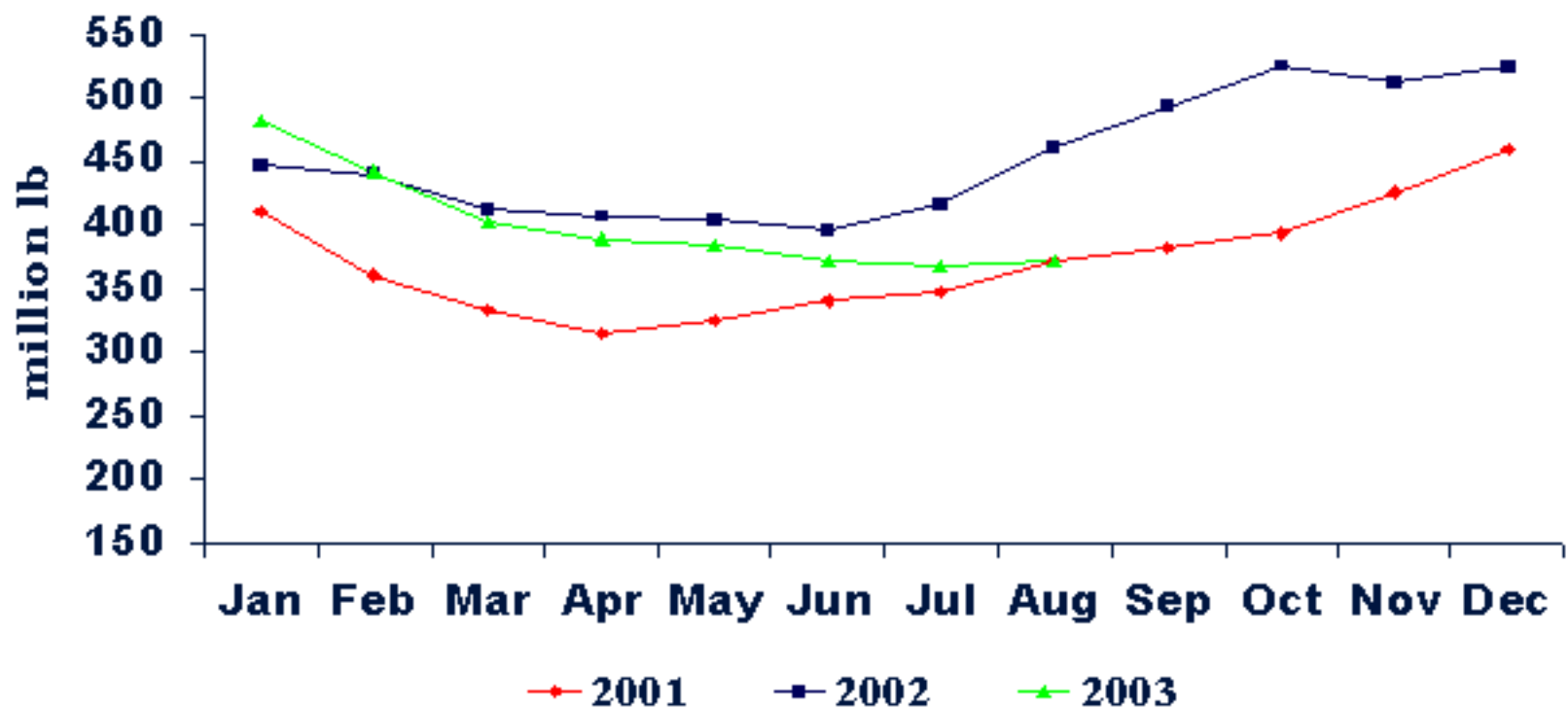
Source: USDA Livestock Slaughter Report.

Choice/Select Spread



Source: Livestock Marketing Information Center

Beef in Cold Storage: End of Month Inventory

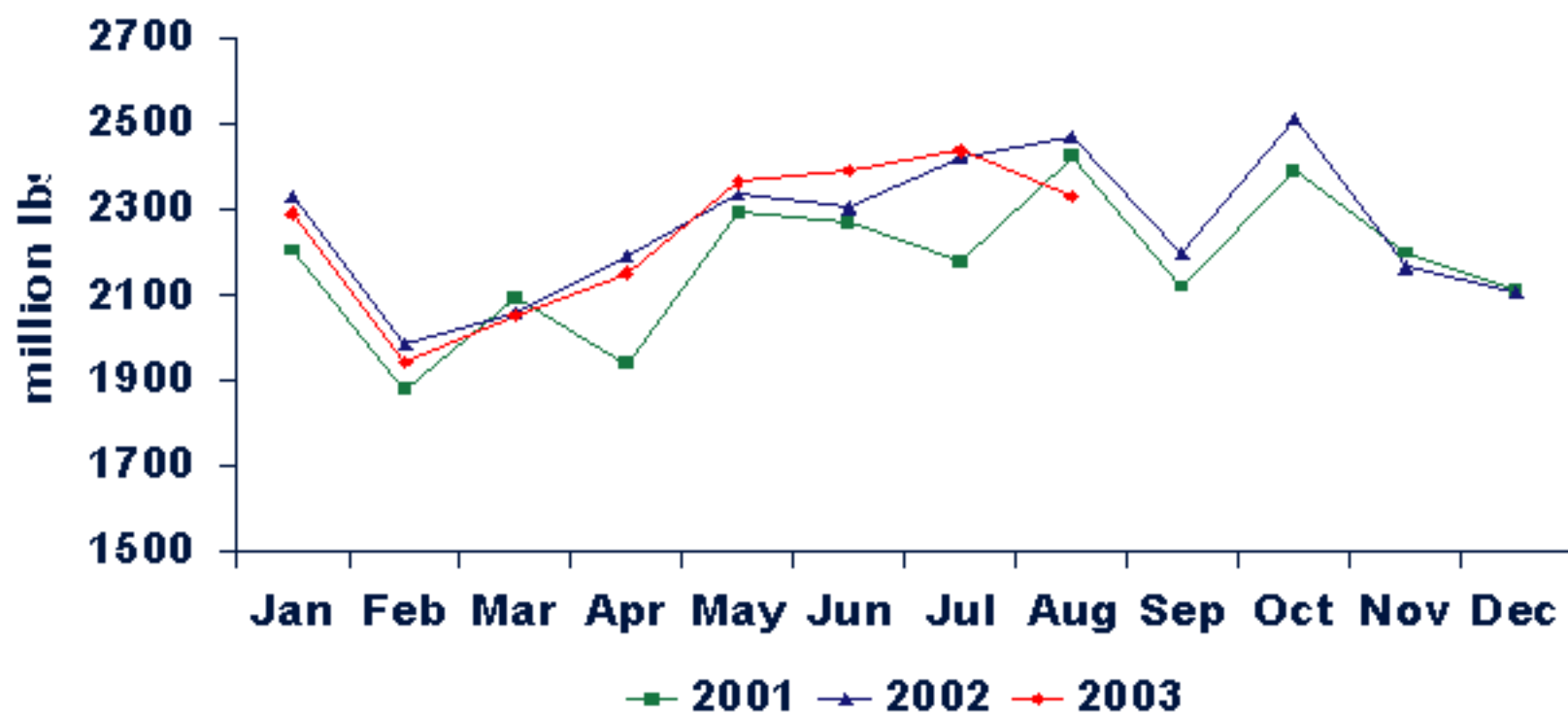


Source: USDA *Cold Storage*

Current Situation

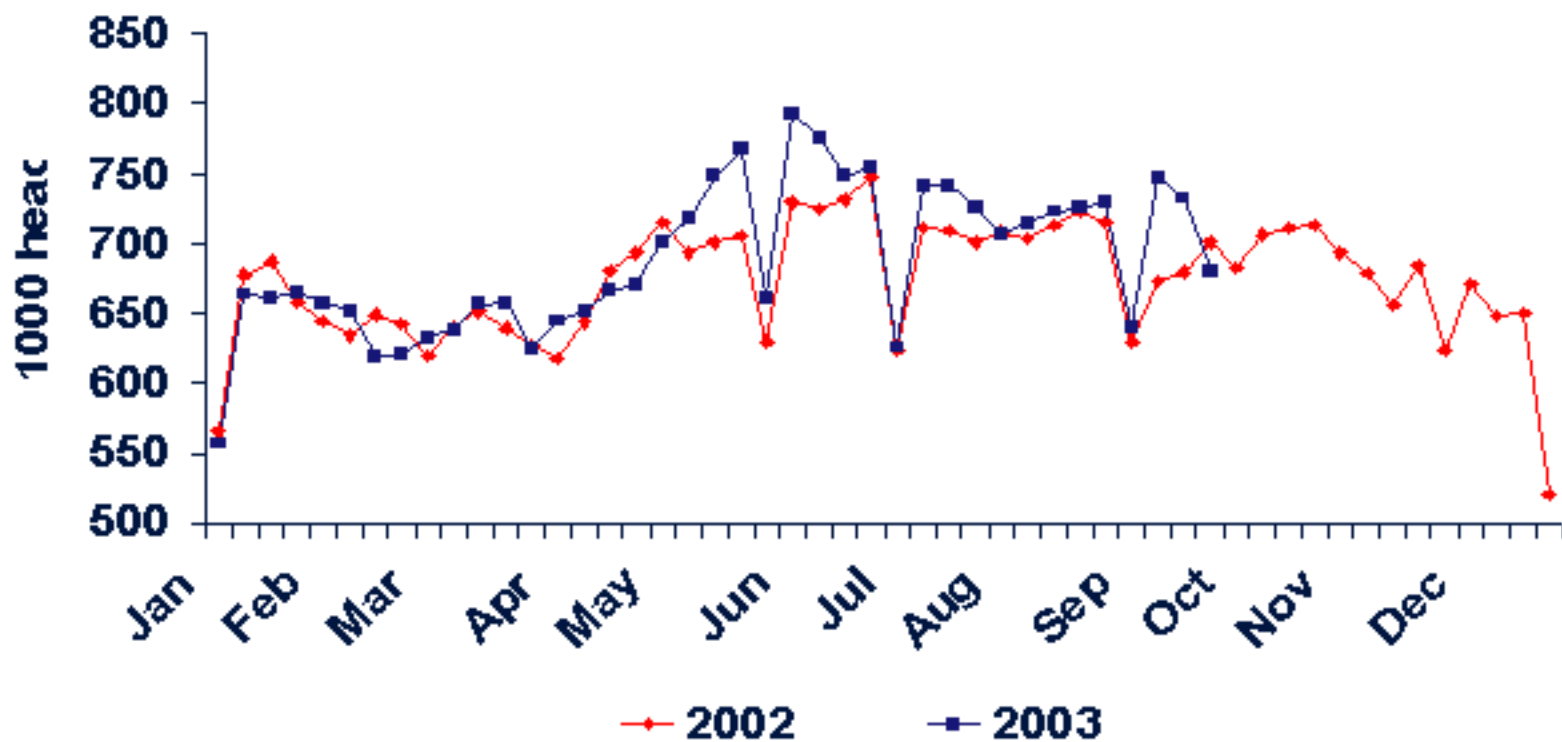
- Exceptional prices at all levels of the industry
 - Record beef, fed cattle, feeder cattle prices
- Short supply situation
 - Cyclically low cattle numbers
 - Ban on Canadian cattle/beef
- Excellent demand for beef
 - Jan-Sep beef production down <1%, BBCV up 17%
 - Exports up due to Canadian BSE
- Competing meat supplies appear manageable

Commercial Beef Production



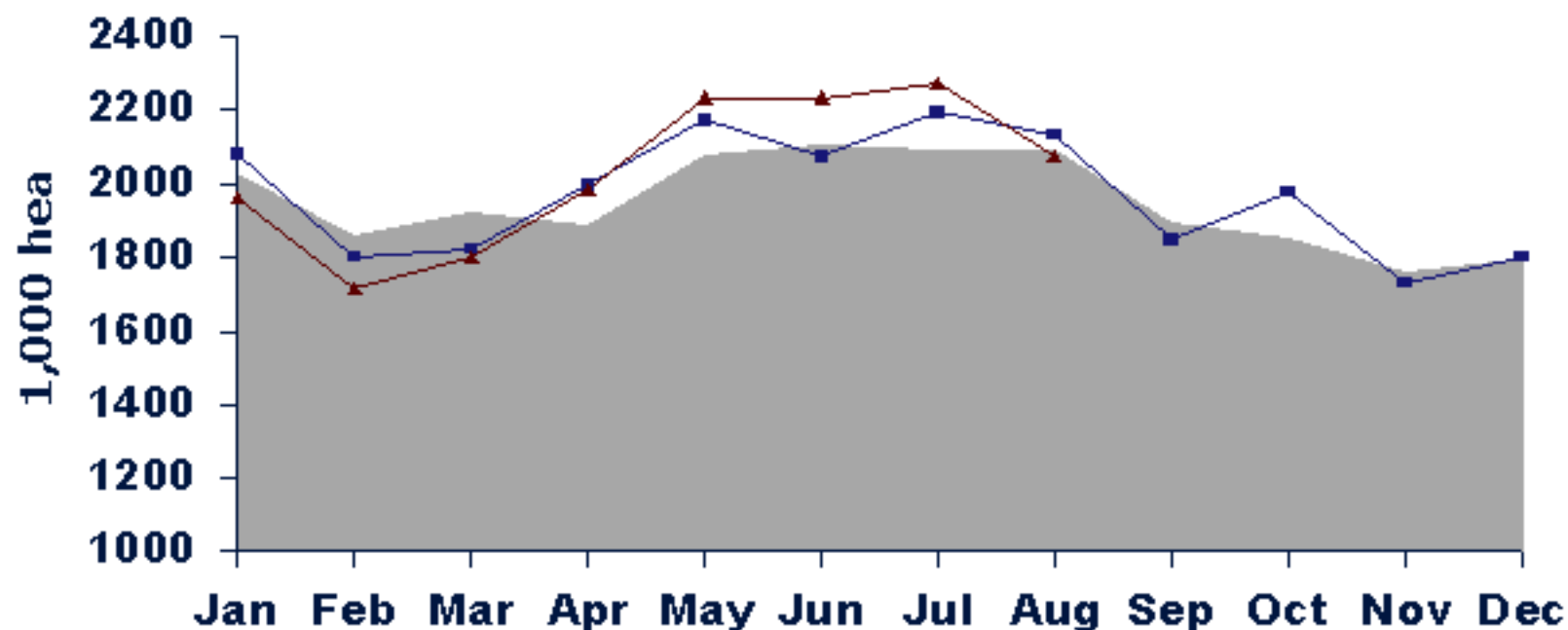
Source: USDA Livestock, Dairy & Poultry.

Weekly FI Cattle Slaughter



Source: USDA Weekly National Cattle and Beef Summary Report.

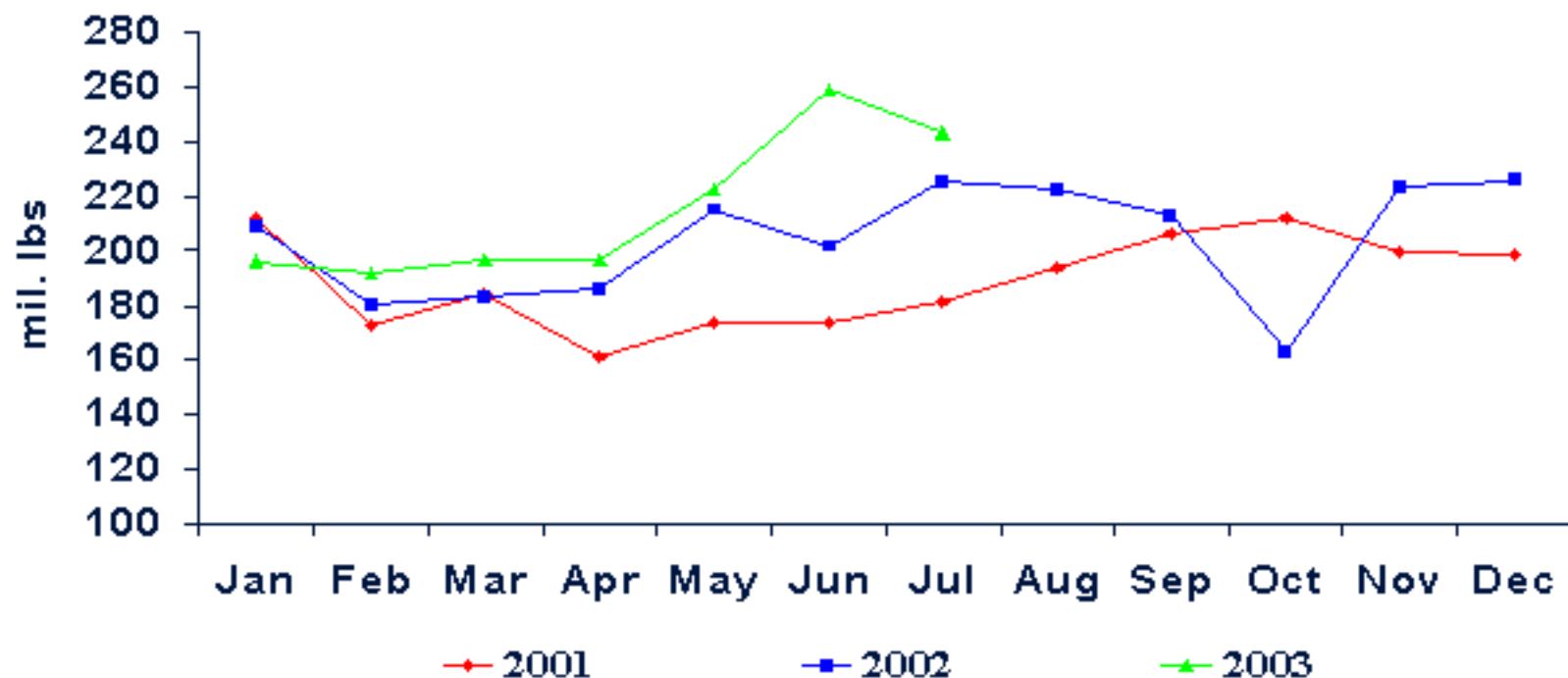
Fed Cattle Marketings



Source: USDA *Cattle on Feed* ■ Avg. 97-01 ■ 2002 ▲ 2003

Total U.S. Beef and Veal Exports

Carcass Weight

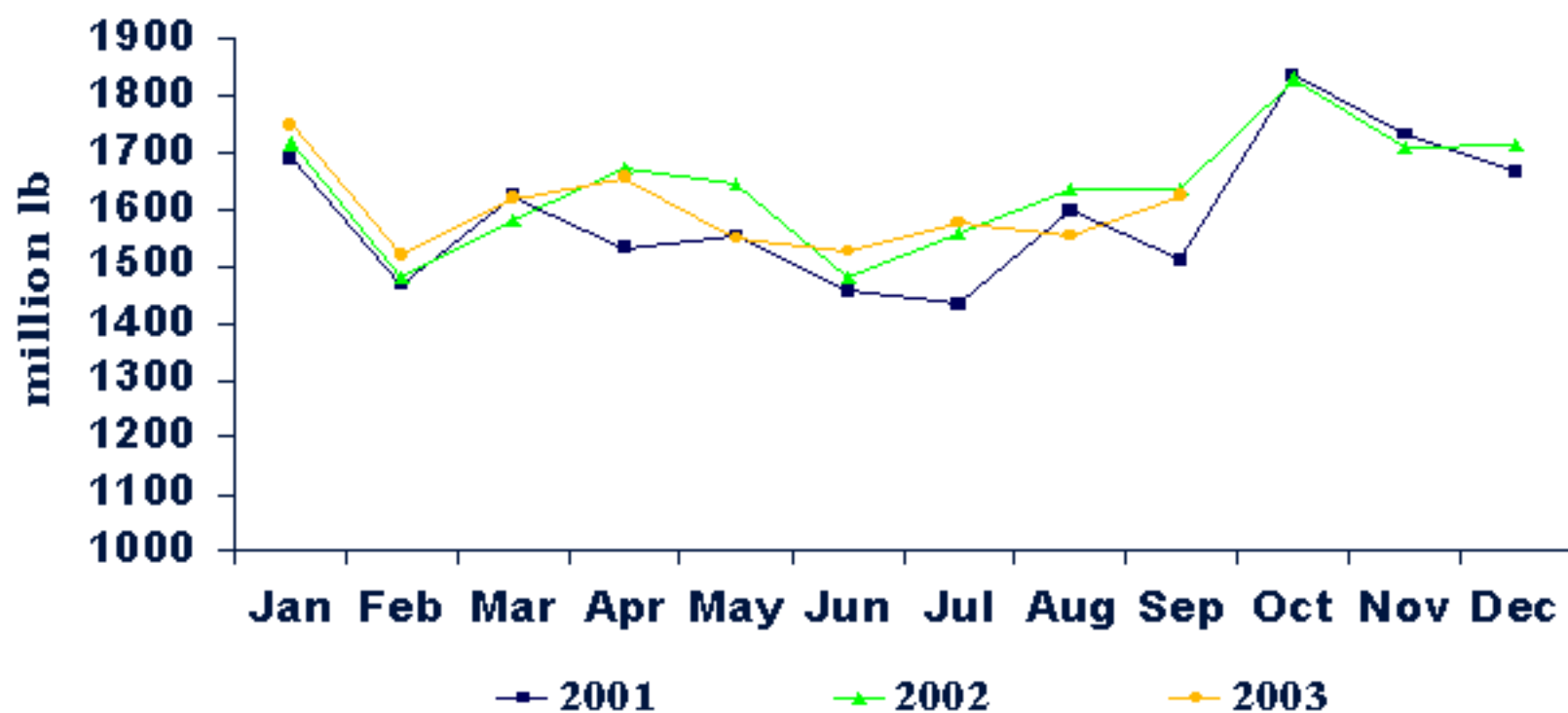


Source: Livestock Marketing Information Center

Current Situation

- Exceptional prices at all levels of the industry
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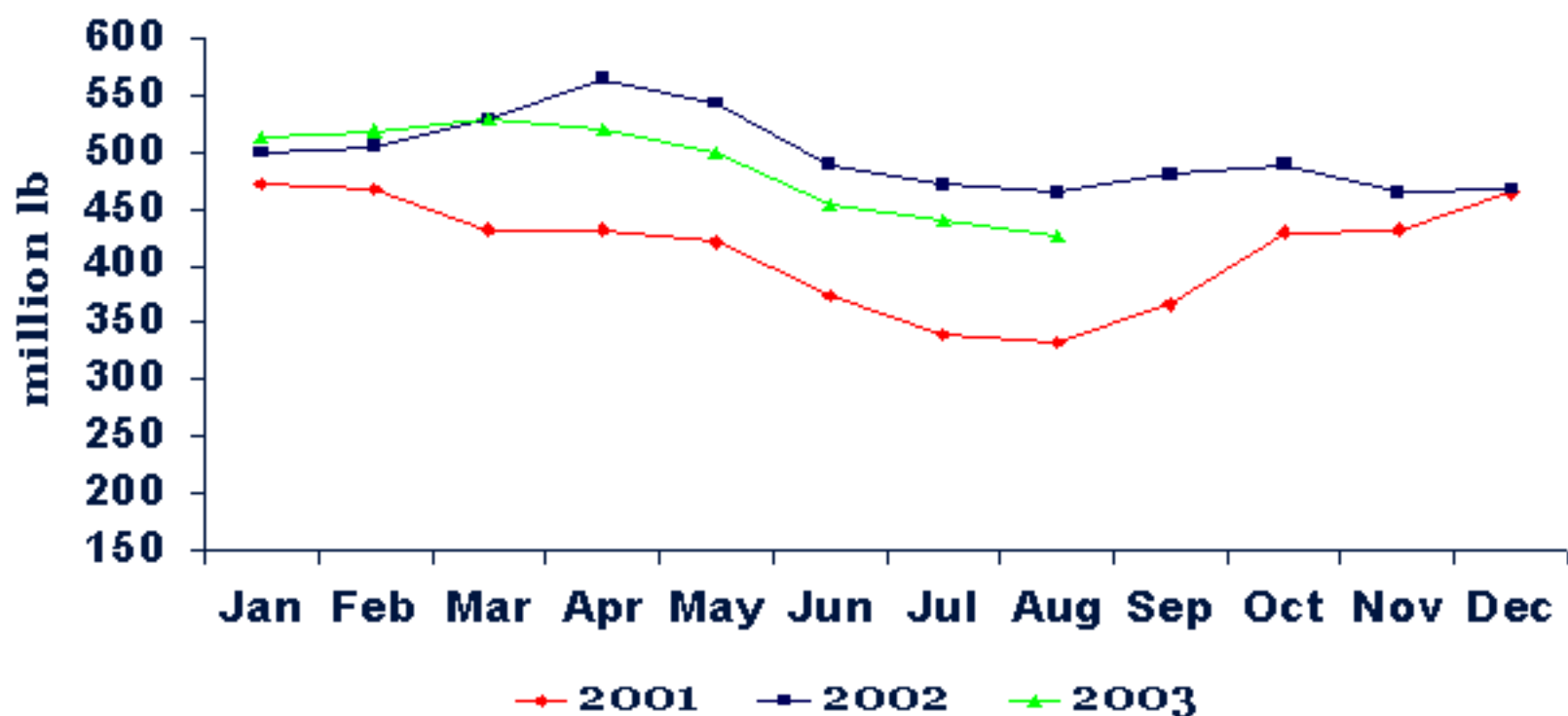
Monthly Pork Production



Source: USDA *Livestock Dairy & Poultry*

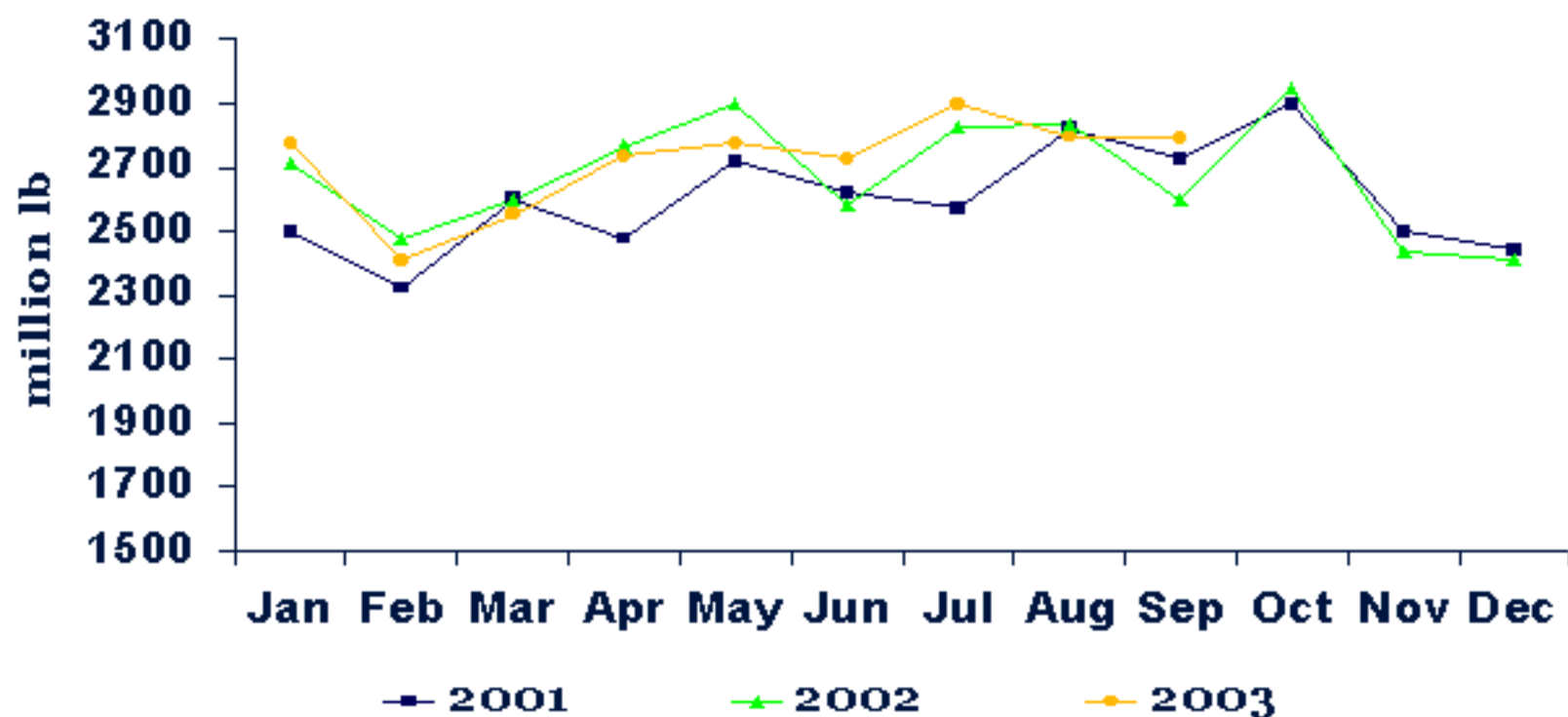
Pork in Cold Storage:

End of Month Inventory



Source: USDA *Cold Storage*

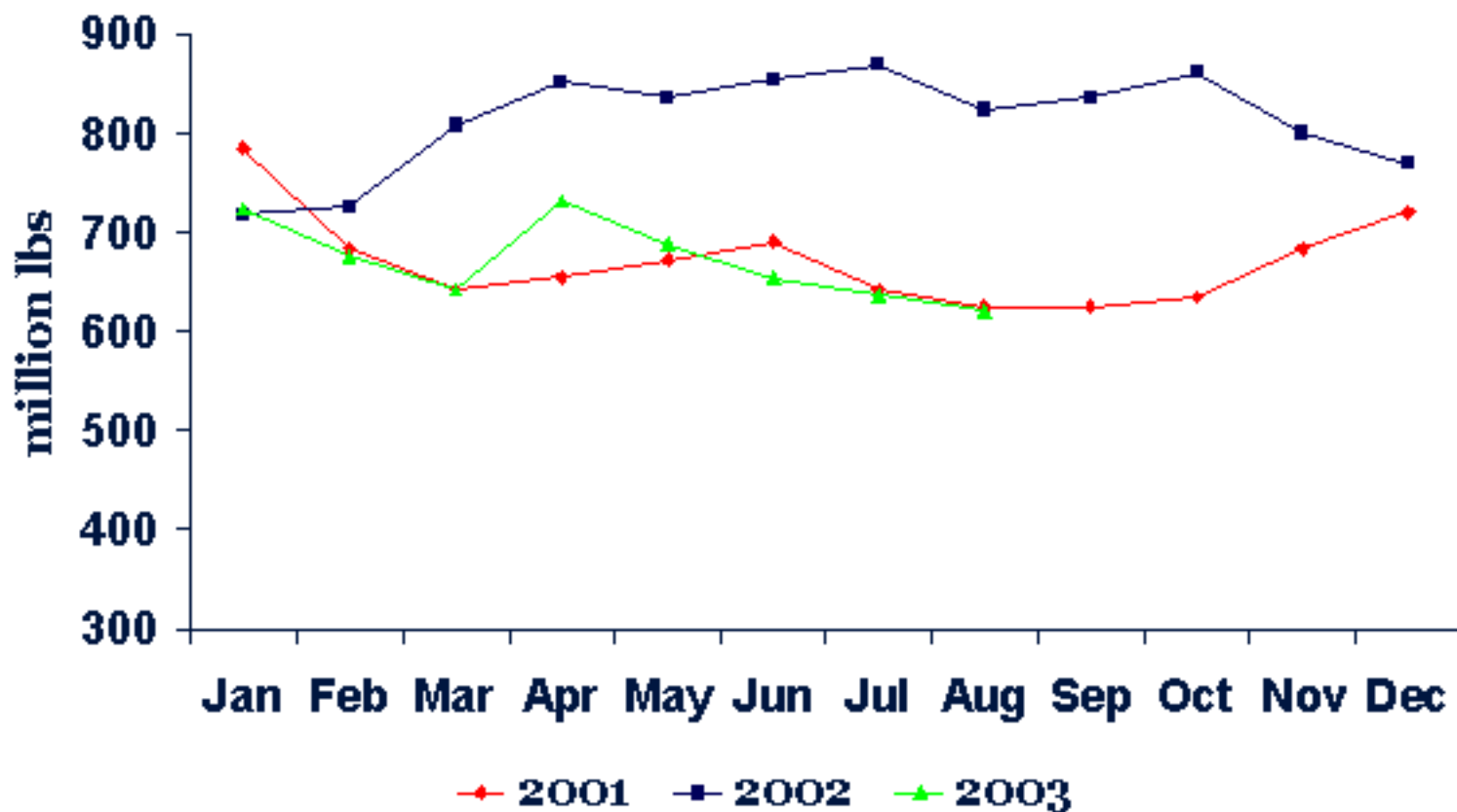
Monthly Broiler Production



Source: USDA *Livestock Dairy & Poultry*

Chicken in Cold Storage:

End of Month Inventory

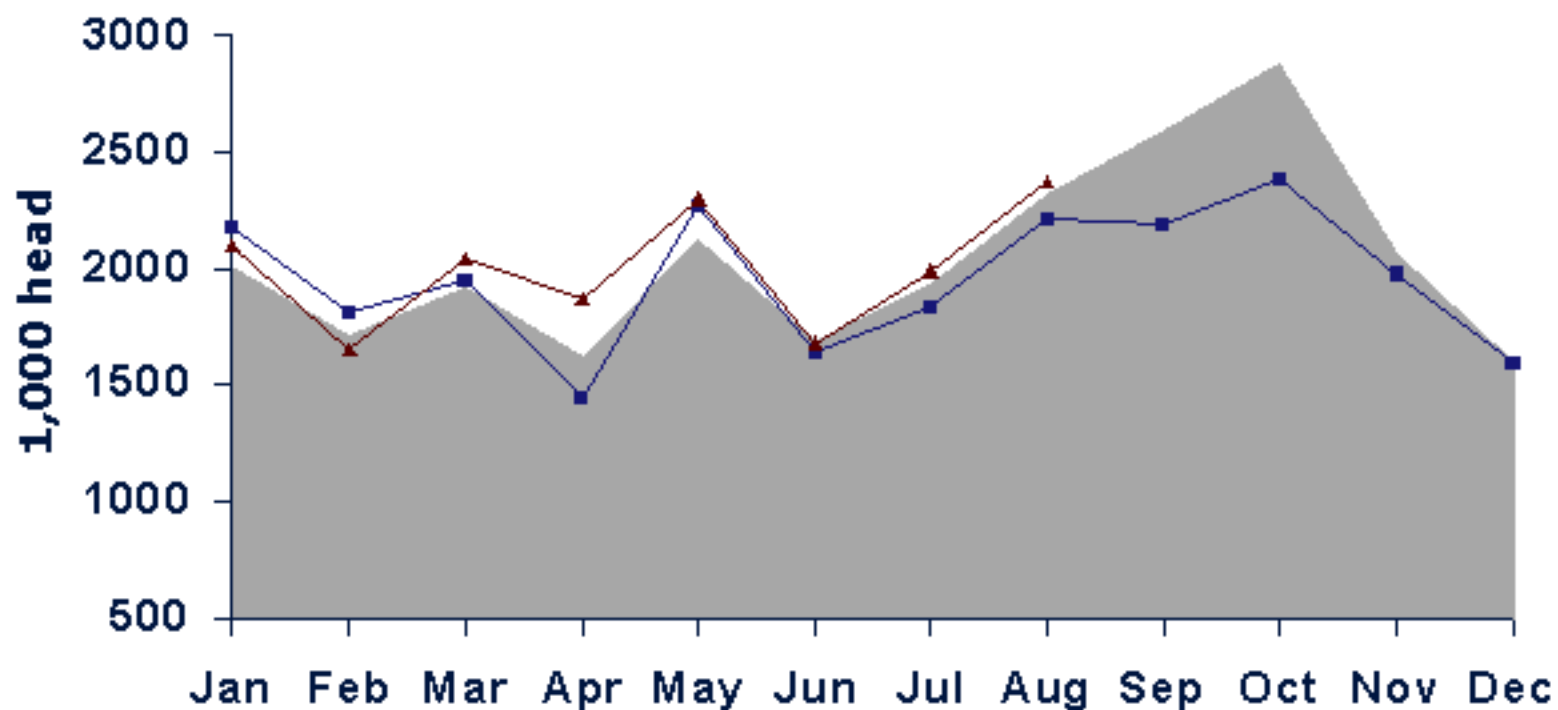


Source: USDA *Cold Storage*

Outlook

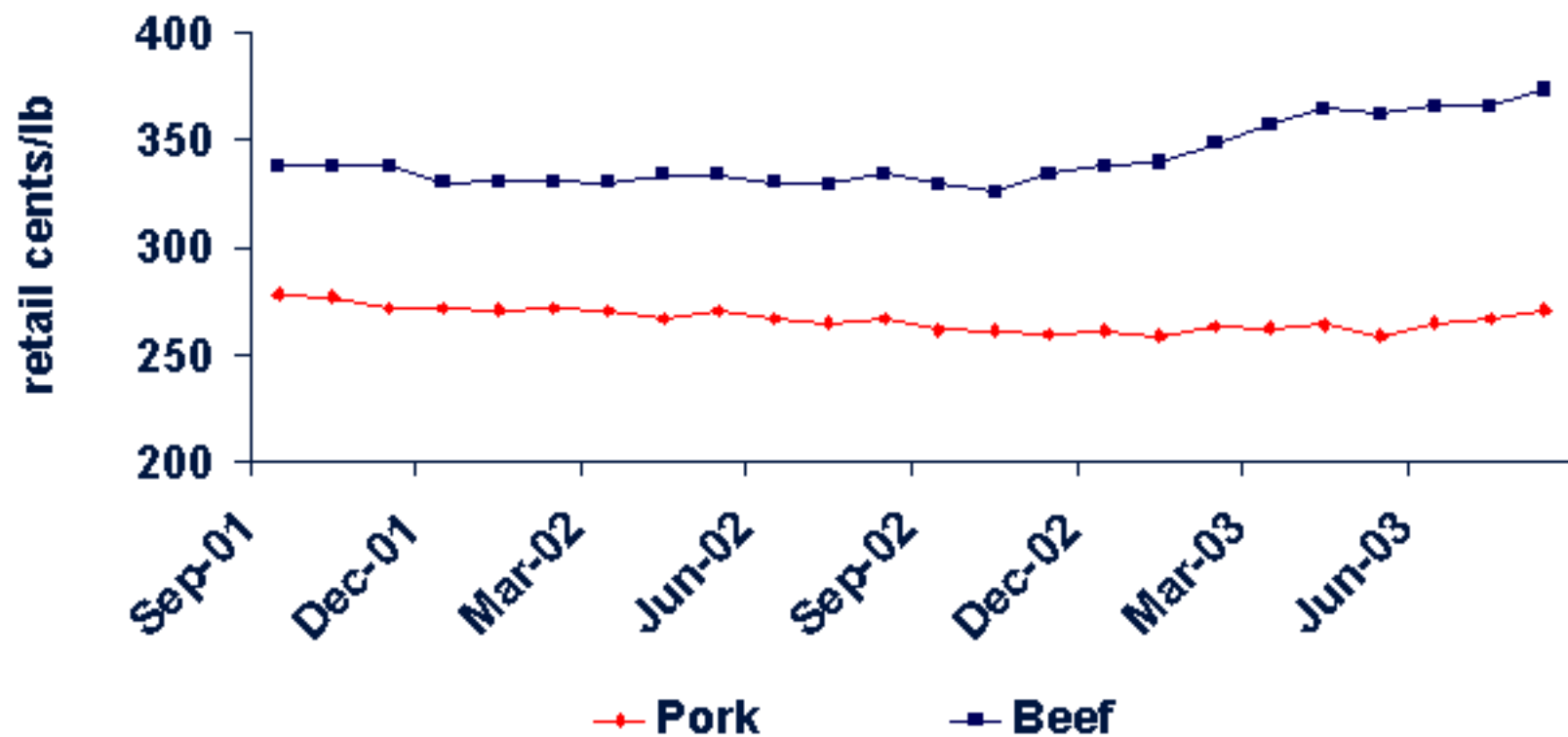
- **Supplies will remain tight through Q4**
 - Feedlots extremely current
 - But significant increase in placements in Aug
- **Continued price strength will depend on continued strong demand**
 - Macroeconomic factors
 - Competing meats

Fed Cattle Placements



Source: USDA *Cattle on Feed* ■ Avg. 98-01 ■ 2002 ▲ 2003

Beef & Pork Retail Prices



Source: USDA-ERS

Summary

- Positive supply-side situation
- Excellent demand for product
- Market for calves should remain strong this fall
 - Positive fed cattle outlook
 - Cyclically small calf crop
 - Wheat pasture looking good

Price Projections

| | Average | Strongest Basis | Weakest Basis |
|-----|---------|--------------------|------------------|
| Oct | 85.48 | 86.65 | 84.38 |
| Nov | 83.37 | 85.30 | 81.93 |
| Dec | 83.52 | 84.30 | 82.49 |
| Jan | 80.35 | 81.98 | 78.35 |
| Feb | 80.33 | 81.14 | 79.29 |
| Mar | 78.68 | 81.60 | 76.40 |
| Apr | 78.91 | 80.40 | 77.33 |
| May | 75.11 | 75.74 | 74.19 |
| Jun | 73.83 | 75.15 | 73.39 |
| Jul | 71.26 | 72.58 | 68.85 |
| Aug | 70.85 | 72.15 | 70.10 |