Outlook for U.S. Broilers in 2005 and 2006

Joel L. Greene
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Key Factors in 2005 and 2006

• Feed prices are below 2004
  – Corn in 2005 at about $1.90/bushel compared with $2.47 in 2004, 2006 corn in mid-$1.80’s
  – Soybean meal at around $185/short ton compared with $237 in 2004, soymeal in 2006 about $10 lower

• Disease issues influence livestock and poultry markets
  – BSE still affecting livestock and indirectly poultry
  – Avian Influenza continues to disrupt international poultry markets
Key Factors Continued…

• GDP growth rates strong in 2005 and 2006
  – U.S. GDP expected at 3-4 percent
  – World GDP, less U.S., slightly below 3 percent
  – Asia growth at 5-7 percent, Latin America about 4 percent, transition economies (E. Europe, FSU, and Russia) at 4-5 percent

• Weaker U.S. dollar supports meat exports

• High energy costs are a wild card
Key Factors Continued…

• Red Meat Production Higher in 2005 and 2006
  – Pork production up 1-2 percent each year, and
  – Beef production gains 2-3 percent

• Red Meat Prices Remain High
  – Retail beef prices remain near 2004 record $4.07 per pound in 2005, drop some in 2006
  – Pork retail prices record high in 2005, with slight fall off in 2006
Broiler Production Expands About 4 Percent in 2005 to 35.5 Billion Pounds

* Forecast
RTC Meat Yield Per Bird Growing Faster than Number of Broilers Slaughtered
Broilers Increase 3 Percent in 2006 to 36.5 Billion Pounds

* Forecast
Broiler Exports Rebounding

• Avian Influenza
  – Bans lifted on U.S., except some N.E. States
  – Export competitors China and Thailand still out of the fresh broiler market

• New Quota Regime For Russia Trade

• Brazil Expanding Global Exports
  – Became largest exporter in 2004
  – Expected to be largest in 2005
Broiler Exports Gain in 2005 and 2006 After AI Disruptions of 2004

* Forecast
## Expanding Smaller Markets

**Million Lbs.**

<table>
<thead>
<tr>
<th>Country</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>Jan-May 2004</th>
<th>Jan-May 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>CIS, x Russia</td>
<td>189</td>
<td>257</td>
<td>471</td>
<td>112</td>
<td>147</td>
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<tr>
<td>E. Europe</td>
<td>110</td>
<td>128</td>
<td>173</td>
<td>49</td>
<td>81</td>
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<tr>
<td>Baltics</td>
<td>102</td>
<td>134</td>
<td>157</td>
<td>67</td>
<td>92</td>
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<tr>
<td>Caribbean</td>
<td>287</td>
<td>332</td>
<td>303</td>
<td>114</td>
<td>186</td>
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<tr>
<td>Cuba</td>
<td>115</td>
<td>148</td>
<td>132</td>
<td>45</td>
<td>110</td>
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</tbody>
</table>
Russia’s Poultry Quota Regime

• Annual quota for 2005 raised to 1.09 million tons, up from 1.05 million in 2004
• Quota for 2006 is 1.131 million tons, rising to 1.252 million in 2009
• U.S. share set at 74.4 percent of quota annually (811,000 tons or 1.79 billion pounds in 2005)
• Quota includes broilers, as well as turkey and mature chicken
Brazil Broiler Exports On the Rise

* Forecast
Broiler Prices Expected to be Slightly Lower in 2005 at 73 Cents

12-City Wholesale

* Forecast
Broiler Prices Expected to Inch Up in 2006 to About 74 Cents

12-City Wholesale

* Forecast

Cents/lb.

I  II  III  IV  Average

2003  2004  2005*  2006*
### N.E. Boneless Skinless Breast Prices Below 3 Year Average

<table>
<thead>
<tr>
<th>Month</th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>May</th>
<th>Jun</th>
<th>Jul</th>
<th>Aug</th>
<th>Sep</th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
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</thead>
<tbody>
<tr>
<td>$/lb.</td>
<td>1.00</td>
<td>1.20</td>
<td>1.40</td>
<td>1.60</td>
<td>1.80</td>
<td>2.00</td>
<td>2.20</td>
<td>2.40</td>
<td>2.60</td>
<td>2.00</td>
<td>2.20</td>
<td>2.40</td>
</tr>
</tbody>
</table>

**Chart Description:**
- **Title:** N.E. Boneless Skinless Breast Prices Below 3 Year Average
- **Y-axis:** $/lb.
- **X-axis:** Jan-Dec
- **Legend:**
  - **2001-03 avg**
  - **2003**
  - **2004**
  - **2005**
Northeast Leg Quarter Prices Climbing Above Year Ago

$/lb.

Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec

2001-03 avg 2003 2004 2005
Broiler Retail Prices Steady in 2005, Record $1.76 per Pound in 2006

* Forecast
Broiler Price Ratio to Beef and Pork

* Estimated
Broiler Consumption Expected at 87-89 Pounds Per Capita in 2005 and 2006

* Forecast
Additional information about the outlook for 2004 is available on the following websites:

- World Agricultural Supply and Demand Estimates

- Livestock, Dairy, and Poultry Situation and Outlook

- Livestock and Poultry: World Markets and Trade