AAEA Extension Beef Outlook

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SUPPLY SITUATION
US RANGE AND PASTURE CONDITION
Percent Poor and Very Poor, Weekly

PERCENT CHANGE IN CATTLE INVENTORY
U.S., January 1

Data Source: USDA, NASS
Chart: LMIC
HEIFERS HELD AS BEEF COW REPLACEMENTS
January 1, U.S.

JANUARY 1 FEEDER CATTLE SUPPLIES
Residual, Outside Feedlots, U.S.
COF – Perspective

Data Source: USDA, NASS

BEEF PRODUCTION PER COW
1984-2009 (Est.), Annual
BEEF PRODUCTION vs. CATTLE INVENTORY
Inventory on January 1, U.S.

Commercial Beef Production
Total Cattle Inventory

Data Source: USDA, NASS
Chart: LMIC

COMMERCIAL BEEF PRODUCTION
Quarterly

Data Source: USDA, NASS
Chart: LMIC
DEMAND PICTURE

Consumer Confidence

Data Source: USDA, NASS
Restaurant Performance Index

Values Greater than 100 = Expansion; Values Less than 100 = Contraction
Source: National Restaurant Association

U.S. EXPENDITURES FOR MEAT & POULTRY
Percent of Disposable Income

Data Source: BEA
Chart: LMIC
Relief

Higher prices in the 1st and 2nd quarter brought much needed relief

AVERAGE RETURNS TO CATTLE FEEDERS
Feeding 725 Lb. Steers, S. Plains, Annual

Data Source: USDA, NASS
Chart: LMIC

Relief

Higher prices in the 1st and 2nd quarter brought much needed relief

ESTIMATED AVERAGE COW CALF RETURNS
Returns Over Cash Cost (Includes Pasture Rent), Annual

Data Source: USDA, NASS
Chart: LMIC
SLAUGHTER STEER PRICES
Southern Plains, Weekly

<table>
<thead>
<tr>
<th>Year</th>
<th>Avg</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004-08</td>
<td>82</td>
</tr>
<tr>
<td>2009</td>
<td>87</td>
</tr>
<tr>
<td>2010</td>
<td>92</td>
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</tbody>
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Data Source: USDA, AMS
Chart: LMIC

BOXED BEEF CUTOUT VALUE
Choice 600-900 Lbs. Carcass, Weekly

<table>
<thead>
<tr>
<th>Year</th>
<th>Avg</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004-08</td>
<td>170</td>
</tr>
<tr>
<td>2009</td>
<td>175</td>
</tr>
<tr>
<td>2010</td>
<td>180</td>
</tr>
</tbody>
</table>

Data Source: USDA, AMS
Chart: LMIC
LC Weekly Implied Volatility

CN Weekly Implied Volatility
Seasonal Price Pattern

Data Source: USDA, AMS
OUTLOOK

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Seasonal Price & Price Forecast

Data Source: USDA, AMS
Beef Demand Index (KSU)

COMMERCIAL BEEF PRODUCTION
Quarterly

Data Source: USDA, NASS
Chart: LMIC
TOTAL RED MEAT & POULTRY PRODUCTION
Quarterly

Data Source: USDA, NASS
Chart: LMIC

US BROILER EXPORTS
RTC, Annual

Data Source: USDA, ERS & FAS
Chart: LMIC
Outlook

- Beef and Cattle Prices will remain under pressure through 2010 ... Improve in 2011
  - High prices in spring of ‘10, so y-o-y might not change that much
- Corn supply/demand is worrisome
- Poultry supply/demand will add unwanted pressure

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THANK YOU