

Outlook for the U.S. Livestock and Poultry Sectors in 2009

Presented By

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World Agricultural Outlook Board, USDA

USDA Outlook Forum

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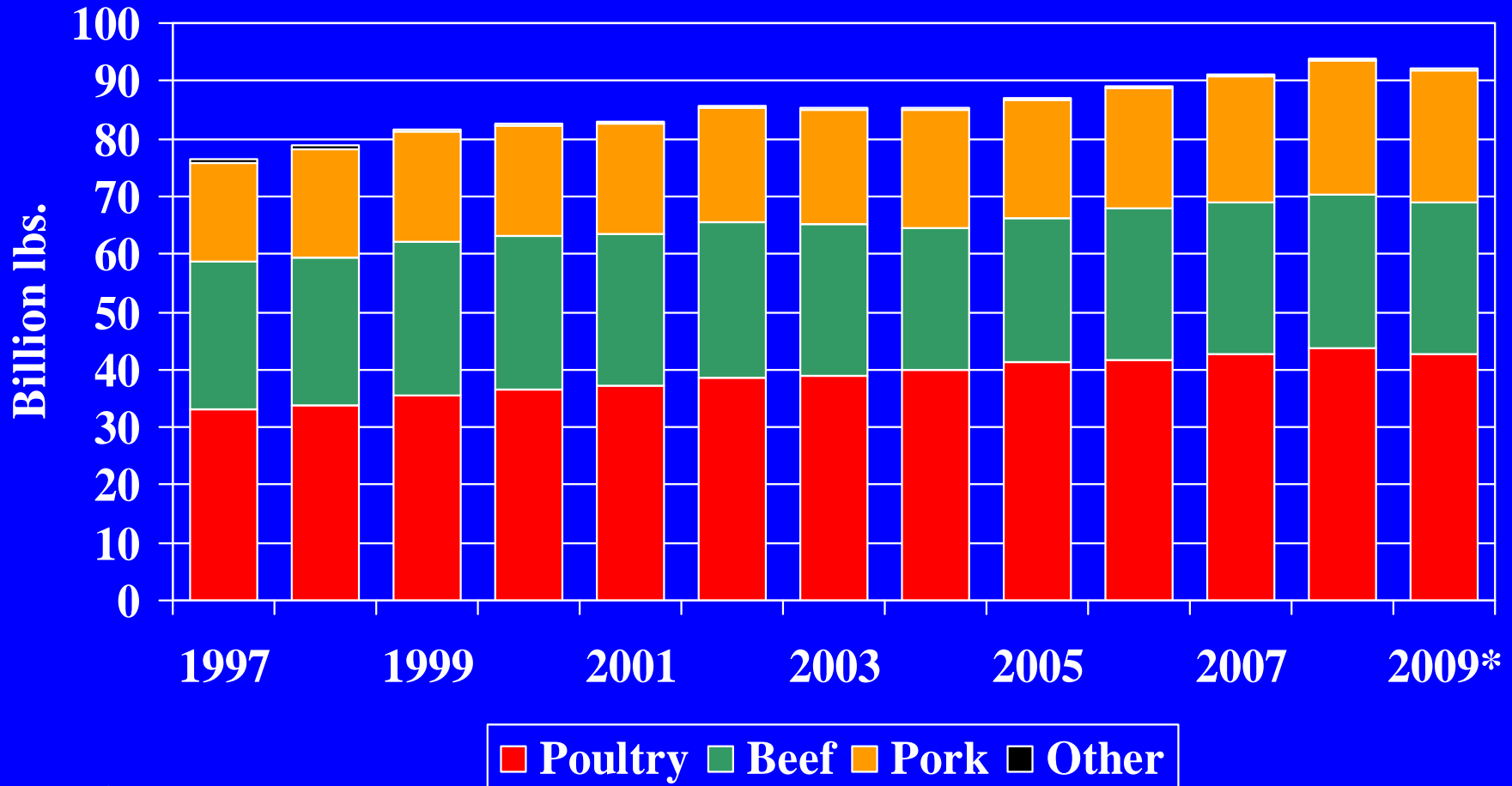
Situation Facing Livestock and Poultry Producers in 2009

- **Lower feed prices**
- **Lower energy prices**
- **Forage supplies critical for livestock**
- **Poor returns**
- **World-wide economic weakness**

Highlights for Livestock & Poultry in 2009

- Declining meat production

Total Meat Production for Major Categories Will Decline 2 Percent in 2009

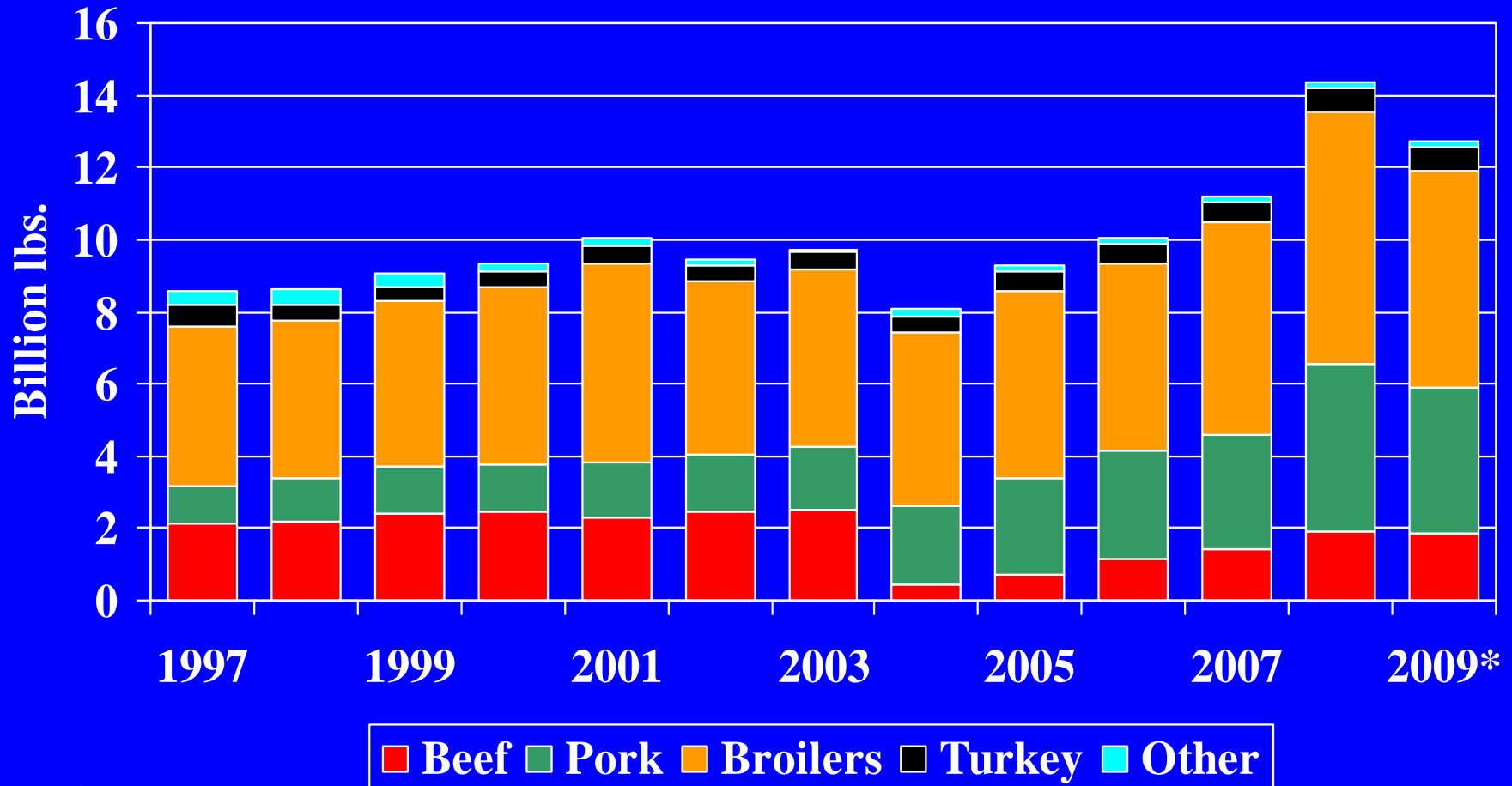


* Forecast

Highlights for Livestock & Poultry in 2009

- Declining meat production
- Weaker exports

Red Meat and Poultry Exports Decline for First Time Since 2004

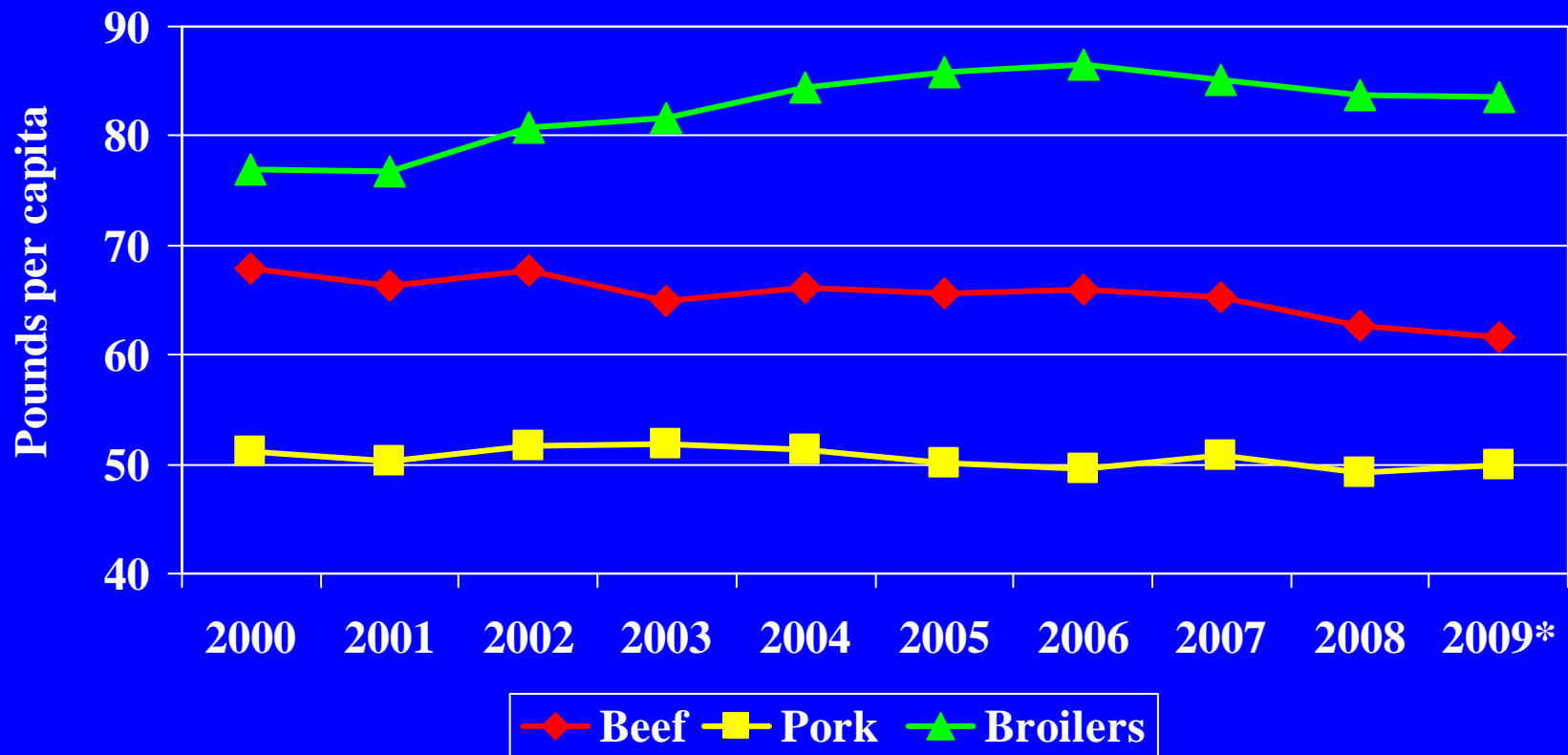


* Forecast

Highlights for Livestock & Poultry in 2009

- **Declining meat production**
- **Weaker exports**
- **Domestic supply impacts mixed**
 - **Smaller beef and broiler meat net supplies**
 - **Larger pork and turkey net supplies**

Total Per Capita Meat Disappearance in 2009 at 216 Pounds

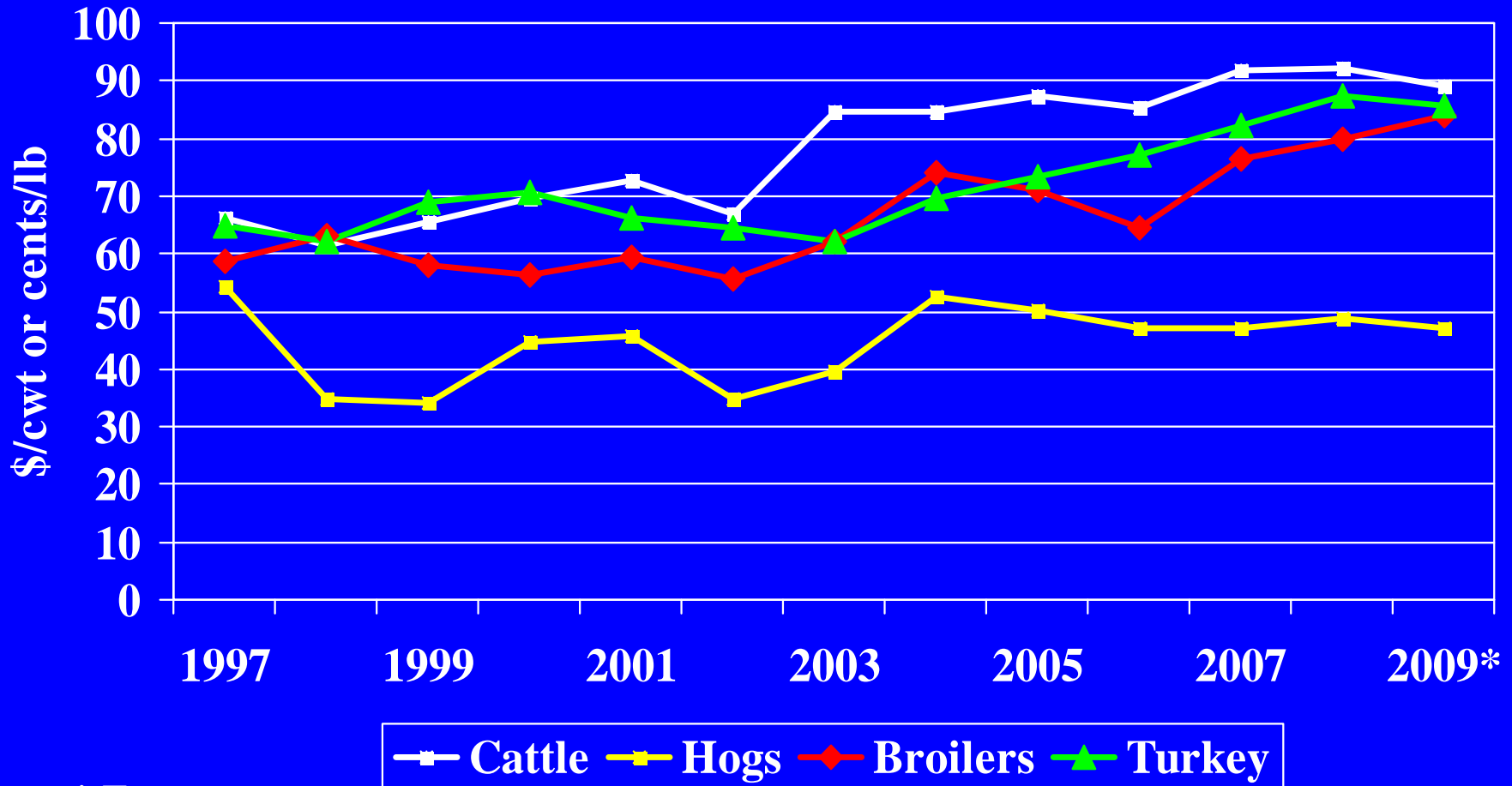


* Forecast

Highlights for Livestock & Poultry in 2009

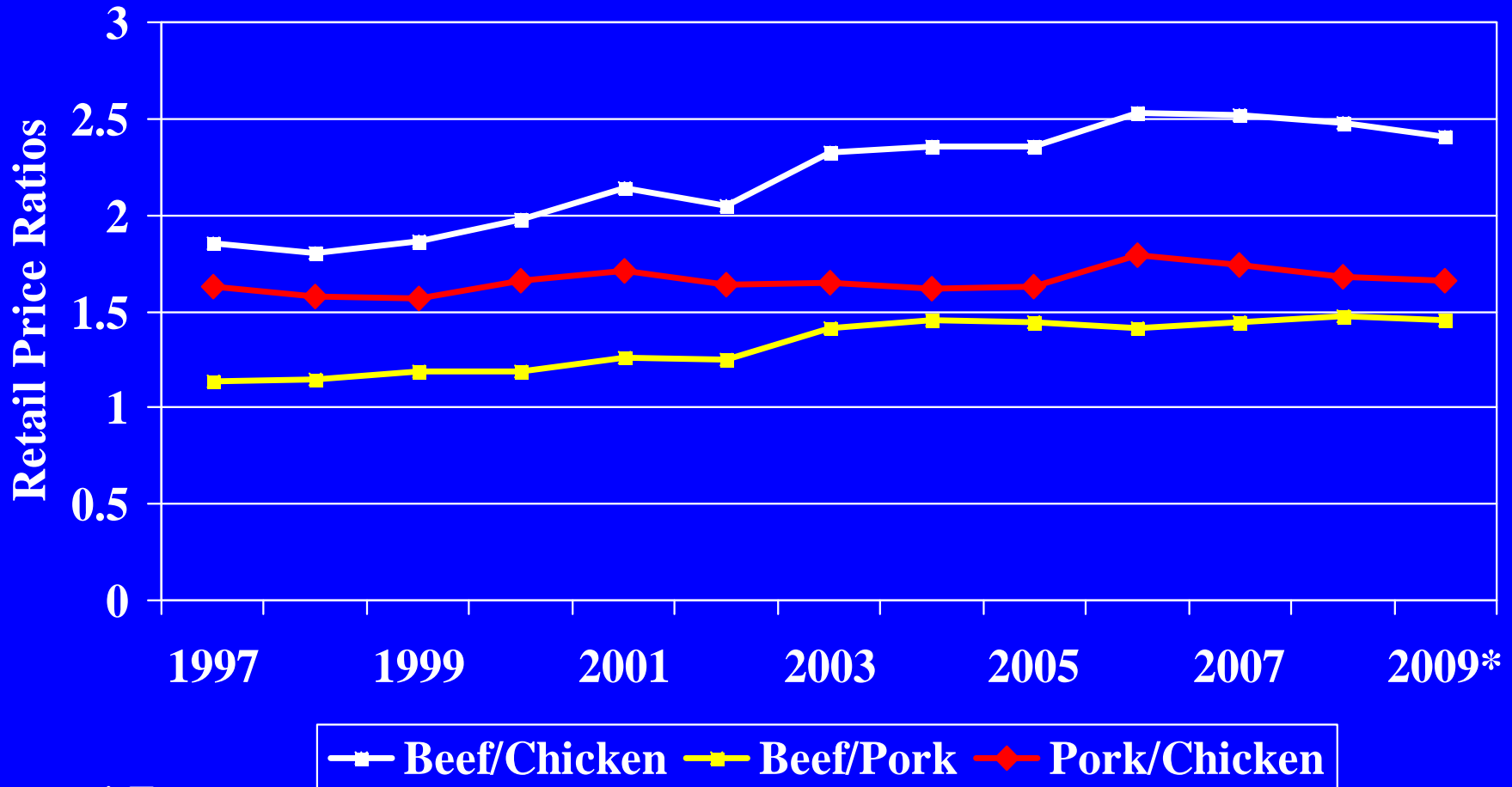
- **Declining meat production**
- **Weaker exports**
- **Domestic supply impacts mixed**
 - **Smaller beef and broiler meat net supplies**
 - **Larger pork and turkey net supplies**
- **Mixed impact on livestock and poultry prices**
 - **Lower cattle, hog, and turkey prices**
 - **Higher broiler prices**

Livestock and Poultry Prices Generally Weaker



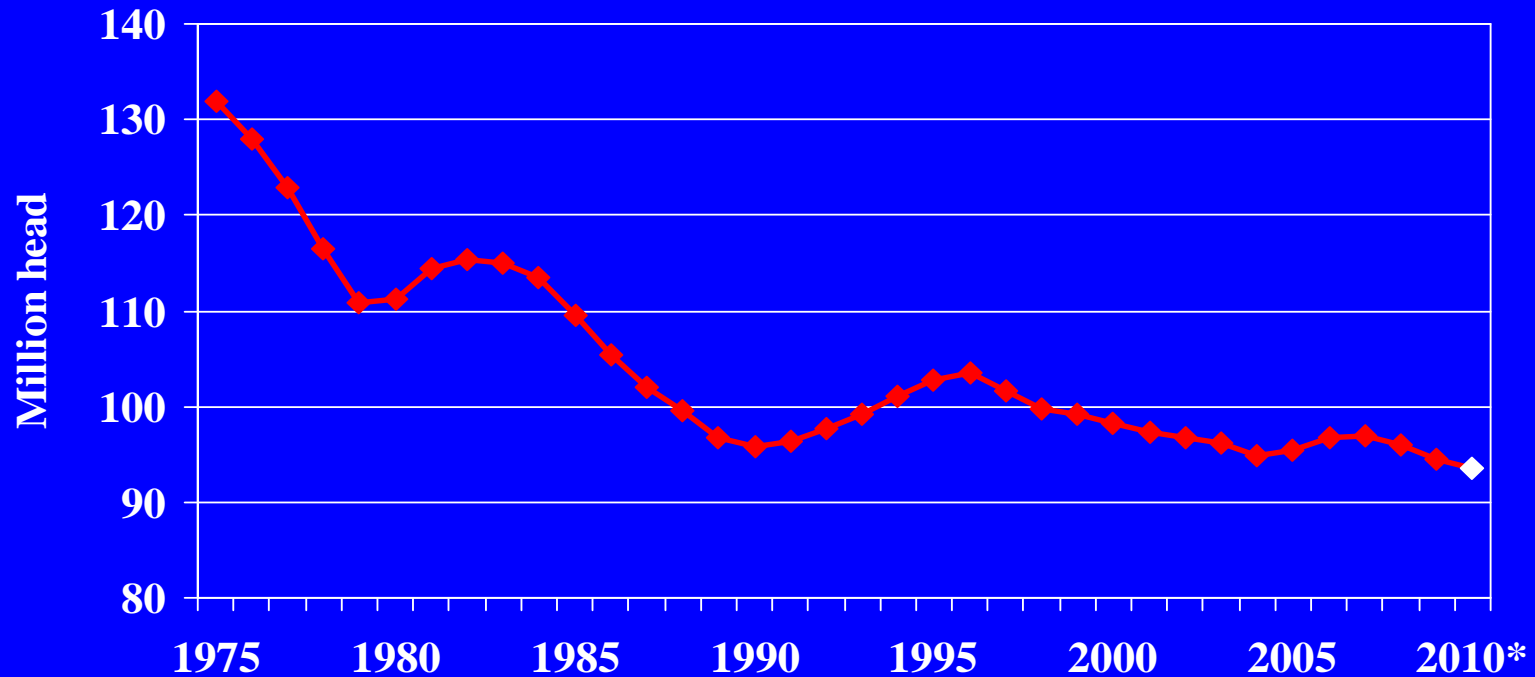
* Forecast

Despite Price Increase, Chicken Will Maintain Pricing Advantage at Retail



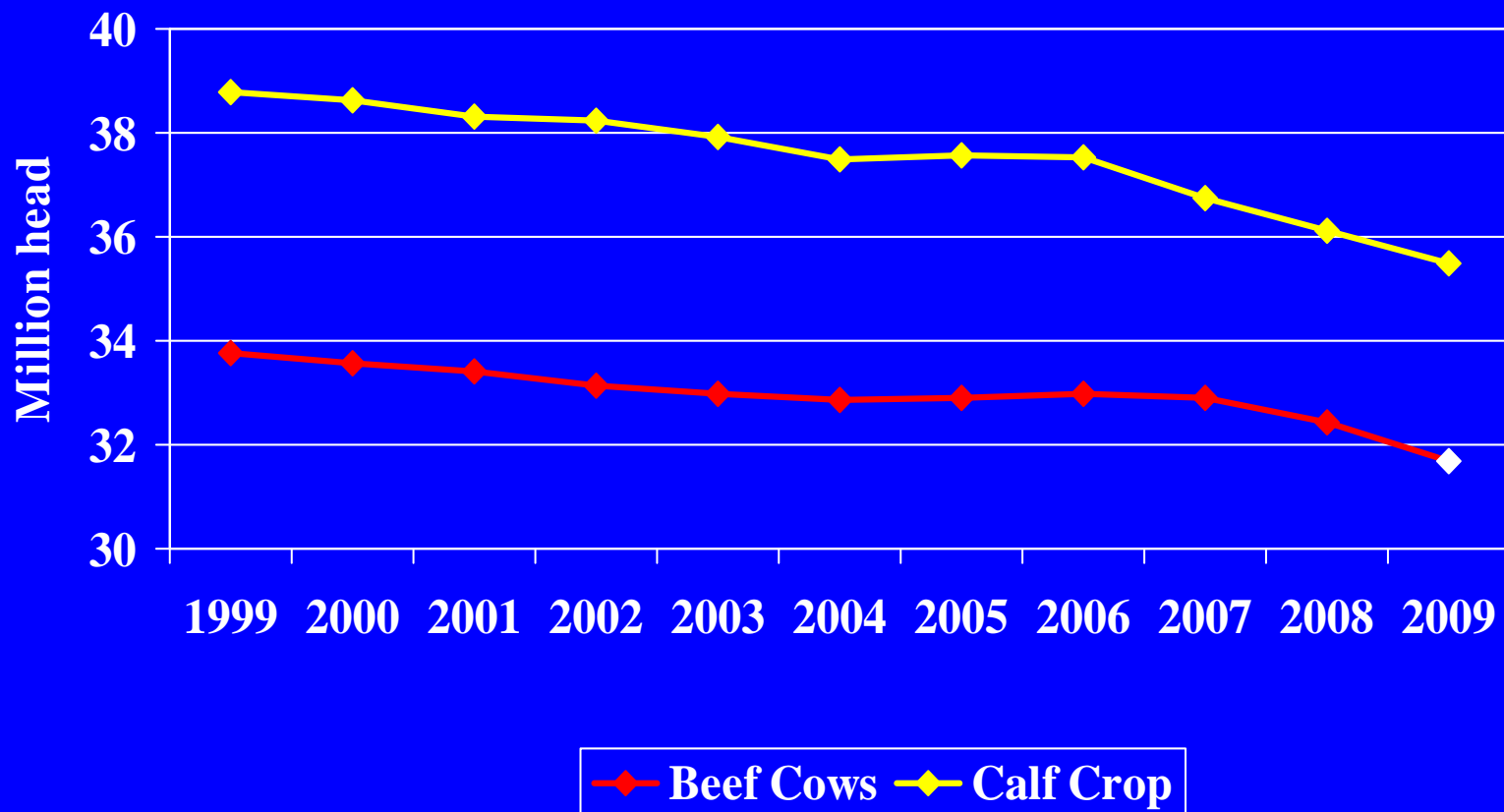
* Forecast

Cattle Inventory Declines to 94.5 Million Head on January 1, 2009



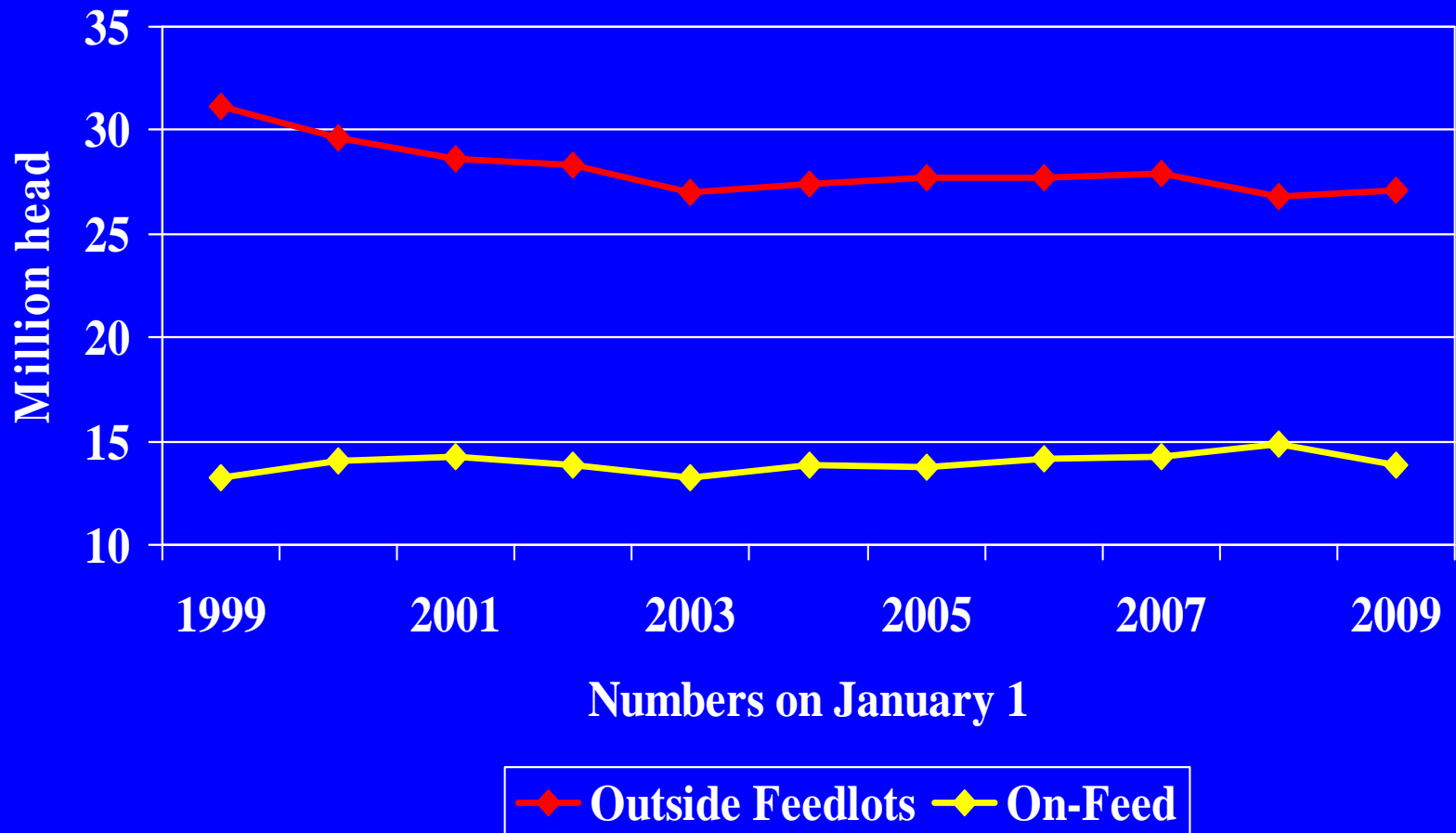
* Forecast

Beef Cow Herd Declined in 2008, Calf Crop to Be Lower in 2009



2009 Calf Crop Forecast

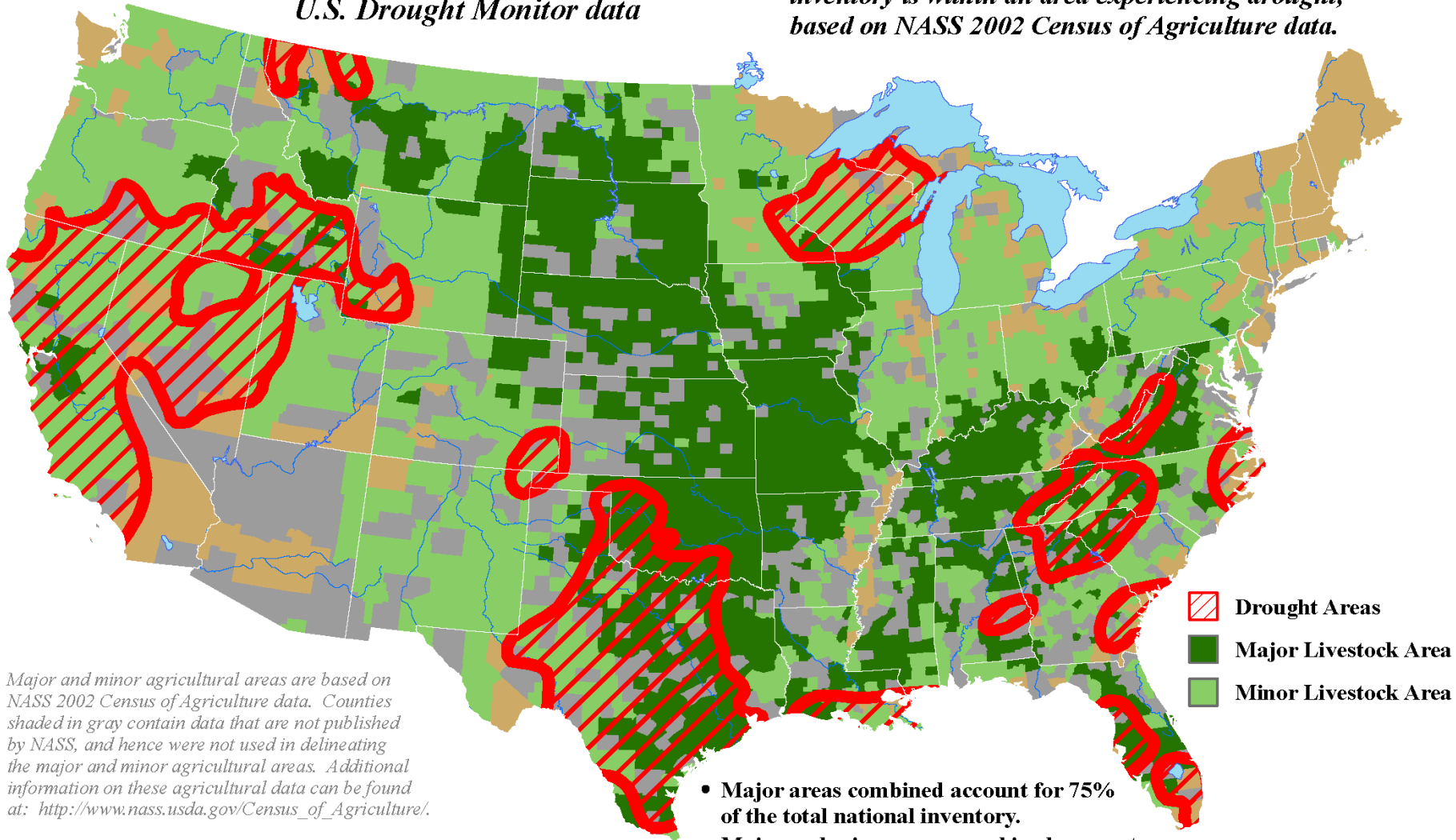
On-Feed Numbers Down but Estimated Number of Cattle Outside of Feedlots Up



U.S. Beef Cow Areas Experiencing Drought

Reflects **February 17, 2009**
U.S. Drought Monitor data

Approximately **25%** of the domestic beef cow
inventory is within an area experiencing drought,
based on NASS 2002 Census of Agriculture data.



Major and minor agricultural areas are based on NASS 2002 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.nass.usda.gov/Census_of_Agriculture/.

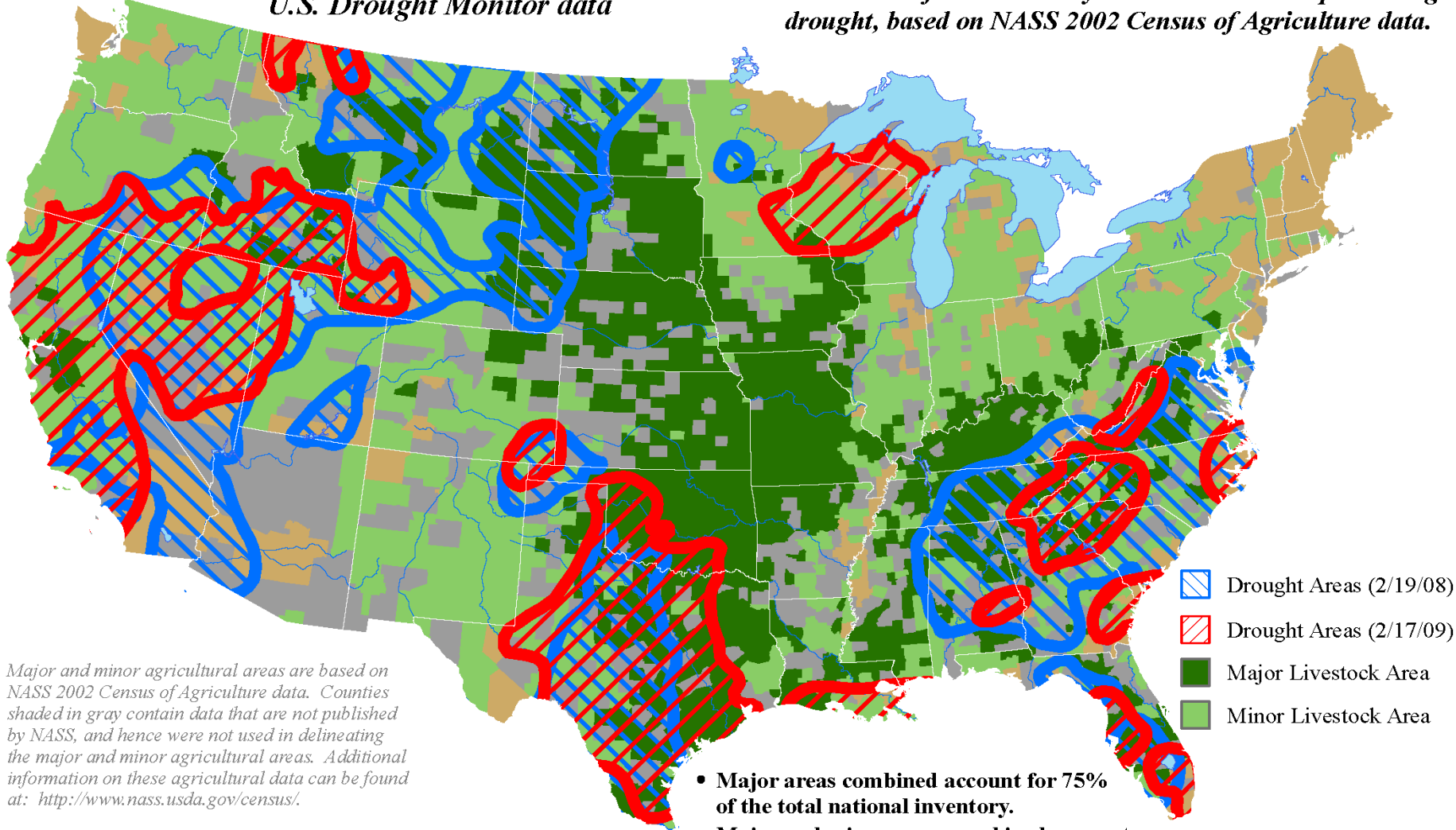
Mapped drought areas are derived from the U.S. Drought Monitor product and do not depict the intensity of drought in any particular location. More information on the Drought Monitor can be found at: <http://www.drought.unl.edu/dm/monitor.html>.

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

U.S. Beef Cow Areas Experiencing Drought

Reflects **February 19, 2008** and **February 17, 2009**
U.S. Drought Monitor data

Approximately **27% (2/19/08)** and **25% (2/17/09)** of the domestic beef cow inventory was within areas experiencing drought, based on NASS 2002 Census of Agriculture data.

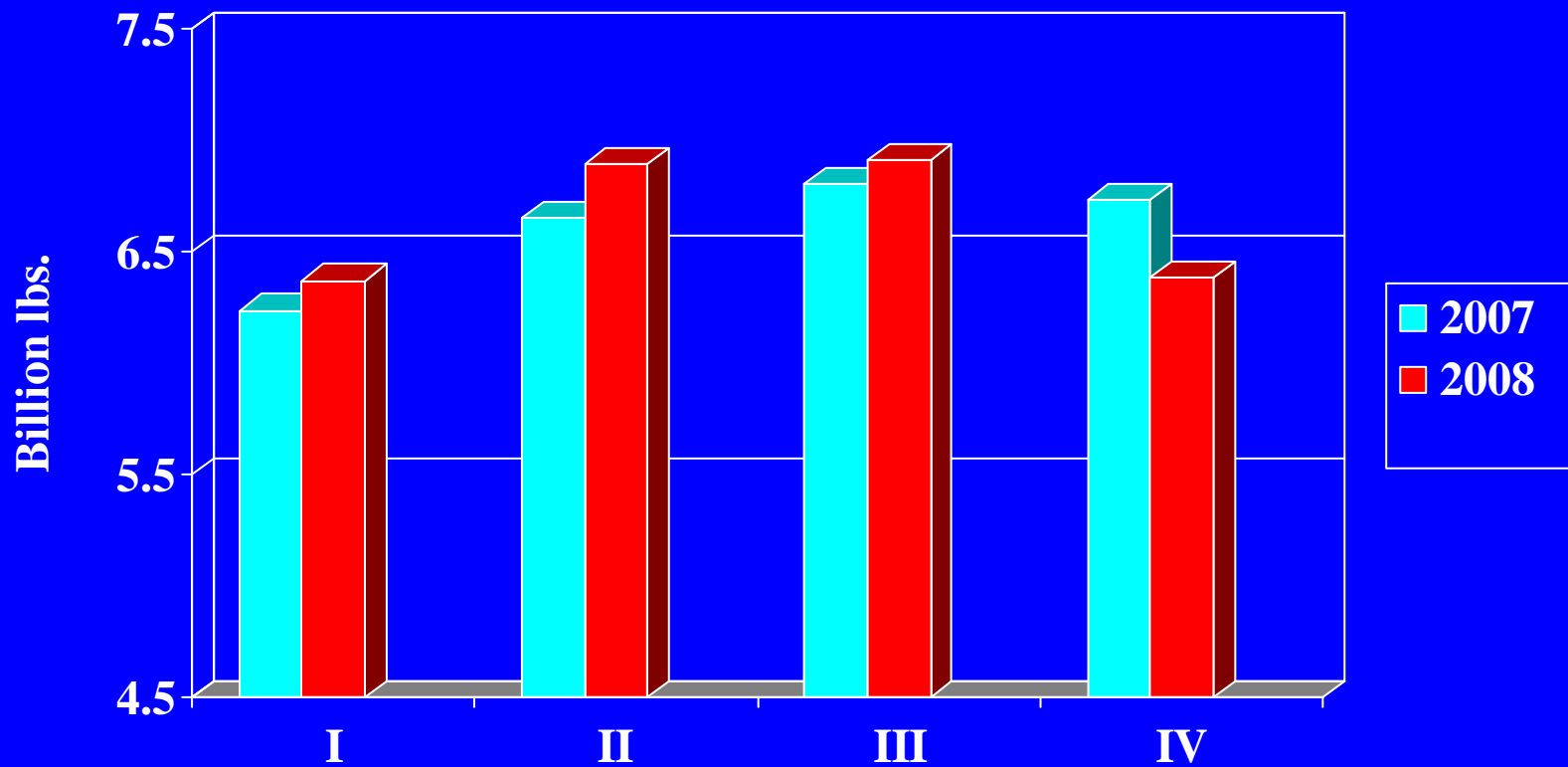


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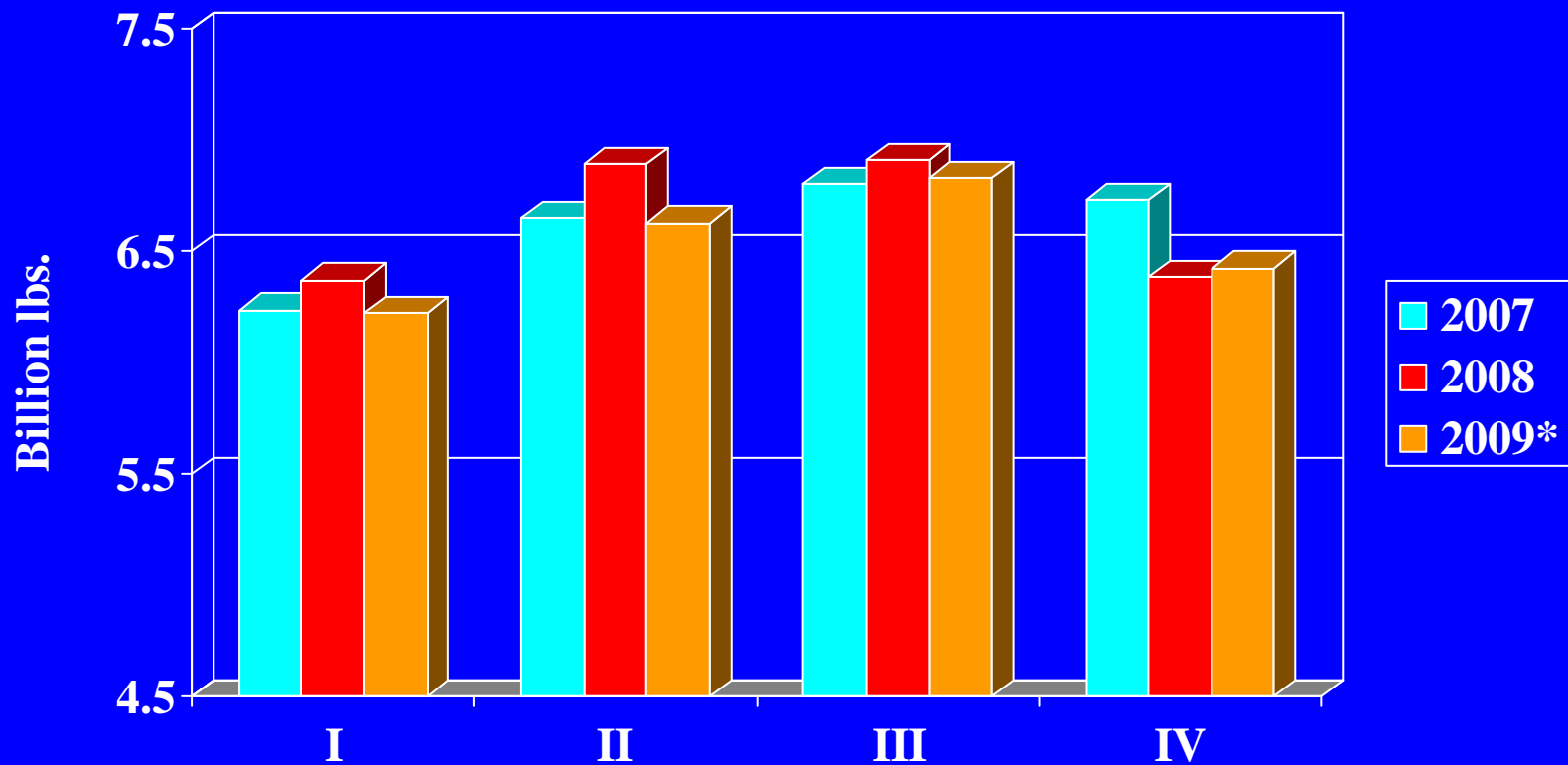
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Beef Production Decline Began in Last Quarter 2008



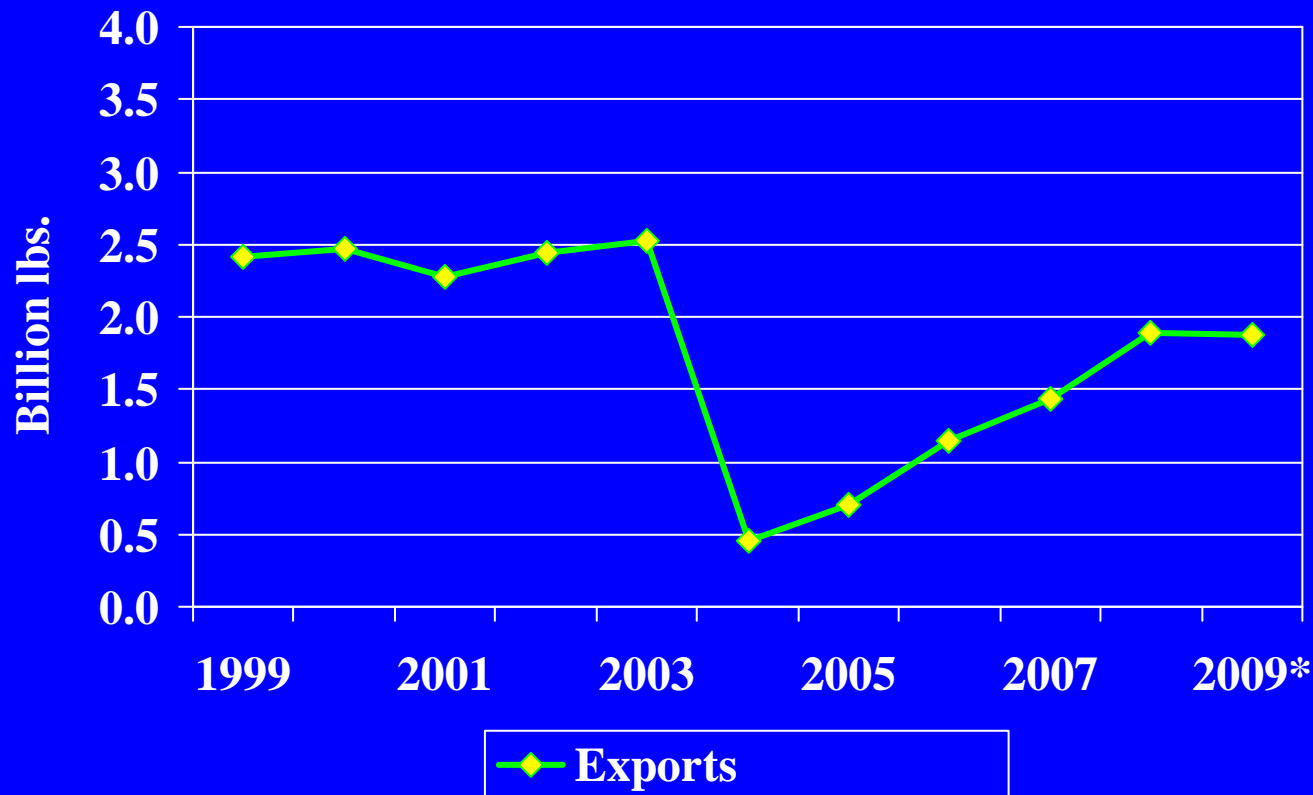
*Forecast

Beef Production Decline Began in Last Quarter 2008, Will Extend Into 2009



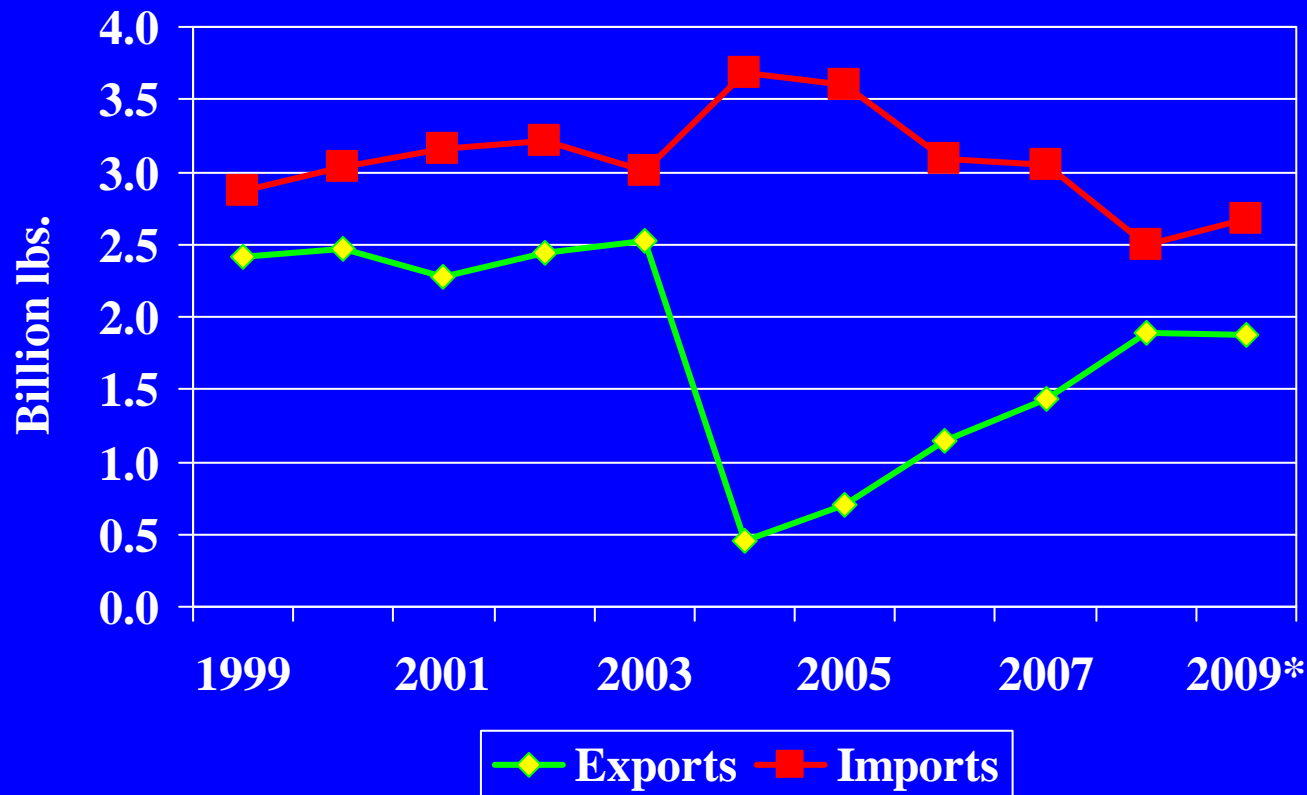
*Forecast

Beef Export Markets Likely to be Limited by Economic Weakness



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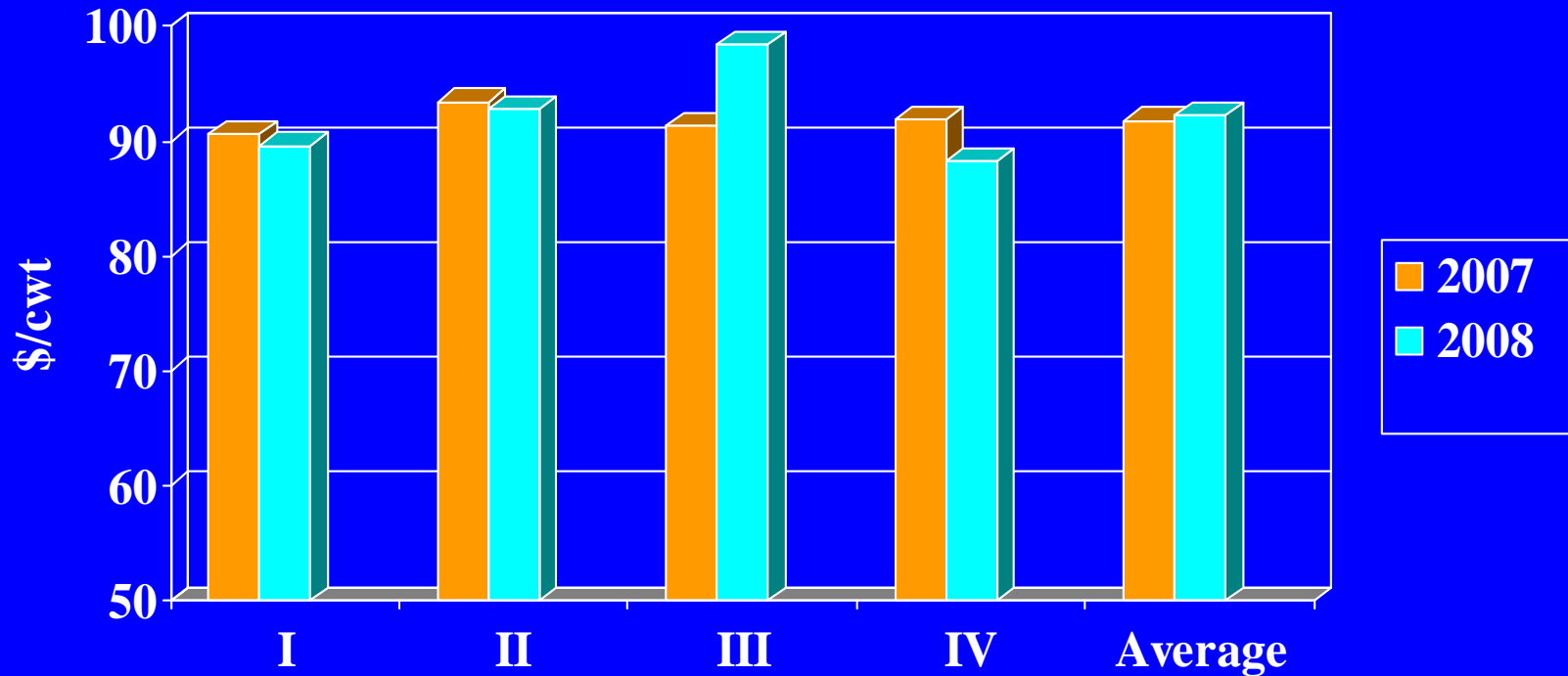
Beef Export Markets Limited, Beef Imports Increase



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Cattle Prices Began to Decline in Late 2008

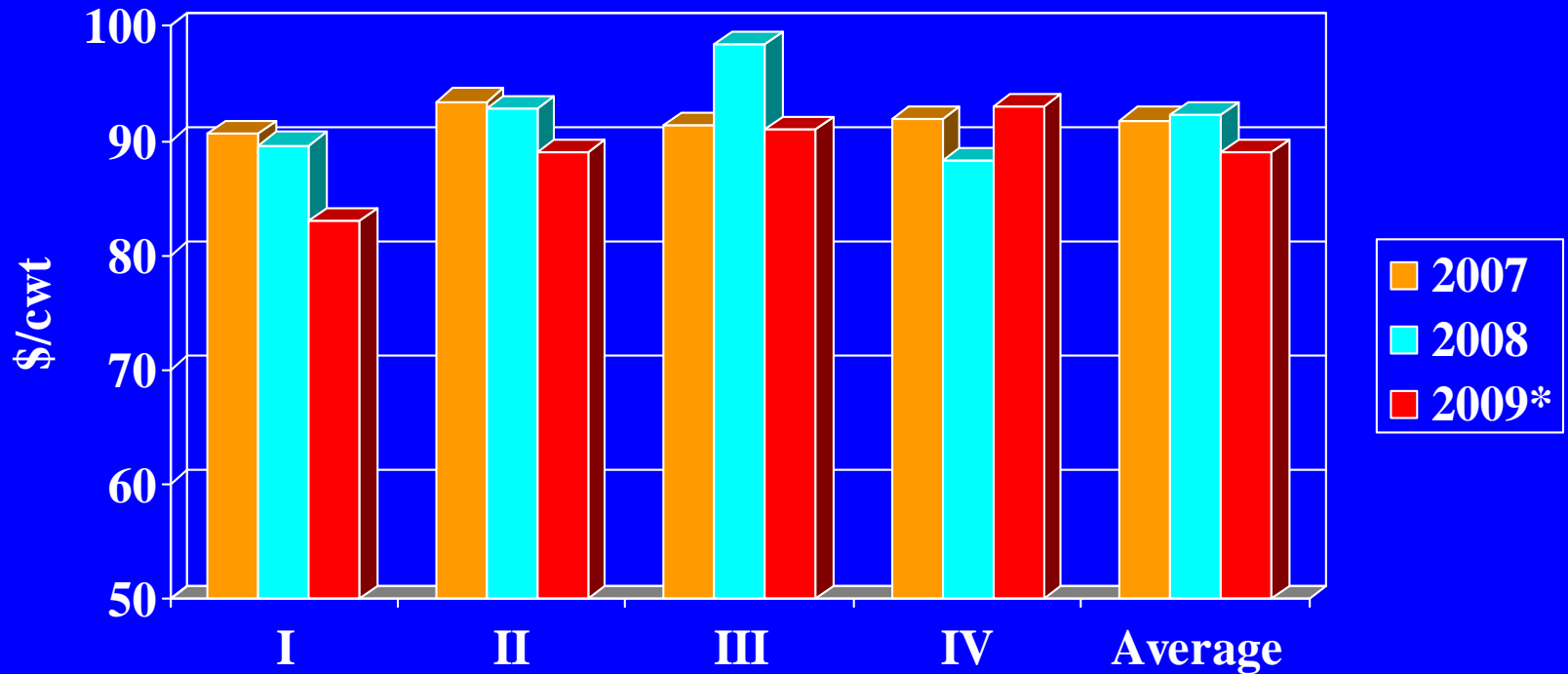
Nebraska Choice Steers



* Forecast

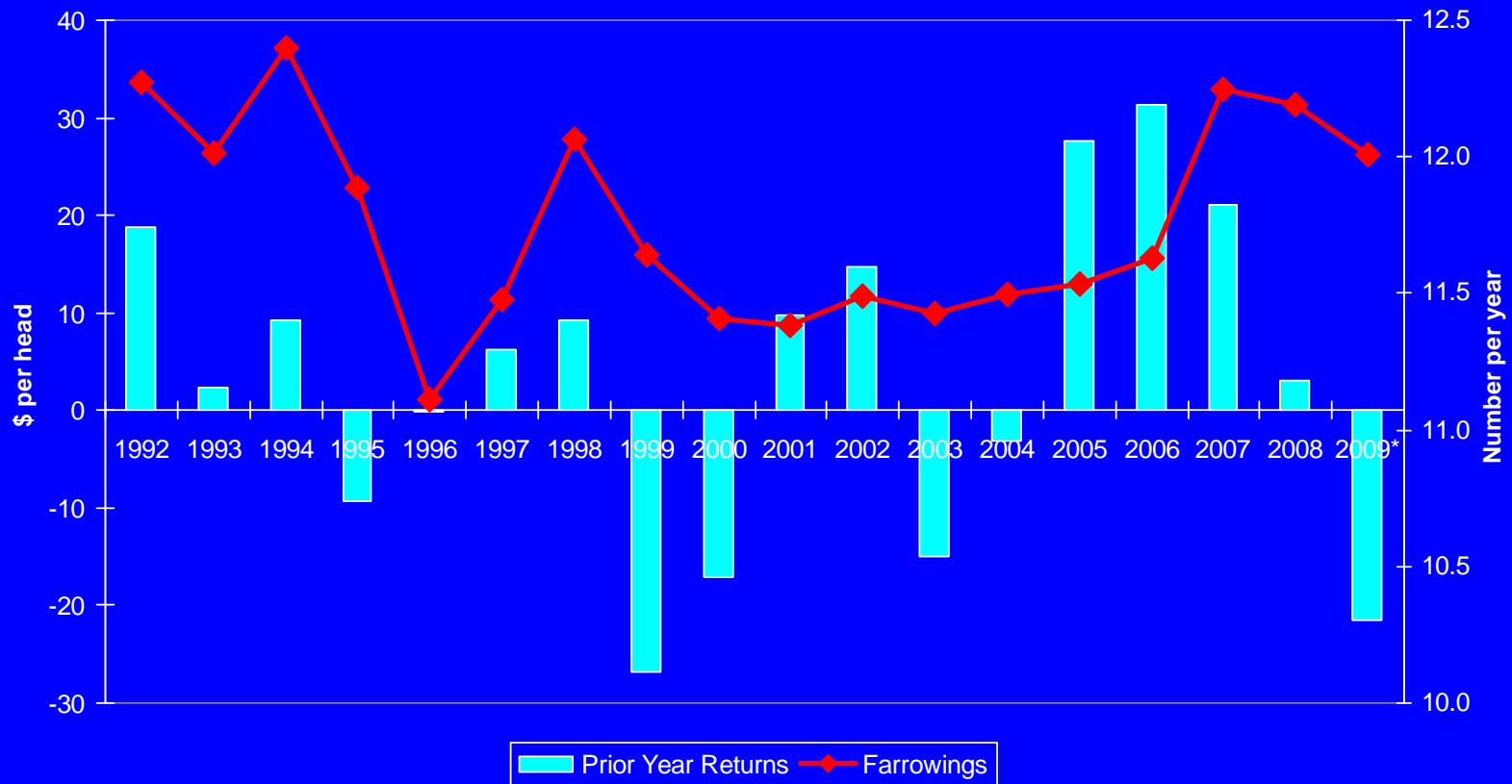
Cattle Prices Began to Decline in Late 2008, Will Average Lower in 2009

Nebraska Choice Steers



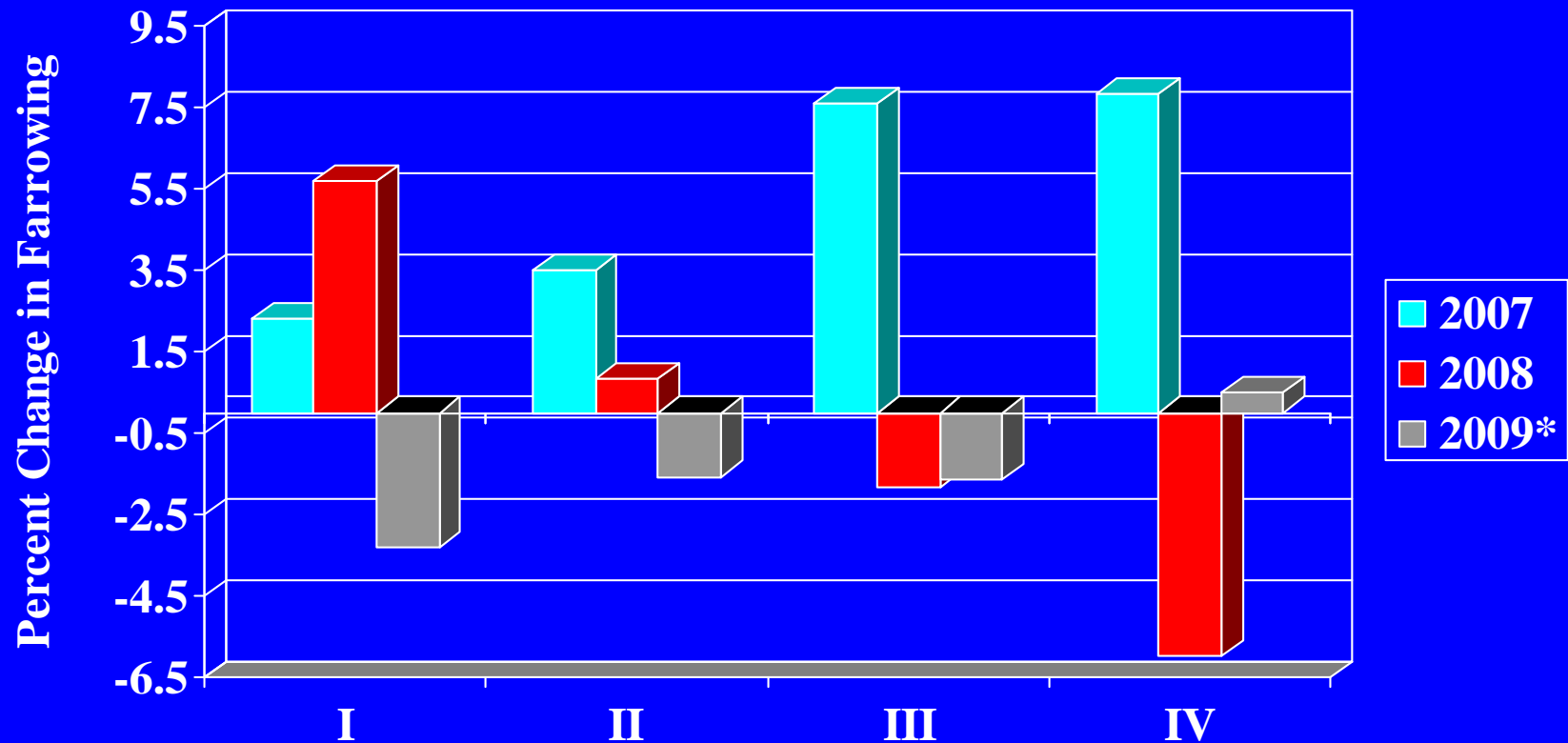
* Forecast

Hog Producers Responding to Poor Returns



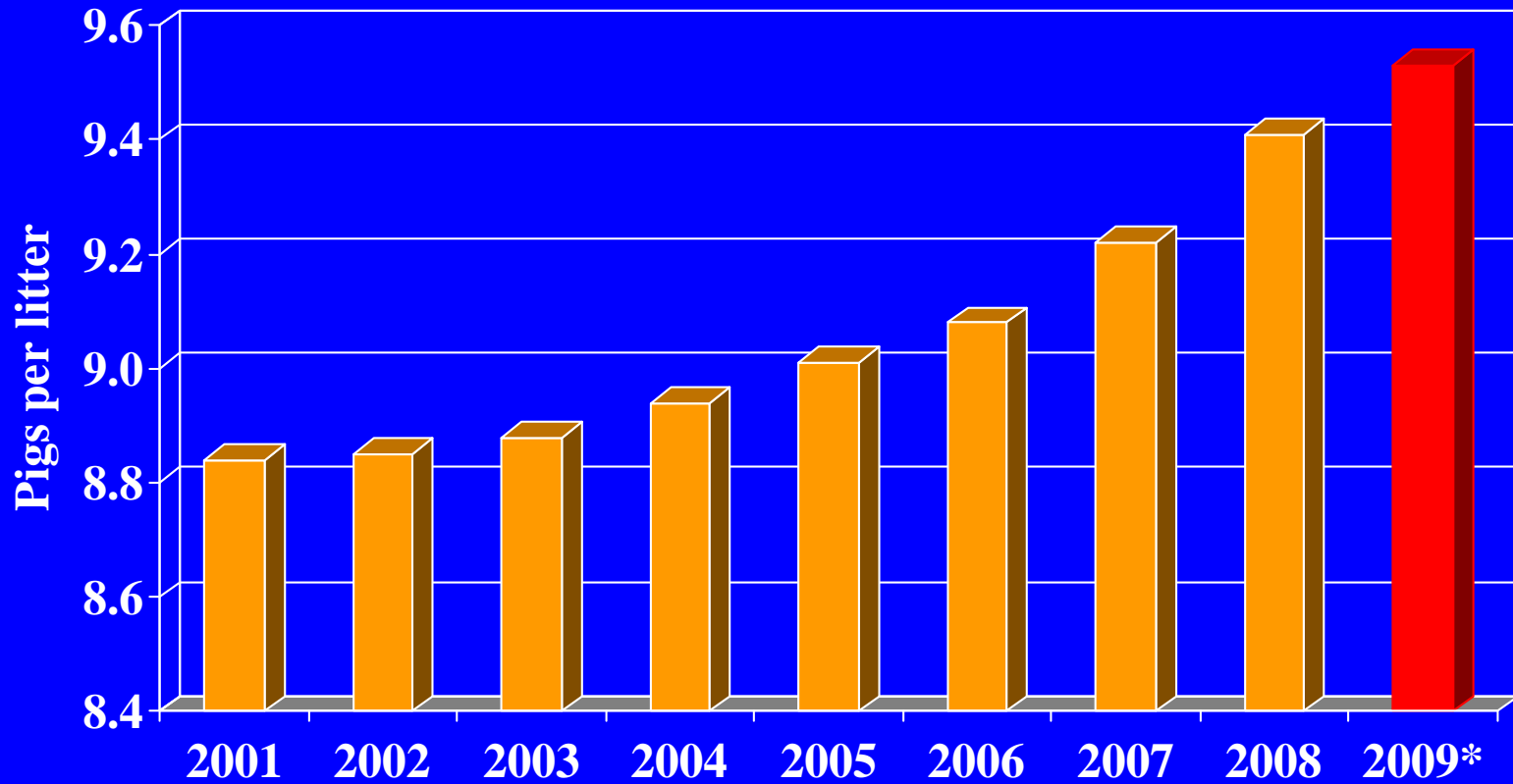
* First Half Reported Intentions,
Second Half Forecast

Producers Reducing Sows Farrowing in 2009



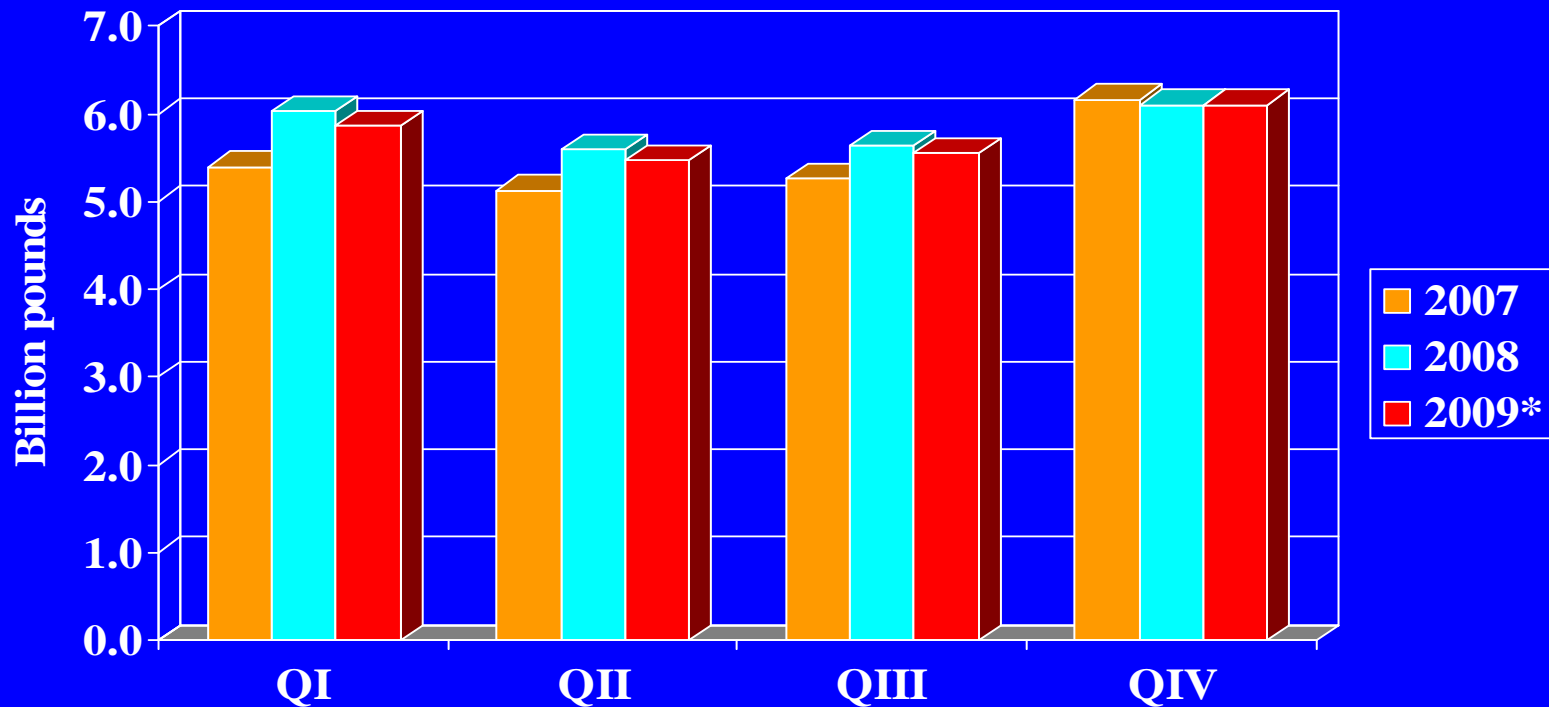
* First Half Reported Intentions,
Second Half Forecast

U.S. Pigs Per Litter Increasing



* Forecast

Pork Production Reflects Decreased Farrowings and Fewer Hog Imports



* Forecast

Pork Exports Drop From 2009 Record



* Forecast

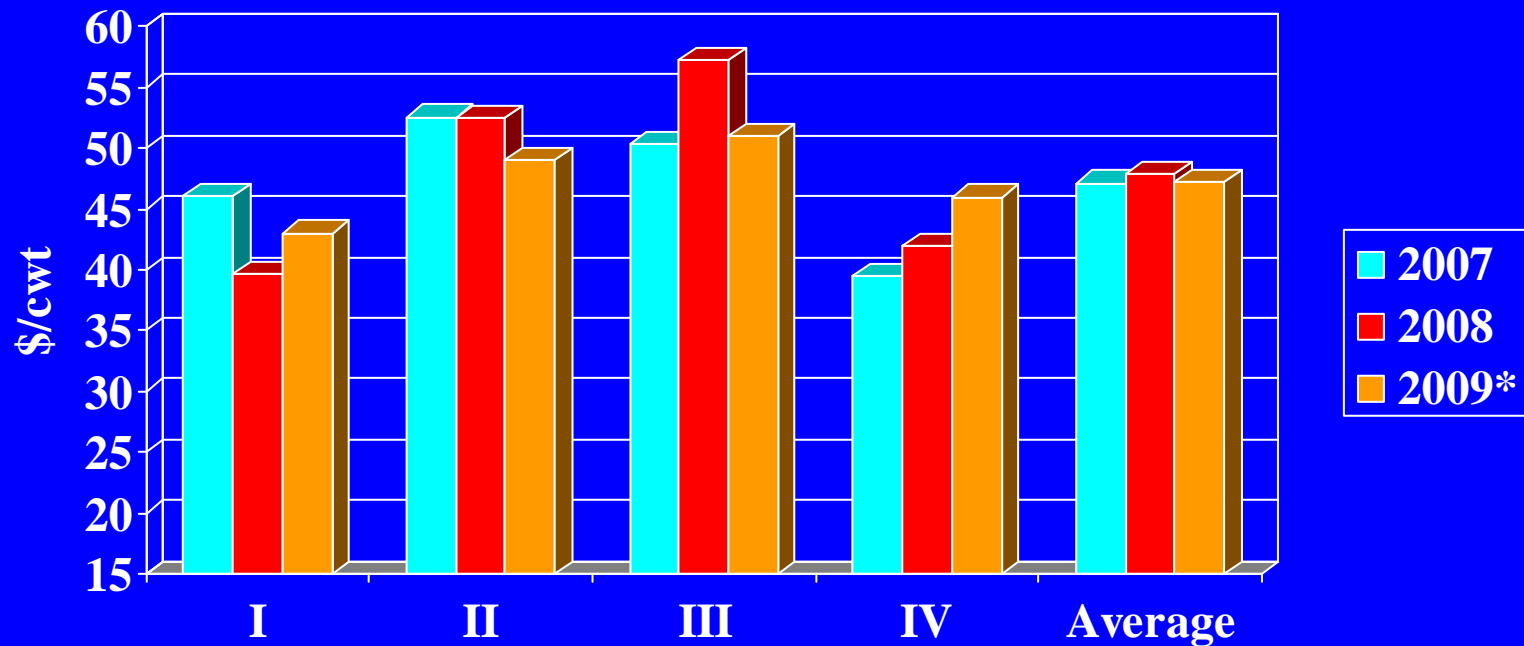
Pork Exports Drop From 2009 Record Imports About Same as Last Year



* Forecast

Hog Prices in 2009 Reflect Lower Production but Weaker Demand

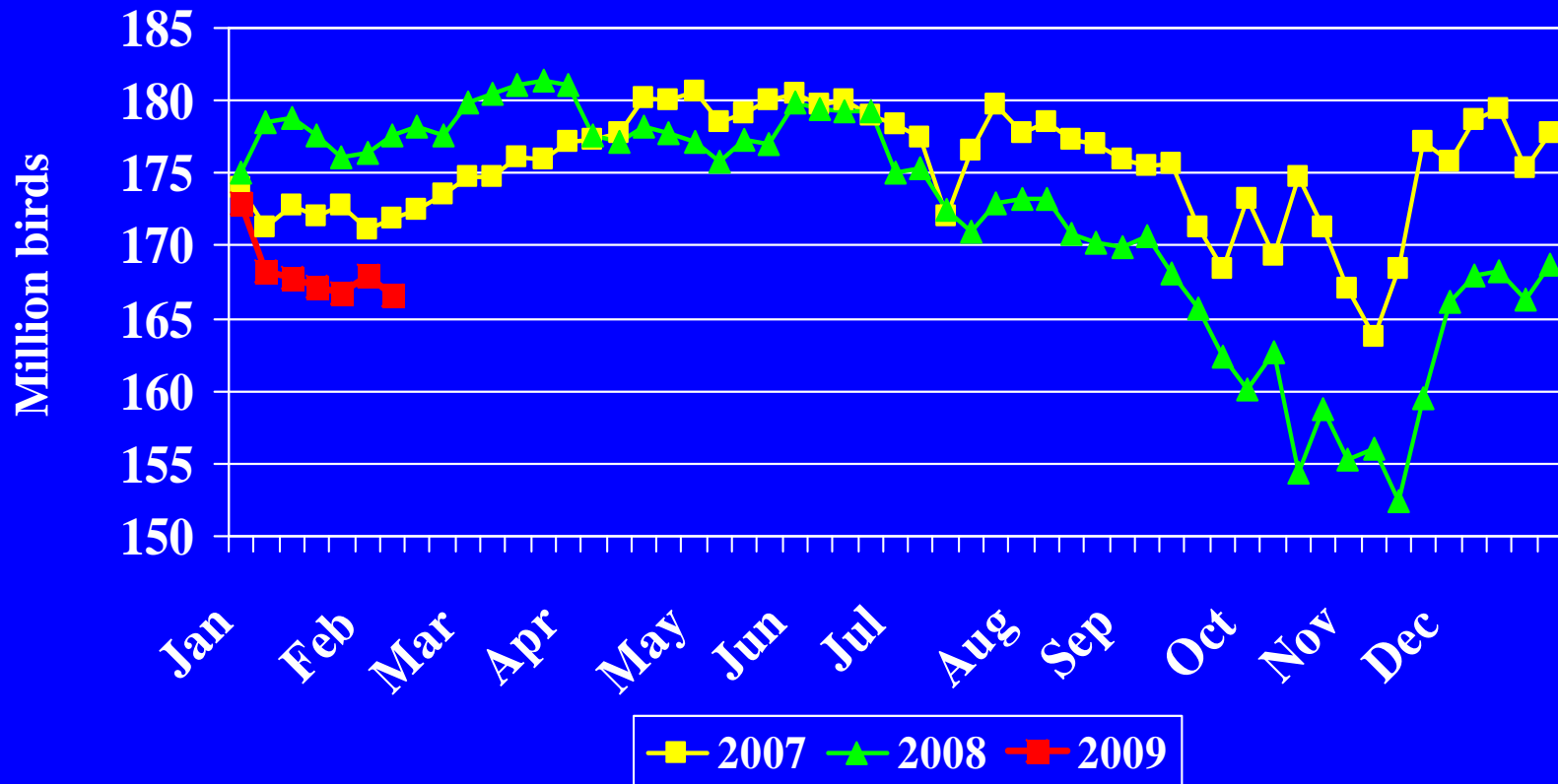
National Base, Live Equivalent



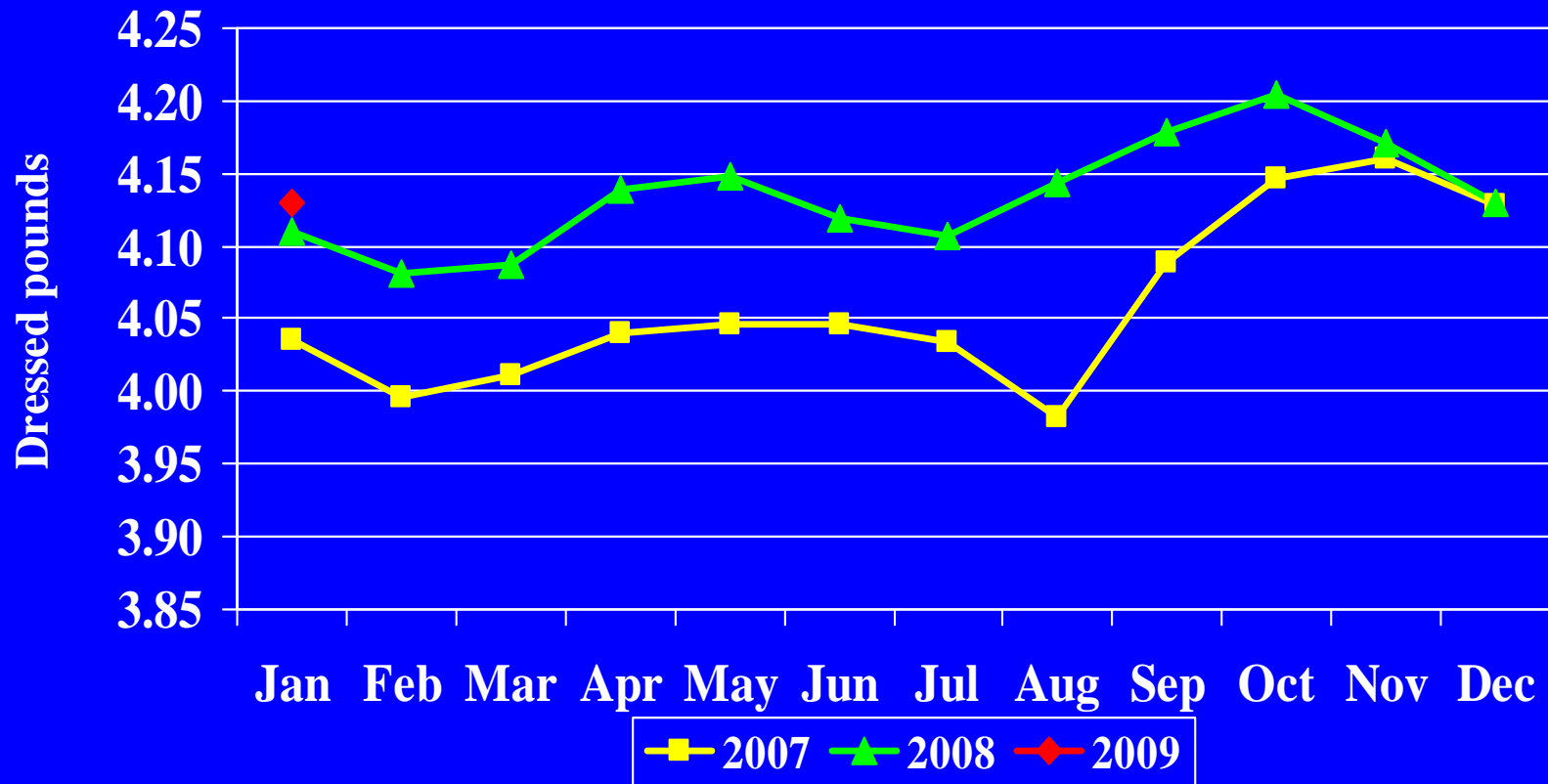
* Forecast

Broiler Producers Respond to Poor Returns

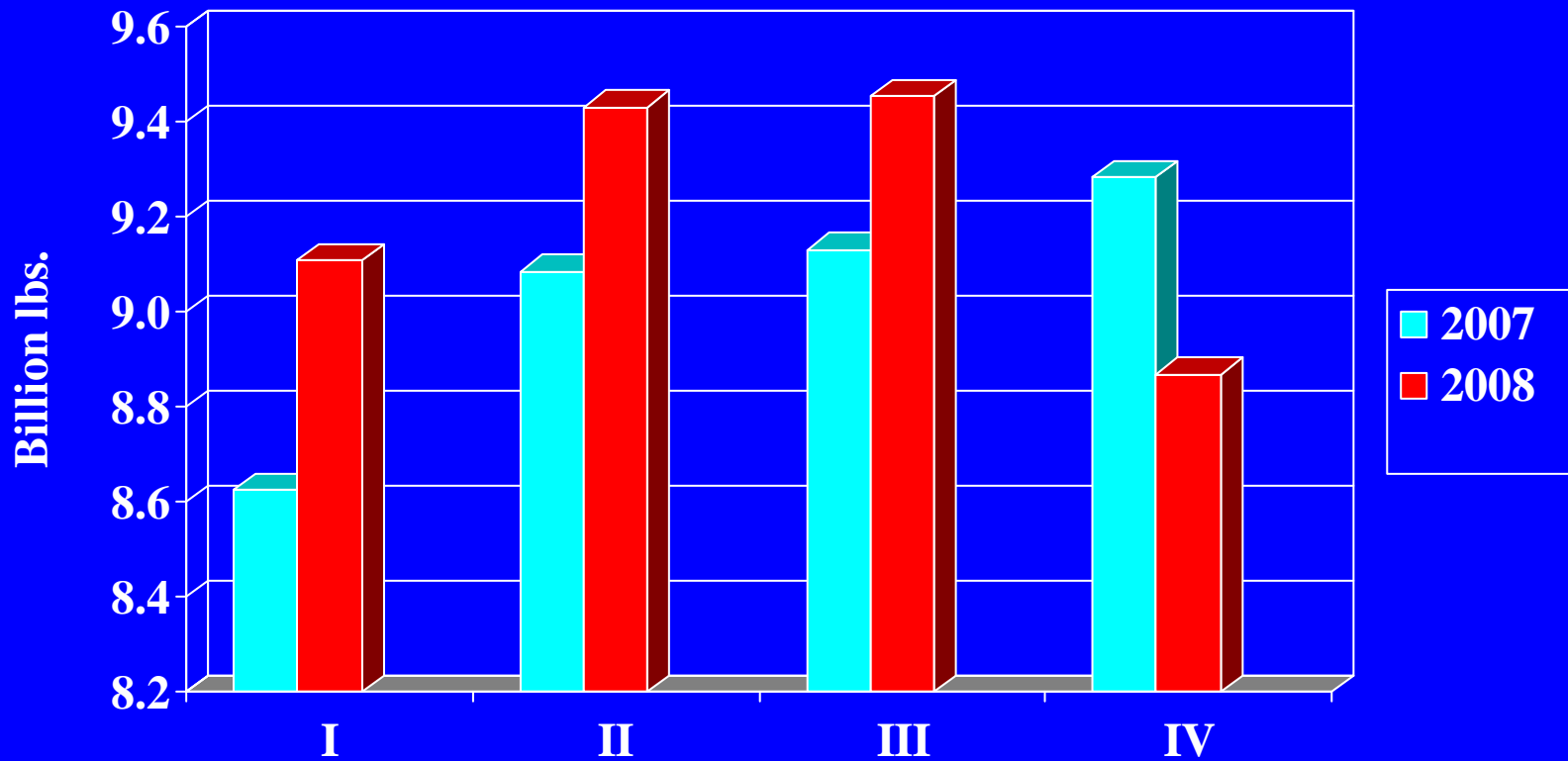
Chick Placements 19 Selected States



Higher Dressed Bird Weights Offsetting Slaughter Reductions

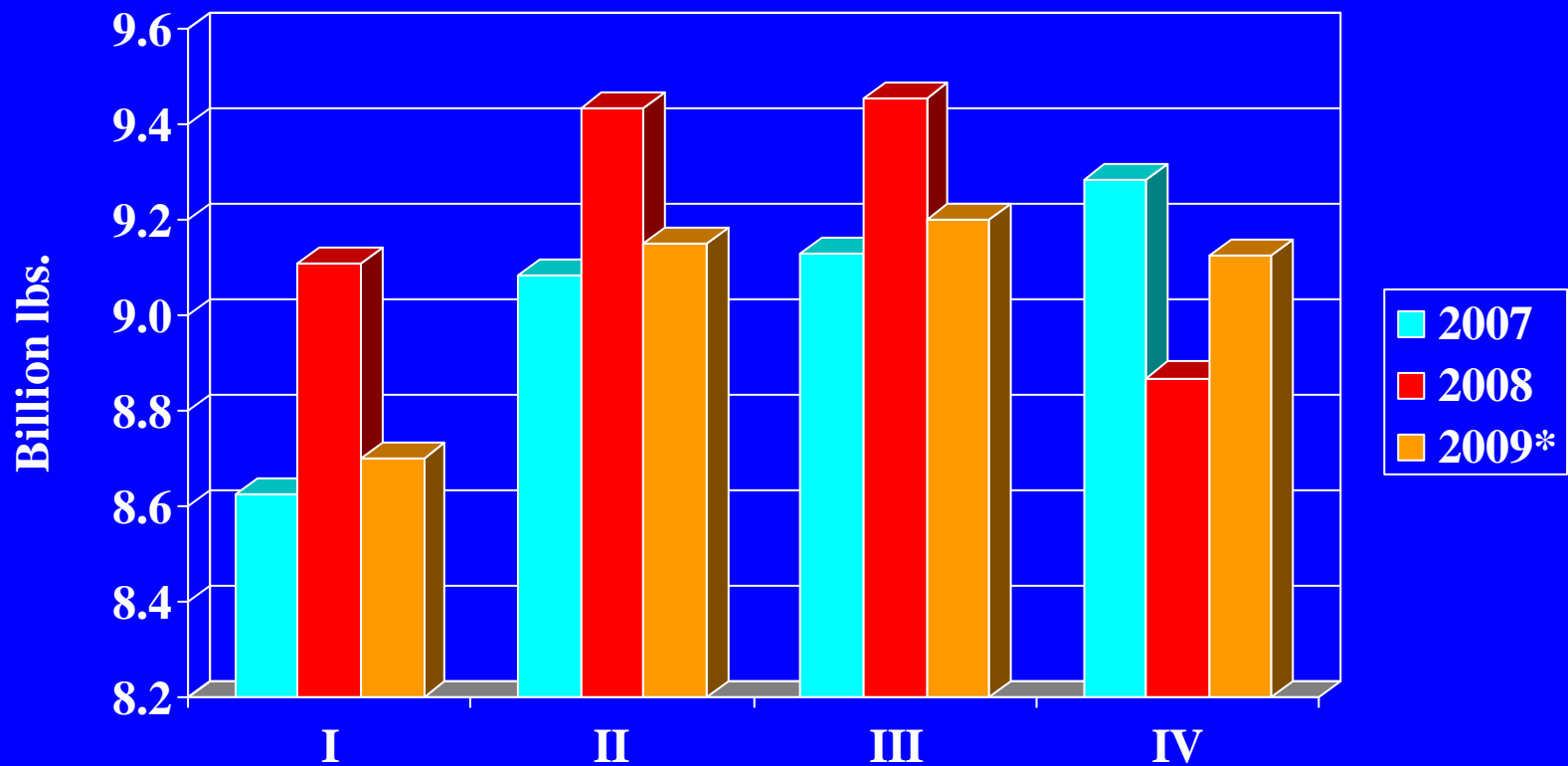


Broiler Production Declined in Last Quarter 2008



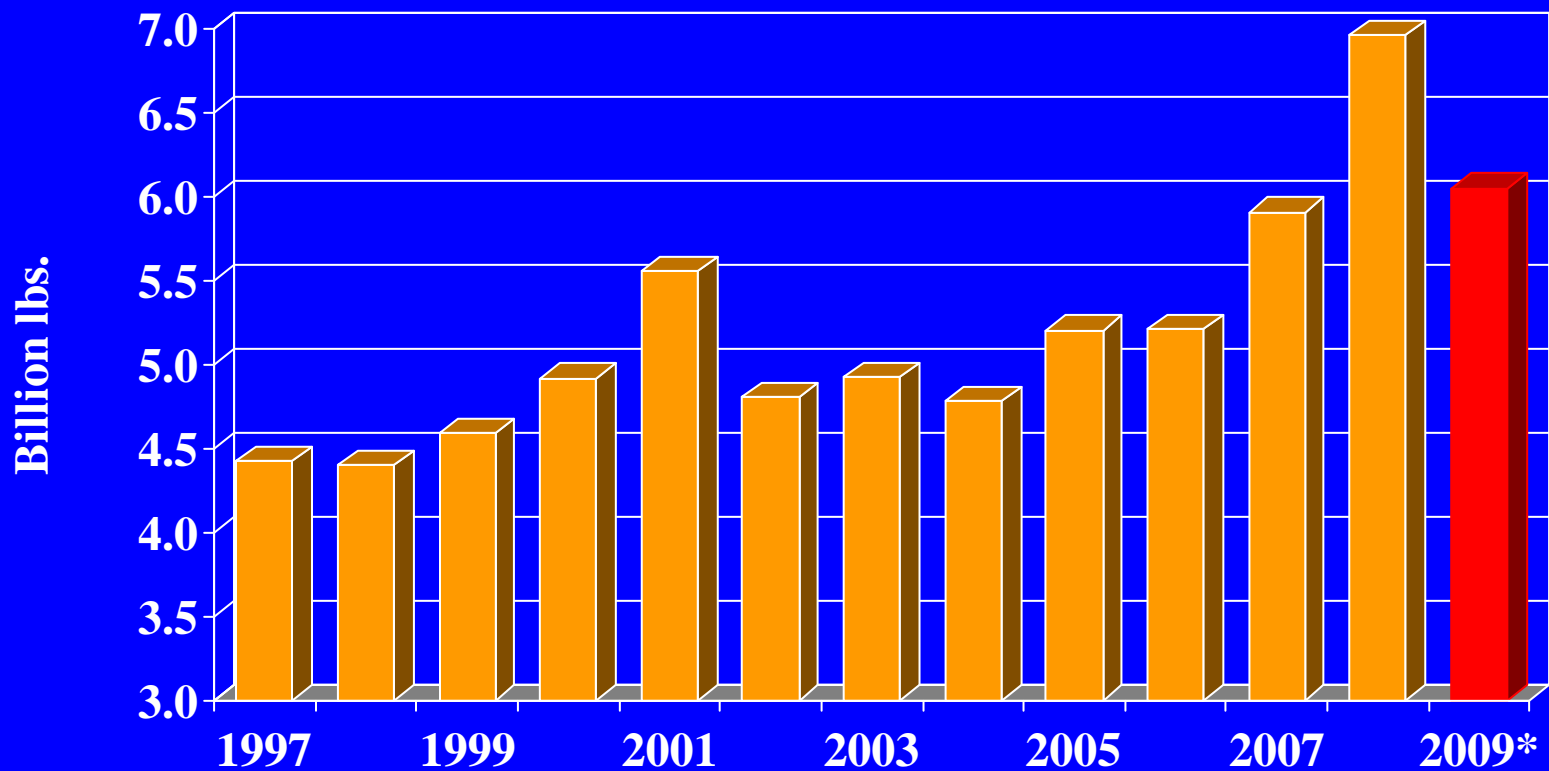
* Forecast

Broiler Production Declined in Last Quarter 2008, Further Declines in 2009



* Forecast

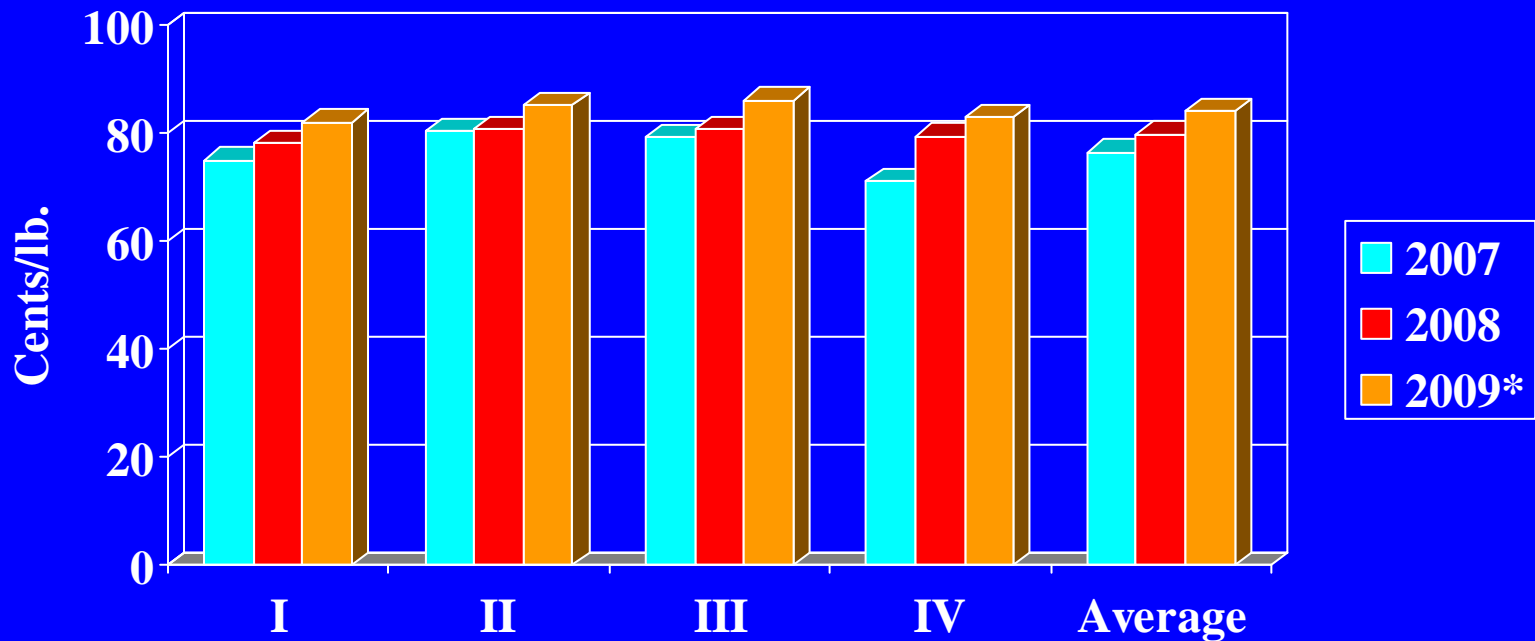
2009 Broiler Exports Will Decline From Record



* Forecast

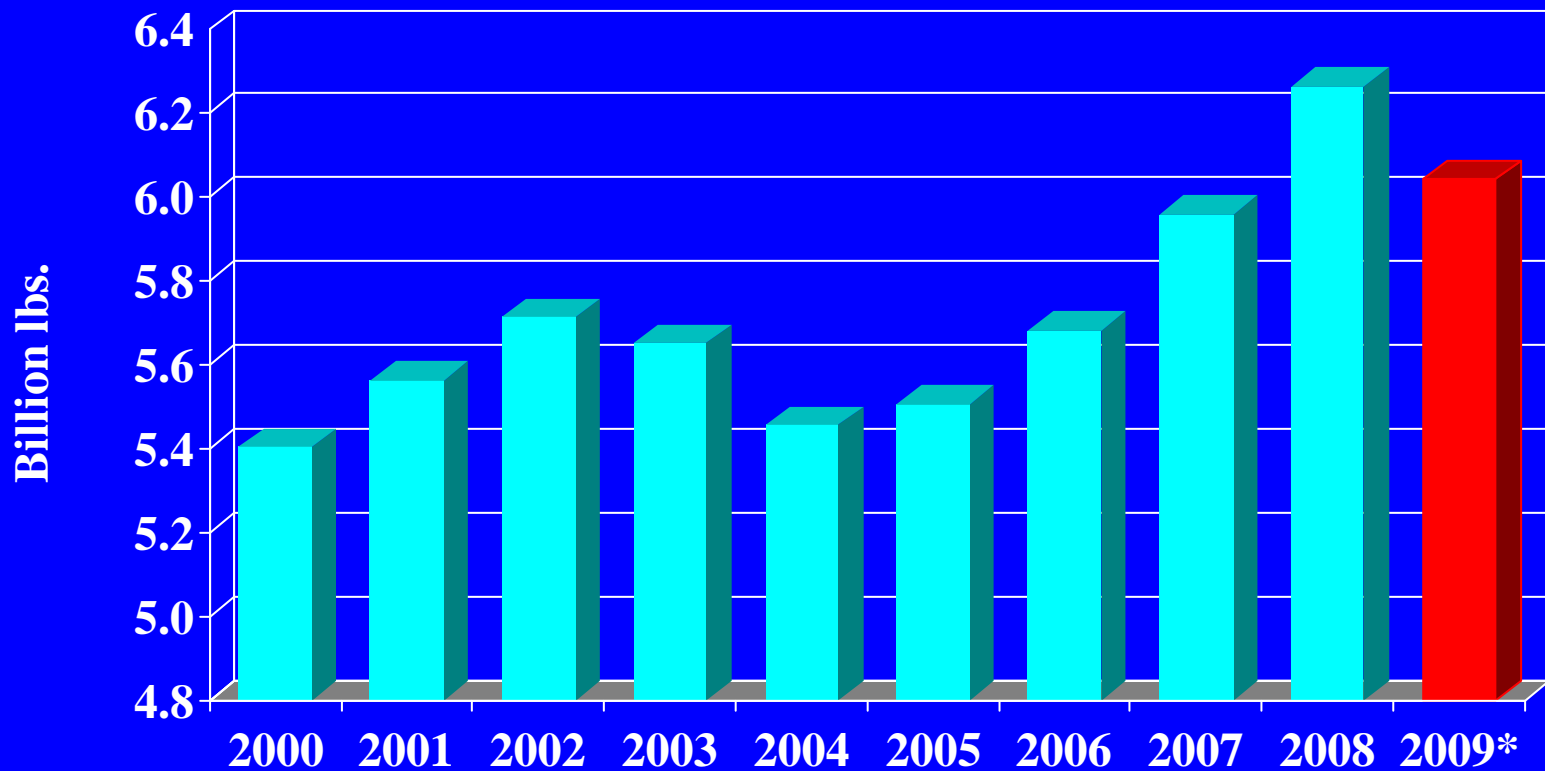
2009 Broiler Prices Reflect Lower Production

12-City Wholesale



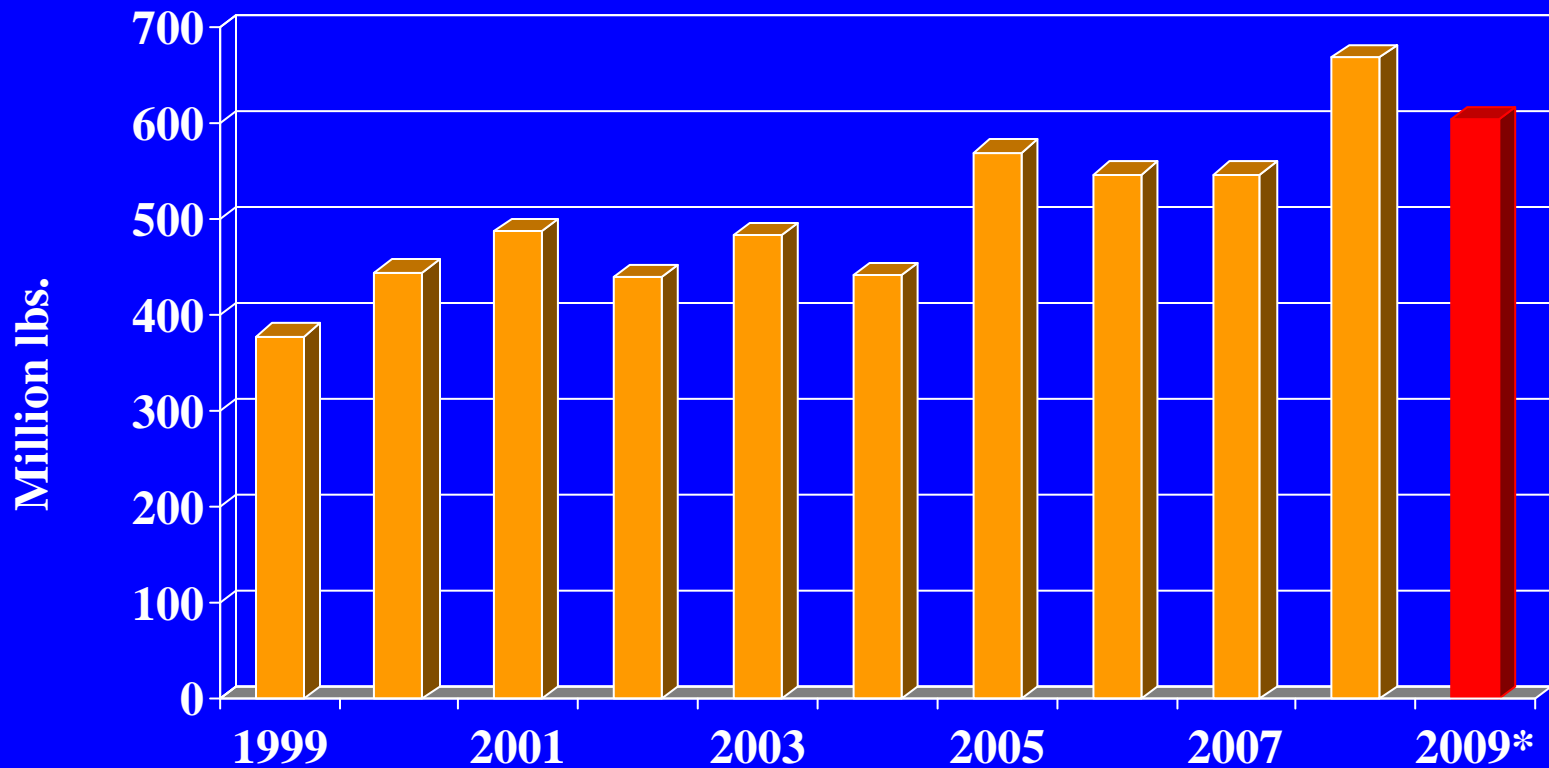
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Turkey Production Forecast to Decline to 6.04 Billion Pounds



* Forecast

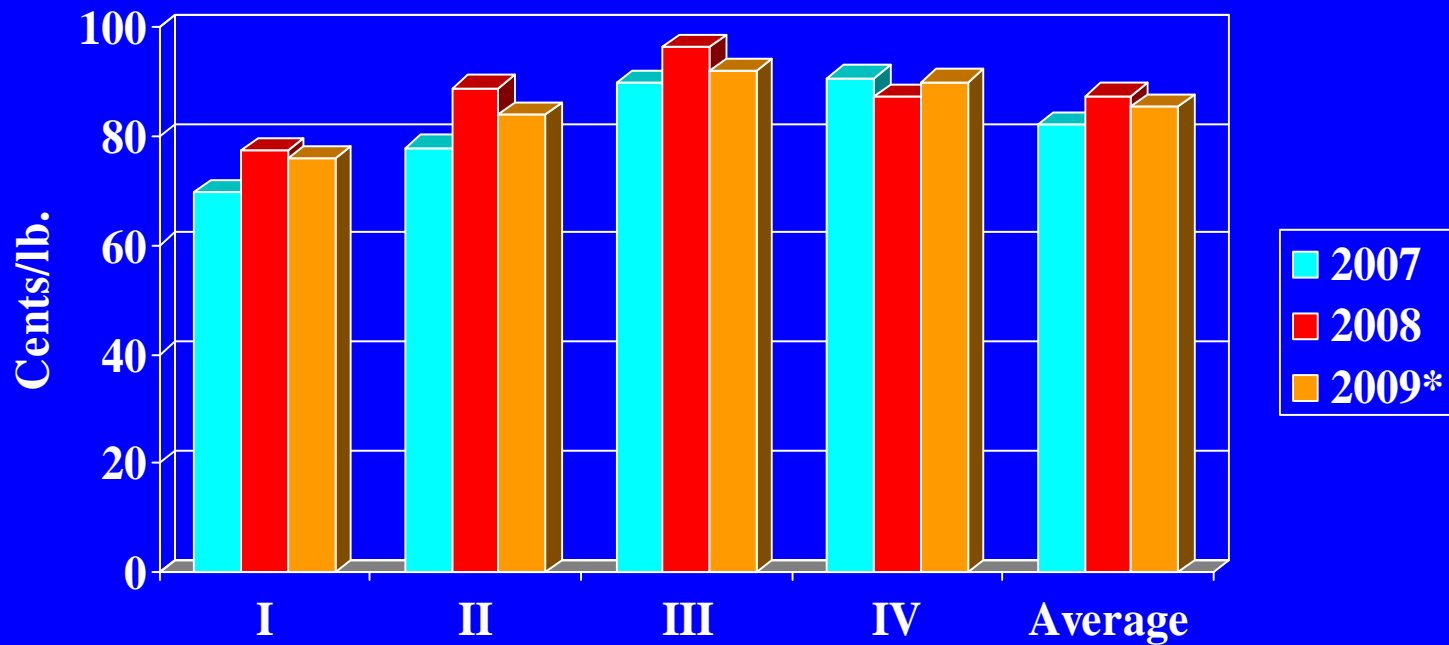
Turkey Exports in 2009 to be 605 Million Pounds



* Forecast

Turkey Prices in 2009 Will Reflect Relatively Weak Demand

Eastern Hens, 8-16 lbs.



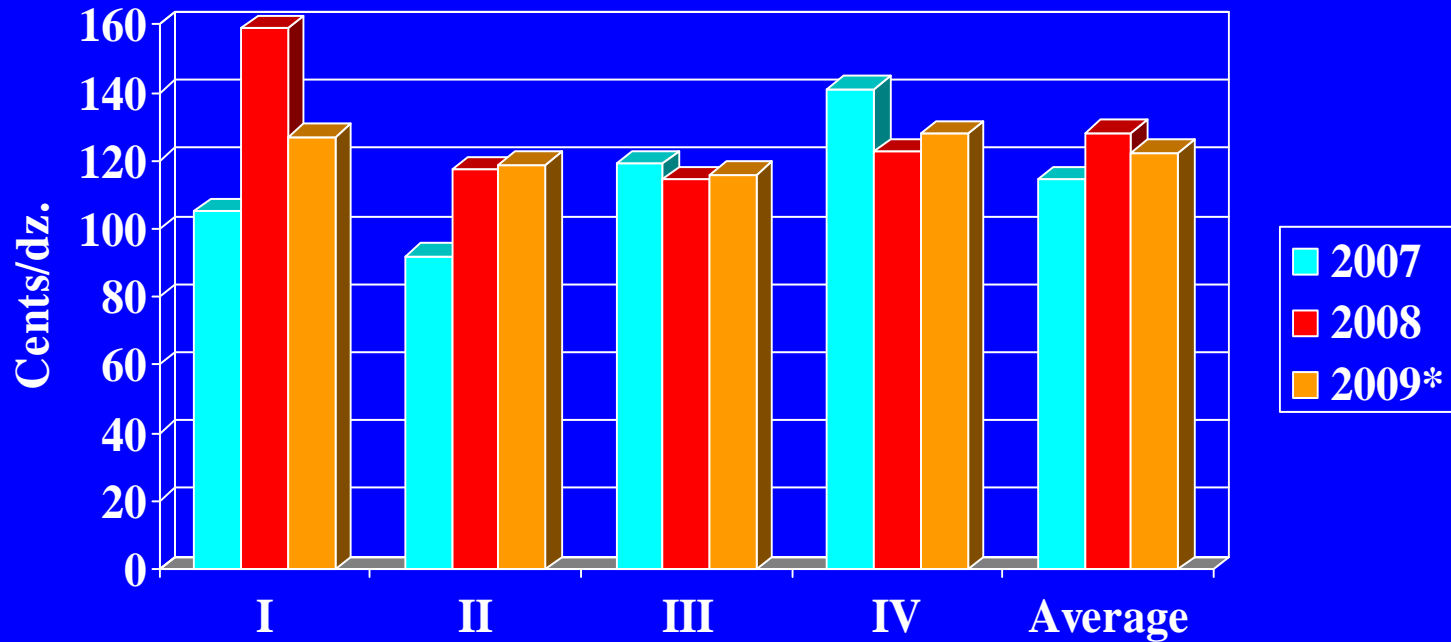
* Forecast

Egg Production Fractionally Higher, Prices Lower

- **2009 total egg production fractionally higher at 7.53 billion dozen**
 - **Egg laying flock smaller in 2008**
 - **Egg-type laying flock began increasing late 2008**
 - **Hatching egg production lower reflecting less broiler production**

Egg Prices Will Average Lower in 2009

Large, NY Wholesale



* Forecast

Additional Information on the Outlook for 2009 is Available on the Following Websites:

- **World Agricultural Supply and Demand Estimates**
 - www.usda.gov/oce/commodity/wasde/index.htm
- **Livestock, Dairy, and Poultry Situation and Outlook**
 - www.ers.usda.gov/publications/ldp/
- **Livestock and Poultry: World Markets and Trade**
 - http://www.fas.usda.gov/psdonline/circulars/livestock_poultry.pdf