Beef Cattle Outlook for 2012

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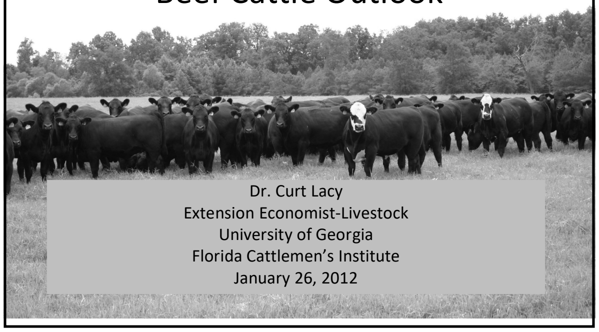
Beef Cattle Outlook



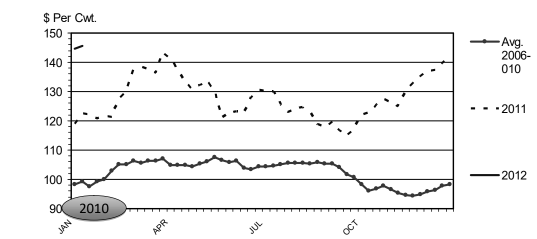
Dr. Curt Lacy
Extension Economist-Livestock
University of Georgia
Florida Cattlemen’s Institute
January 26, 2012

Overview

- Recent Trends
- Outlook for 2012 and beyond
- Marketing Alternatives

MED. & LRG. #1 & 2 STEER CALF PRICES

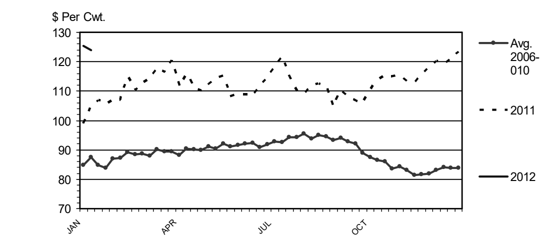
500-600 Pounds, Georgia, Weekly



Livestock Marketing Information Center
Data Source: USDA-AMS, Compiled & Analysis by LMIC
01/18/12

MED. & LRG. #1 & 2 FEEDER STEER PRICES

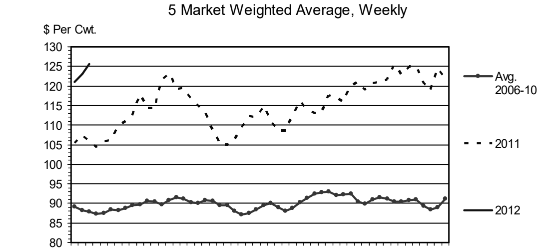
700-800 Pounds, Georgia, Weekly



Livestock Marketing Information Center
Data Source: USDA-AMS, Compiled & Analysis by LMIC
01/18/12

SLAUGHTER STEER PRICES

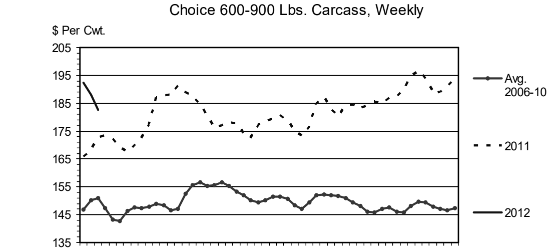
5 Market Weighted Average, Weekly



Livestock Marketing Information Center
Data Source: USDA-AMS

BOXED BEEF CUTOUT VALUE

Choice 600-900 Lbs. Carcass, Weekly



C-P-62
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Livestock Marketing Information Center
Data Source: USDA-AMS

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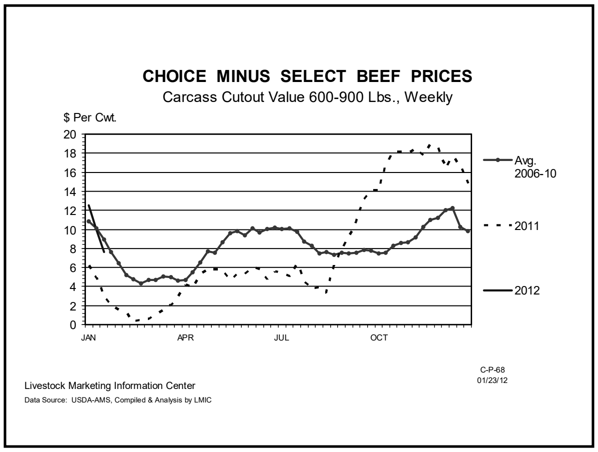
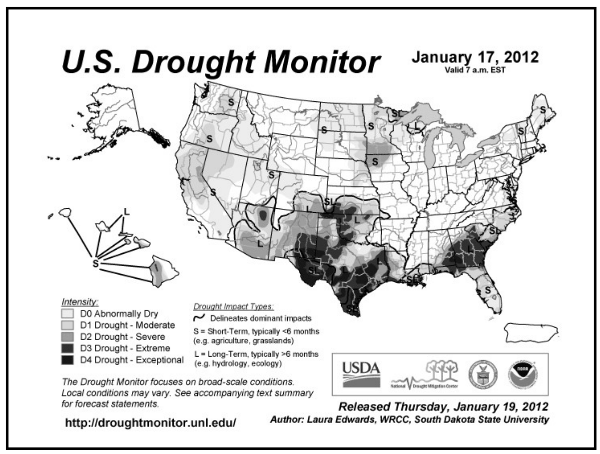
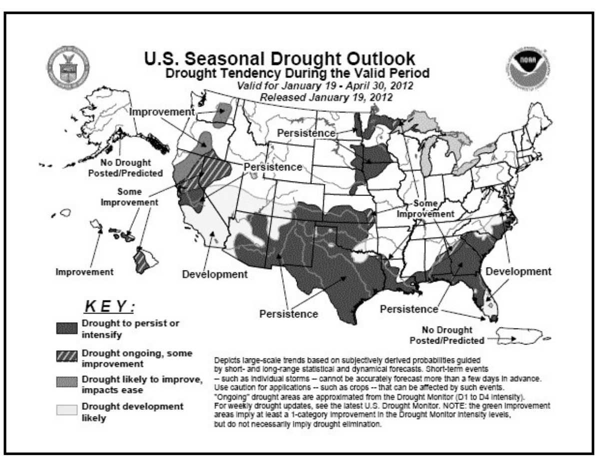
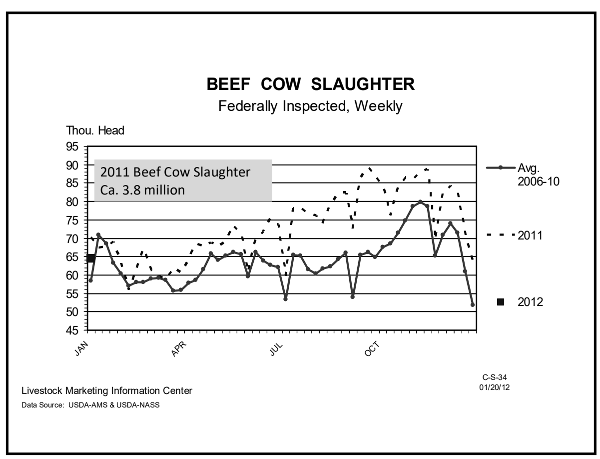


5 THINGS SHAPING MARKETS TODAY AND FOR 2012







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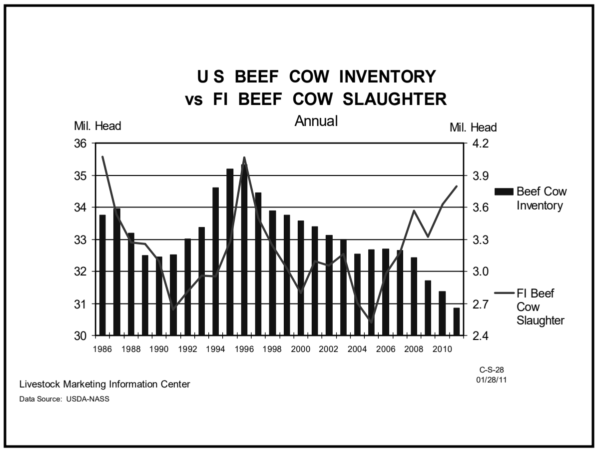

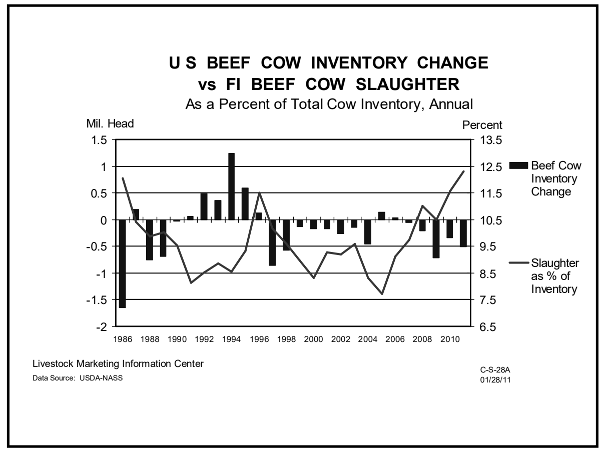

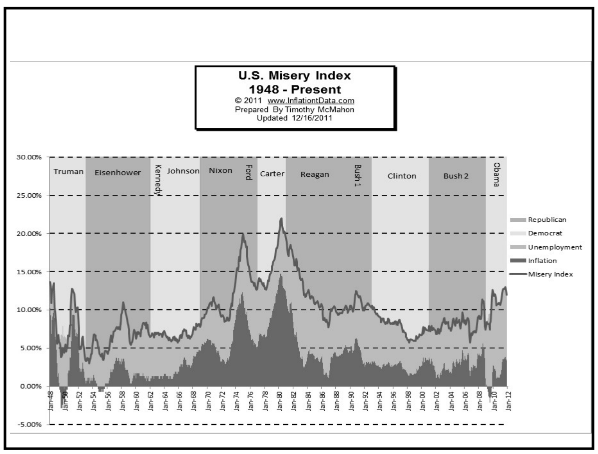

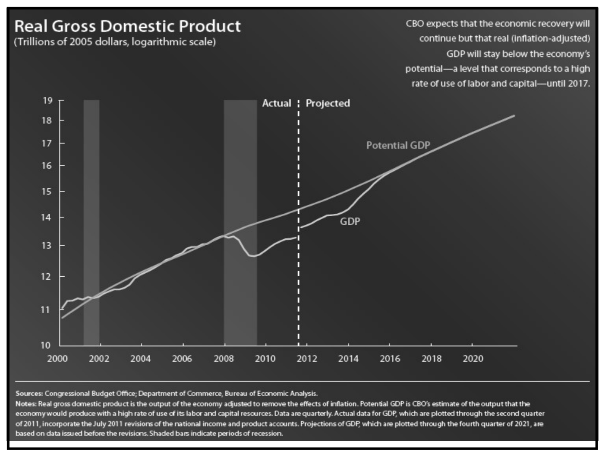

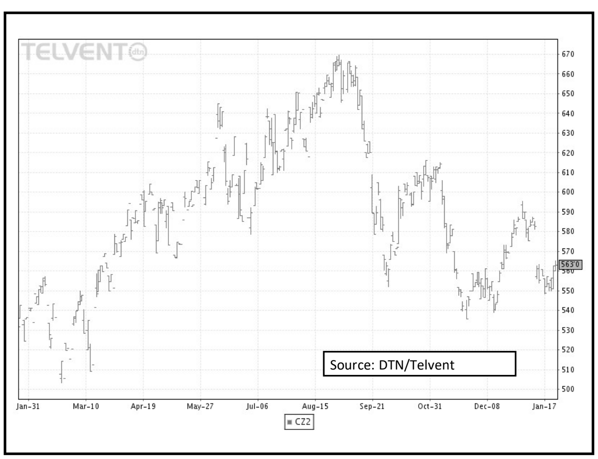

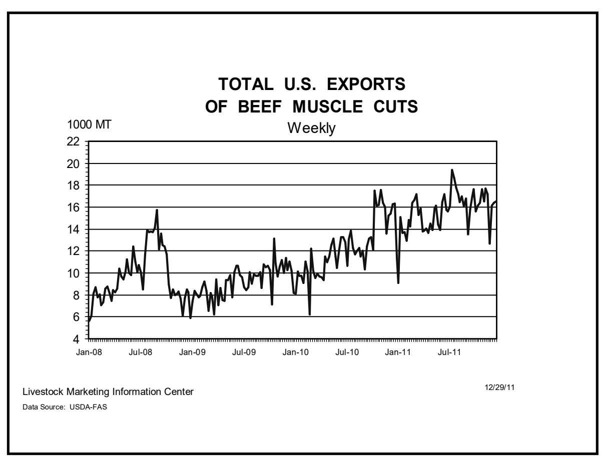

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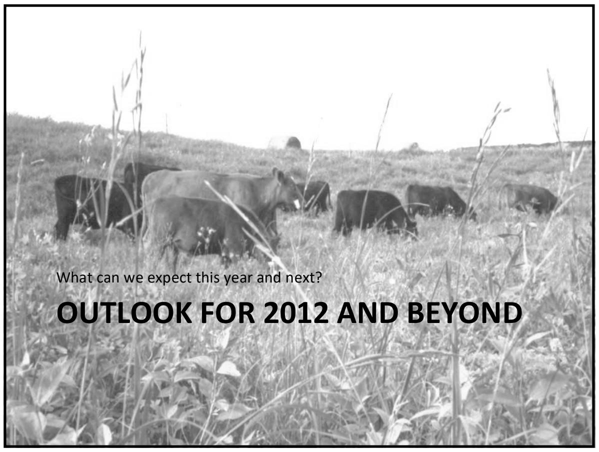
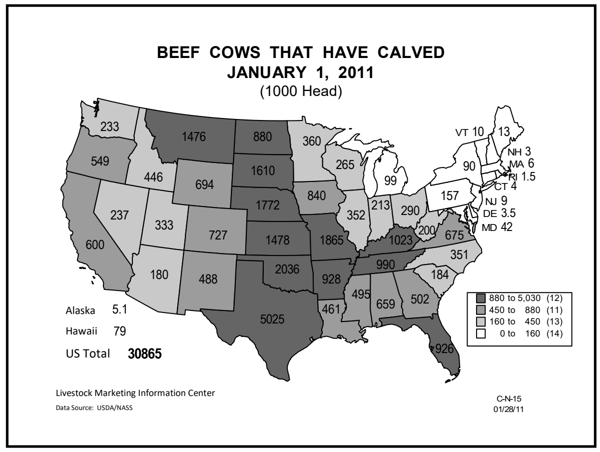
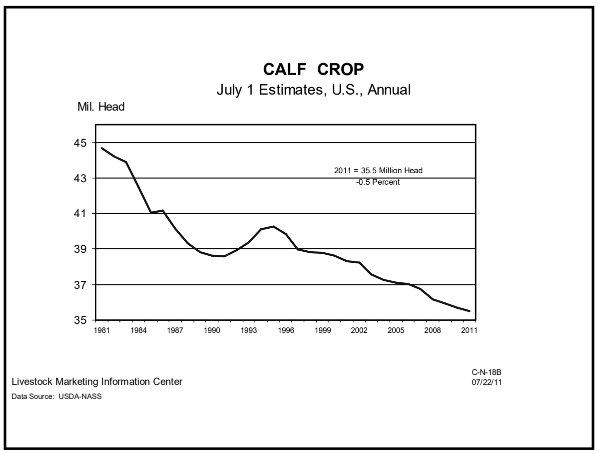
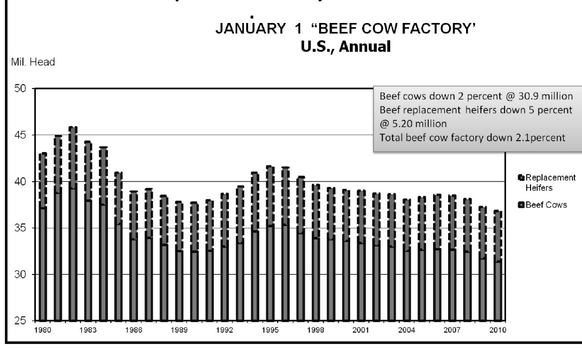






Declining cow numbers reflect lack of profitability in the

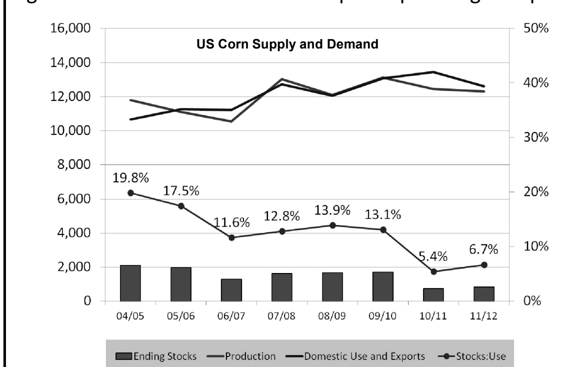


Meat supplies were slightly larger in 2011 but will be lower in 2012

Commodity	2010	2011 Projected	2012 Forecast	11 vs 10	12 vs 11
	BILLION POUNDS			PERCENT CHANGE	
Beef	26.41	26.30	25.08	-0.42%	-4.86%
Pork	22.46	22.78	23.21	1.40%	1.85%
Total Red Meat*	**49.18**	**49.37**	**48.58**	**0.38%**	-1.63%
Broilers	36.52	36.84	36.11	0.87%	-2.02%
Total Poultry**	**42.59**	**43.09**	**42.39**	**1.16%**	-1.65%
Total RedMeat & Poultry	**91.77**	**92.46**	**90.97**	**0.75%**	-1.64%

Source: USDA-WASDE, January 2012 Report

Tight Stocks Since 1995 in Feed Crops Despite Large Crops



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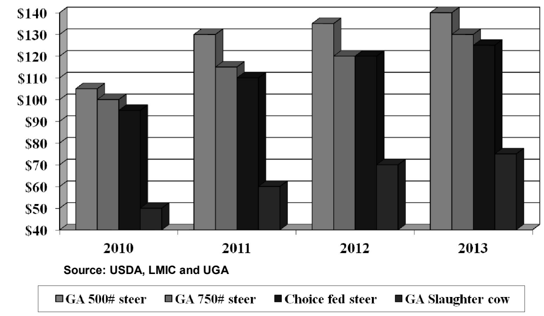
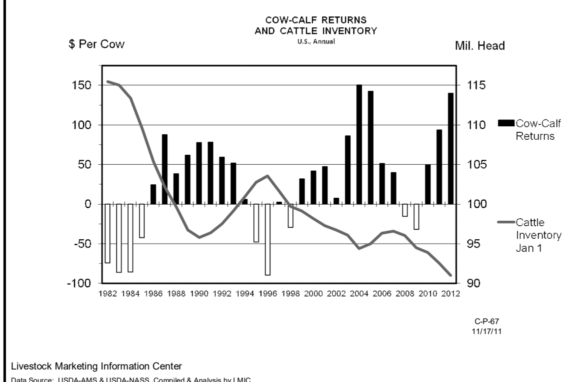
Beef Cattle Outlook for 2012

Economic (Demand)Outlook

- Positives
  - Low interest rates
  - Little inflation pressure
  - Generally strong corporate balance sheets
  - Recently improving hiring prospects
- Negatives
  - Uncertainty over European situation
  - Federal debt/deficit
  - Political uncertainty

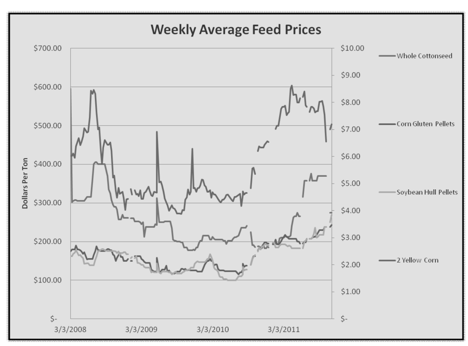
Projected Prices 2011 and Beyond





Don’t look for fertilizer prices to go down

Feedstuffs will be higher also



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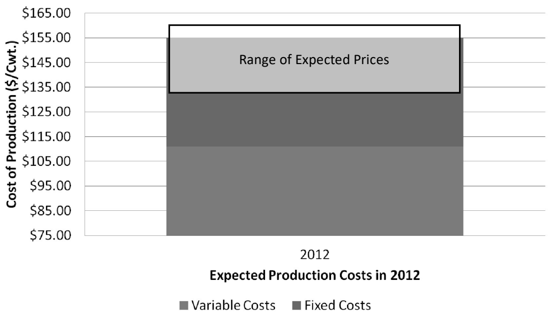
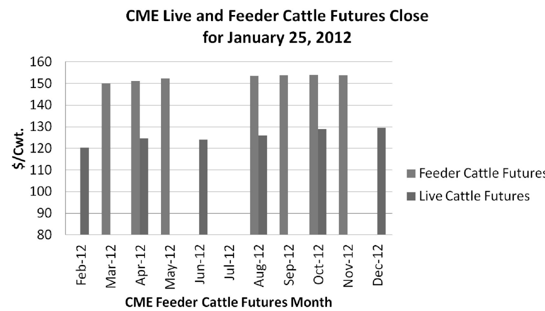
Cost of production will be higher but should be manageable for most



There are opportunities to manage risk



Beef Cattle Outlook Summary

Fewer cows = less beef
-less competing meats
<u>+slowly improving economy</u>
Higher Prices in 2011

Beef Cattle Outlook

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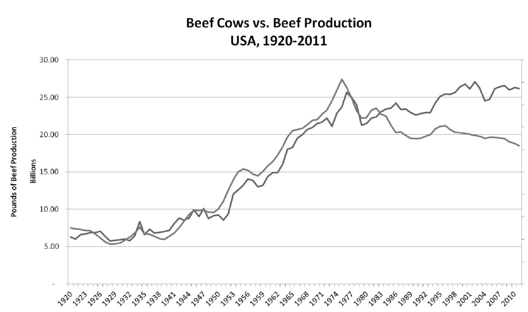
Can we produce enough beef?



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