



Red Meat and Poultry Outlook



Curt Lacy

Extension Economist-Livestock



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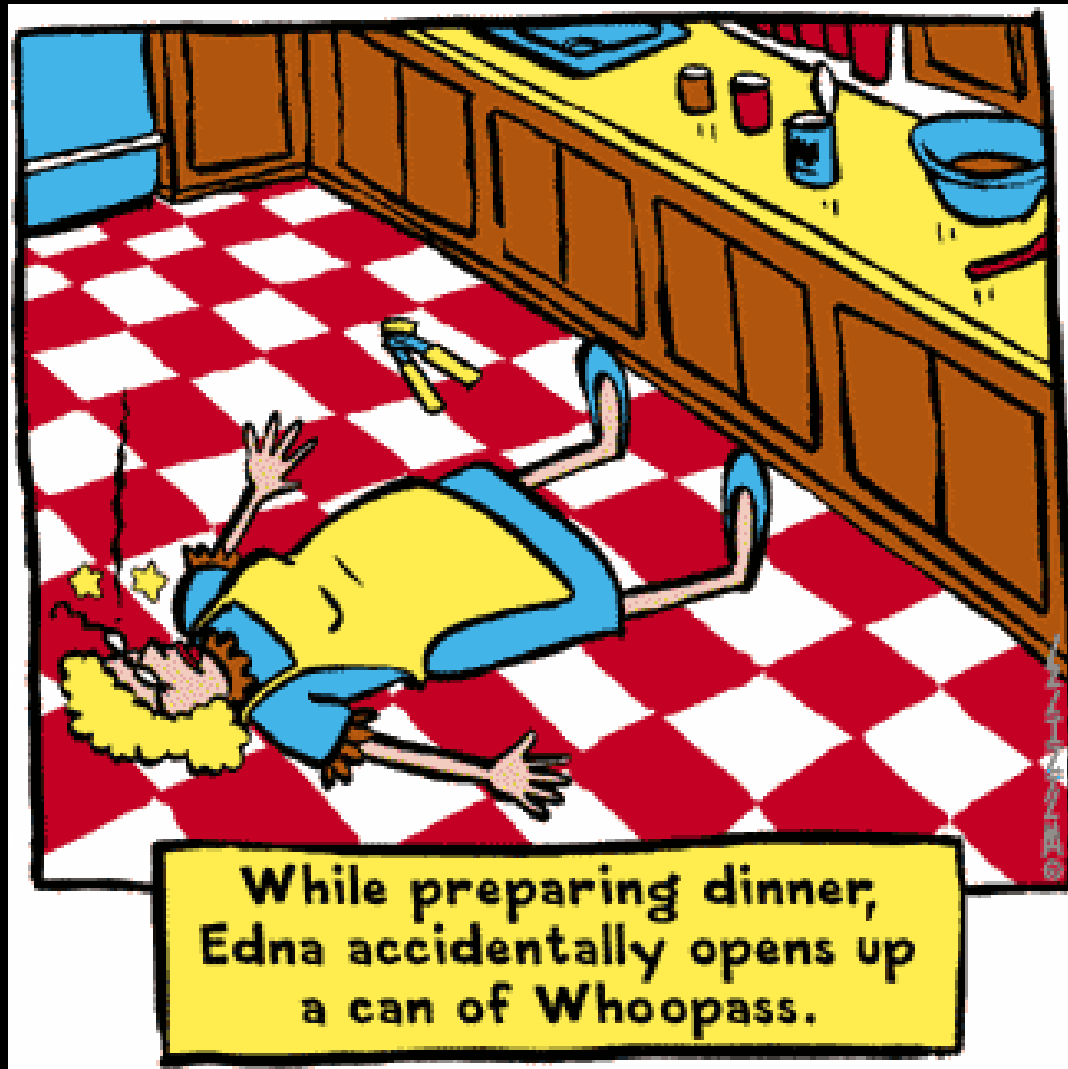
The University of Georgia

Overview

- Current meat S&O
- Beef S&O
- Pork
- Poultry

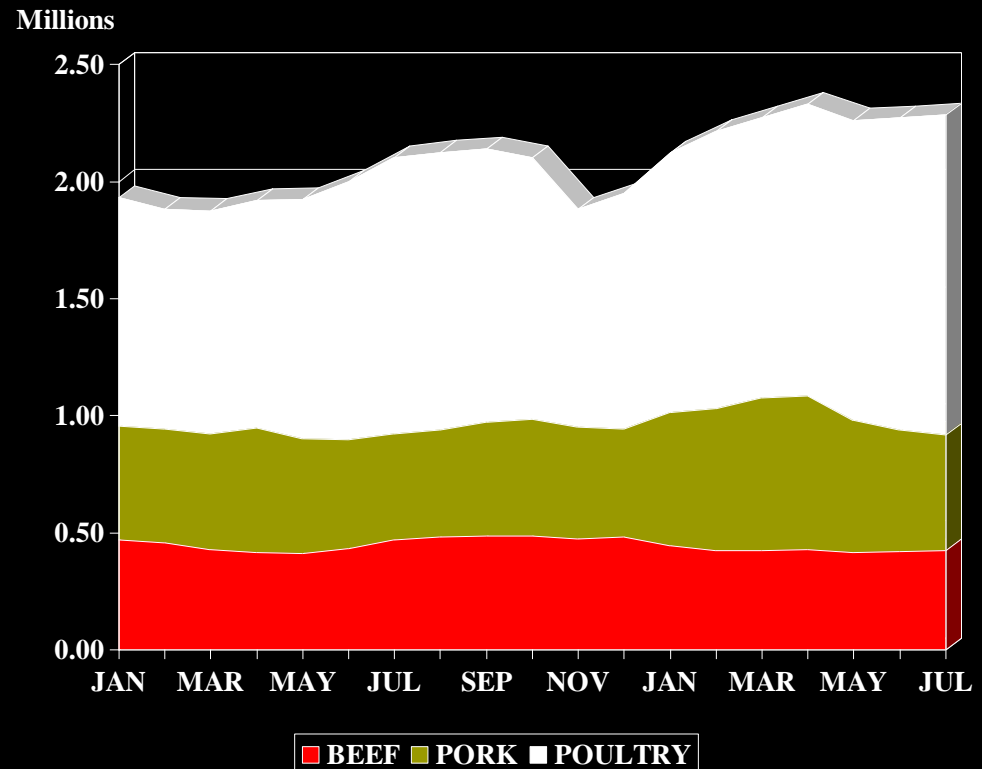


Livestock producers' situation



Red Meat and Poultry in Cold Storage

- Total number 9% higher compared to 07.
- Red meat unchanged
 - Beef -9%
 - Pork +8%
- Poultry +16%
 - Chicken +12%
 - Turkey +23%



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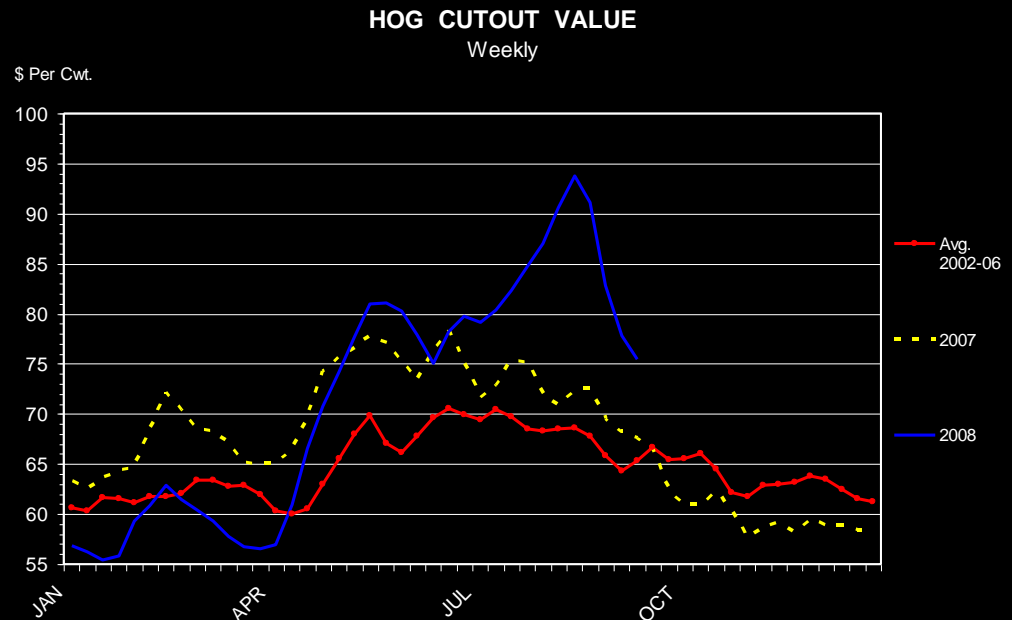
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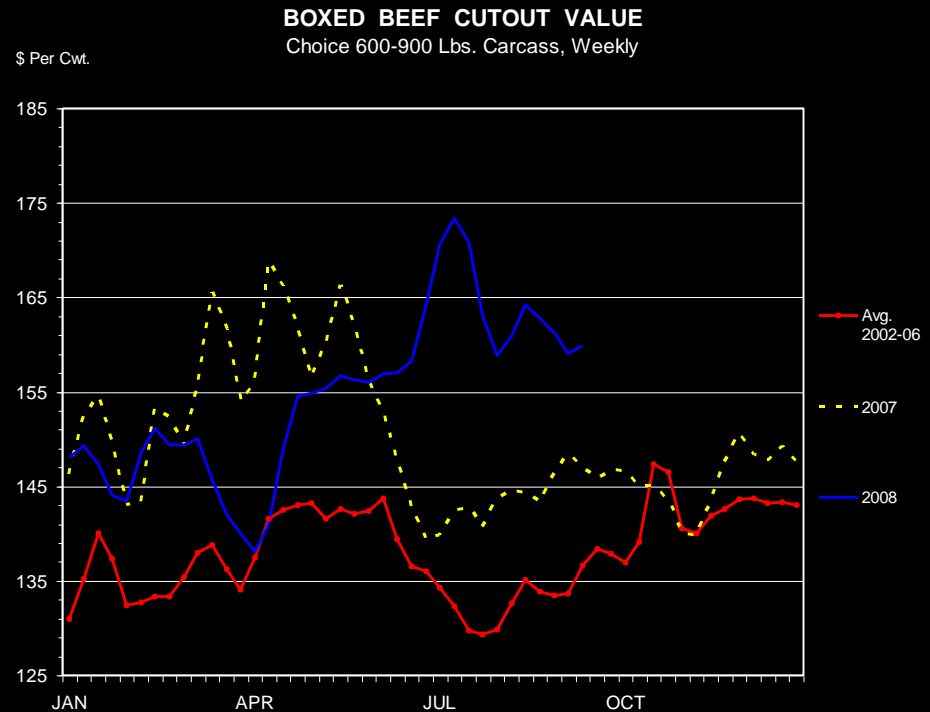
Pork and Beef prices are higher compared to last year.

- Pork cutout has been record high lately
 - Major strength from hams and loins.
 - Ribs and bellies are off from 2007.



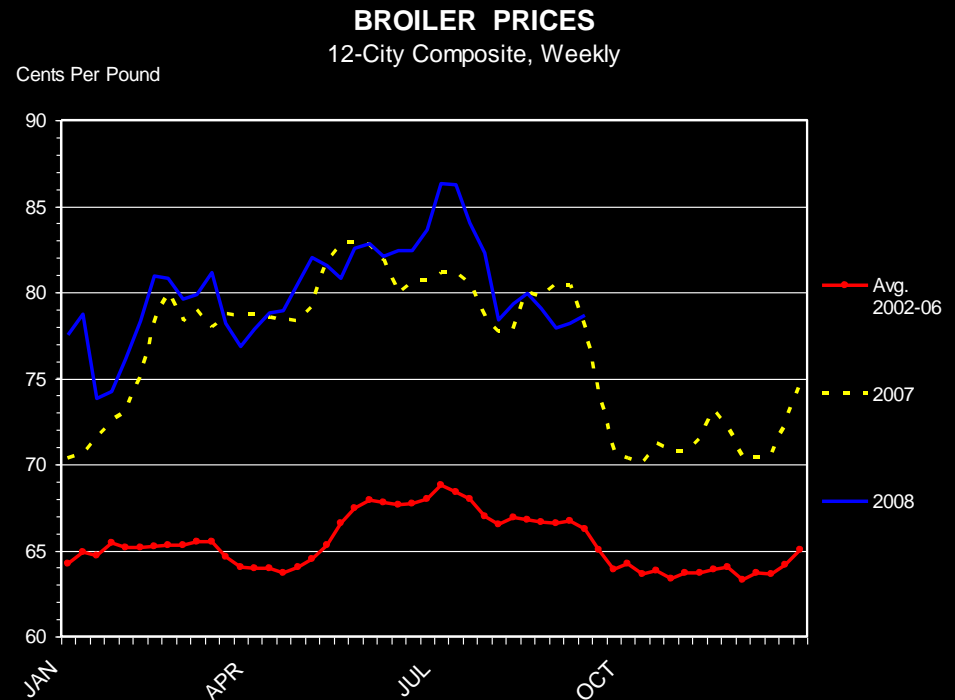
Pork and Beef prices are higher compared to last year.

- Beef below last year for most of 2008.
- High likely occurred in early July.



Broiler wholesale prices have also been strong.

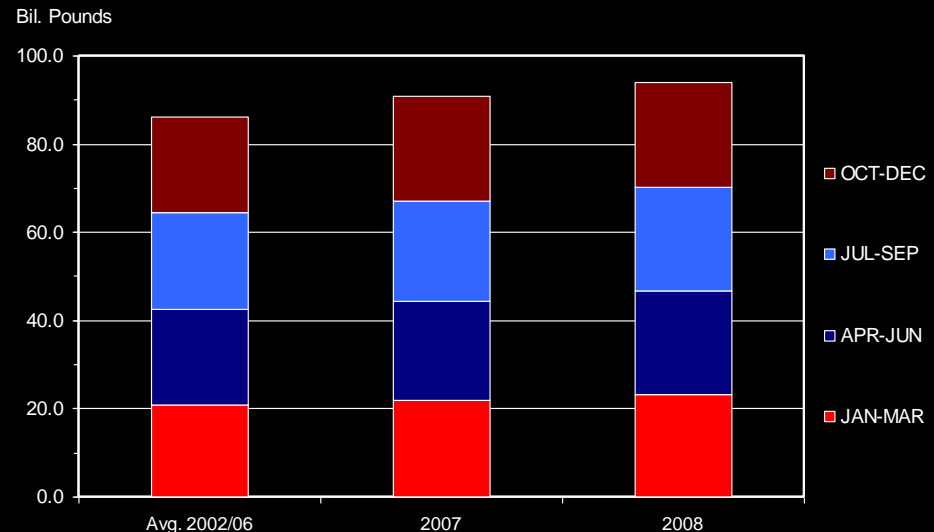
- SOME cost increases have been passed on .
- However, pressure from pork and beef has prohibited passing all of those costs along.



Total Meat Supplies are Higher

- Total + 4.7% YTD compared to 2007.
- Beef = +2.0%
- Poultry +4.4%
- Pork +9.5%

TOTAL RED MEAT & POULTRY PRODUCTION
Quarterly



Short Story

- More meat.
- Higher prices earlier in the year.
- However, a weak economy and burdensome supplies in Q2 and Q3 have conspired to depress wholesale prices.

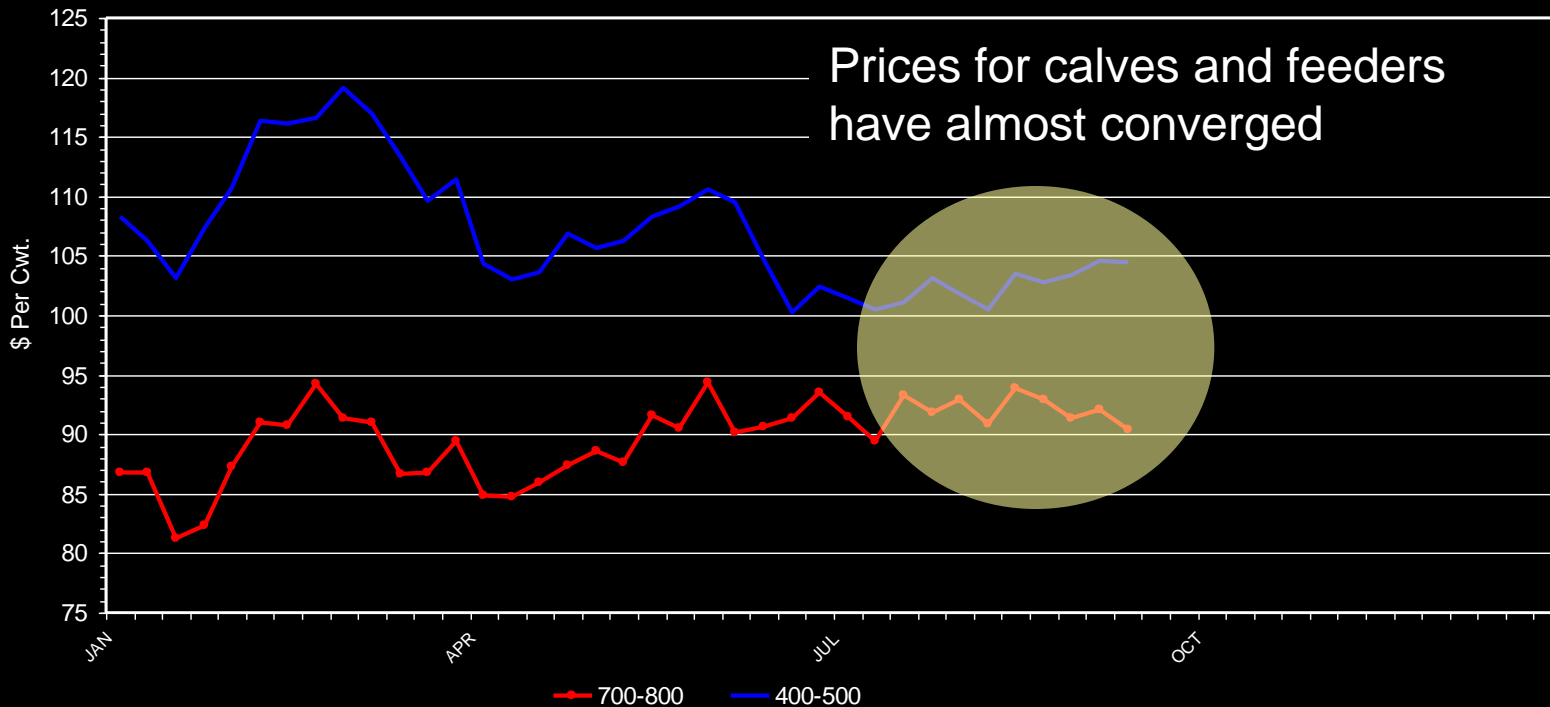


Beef Cattle Situation & Outlook



Feeder Cattle Situation – A Tale of 2 Weights

MED. & LRG. #1 & 2 STEER CALF PRICES
400-500 Pounds & 700-800 Pounds, Georgia, Weekly



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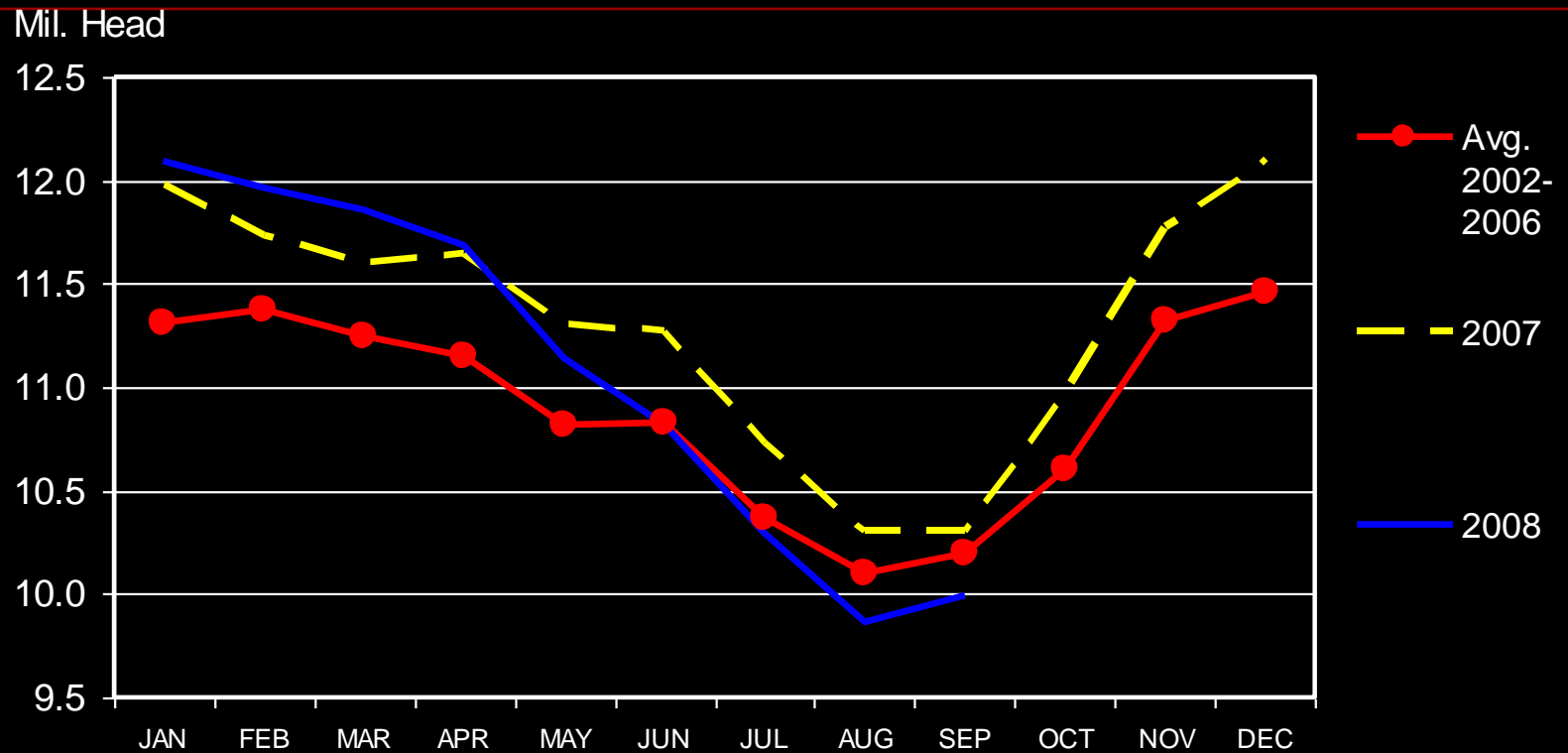
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CATTLE ON FEED

US Total, Monthly



Livestock Marketing Information Center

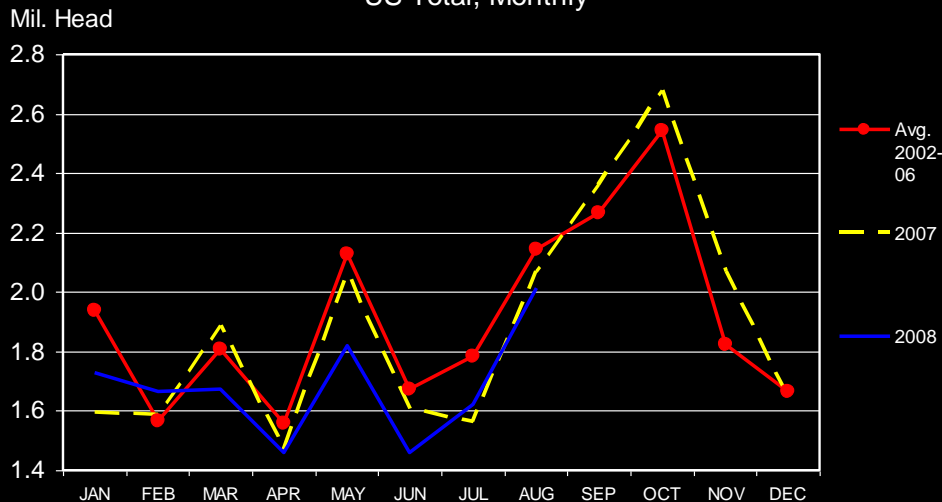
Data Source: USDA/NASS

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Lower Cattle Supplies in the Fall

NET FEEDLOT PLACEMENTS
US Total, Monthly



- Net Placements lower.
- Feeders weighing more than 800# up.
- Feeders weighing less than 600# down.

Livestock Marketing Information Center

Data Source: USDA/NASS

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Projections for Remainder of 2008 and Early 2009

Quarter	400-500# Steers*	700- 800# Steers*	Live Cattle (5 Area)	Cull Cows* 85- 90%
Q3-2008	\$99-\$105	\$92-\$98	\$90-\$95	\$52-\$58
Q4-2008	\$90-\$98	\$85-\$93	\$85-\$93	\$42-\$48
Q1-2009	\$100-\$110	\$85-\$95	\$93-99	\$46-\$54
Q2-2009	\$105-\$120	\$95-\$103	\$100-\$107	\$52-\$60



2008/2009 Summary

- An improved economy would help beef demand.
- Larger total meat supplies in Q3 and Q4 could be troublesome.
- Corn crop (prices) vs. Live Cattle prices will continue to drive the train for feeder cattle prices.

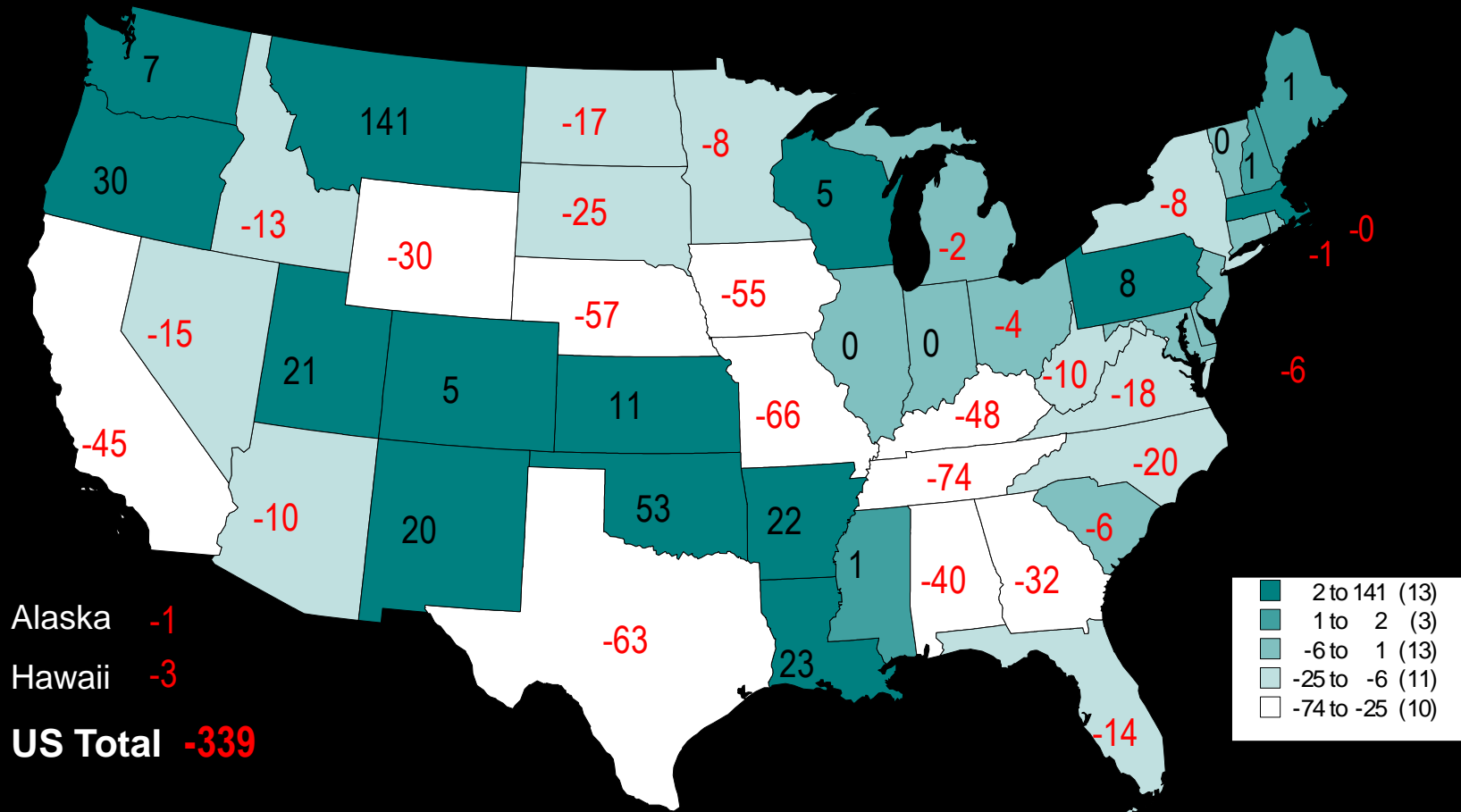
Marketing Alternatives This Summer and Fall

- Current pricing scenario favors adding as much weight as possible.
- Stockering or backgrounding may be economical.
- Retained ownership may be profitable this year.

Longer Term Outlook



CHANGE IN BEEF COW NUMBERS JANUARY 1, 2007 TO JANUARY 1, 2008 (1000 Head)

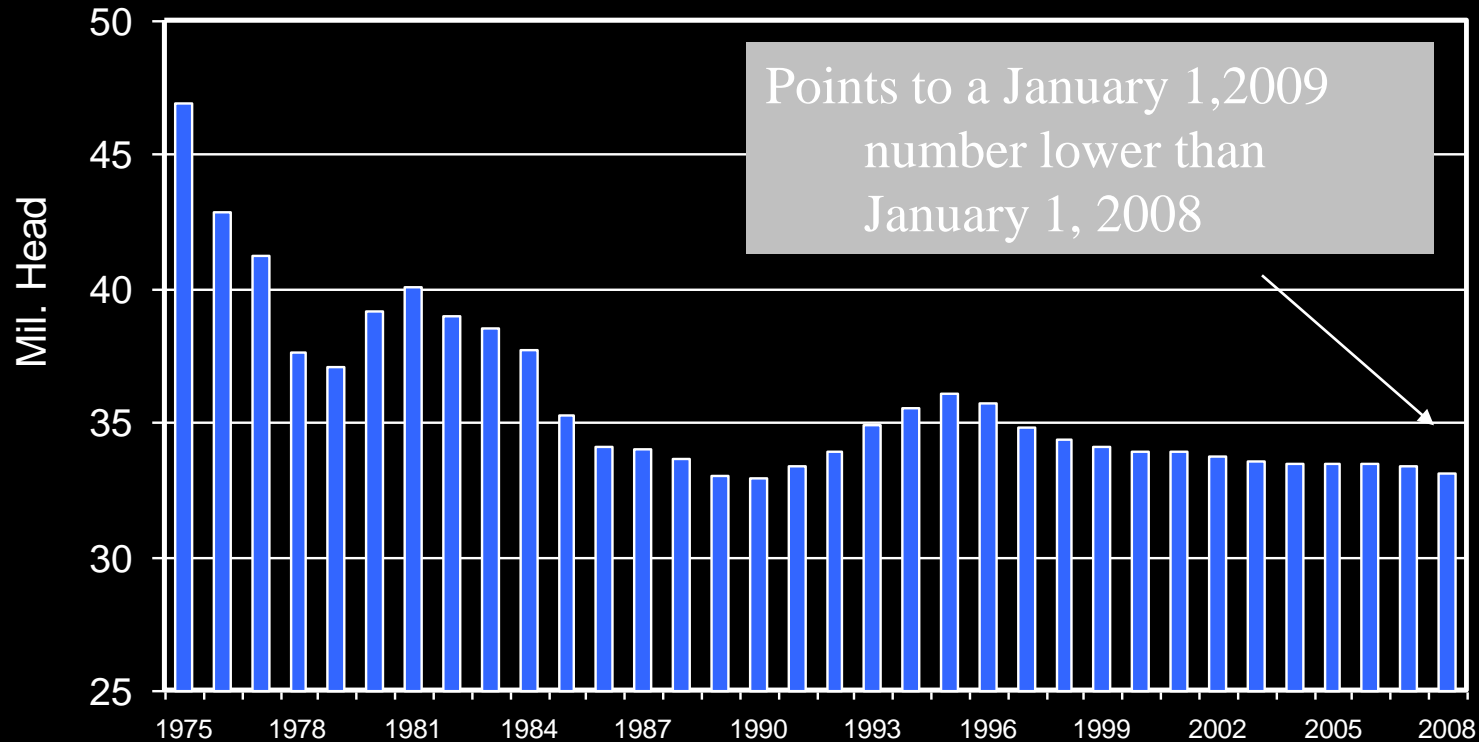


Livestock Marketing Information Center

Data Source: USDA/NASS

JULY 1 BEEF COW INVENTORY

U.S., Annual



Livestock Marketing Information Center

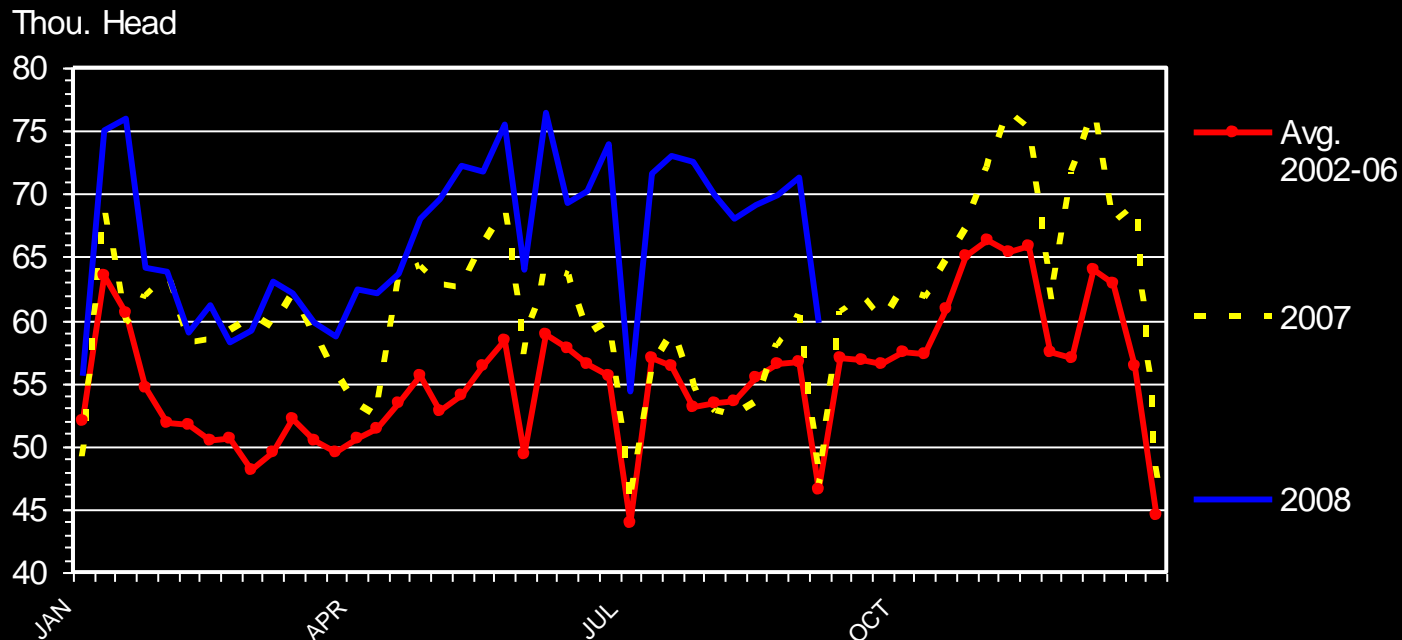
Data Source: USDA/NASS

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Drought and high inputs continue to cause herd reductions

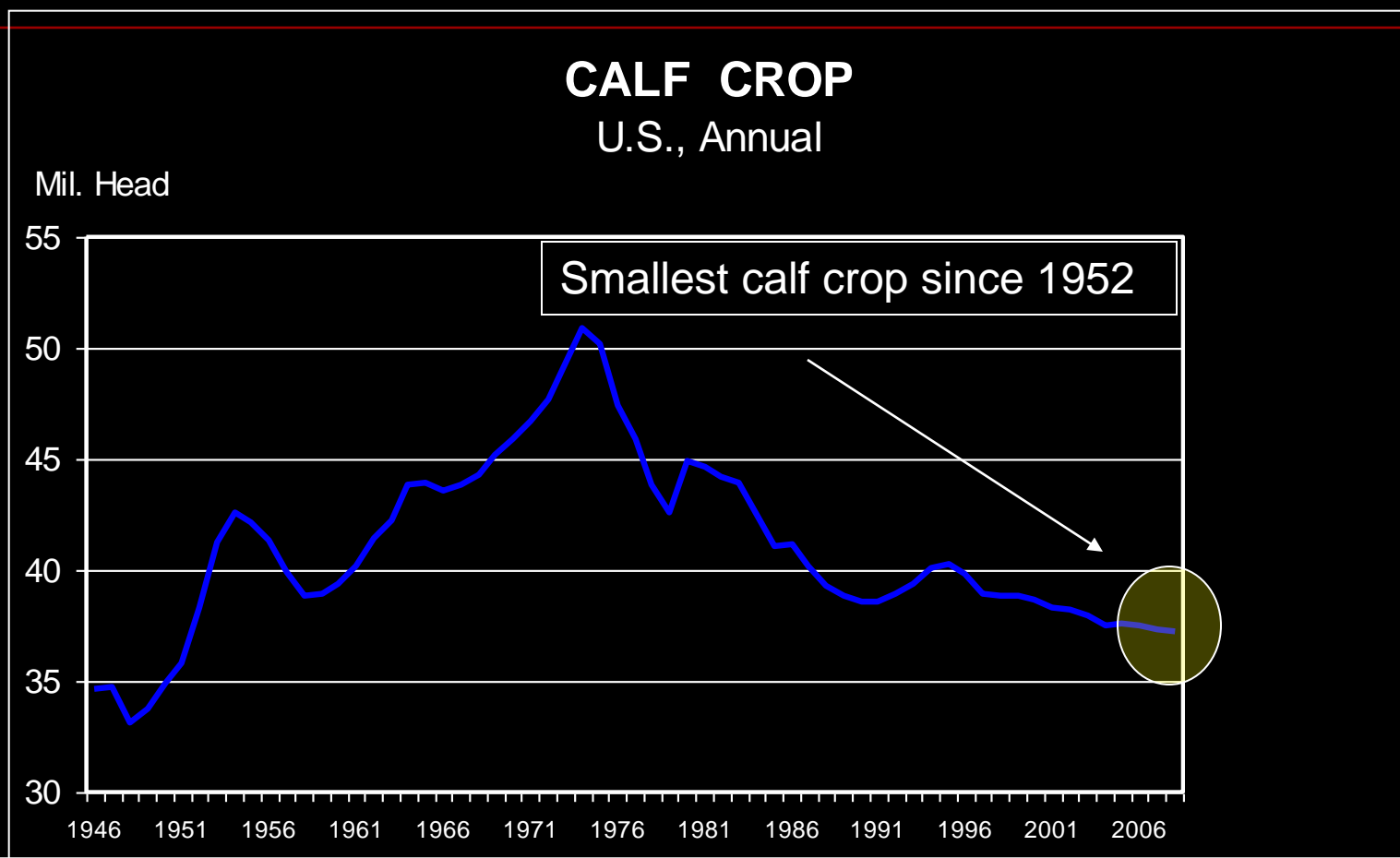
BEEF COW SLAUGHTER Federally Inspected, Weekly



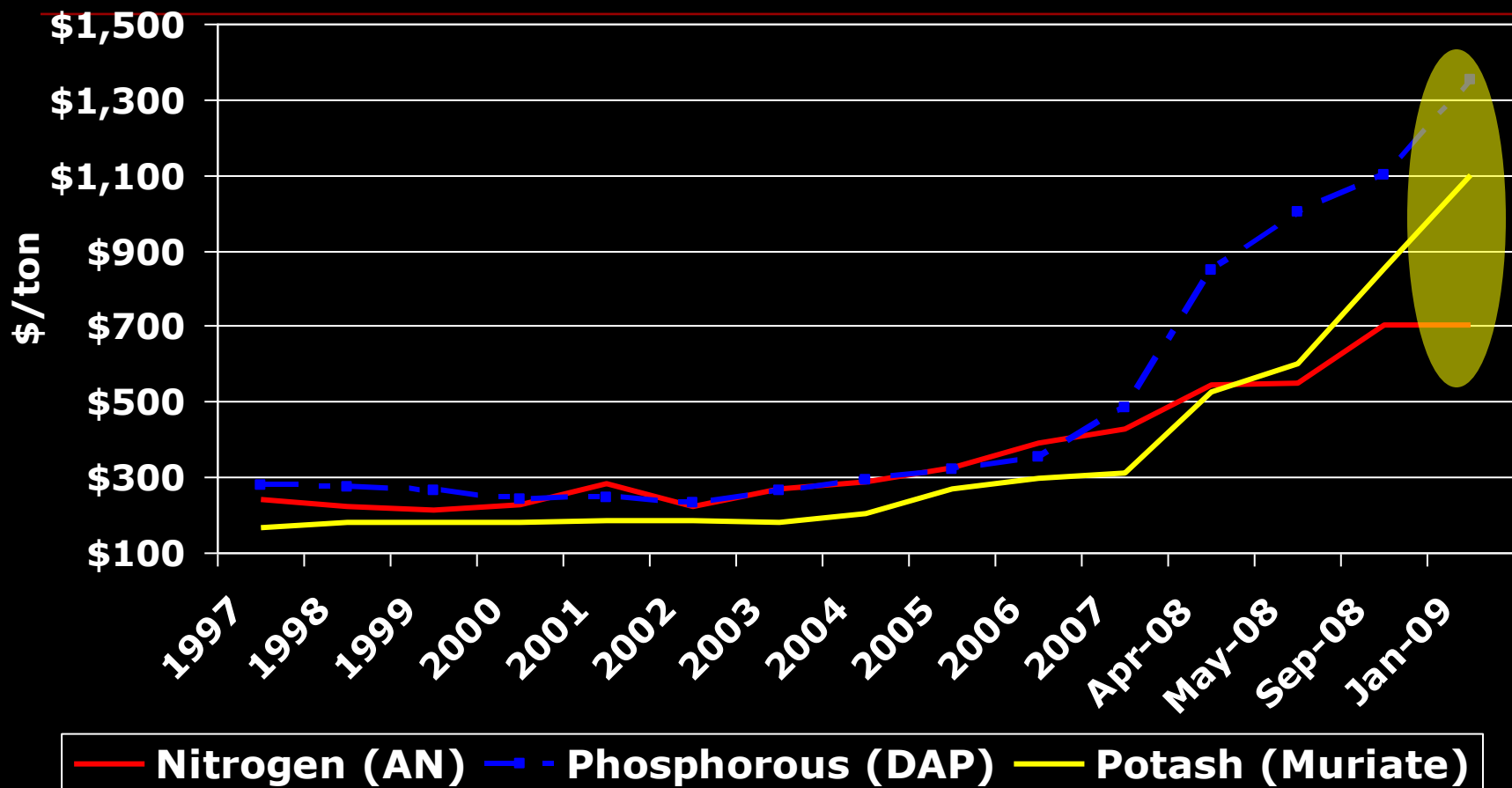
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Fewer Cows = Smaller Calf Crop → Fewer Supplies



Fertilizer Prices 1997-2008 (and 2009)



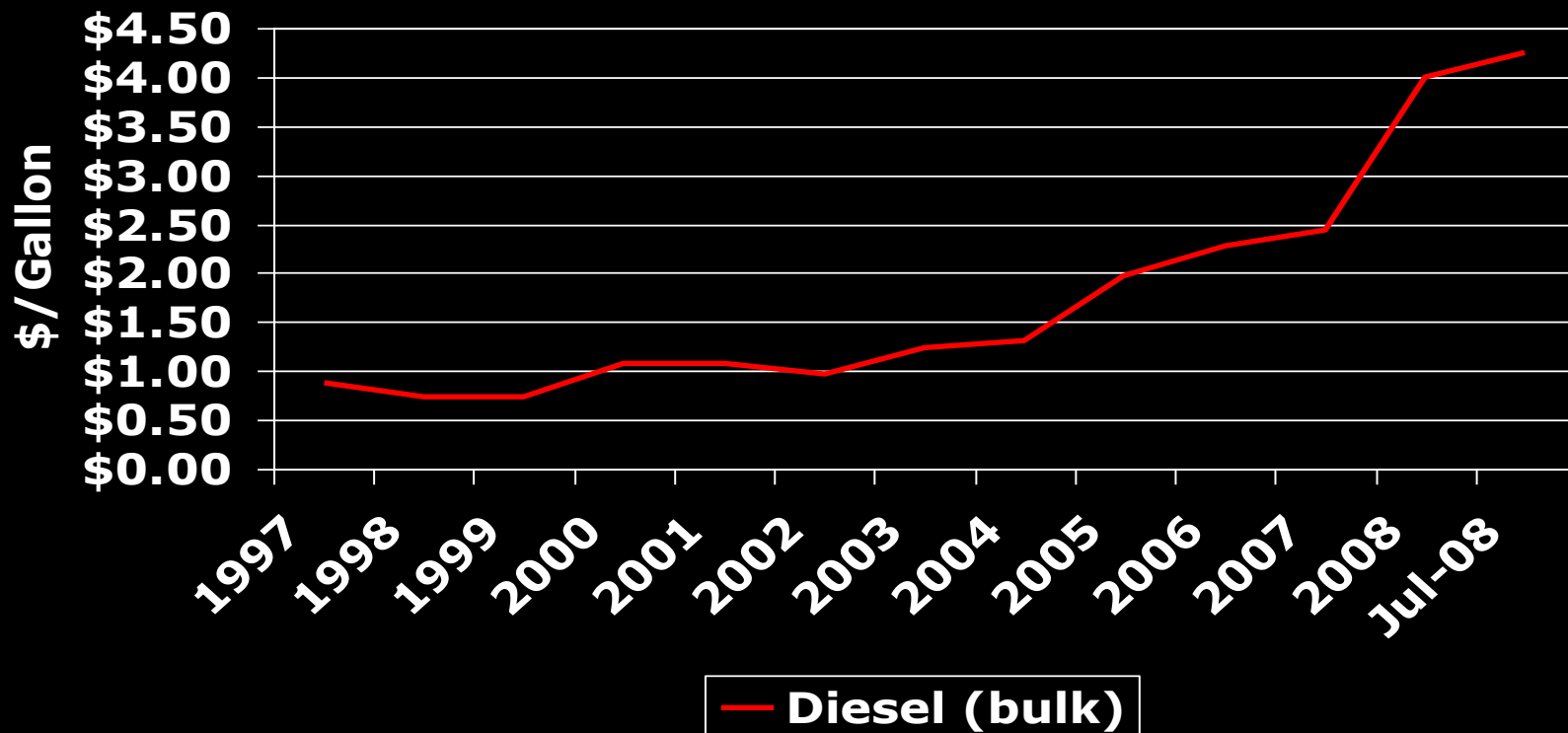
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Fuel Prices 1997-2008



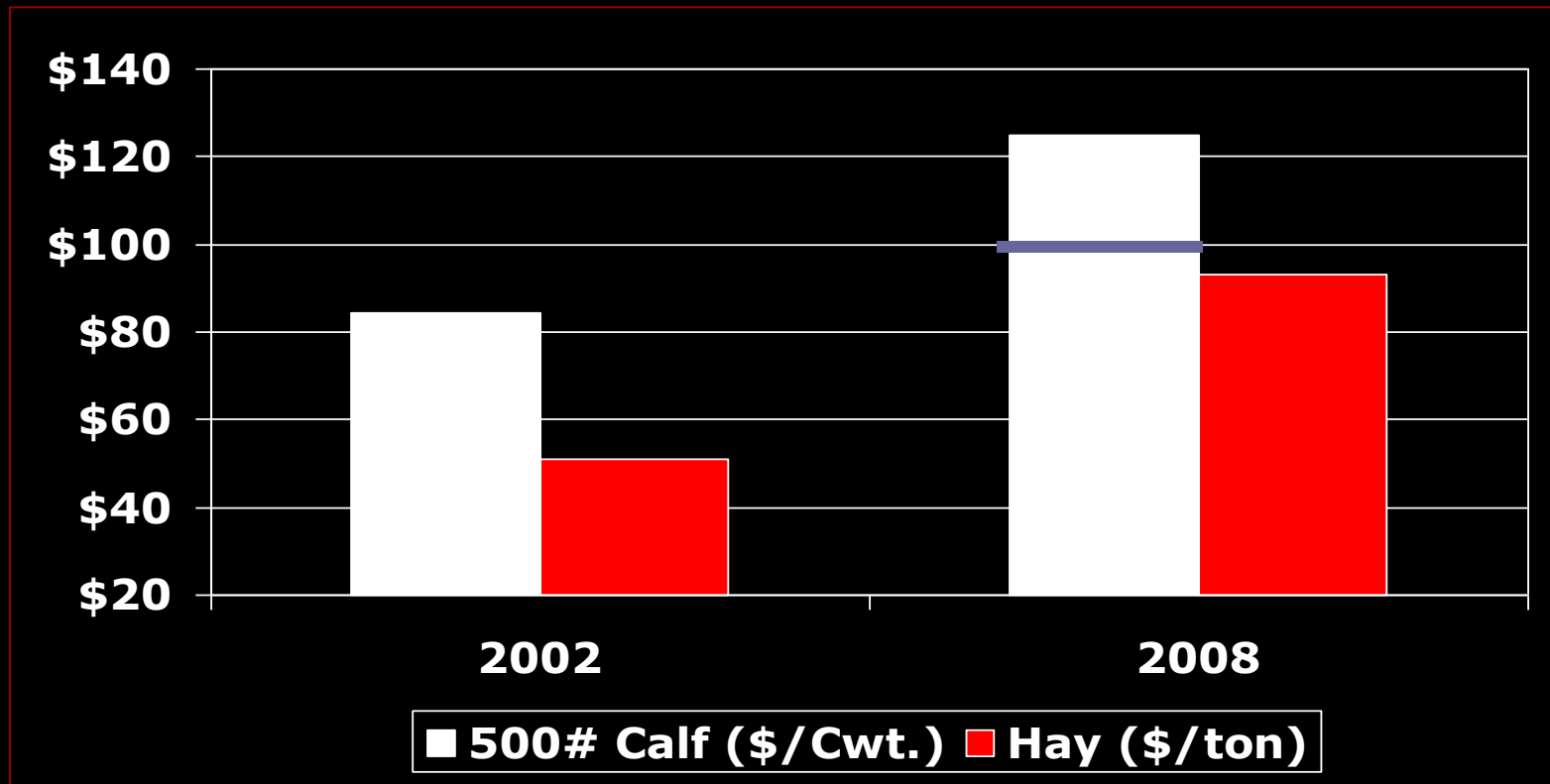
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Impact of Fuel & Fertilizer Prices on Cost of Production



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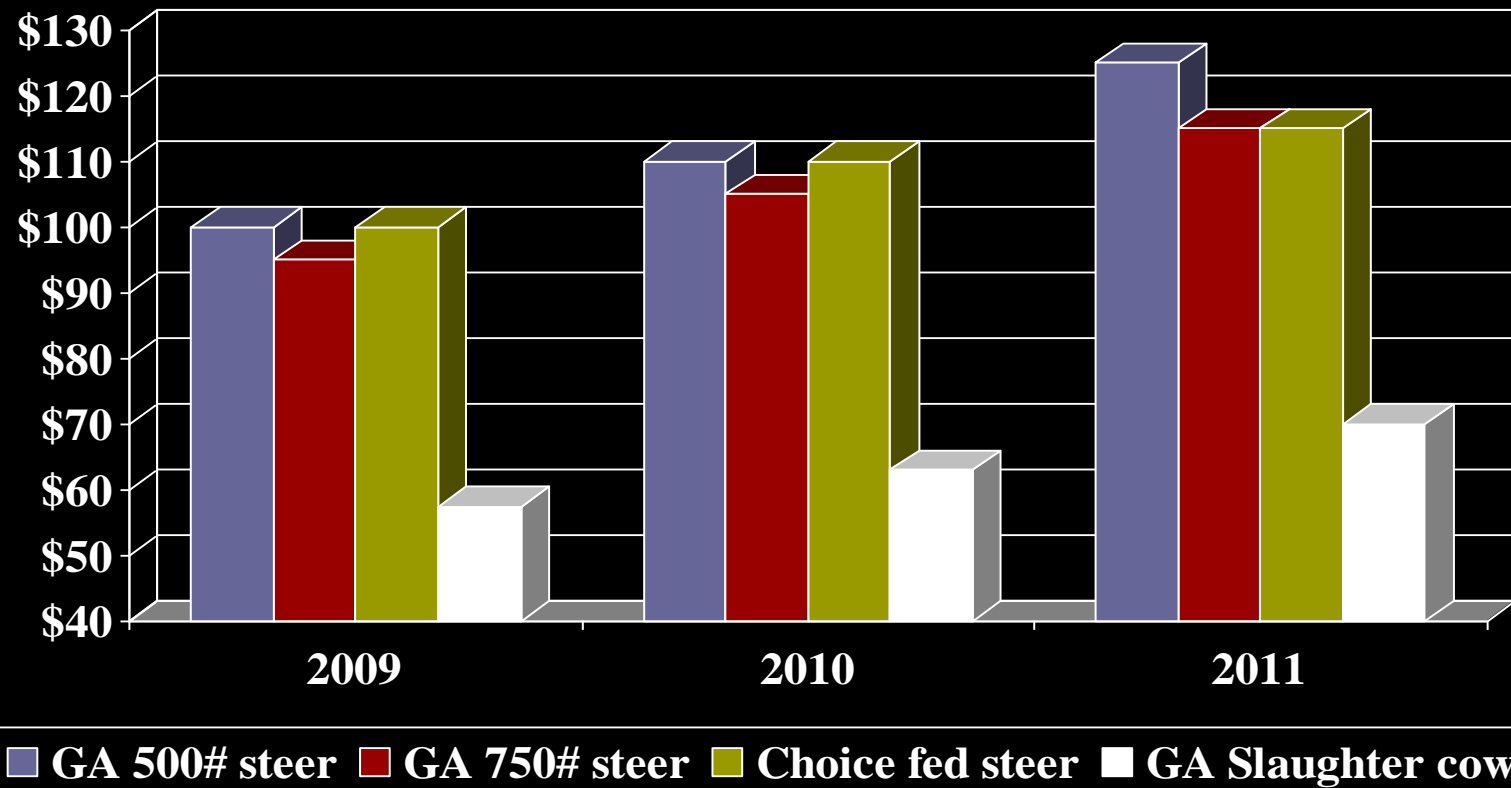
Incentives to Expand Beef Herd

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Projected Prices 2009 and Beyond



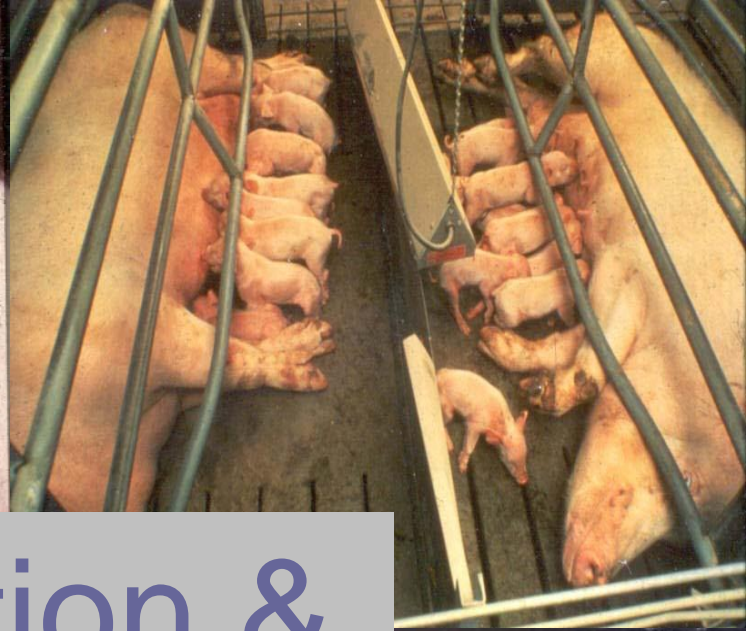
Source: USDA, LMIC and UGA

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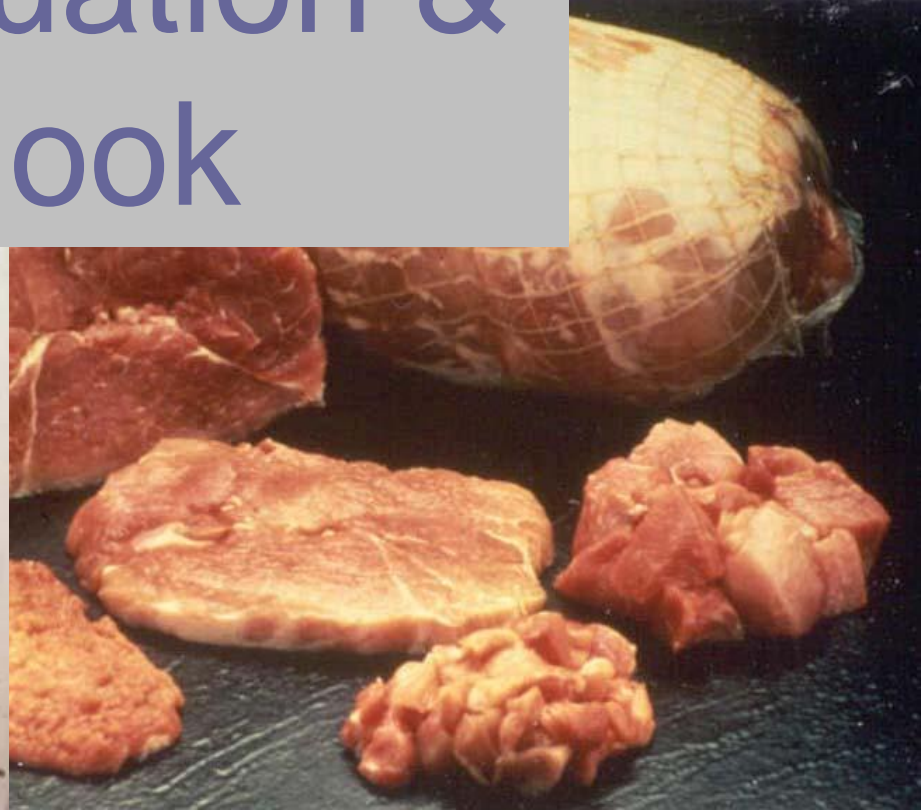
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Other Issues

- Southeast
 - More reliant on fertilizer
 - Wider basis
 - Increasing land values
- Increasing demand for beef from alternative production systems
 - Natural
 - Organic
 - Grass-fed
- Increasing demand for locally produced foods
- Animal welfare
- MCOOL/NAIS



Pork Situation & Outlook



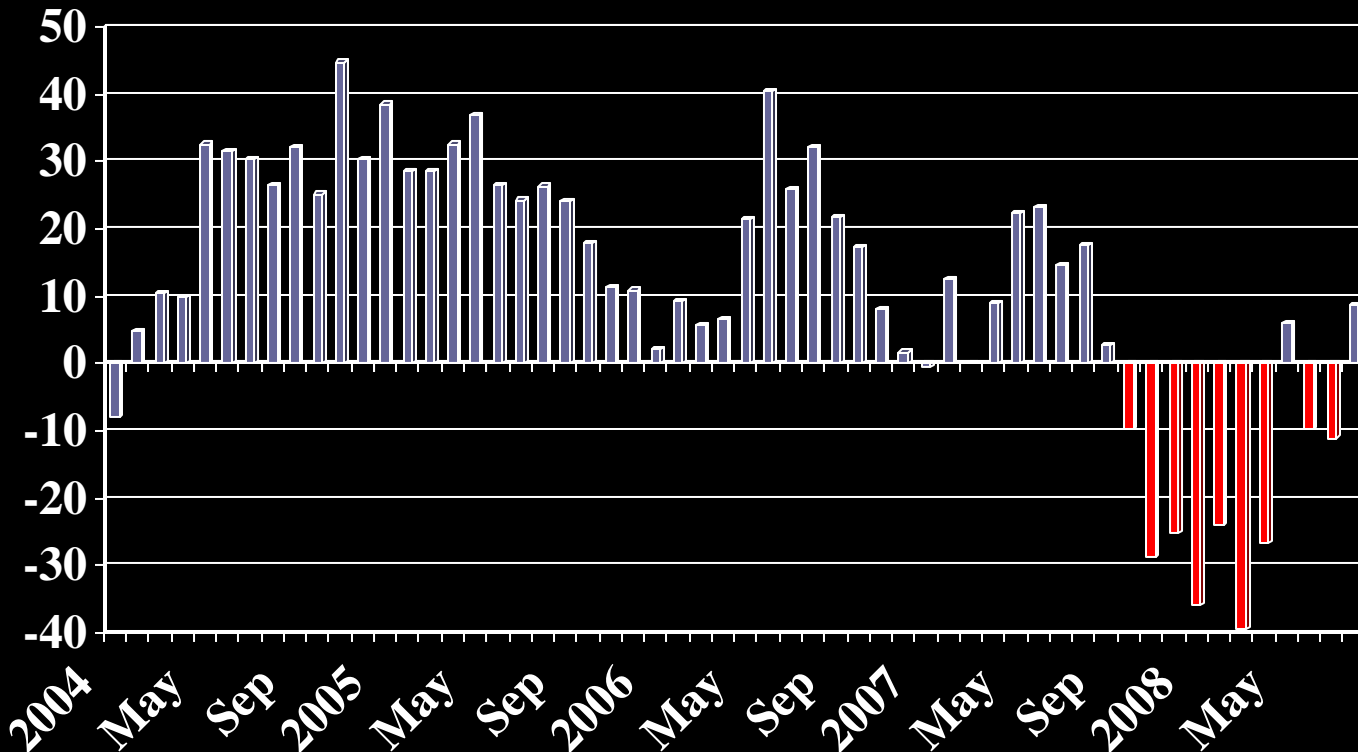
Pork Situation



Pork Situation

- Record supplies in 2008.
- UNBELIEVABLE export demand has supported prices.
- Historically high input prices have certainly taken a toll on profits.

Returns to farrow-finish hog producers have been negative for most of the past year!



Source: IA State University

Red Meat and Poultry Outlook

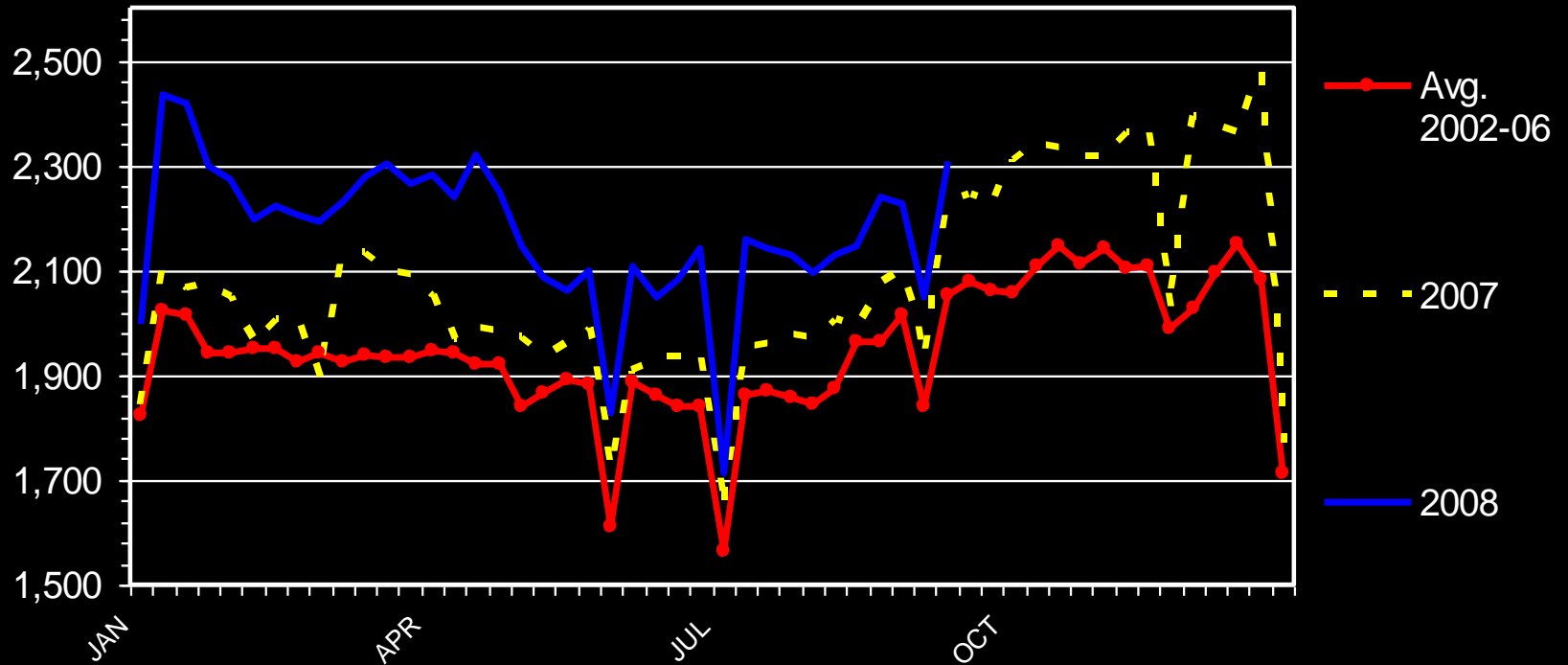
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HOG SLAUGHTER

Federally Inspected, Weekly

Thou. Head



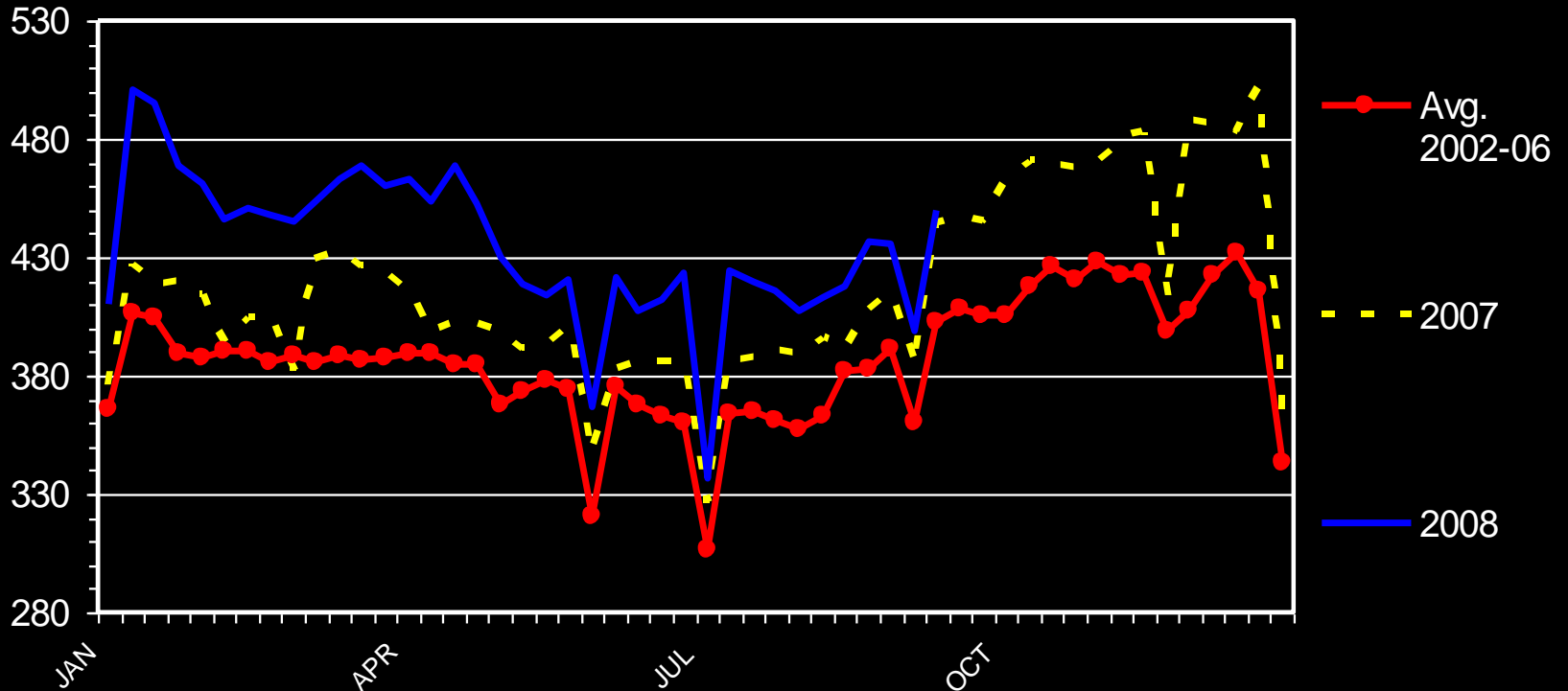
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PORK PRODUCTION

Federally Inspected, Weekly

Mil. Pounds

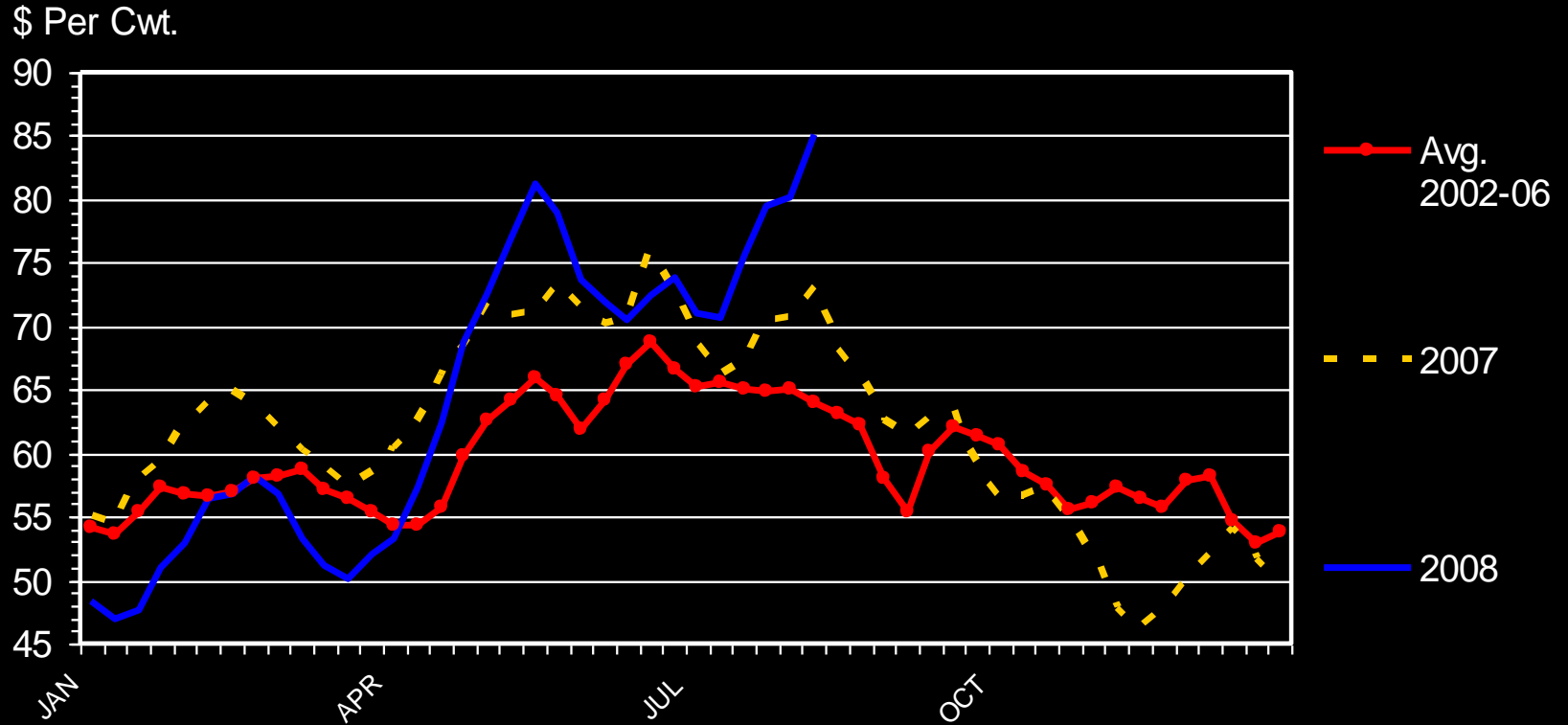


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BARROW AND GILT PRICES

Iowa - So. Minnesota, Carcass Base Price, Weekly



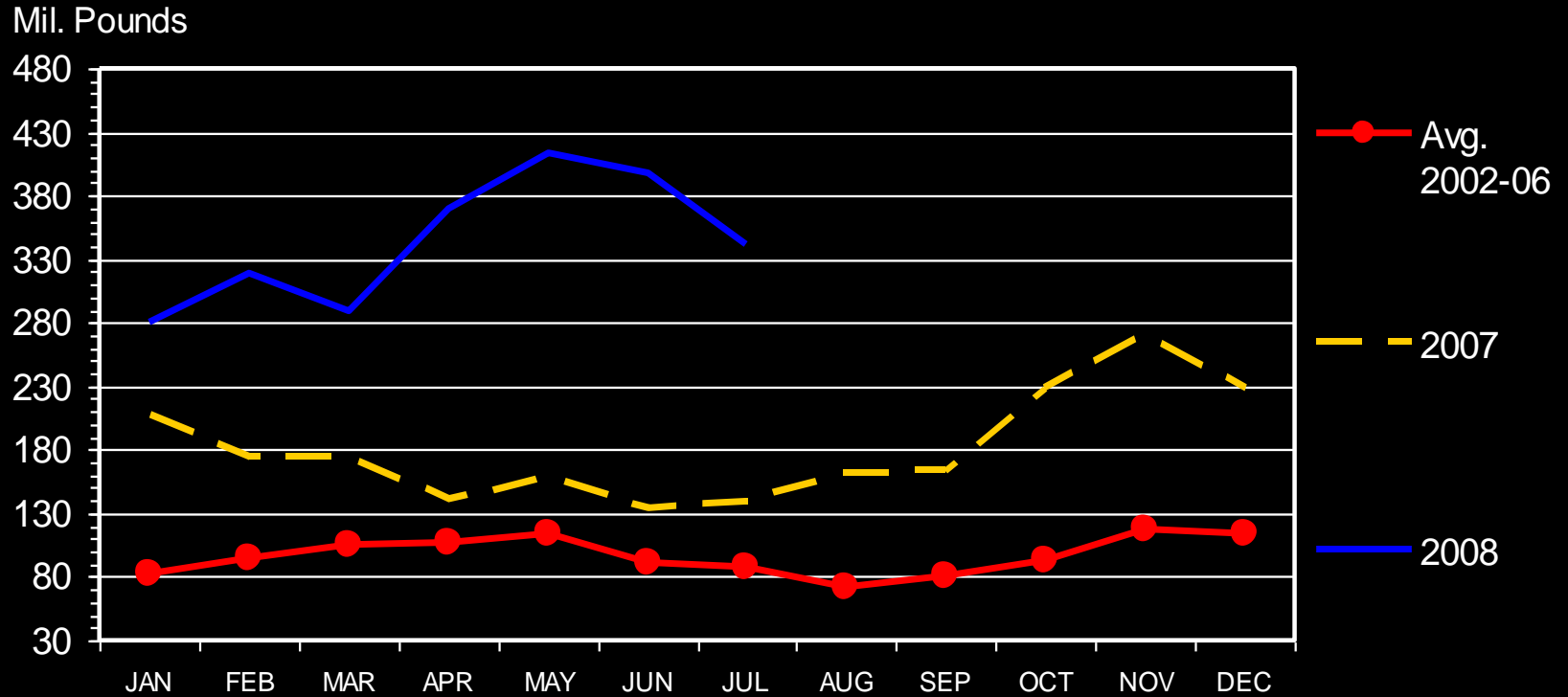
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U S NET PORK EXPORTS

Carcass Weight, Monthly



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Pork Summary

- Record supplies of pork in 2008.
- Supplies will be reduced some in 2009.
- Packing capacity may be a concern this fall.
- Prices will be pressured this fall.
- Prices should be stable to higher next year.
- High input prices will continue to plague producers.

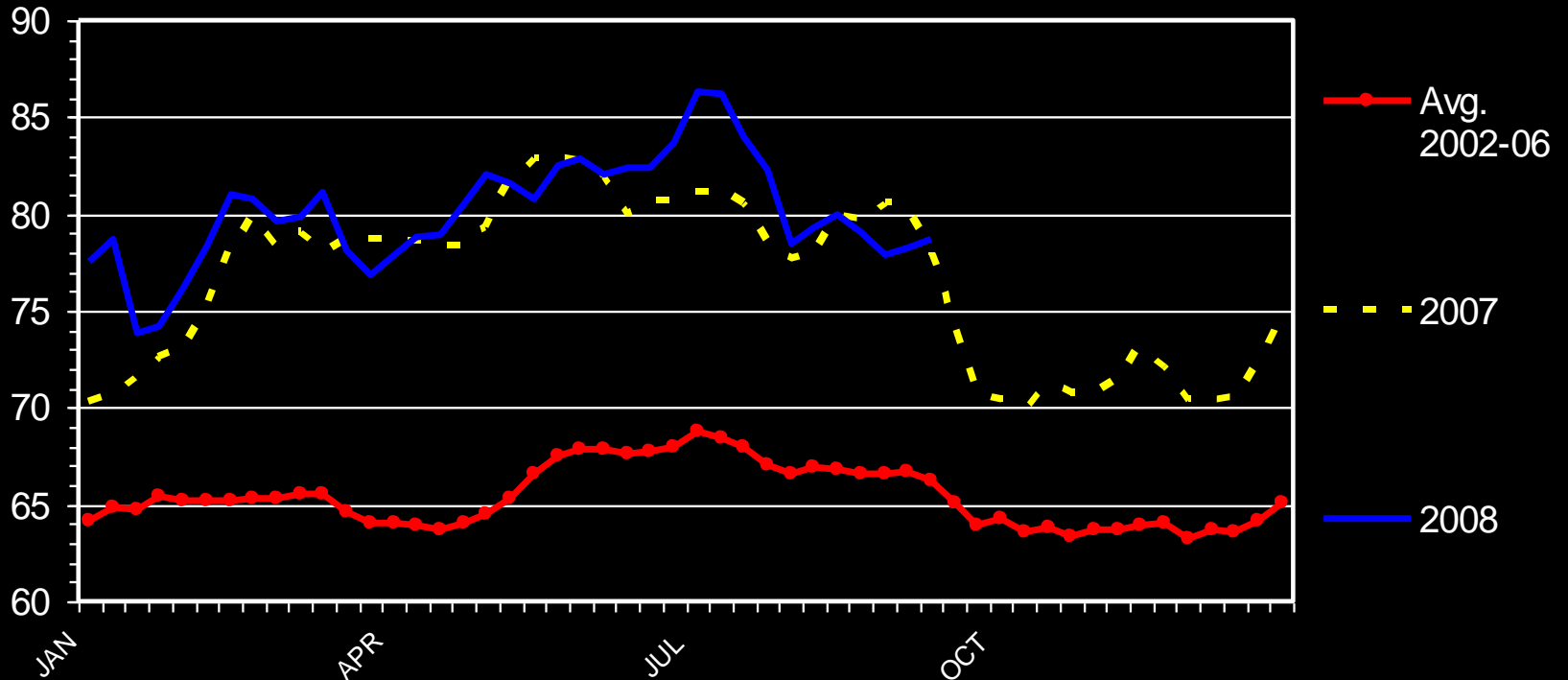


Poultry Situation and Outlook

BROILER PRICES

12-City Composite, Weekly

Cents Per Pound



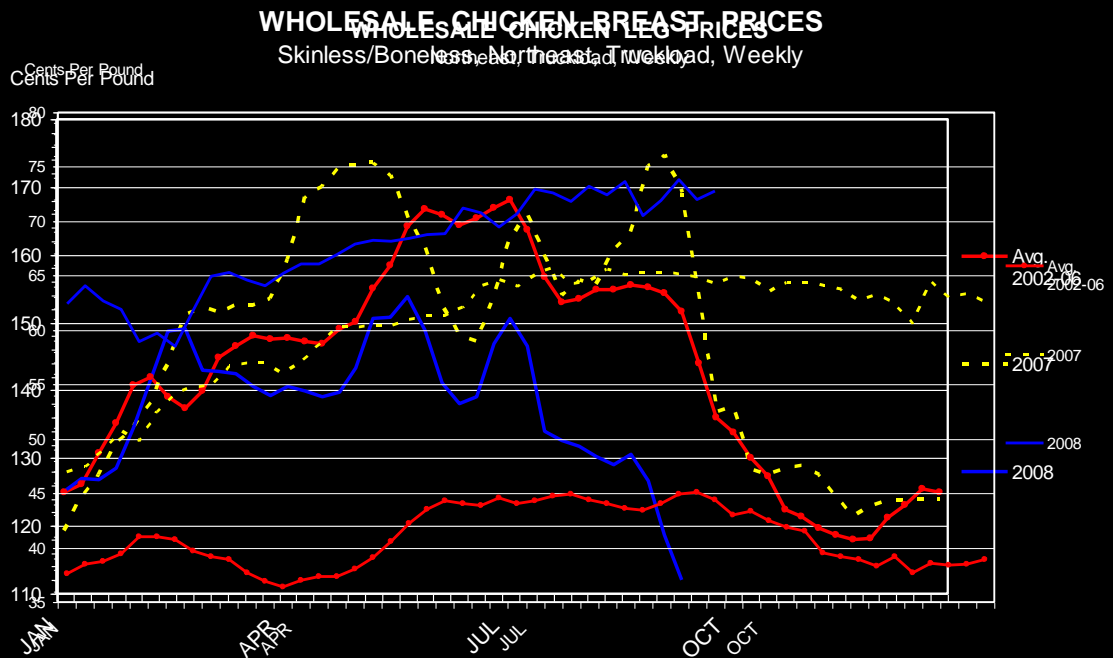
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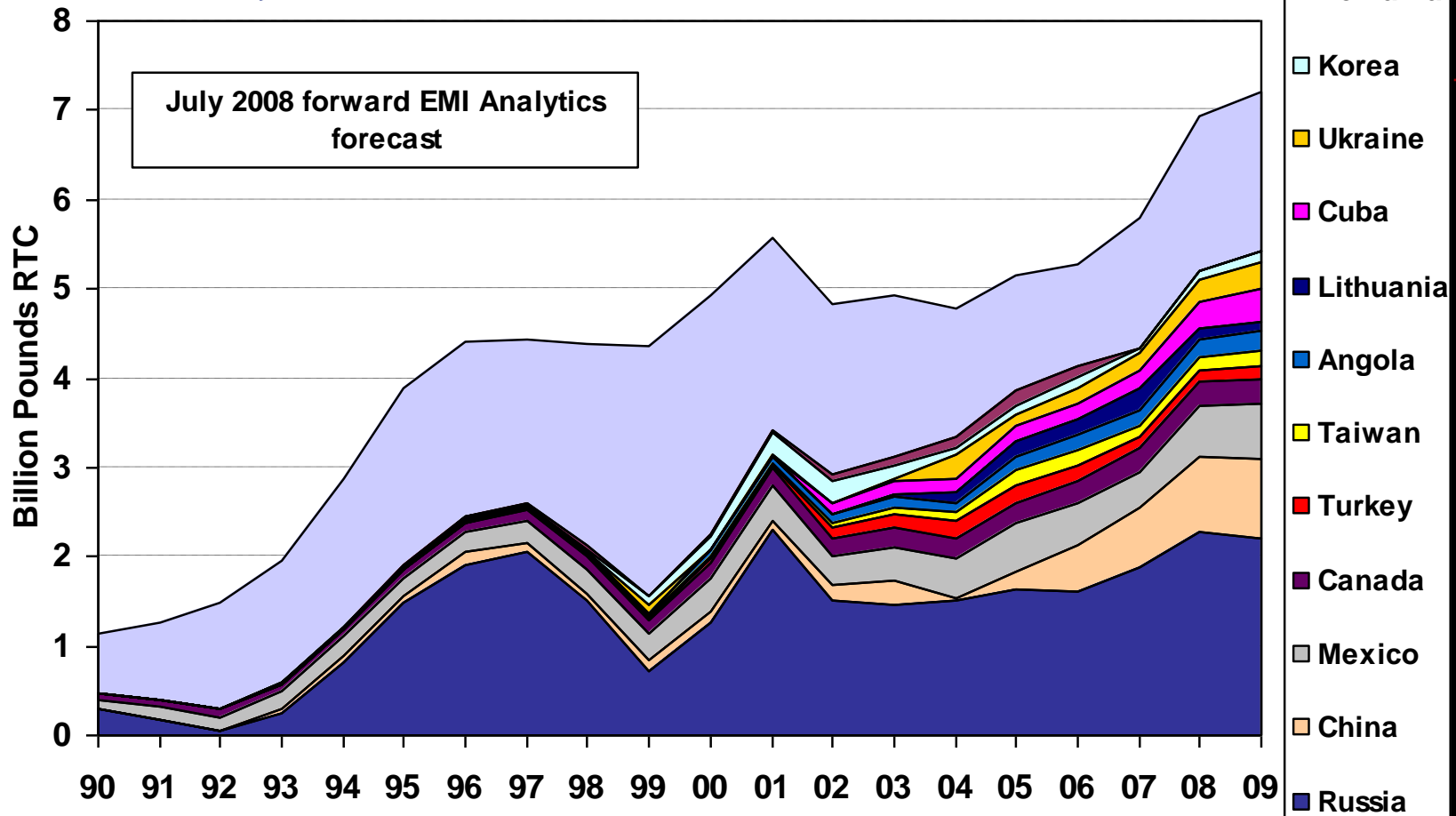
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These prices do not tell the whole story!

- Breast prices are running 10.5% lower than last year.
- Leg and wing prices are carrying the water for broilers this year.
- Exports have played a major role in moving the dark meats.



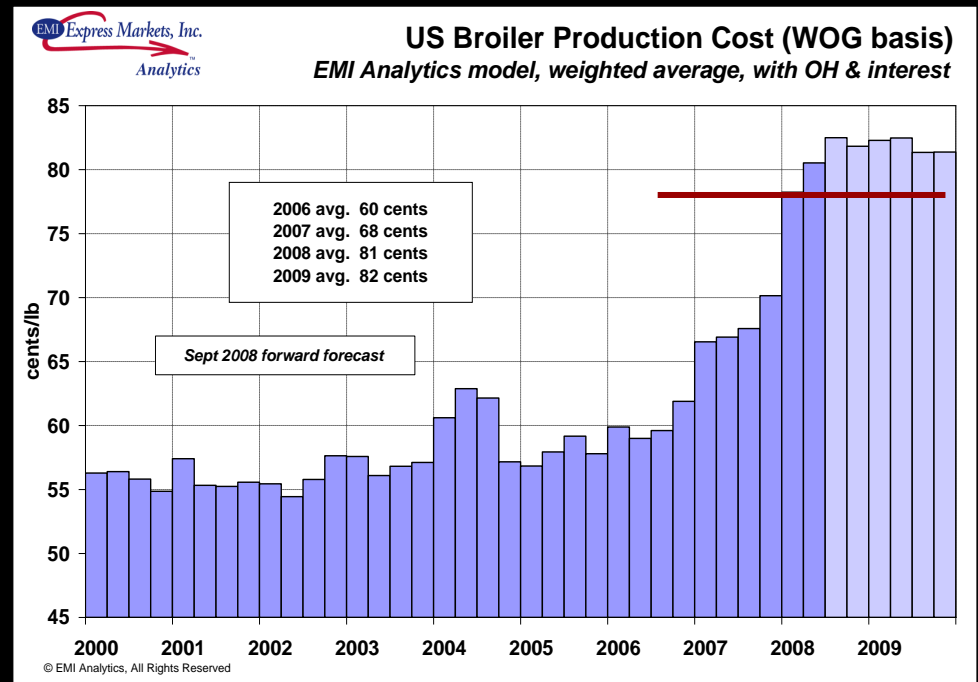
US Broiler Exports, Annual



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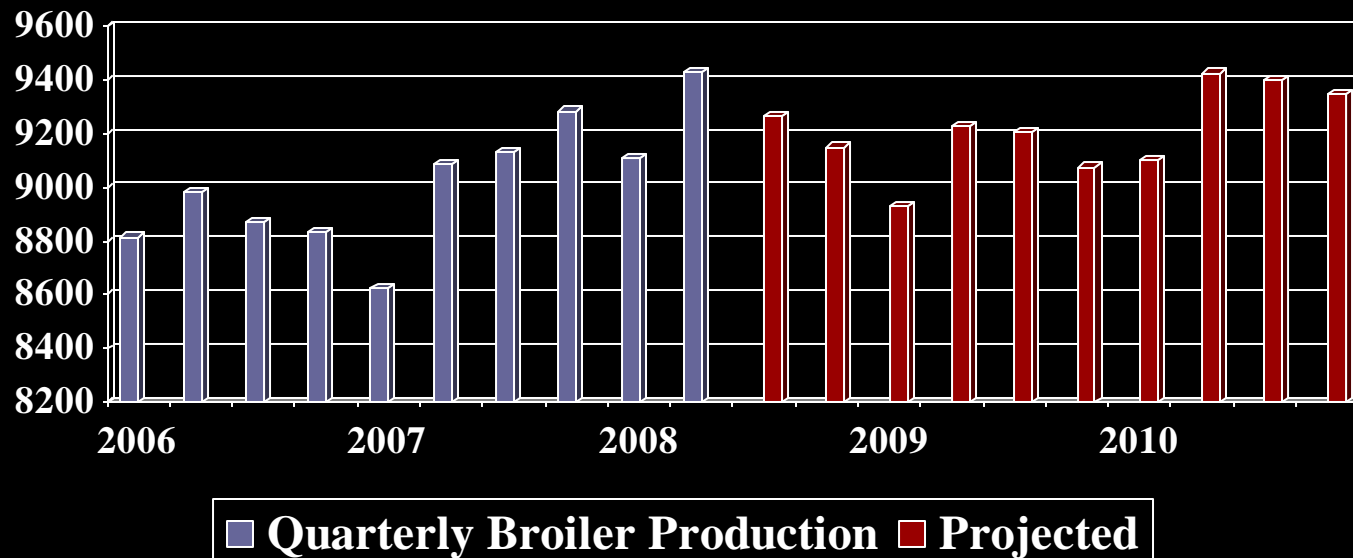
What's the impact of higher feed-grain prices on broilers?

- Since 2006
 - Corn prices up 67%
 - Soybean meal prices up 206%
- Broiler costs up 137%.



Production will be lower the rest of the year.

- Broiler egg sets down.
- Broiler chick placements down.
- Total production for 2008 will be up “only” 2.3%.
- Will actually see a decrease in production in 2009.



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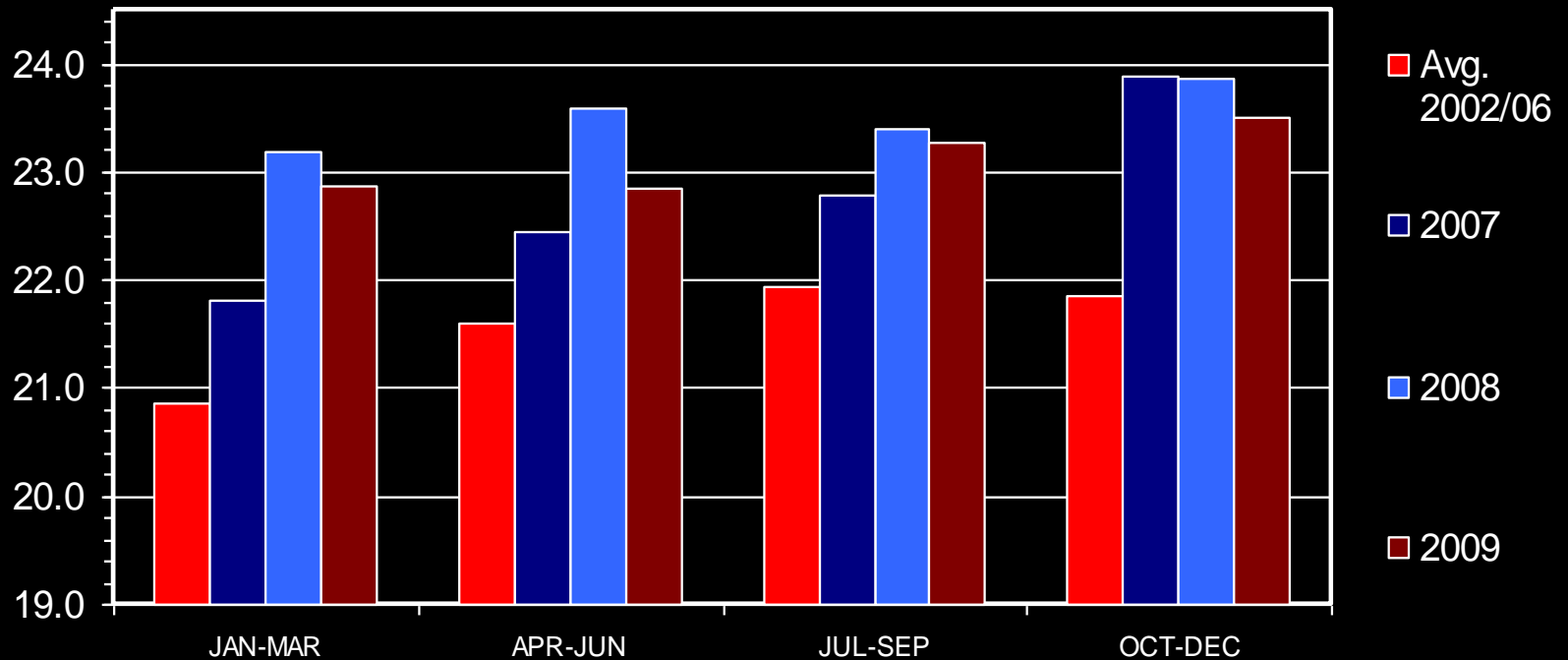
Poultry Price Forecast

- Broiler prices should remain in the lower \$80s.
- Breast prices will continue to struggle.
- Legs and wing prices should stabilize.
- **HOWEVER**, disruptions in the export market could be very problematic.

TOTAL RED MEAT & POULTRY PRODUCTION

Quarterly

Bil. Pounds



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Red Meat and Poultry Summary

- Record meat supplies this year.
- Q3-Q4 could be a big problem for pork supplies.
- Smaller beef, pork and poultry supplies in 2009.
- Exports for all meats continue to be favorable.
- All meat prices should remain steady to improving for the remainder of this year and next year.
- **HOWEVER**, if the economy continues to weaken all bets are off.

QUESTIONS?

