Beef

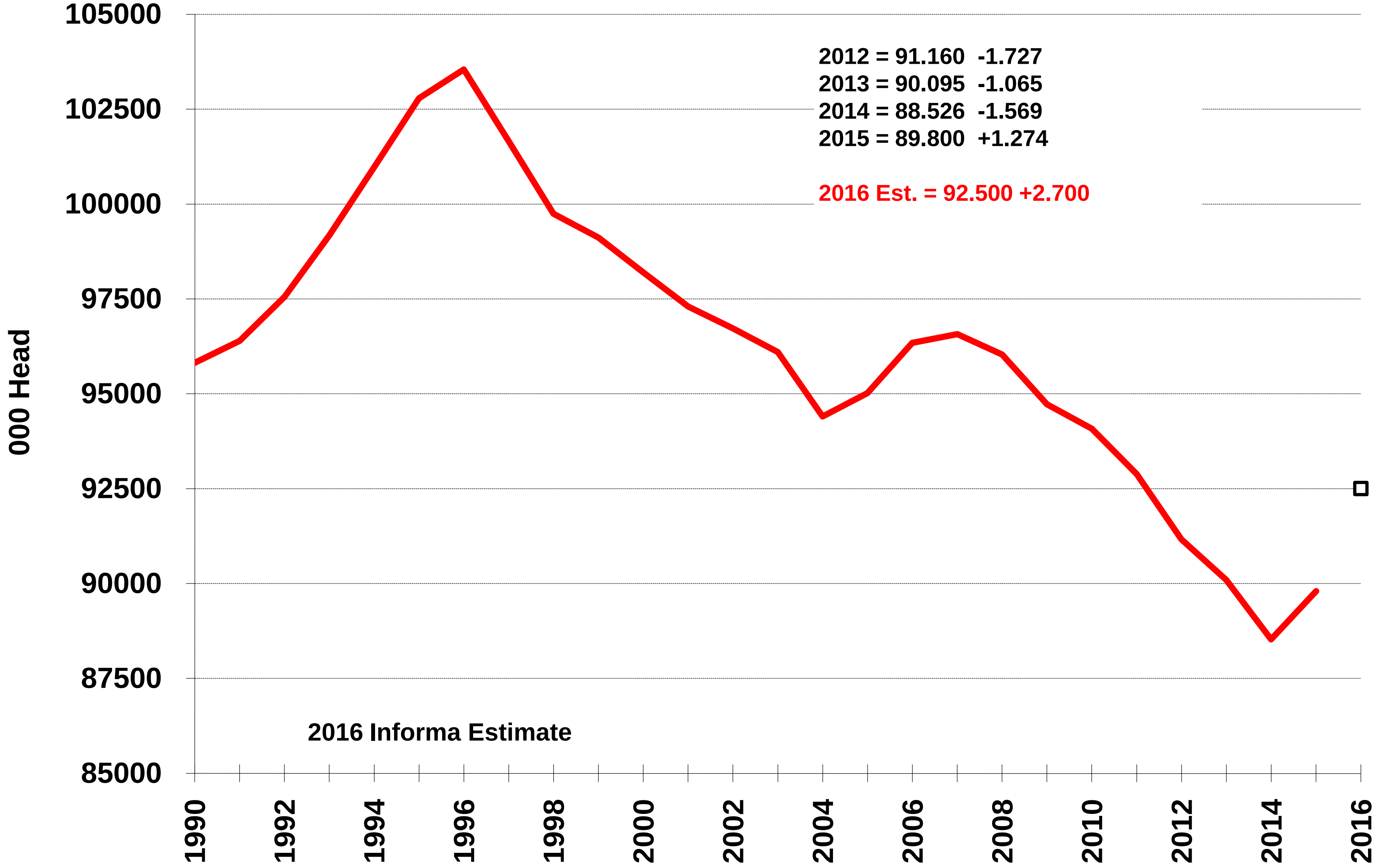
Cattle/Beef

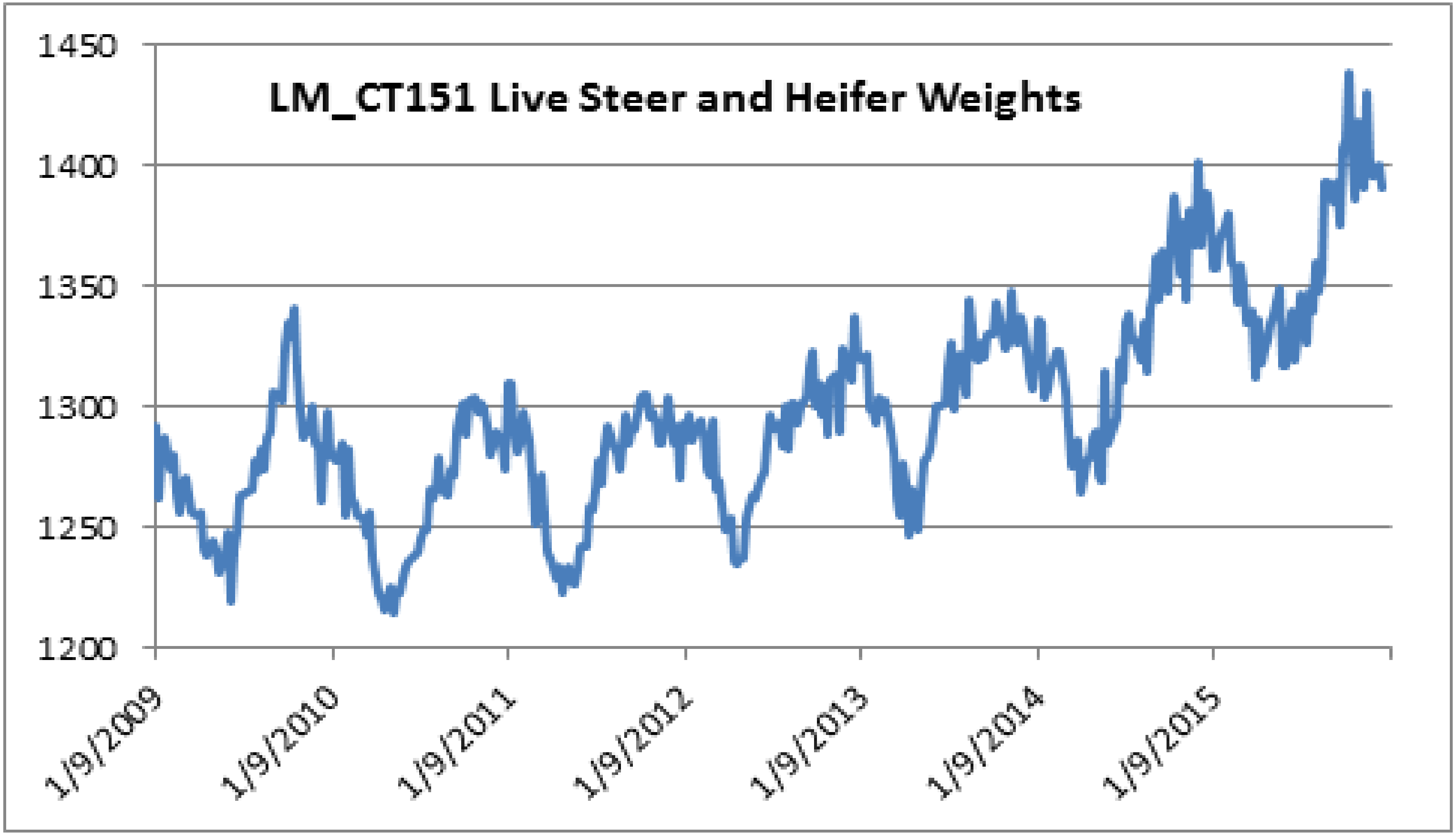
- Cattle supplies improving & will increase throughout 2016
- Feedlot margins improving
- Packer margins improving
  - Higher exports
  - Lower imports
  - Lower domestic availability

Cattle

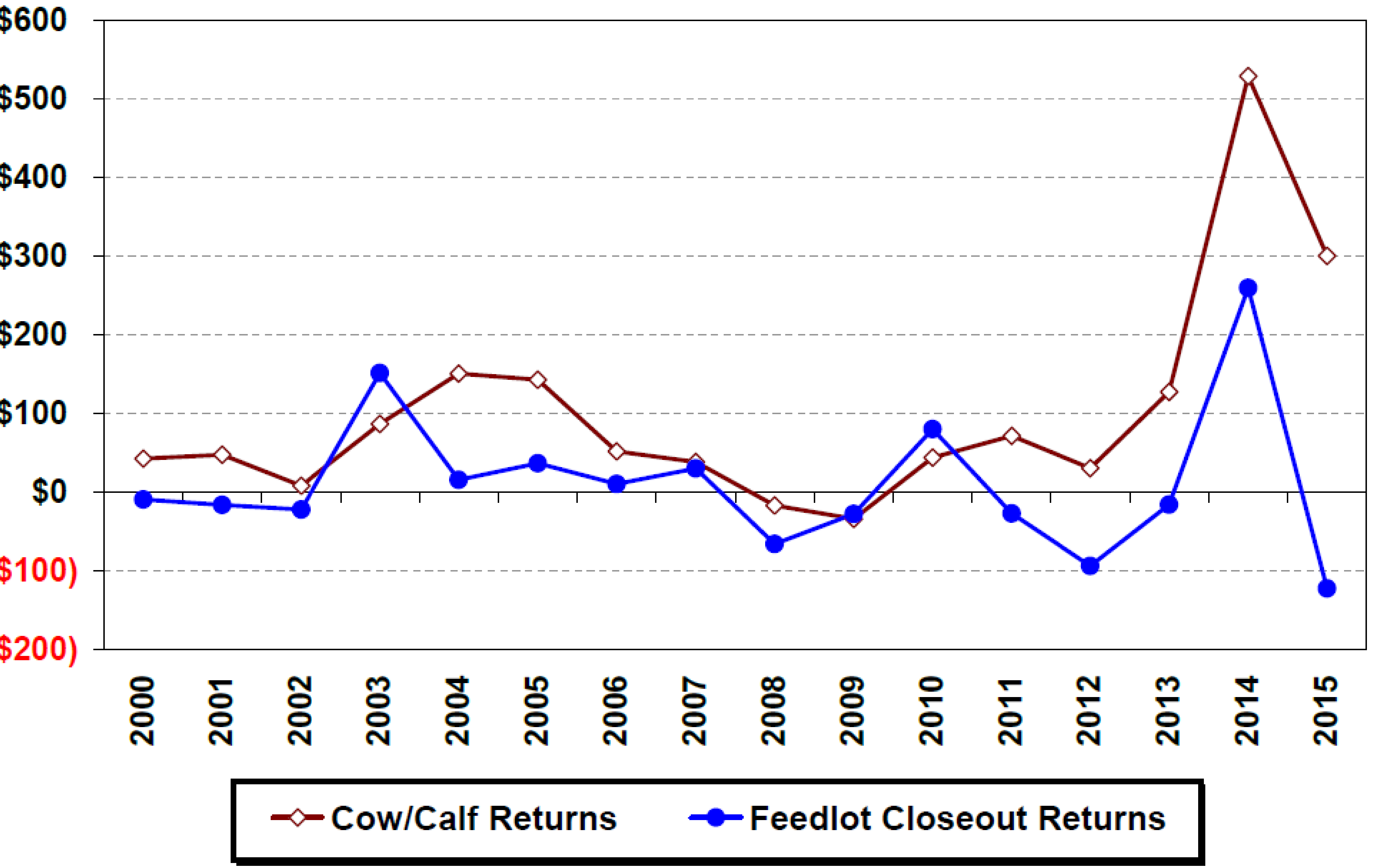
	JFM	AMJ	JAS
Slaughter (000 head)	6,989	7,231	7,260
% change 2015	+.005	+1.7	+1.3
% change 3 yr avg	(5.0)	(5.9)	(3.5)
Imports (mln lbs)	594	653	602
% change 2015	(32)	(34)	(33)
% change 3 yr avg	(14)	(28)	(27)
Exports (mln lbs)	576	659	602
% change 2015	+9.7	+8.4	+27
% change 3 yr avg	+3.7	+3.3	+6.5
Domestic availability (mln lbs)	5,738	5,885	6,004
% change 2015	(4.5)	(4.3)	(3.8)
% change 3 yr avg	(4.7)	(5.9)	(2.8)

January 1 Cattle Inventory

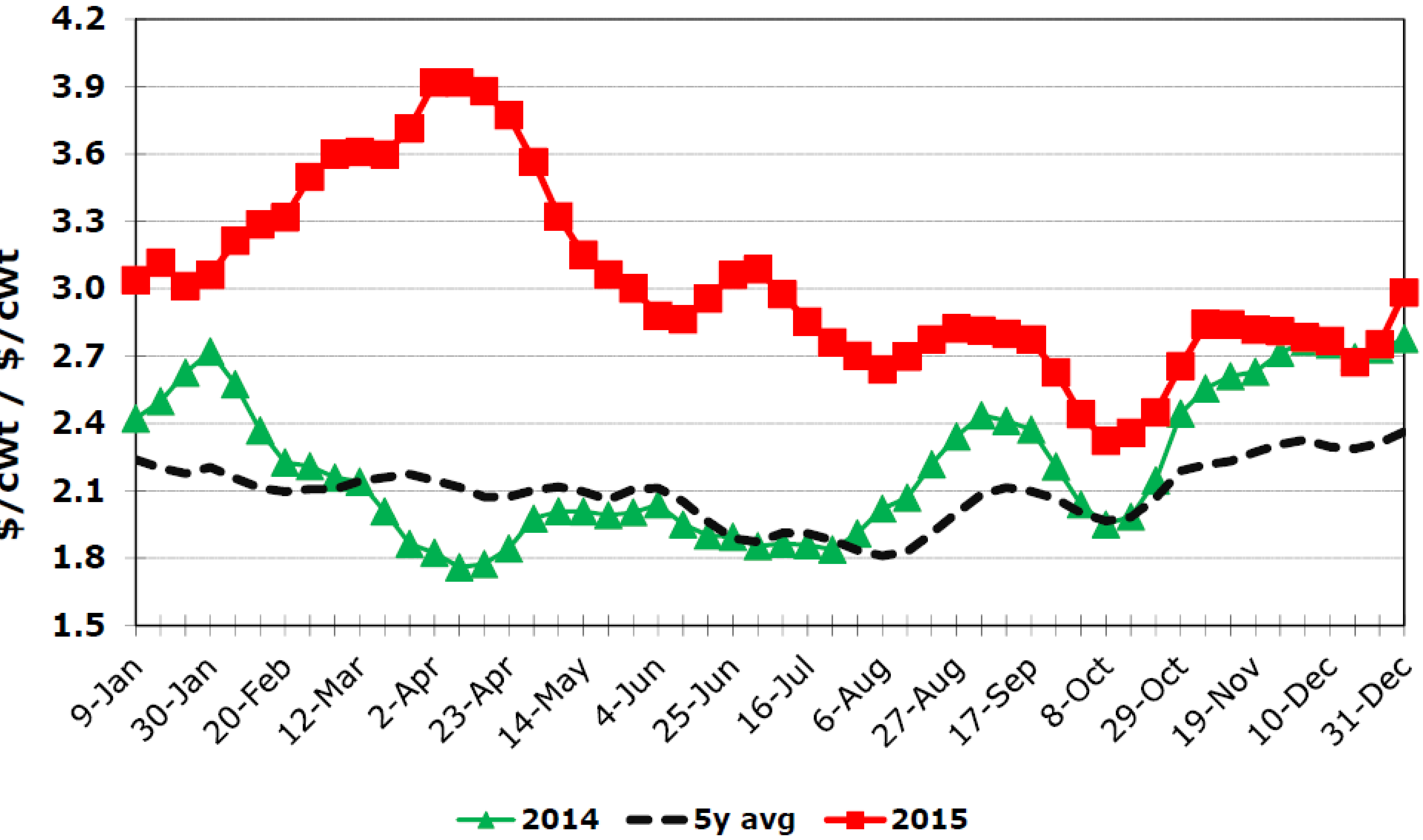


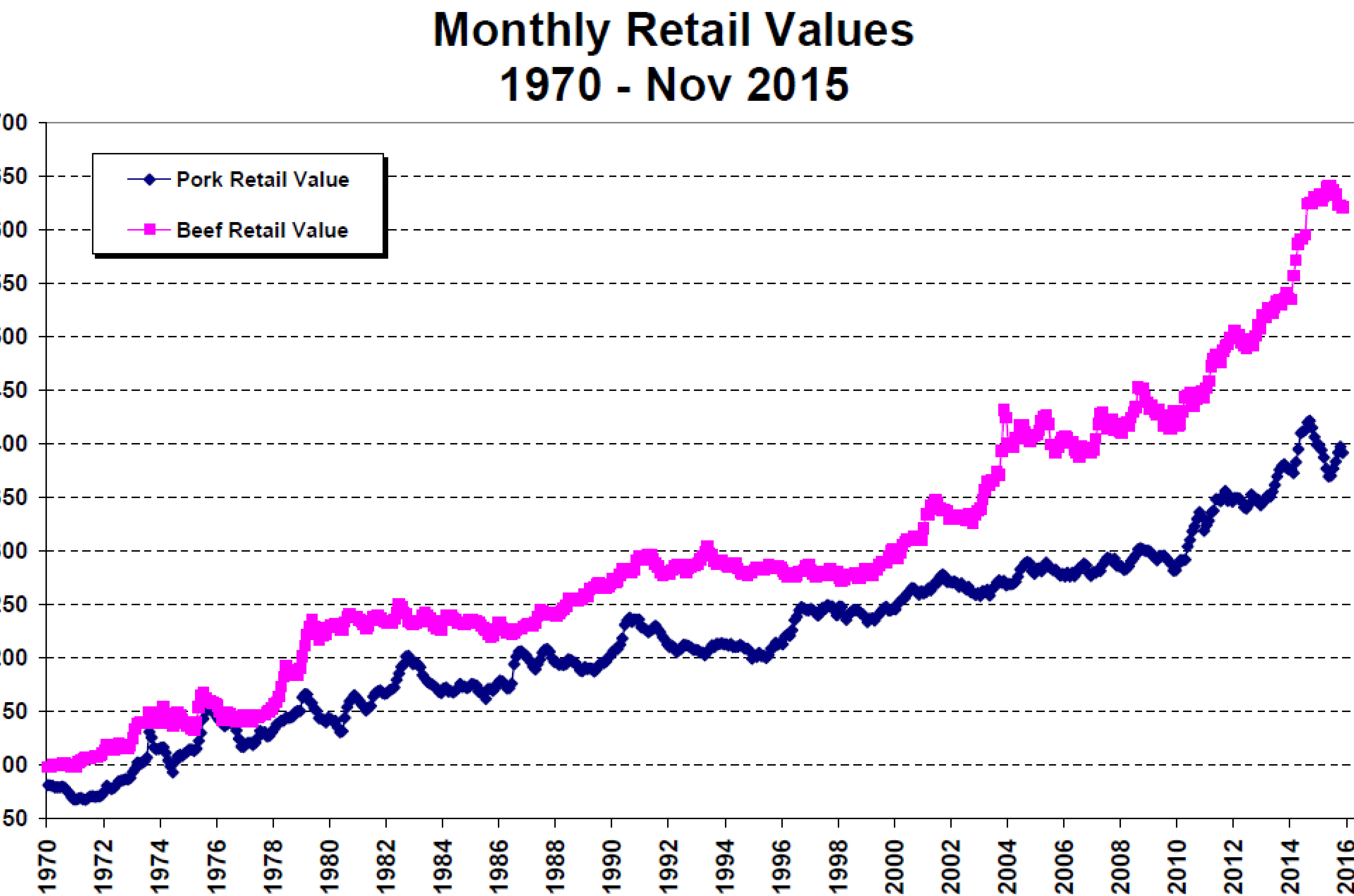

LM_CT151 Live Steer and Heifer Weights
1450
1400
1350
1300
1250
1200
1/9/2009
1/9/2010
1/9/2011
1/9/2012
1/9/2013
1/9/2014
1/9/2015

Annual Est'd Cattle Returns



Choice Cutout / Pork Carcass Cutout





Monthly Retail Values
1970 - Nov 2015
Pork Retail Value
Beef Retail Value
1970
1972
1974
1976
1978
1980
1982
1984
1986
1988
1990
1992
1994
1996
1998
2000
2002
2004
2006
2008
2010
2012
2014
2016

World Beef Production Summary

1,000 MT (Carcass Weight Equivalent)

	2013	2014	2015	2016 est	2015 vs 2016 % change
US	11751	11076	10861	11389	4.6%
Brazil	9675	9723	9425	9600	1.8%
EU	7388	7443	7540	7560	0.3%
China	6730	6890	6750	6785	0.5%
India	3800	4100	4200	4500	6.7%
Argentina	2850	2700	2740	2680	-2.2%
Australia	2359	2595	2550	2300	-10.9%
Mexico	1807	1827	1845	1865	1.1%
Pakistan	1630	1675	1725	1775	2.8%
Russia	1380	1370	1355	1300	-4.2%
Canada	1049	1099	1025	975	-5.1%
Others	9048	9248	8427	8467	0.5%
Total	**59467**	**59746**	**58443**	**59196**	**1.3%**

Source: USDA

World Beef Import Summary

1,000 MT (Carcass Weight Equivalent)

	2013	2014	2015	2016 est	2015 vs 2016 % change
US	1020	1337	1559	1381	-12.9%
Russia	1023	929	700	735	4.8%
Japan	760	739	740	727	-1.8%
China	412	417	600	700	14.3%
Hong Kong	473	646	450	500	10.0%
S. Korea	375	392	400	454	11.9%
EU	376	372	370	370	0.0%
Canada	296	284	290	285	-1.8%
Egypt	195	270	270	285	5.3%
Malaysia	194	205	235	250	6.0%
Chile	245	241	200	230	13.0%
Others	2120	2068	1745	1794	2.7%
Total	**7489**	**7900**	**7559**	**7711**	**2.0%**

Source: USDA

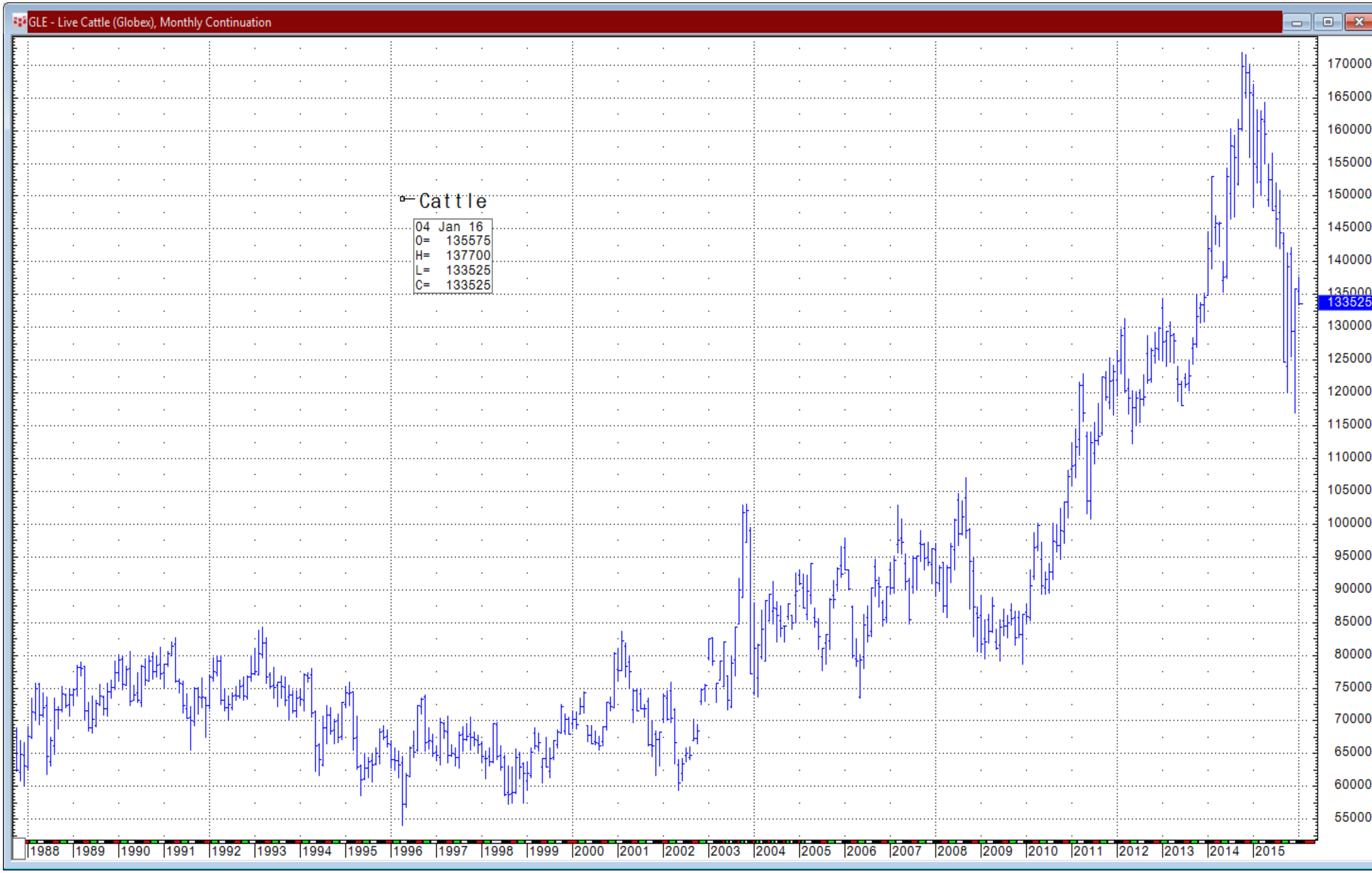
World Beef Export Summary

1,000 MT (Carcass Weight Equivalent)

	2013	2014	2015	2016 est	2015 vs 2016 % change
US	1174	1167	1035	1100	5.9%
India	1765	2082	2000	2175	8.0%
Brazil	1849	1909	1625	1775	8.5%
Australia	1593	1851	1815	1625	-11.7%
New Zealand	529	579	590	598	1.3%
Paraguay	326	389	400	410	2.4%
Uruguay	340	350	360	395	8.9%
Canada	332	378	375	370	-1.4%
EU	244	300	300	310	3.2%
Mexico	166	194	245	300	18.3%
Argentina	186	197	230	265	13.2%
Others	662	594	626	603	-3.8%
Total	**9166**	**9990**	**9601**	**9926**	**3.3%**

Source: USDA

Cattle Chart



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Challenges & Opportunities

- **Slow U.S. growth rates (Risk)**
  - **Should U.S. slip back into recession demand for beef will suffer**
- Exports will improve relative to last year
  - **Emerging economies and Asian markets are experiencing slow growth rates could limit expansion**
- Beef prices will remain historical high relative to pork and poultry
  - Challenging environment for packer margins