

# **Outlook for the U.S. Livestock and Poultry Sector in 2007**

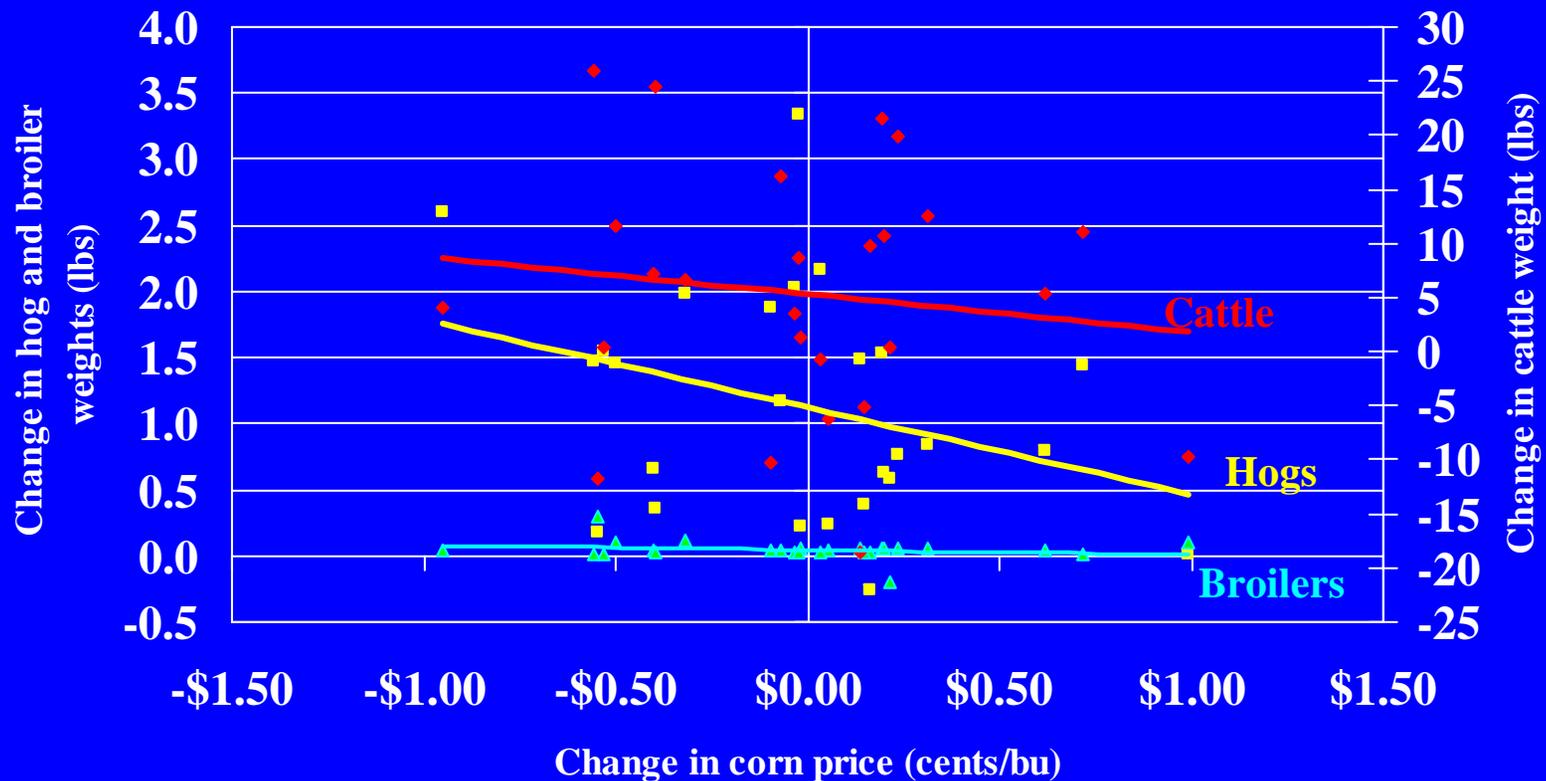
**Presented By  
Shayle D. Shagam  
World Agricultural Outlook Board, USDA**

**USDA Outlook Forum  
Washington, D.C.  
March 2, 2007**

# **Some Key Factors for 2007**

- **Feed price impacts**
  - **Ethanol demand spurring corn price increases**
  - **Soy meal prices rise but less than corn**
  - **Some help from distillers dry grains**

# Relationship of Animal Weight Changes to Corn Price Changes 1981-2006



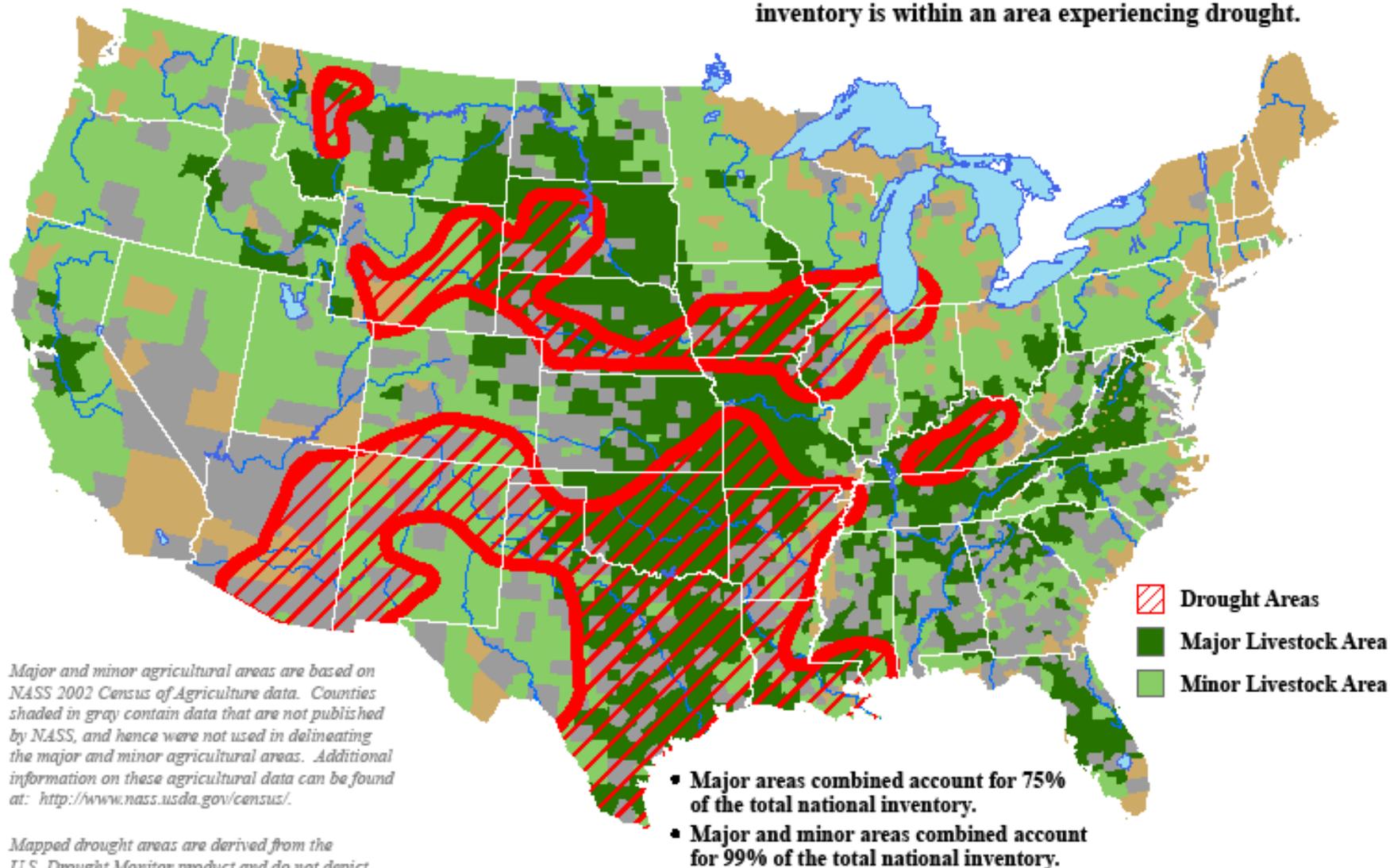
# **Some Key Factors for 2007**

- **Feed price impacts**
  - Ethanol demand spurring corn price increases
  - Soy meal prices rise but less than corn
  - Some help from distillers dry grains
- **Forage supplies critical for cattle**

# U.S. Beef Cow Areas Experiencing Drought

Valid: January 24, 2006

Approximately **42%** of the domestic beef cow inventory is within an area experiencing drought.



# Pasture Conditions Worsened

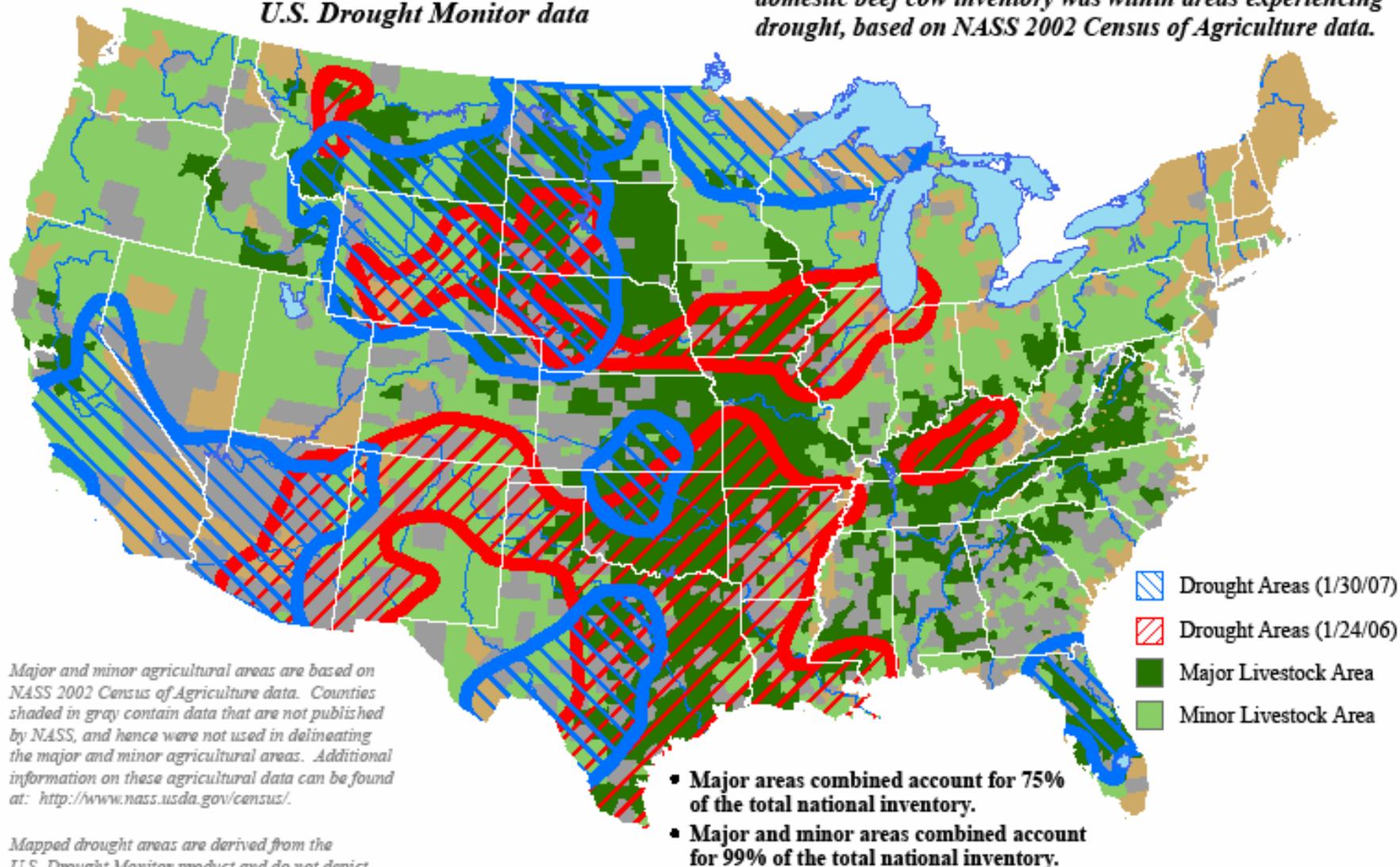
## U.S. Pasture and Range Rated Very Poor or Poor



# U.S. Beef Cow Areas Experiencing Drought

Reflects **January 30, 2007** and **January 24, 2006**  
U.S. Drought Monitor data

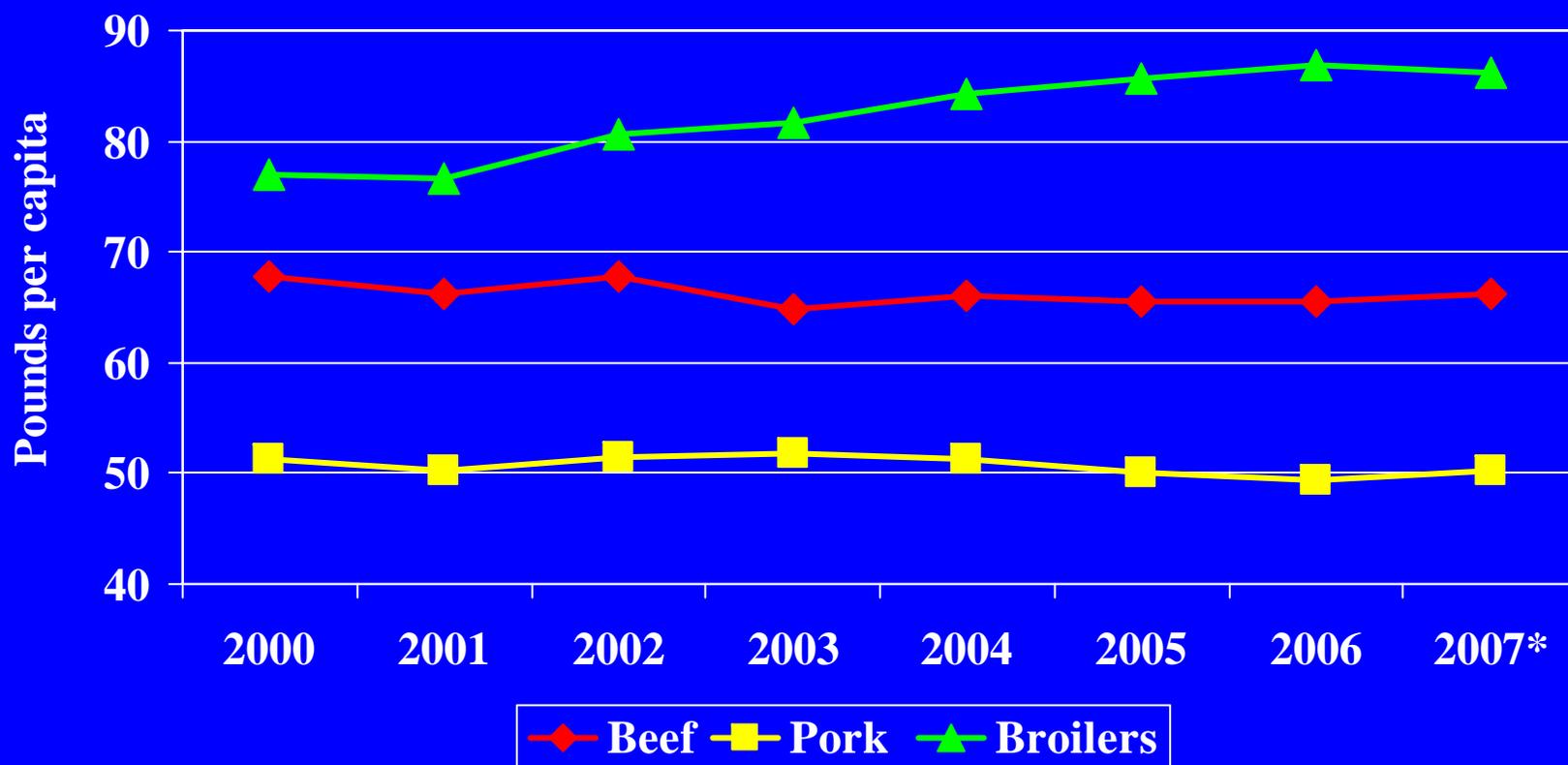
Approximately **23% (1/30/07)** and **42% (1/24/06)** of the domestic beef cow inventory was within areas experiencing drought, based on NASS 2002 Census of Agriculture data.



# Some Key Factors for 2007

- **Feed price impacts**
  - Ethanol demand spurring corn price increases
  - Soy meal prices rise but less than corn
  - Some help from distillers dry grains
- **Forage supplies critical for cattle**
- **Meat supplies larger**
  - Domestic and export demand is firm
  - U.S. and world economies are growing
  - Exchange rates generally stronger to developed markets, weaker to developing markets

# Total Per Capita Meat Consumption in 2007 at 222 Pounds

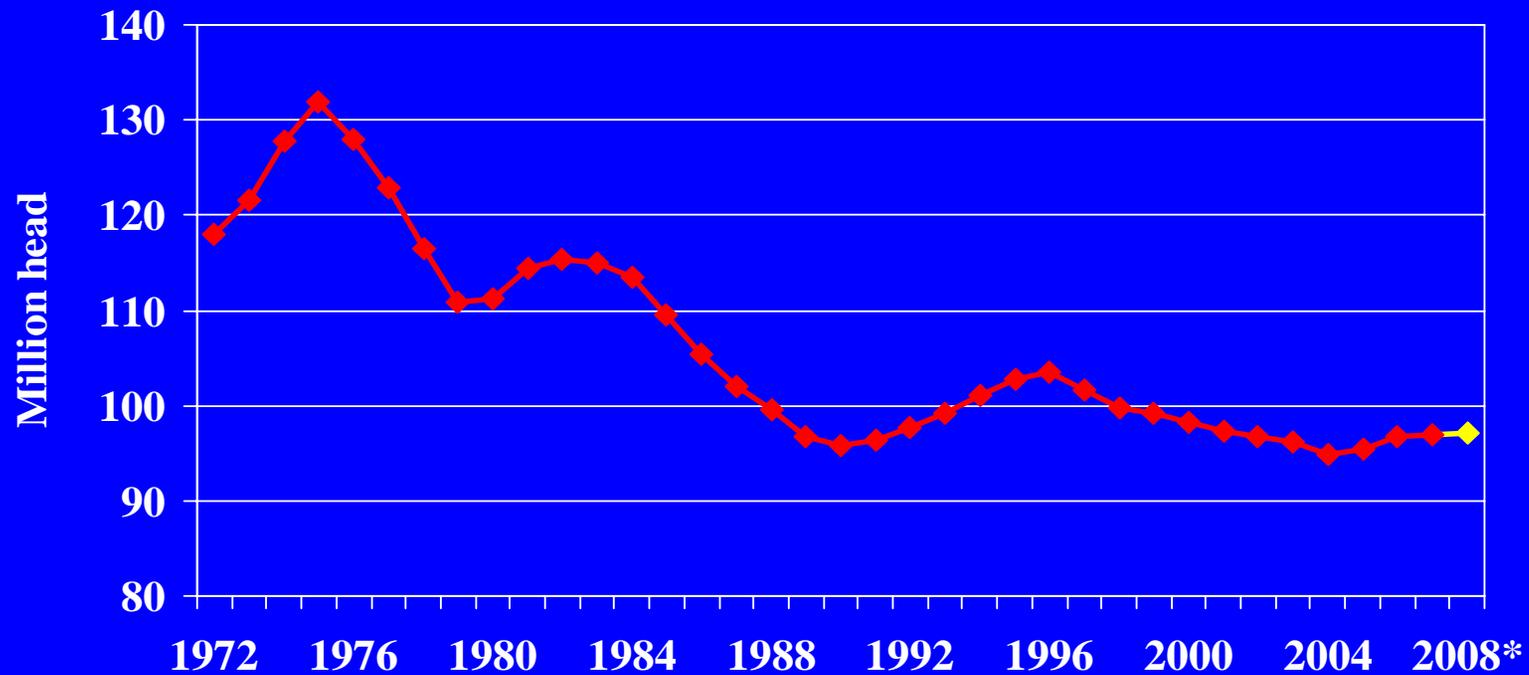


\* Forecast

# **Meat Production To Rise in 2007**

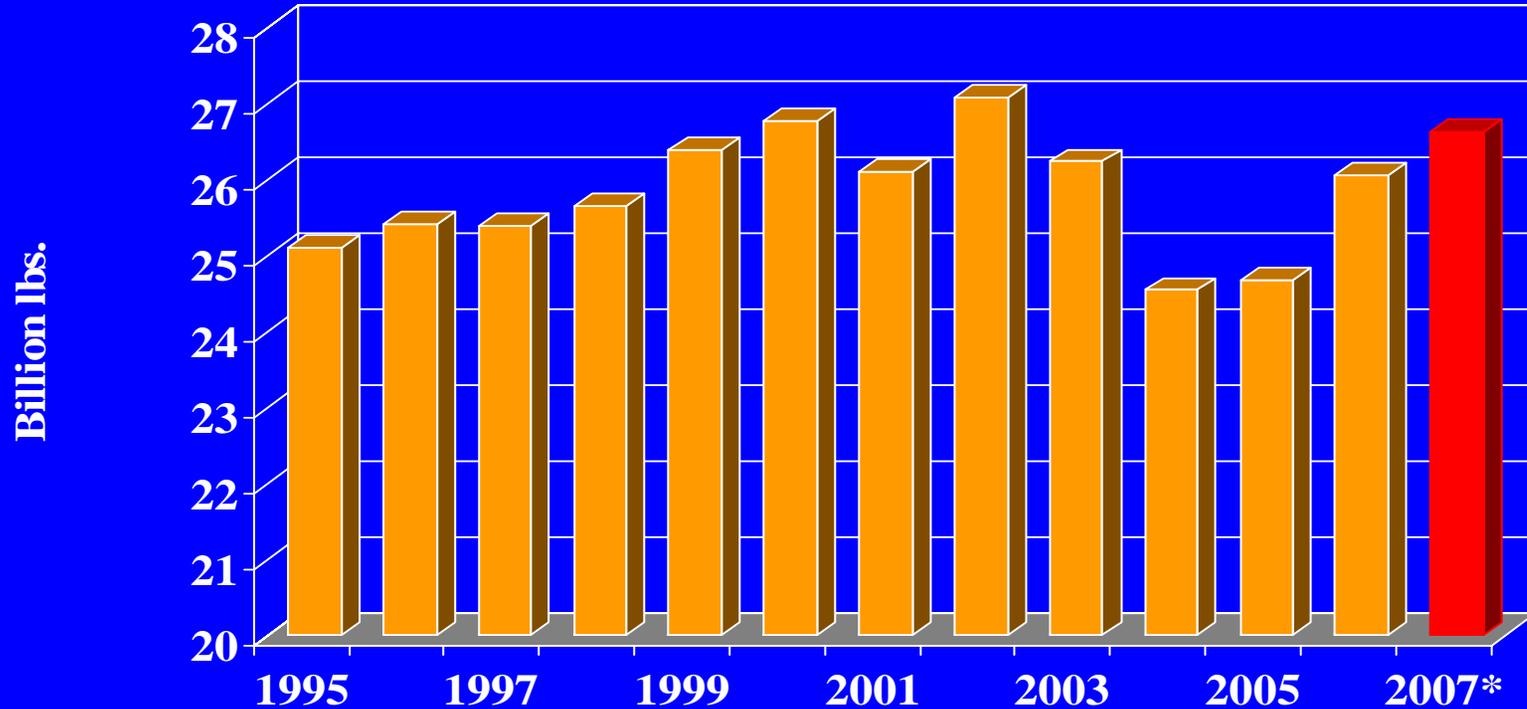
- **Red meat production to increase 2-3 percent**
  - **Beef increases about 2 percent**
  - **Pork increases about 3 percent**
  - **Lamb and mutton declines 1-2 percent**
- **Poultry production less than 1 percent higher**
  - **Broiler meat increases less than 1 percent**
  - **Turkey meat increases 1-2 percent**

# Cattle Inventory About Unchanged at 97.0 Million Head on January 1, 2007



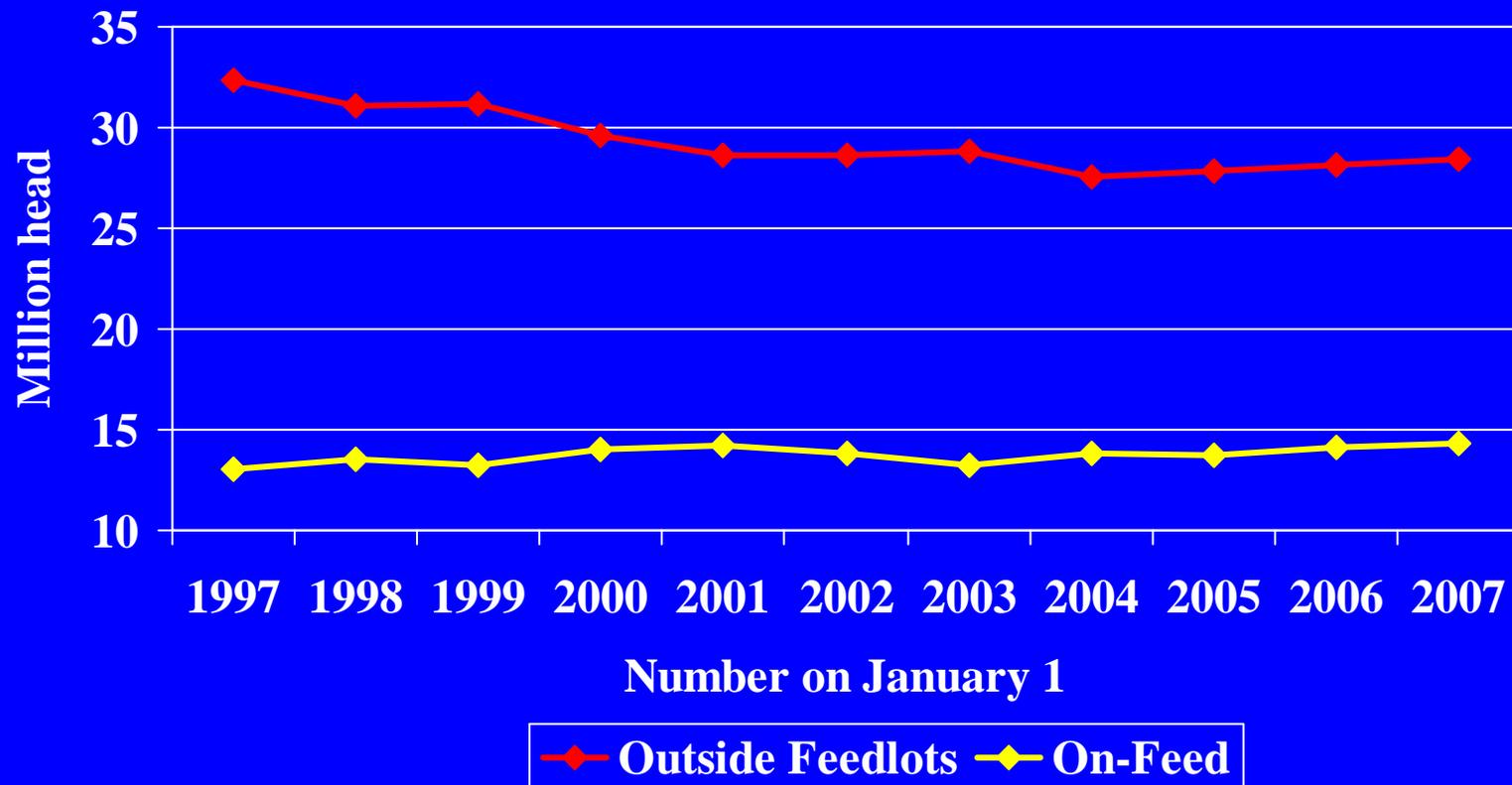
\* Forecast

# Commercial Beef Production Forecast to Rise To 26.6 Billion Pounds in 2007

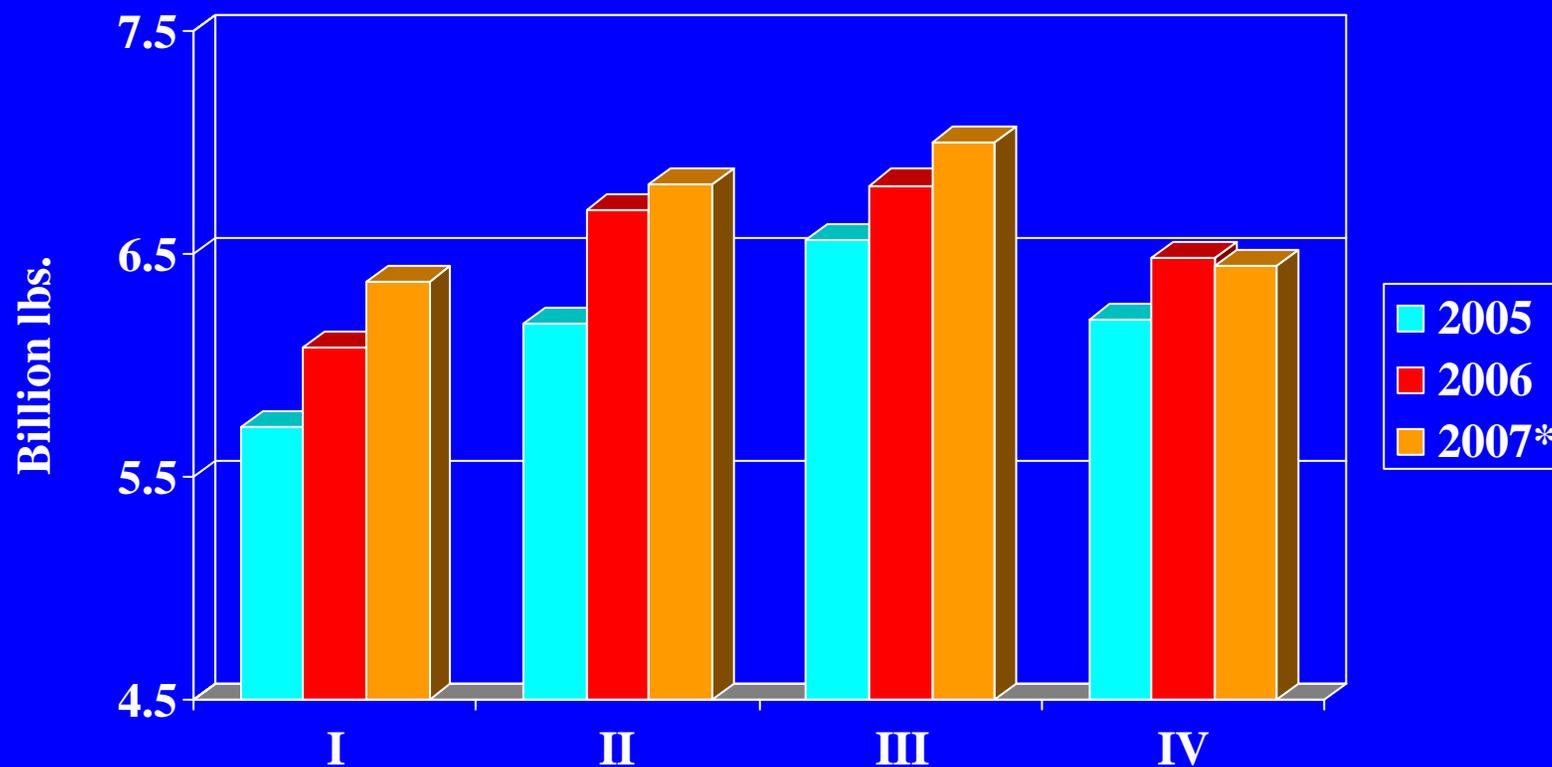


\* Forecast

# On-Feed Numbers and Estimated Number of Cattle Outside of Feedlots Up



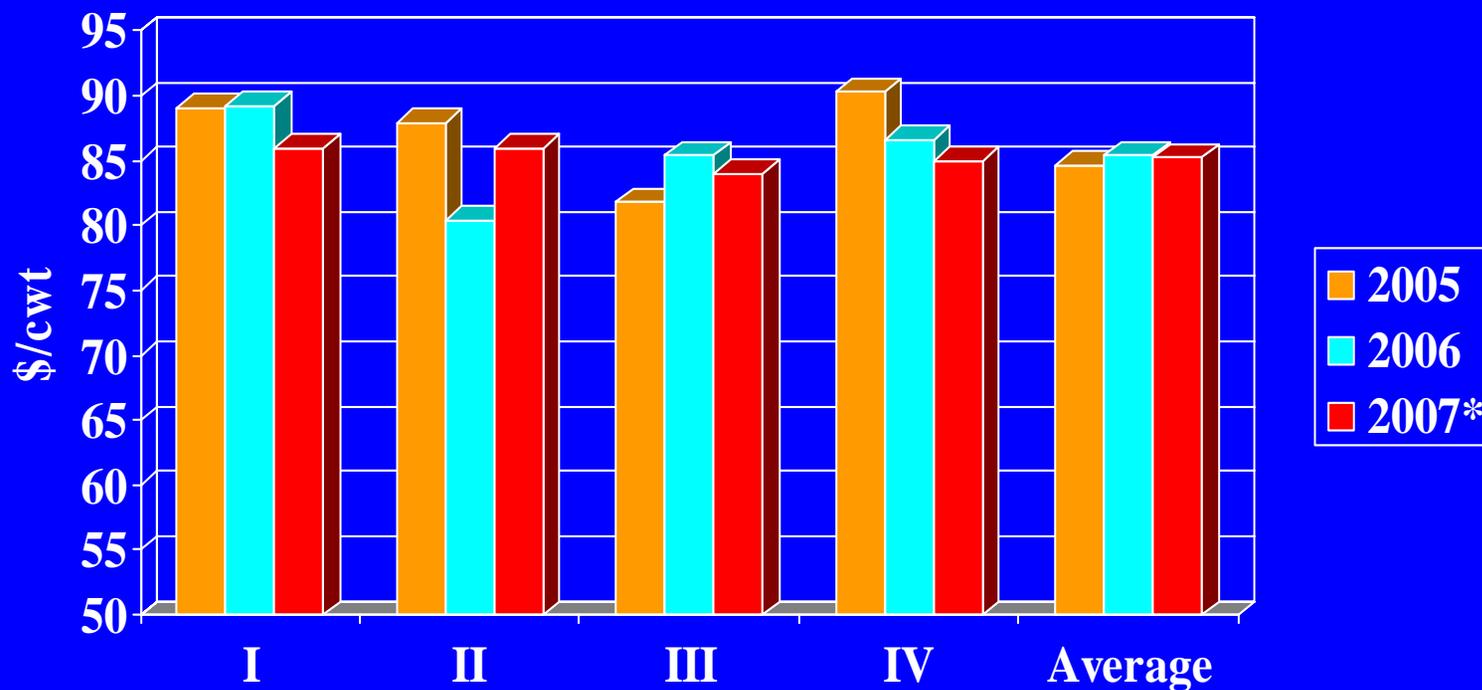
# Beef Production Will Decline in Last Quarter



\*Forecast

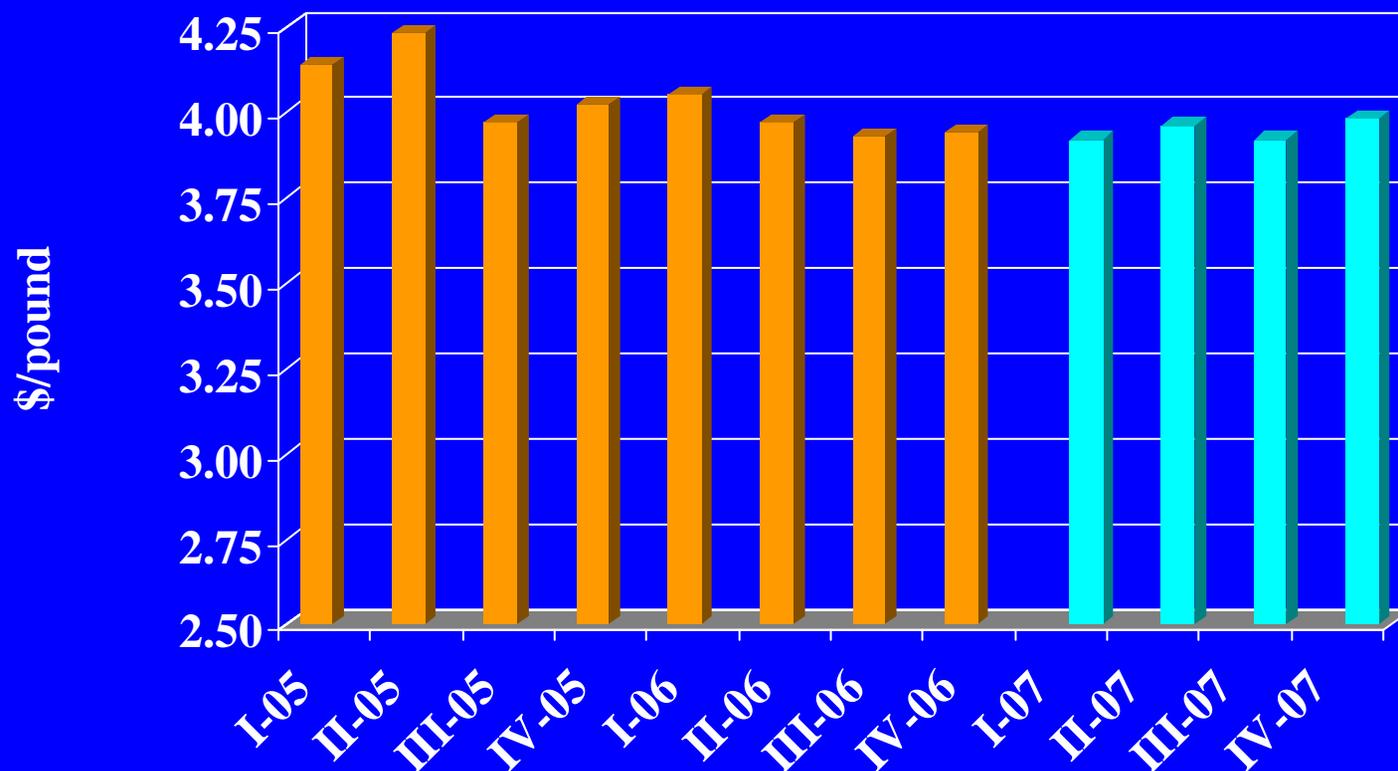
# Cattle Prices Will Average About Same as 2006

## Nebraska Choice Steers

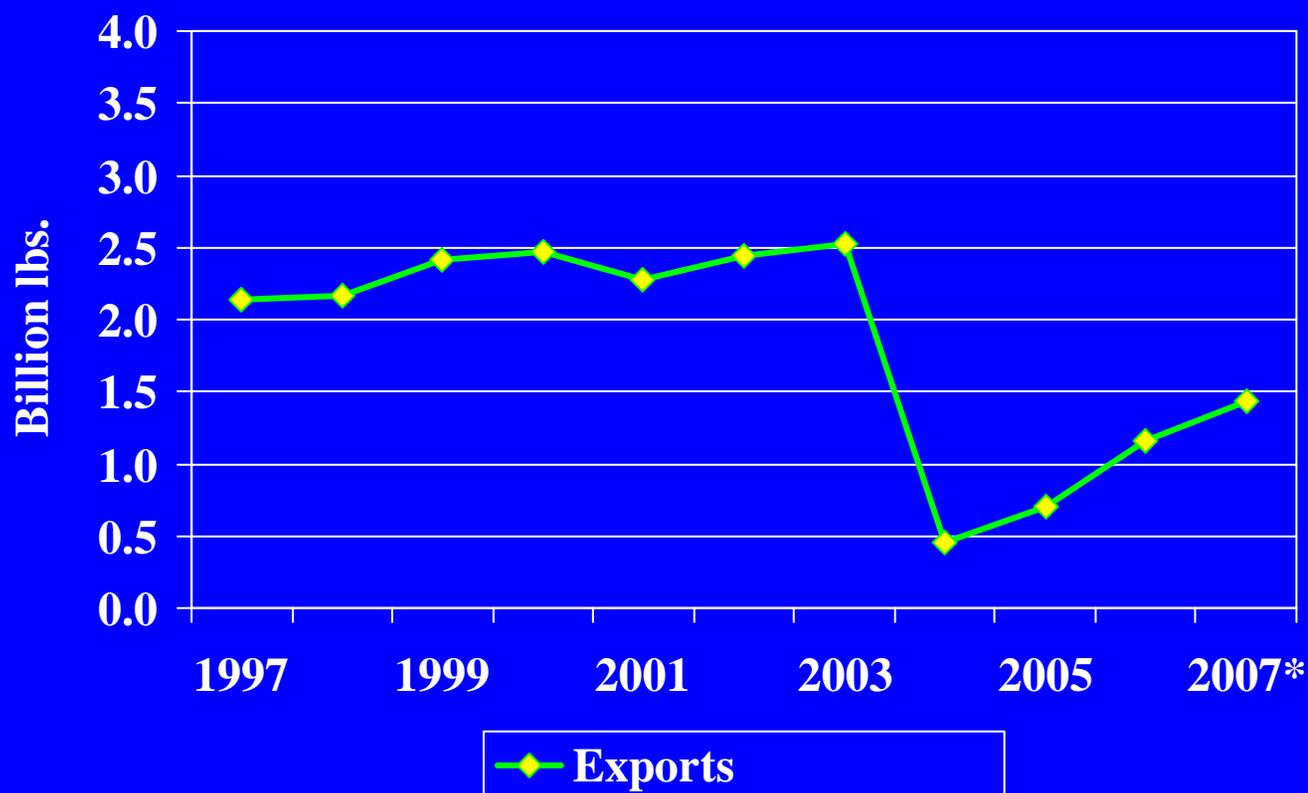


\* Forecast

# Retail Beef Prices High Through 2006, Expected Lower in 2007



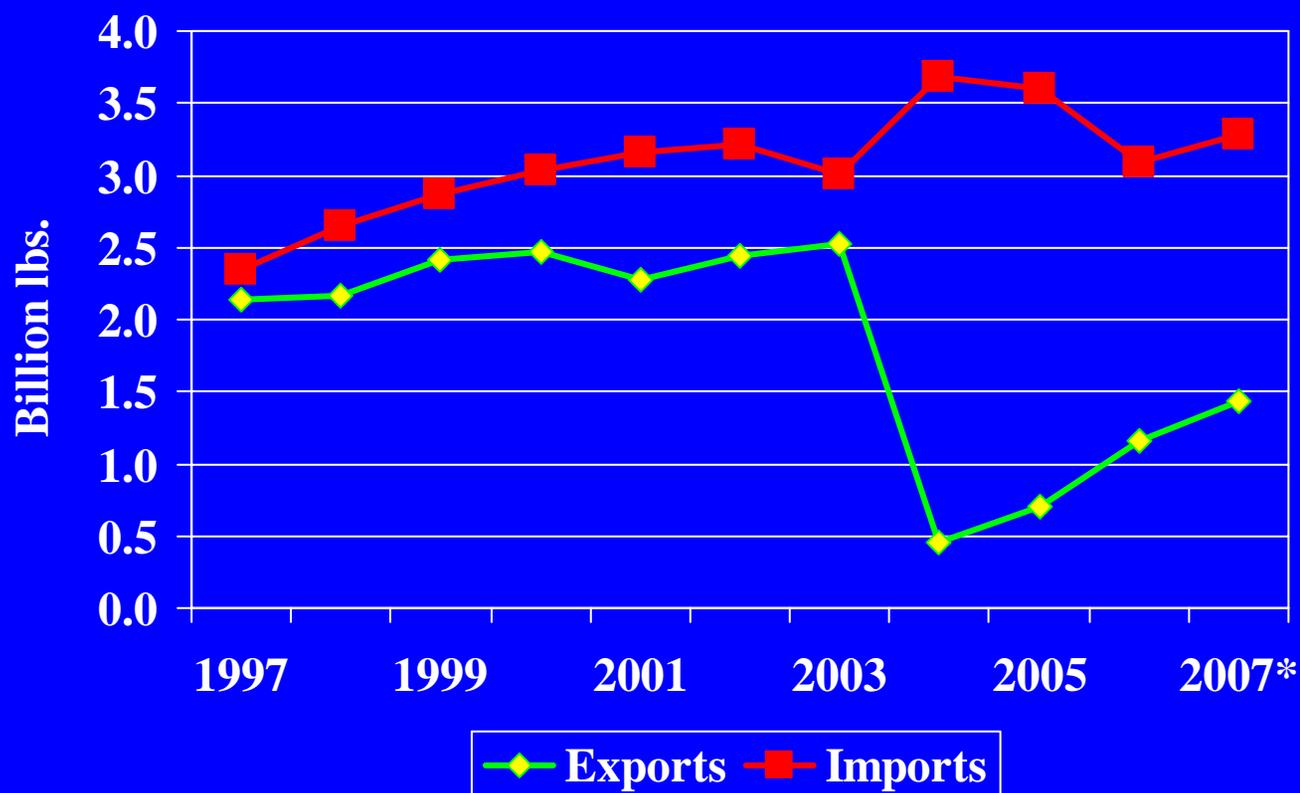
# Beef Export Markets Still Limited



\* Forecast

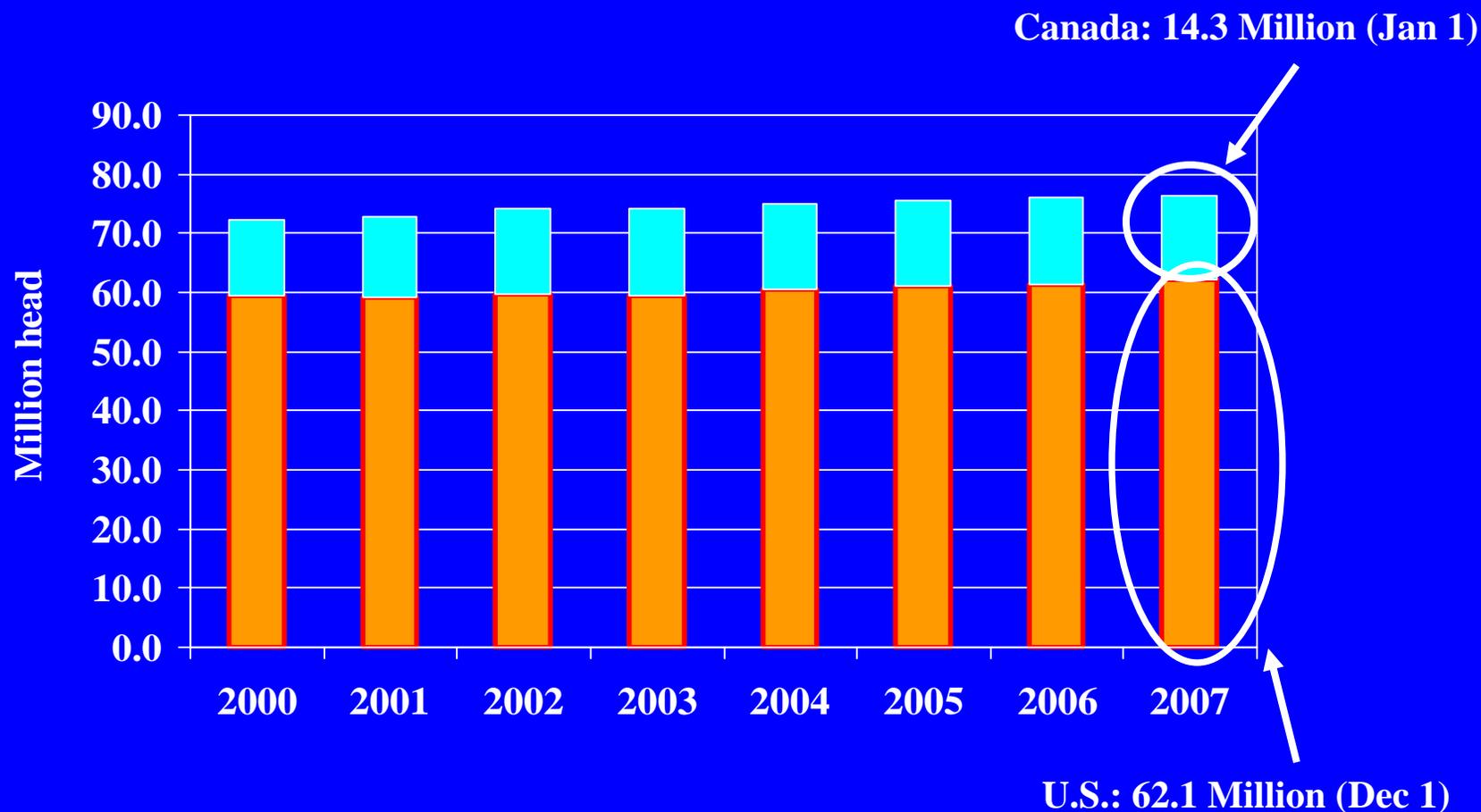
# Beef Export Markets Still Limited

## Beef Imports Increase

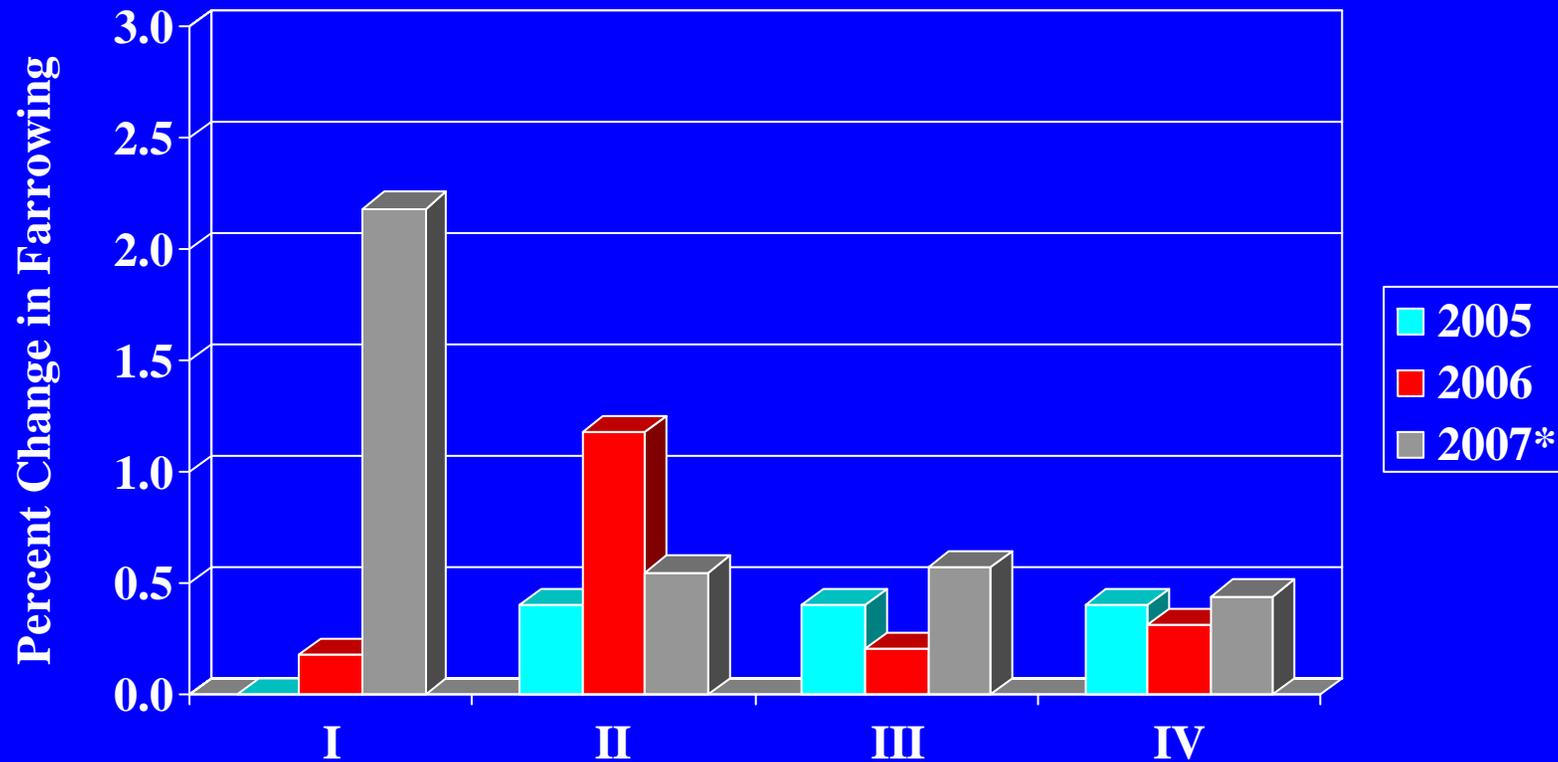


\* Forecast

# North American Hog Inventory for Beginning of 2007 at 76.5 Million Head

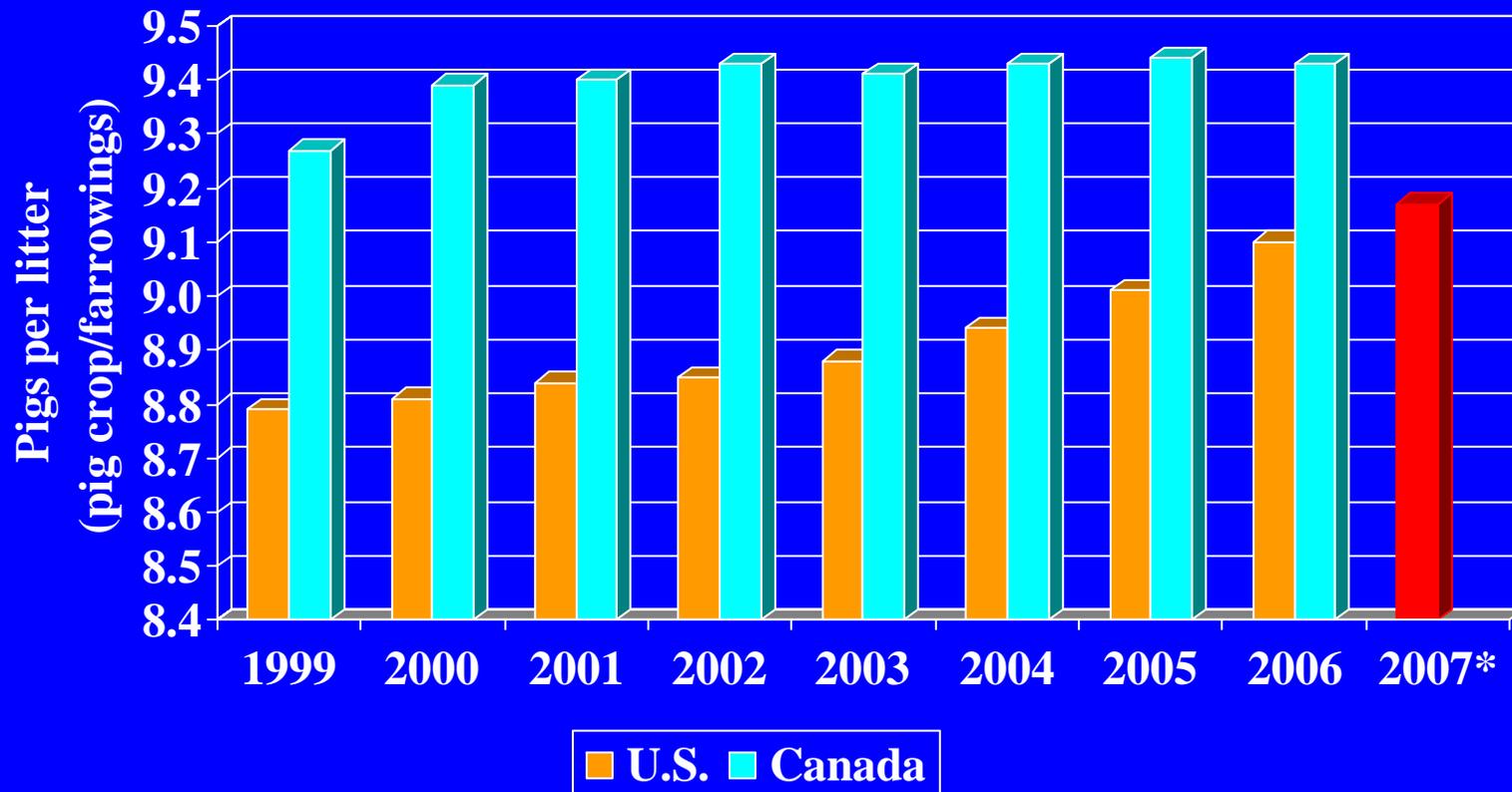


# Producers Slow Farrowings



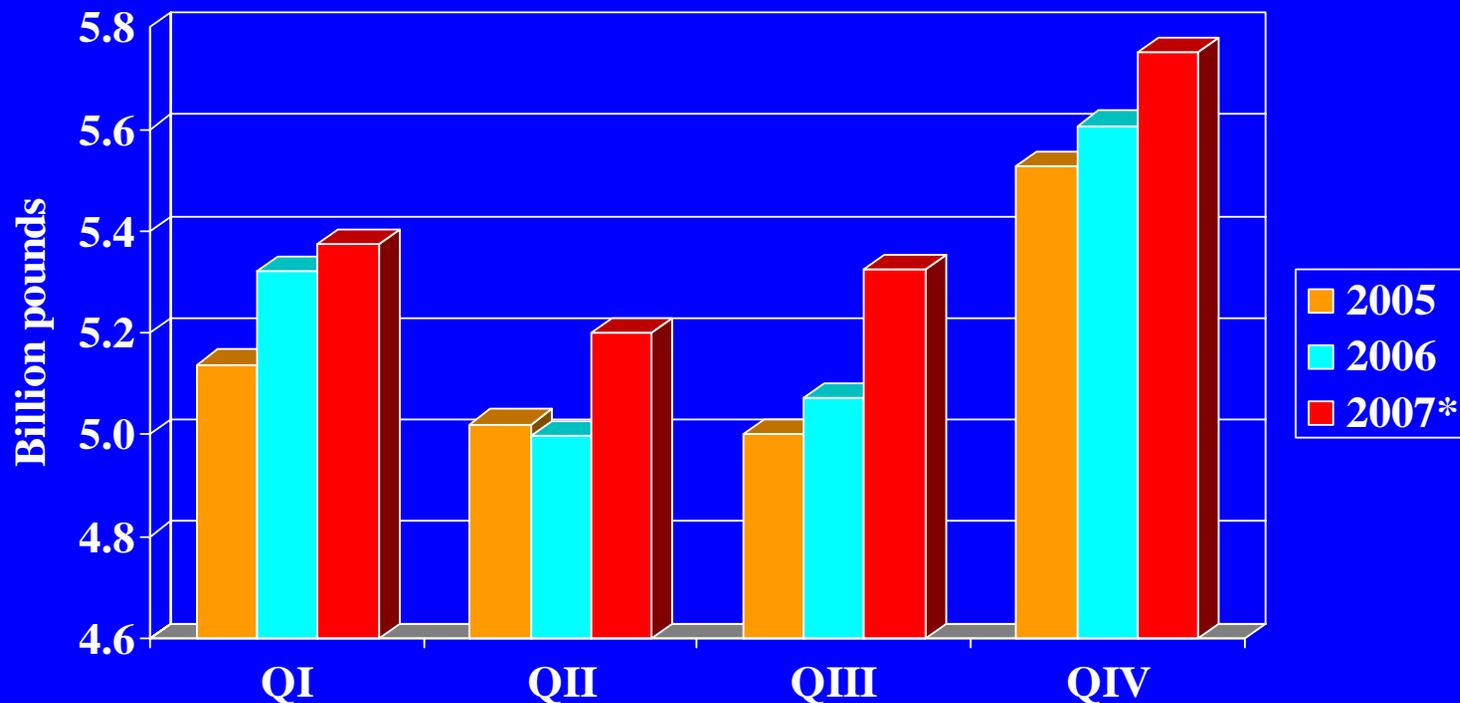
\* First Half Reported Intentions,  
Second Half Forecast

# U.S. Pigs per Litter Increasing



\* Forecast

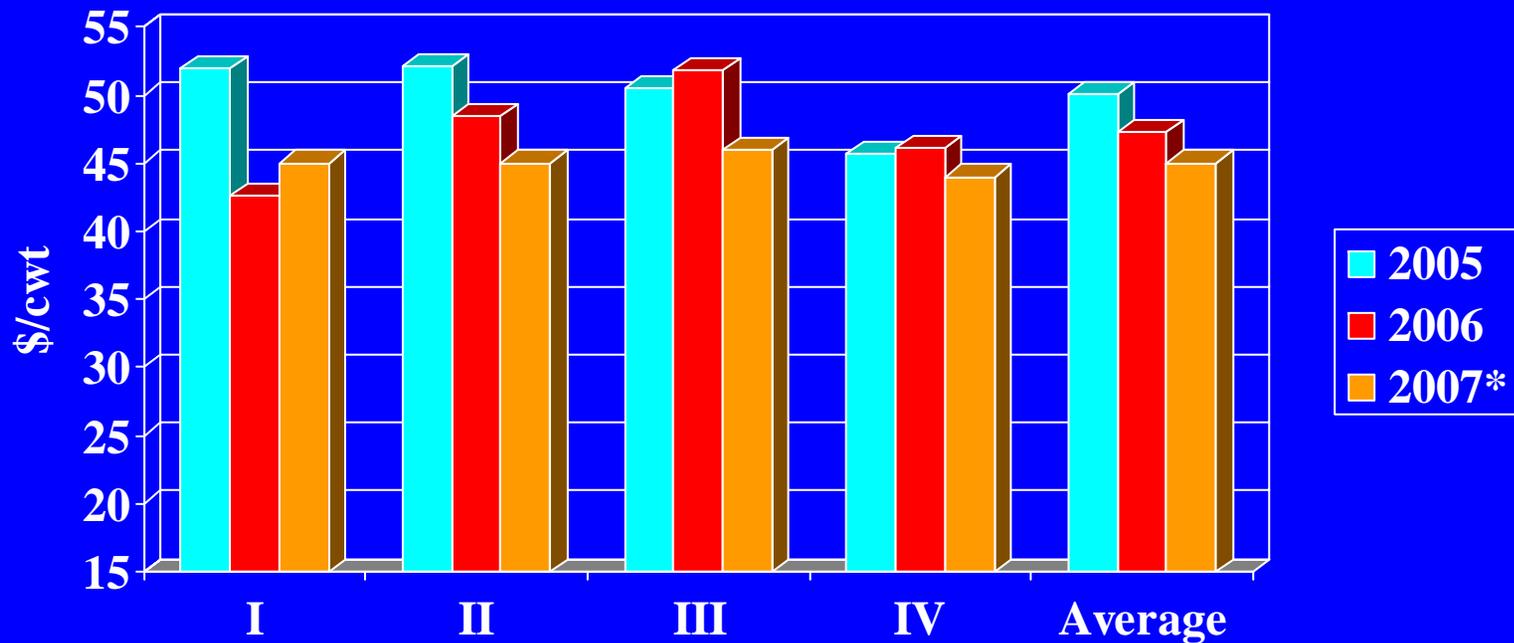
# Pork Production Reflects Increasing Pigs per Litter and Greater Imports



\* Forecast

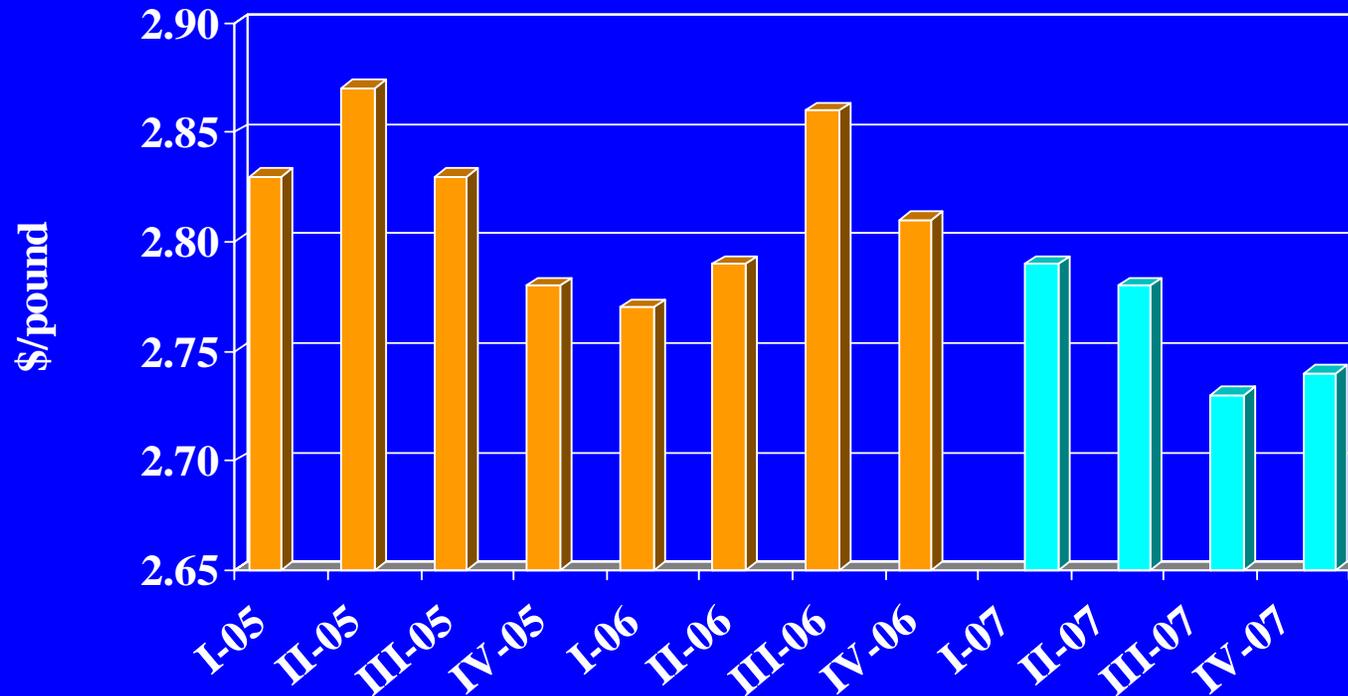
# Hog Prices in 2007 Decline on Higher Production

National Base, Live Equivalent



\* Forecast

# Retail Pork Prices Average Lower Than Last Year



# Pork Exports Climb to Record



\* Forecast

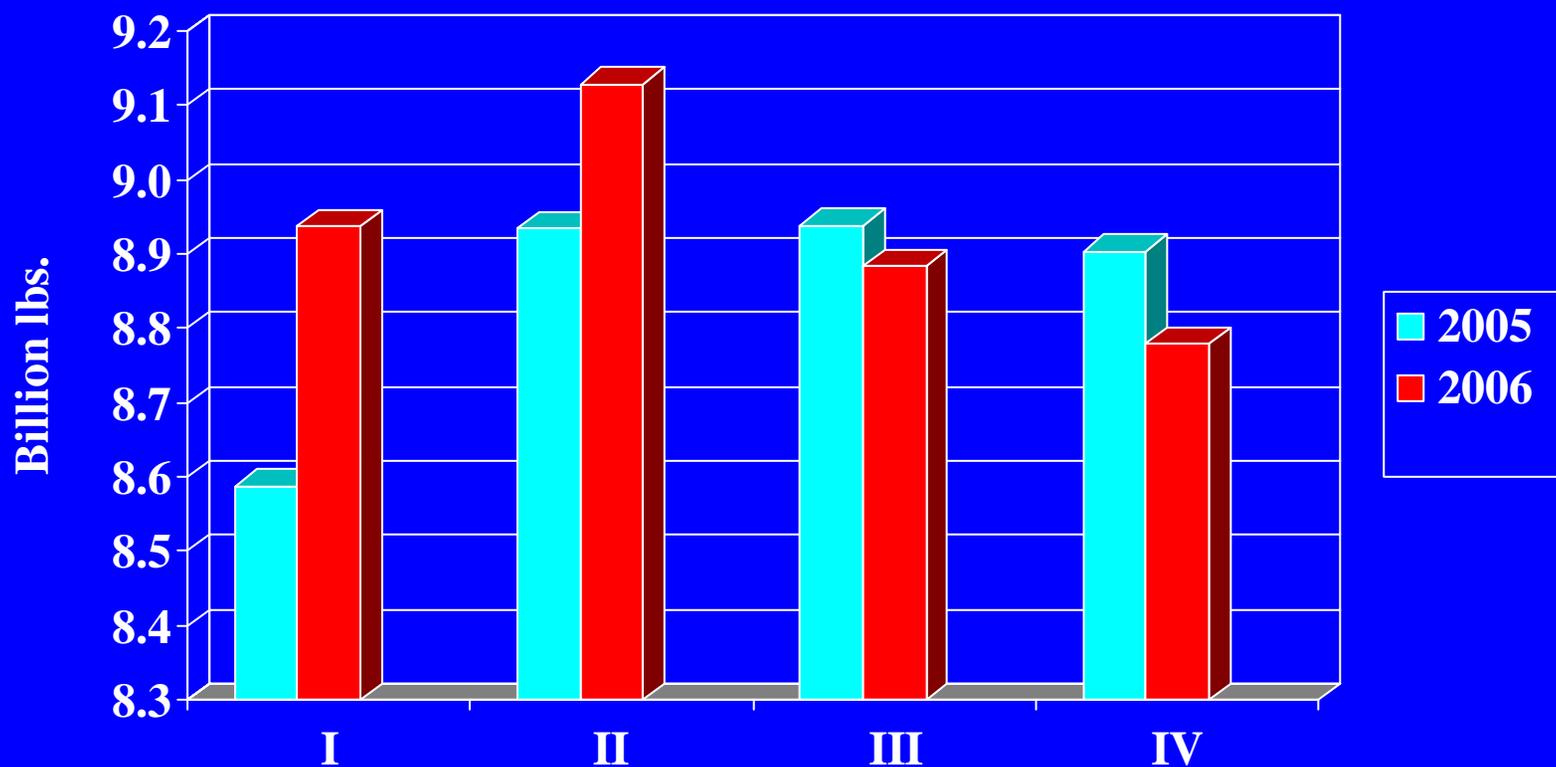
# Pork Exports Climb to Record

## Imports Stable



\* Forecast

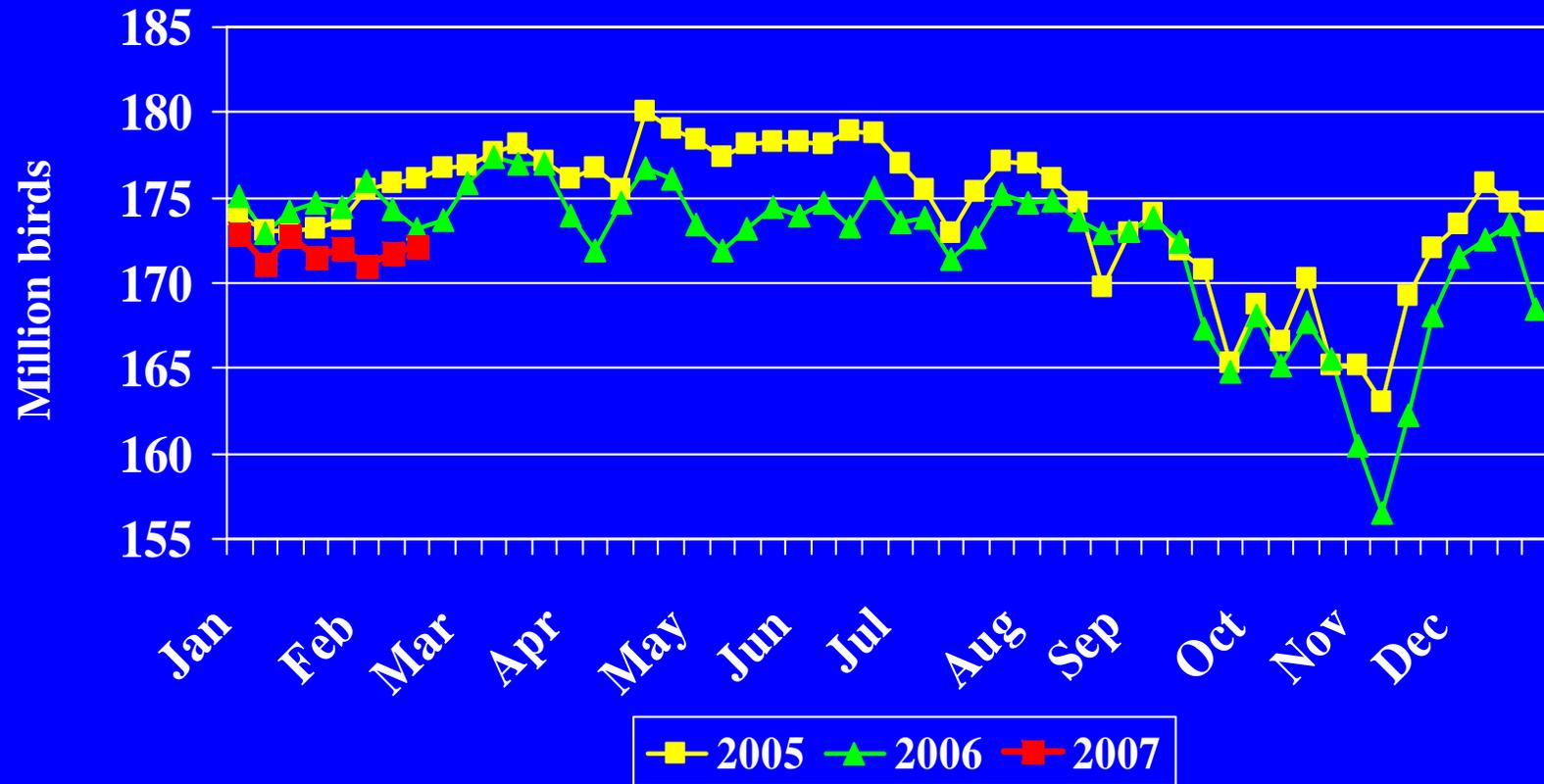
# 2006 Broiler Production 1 Percent Higher



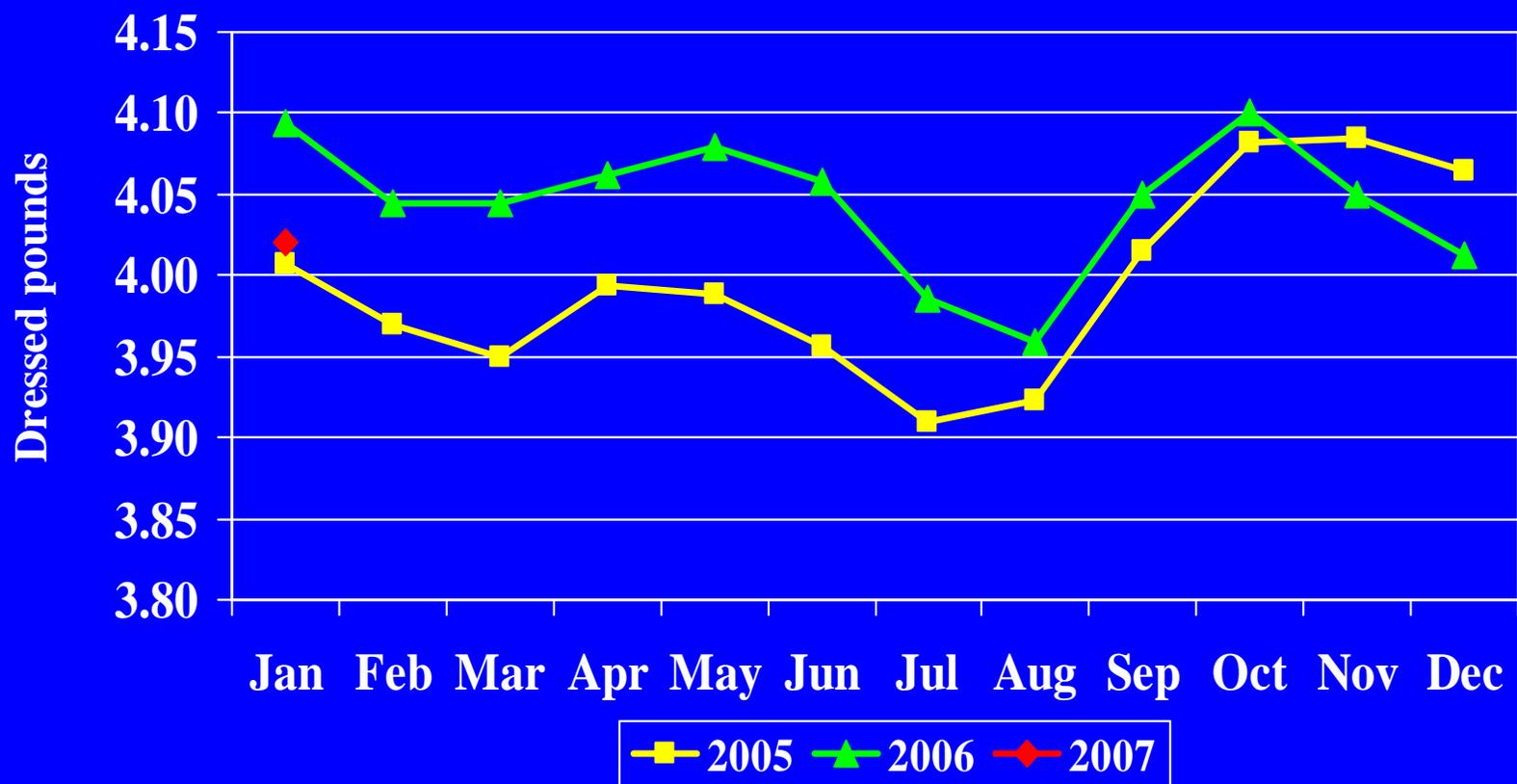
\* Forecast

# Chicks Placed For Grow Out Remain Below Last Year

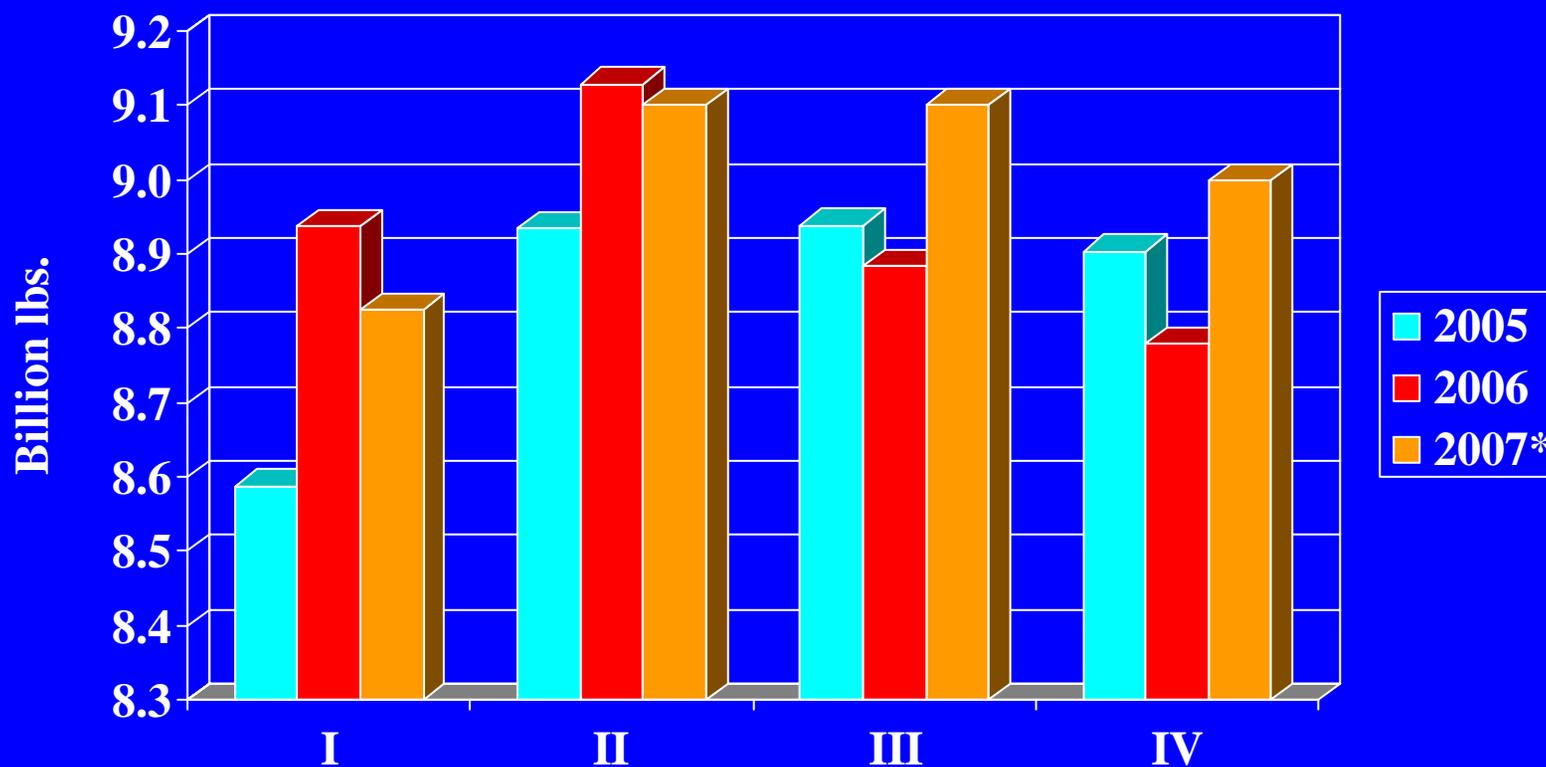
19 Selected States



# Dressed Bird Weights Are Declining



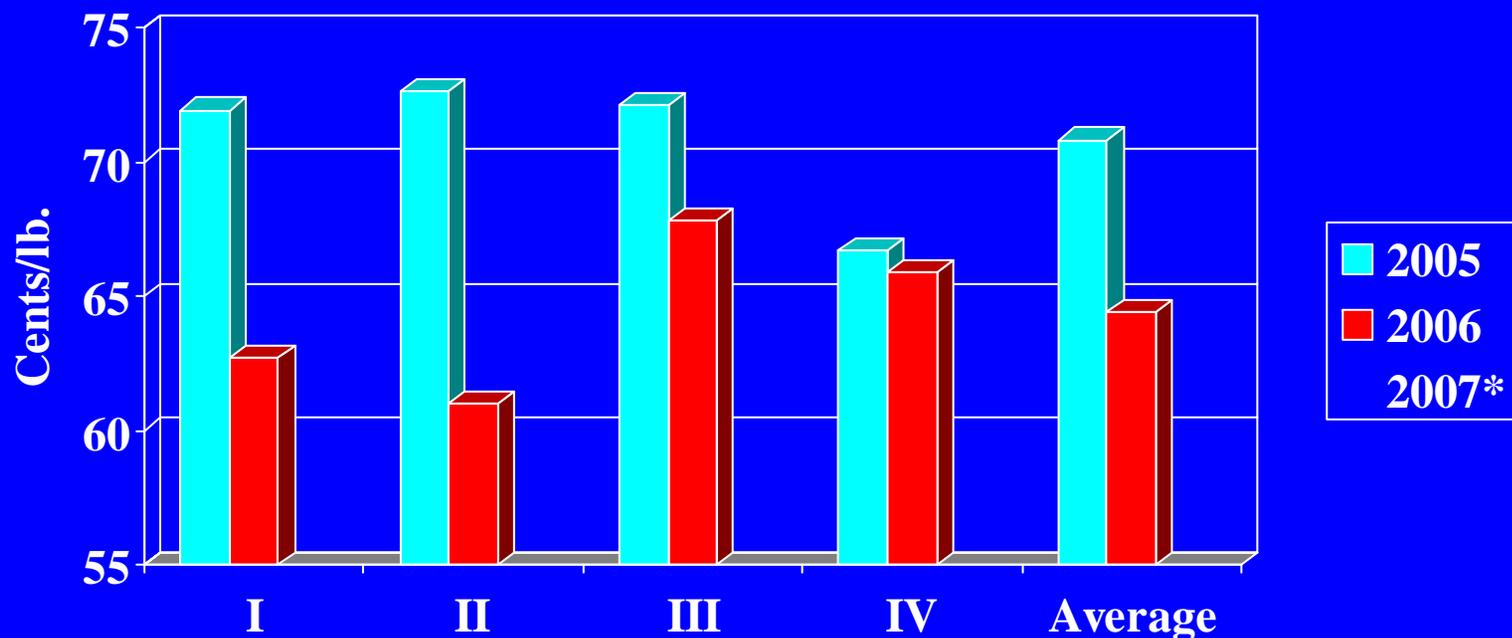
# 2006 Broiler Production 1 Percent Higher 2007 Growth Slow



\* Forecast

# 2006 Broiler Prices Weak

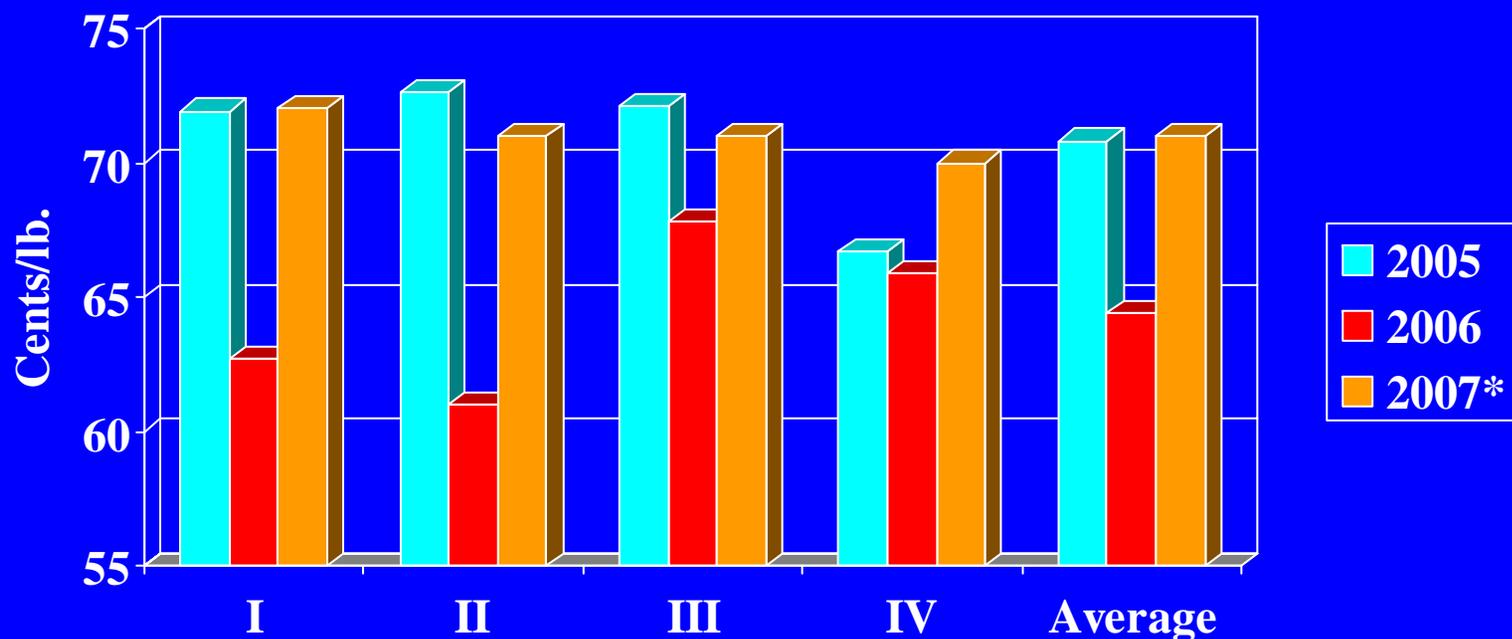
## 12-City Wholesale



\* Forecast

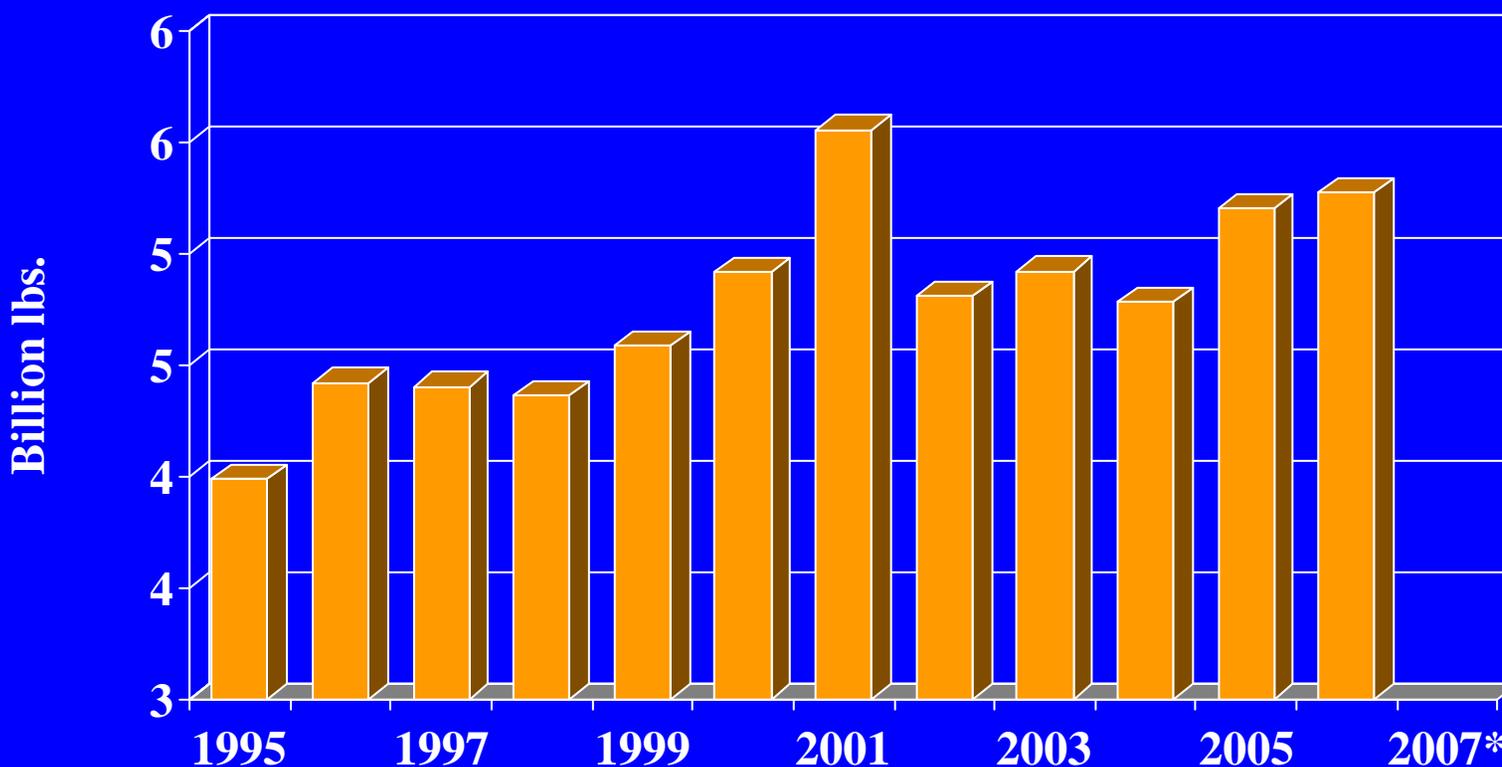
# 2006 Broiler Prices Weak But Will Recover in 2007

## 12-City Wholesale



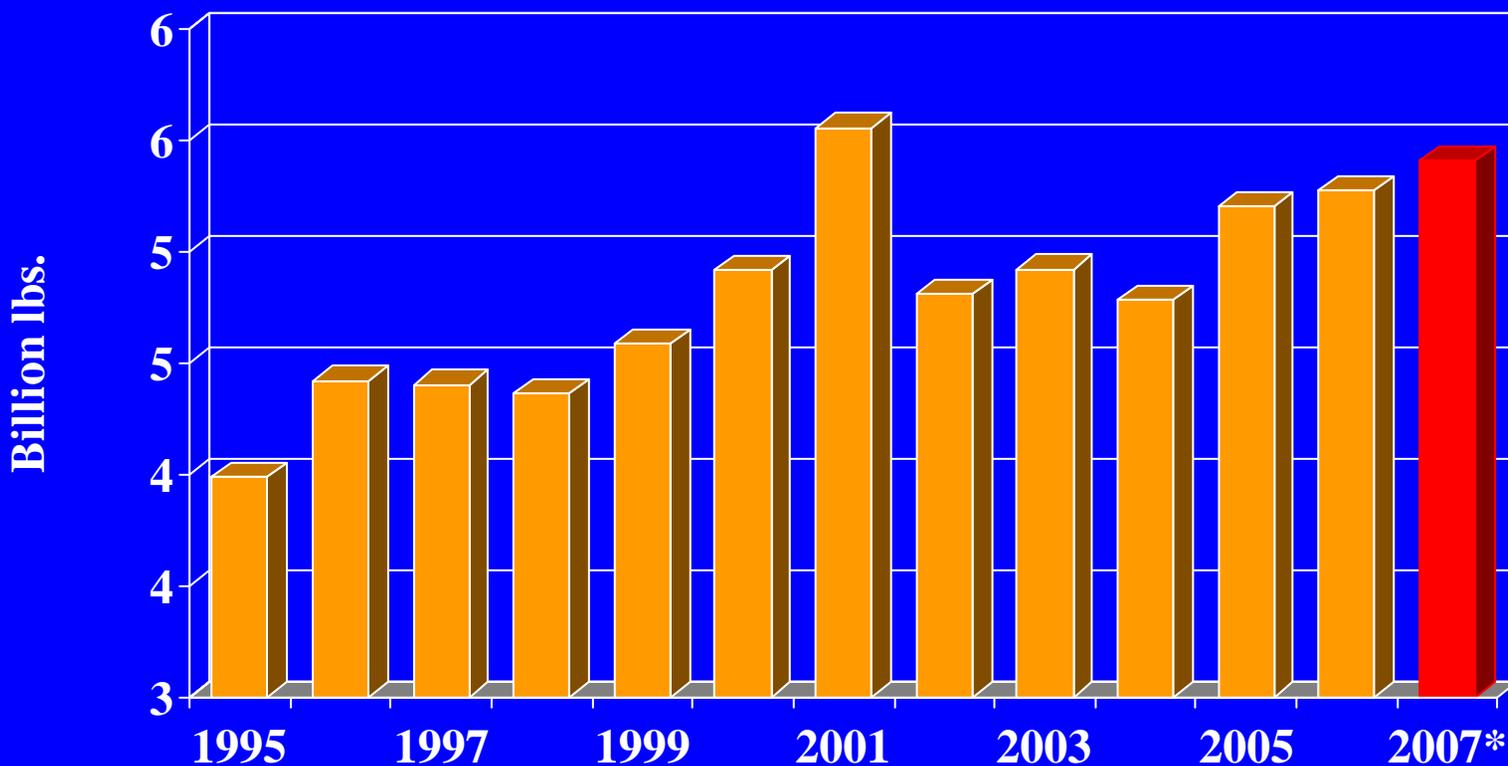
\* Forecast

# 2006 Broiler Exports Limited by Early Year Disease Concerns, High Prices



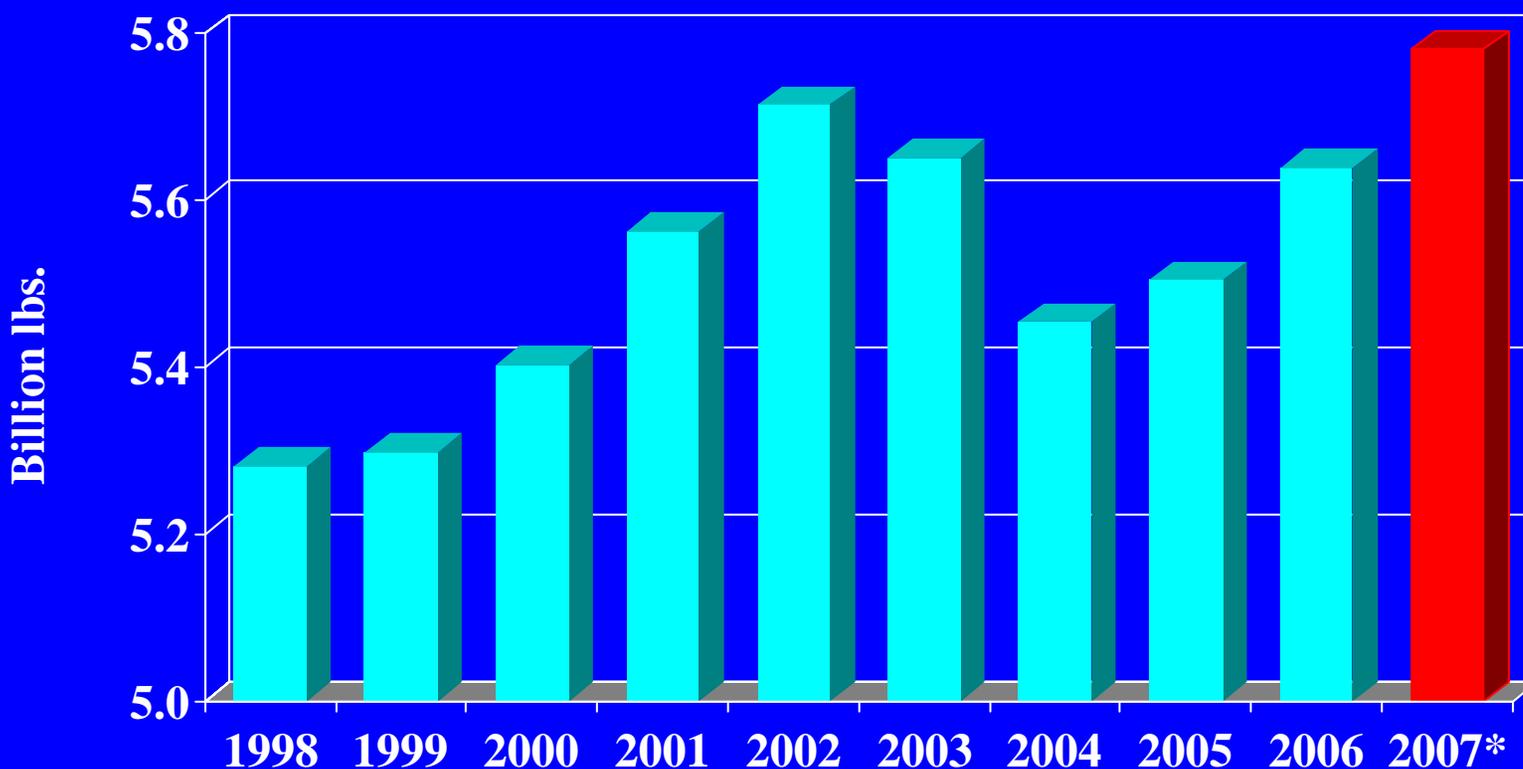
\* Forecast

# 2007 Broiler Exports Will Increase 3 Percent



\* Forecast

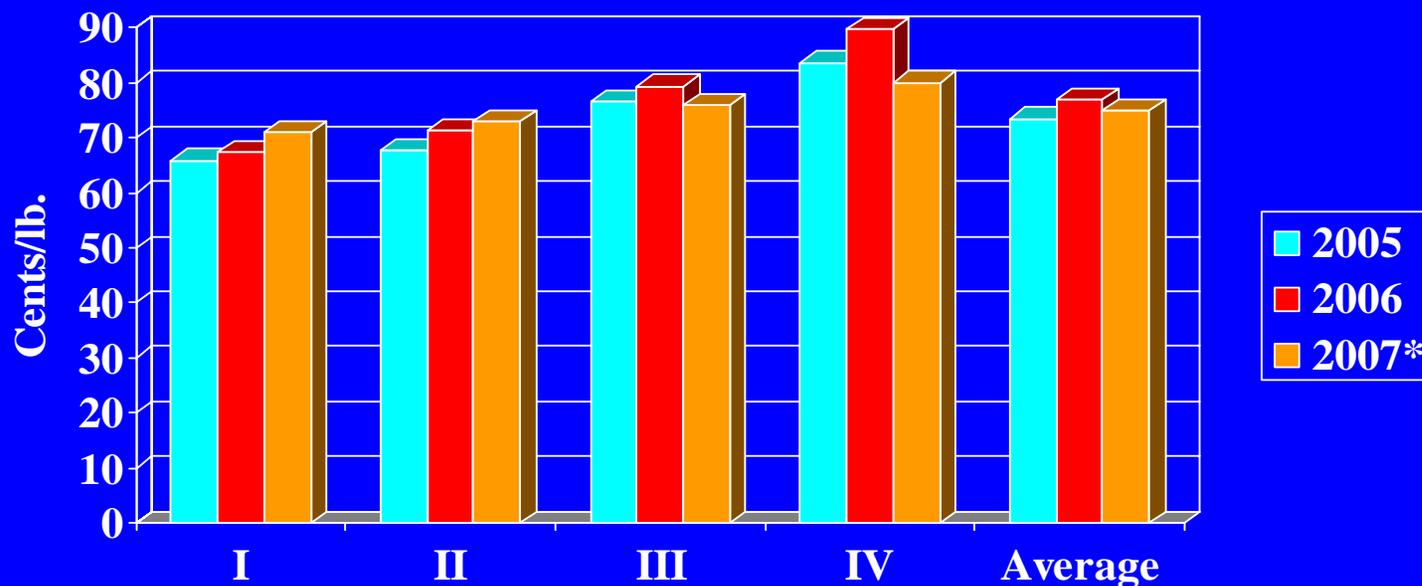
# Turkey Production Forecast at Record 5.8 Billion Pounds in 2007



\* Forecast

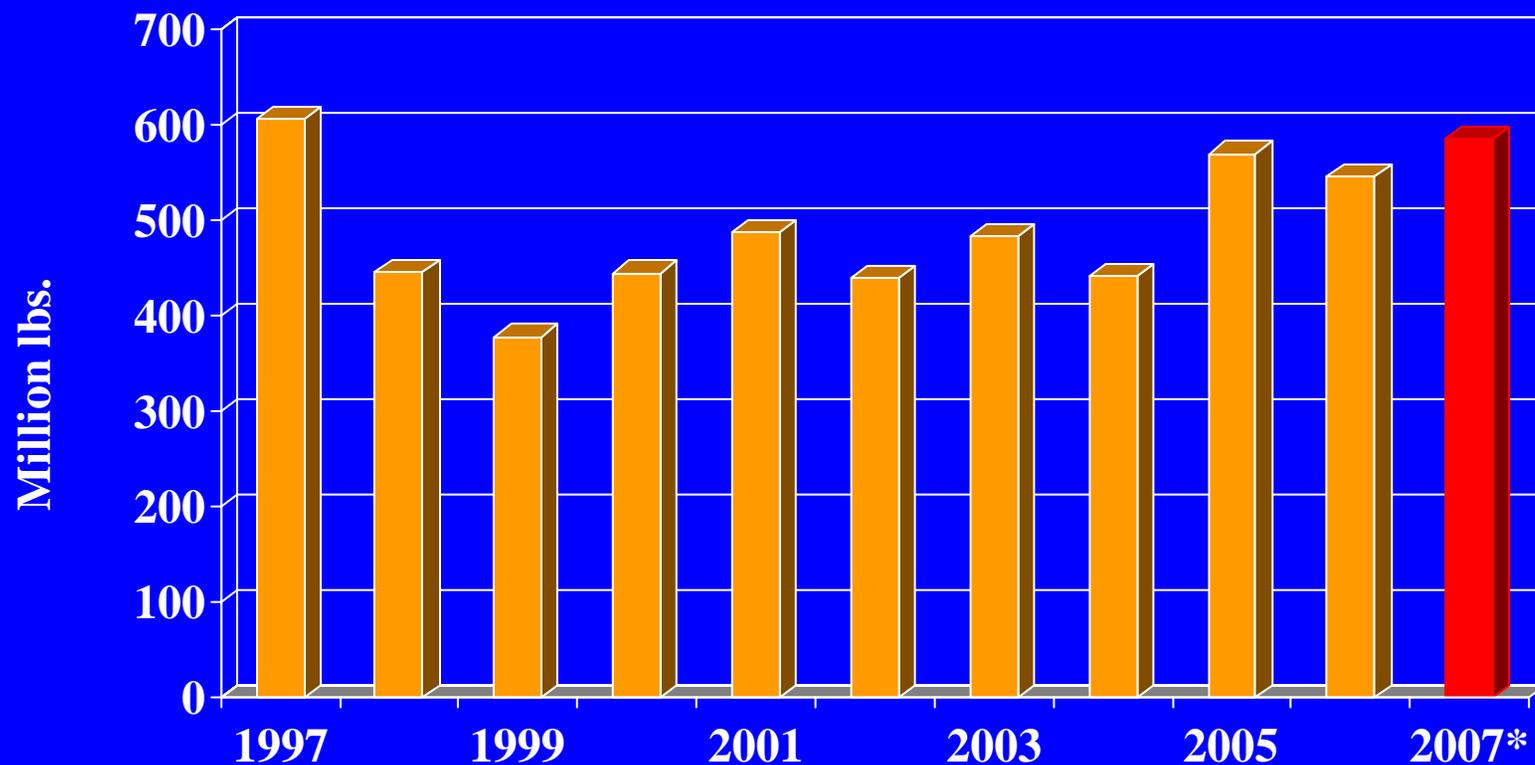
# Turkey Prices in 2007 Forecast at 73-77 Cents Per Pound

Eastern Hens, 8-16 lbs.



\* Forecast

# Turkey Exports in 2007 to be 585 Million Pounds



\* Forecast

# **Egg Production About Unchanged, Prices Higher**

- **2007 egg production fractionally higher at 7.6 billion dozen**
  - **Egg laying flock growth slowed in late 2006**
  - **Broiler-type laying flock lower on lower broiler meat production**
  - **Growth expected in second quarter onward**
- **Egg prices forecast at 84-90 cents per dozen on tight supplies**

## **Additional Information on the Outlook for 2007 is Available on the Following Websites:**

- World Agricultural Supply and Demand Estimates  
– [www.usda.gov/oce/commodity/wasde/index.htm](http://www.usda.gov/oce/commodity/wasde/index.htm)
- Livestock, Dairy, and Poultry Situation and Outlook  
– [www.ers.usda.gov/publications/ldp/](http://www.ers.usda.gov/publications/ldp/)
- Livestock and Poultry: World Markets and Trade  
– [www.fas.usda.gov/dlp/livestock\\_poultry.asp](http://www.fas.usda.gov/dlp/livestock_poultry.asp)