

Outlook for U.S. Livestock and Poultry in 2008

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United States Department of Agriculture**

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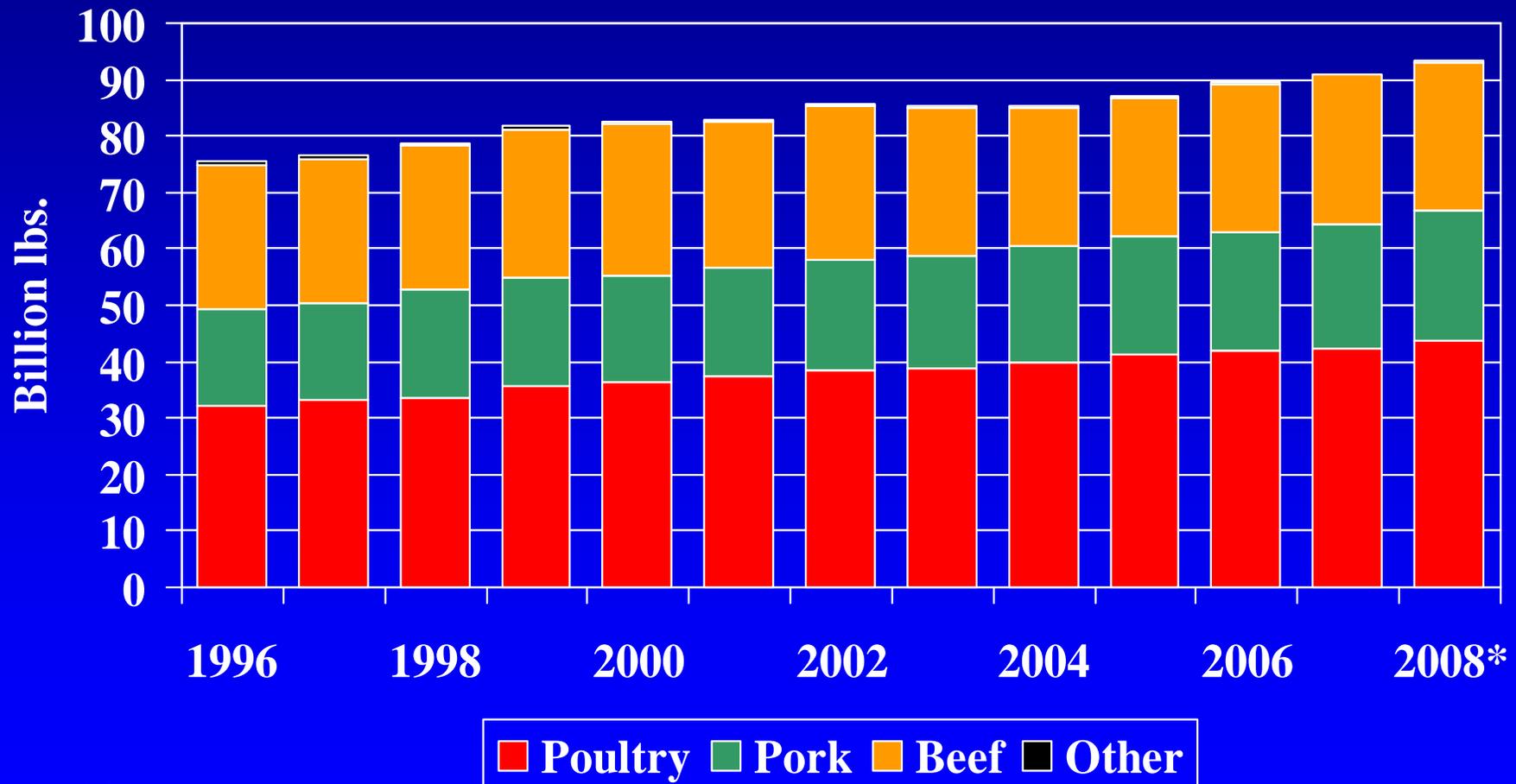
Challenges For Livestock and Poultry

- Escalating feed prices
- High energy prices
- Declining returns
- Slow U.S. economic growth
- Uncertain consumer confidence

Highlights for Livestock & Poultry in 2008

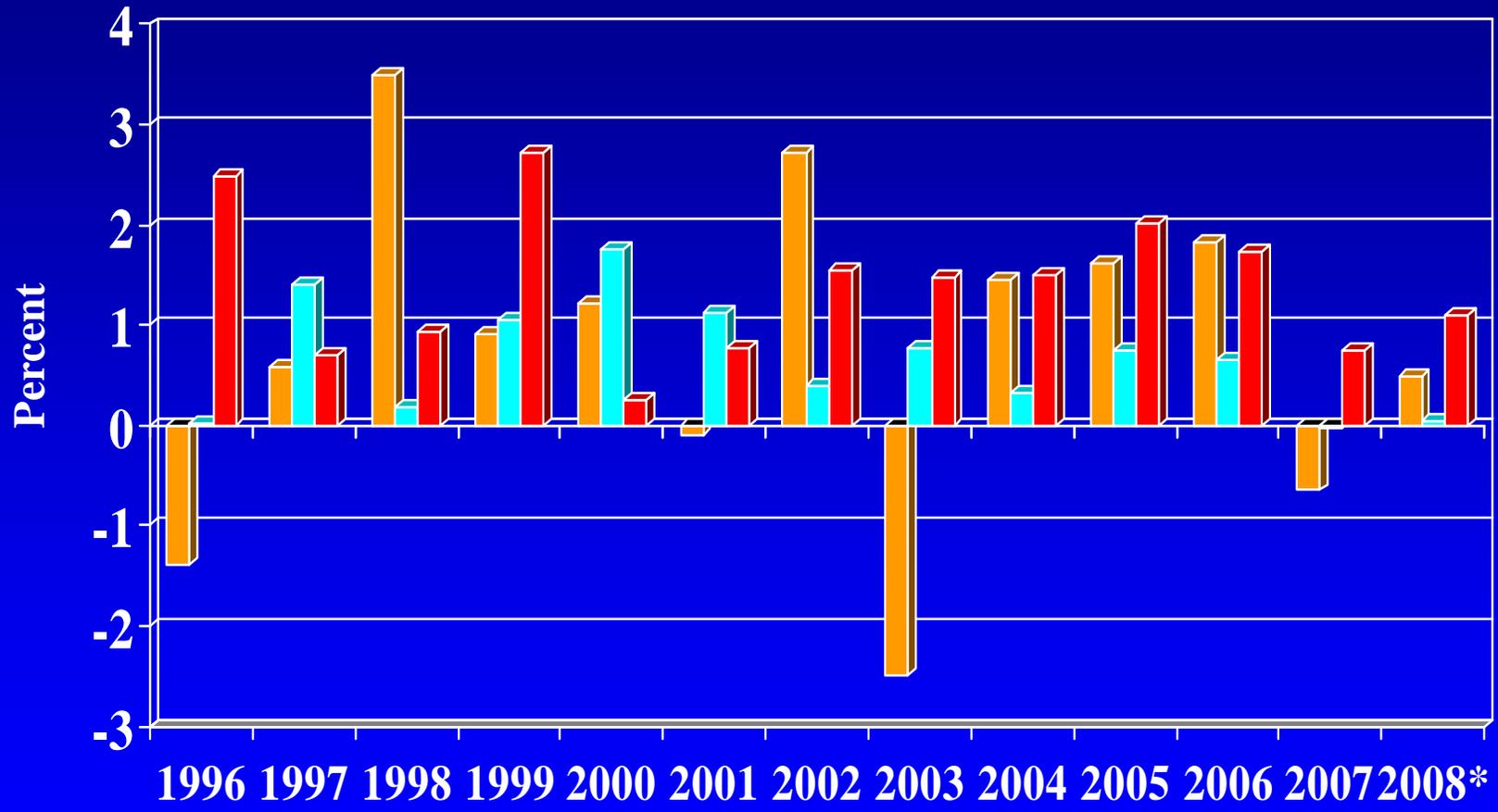
- Large domestic meat supplies
- Lower prices for cattle, hogs, broilers
- Record per capita disappearance

Total Red Meat and Poultry Production Reaches 93 Billion Pounds in 2008



* Forecast

Year to Year Change in Average Weights to Slow in 2008

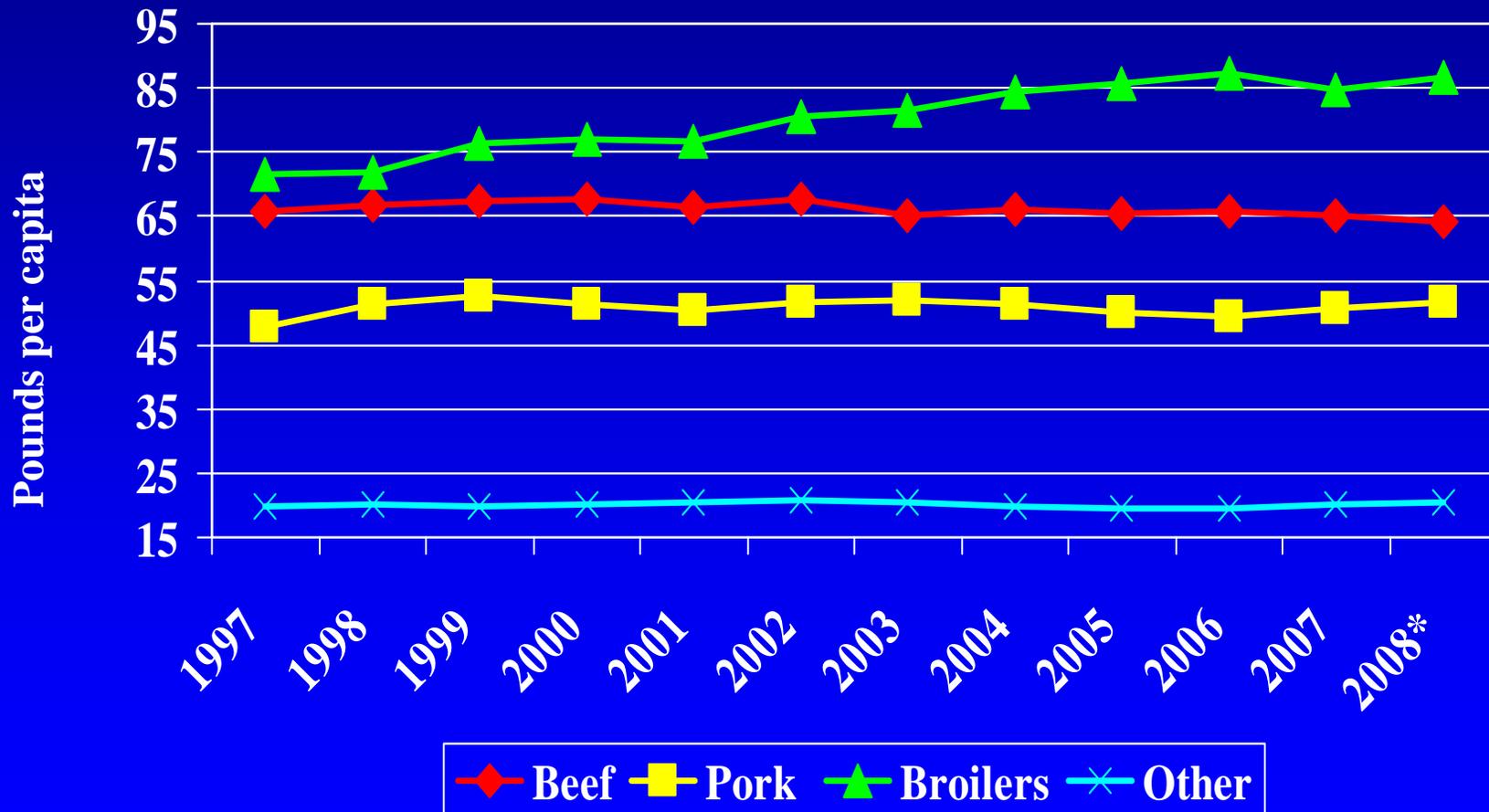


•Estimate

Cattle and hogs, carcass weight
 Broilers, live weight

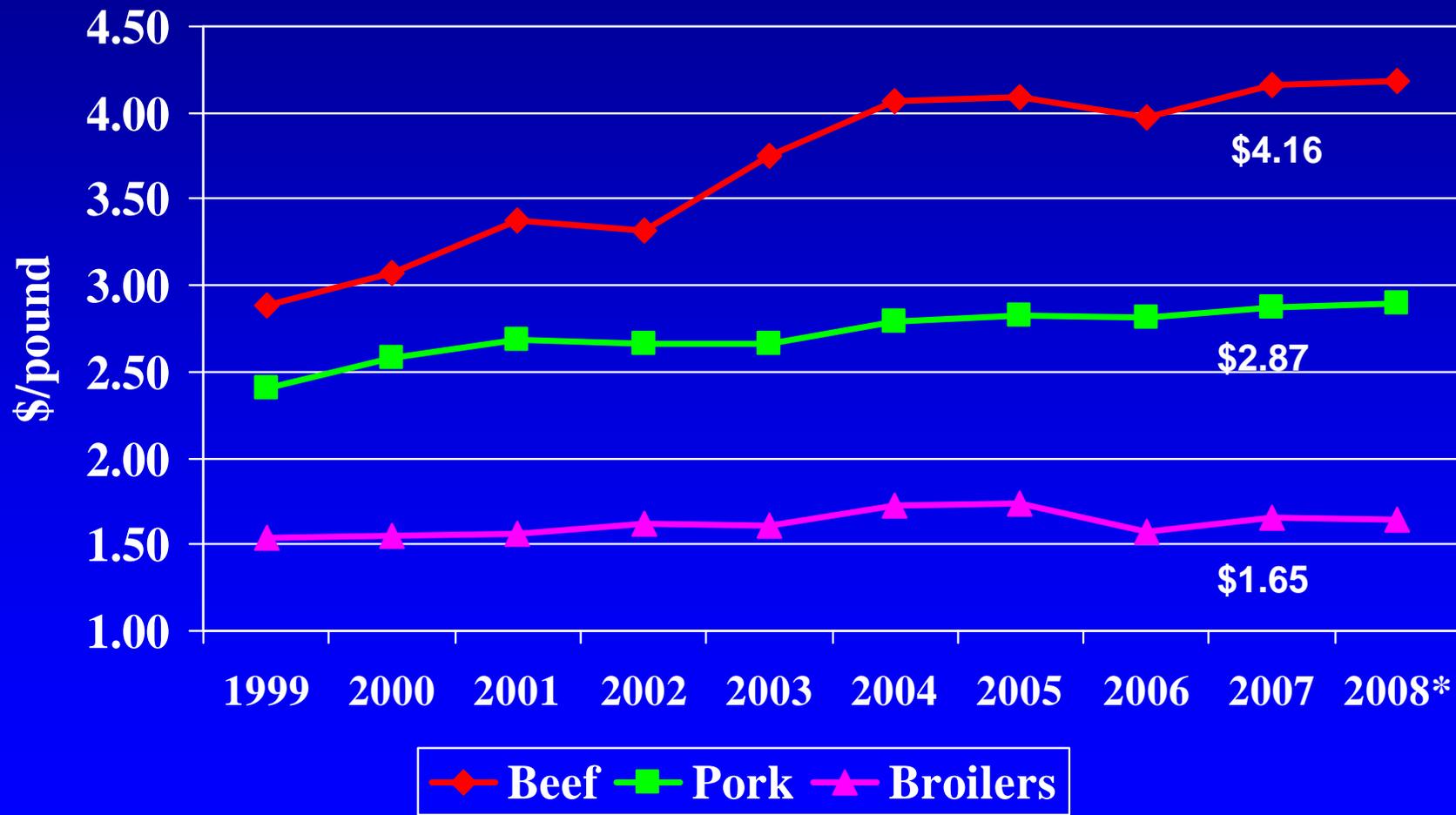


Total Meat Per Capita Disappearance in 2008 Nearly 223 Pounds, Retail Weight



* Forecast

Retail Red Meat Prices Slightly Higher, Broilers Slightly Lower



* Forecast

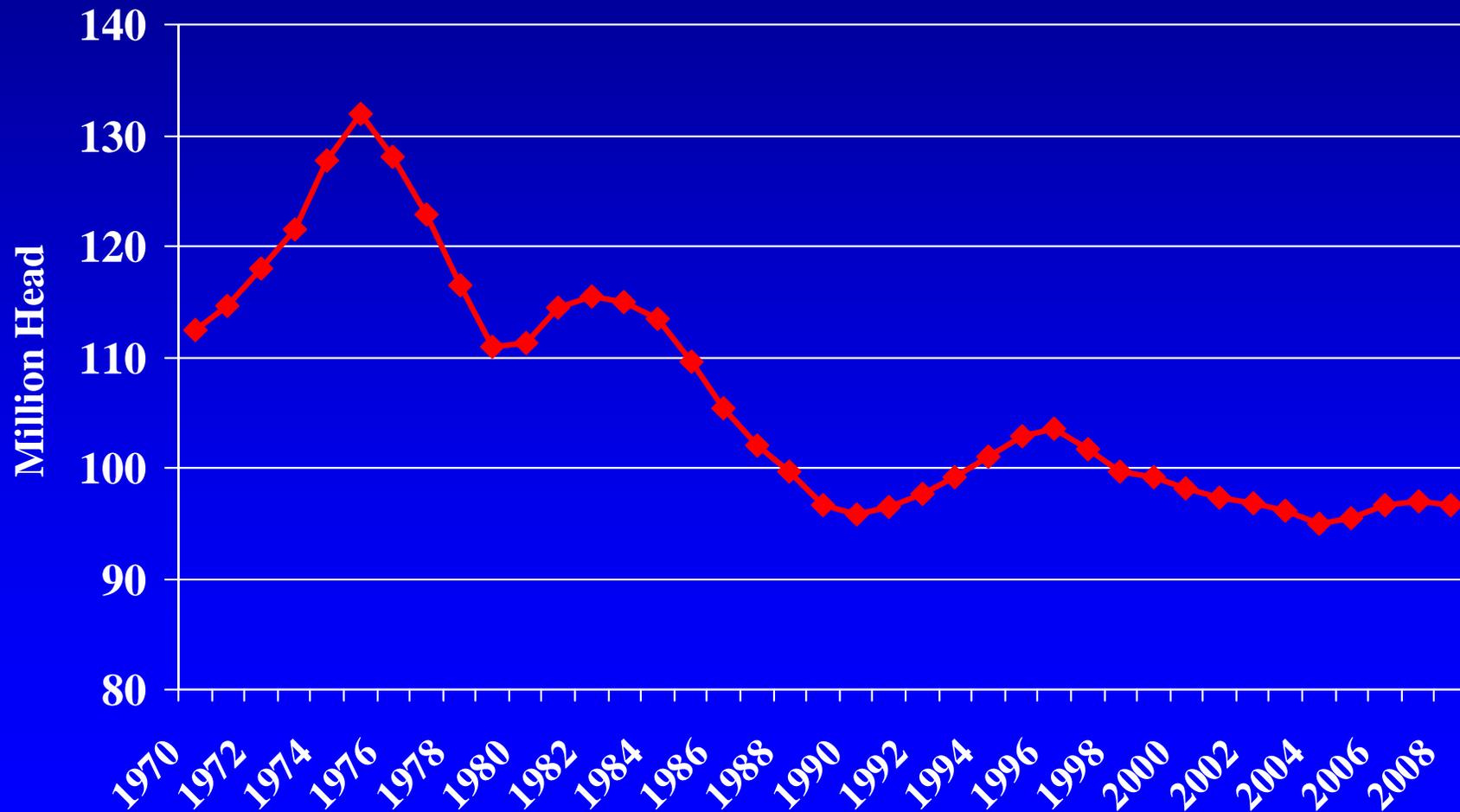
Highlights for Livestock & Poultry in 2008

- Large domestic meat supplies
- Lower prices for cattle, hogs, broilers
- Record per capita disappearance
- Strong exports for meat and poultry

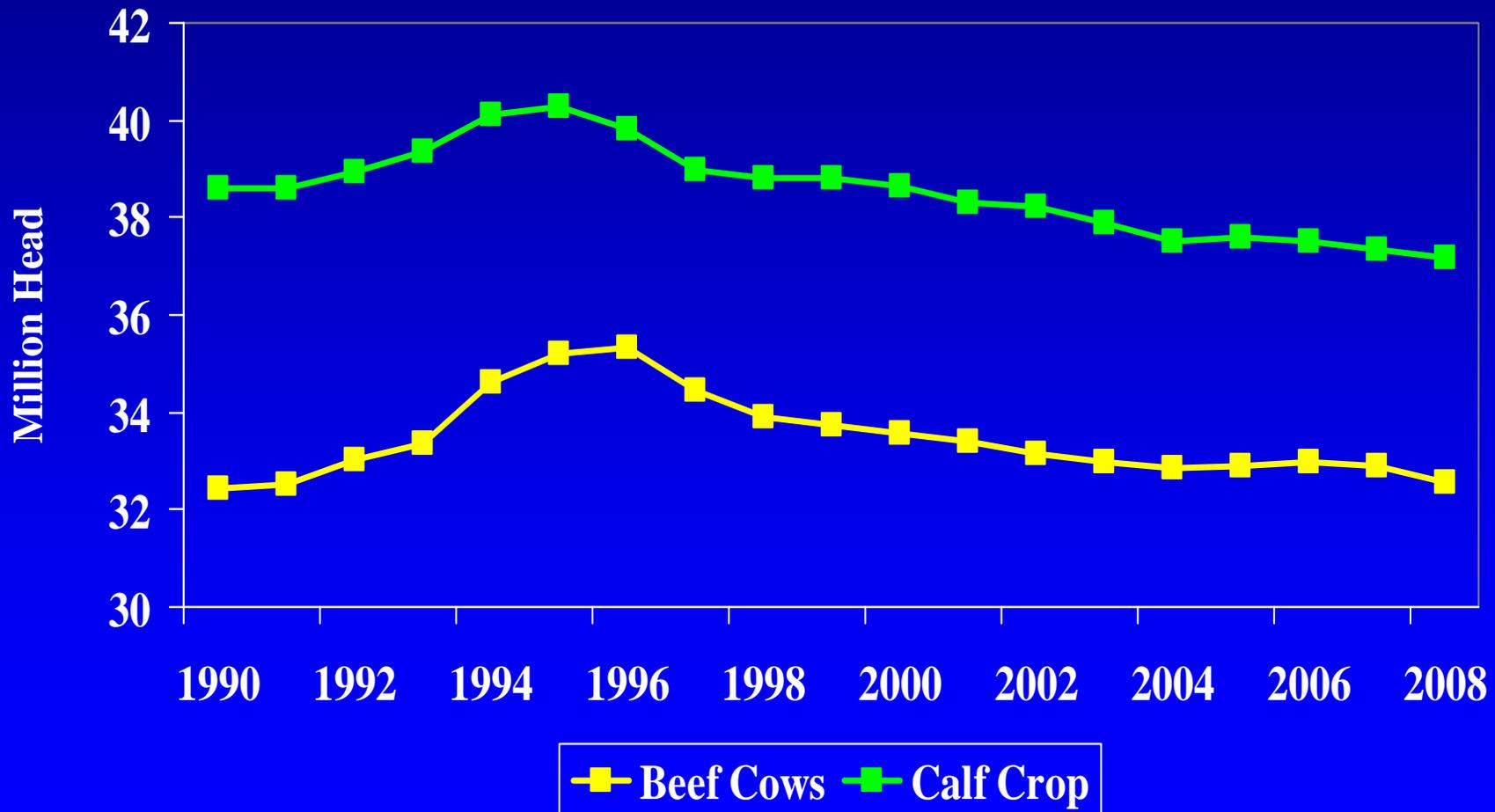
Foreign economic growth slows to 3 percent

Exchange rate favors meat exports

Cattle Expansion Ends, January 1 Inventory at 96.7 Million Head



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

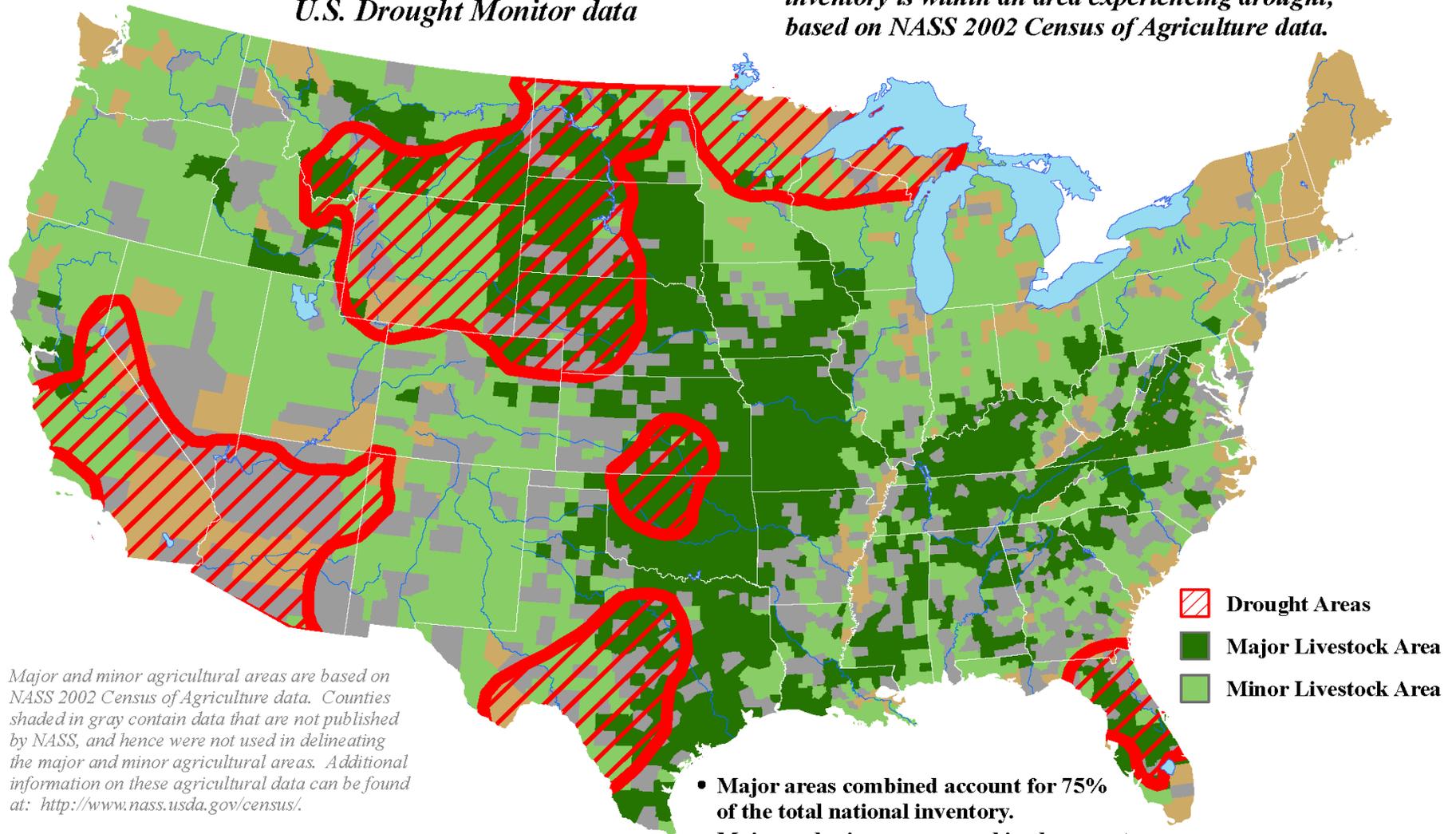


Calf Crop 2008 Estimate all calves

U.S. Beef Cow Areas Experiencing Drought

Reflects January 30, 2007
U.S. Drought Monitor data

Approximately **23%** 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/>.

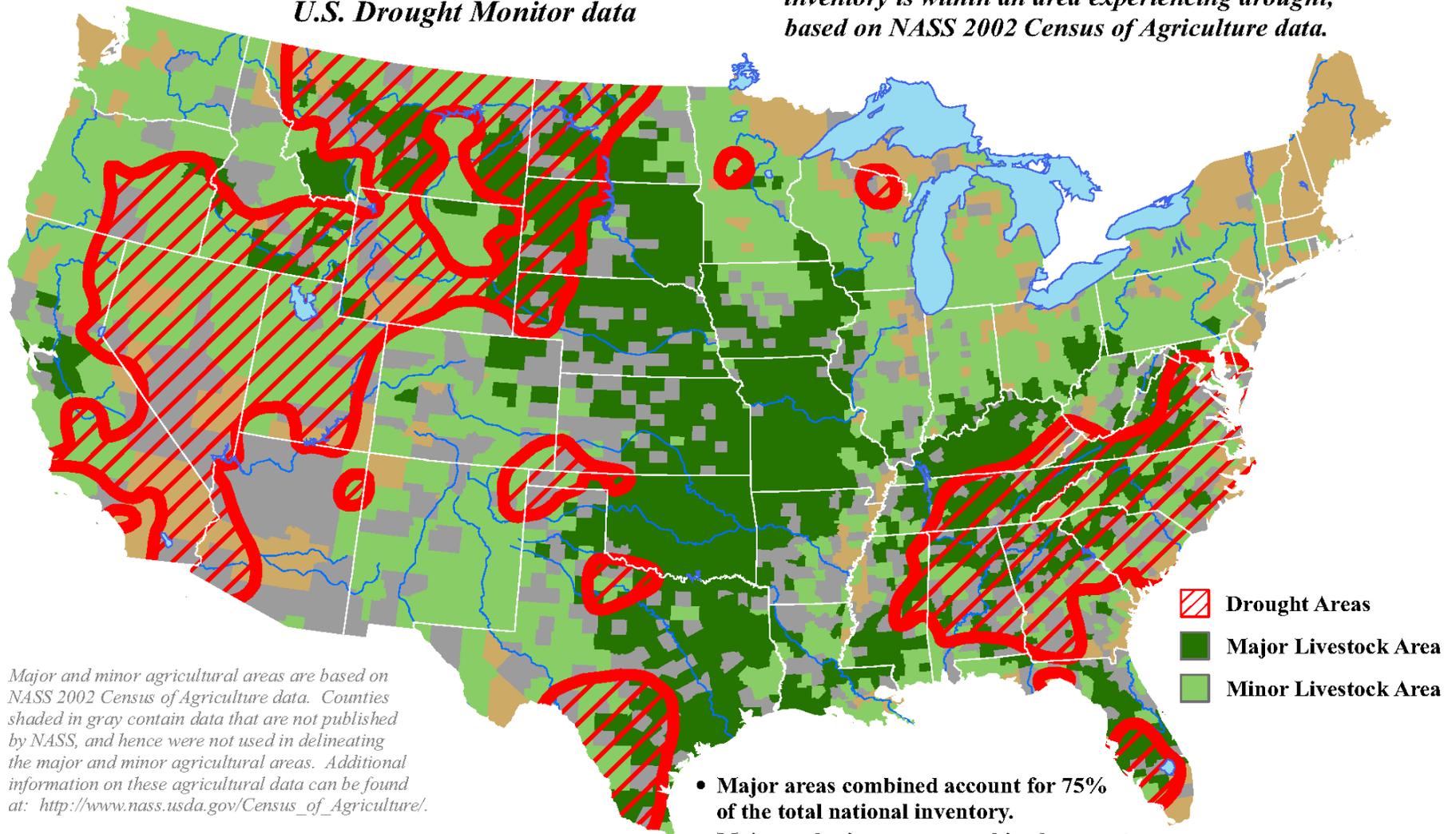
Mapped drought areas are derived from the U.S. Drought Monitor product and do not depict the intensity of drought in any particular location. This map is not used for USDA programs. More information on the Drought Monitor can be found at: <http://www.drought.unl.edu/dm/monitor.html>.

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

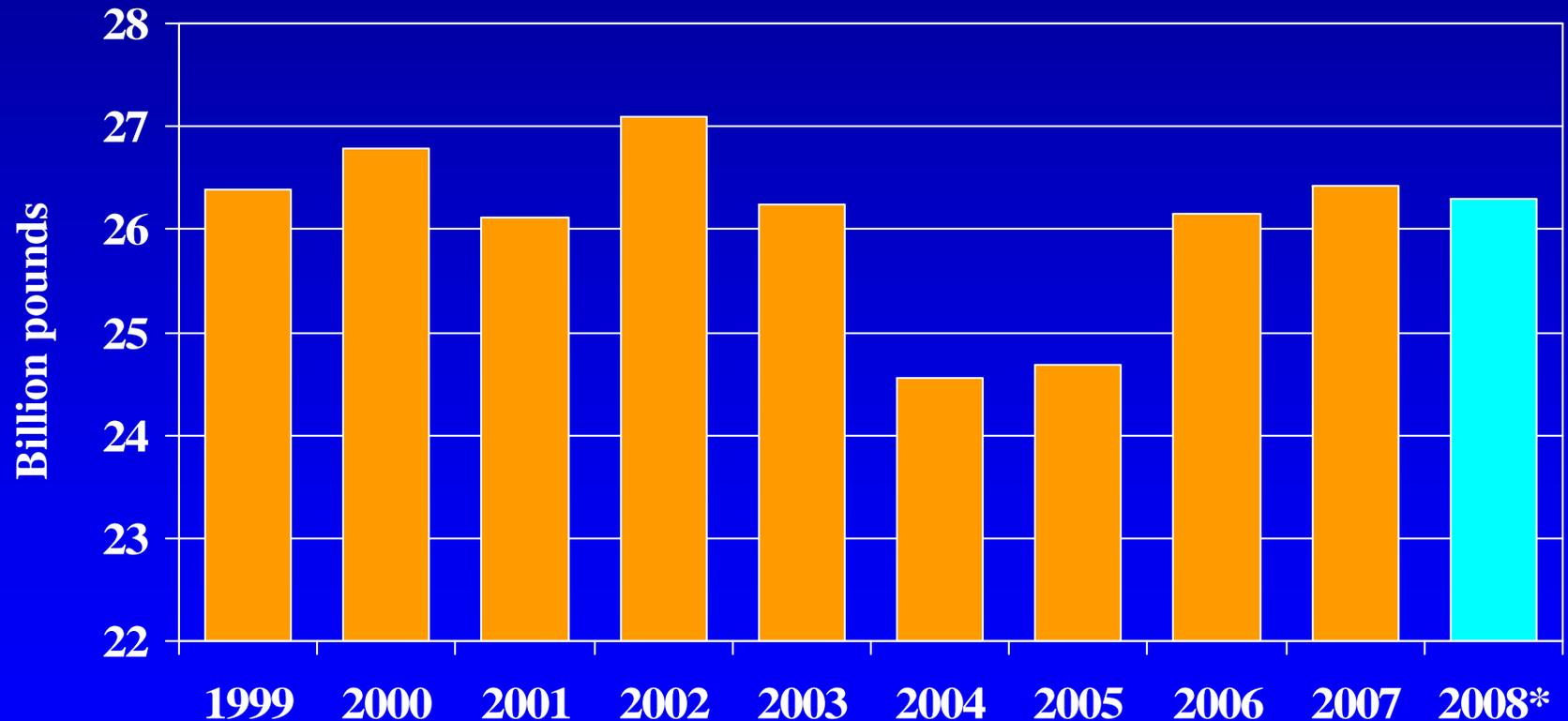
U.S. Beef Cow Areas Experiencing Drought

Reflects January 29, 2008
U.S. Drought Monitor data

Approximately 28% of the domestic beef cow
inventory is within an area experiencing drought,
based on NASS 2002 Census of Agriculture data.

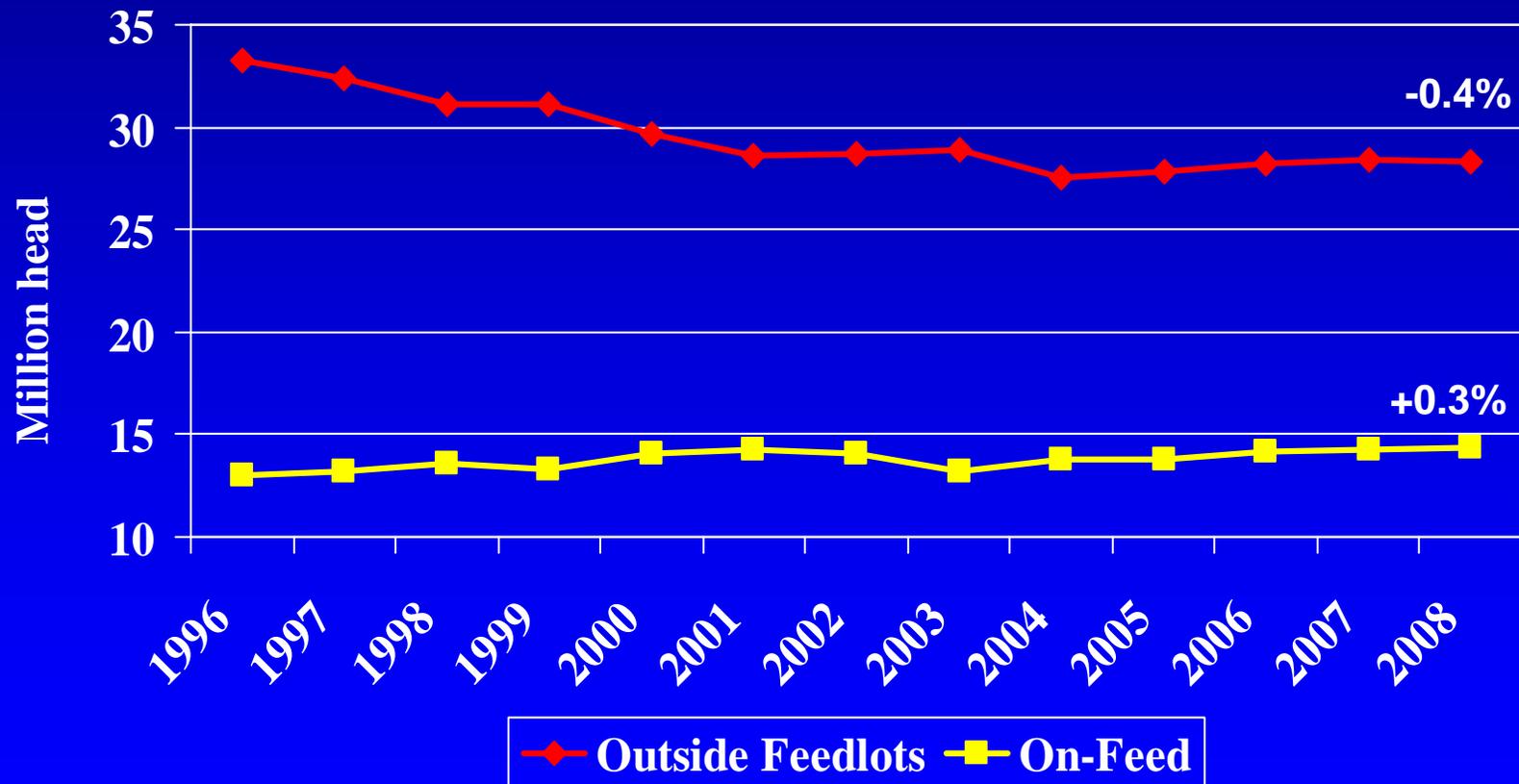


Beef Production Slips to 26.3 Billion Pounds in 2008

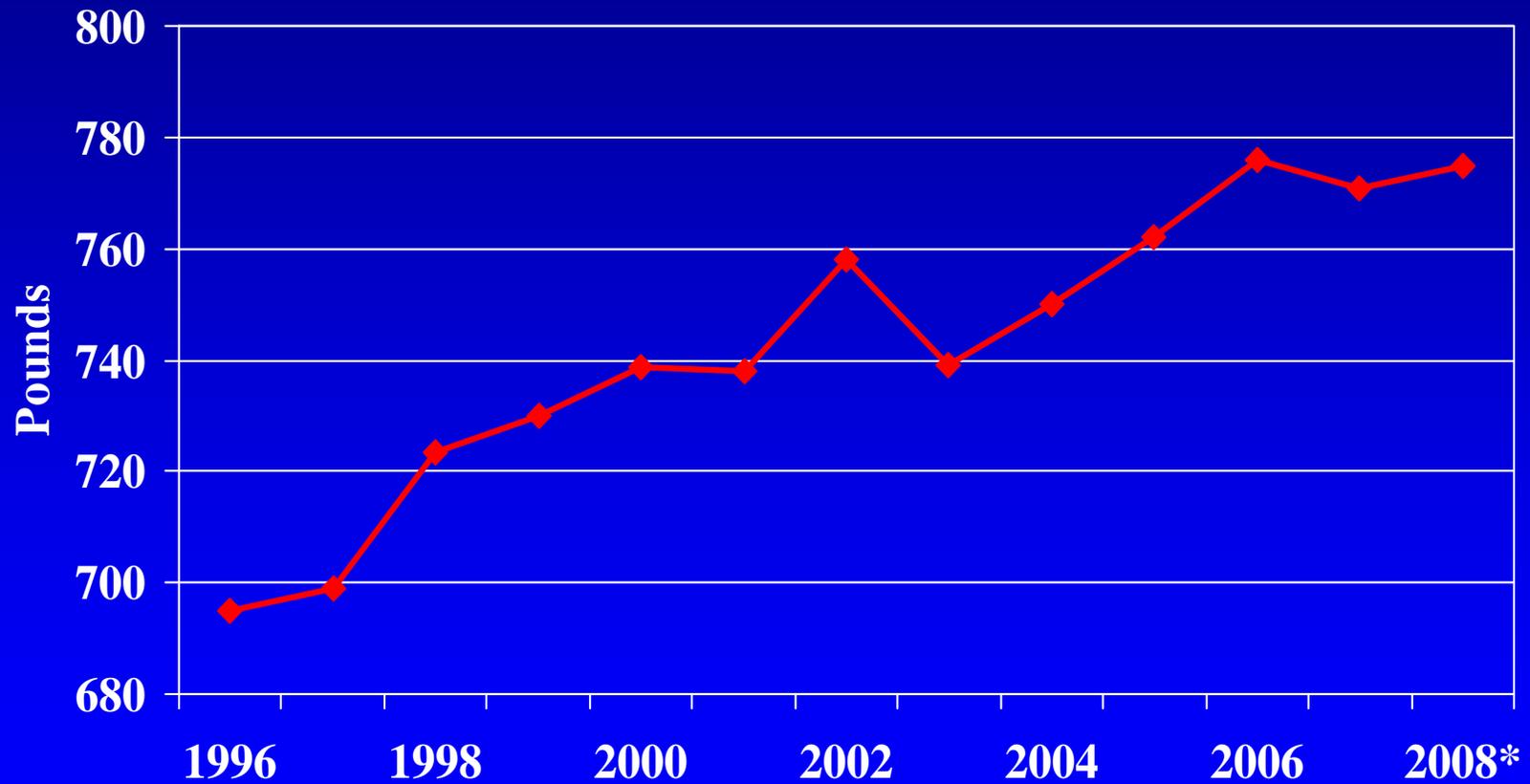


* Forecast

Cattle On Feed Up Slightly On January 1, Supplies Outside Feedlots Down

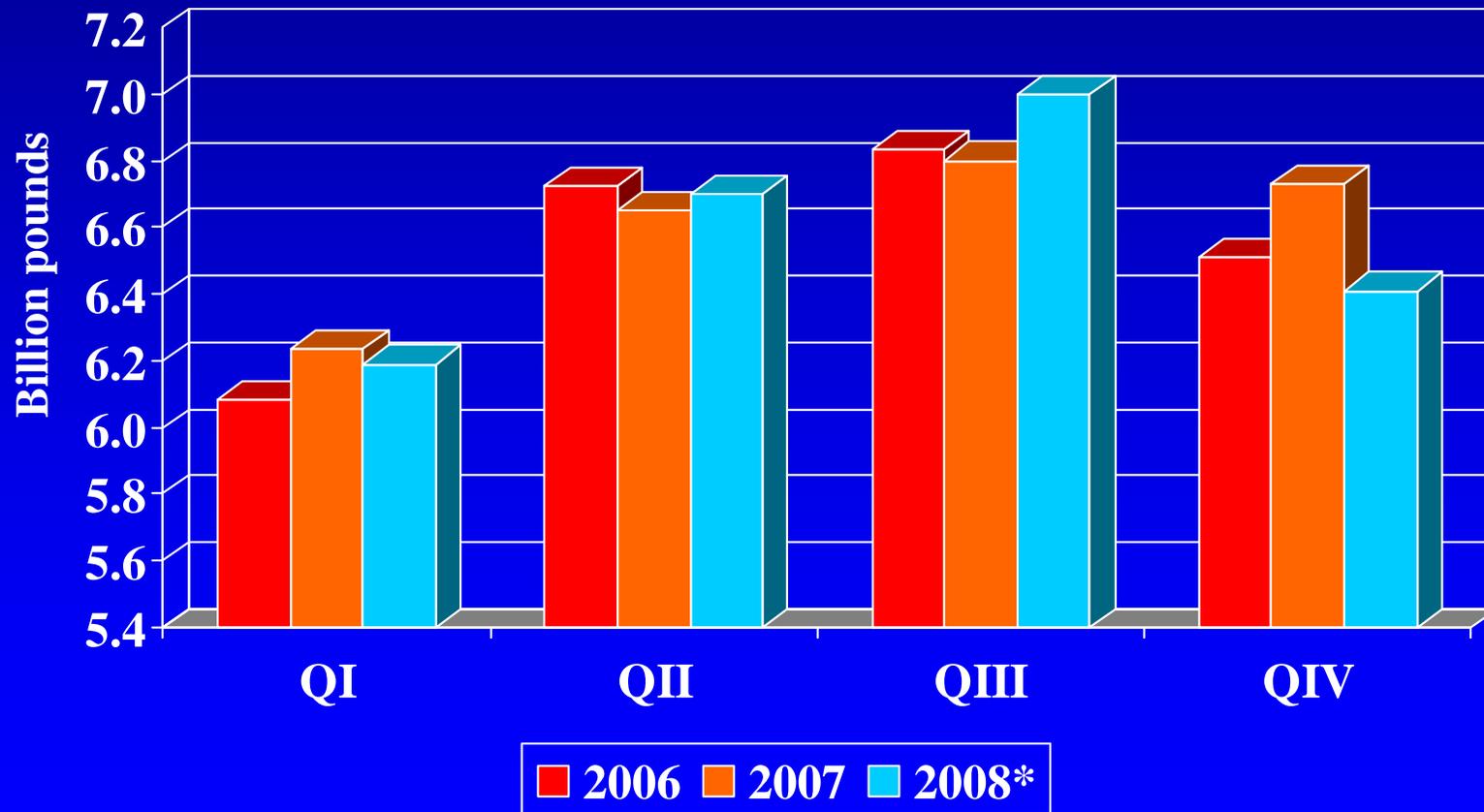


Average Cattle Carcass Weight Growth Stalls in 2008



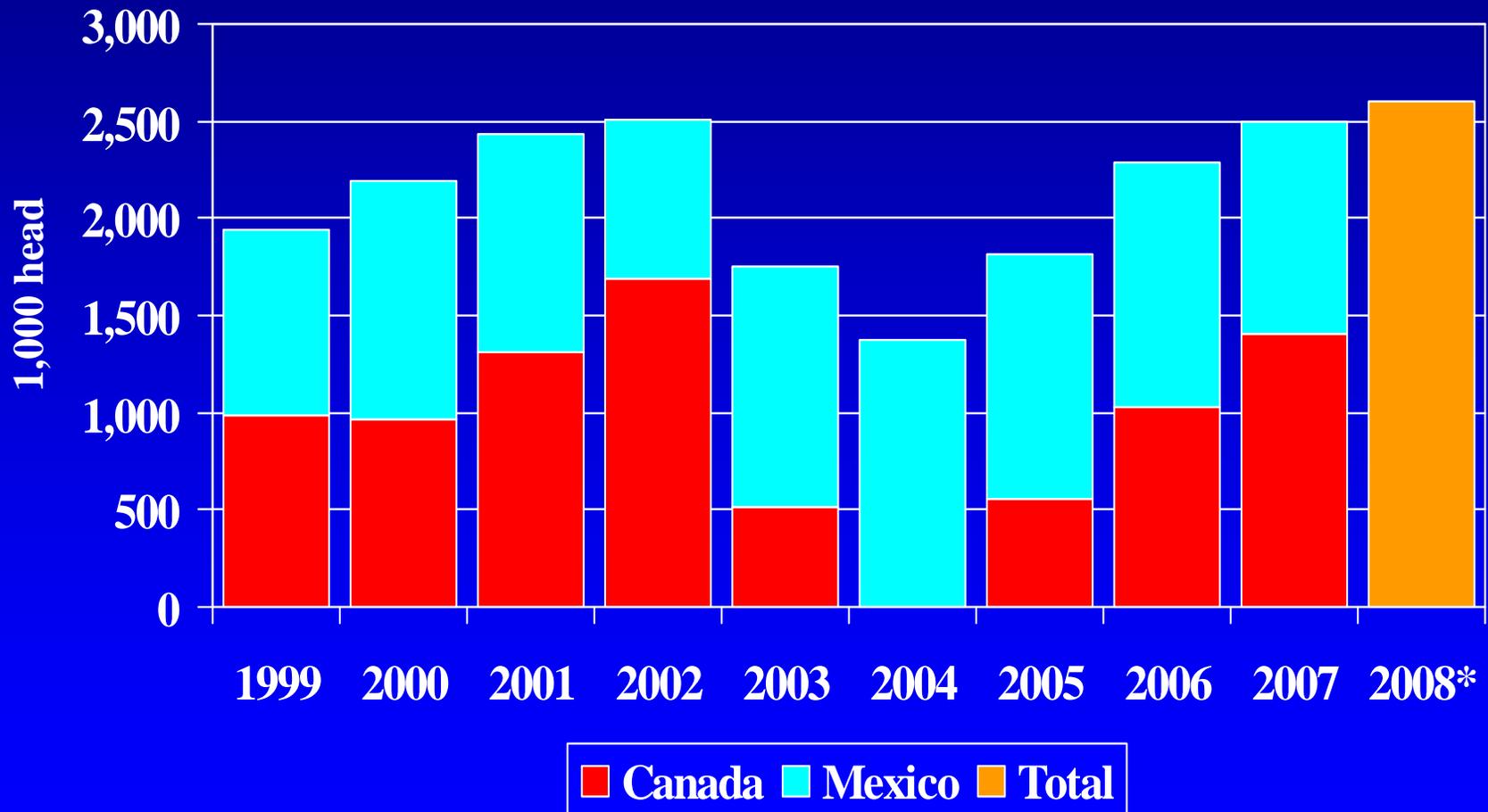
* Forecast

Beef Output Rises Mid-Year, Declines by 4th Quarter, Totals 26.3 Billion Pounds



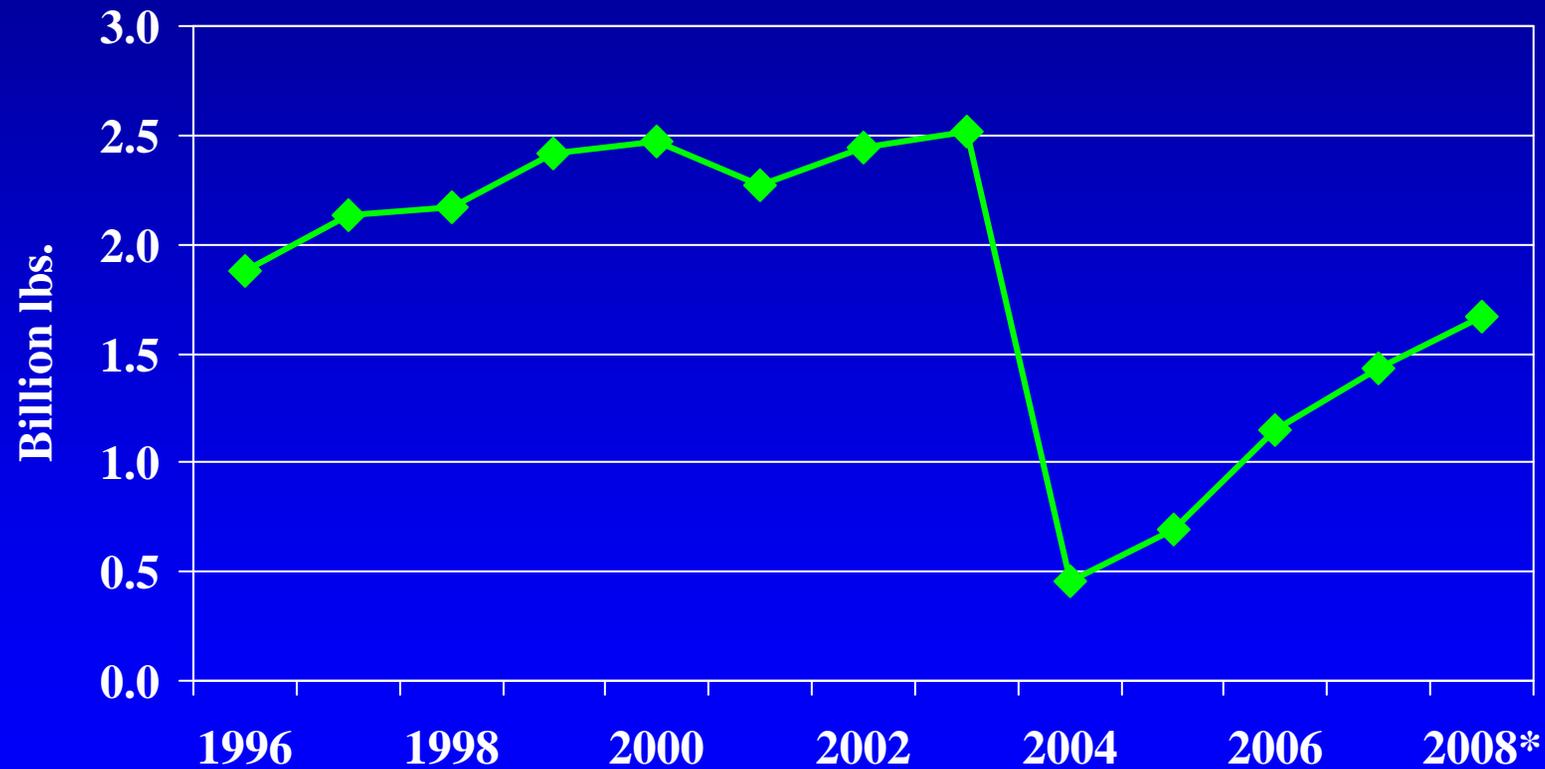
* Forecast

Cattle Imports for 2008 Increase About 6 Percent to 2.6 Million Head



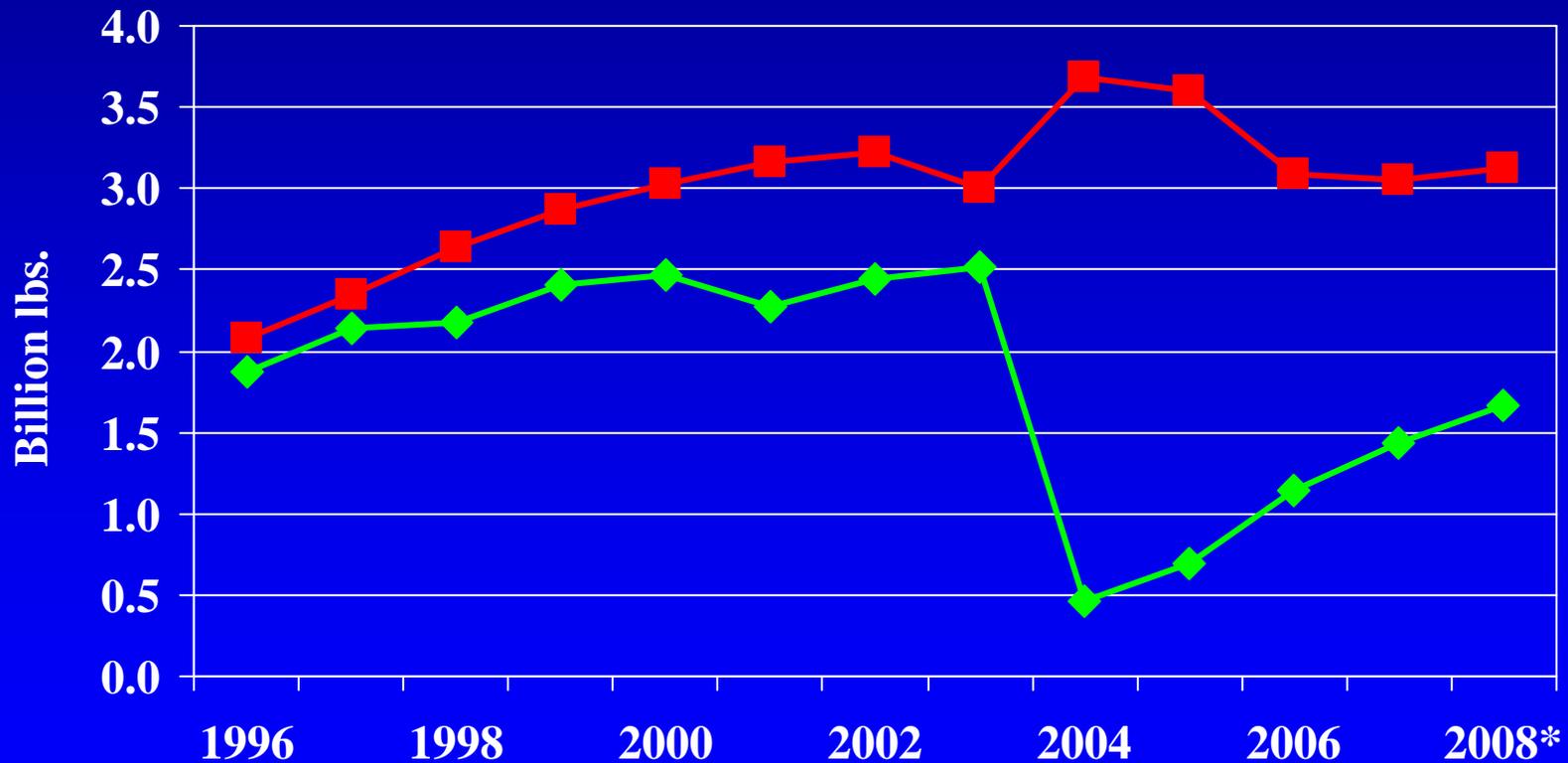
* Forecast

Beef Exports Expected to Increase to About 1.7 Billion Pounds



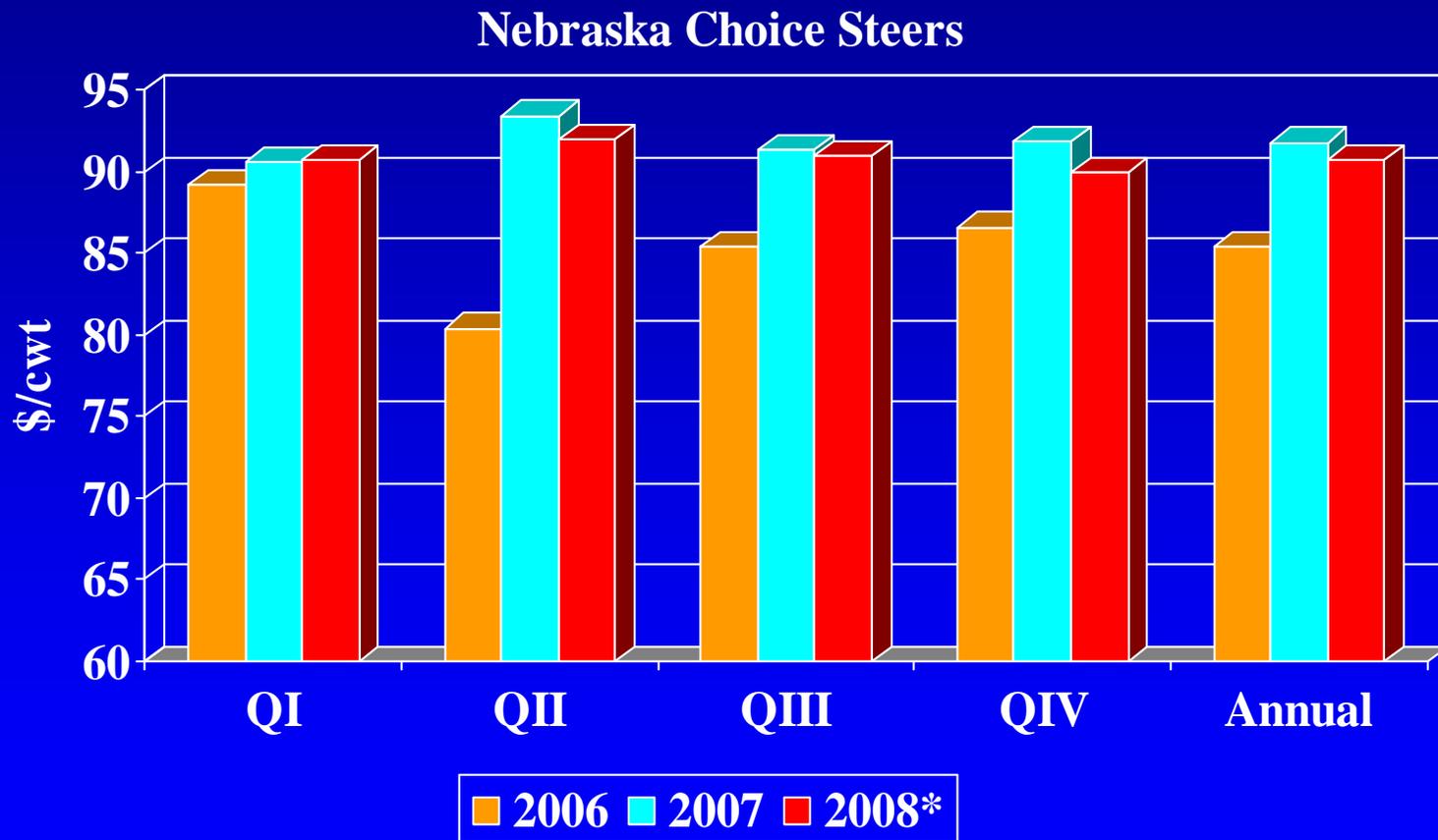
* Forecast

Beef Imports Increase 2 Percent in 2008 to 3.1 Billion Pounds



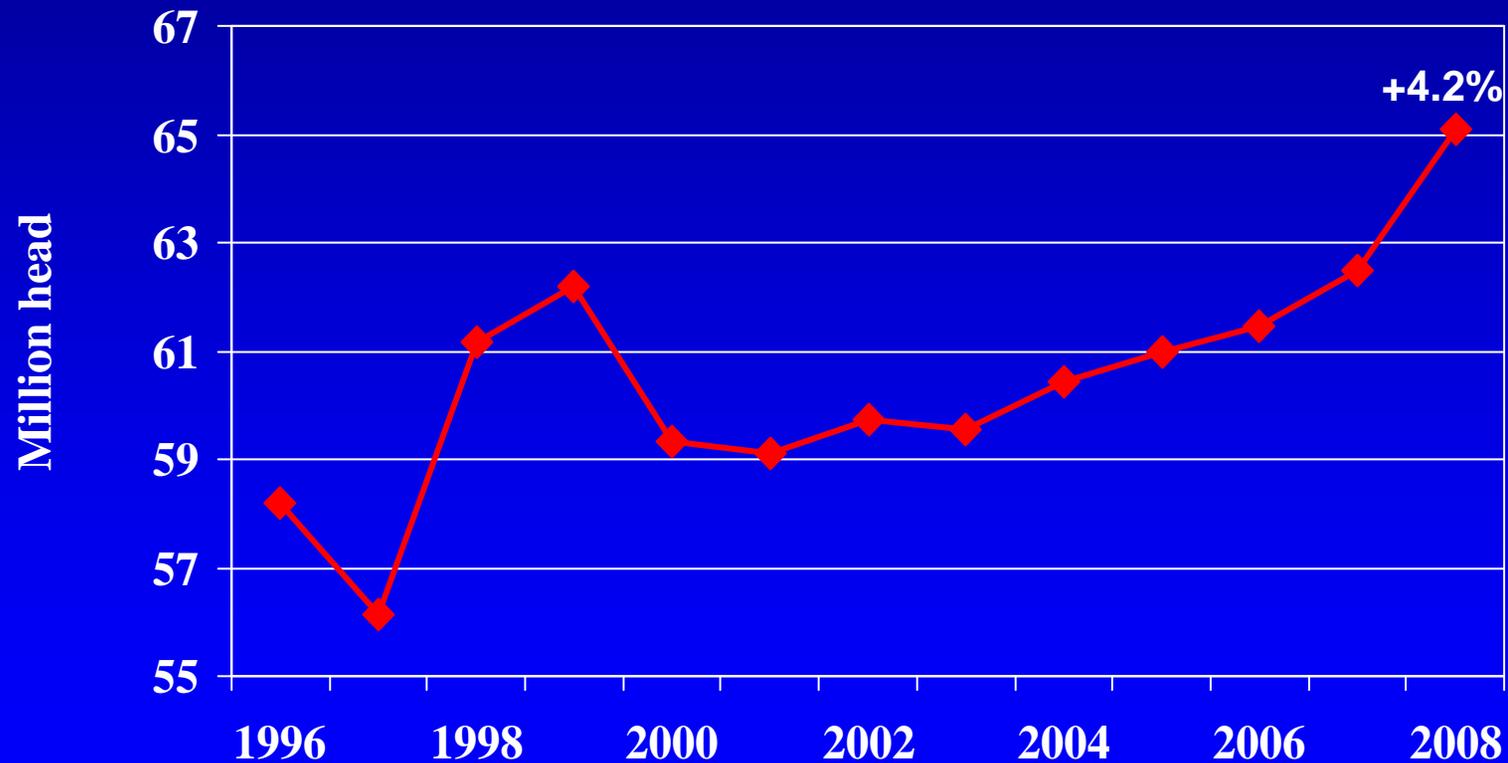
* Forecast

Cattle Prices to Average \$88-\$94/cwt, Slightly Below the 2007 Record of \$91.82

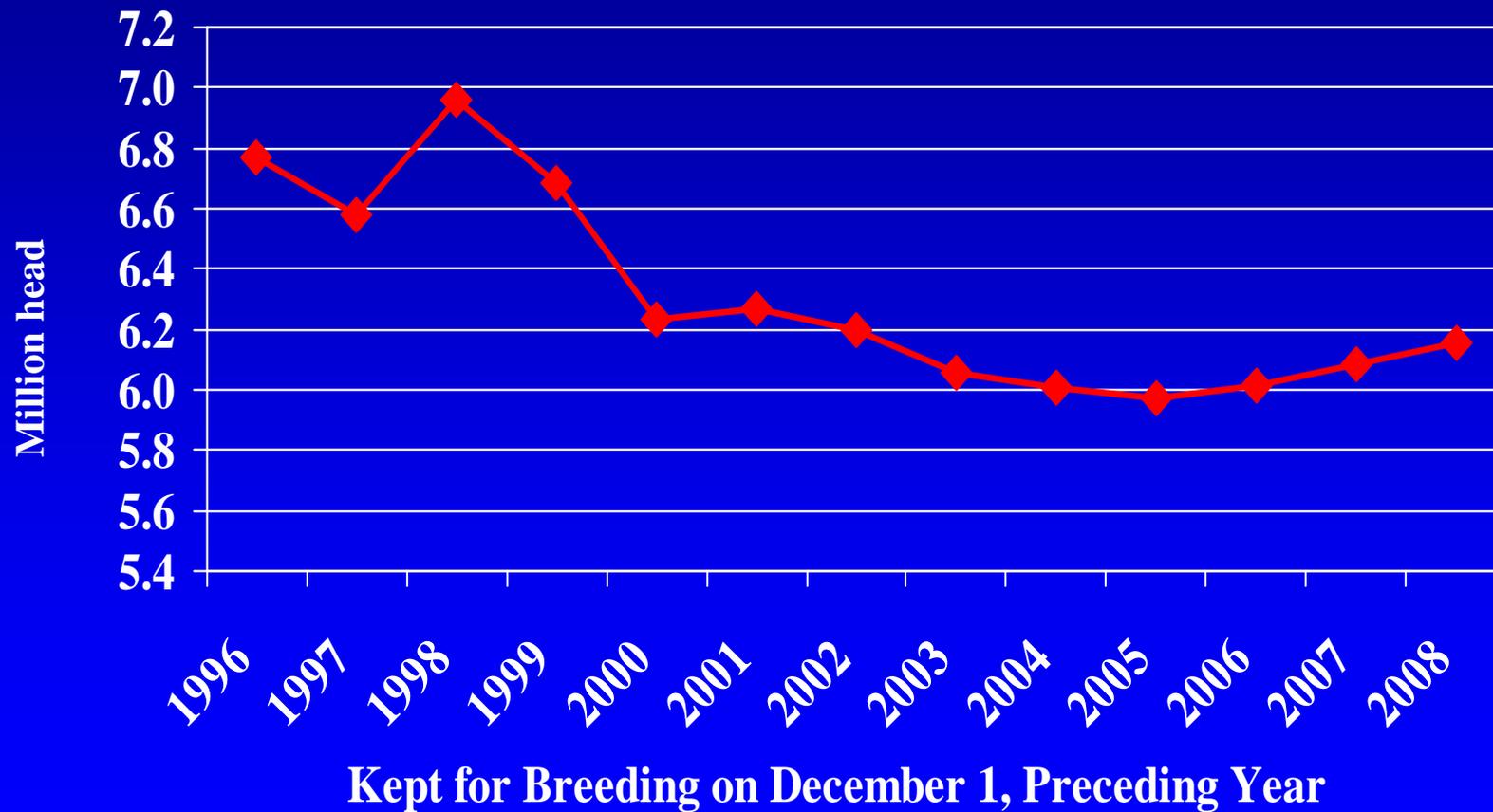


* Forecast

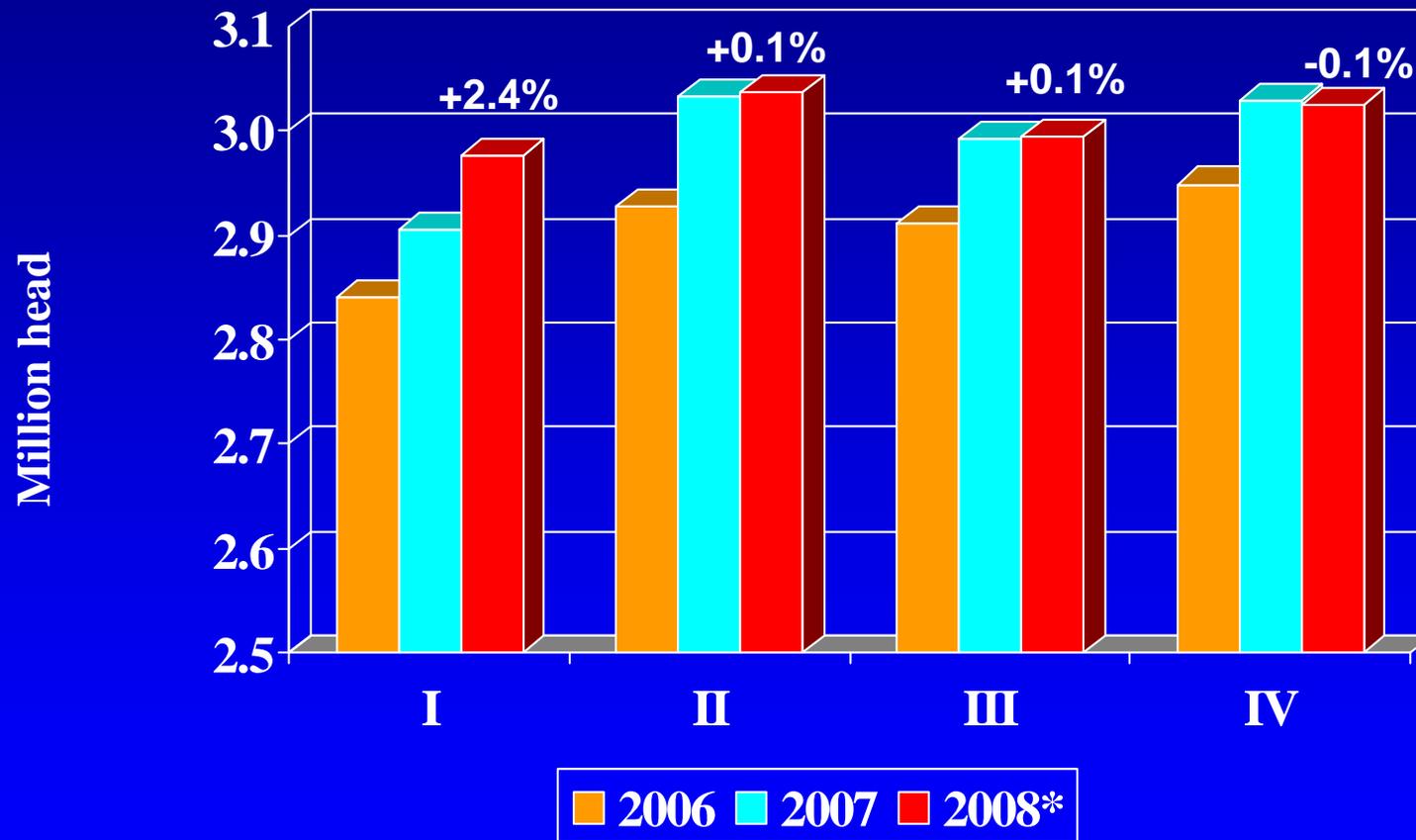
Hog Inventory on December 1 Jumps to 65.1 Million Head



Breeding Herd Gradually Rising to About 6.2 Million Head



Sows Farrowing Expectations Still Rather Modest in 2006



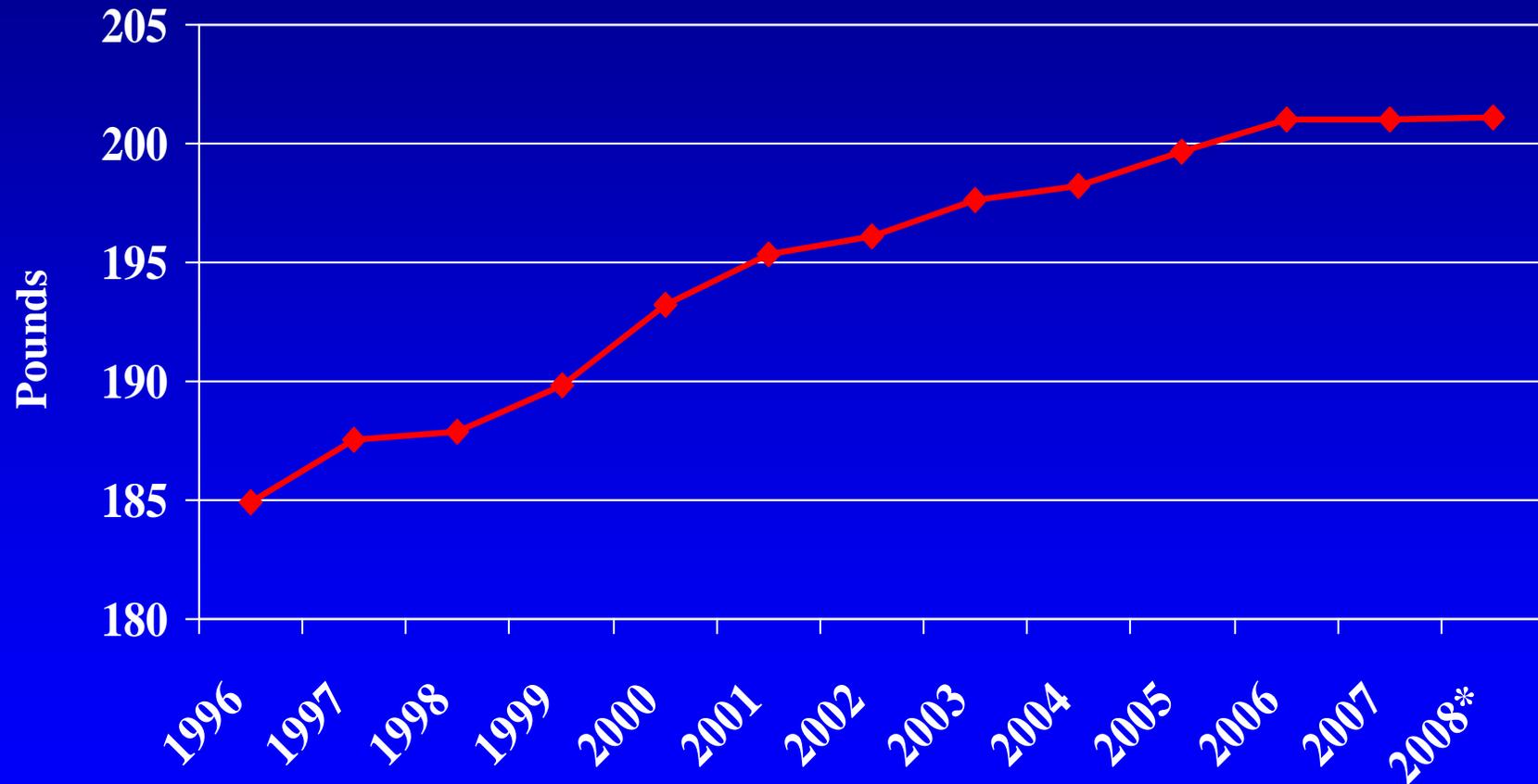
* First Half Reported Intentions,
Second Half Forecast

Pigs Per Litter Growth Steadily Higher



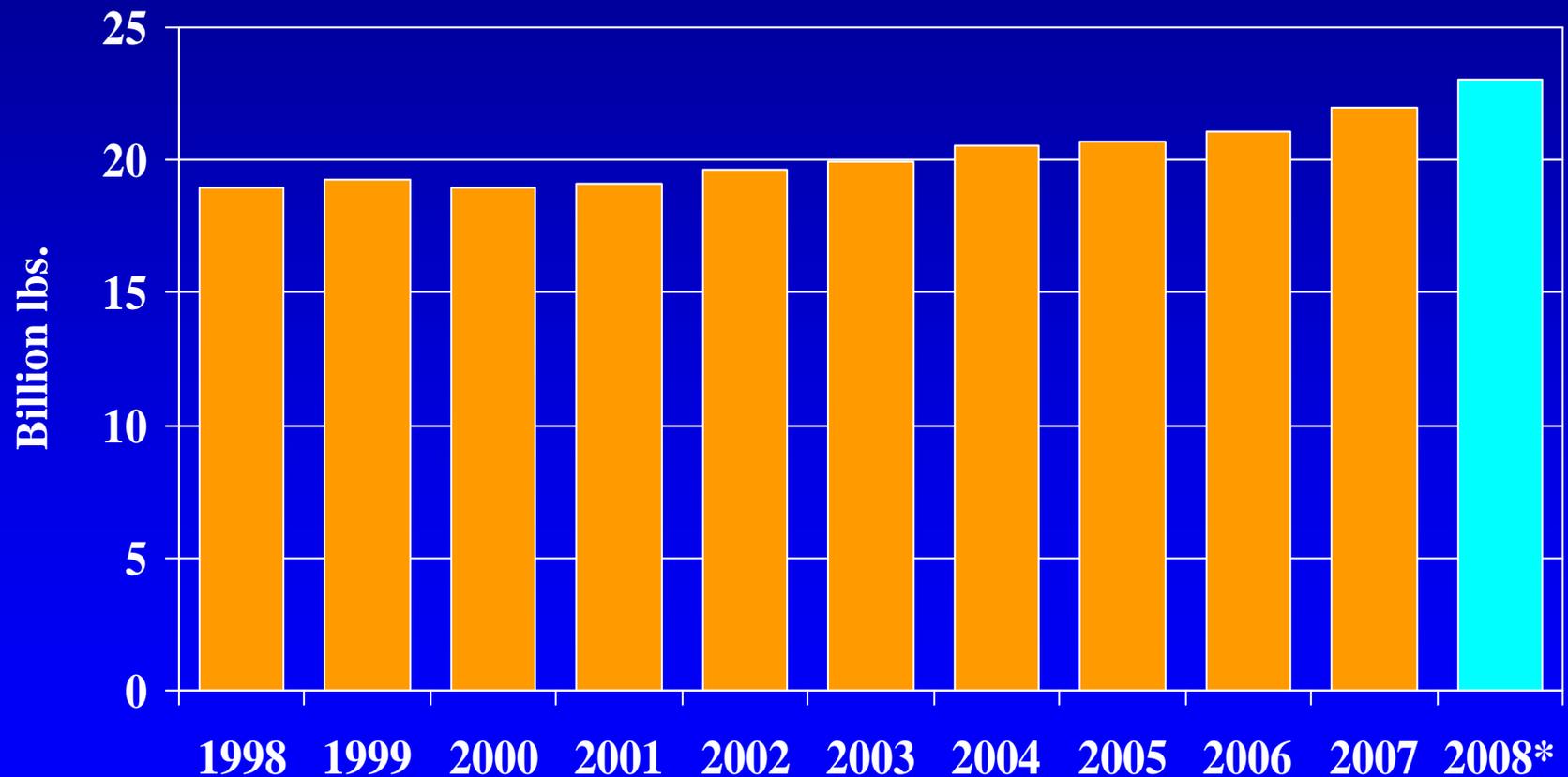
* Estimate

Hog Weights Level Off



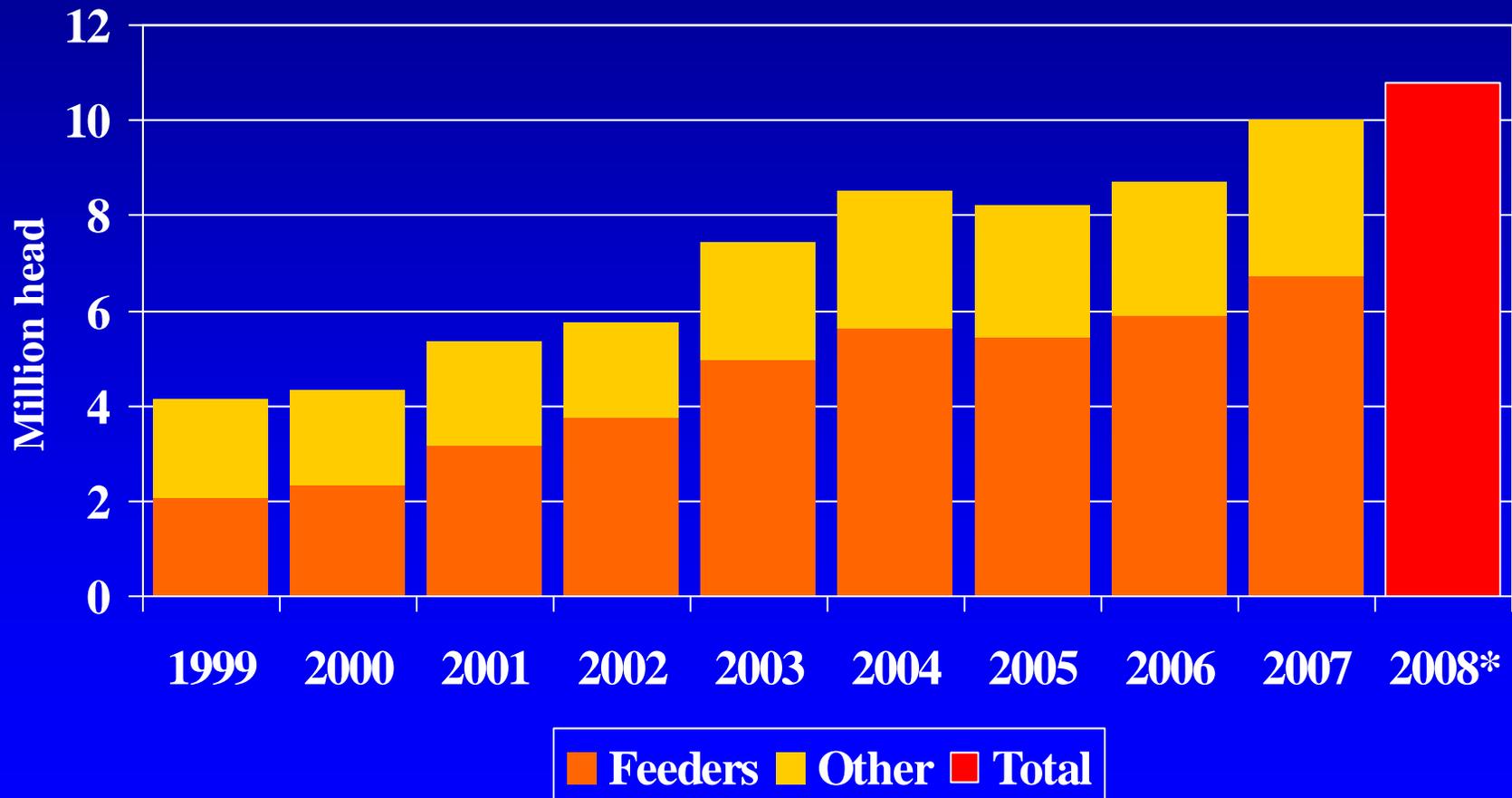
* Forecast

Pork Production Rises 5 Percent to 23 Billion Pounds



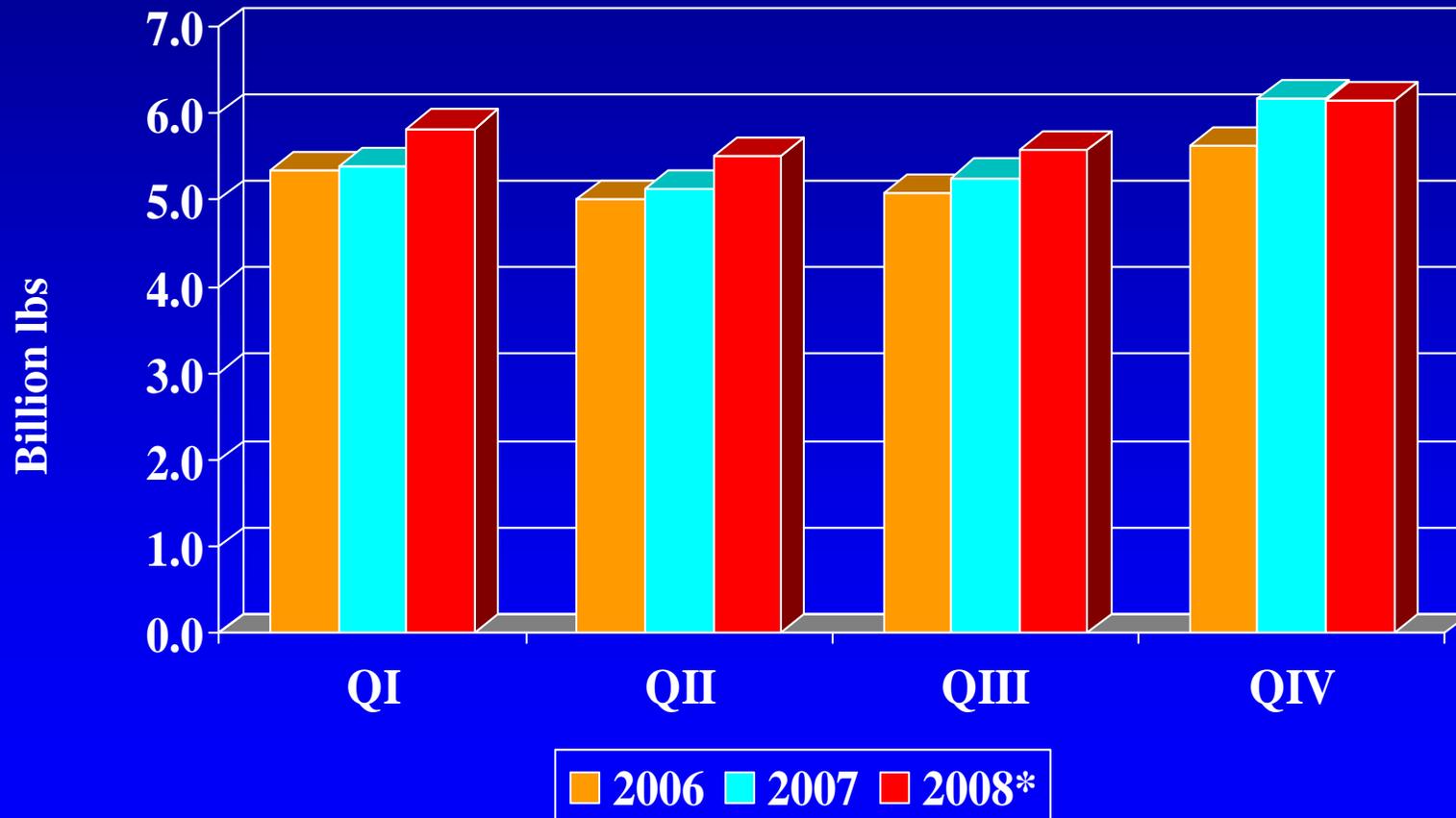
* Forecast

Hog Imports Hit 10 Million Head in 2007, Rise in 2008



* Forecast

Pork Production Growth Slows, Then Declines by 4th Quarter



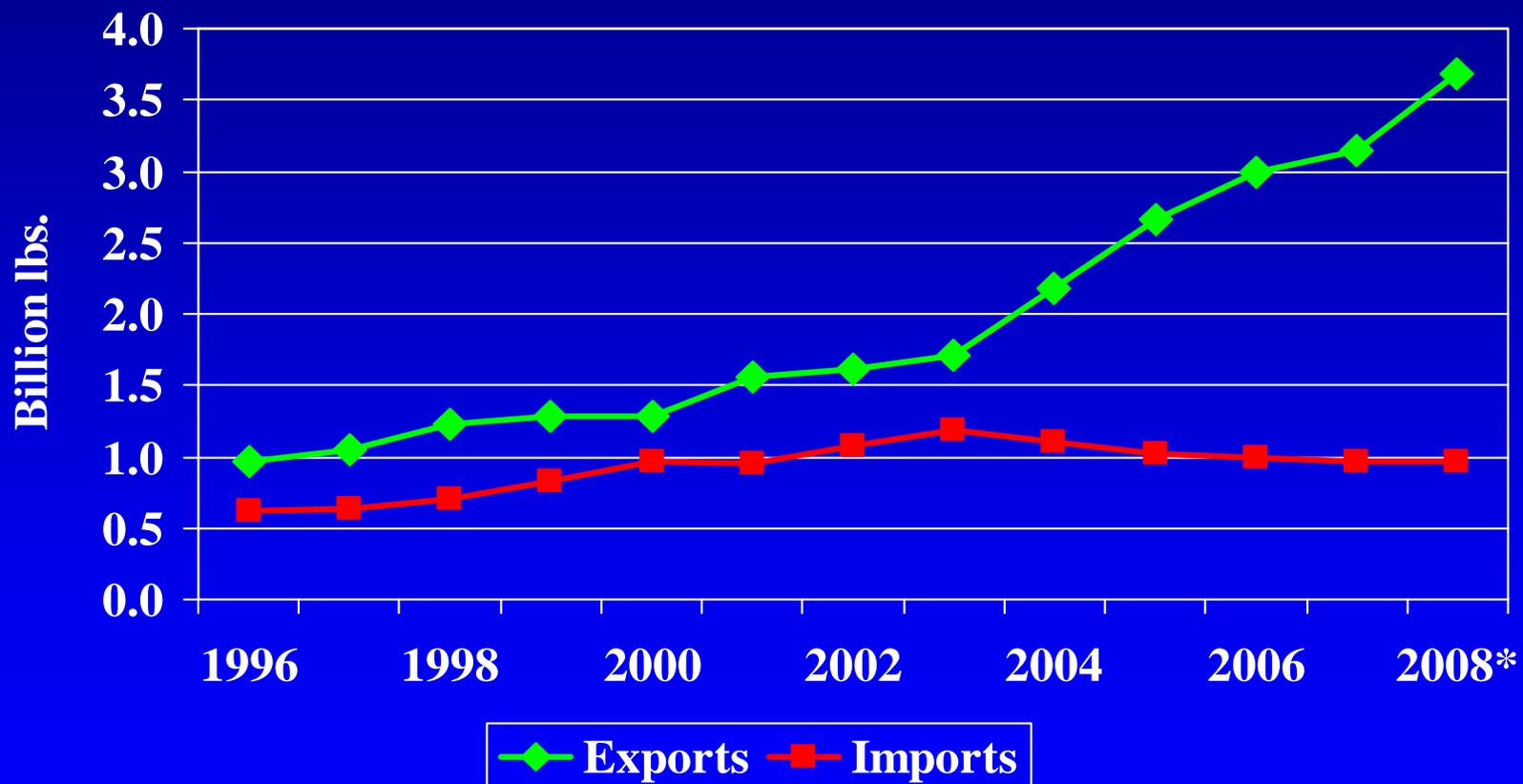
* Forecast

Strong Pork Exports Expected, Record 3.7 Billion Pounds



* Forecast

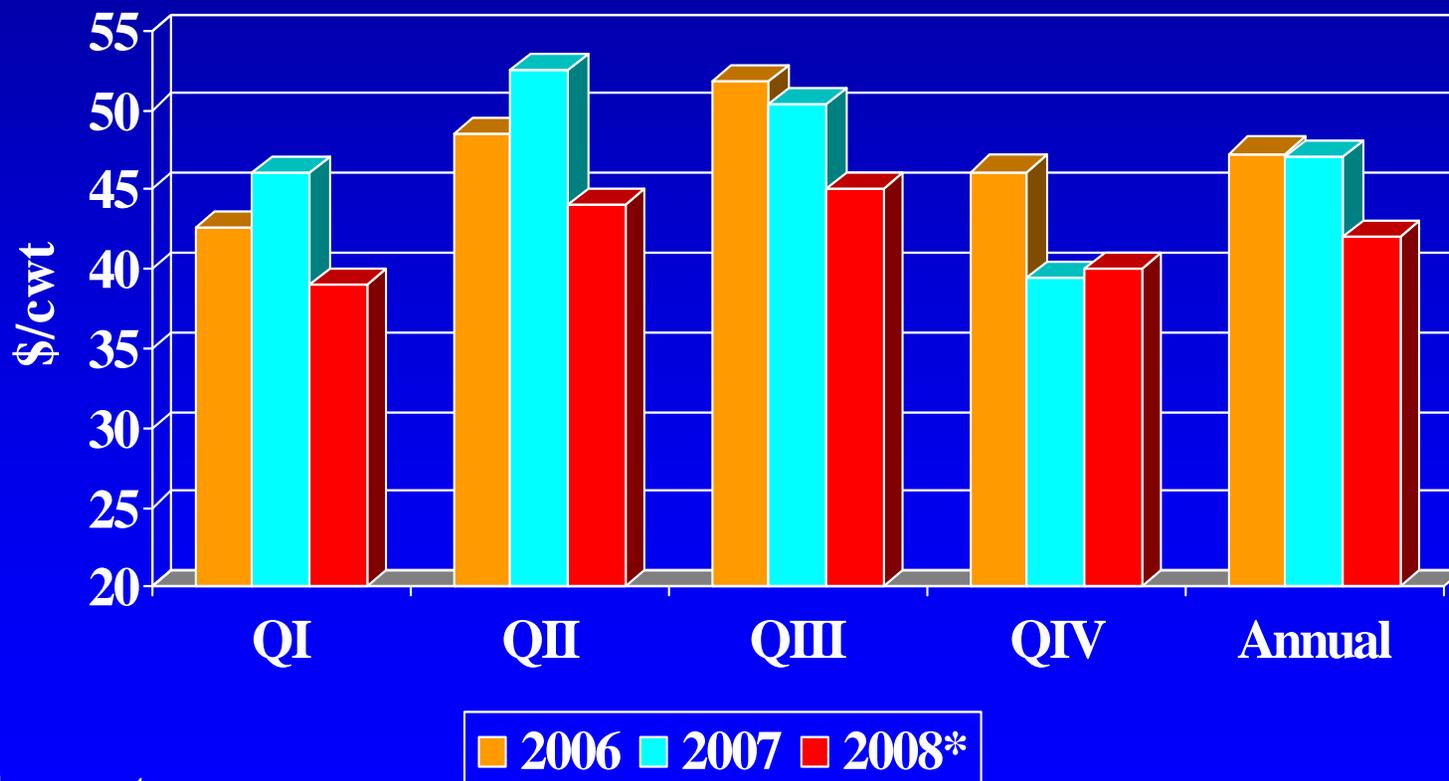
Pork Imports Continue to Slow



* Forecast

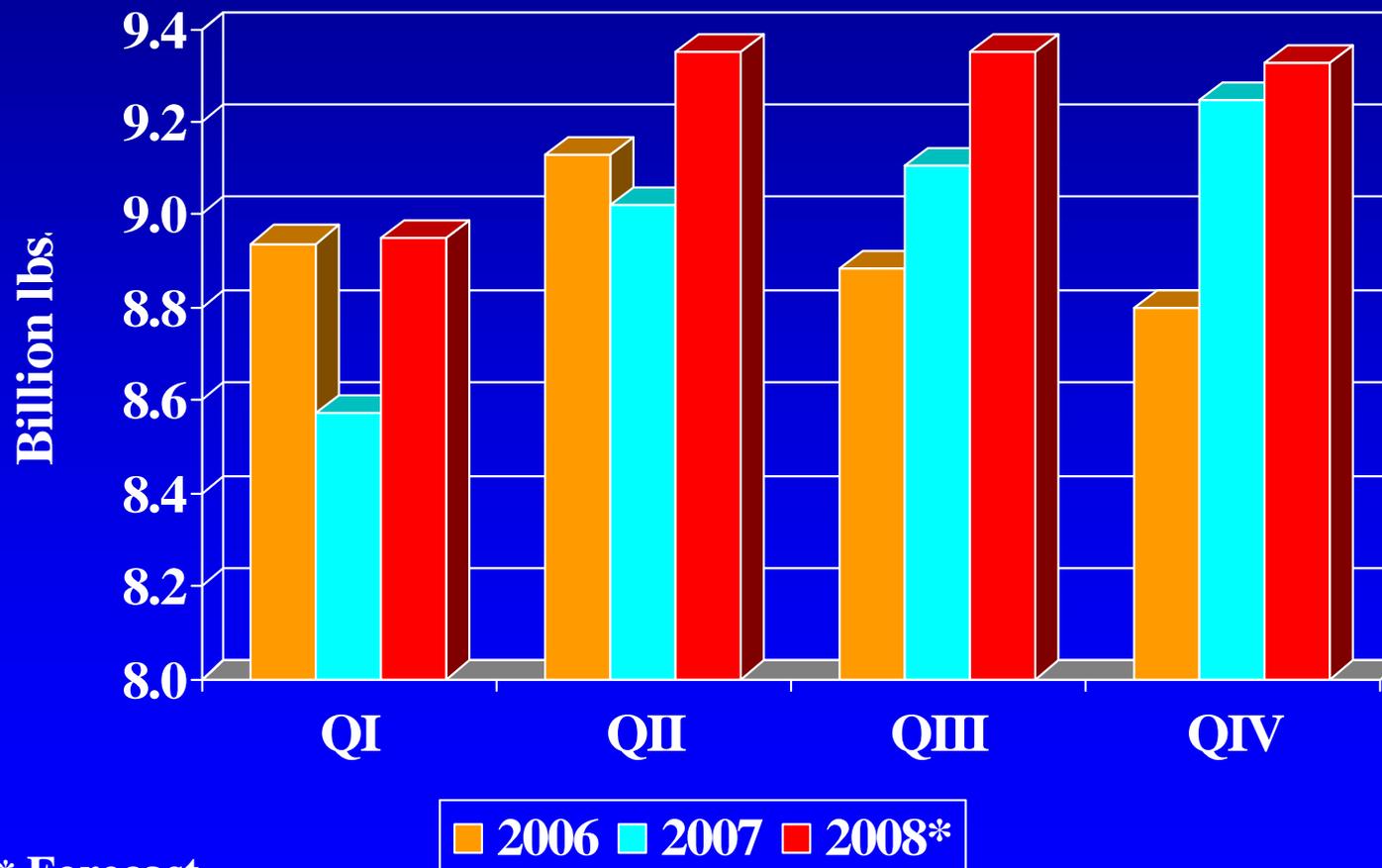
Hog Prices Average \$41-43/cwt, Prices Below Year Earlier Until 4th Quarter

National Base, Live Equivalent



* Forecast

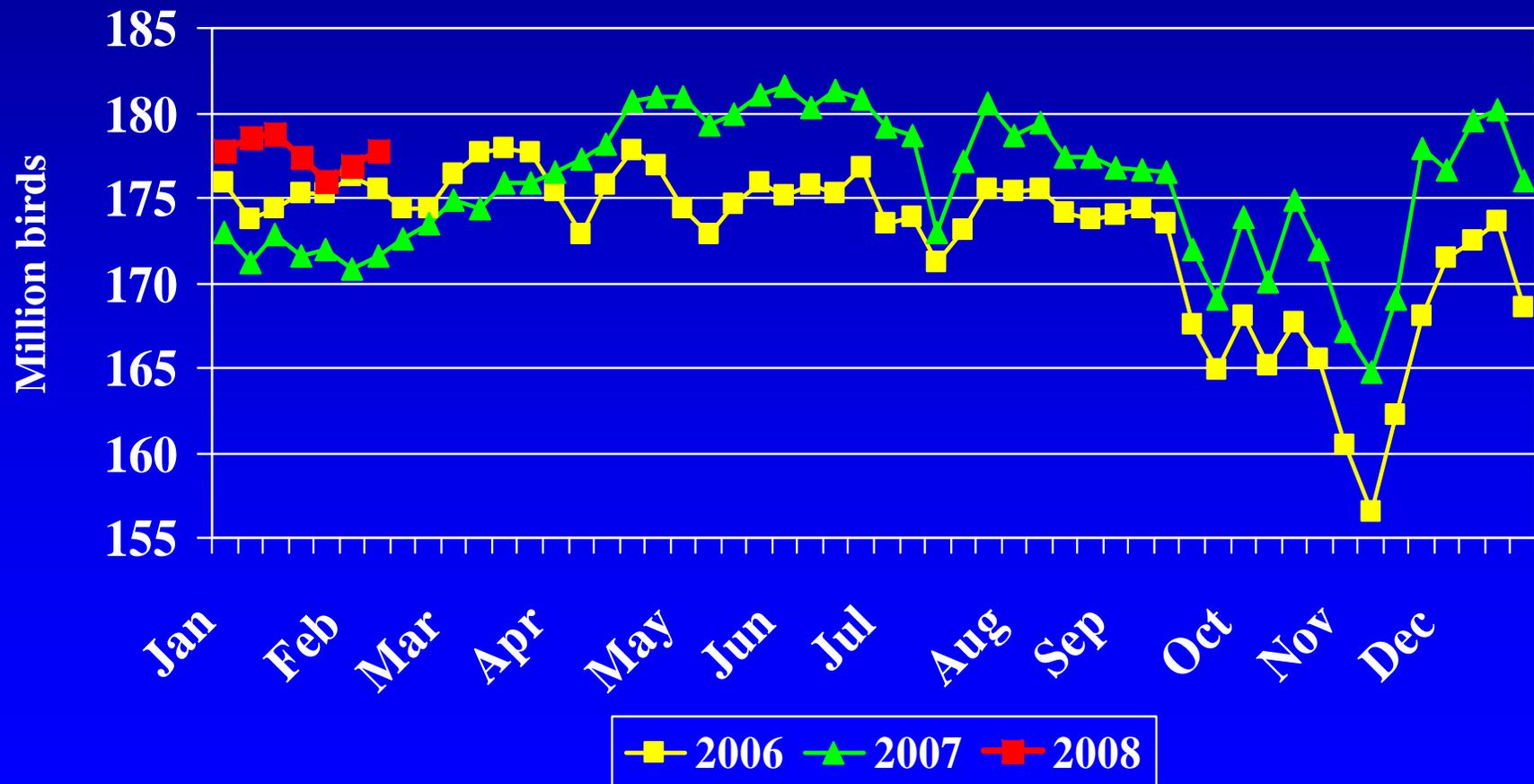
Broiler Output Up 3 Percent to 37 Billion Pounds



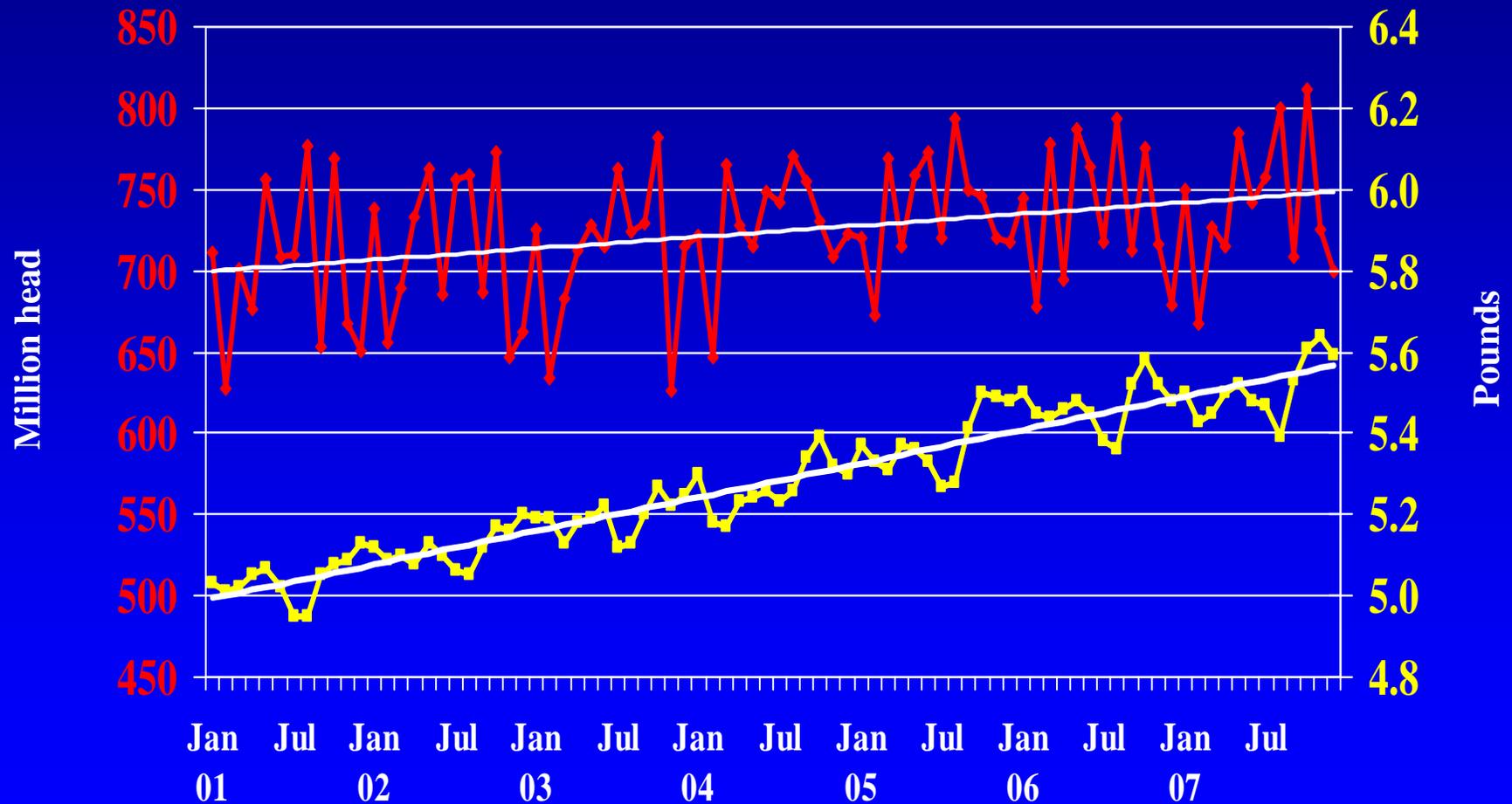
* Forecast

Chicks Placed For Grow Out Tracking Well Above Last Year

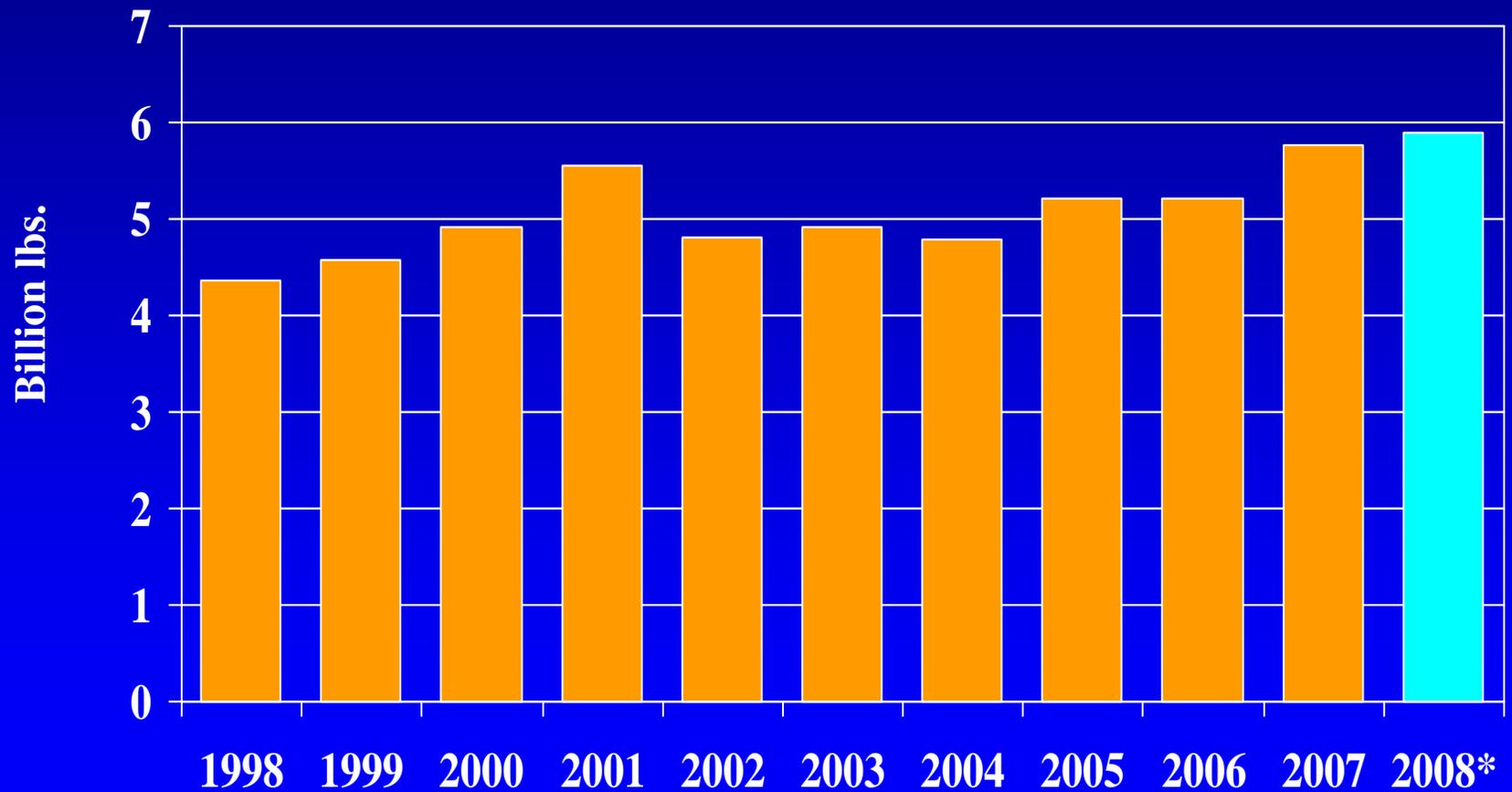
19 Selected States



Live Bird Weights Growing Faster than Number of Broilers Slaughtered



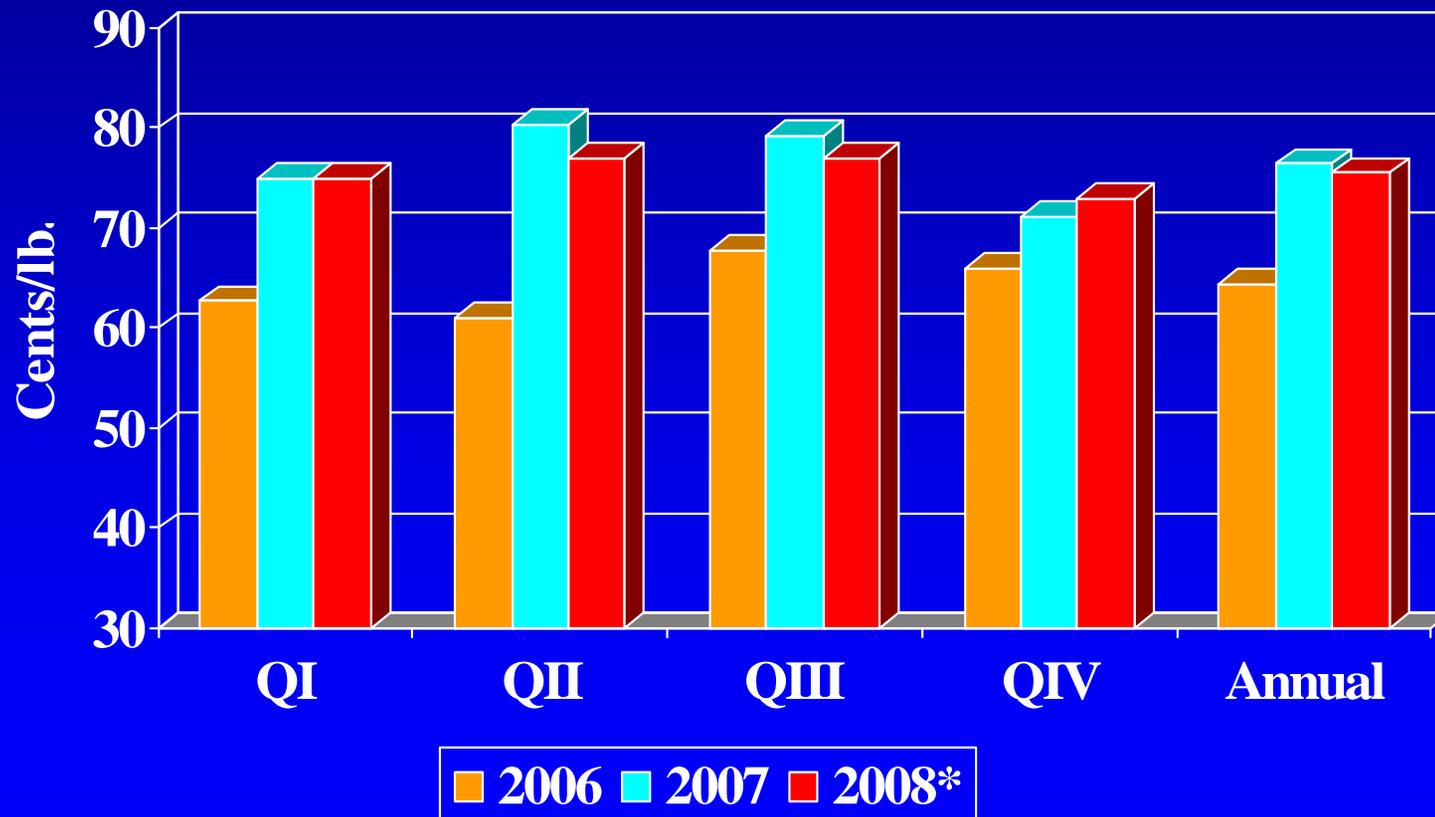
Broiler Exports Increase 2 Percent to Record 5.9 Billion Pounds



* Forecast

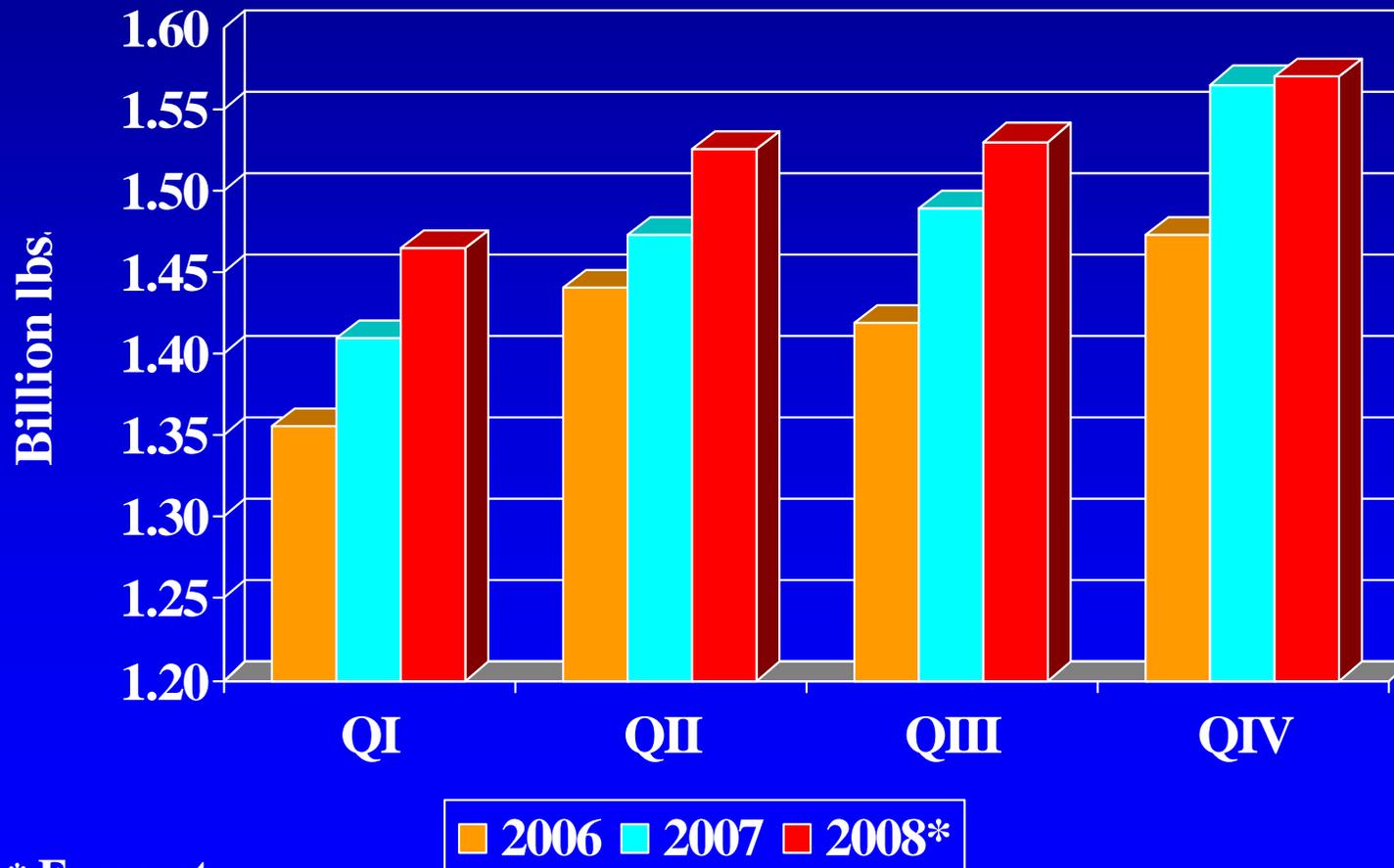
Broiler Prices Decline to 73 to 78 Cents Per Pound

12-City Wholesale



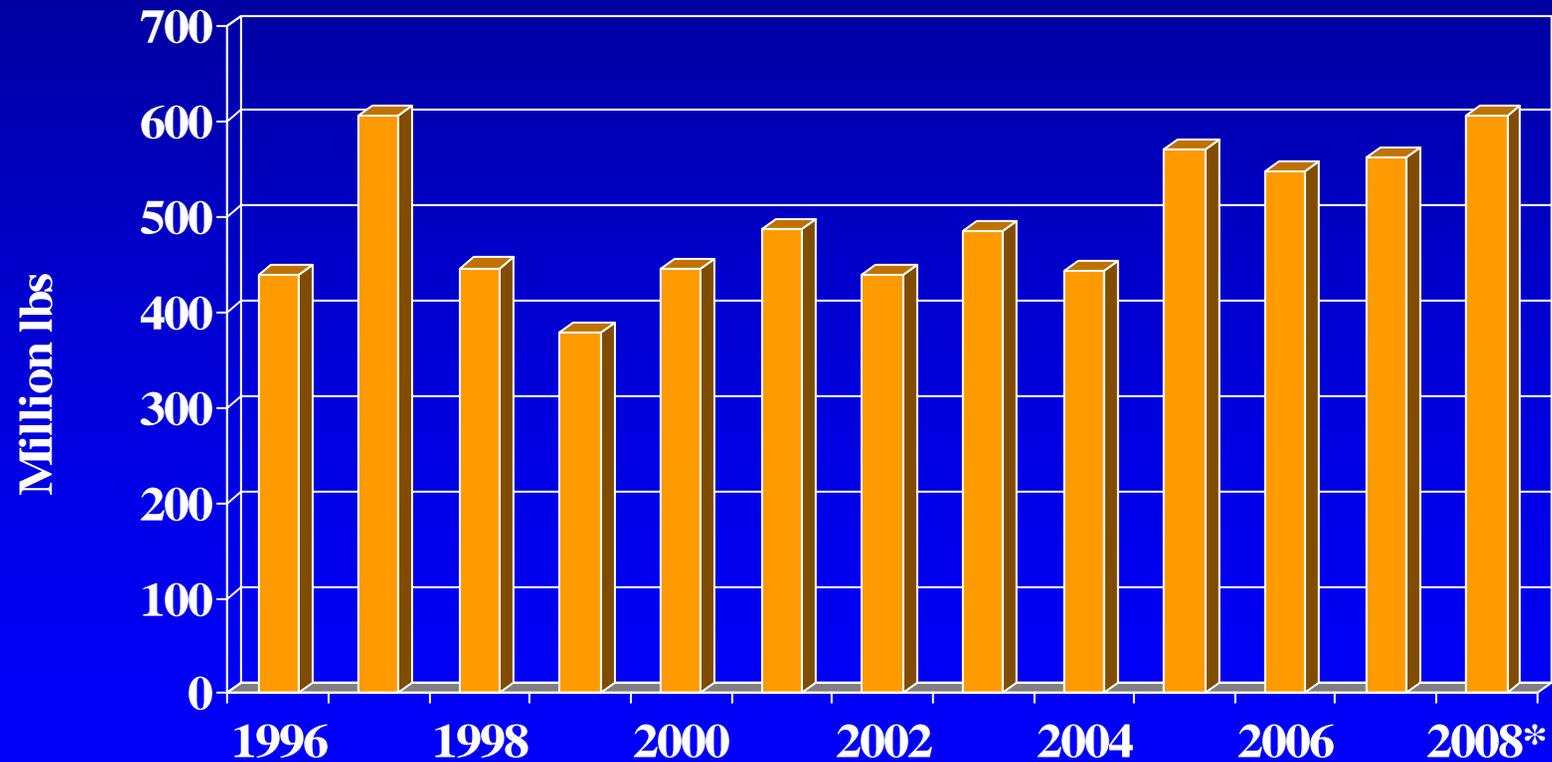
* Forecast

Turkey Production Rises About 2.5 Percent to Nearly 6.1 Billion Pounds



* Forecast

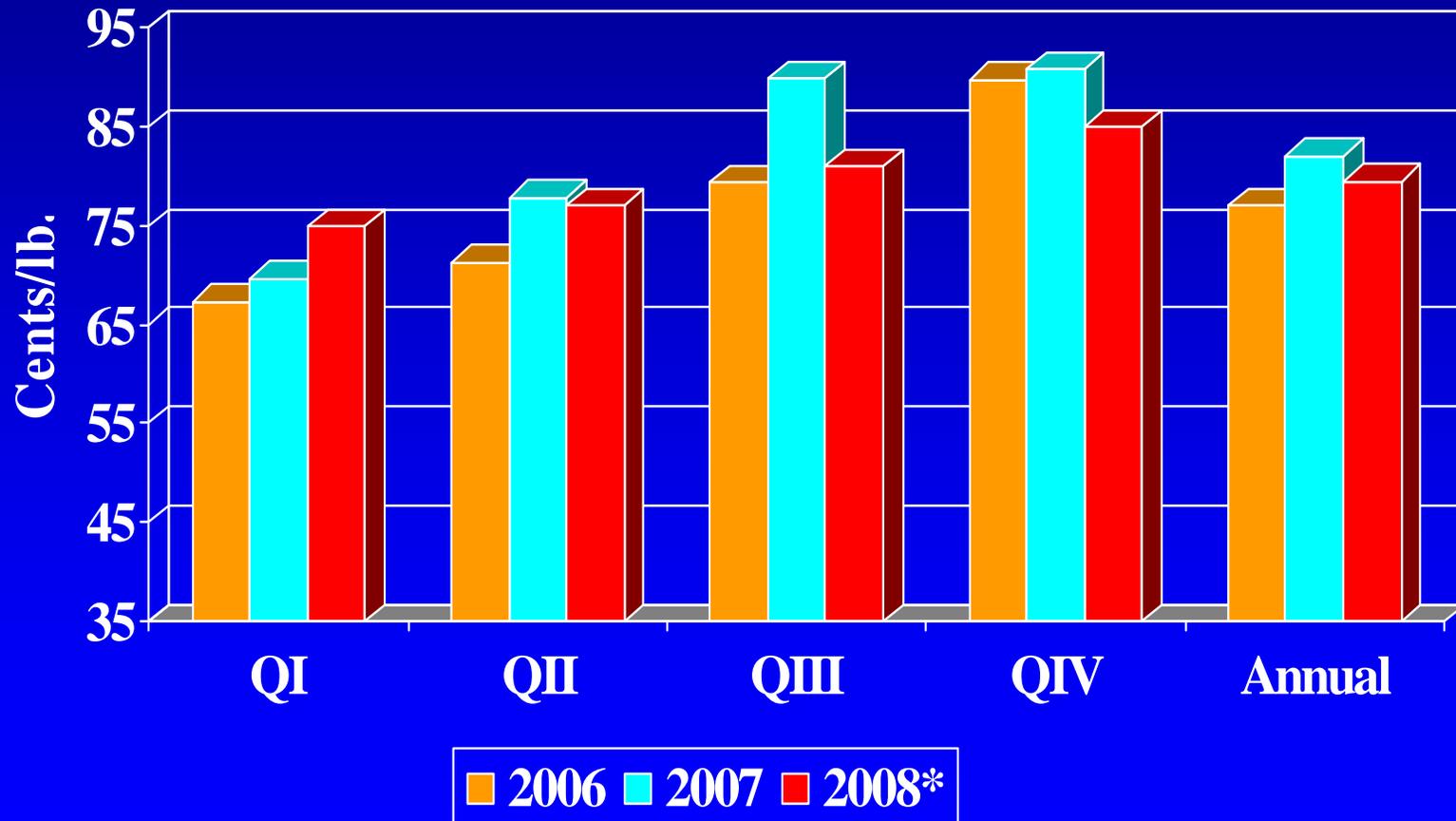
Turkey Exports Approach Record 605 Million Pounds in 2008



* Forecast

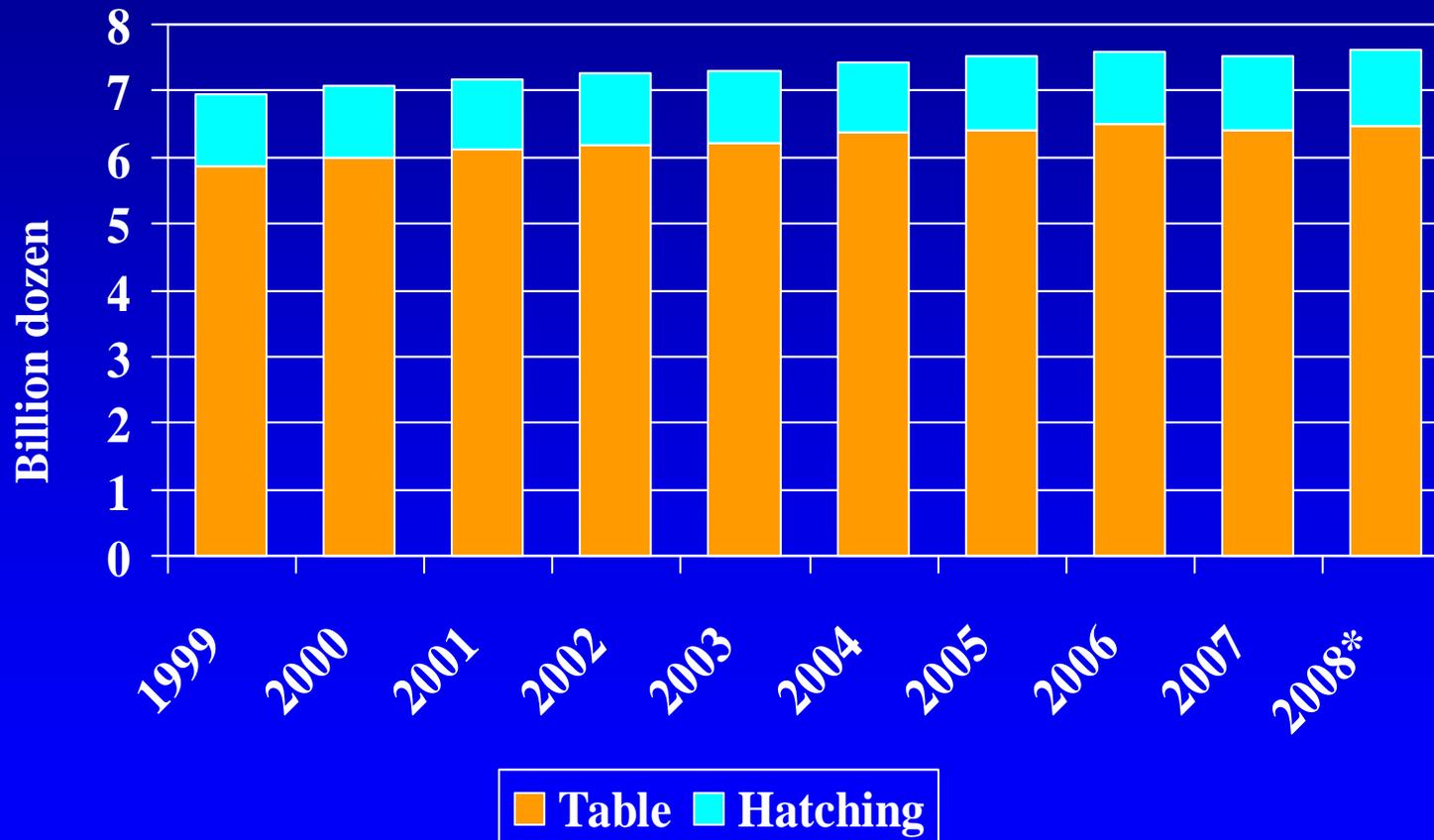
Turkey Prices Slip From Last Year's Record, to 77-82 Cents Per Pound

Eastern Hens, 8-16 lbs



•Forecast

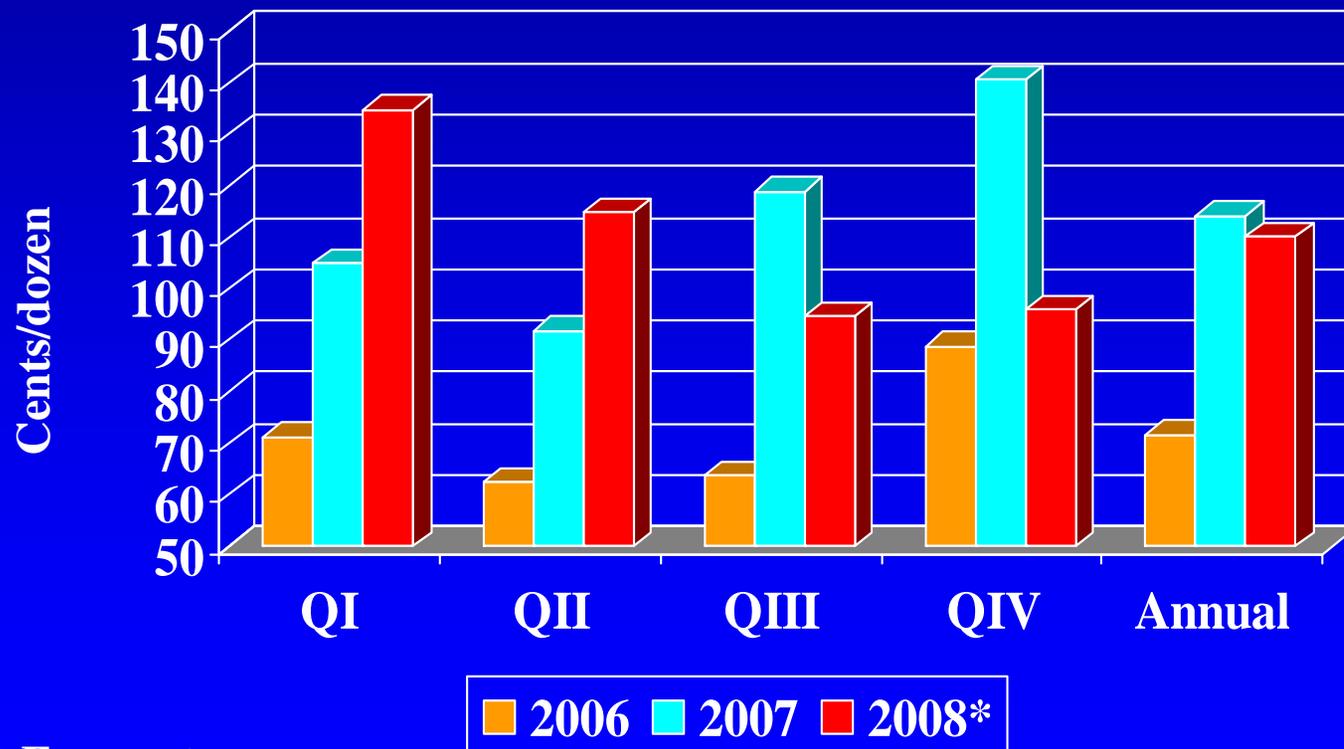
Egg Production Up About 1 Percent to 7.6 Billion Dozen



* Forecast

Egg Prices Remain Strong in 2008 at \$1.07 to \$1.14 Per Dozen

Wholesale, Grade A, Large, NY



* Forecast

Additional information about the 2008 outlook is available on the following websites:

- World Agricultural Outlook Board (WAOB)
World Agricultural Supply and Demand Estimates
– www.usda.gov/oce/commodity/wasde/index.htm
- Economic Research Service (ERS)
Livestock, Dairy, and Poultry Situation and Outlook
– www.ers.usda.gov/publications/ldp/
- Foreign Agricultural Service (FAS)
Livestock and Poultry: World Markets and Trade
– www.fas.usda.gov/dlp/livestock_poultry.asp