

Cattle, Dairy, and Feed Market Outlook

Ag in Uncertain Times: Managing Drought and Disaster Impacts



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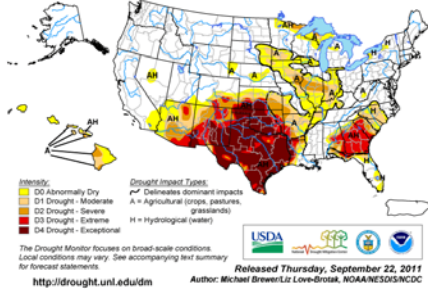
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Dairy and Forage Economist



Cattle Market

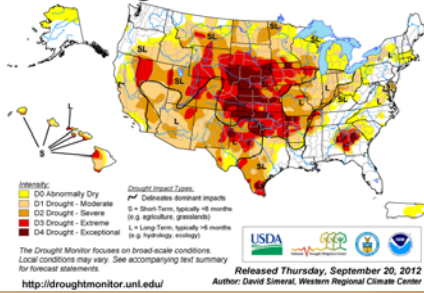


U.S. Drought Monitor September 20, 2011
VARS 7 a.m. EDT

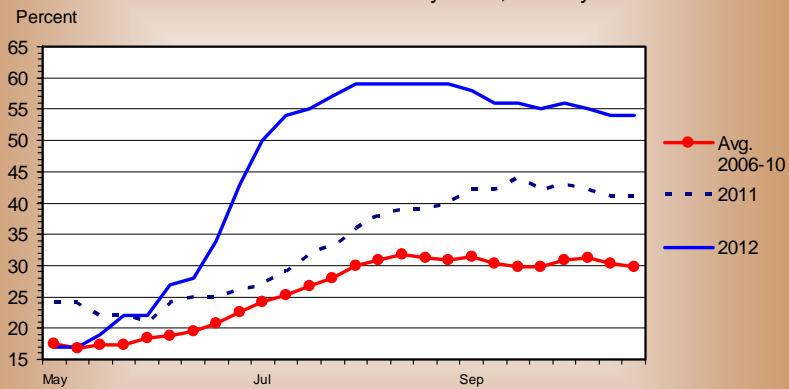


Drought – A Game Changer

U.S. Drought Monitor September 18, 2012
VARS 7 a.m. EDT

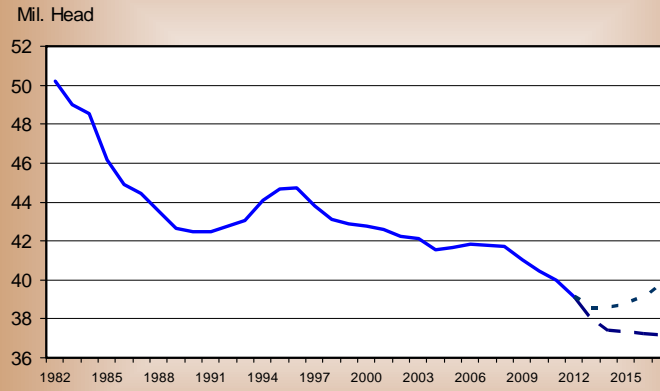


US RANGE AND PASTURE CONDITION
 Percent Poor and Very Poor, Weekly



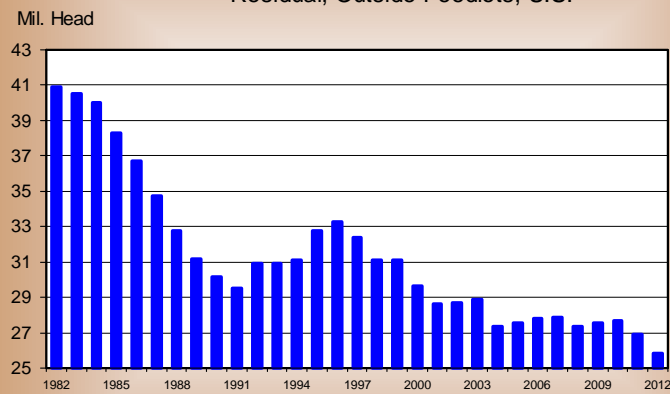
Data Source: USDA-NASS

JANUARY 1 TOTAL COW INVENTORY U.S., Annual



Data Source: USDA-NASS, Forecasts by LMIC

JANUARY 1 FEEDER CATTLE SUPPLIES Residual, Outside Feedlots, U.S.

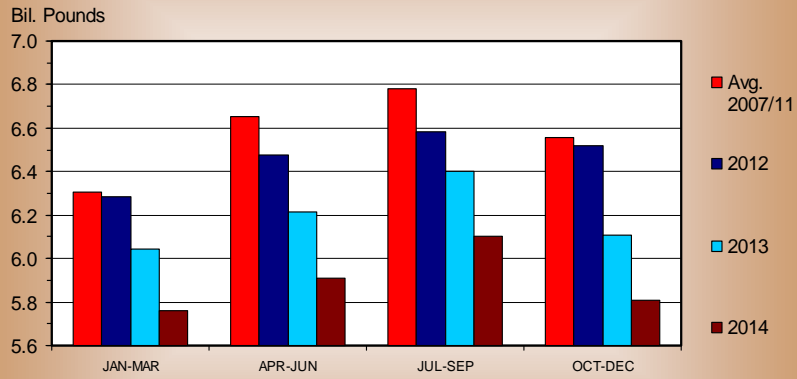


Livestock Marketing Information Center
Data Source: USDA-NASS

C-N-30
07/20/12

COMMERCIAL BEEF PRODUCTION

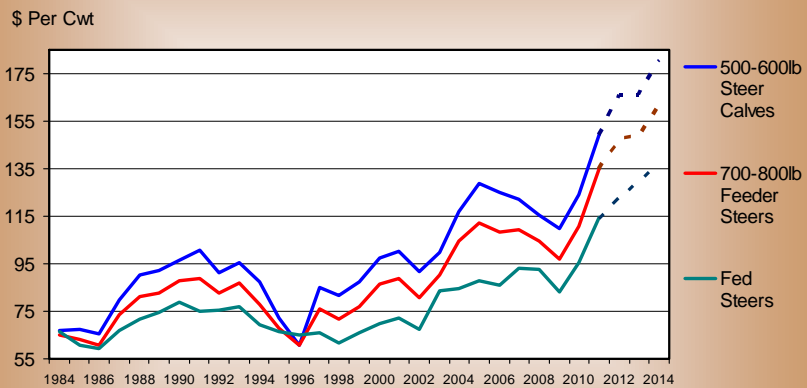
Quarterly



Data Source: USDA-NASS, Forecasts by LMIC

ANNUAL AVERAGE CATTLE PRICES

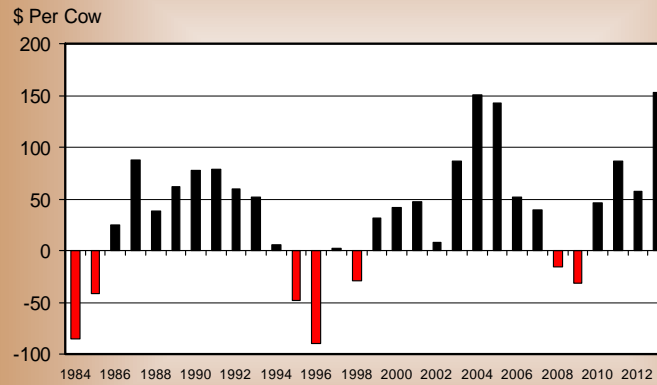
Southern Plains



Data Source: USDA-AMS, Forecasts by LMIC

ESTIMATED AVERAGE COW CALF RETURNS

Returns Over Cash Cost (Includes Pasture Rent), Annual



Data Source: USDA-AMS, NASS, Analysis and Forecasts by LMIC

Market Comments....

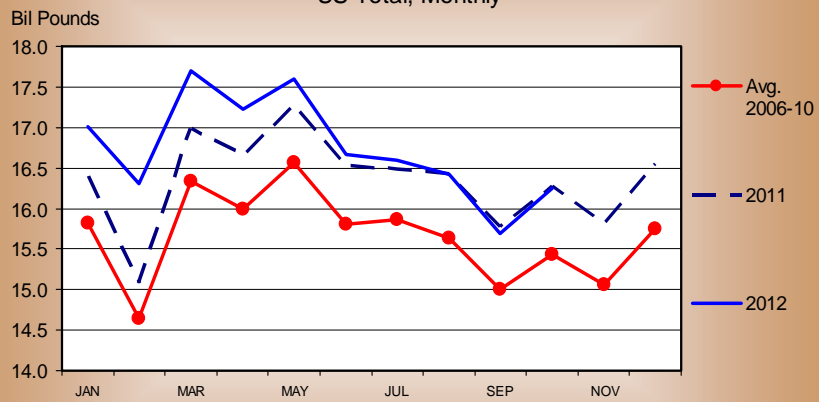
- Price volatility will continue (globalization, ethanol, etc.).
- Market shocks will continue (9-11-2001; BSE; 2008 Credit Crisis).
- Economic incentive to stabilize and re-build cowherd overcome by drought.
- Factors already in place for reduced beef output.
- High feedstuff price range expected to continue.
- Cattle feeding red ink is the current challenge to calf and yearling prices.
- Mistakes are costly, sound business practices required.
- Agile firms will benefit.... **Be Adaptable NOT Adapted.**

Dairy Market Outlook

- 2012
- Dairy Trade
- Key Drivers
- Outlook



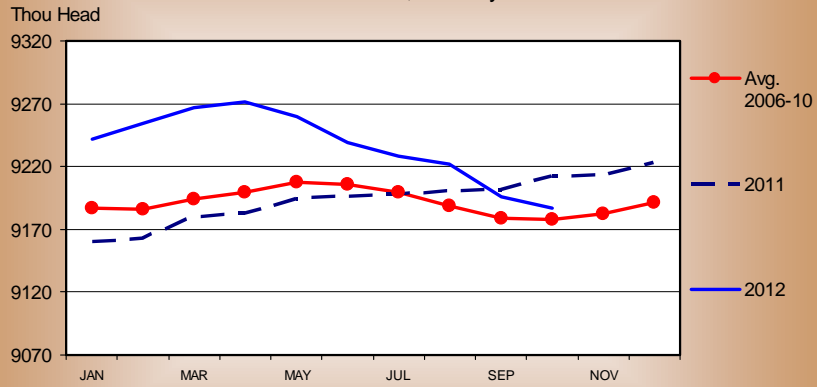
MILK PRODUCTION US Total, Monthly



Livestock Marketing Information Center
Data Source: USDA-NASS

DAIRY COW INVENTORY

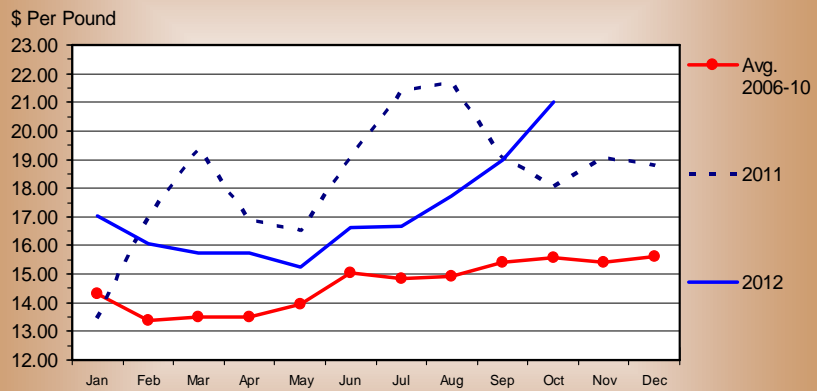
US Total, Monthly



Livestock Marketing Information Center
Data Source: USDA-NASS

CLASS III MILK PRICES

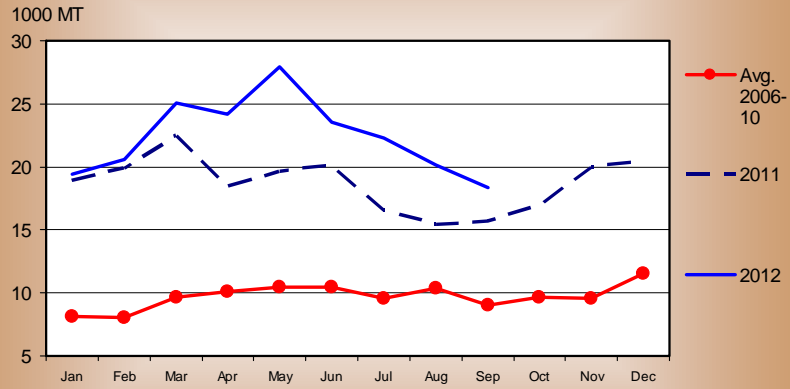
FMMO, Monthly



Livestock Marketing Information Center
Data Source: USDA-AMS, Dairy Market News

CHEESE AND CURD EXPORTS

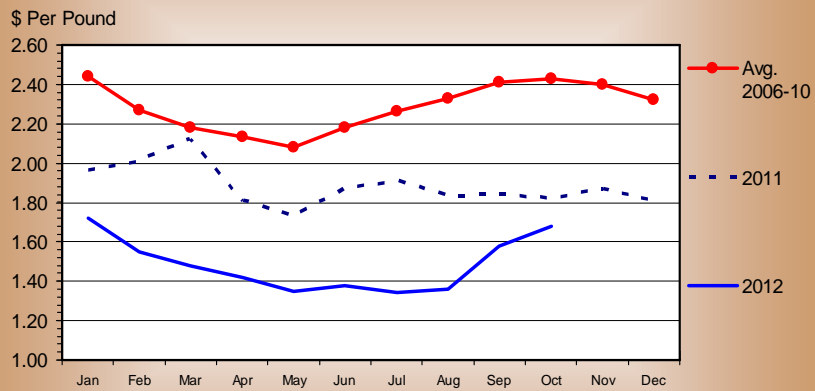
Monthly



Livestock Marketing Information Center
Data Source: USDA-FAS

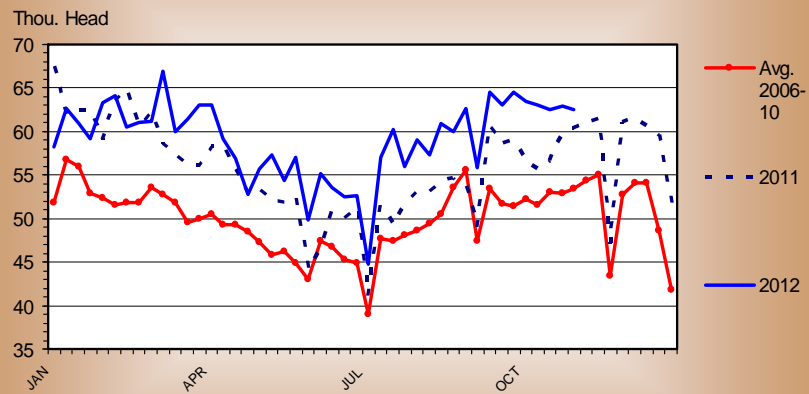
MILK-FEED PRICE RATIO

US, Monthly



Livestock Marketing Information Center
Data Source: USDA-NASS

DAIRY COW SLAUGHTER Federally Inspected, Weekly



Livestock Marketing Information Center
Data Source: USDA-AMS & USDA-NASS

Key Drivers

- Exports
- Cow Herd Liquidation
- Profitability: Feed Costs



**U.S. QUARTERLY MILK PRODUCTION, COMMERCIAL
DISAPPEARANCE, AND SELECTED PRICES ^a**

11/19/12
10.111

Year Quarter	Average Number Milk Cows (1,000 Head)	% Chg. from Year Ago	Production Per Cow (Lbs.)	% Chg. from Year Ago	Total Milk Production (Mil. Lbs.)	% Chg. from Year Ago	Class III Price (\$/Cwt.)	% Chg. from Year Ago	US All Milk Price (\$/Cwt.)	NCE/CME 40# Block Price (\$/LB.)
2012										
I	9254	0.94	5513	4.29	51017	5.28	16.28	-2.11	17.97	1.5177
II	9257	0.72	5562	1.33	51484	2.05	15.86	-9.37	16.40	1.5539
III	9215	0.16	5285	-0.13	48705	0.04	17.80	-14.04	18.20	1.8121
IV ^b	9165	-0.55	5280	0.02	48391	-0.54	18.50-19.00	0.68	18.65-19.15	1.85-1.95
Year	9223	0.31	21640	1.38	199597	1.71	17.00-17.50	-6.07	17.60-18.10	1.65-1.75
2013										
I ^c	9130	-1.34	5530	0.31	50489	-1.04	18.75-19.75	18.27	19.00-20.00	1.90-2.05
II	9115	-1.53	5640	1.40	51409	-0.15	19.50-20.50	26.10	19.75-20.75	1.95-2.10
III	9100	-1.25	5350	1.23	48685	-0.04	20.50-22.00	19.36	21.25-22.75	2.00-2.20
IV	9075	-0.98	5330	0.95	48370	-0.04	22.00-23.50	21.33	22.50-24.00	2.15-2.35
Year	9105	-1.28	21850	0.97	198952	-0.32	19.75-21.25	18.84	20.50-23.00	2.00-2.15
2014										
I	9050	-0.88	5620	1.63	50861	0.74	22.50-24.50	22.08	23.50-25.50	2.20-2.40
II	9050	-0.71	5680	0.71	51404	-0.01	22.00-24.00	15.00	23.00-25.00	2.15-2.35
III	9075	-0.27	5405	1.03	49050	0.75	21.50-23.50	5.88	22.50-24.50	2.10-2.30
IV	9100	0.28	5385	1.03	49004	1.31	20.50-22.50	-5.49	22.00-24.00	2.00-2.20
Year	9069	-0.40	22090	1.10	200319	0.69	21.50-23.50	9.76	22.75-24.75	2.10-2.30

^a Totals may not add due to rounding. Beginning in 2008 disappearance is domestic only (excludes exports).

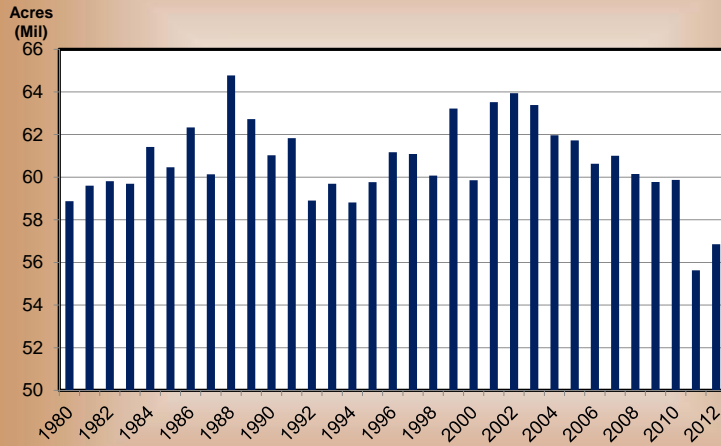
^b Estimated quarter by LMIC

Sources: Historical data from various USDA Publications by NASS, AMS, ERS

Hay Outlook



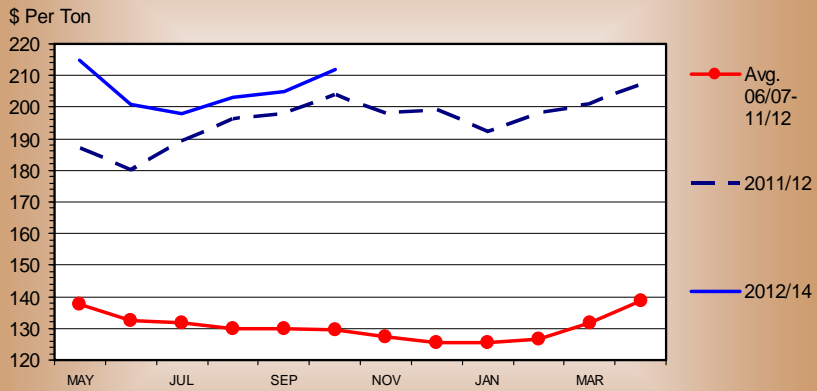
ALL HAY ACRES



Livestock Marketing Information Center
Data Source: USDA-NASS

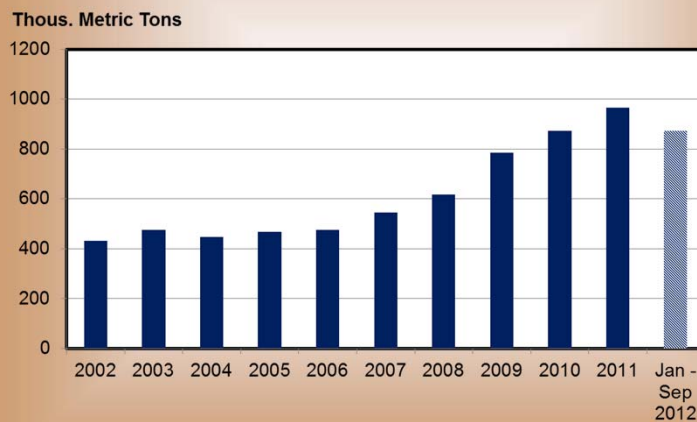
ALFALFA HAY - MONTHLY AVERAGE PRICE

Received by Farmers, U.S., Crop Year



Livestock Marketing Information Center
Data Source: USDA-NASS

INTERNATIONAL HAY TRADE (US Total Exports)



Hay Drivers

- Short-Term:
 - Winter Weather
 - Disappearance/ Availability of Substitutes
- Long Term
 - Acreage Battle with Other Crops
 - Normal Weather Patterns
 - Export Markets

ALL HAY SUPPLY AND DEMAND BALANCE SHEET

U.S., Annual

11/19/12
4.110

Year Beginning May 1	Stocks May 1	Production		Total Supply	Disap- pearance	Ending Stocks	Acres Harvested	Yield	Season		Supply		Disap. per RCAU
		Alfalfa	Total						Average Price	RCAU ^a	per RCAU		
----- Million Tons -----													
2007/08	15.0	69.9	146.9	161.9	140.3	21.6	61.01	2.41	127.00	71.5	2.26	1.96	
2008/09	21.6	70.2	146.3	167.9	145.8	22.1	60.15	2.43	152.00	70.9	2.37	2.06	
2009/10	22.1	71.1	147.7	169.8	148.8	20.9	59.78	2.47	108.00	70.4	2.41	2.11	
2010/11	20.9	68.0	145.6	166.6	144.3	22.2	59.87	2.43	114.00	69.3	2.40	2.08	
2011/12	22.2	65.3	131.1	153.4	132.0	21.4	55.63	2.36	173.00	67.8	2.26	1.95	
2012/1 3 ^b	21.4	55.6	122.0	143.4	126.0	17.4	57.57	2.12	190.00	66.3	2.16	1.90	
2013/1 4 ^c	17.4	69.0	138.4	155.7	133.0	22.7	58.20	2.35	157.00	67.0	2.32	1.99	

^a Roughage Consuming Animal Unit
^b Projections ^c Forecasts



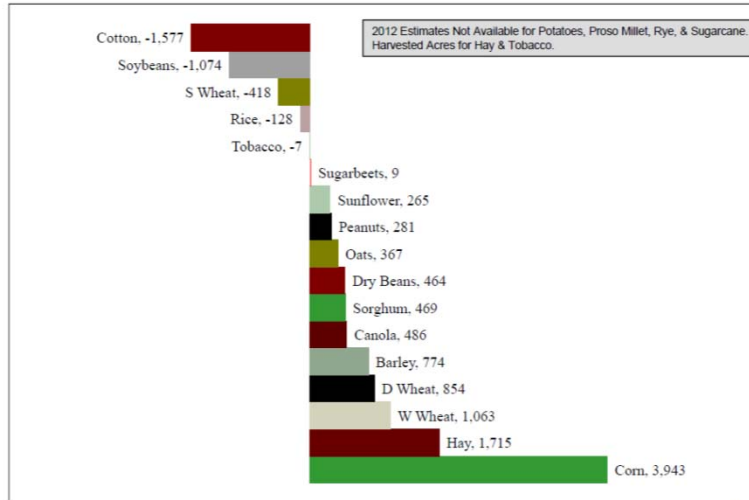
Corn Outlook

- 2012
 - Anticipation of a Large Crop
 - Weather/Drought
- Demand
- Forecasts





Change in Planted Acres (000) 2012 Compared With 2011

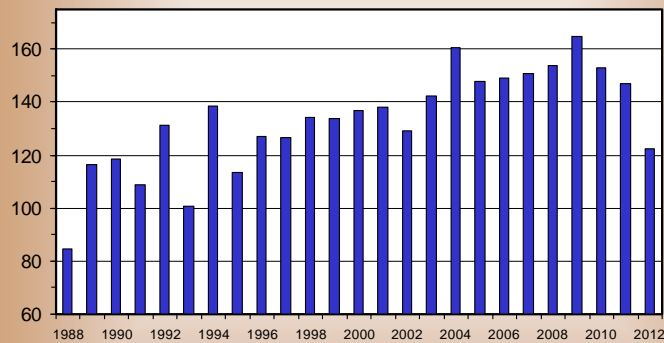


2012 Estimates Not Available for Potatoes, Proso Millet, Rye, & Sugarcane.
Harvested Acres for Hay & Tobacco.

USDA-NASS
03-30-12

NATIONAL AVERAGE CORN YIELD Crop Year

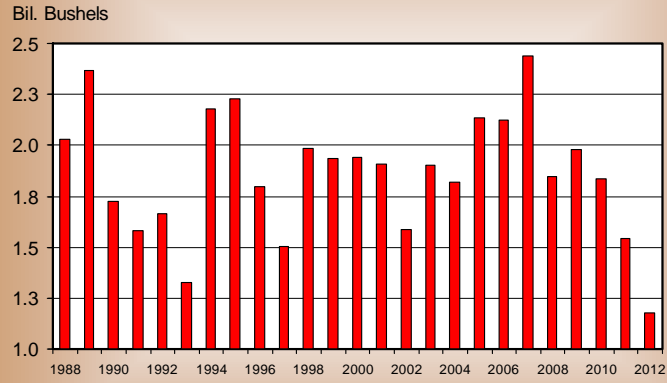
Bu. Per Acre



Livestock Marketing Information Center
Data Source: USDA-NASS, Compiled & Forecasts by LMIC

U S ANNUAL CORN EXPORTS

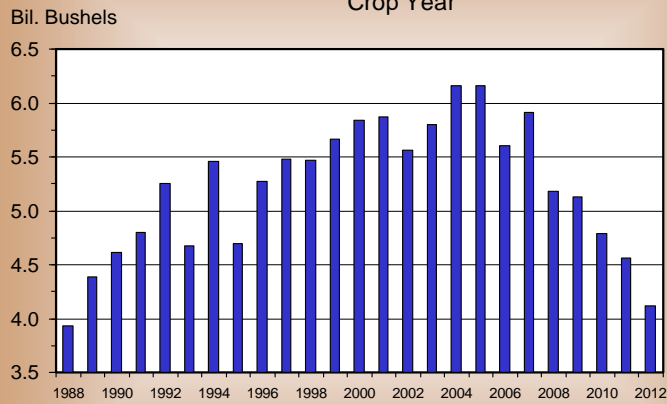
Crop Year



Livestock Marketing Information Center
 Data Source: USDA-NASS, Compiled & Forecasts by LMIC

U S ANNUAL CORN FEED USE & RESIDUAL

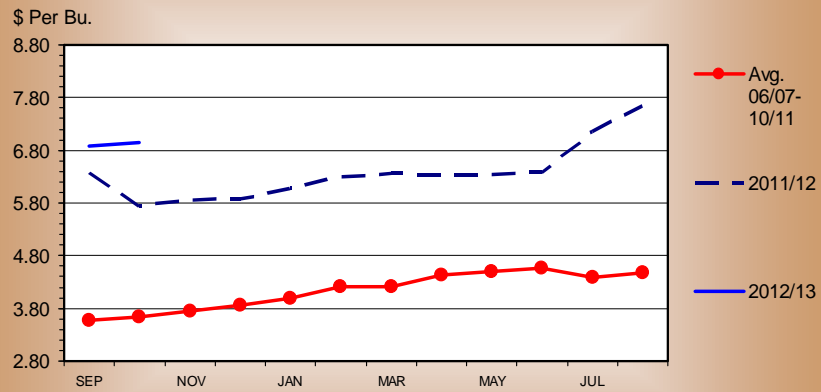
Crop Year



Livestock Marketing Information Center
 Data Source: USDA-NASS, Compiled & Forecasts by LMIC

CORN - MONTHLY AVERAGE PRICE

Received by Farmers, U.S., Crop Year



Livestock Marketing Information Center
Data Source: USDA-NASS

Key Drivers: Corn

- Short Term:
 - Rationing the Current Corn Crop
 - Who will adjust?
- Long Term
 - Planting Acres
 - Weather/Yield
 - World Supply



CORN: U.S. MARKETING YEAR SUPPLY AND DISAPPEARANCE

11/19/12
4.505

Year Begin Sept 1	Begin Stocks	Prod- uction	Imports	Total Supply	Food, Seed & Industrial	Feed & Residual	Exports	Total Disapp- earance	Carry- over	Nat. Wtd. Average Price	Acres Planted	Acres Harvested	Yield
----- Million Bushels -----													
										\$/Bu	-- Million Acres --		Bu/Acre
2007/08	1303	13038	20	14361	4387	5913	2437	12737	1624	4.20	93.5	86.5	150.7
2008/09	1624	12092	14	13730	5025	5182	1849	12056	1674	4.06	86.0	76.6	153.9
2009/10	1674	13052	8	14774	5961	5125	1980	13066	1708	3.55	86.4	79.5	164.7
2010/11	1708	12447	28	14183	6428	4793	1834	13055	1128	5.18	88.2	81.4	152.8
2011/12	1128	12358	28	13514	6421	4562	1543	12526	988	6.22	91.9	84.0	147.2
2012/13 ^a	988	10728	90	11806	5875	4115	1175	11165	641	7.70	96.9	87.7	122.3
2013/14 ^b	641	13840	28	14509	6200	4585	1850	12635	1874	5.50	96.3	89.0	155.5

^a Estimated
^b Forecast



Questions

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