OVERVIEW

- What is happening?
- What may happen?
- Economic/management considerations
JANUARY 1 BEEF COW INVENTORY

U.S., Annual

Data Source: USDA - NASS
Livestock Marketing Information Center

2016 = 30.3 Million Head

+3.5 Percent

Beef

BEEF COWS THAT CALVED
JANUARY 1, 2016
(1000 HEAD)

U.S. Total: 36331

CHANGE IN BEEF COWS NUMBERS
JANUARY 1, 2015 TO JANUARY 2016
(1000 HEAD)

U.S. Total: 1089
RETAIL ALL FRESH BEEF DEMAND INDEX
Annual, Using CPI 1990=100

Data Source: Bureau of Labor Statistics, USDA ERS, Compiled & Analysis by LMIC
Livestock Marketing Information Center
Retail Price Comparison

Boxed Beef Cutout Value

Choice Minus Select Beef Prices
SLAUGHTER STEER PRICES
Southern Plains, Weekly

Data Source: USDA-AMS Livestock Marketing Information Center

STEER DRESSED WEIGHT
Federally Inspected, Weekly

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

STEER SLAUGHTER
Federally Inspected, Weekly

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

4.6% higher YTD
### FEEDLOT PLACEMENTS

**US Total, Monthly**

- **Source:** USDA-NASS, Livestock Marketing Information Center

### CATTLE PLACED WEIGHING MORE THAN 700 POUNDS

**1,000 Plus Capacity Feedlots, U.S., Monthly**

- **Source:** USDA-NASS, Livestock Marketing Information Center

### CATTLE ON FEED OVER 120 DAYS

**US Total, Monthly**

- **Source:** USDA-NASS, Livestock Marketing Information Center
AVERAGE RETURNS TO CATTLE FEEDERS
Feeding 750 Lb. Steers, S. Plains, Monthly

CHOICE STEER PRICE vs BREAKEVEN
Cattle Feeding, S. Plains, Monthly

MED. & LRG. #1 FEEDER STEER PRICES
700-800 Pounds, Southern Plains, Weekly

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

Latest Data: January 2016
MED. & LRG. #1 STEER CALF PRICES
500-600 Pounds, Southern Plains, Weekly

Slaughter Cow Prices
Southern Plains, 85-90% Lean, Weekly

Data Source: USDA - AMS, Compiled & Analysis by LMIC
Livestock Marketing Information Center
TOTAL COW SLAUGHTER
Federally Inspected, Weekly

US BEEF AND VEAL EXPORTS
Carcass Weight, Monthly

U.S. BEEF AND VEAL IMPORTS
Carcass Weight, Annual

Data Source: USDA-ERS & USDA-FAS, Livestock Marketing Information Center
U.S. STEER HIDE AND OFFAL VALUE
Live Animal Basis, Weekly

Data Source: USDA-AMS Livestock Marketing Information Center

WHAT MAY HAPPEN

HEIFERS HELD AS BEEF COW REPLACEMENTS
January 1, U.S.

Data Source: USDA-NASS Livestock Marketing Information Center
2016 ANNUAL OUTLOOK

<table>
<thead>
<tr>
<th></th>
<th>2015 Annual Average</th>
<th>2016 Projected Annual Average</th>
<th>2016 Projected Third Quarter</th>
<th>2017 Projected Annual Average</th>
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</thead>
<tbody>
<tr>
<td>Southern Plains 700-800#</td>
<td>$208.21/cwt</td>
<td>$189-$194/cwt</td>
<td>$196-$203/cwt</td>
<td>$190-$197/cwt</td>
</tr>
<tr>
<td>Southern Plains 800-900#</td>
<td>$251.25/cwt</td>
<td>$195-$200/cwt</td>
<td>$190-$197/cwt</td>
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</tr>
</tbody>
</table>

PRODUCER CONSIDERATIONS

- Increasing cattle numbers increase need for marketing strategy for stockers/feeders
- Risk management strategies
- Cost management
- Return of seasonality
- Crop factors

LONGER TERM CONSIDERATIONS

- What will be peak inventory number for this cattle cycle?
- Cash flow concerns?
- Managing costs
### 2016 Annual Outlook

<table>
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