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## Market Outlook

Mike Miller

*CATTLE FAX, Denver, Colorado*

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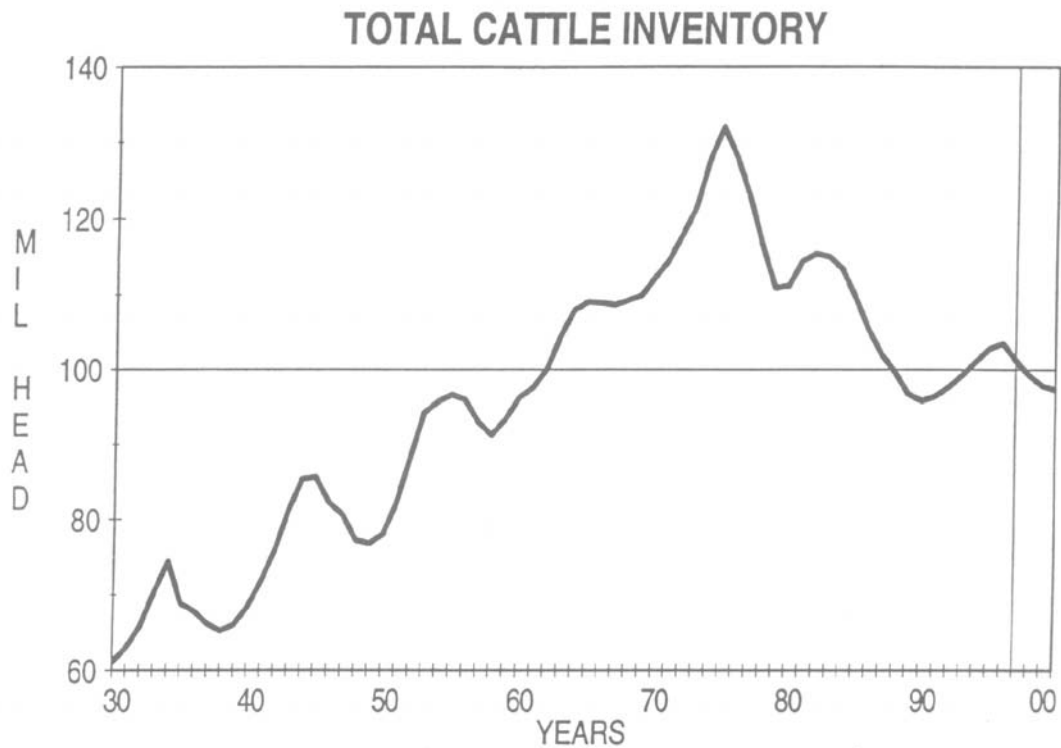
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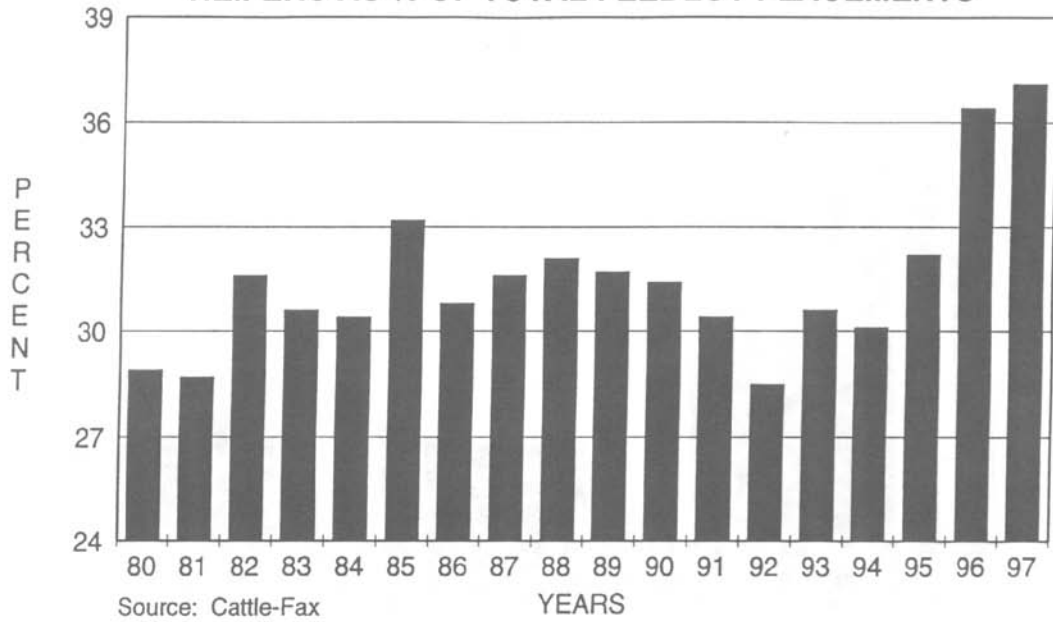
**Market Outlook**

Mike Miller  
CATTLE FAX  
Denver, Colorado

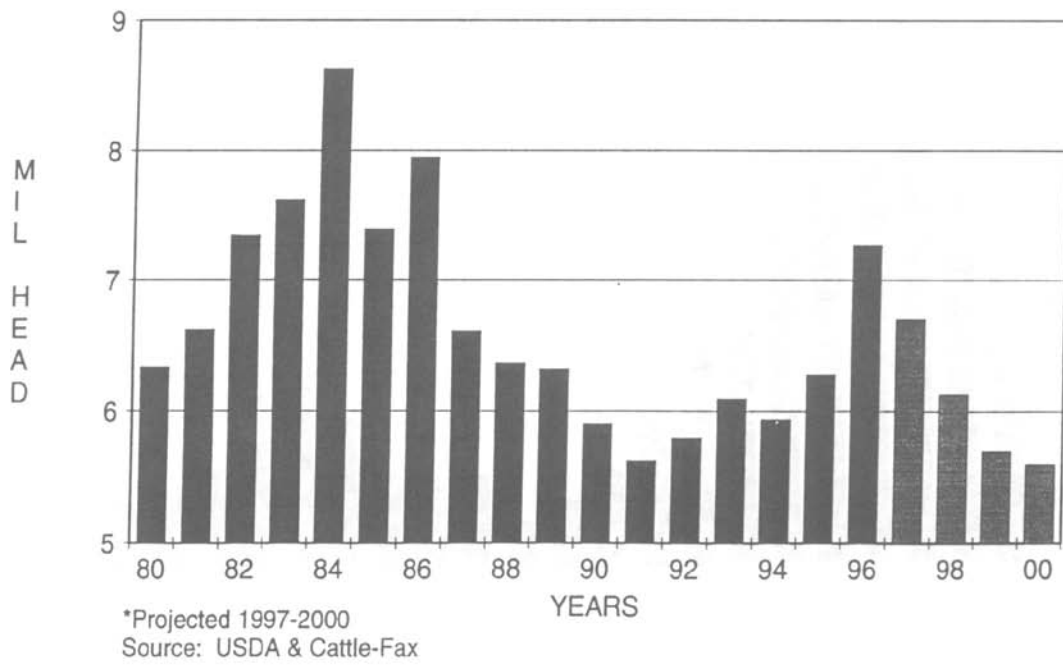


Source: USDA

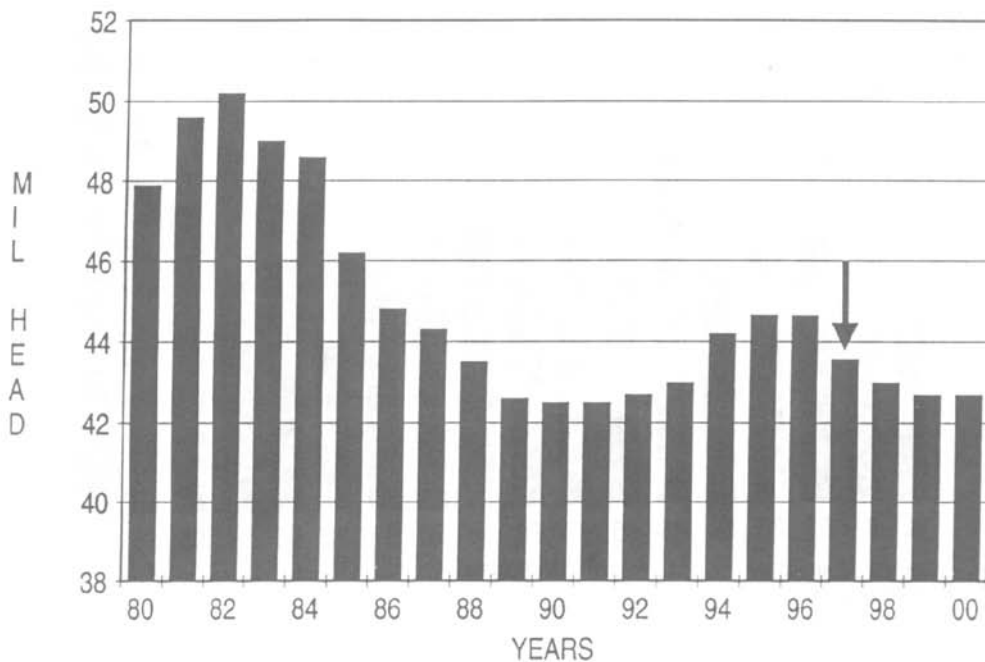
### HEIFERS AS % OF TOTAL FEEDLOT PLACEMENTS\*



### COW SLAUGHTER\*

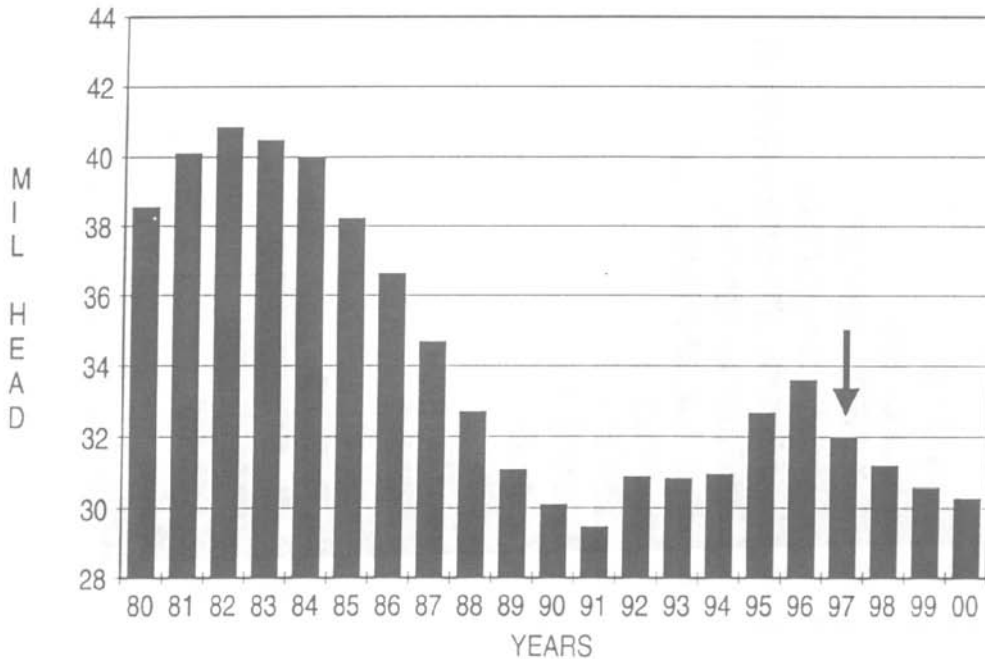


### TOTAL COW NUMBERS\*



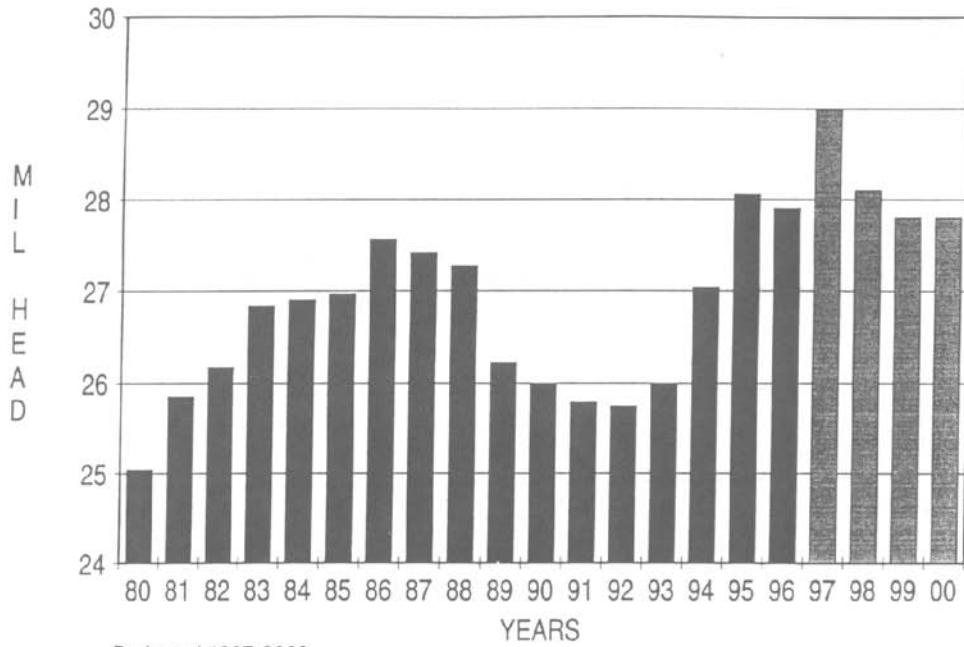
\*Projected 1998-2000  
Source: USDA & Cattle-Fax

### FEEDER CATTLE AND CALF SUPPLY\*



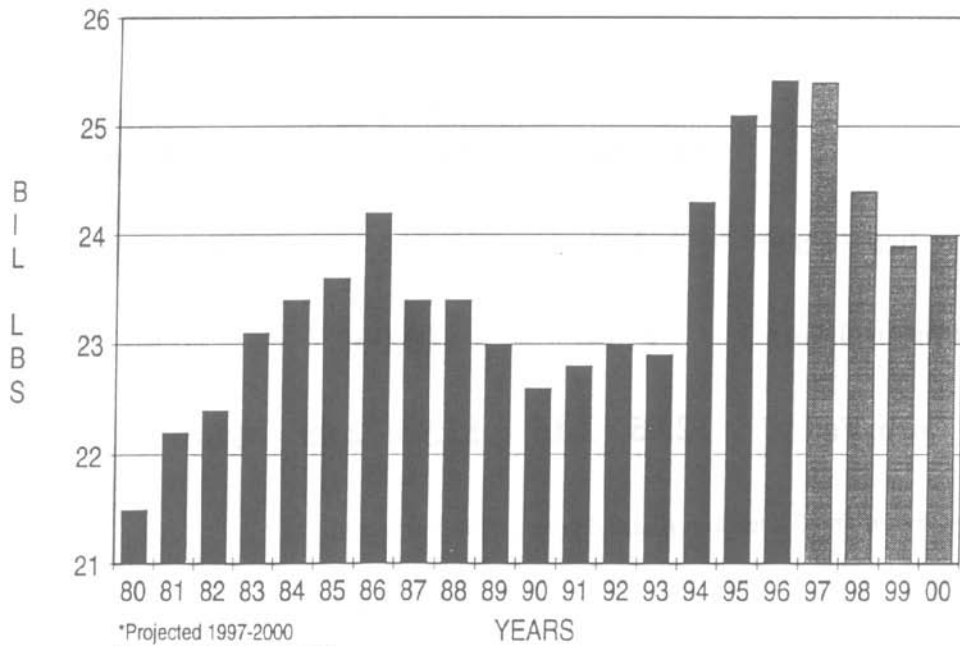
\*Projected 1997-2000  
Source: USDA & Cattle-Fax

## STEER & HEIFER SLAUGHTER



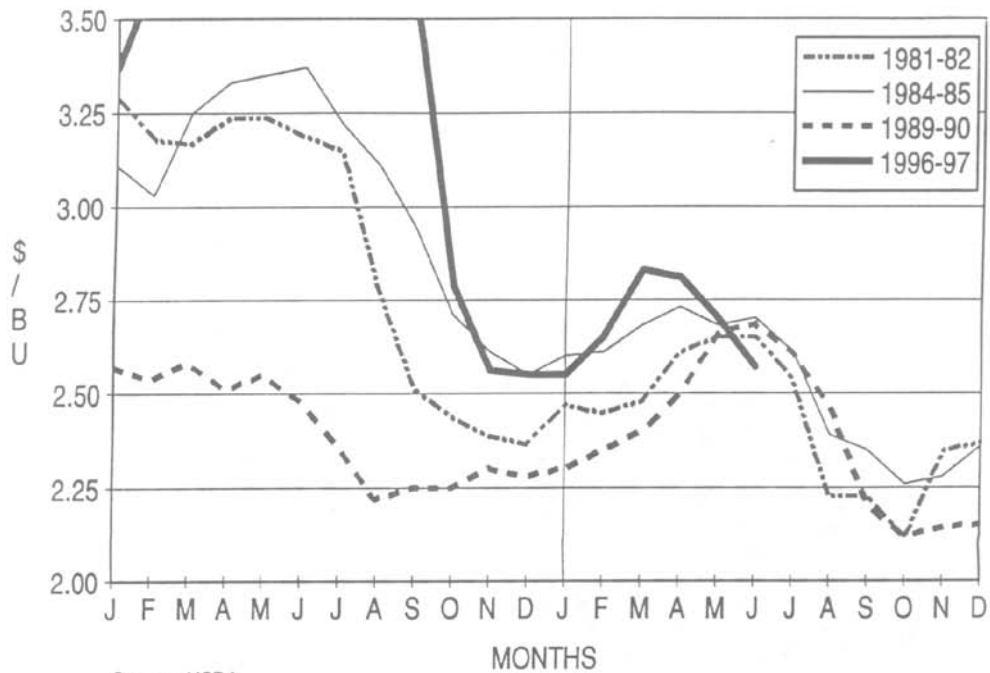
Projected 1997-2000  
Source: USDA & Cattle-Fax

## BEEF PRODUCTION\*



\*Projected 1997-2000  
Source: USDA & Cattle-Fax

## WHAT WILL THE 1997 CORN MARKET LOOK LIKE?

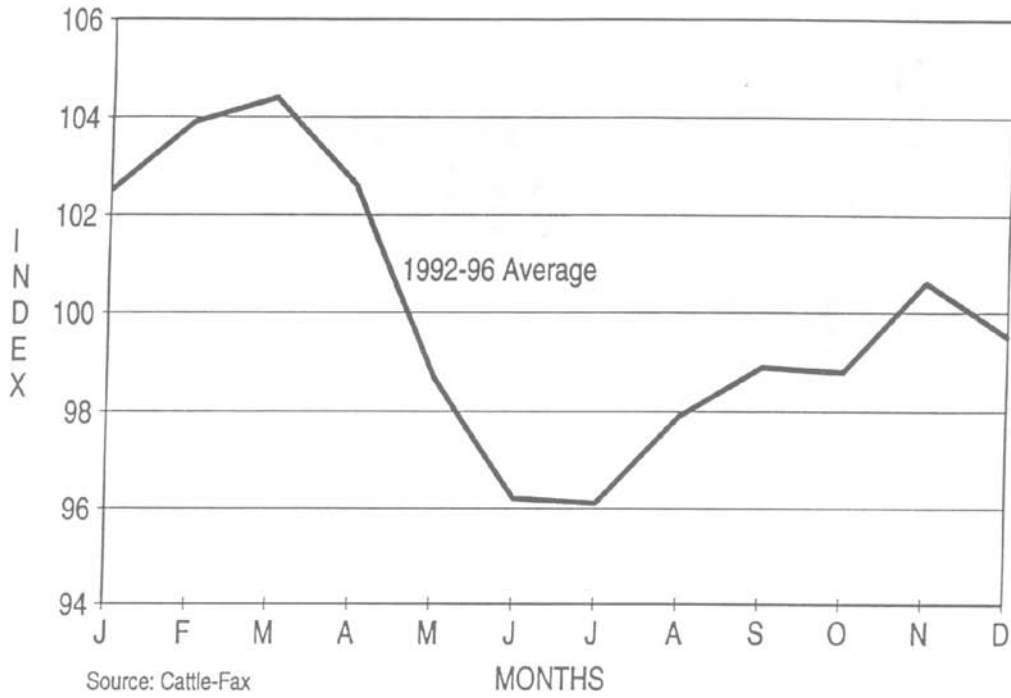


## 1997 Corn Production and Price Situation\*

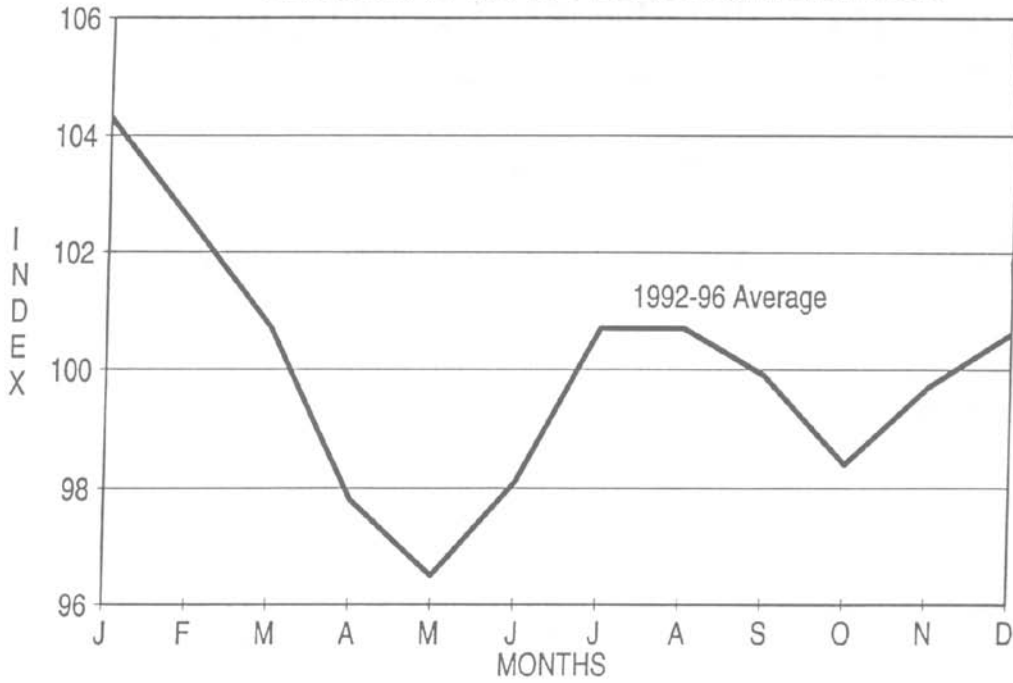
	<u>Low Production</u>	<u>Average Production</u>	<u>High Production</u>
Yield (bushels / acre)	<b>129</b>	<b>135</b>	<b>142</b>
Production (mil. bu)	<b>9,500</b>	<b>10,000</b>	<b>10,500</b>
Omaha Corn, Fall 97	<b>\$2.05 - 2.15</b>	<b>\$1.95 - 2.05</b>	<b>\$1.85 - 1.95</b>

\*Scenarios based on 80.2 million planted acres, 92% harvested.

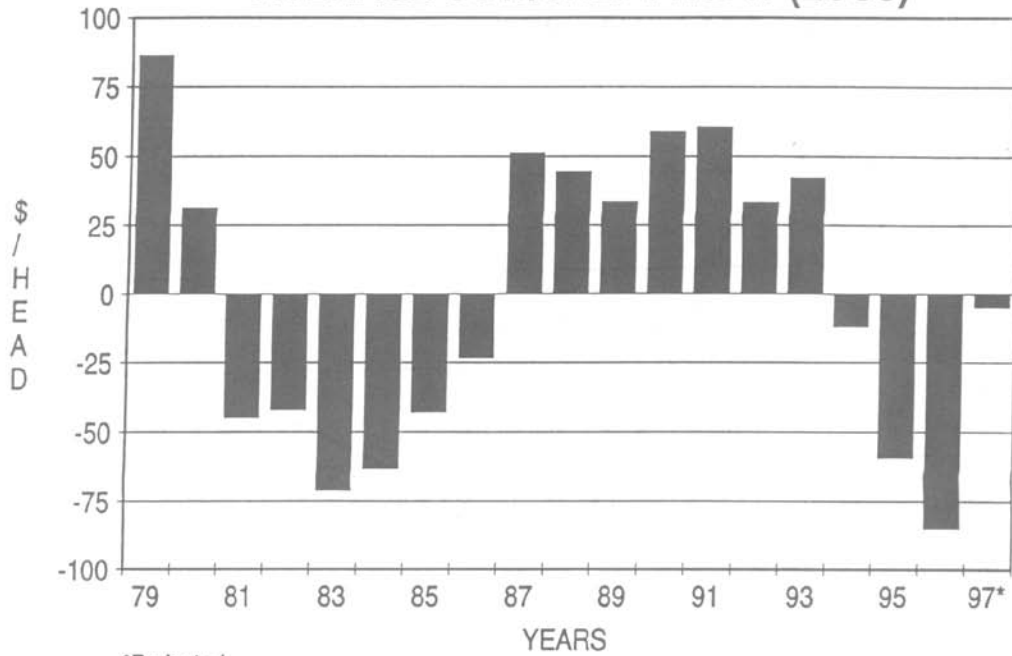
### SEASONAL FED CATTLE PRICE



### SEASONAL 750-lb FEEDER STEER PRICE



## AVERAGE COW/CALF PROFIT (LOSS)



\*Projected  
Source: Cattle-Fax

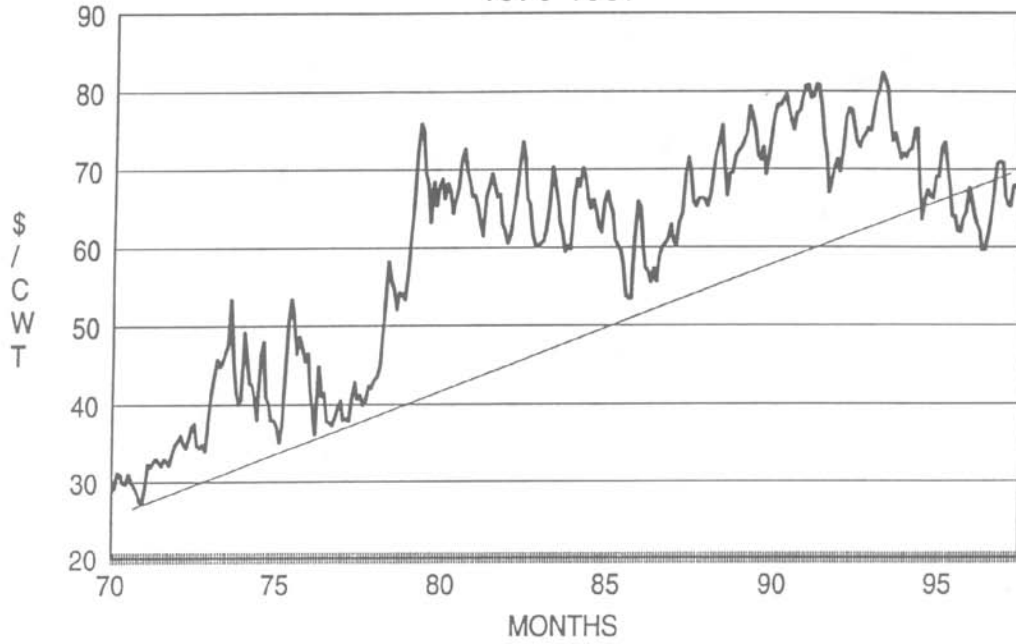
## COW / CALF PRODUCER PROFITABILITY

	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997*</u>
<b>Profitable</b>	46%	21%	15%	50%
<b>Near Breakeven</b>	39%	43%	40%	25%
<b>Non Profitable</b>	15%	36%	45%	25%

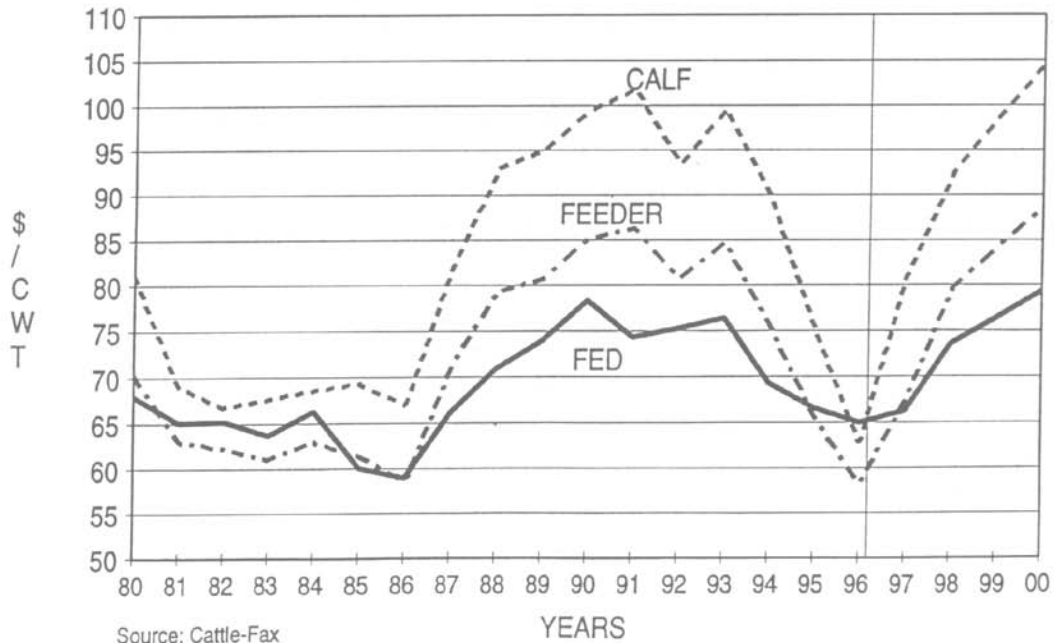
\*preliminary



### U.S. AVERAGE CHOICE FED STEER PRICE 1970-1997

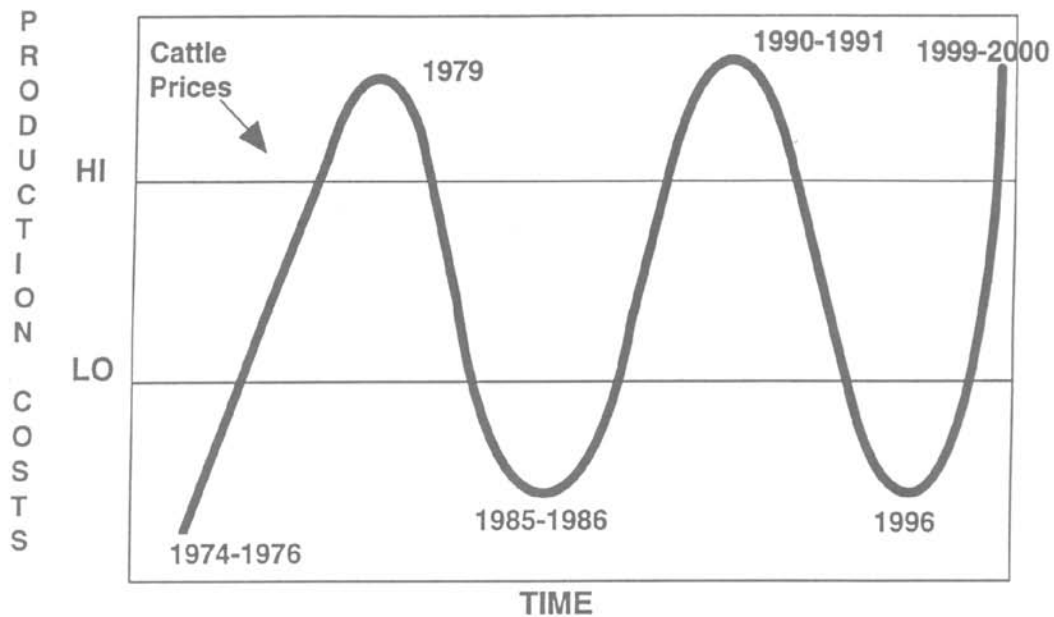


### CATTLE PRICES



Source: Cattle-Fax

# THE CATTLE CYCLE



## Profit Trends By Industry Segment During The Four Phases Of The Cattle Cycle

	<u>Cow / Calf</u>	<u>Stocker</u>	<u>Feedlot</u>
(1) Up Cycle:	Significant Profits	Moderate Profits	Moderate Profits
(2) Downward Transition:	Declining Profitability	Significant Losses	Significant Losses
(3) Down Cycle:	Significant Losses	Narrow / Negative Margins	Narrow / Negative Margins
(4) Upward Transition:	Improving Profitability	Significant Profits	Significant Profits

## **1997 Outlook**

- Cow Herd Liquidation Continues
- Beef Production Near 1996 Levels
- Fed Cattle Prices Stable
- Higher Feeder & Calf Prices
- Grain Prices Lower
- Top Producers Expanding
- Margin Operators: Best Profits

## **1998 Outlook**

- Total Numbers Down 2-3 Million Head
- Beef Production Down 3 Percent
- Prices Higher On All Classes Of Cattle
- Top Producers Continue Expanding
- All Segments More Profitable

## **1999 Outlook**

- Cattle Numbers Continue Shrink
- Beef Production Down Significantly
- Cow / Calf Profitability Much Improved
- Prices Near All-Time Highs

## **2000 Outlook**

- Numbers And Supplies Approaching Cycle Lows
- Prices Near Highs
- Industry Has Objective Measuring System In Place
- Significant Increase In True Value Discovery  
(Branded Beef)
- Increased Percent Of Branded Beef Sold