

December 1997

Market Outlook

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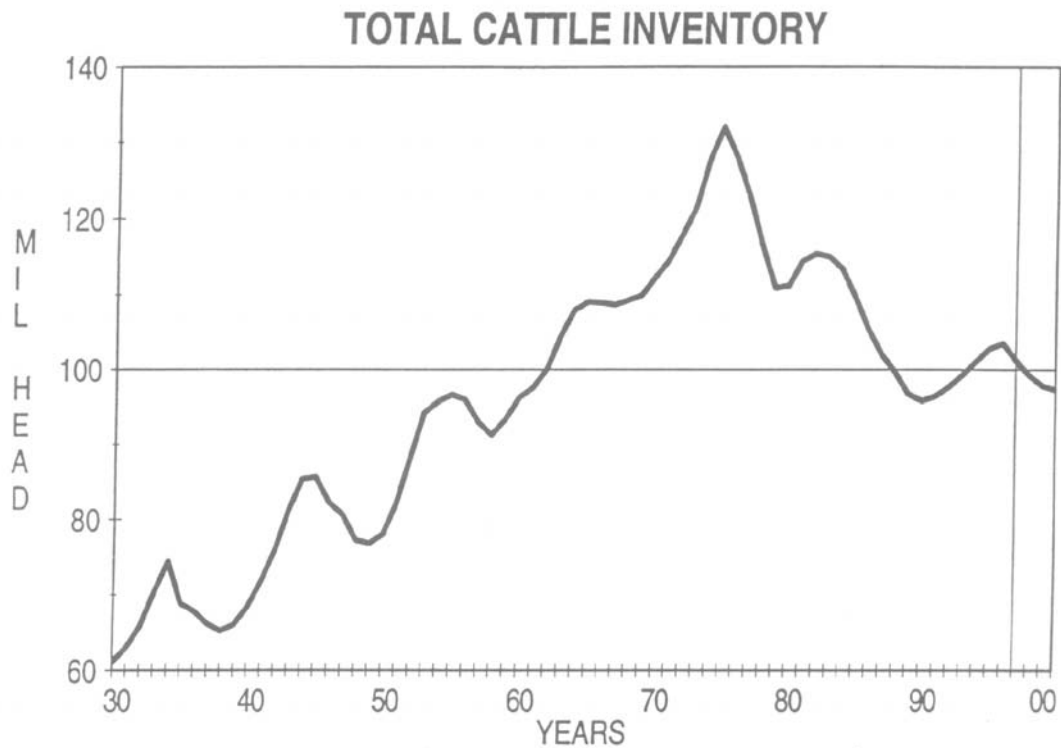
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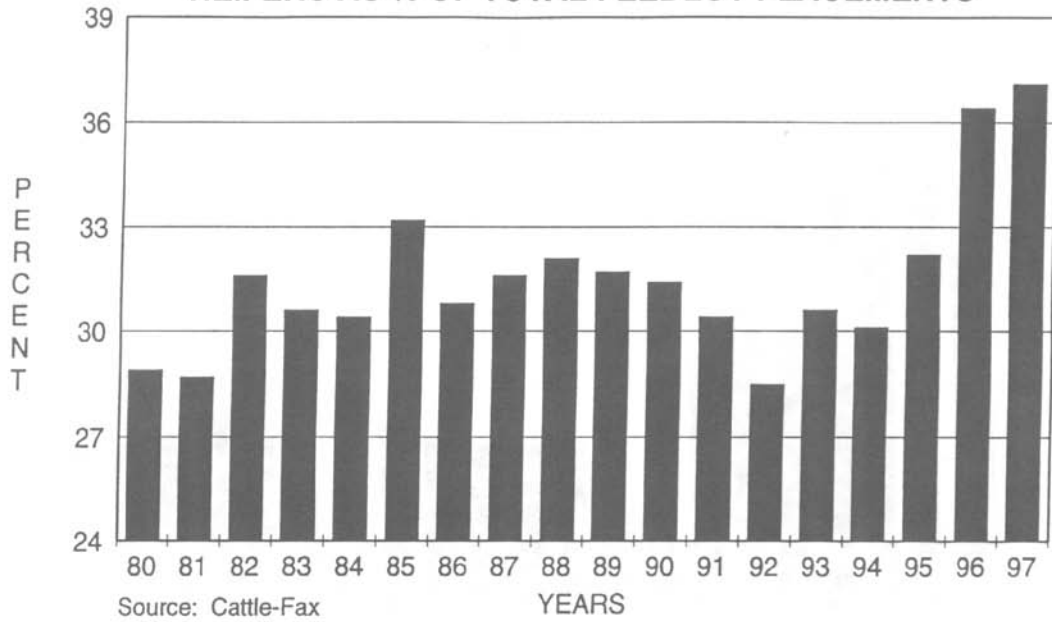
Market Outlook

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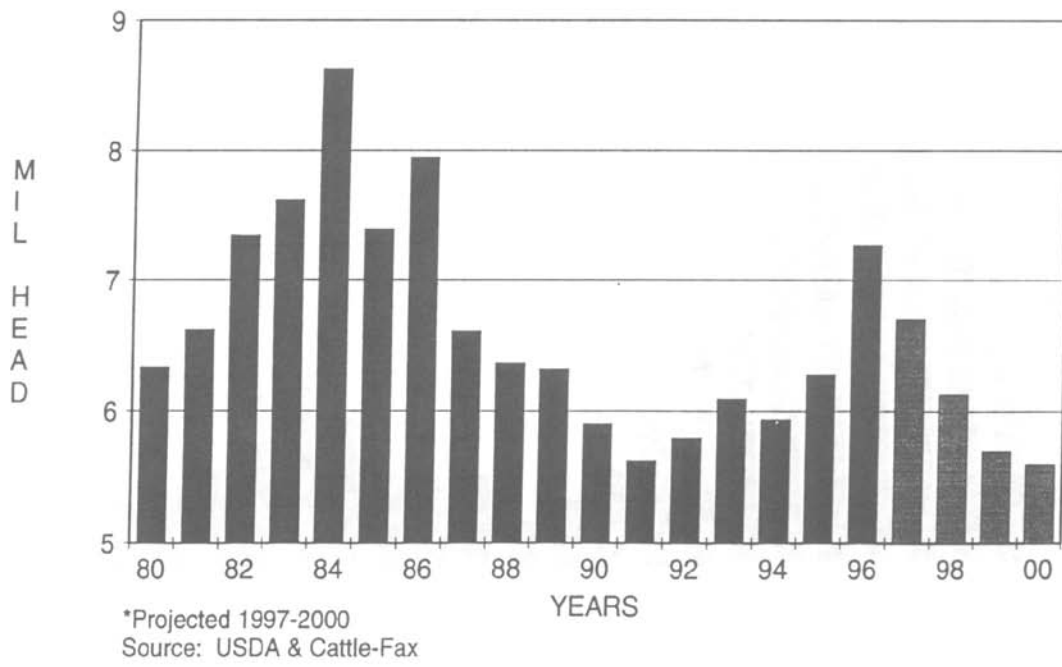


Source: USDA

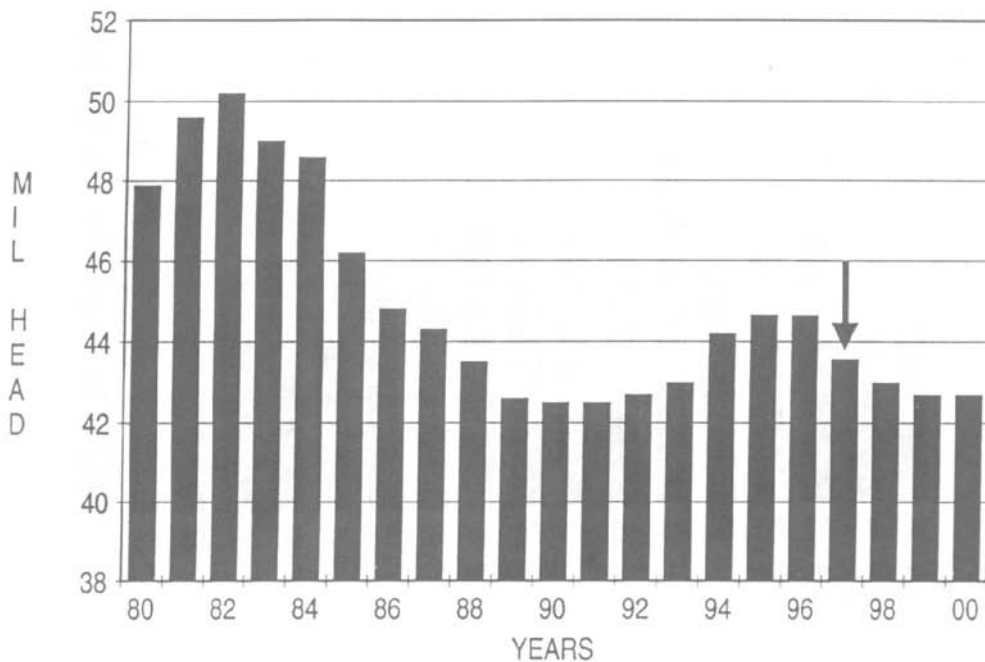
HEIFERS AS % OF TOTAL FEEDLOT PLACEMENTS*



COW SLAUGHTER*

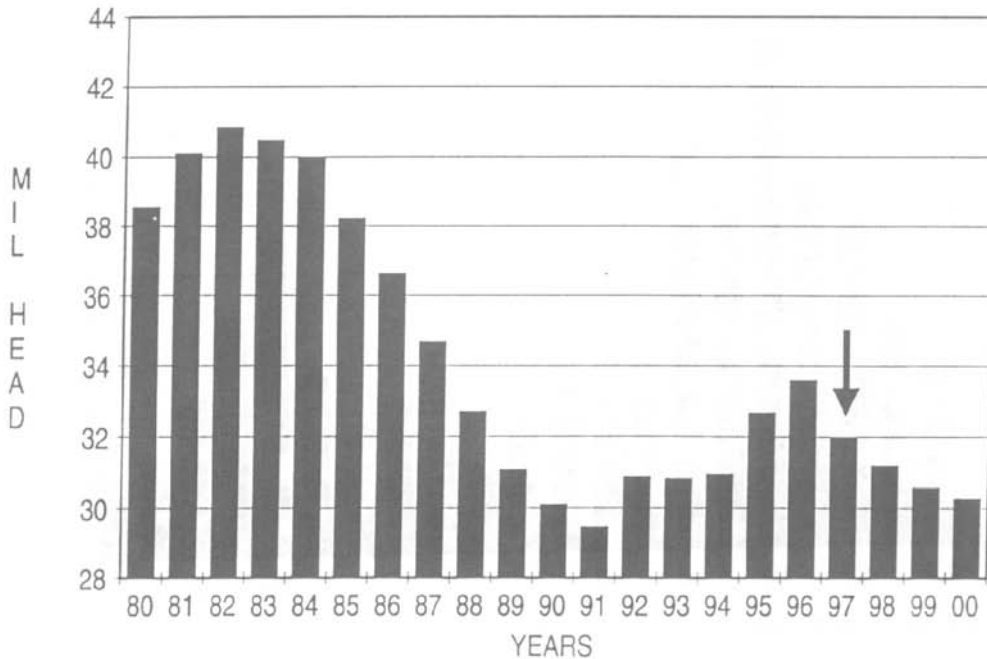


TOTAL COW NUMBERS*



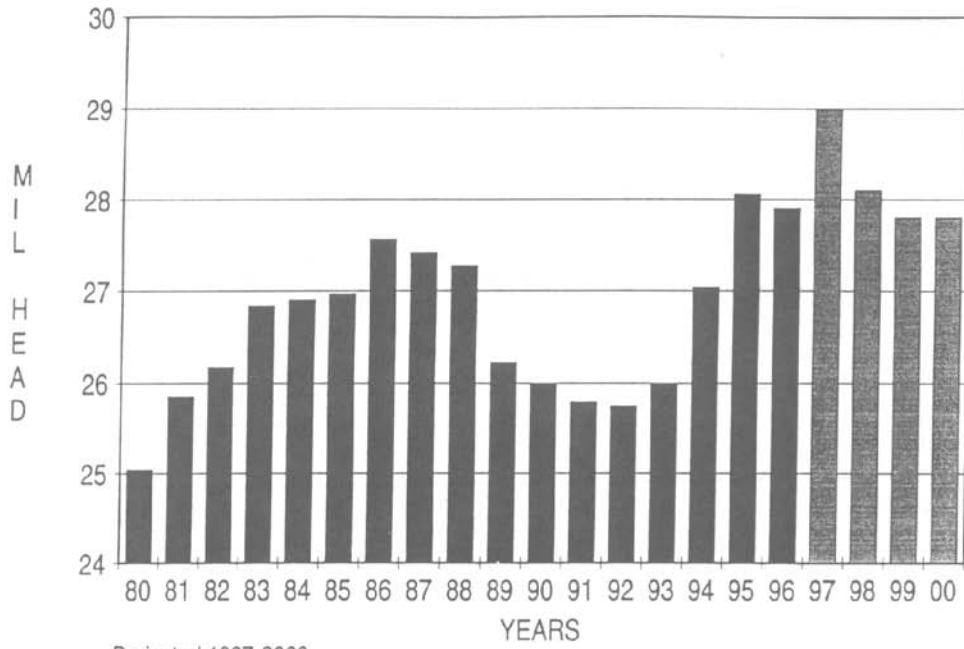
*Projected 1998-2000
Source: USDA & Cattle-Fax

FEEDER CATTLE AND CALF SUPPLY*



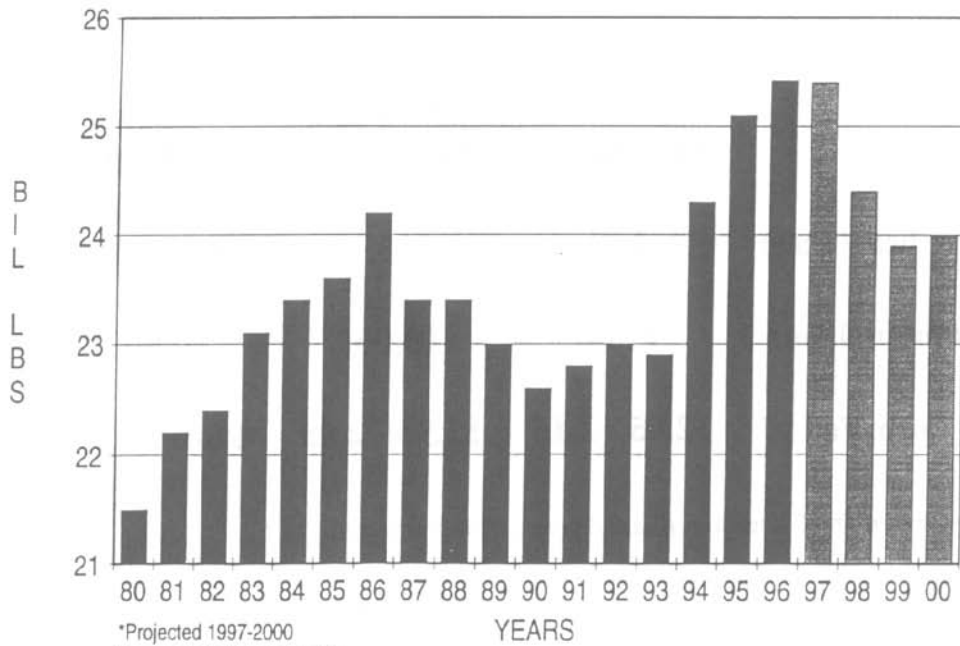
*Projected 1997-2000
Source: USDA & Cattle-Fax

STEER & HEIFER SLAUGHTER



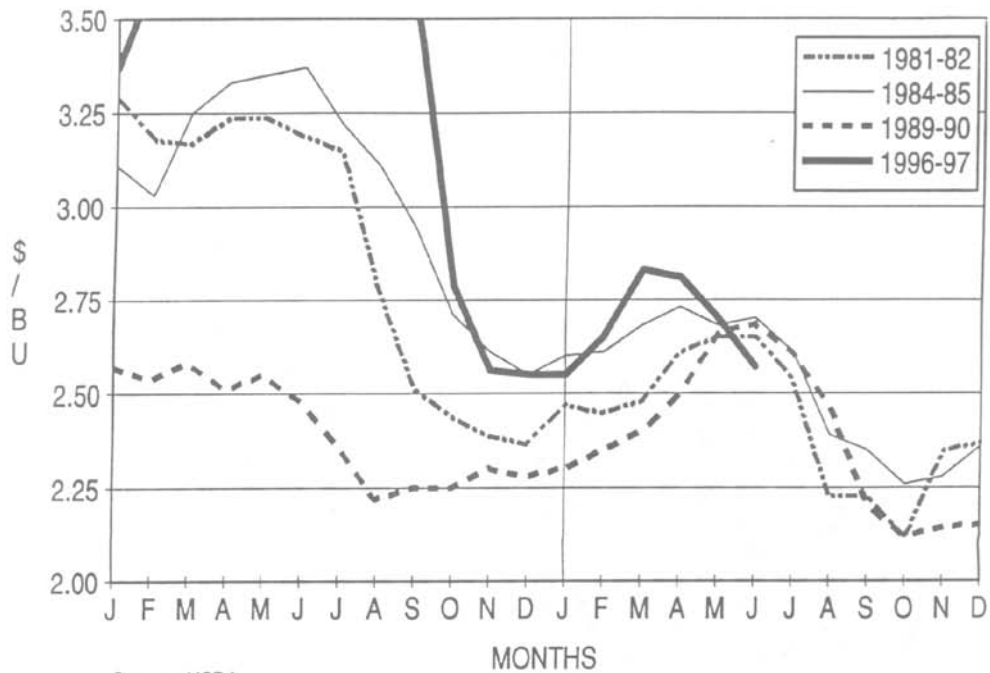
Projected 1997-2000
Source: USDA & Cattle-Fax

BEEF PRODUCTION*



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

WHAT WILL THE 1997 CORN MARKET LOOK LIKE?

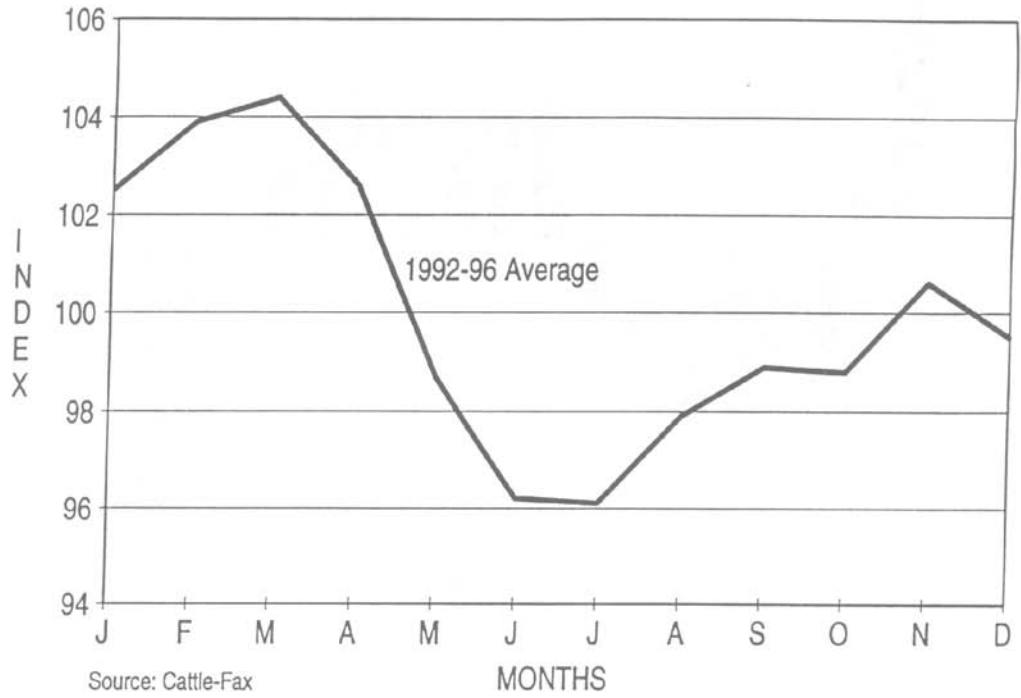


1997 Corn Production and Price Situation*

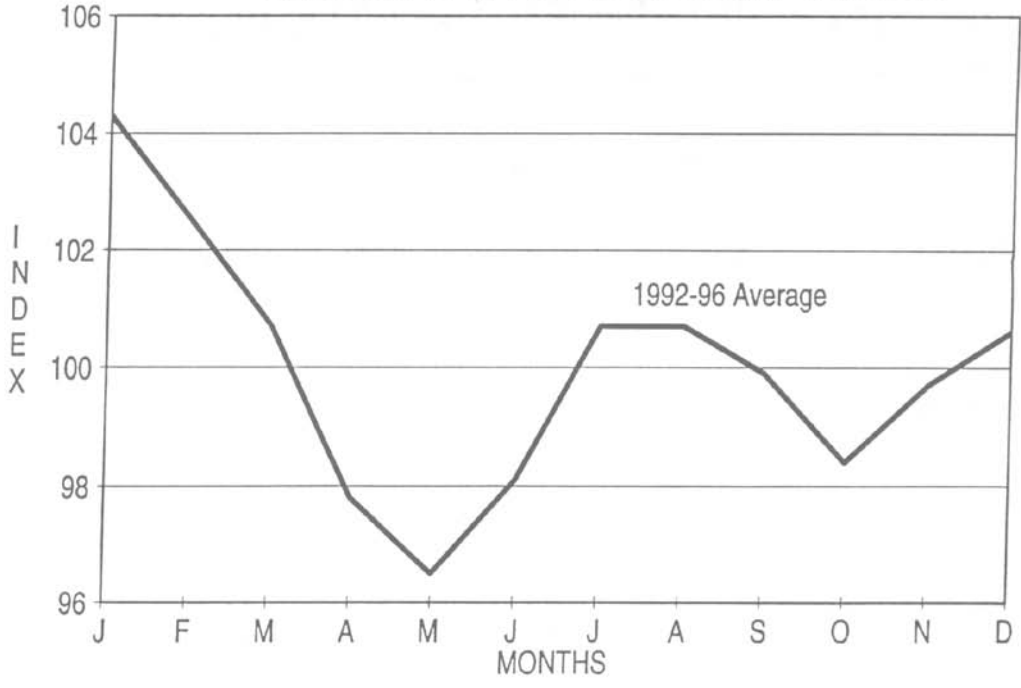
	<u>Low Production</u>	<u>Average Production</u>	<u>High Production</u>
Yield (bushels / acre)	129	135	142
Production (mil. bu)	9,500	10,000	10,500
Omaha Corn, Fall 97	\$2.05 - 2.15	\$1.95 - 2.05	\$1.85 - 1.95

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

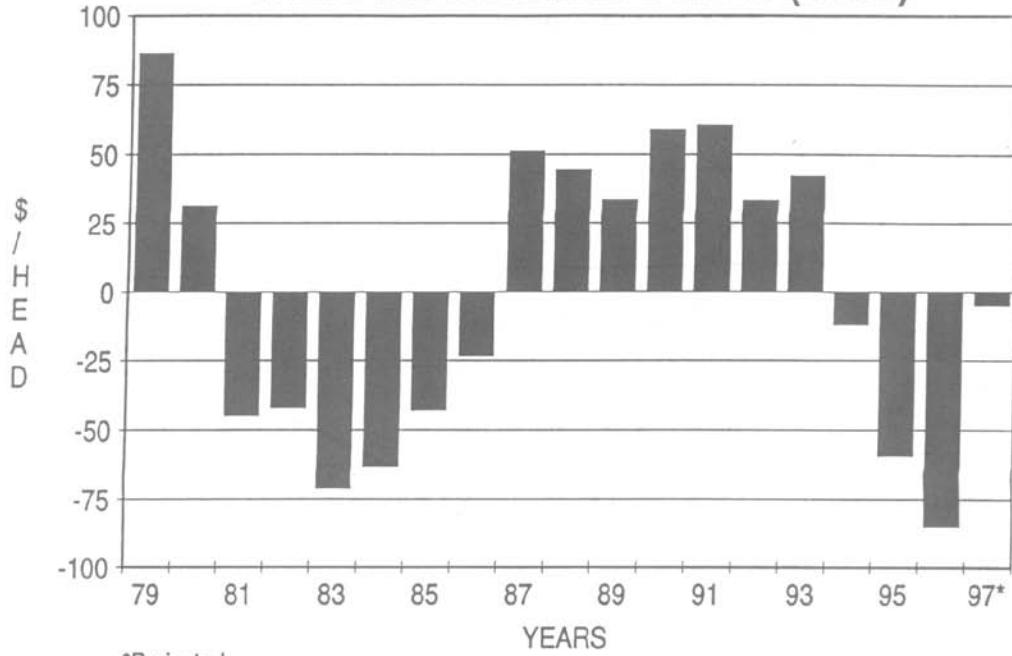
SEASONAL FED CATTLE PRICE



SEASONAL 750-lb FEEDER STEER PRICE



AVERAGE COW/CALF PROFIT (LOSS)



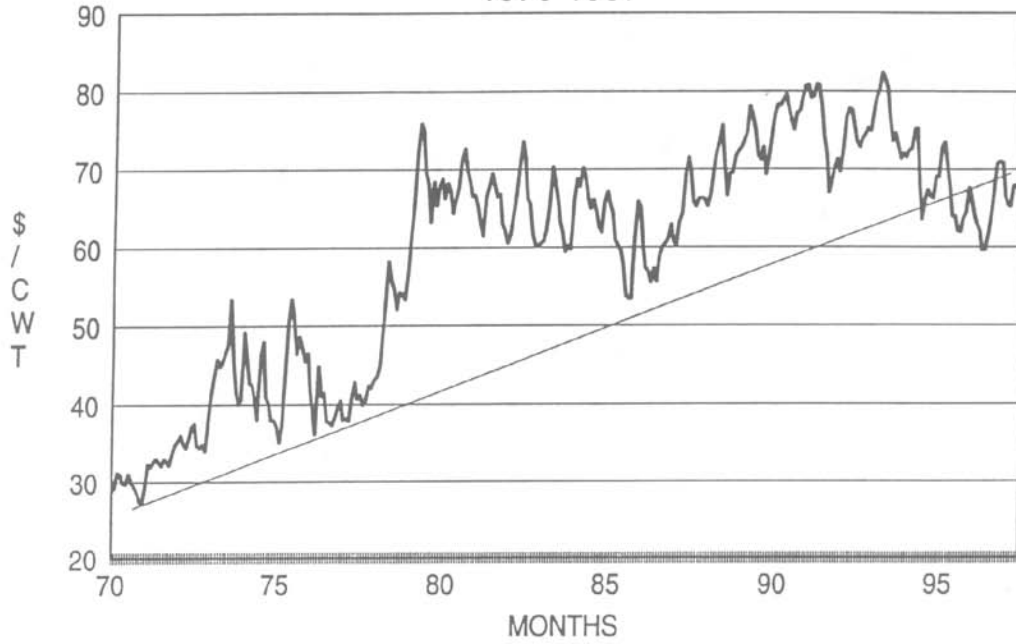
*Projected
Source: Cattle-Fax

COW / CALF PRODUCER PROFITABILITY

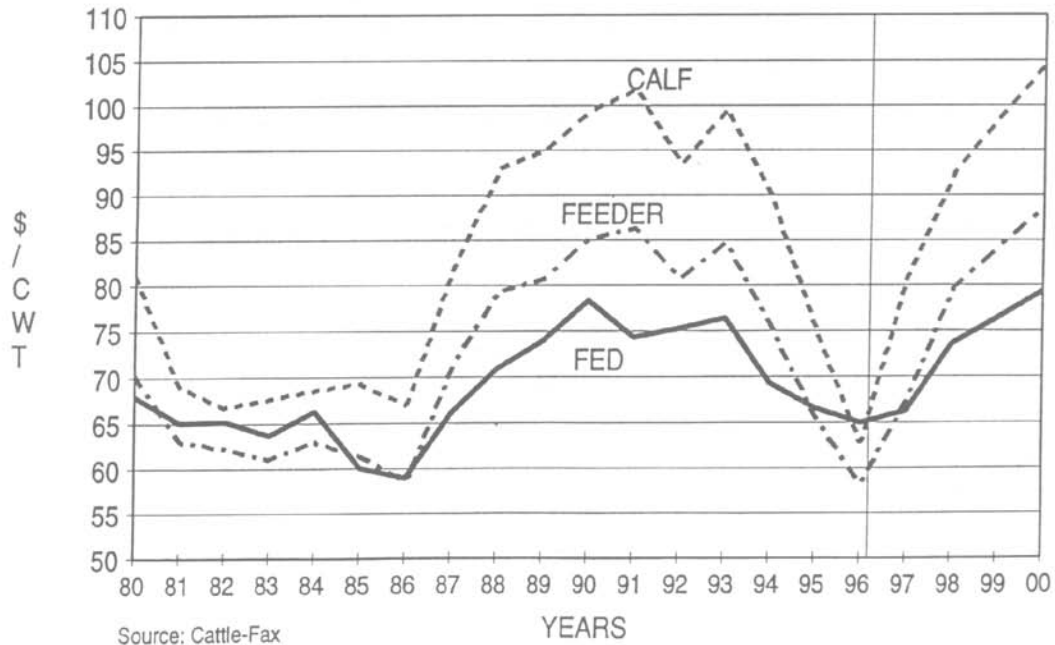
	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997*</u>
Profitable	46%	21%	15%	50%
Near Breakeven	39%	43%	40%	25%
Non Profitable	15%	36%	45%	25%

*preliminary

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

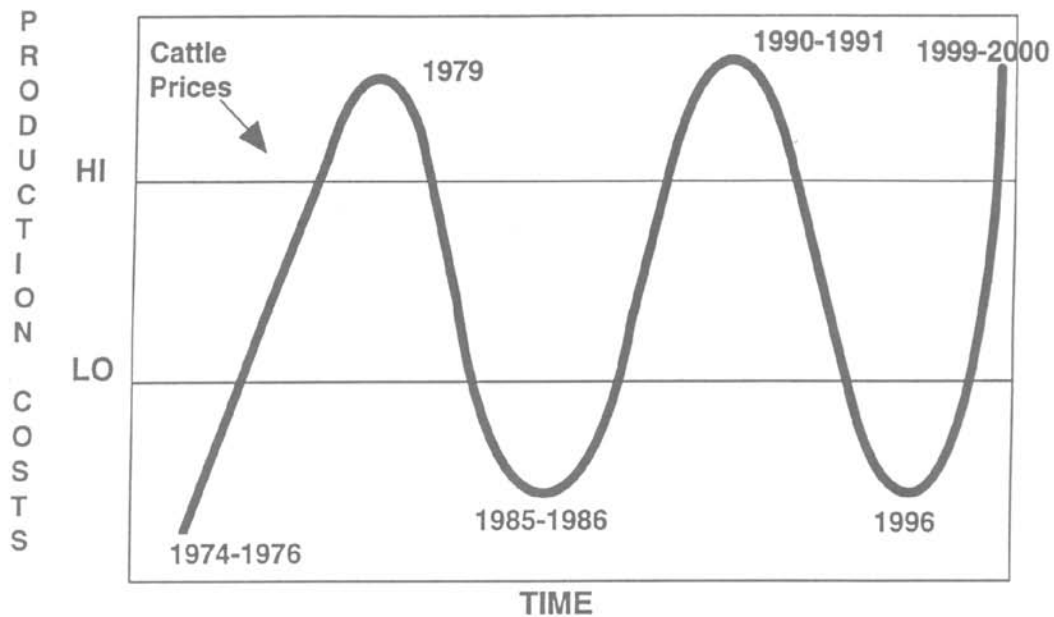


CATTLE PRICES



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