

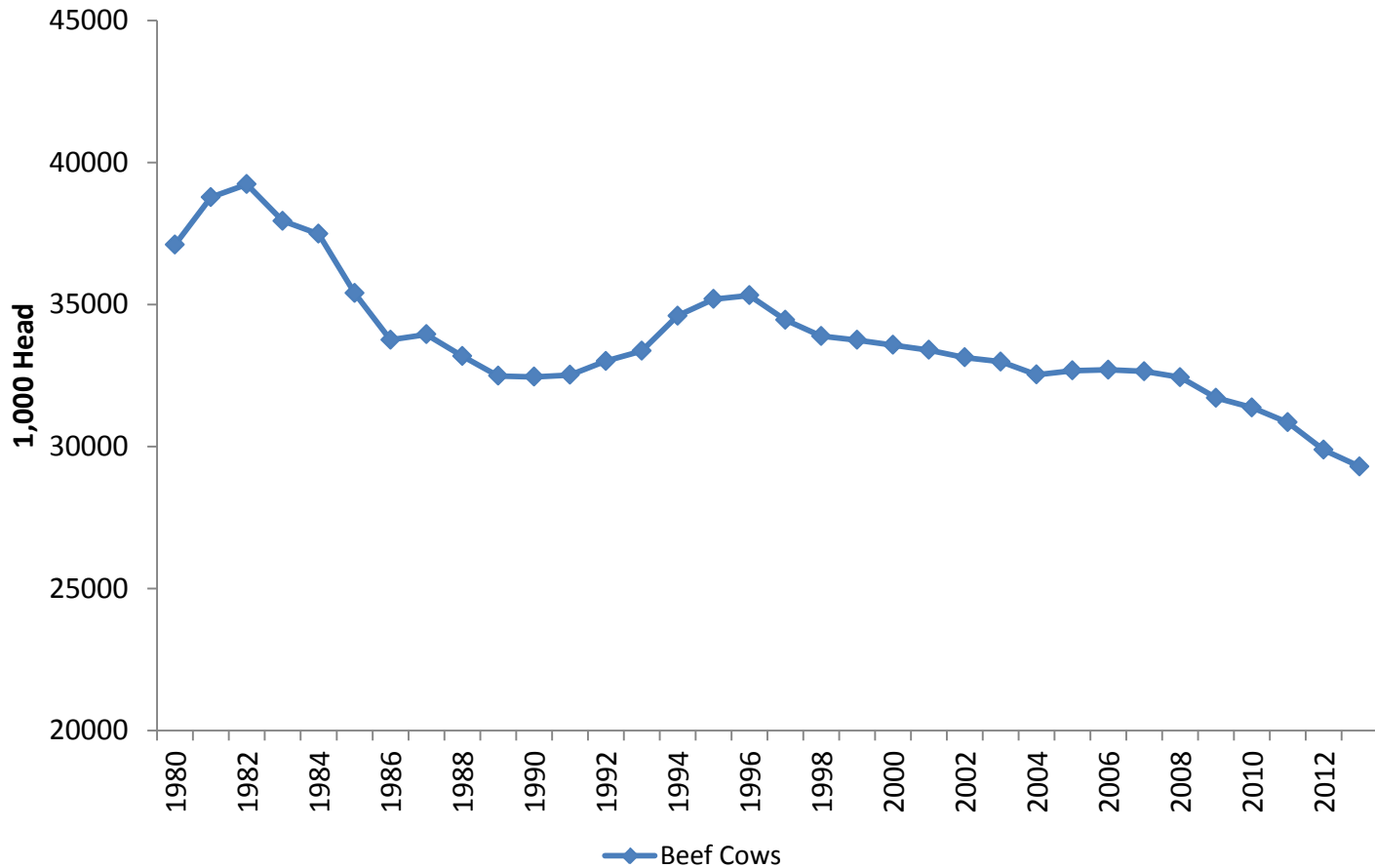
Beef Industry Issues

Tri-State Beef Conference

August 8-9, 2013

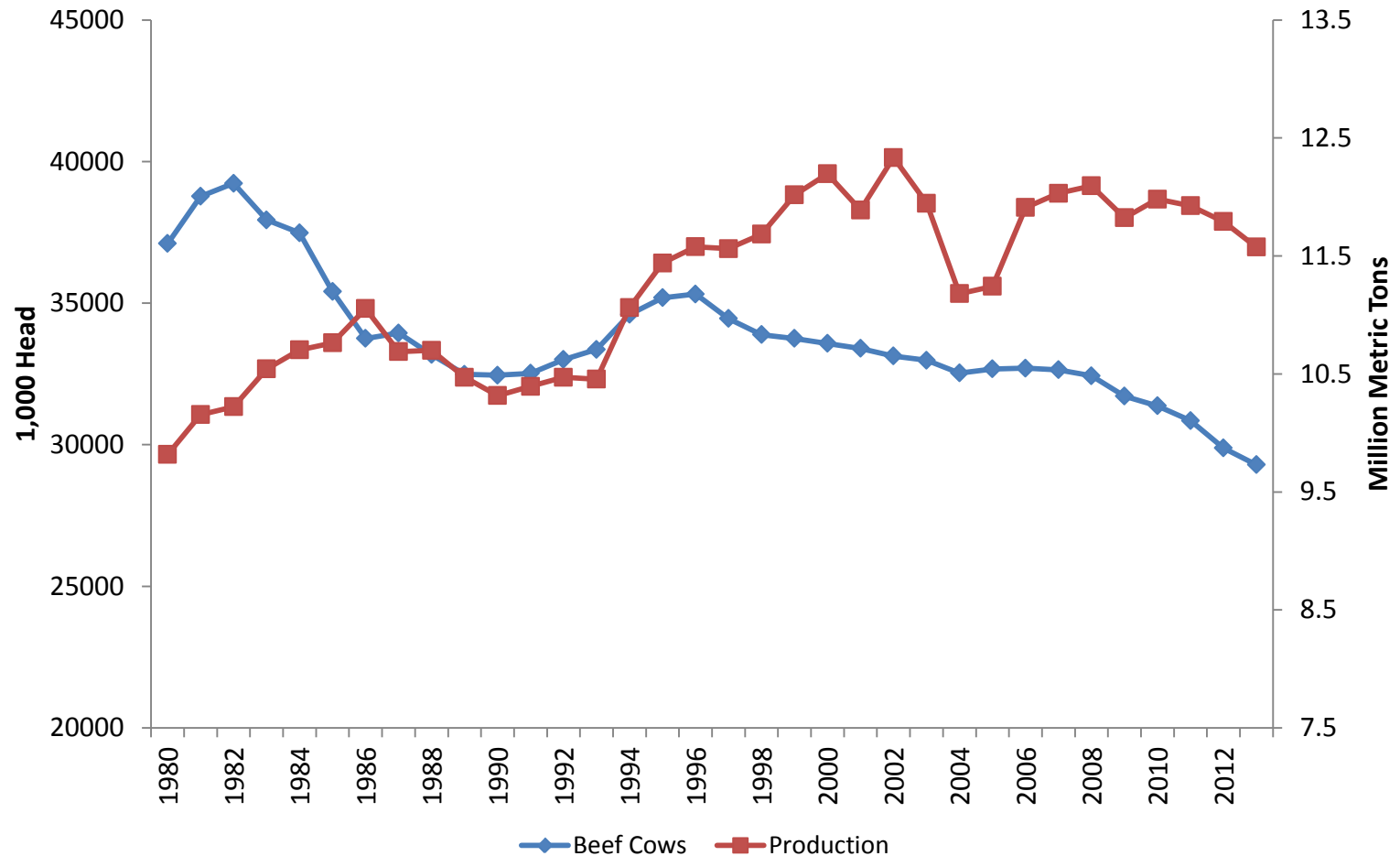
Abingdon, VA

Beef Cow Inventory



Data Source: USDA National Agricultural Statistics Service through Livestock Marketing Information Center.

Inventory & Production

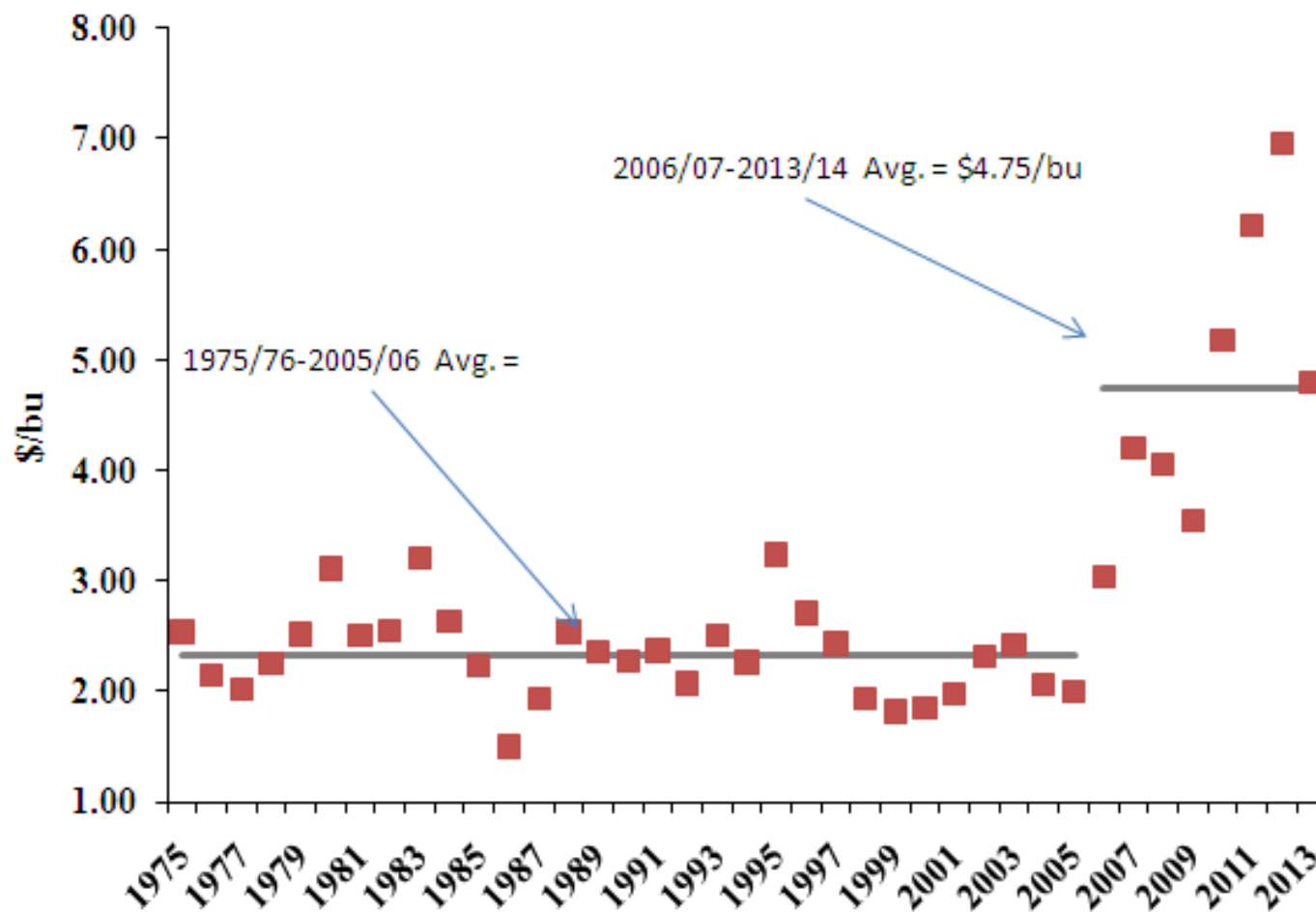


Data Source: USDA National Agricultural Statistics Service and Foreign Agricultural Service PSD online.

Key Industry Challenges

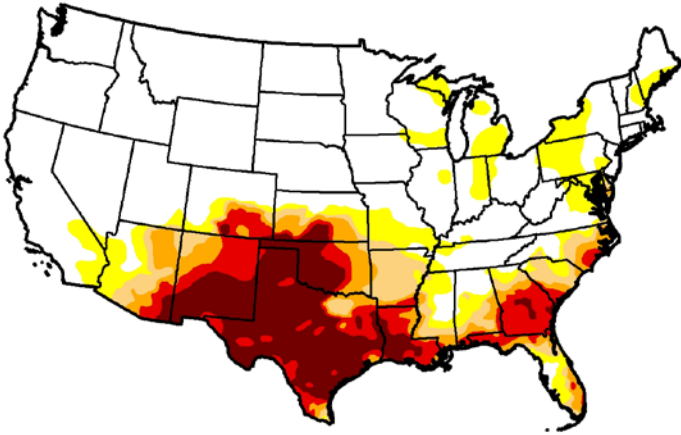
- Long-term demand challenges
 - Increasing relative price disadvantage
 - Weak consumer incomes
 - Changing consumer demographics
 - Greater export dependence
- Maintaining freedom to operate
 - Aggressive environmental regulation
 - Consumer acceptance issues

MYA Corn Price

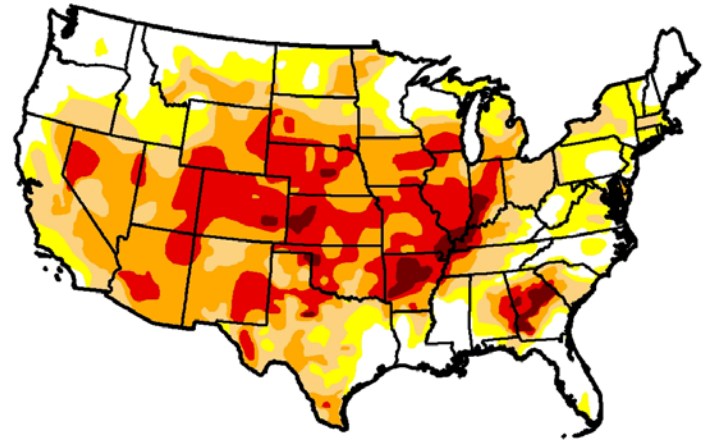


Data Source: USDA National Agricultural Statistics Service.

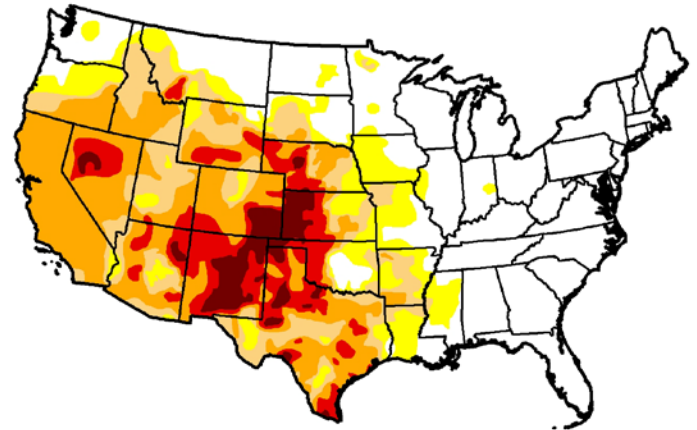
July 26, 2011



July 24, 2012

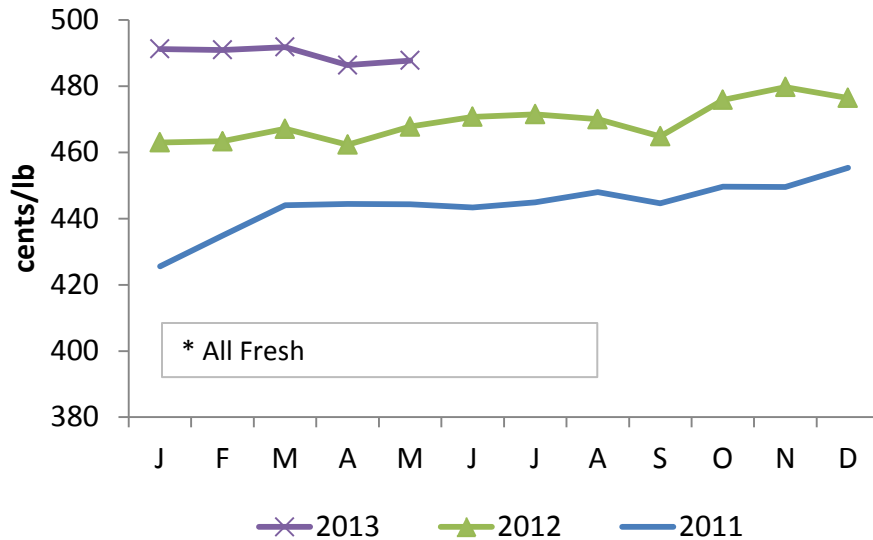


July 23, 2013

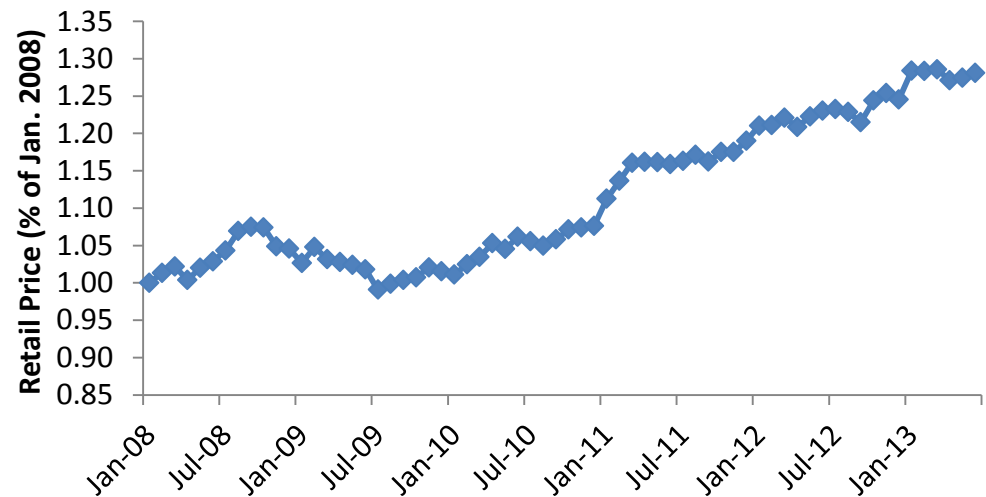


Persistent
Drought

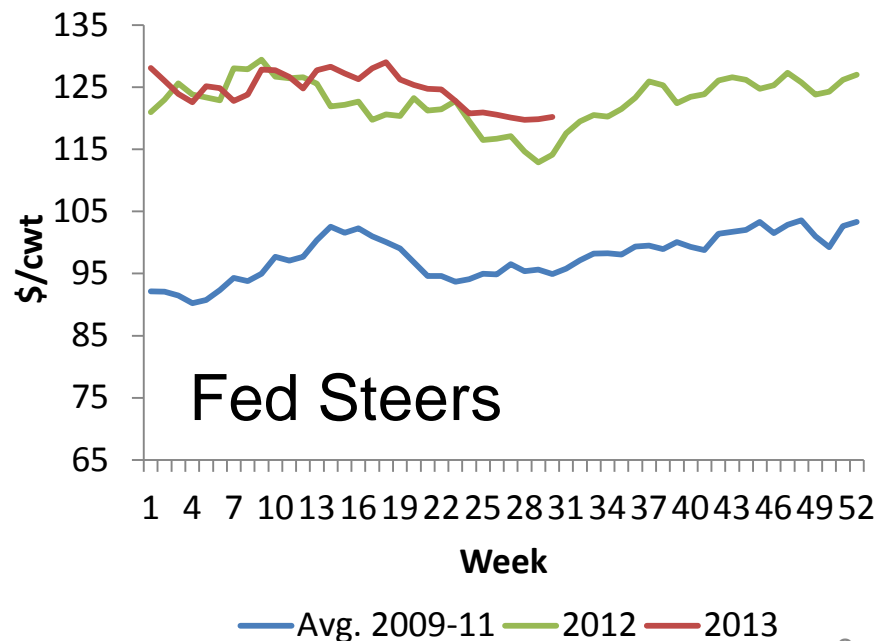
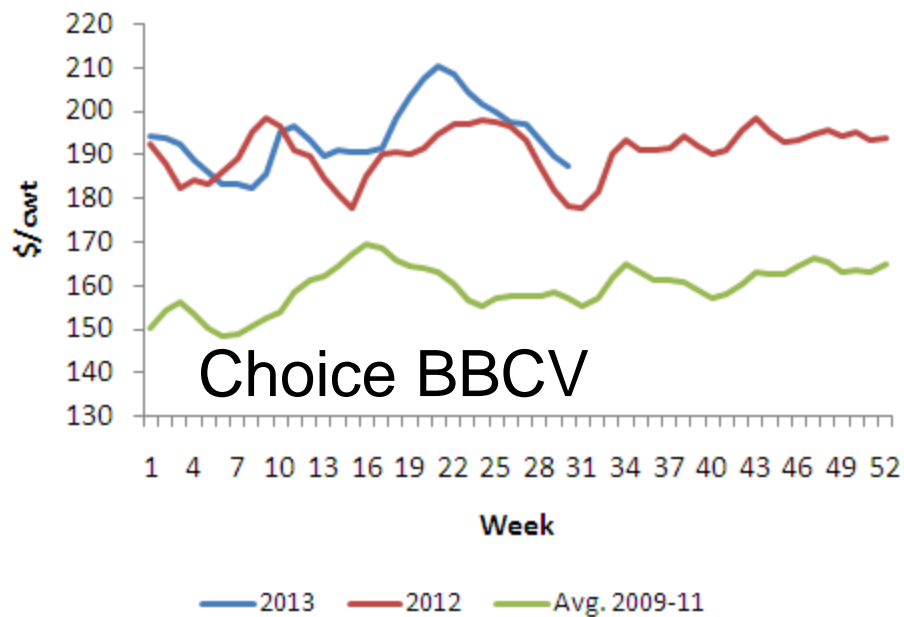
Retail Beef Prices



Data Source: USDA Economic Research Service through Livestock Marketing Information Center.



Wholesale Beef & Fed Cattle Prices

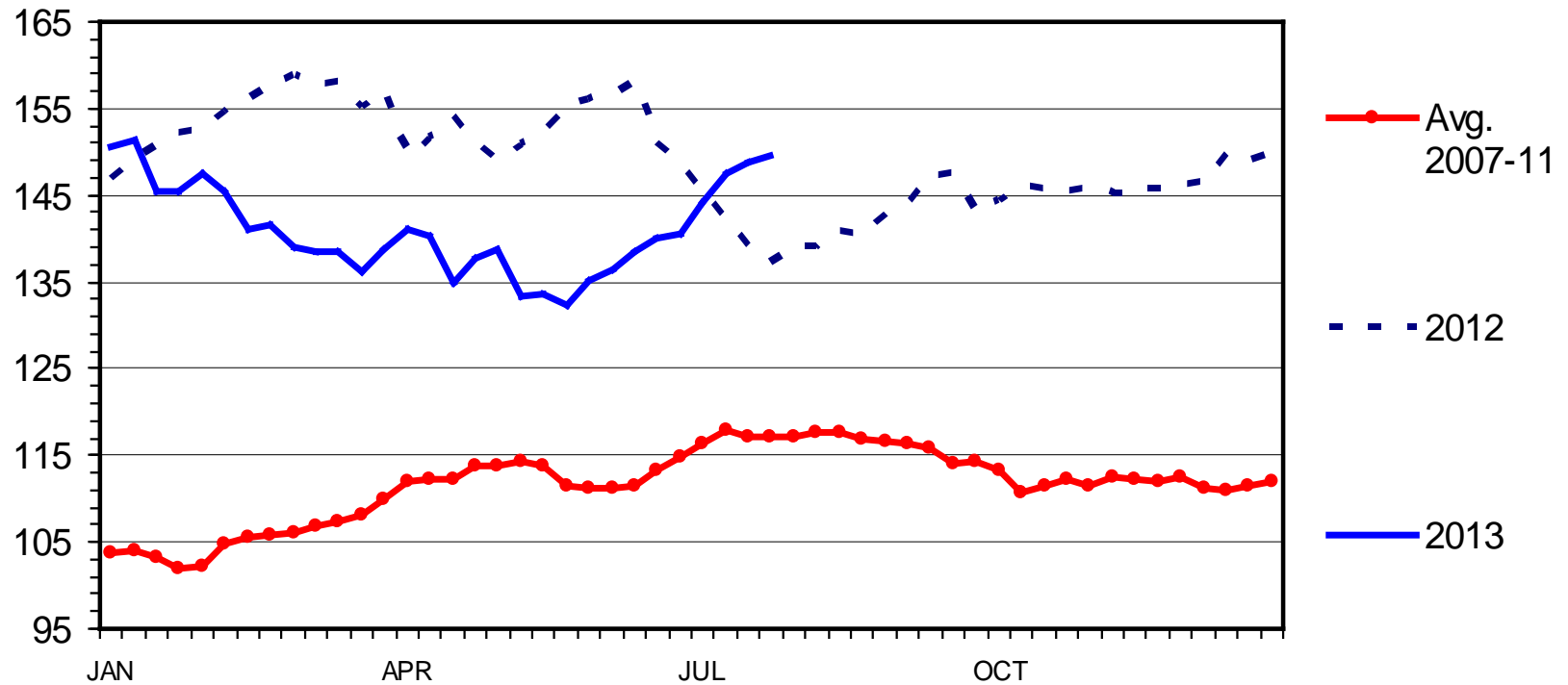


Data Source: USDA Agricultural Marketing Service through Livestock Marketing Information Center.

MED. & LRG. #1 FEEDER STEER PRICES

700-800 Pounds, Southern Plains, Weekly

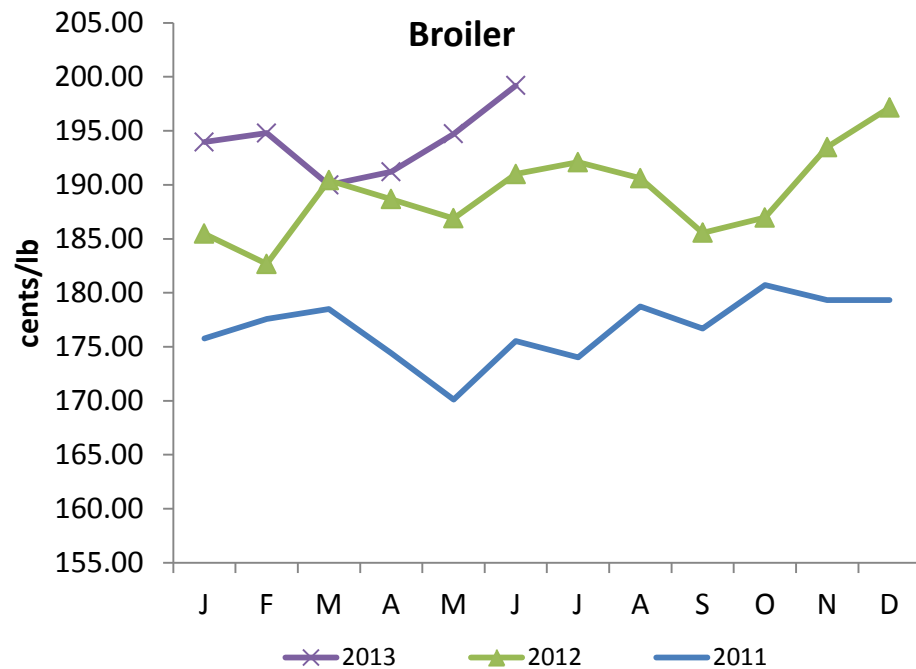
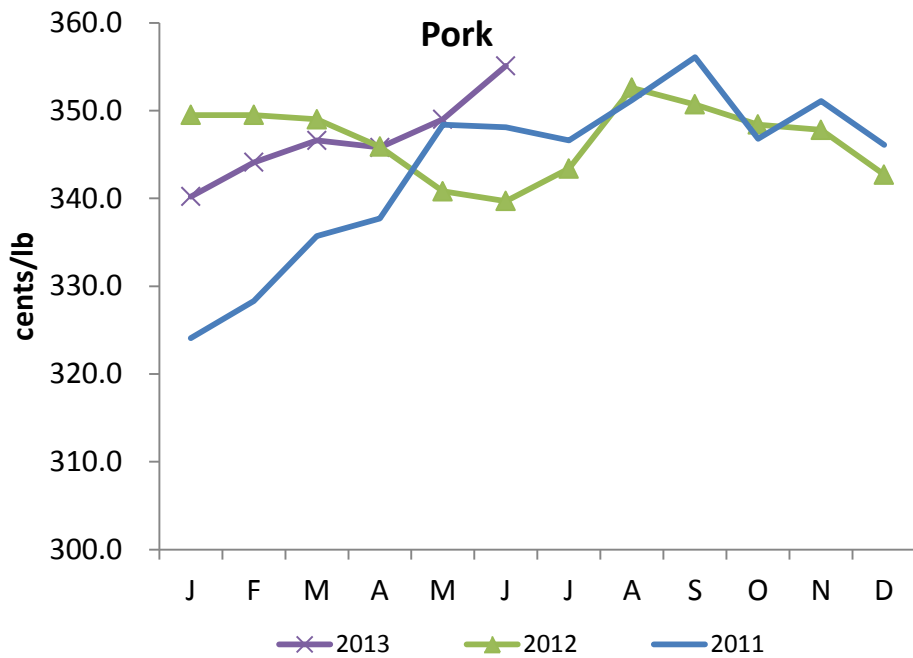
\$ Per Cwt.



Livestock Marketing Information Center

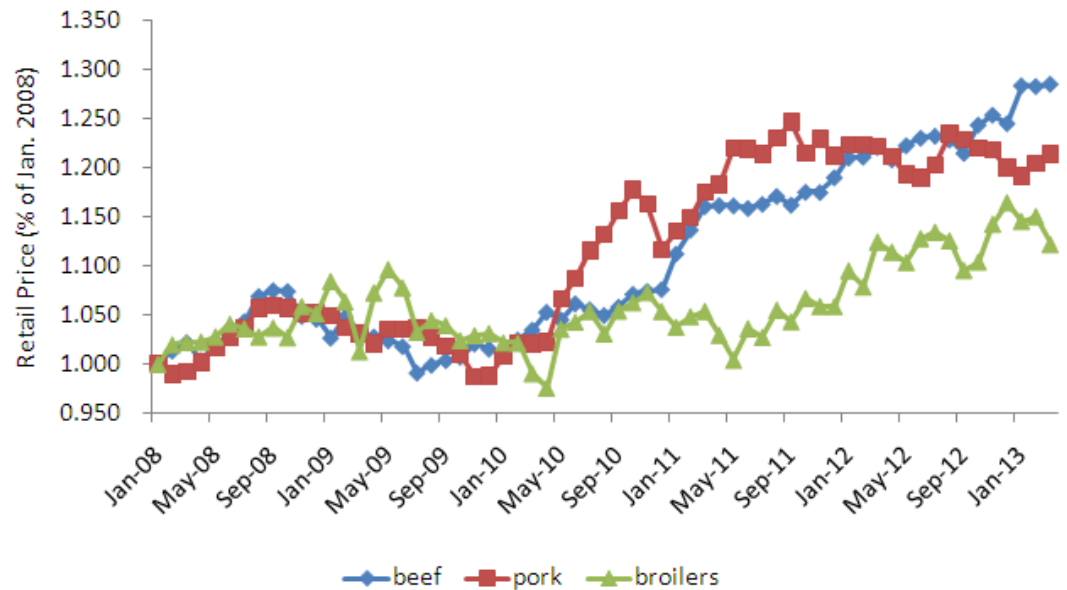
Data Source: USDA-AMS, Compiled & Analysis by LMIC

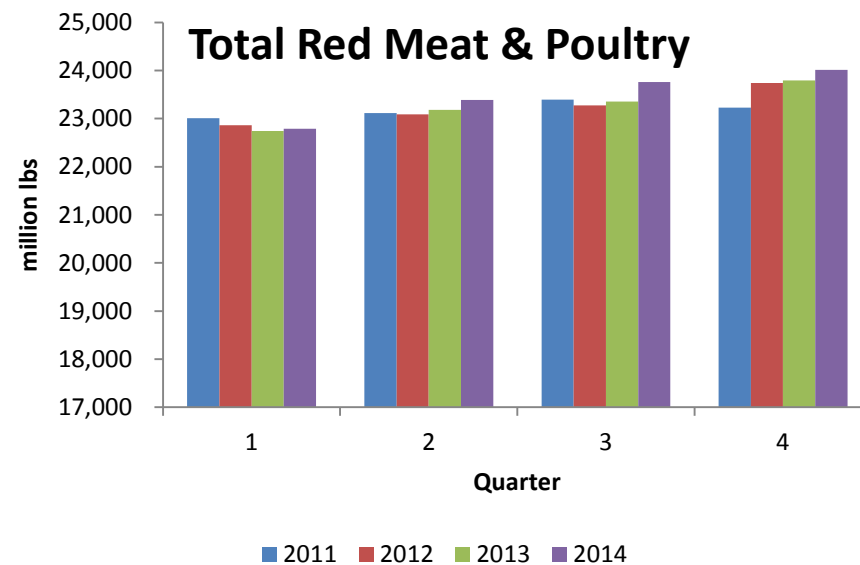
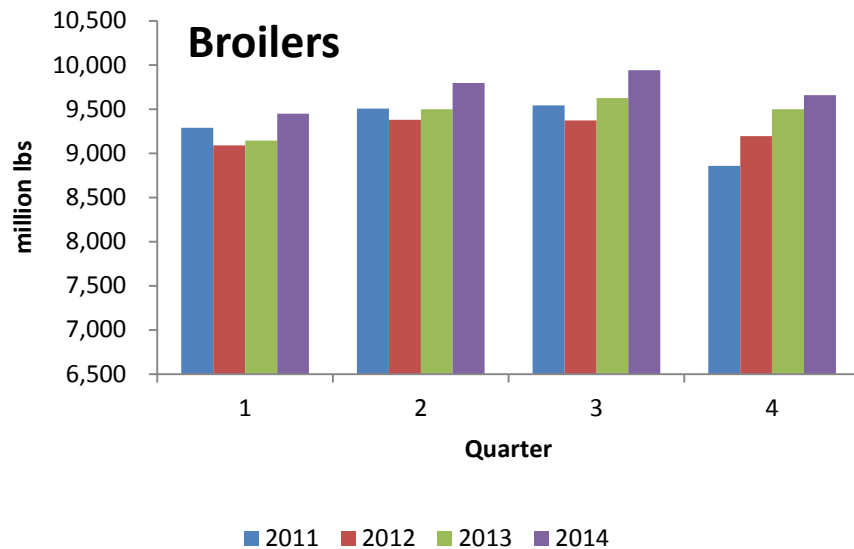
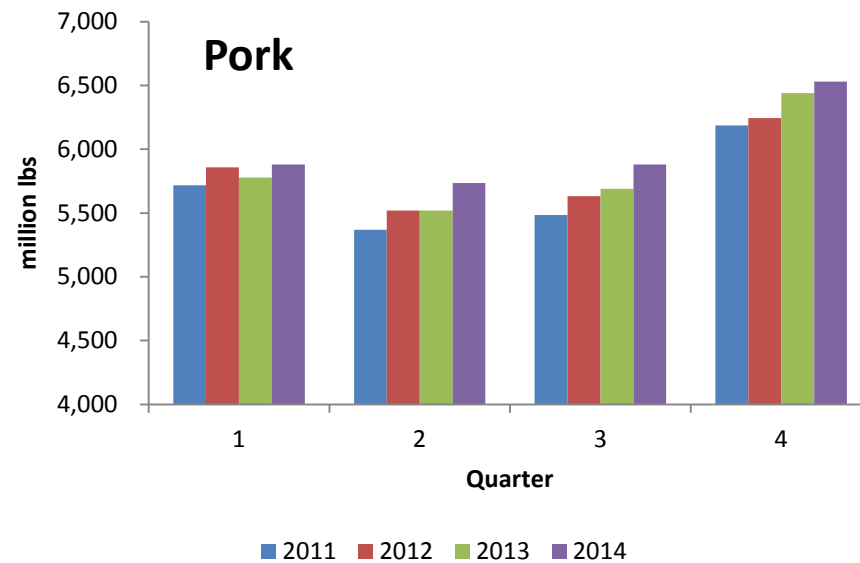
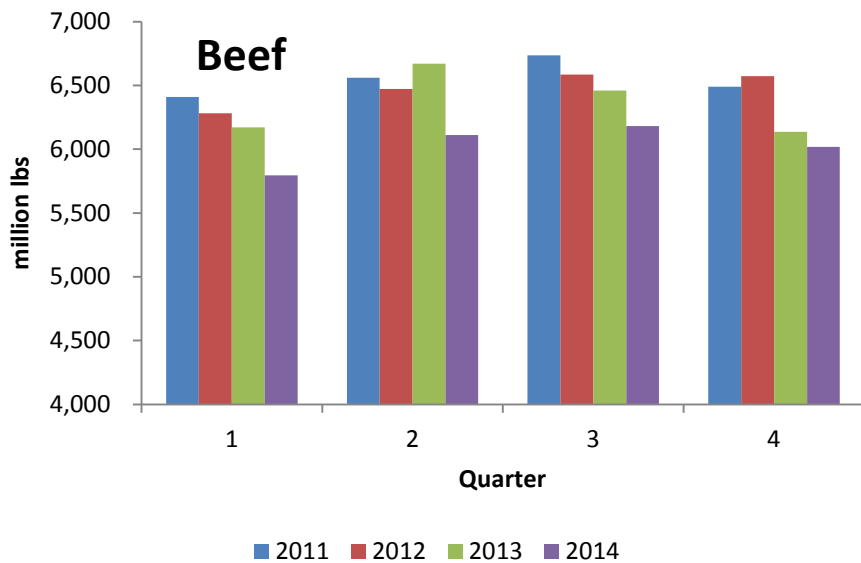
C-P-49
07/29/13



Competing Meat Prices

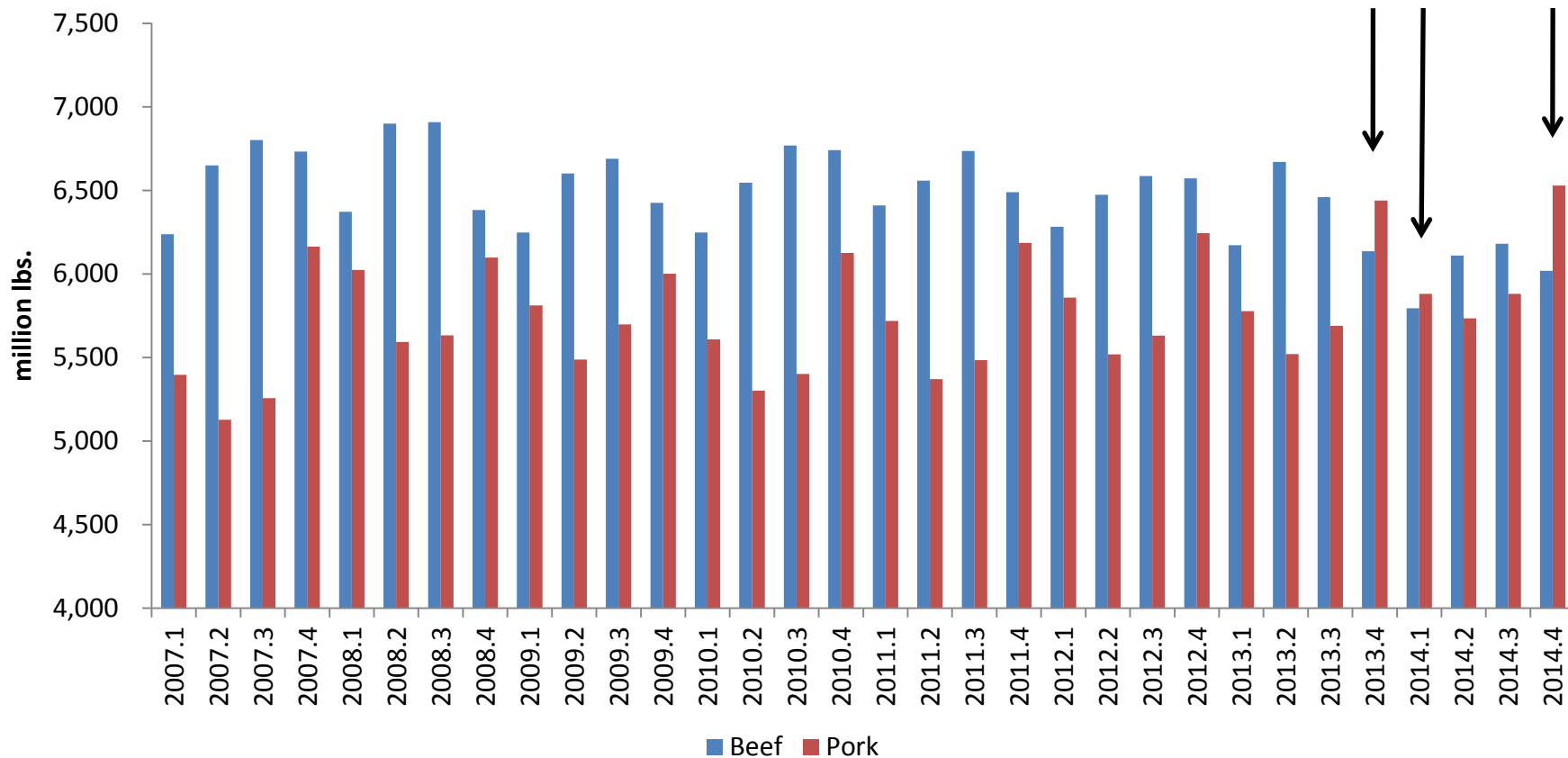
Data Source: USDA Economic Research Service through Livestock Marketing Information Center.





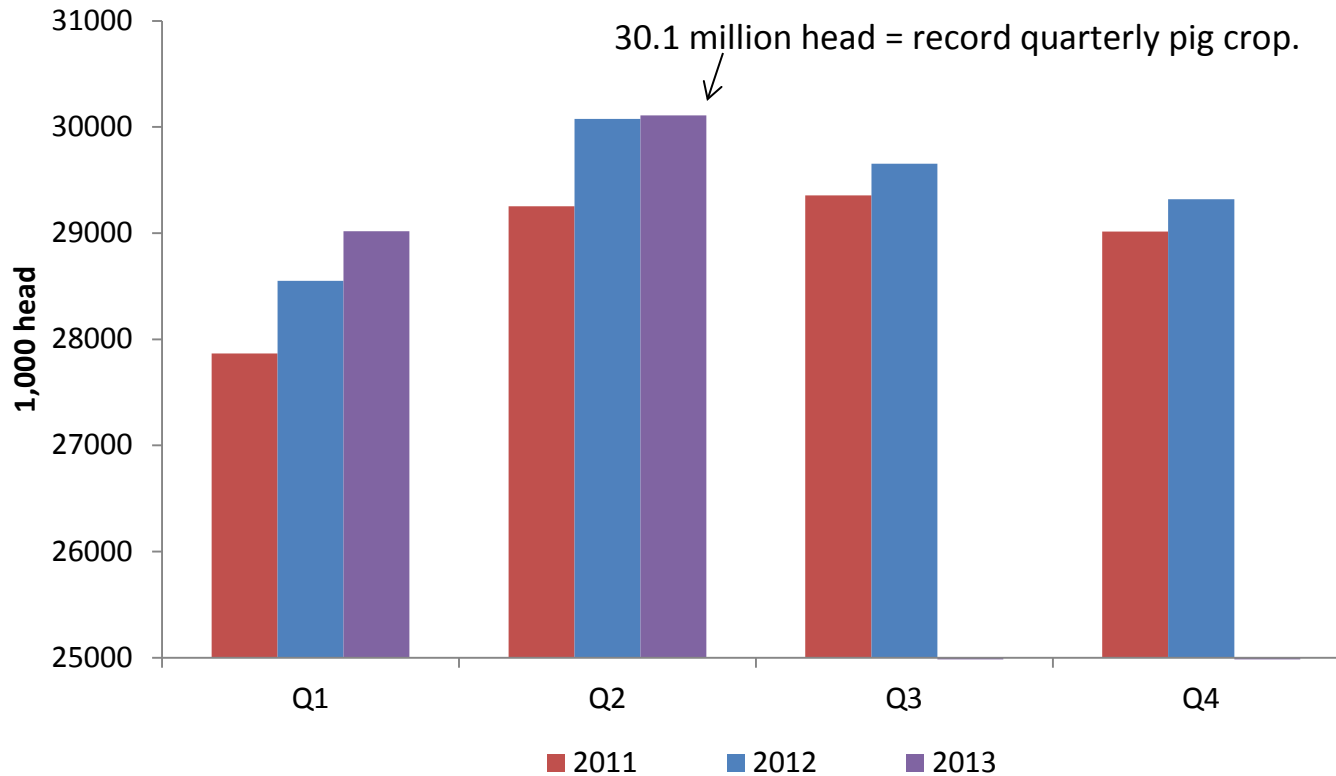
Data Source: USDA Economic Research Service.

Quarterly Beef & Pork



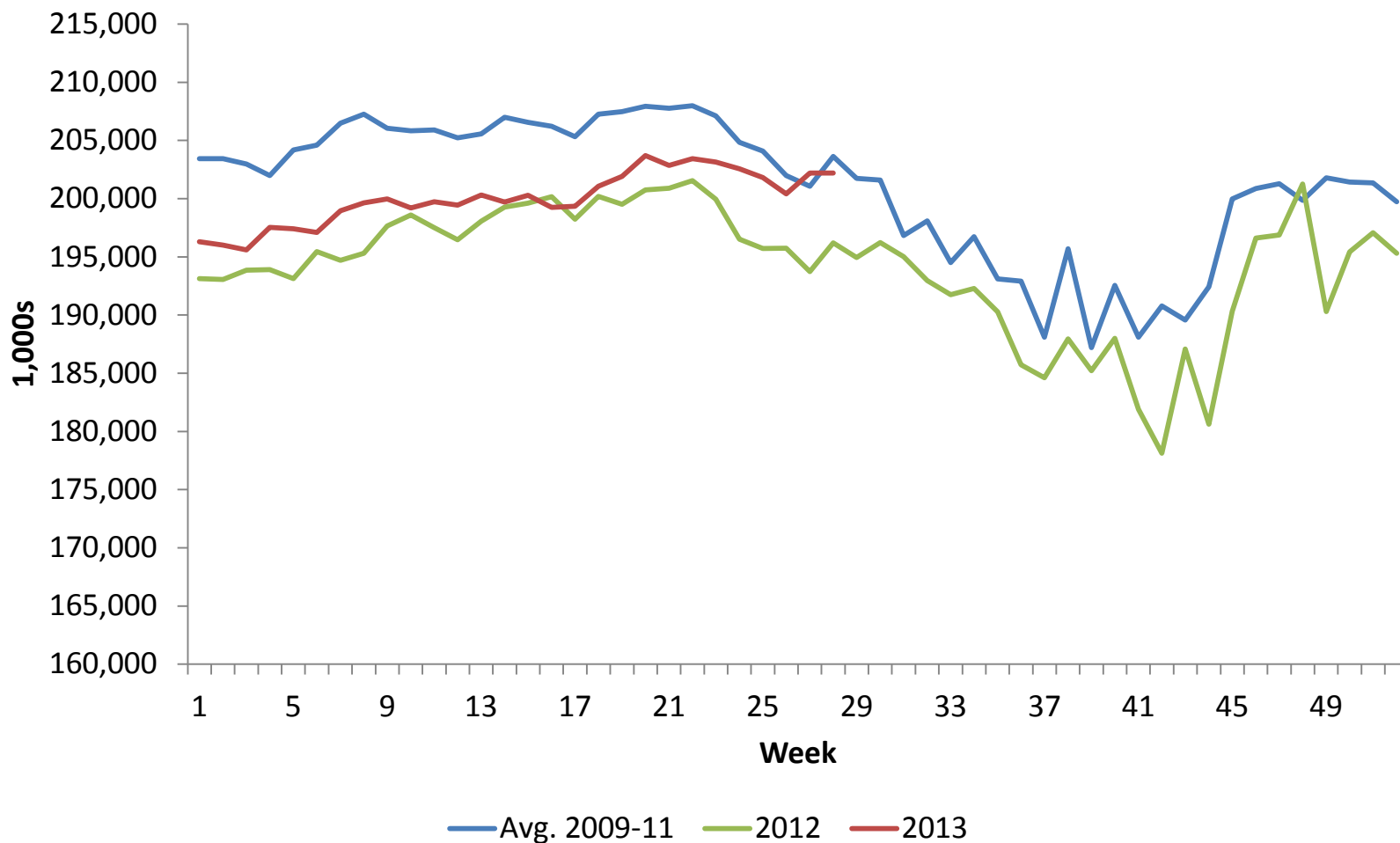
Data Source: USDA Economic Research Service.

Pig Crop



Data Source: USDA National Agricultural Statistics Service through Livestock Marketing Information Center.

Broiler Eggs Set



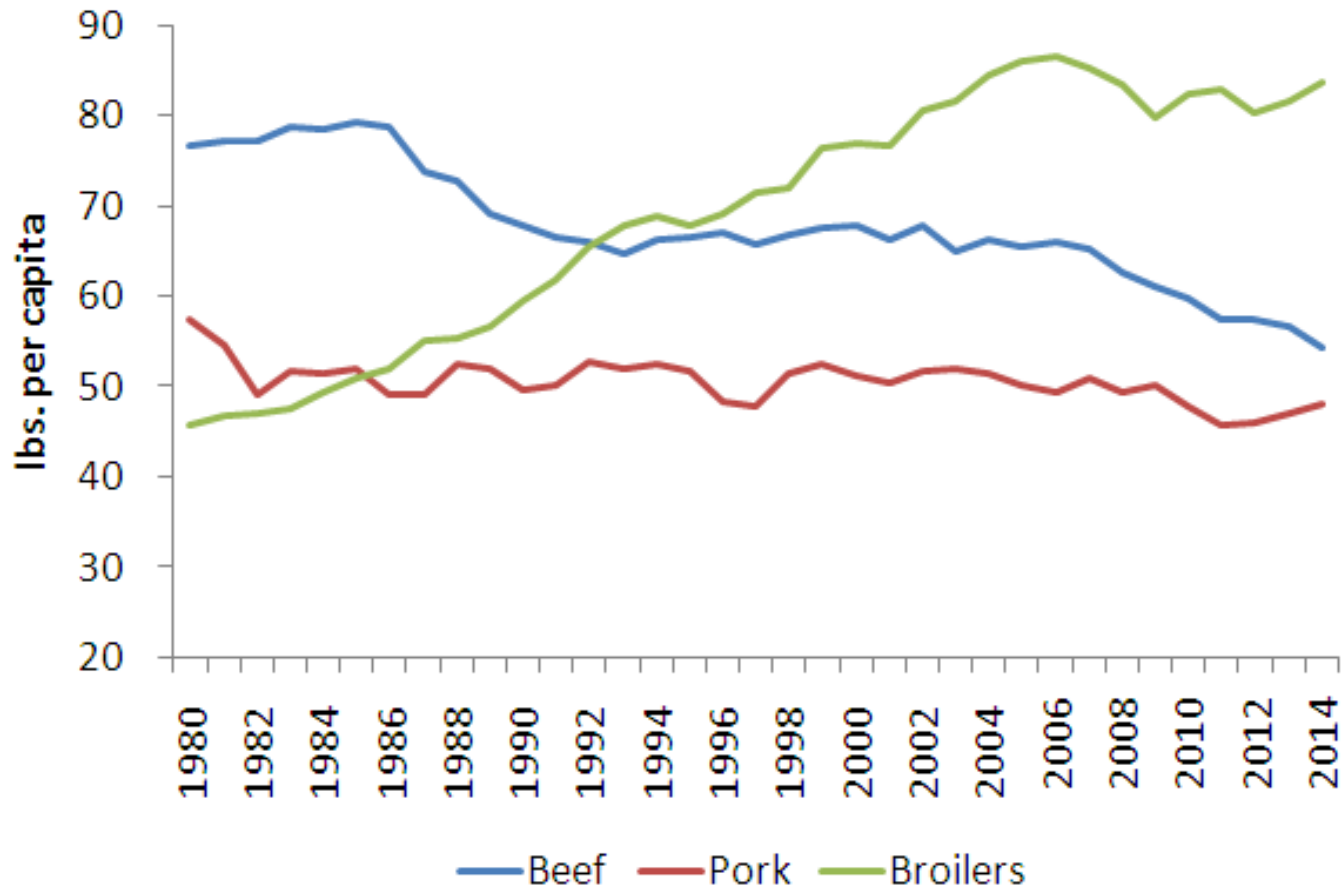
Data Source: USDA National Agricultural Statistics Service through Livestock Marketing Information Center.

H1 Beef Cow Slaughter

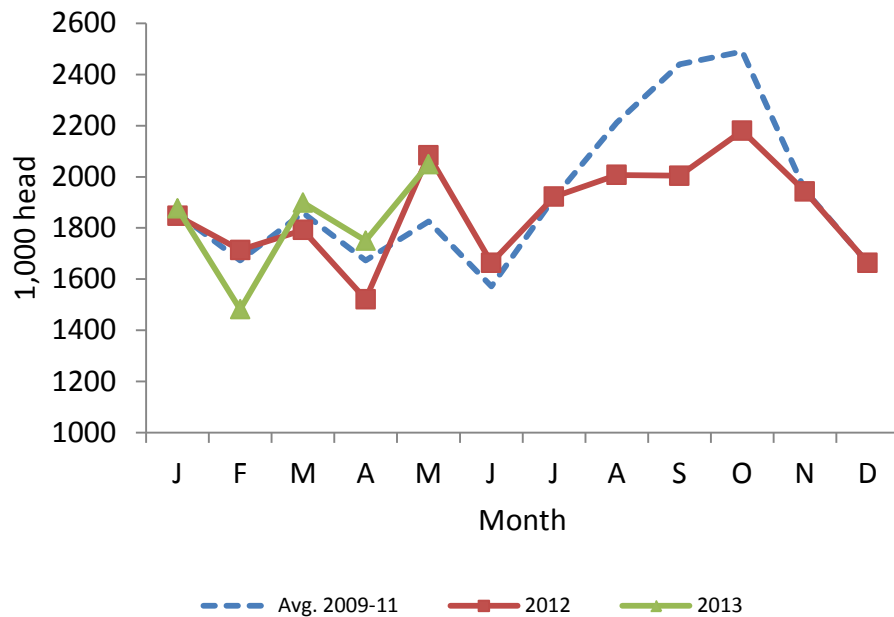


Data Source: USDA Agricultural Marketing Service through Livestock Marketing Information Center.

Per Capita Meat Consumption

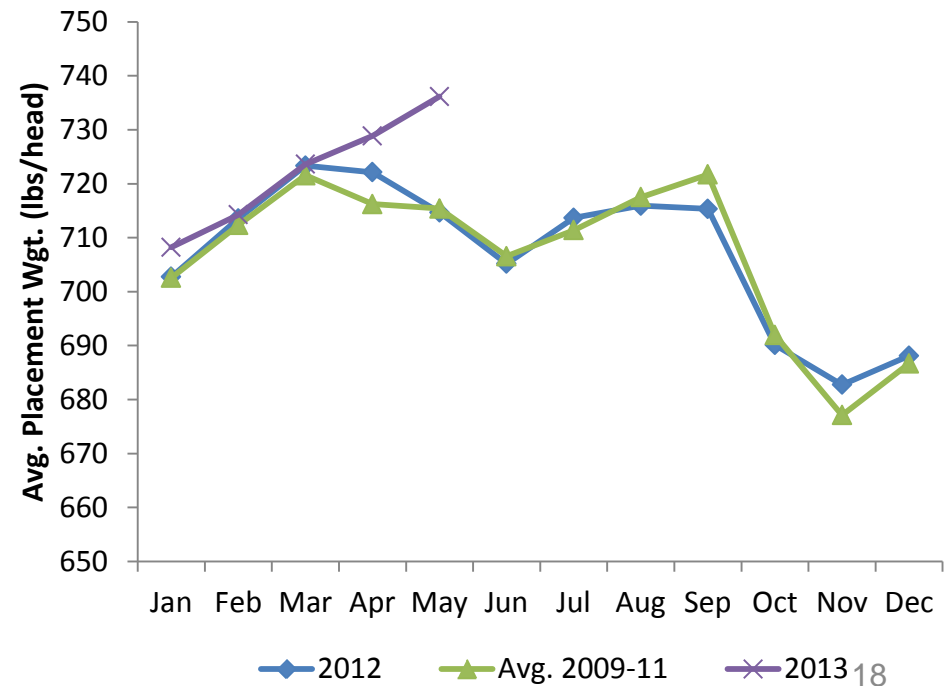


Data Source: USDA World Agricultural Outlook Board through Livestock Marketing Information Center.

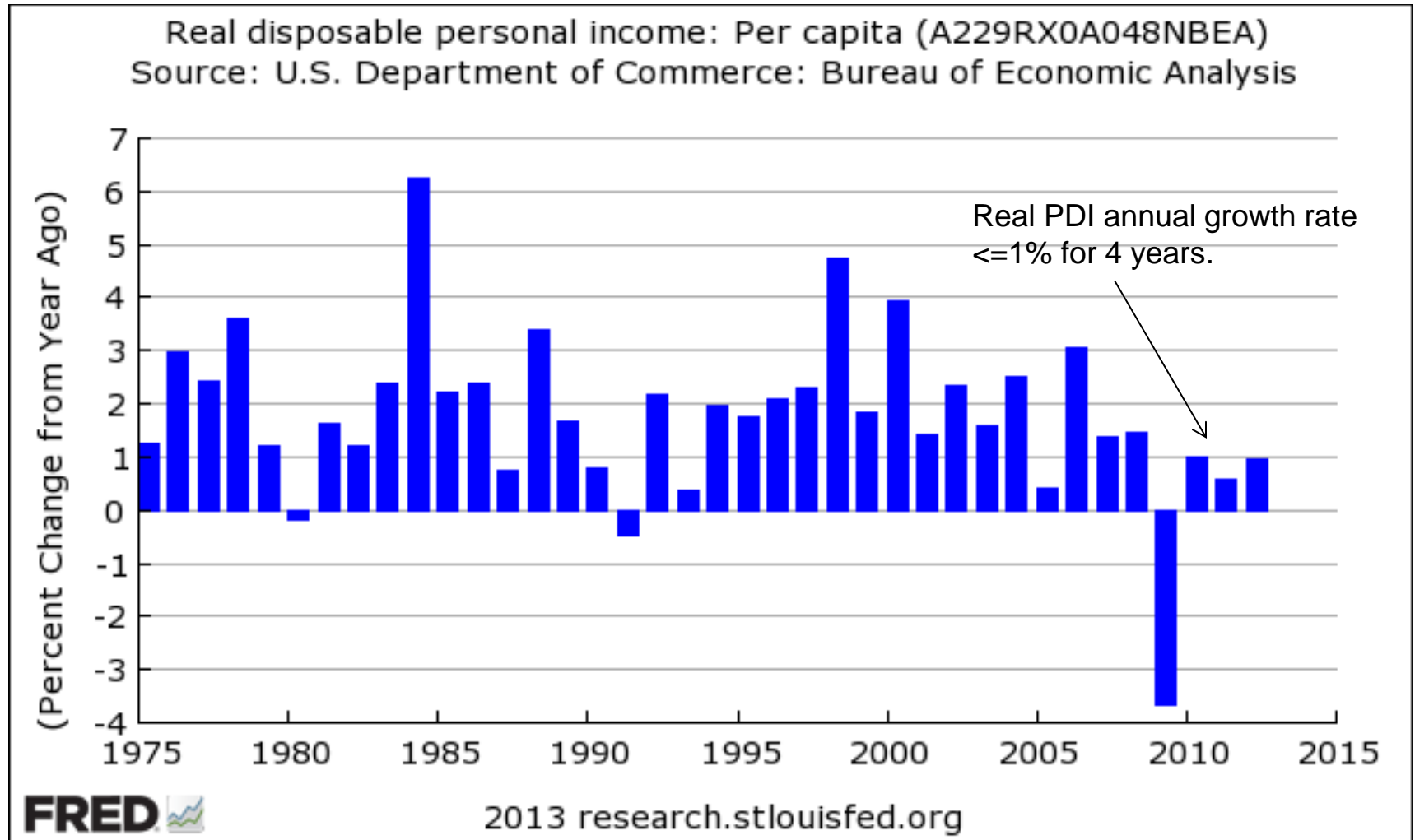


COF Placements and Avg. Placement Weight

Data Source: USDA National Agricultural Statistics Service through Livestock Marketing Information Center.



Disposable Income Growth



Changing Consumers



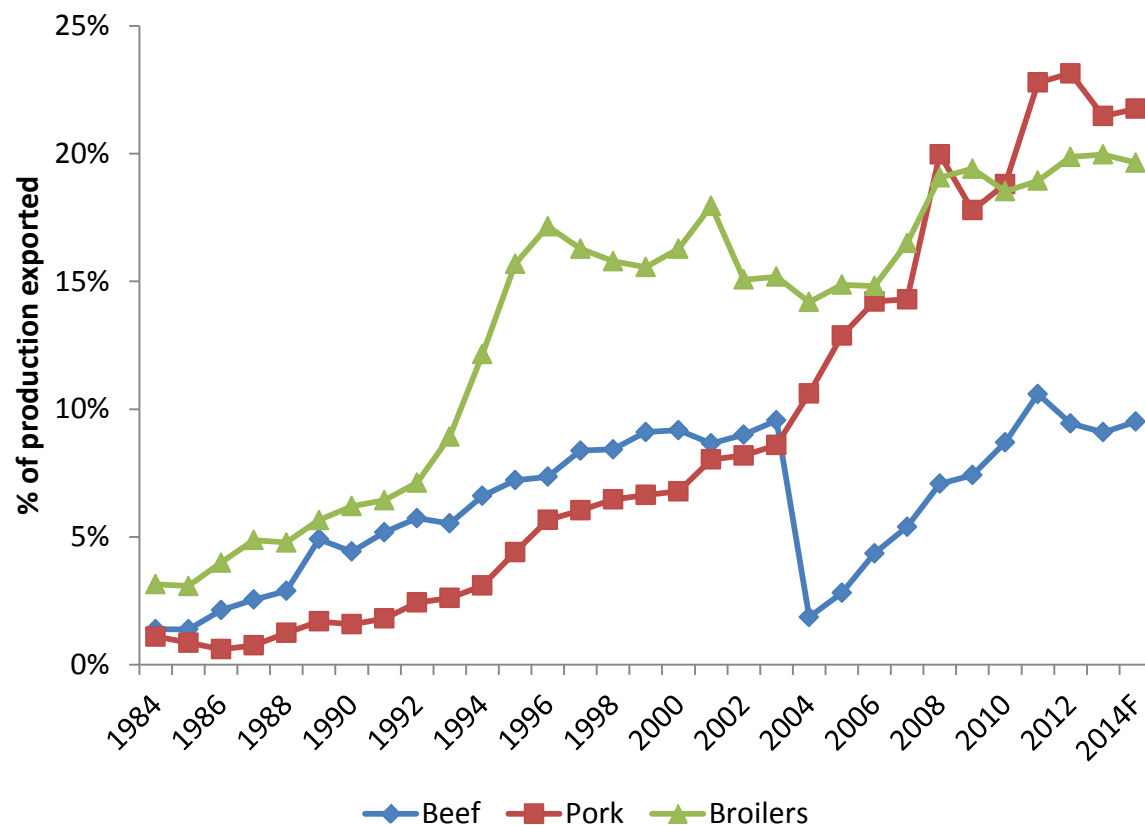
Meat Exports

2012 Export Volumes:

Broilers: 7.3 bil. lbs.

Pork: 5.4 bil. lbs.

Beef: 2.5 bil. lbs.



Data Source: USDA Foreign Agricultural Service.

Freedom to Operate

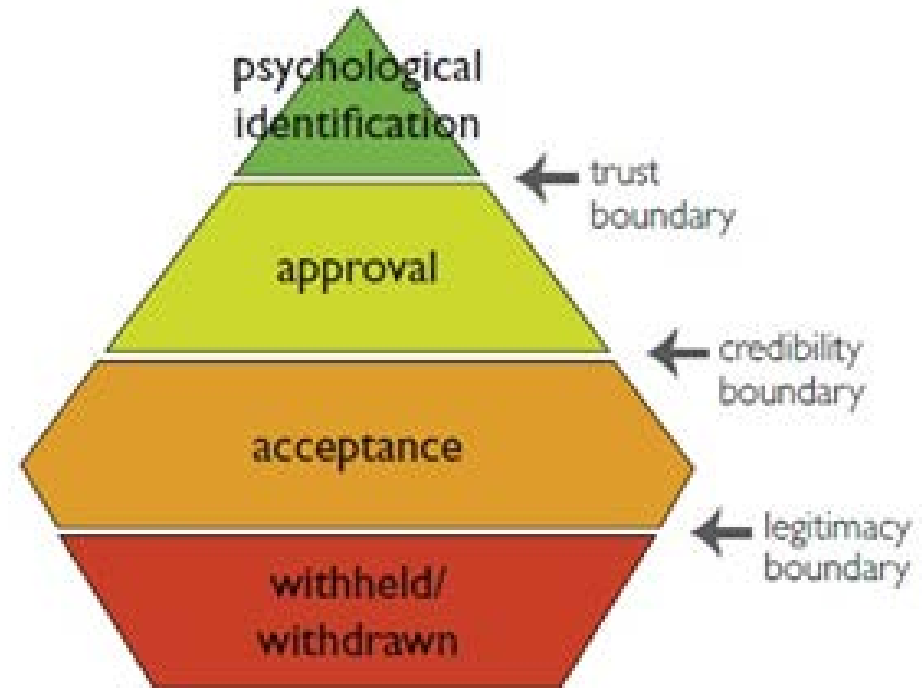
- Regulatory freedom
 - Biggest concern now is probably EPA
 - Clean Air Act / Clean Water Act
- Social license to operate
 - Animal rights/welfare, food safety, environmental stewardship

Social License

Levels of Social License to Operate (Boutilier and Thomson, 2011)

4 Factors Affecting SLO Level

1. Institutionalized Trust
2. Inter-actional Trust
3. Socio-Political Legitimacy
4. Economic Legitimacy



How to Respond

- To economic challenges
 - Be informed; be creative; be customer-focused
- To regulatory/political challenges
 - Be engaged
- To social challenges
 - Be transparent; don't assume everyone knows what you do and why you do it