

Livestock Market Outlook

January 2021
Wisconsin Ag Outlook

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Key Points

Situation

- What happened in 2020?
 - Covid-19

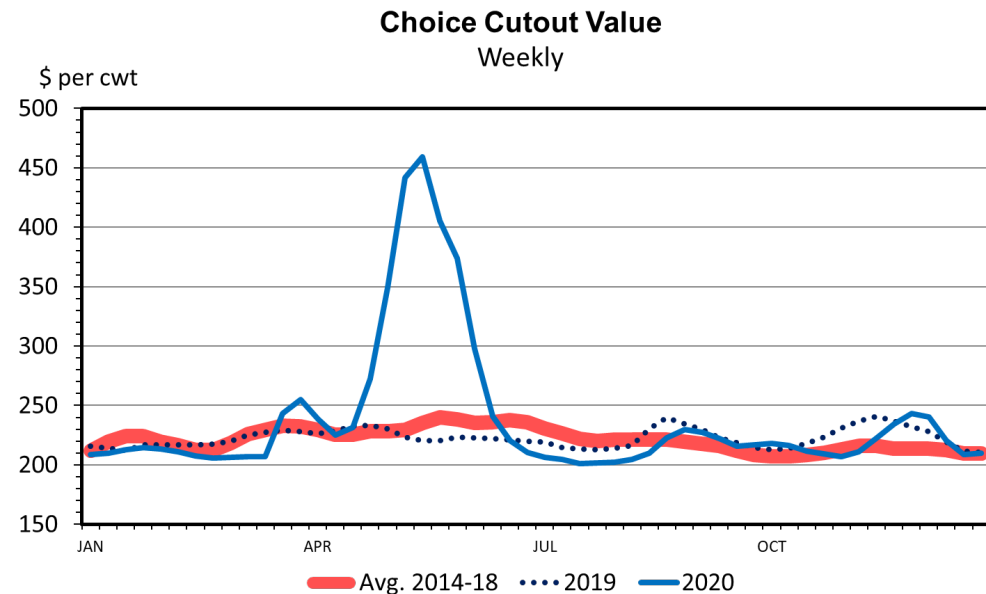
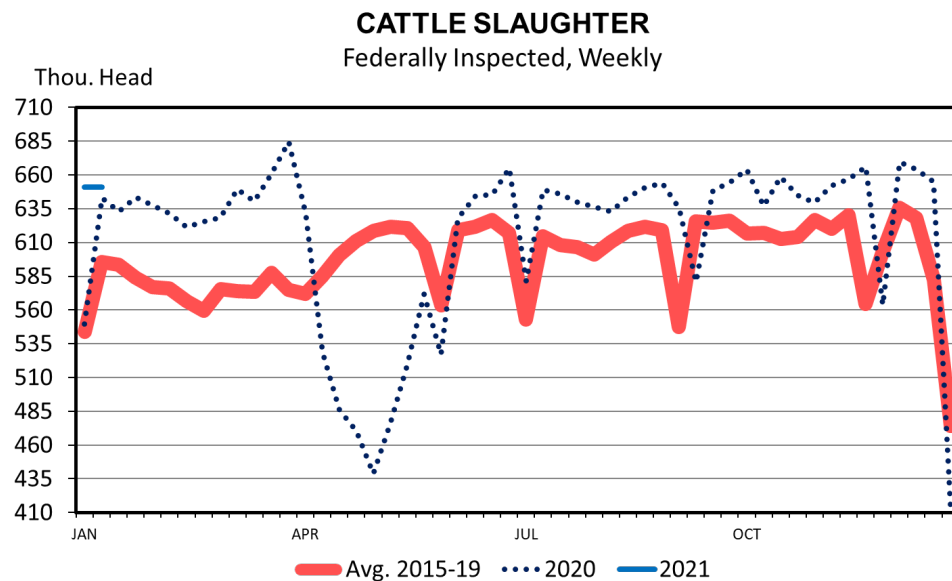
Outlook

- What will happen in 2021?
 - 2021 crop supplies
 - Cattle Herd
 - African Swine Fever



Covid-19

- Processing plant shutdowns
 - Capacity limited with social distancing guidelines
 - Hogs euthanized
 - Carry cattle longer in and outside the feedyard



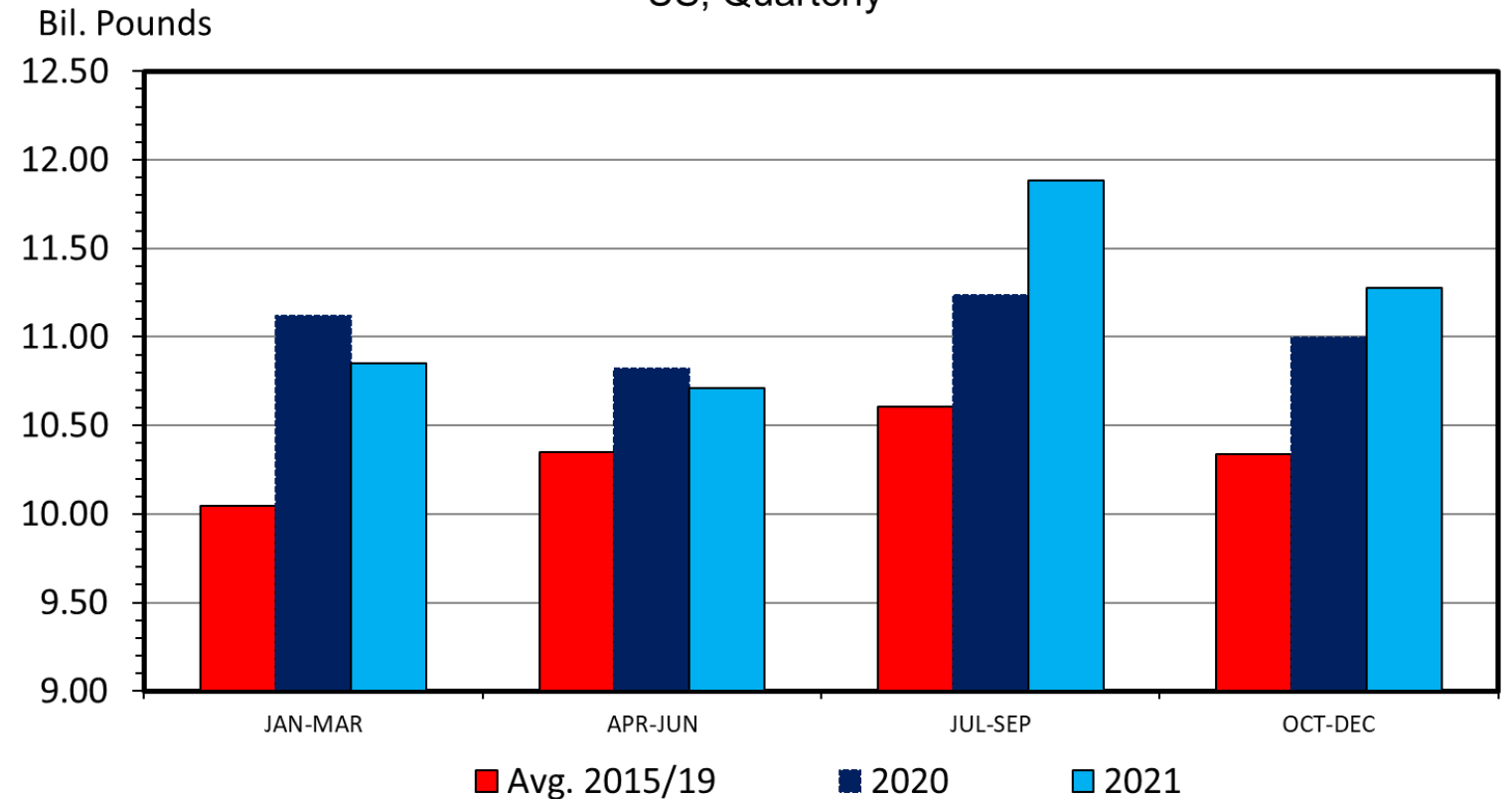
Feedstuff - corn

- Prices are already above the projected USDA annual average
- Stocks/Use extremely tight
 - USDA revised demand down expecting rationing
 - Market was in shock due to extreme changes on Tuesday
- Prices will adjust seasonally
 - Support exists for high prices
- Acreage for 2021 will likely be no more than 92 Million acres
 - Even with minimal decreases in demand the S/U will remain tight

Poultry Production

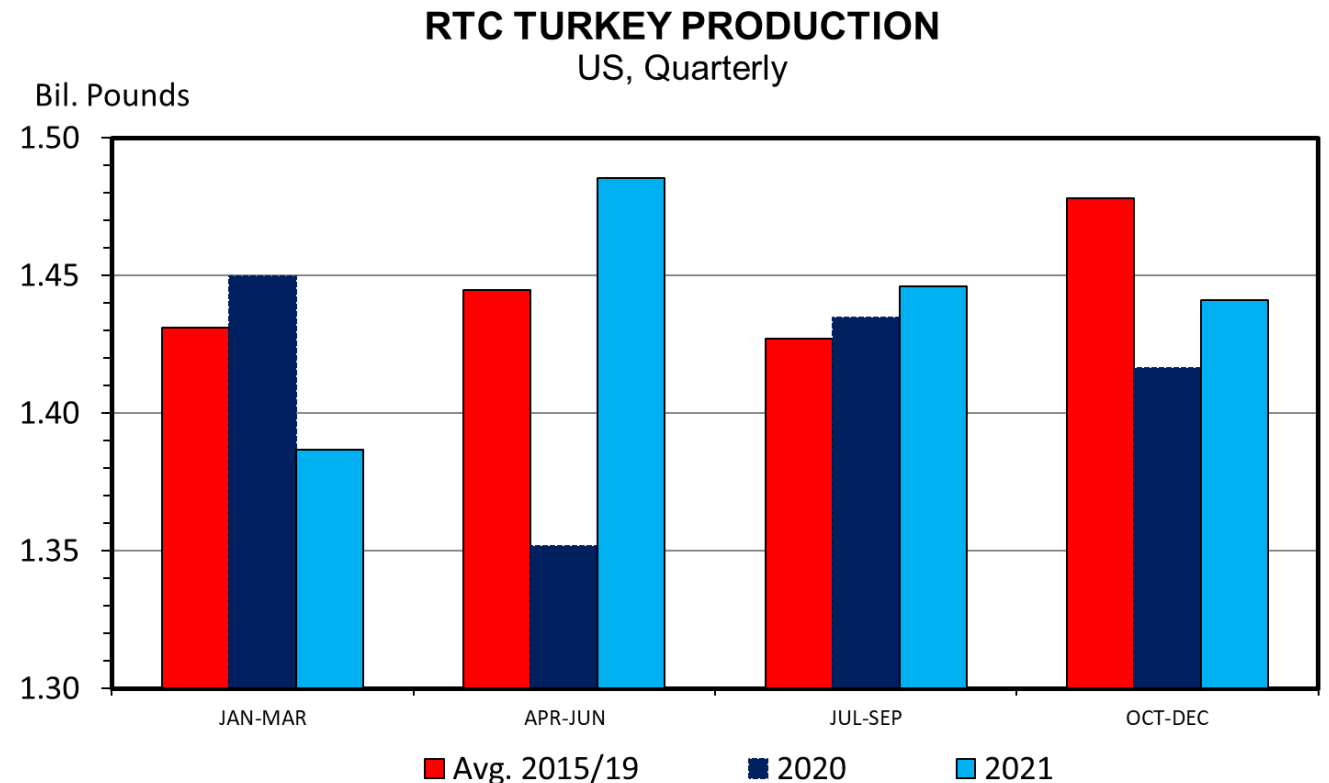
- Broiler production up 1.4% in 2020
- Expectations of 0.9% increase for 2021

RTC BROILER PRODUCTION
US, Quarterly



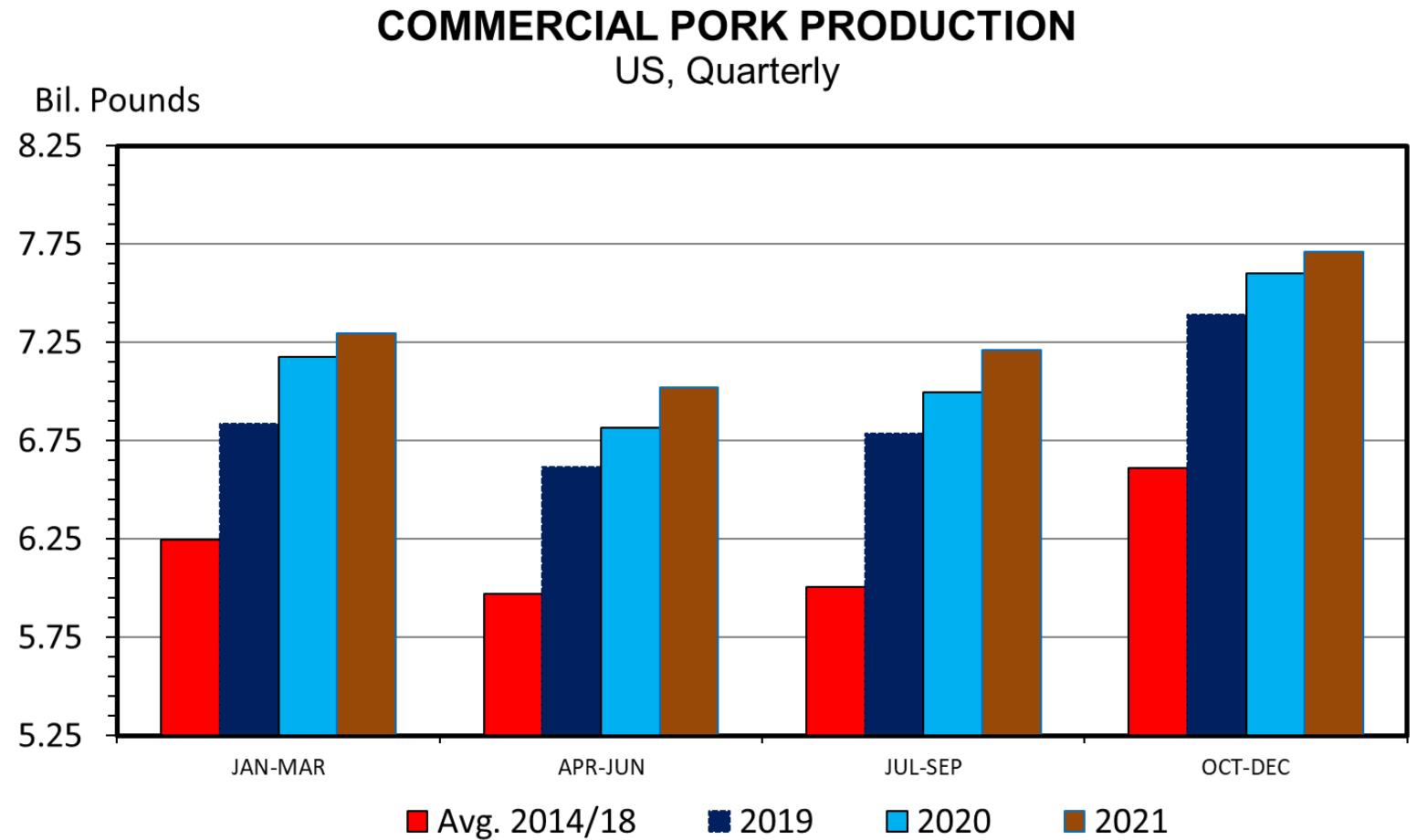
Poultry Production

- 2020 production down 1.8% from 2019
 - 2019 peak price was in Nov at 99.24 cents per pound
 - 2020 peak price in Oct at 115.74 cents per pound
 - 2021 forecast annual average price at 106 cents per pound
- 2021 will be equal to 2020 production



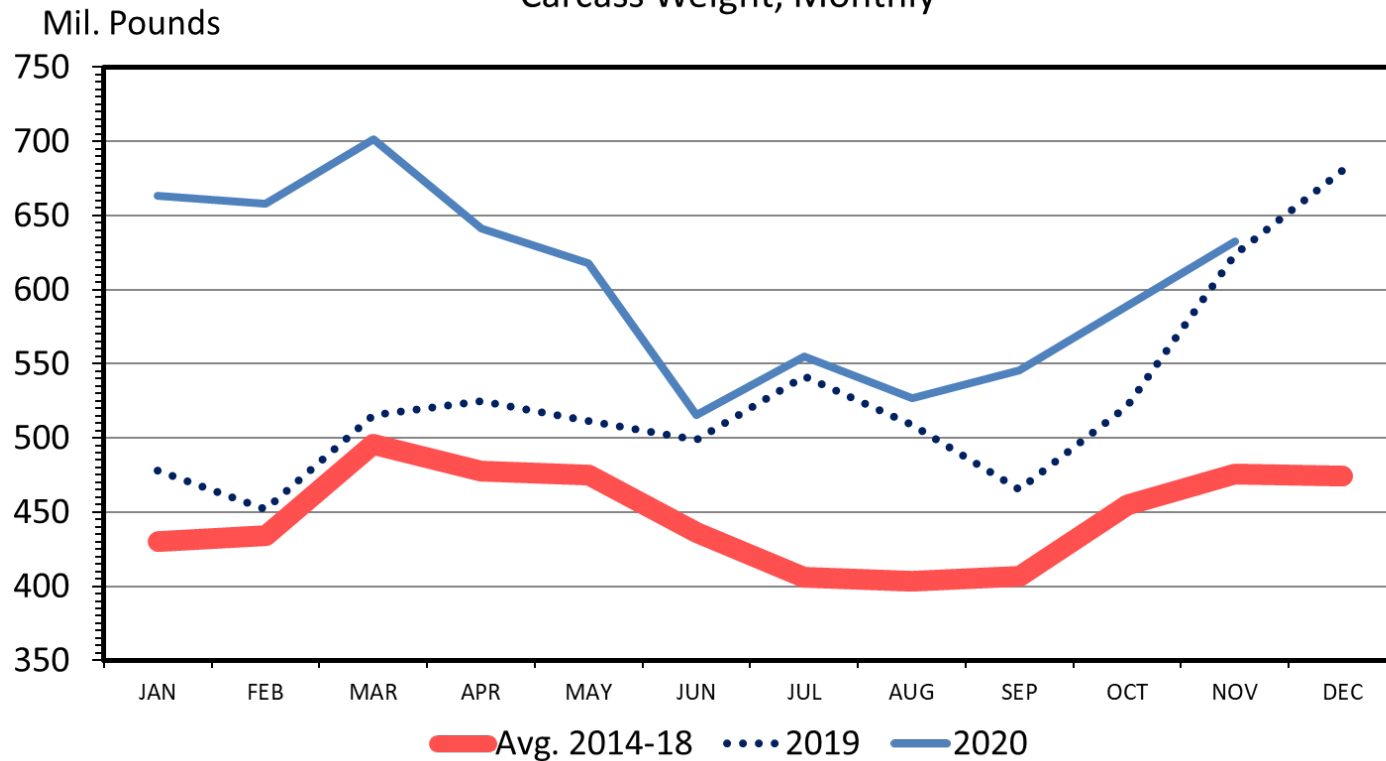
Pork Production

- 2020 up 2.7% over 2019
- 2021 down approximately 1.4% over 2020



Pork Exports Higher

US PORK EXPORTS
Carcass Weight, Monthly

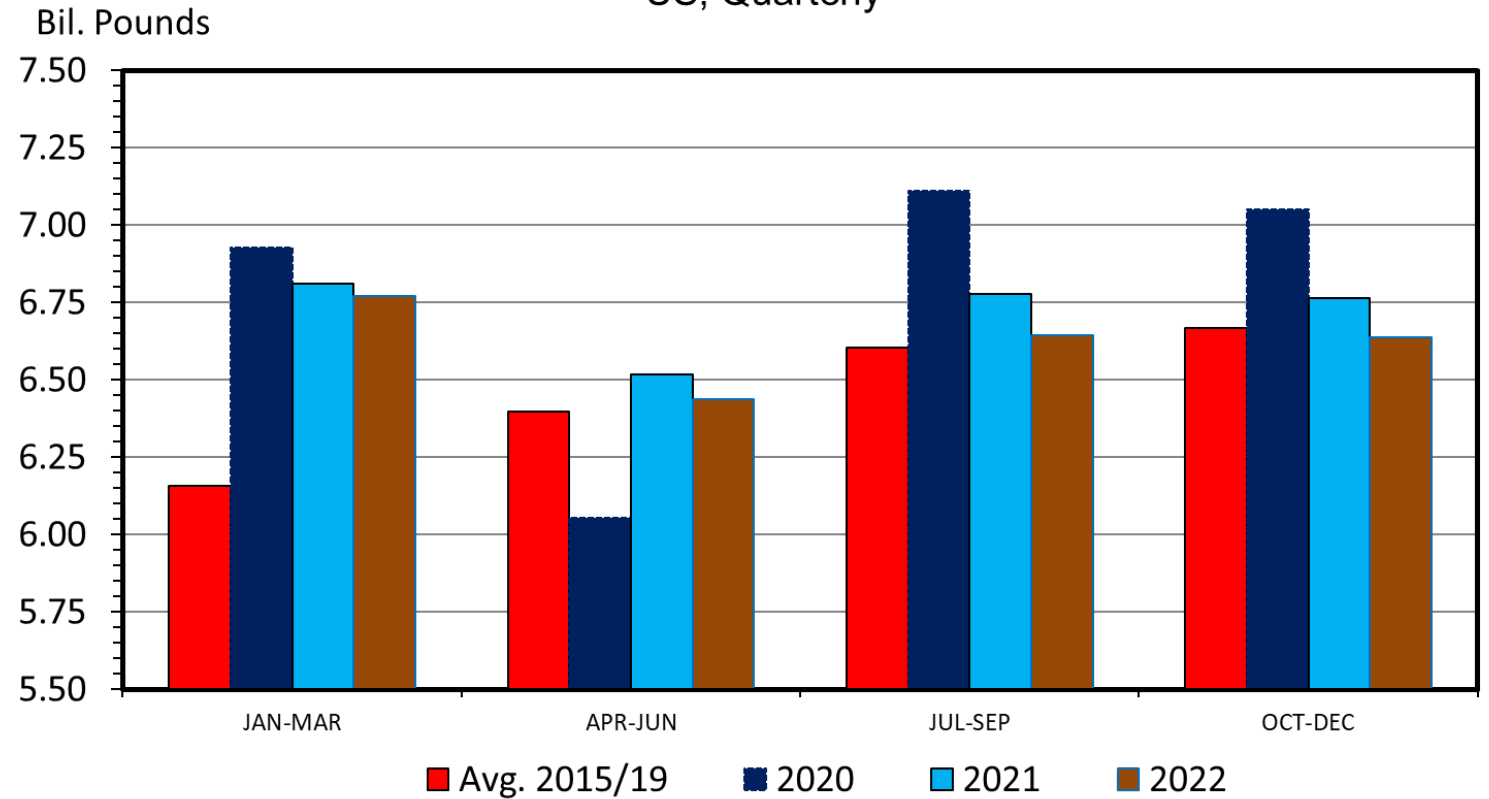


- Through November, pork exports are up 17.8% over 2019

Beef Production

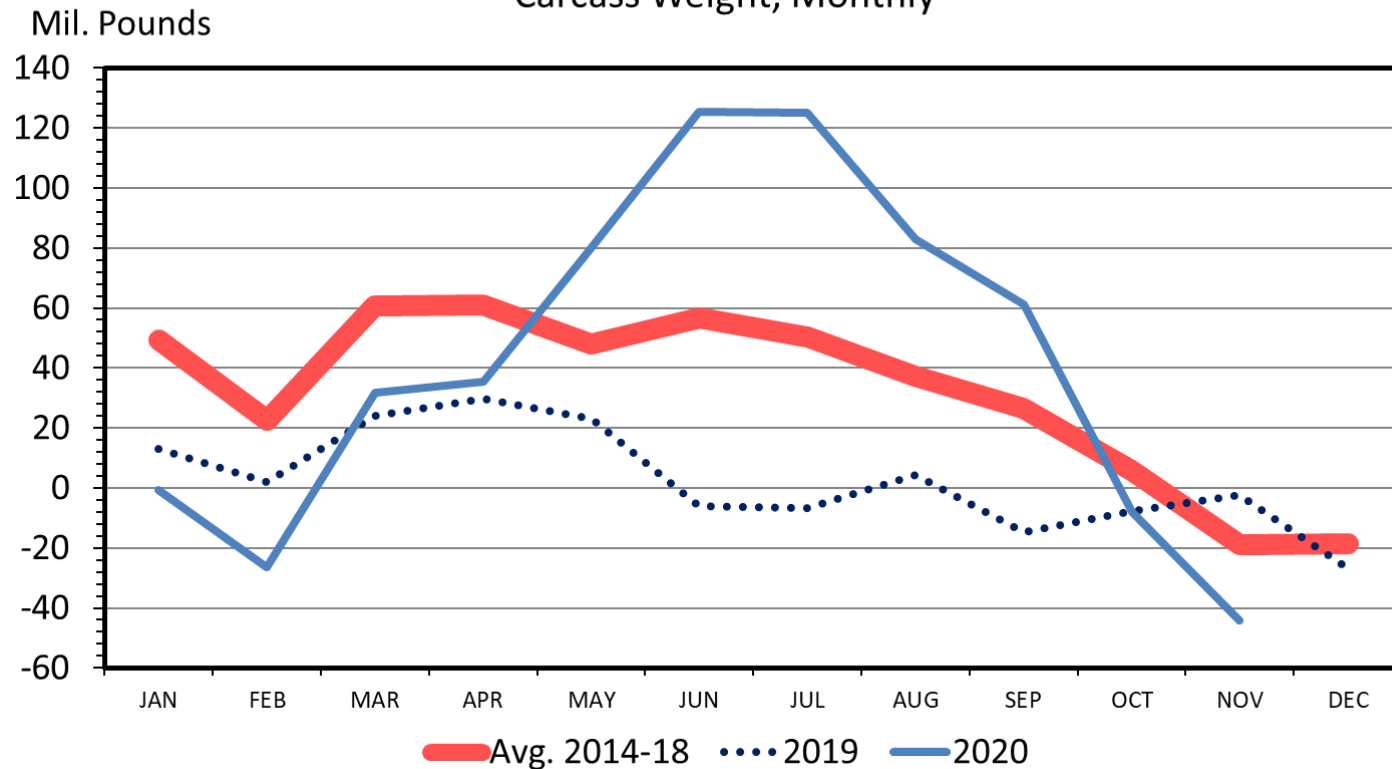
- 2020 beef production is that same as 2019
- 2021 down 1.1%

COMMERCIAL BEEF PRODUCTION
US, Quarterly



Beef Exports Higher

US NET BEEF IMPORTS
Carcass Weight, Monthly

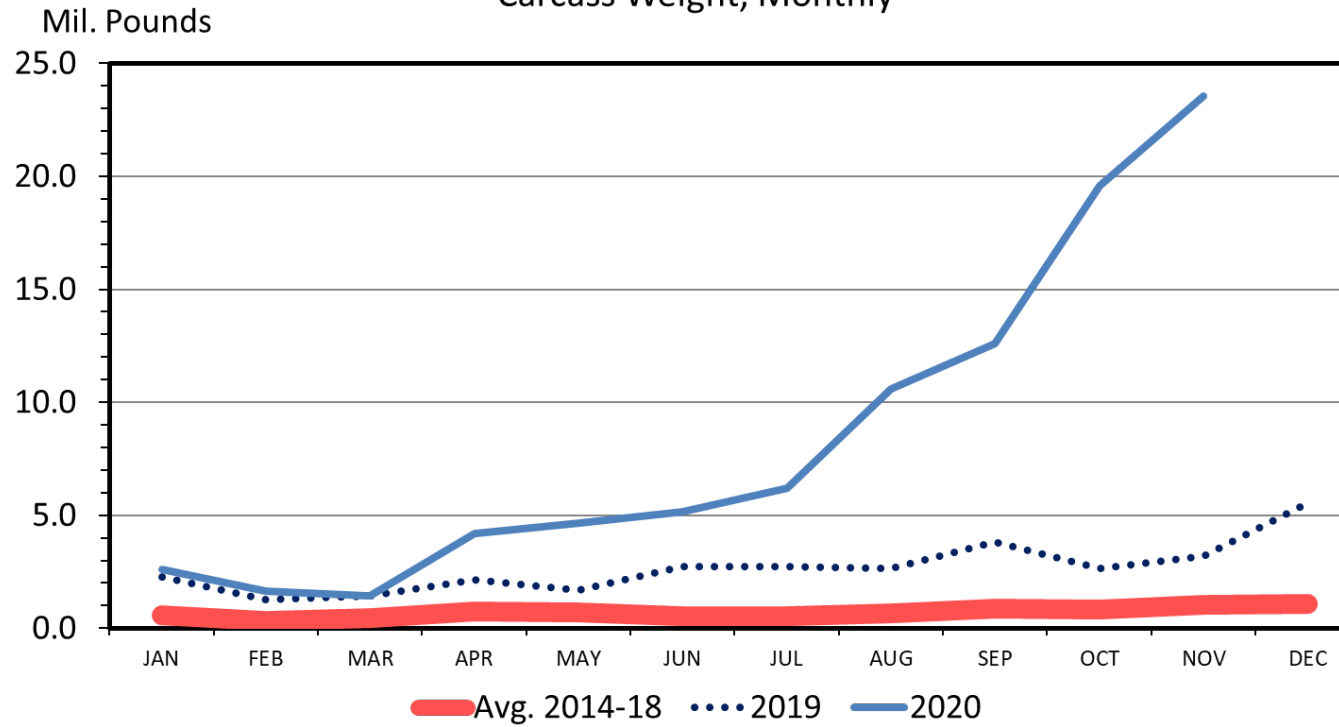


- 2021 beef imports -5%
- 2021 beef exports +5%

Beef Exports Higher

US BEEF EXPORTS TO CHINA (MAINLAND)

Carcass Weight, Monthly



WHERE ARE WE HEADED?

- Larger production of protein in 2020
 - Record protein production of 106.5 B lbs
 - Stable production in 2021
- ASF will continue to support US Pork exports
- COVID will continue to challenge domestic demand, especially beef

What will be cattle profitability in 2021?

- Cow/calf
 - Declining numbers will allow prices to increase
 - Concern regarding drought in South and Southwest
 - Forages will be tight
- Stockers
 - 2020 calf crop down 250,000 head
 - Number of cattle outside feedyards will be unchanged YoY
- Feedyards
 - Higher feed prices
 - More manageable slaughter by summer
 - Higher feeder cattle prices
 - Higher fat cattle prices (after Q2)

Questions or Comments?