

Current and Future Trends in the Cattle Industry

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2006 MN Beef Cow/Calf Days



Typical Questions Producers may Ask

- ➡ **What will my cattle be worth next year?**
- ➡ **When should I sell my calves?**
- ➡ **Should I buy or sell replacement females?**
- ➡ **Does backgrounding pay?**
- ➡ **Does creep feeding pay?**
- ➡ **Etc. etc.!**

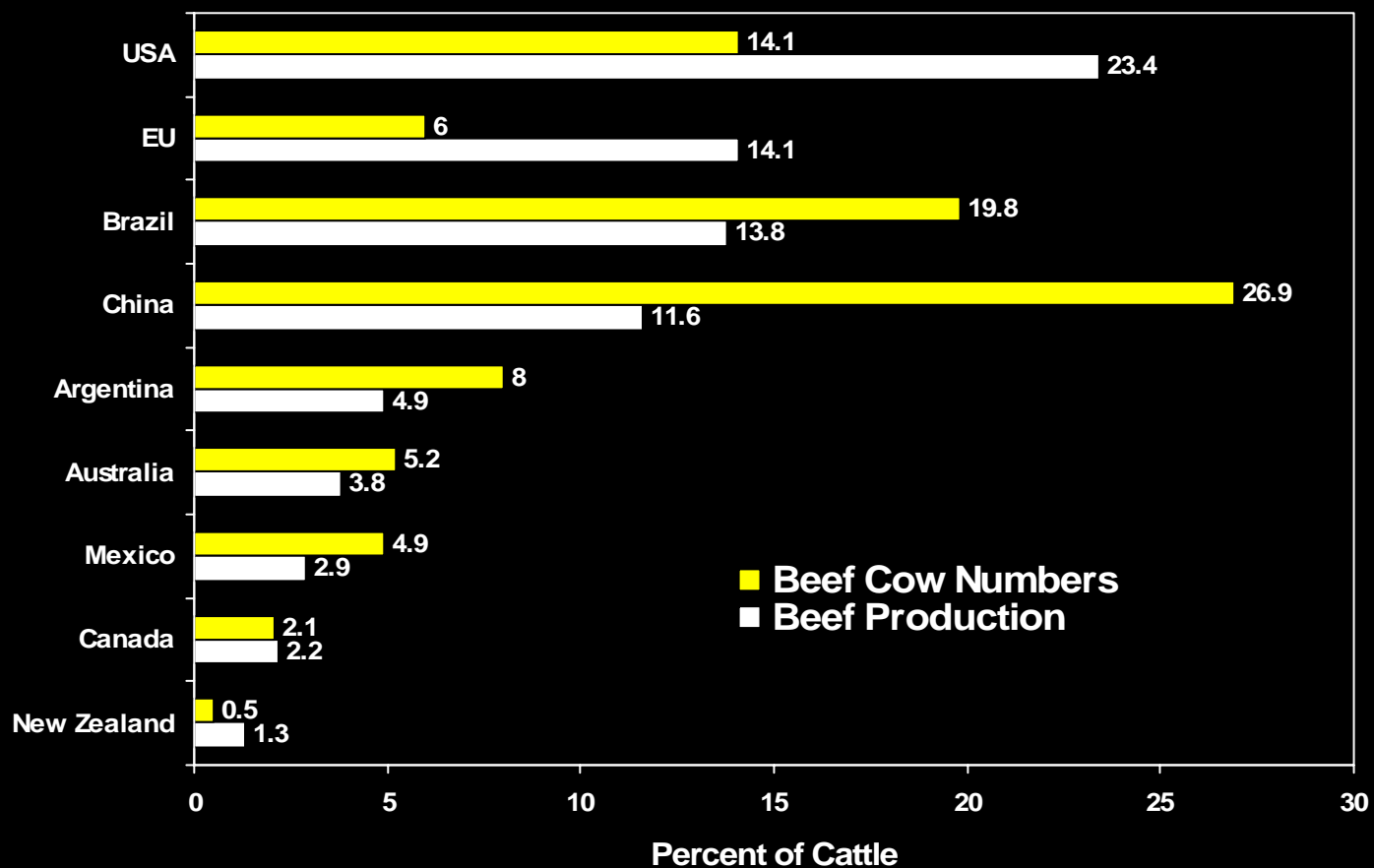
US Beef Industry Overview

- ➡ **28 million fed cattle annually**
- ➡ **540,000 Harvested per week**
- ➡ **26 Billion Pounds beef production**
- ➡ **500 million pounds per week**

Industry and Market Share

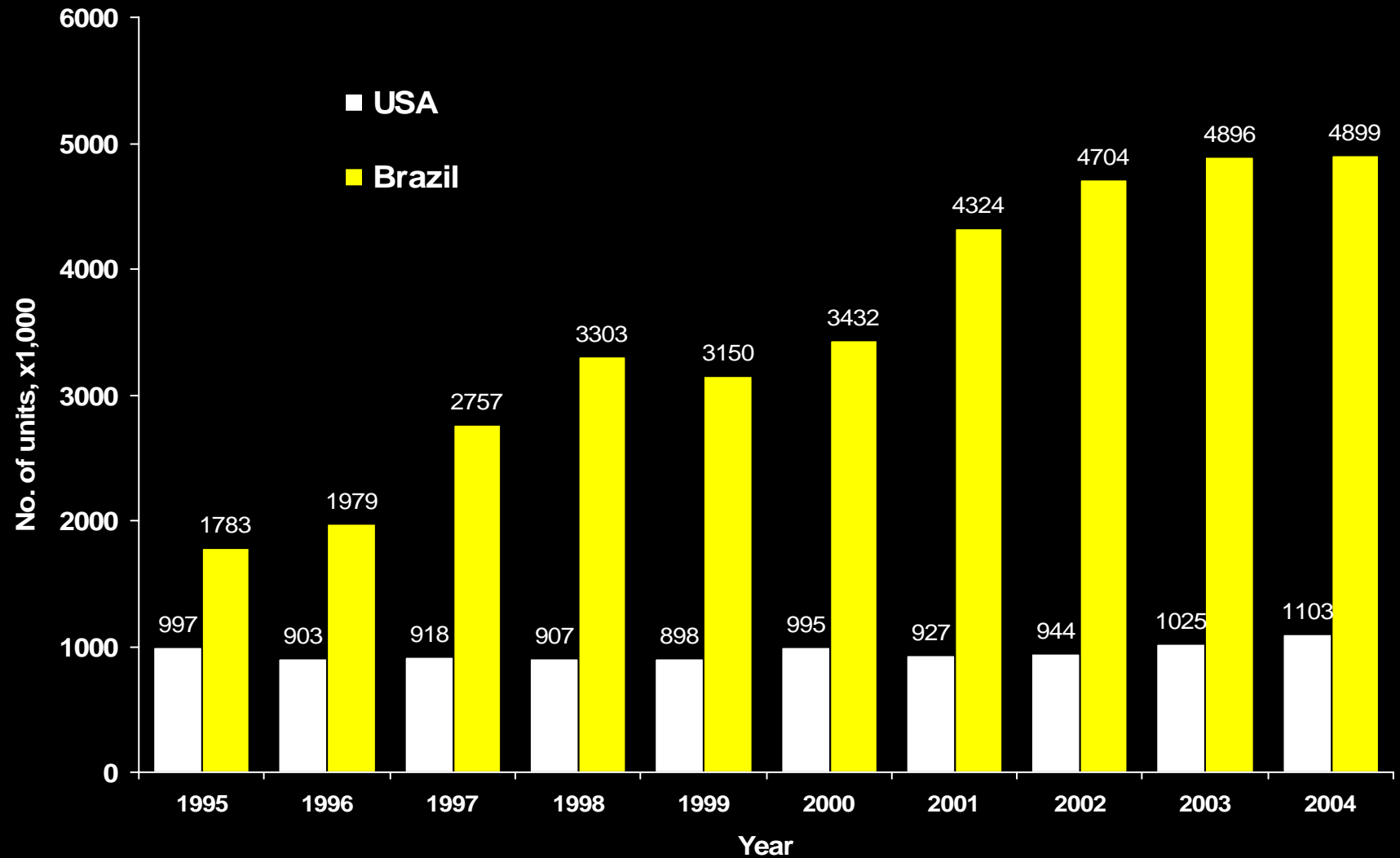
Item	Operations	Share
Cow/Calf Producers	Largest 9%	51%
Feedlot Operators	Largest 2%	85%
Packing companies	Top 5	78%
Supermarket Chains	Top 10	55%
Food-Service Distributors	Top 10	45%
Restaurant Chains	Top 10	30%

Percentage of World Market



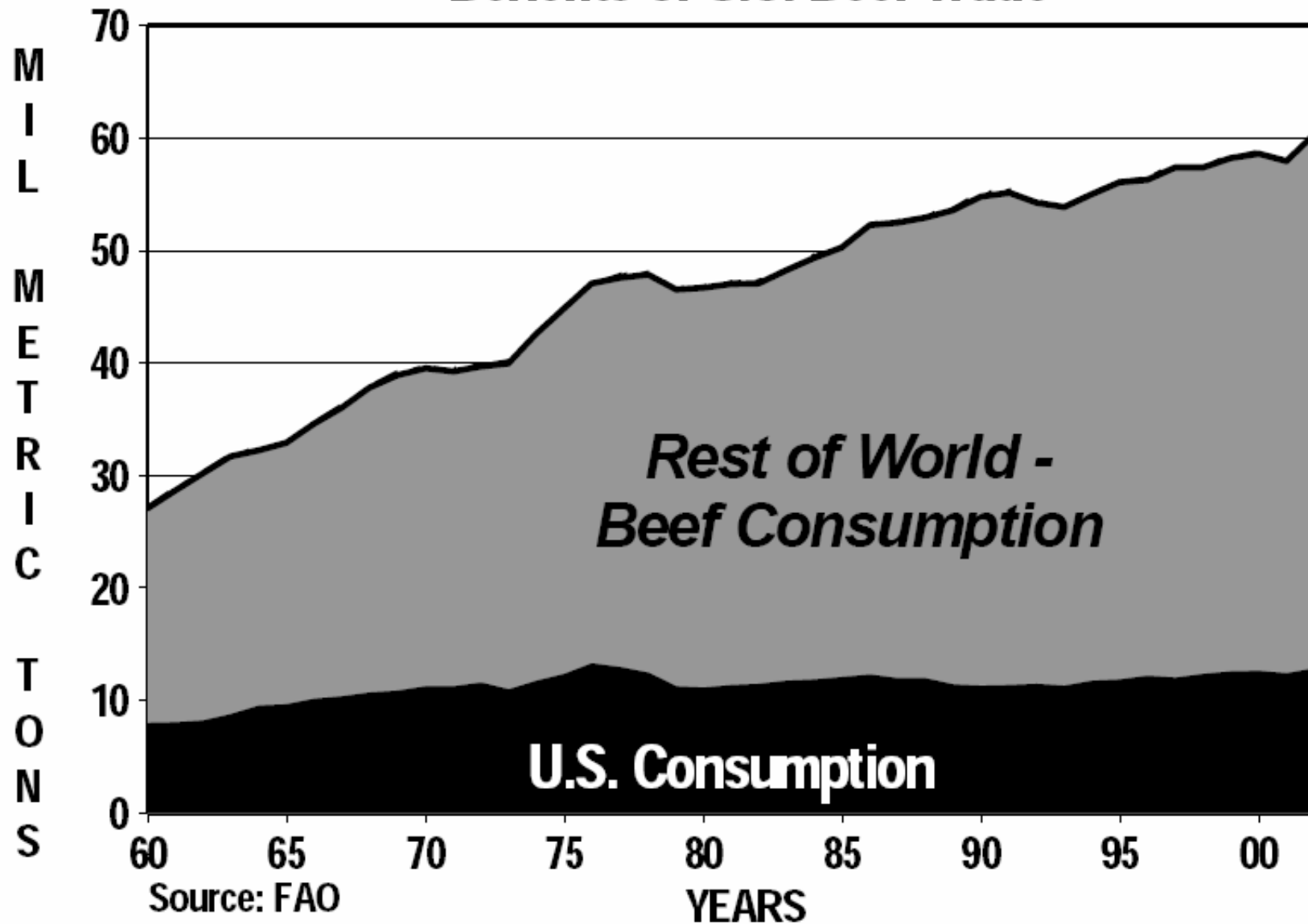
Source: CattleFax

Beef Semen Sales - Trends

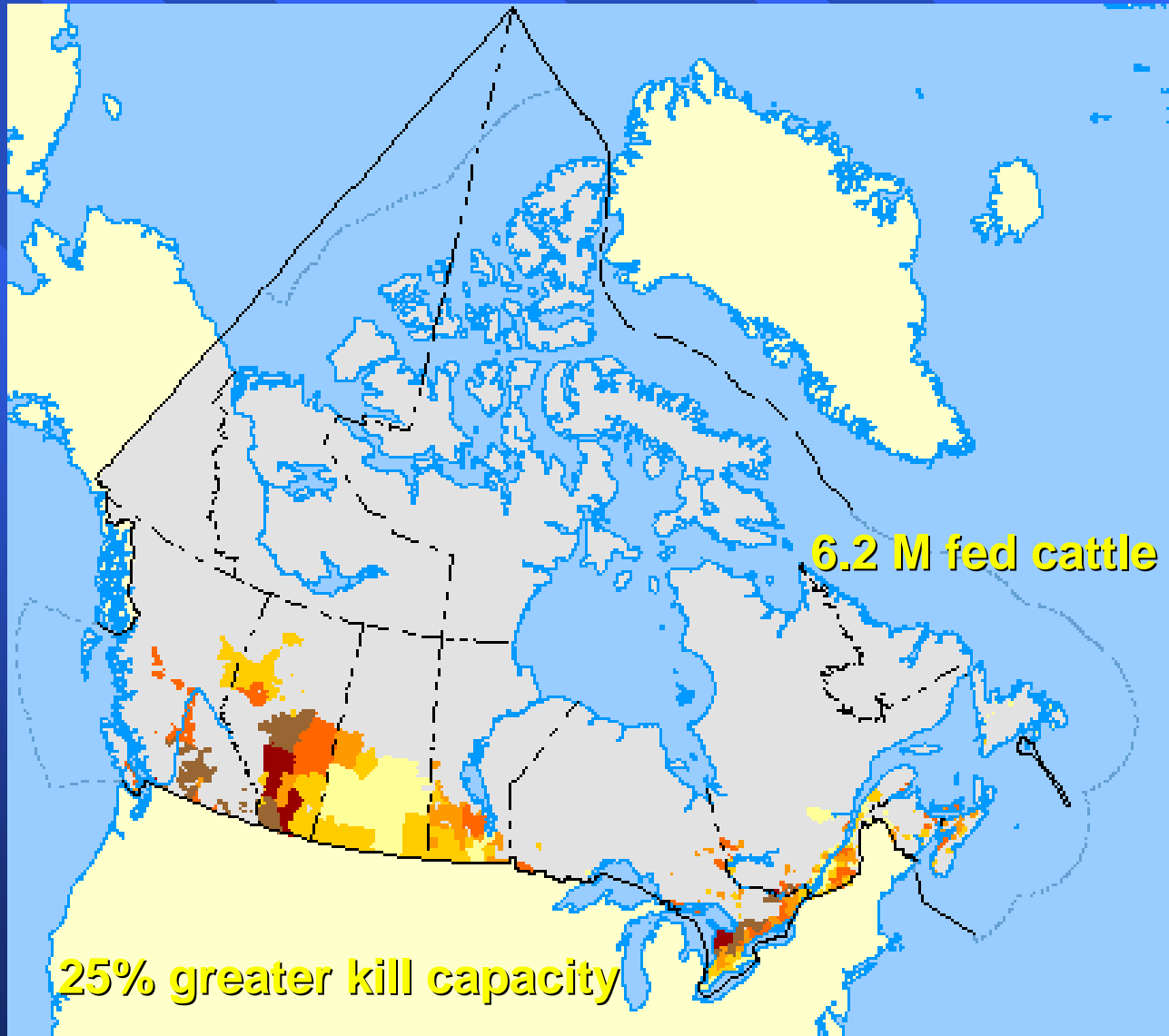


Export Potential

Benefits of U.S. Beef Trade



CANADA FACTS



6.2 M fed cattle

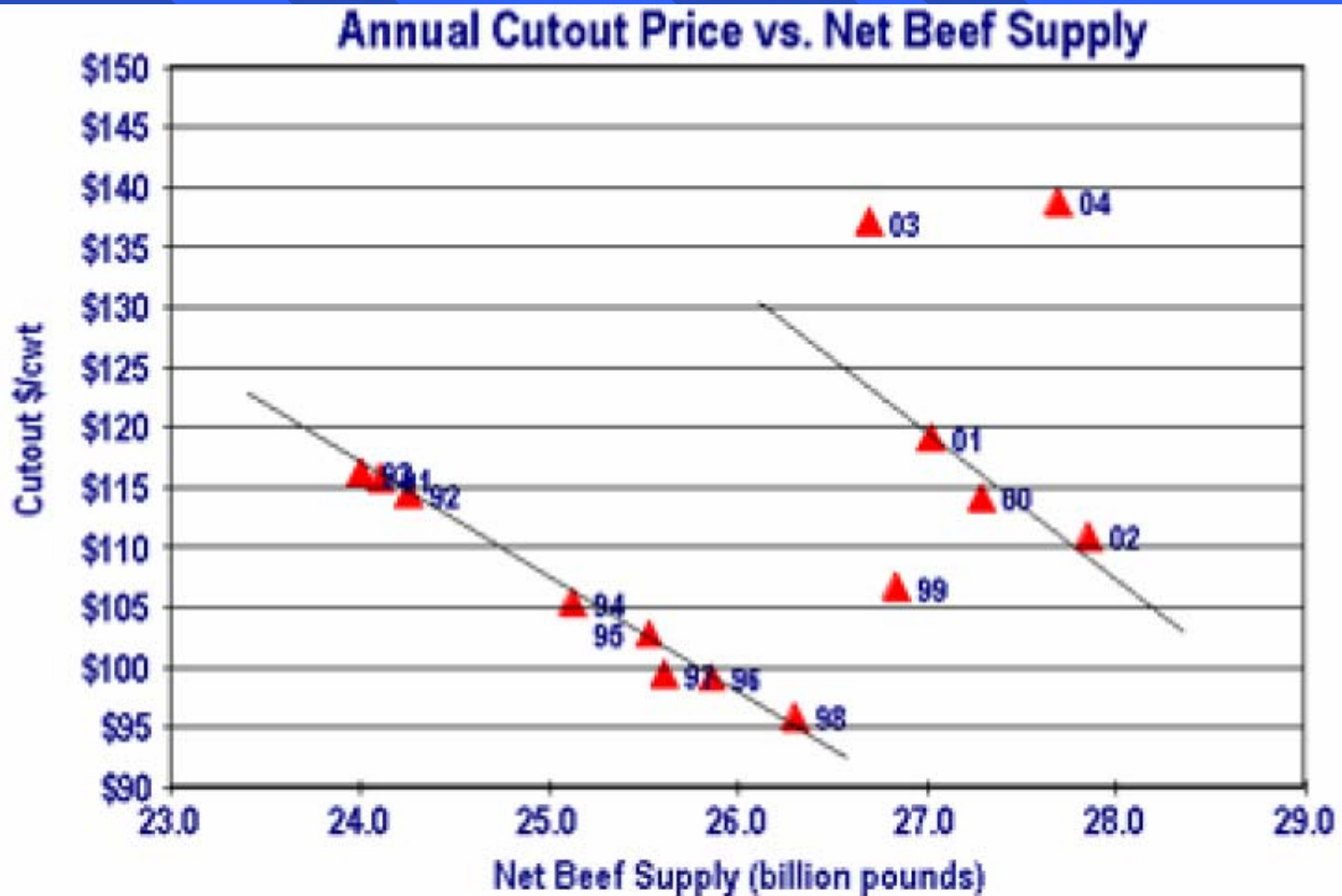
25% greater kill capacity

Animal ID system in place!

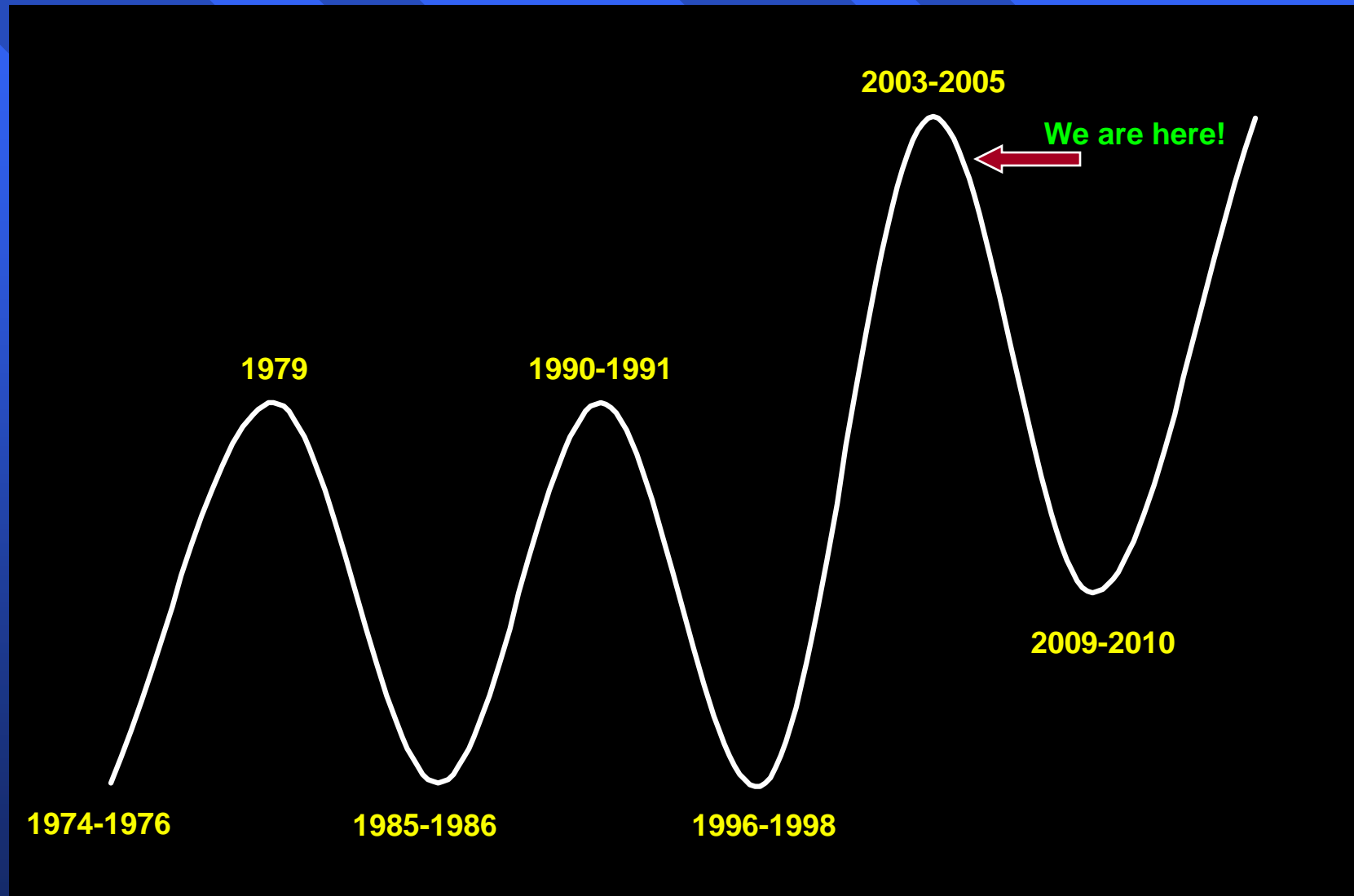
Trade with Japan



Good News: US Beef Demand

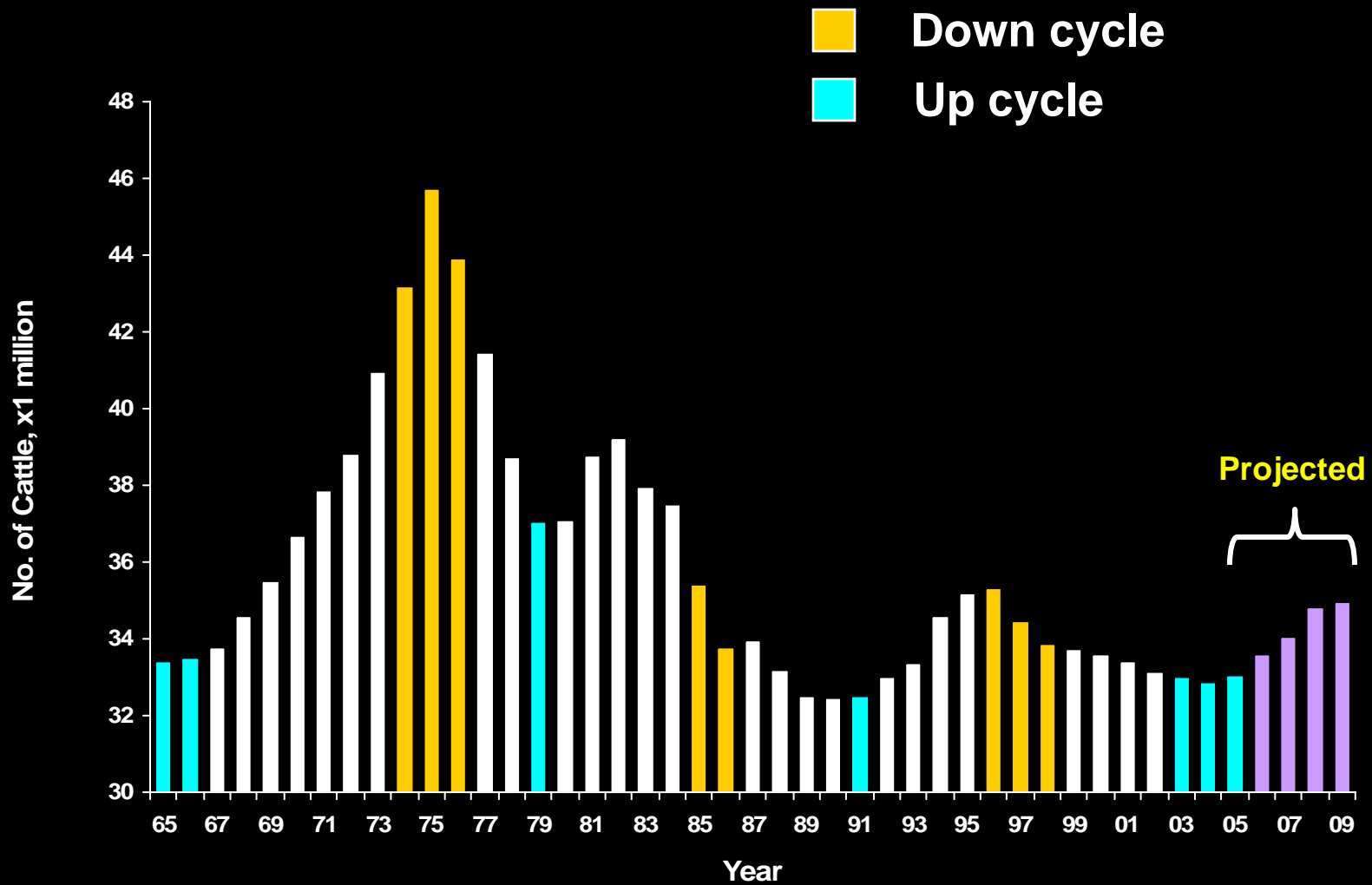


The Cattle Price Cycle



Source: CattleFax

Beef Cow Inventory

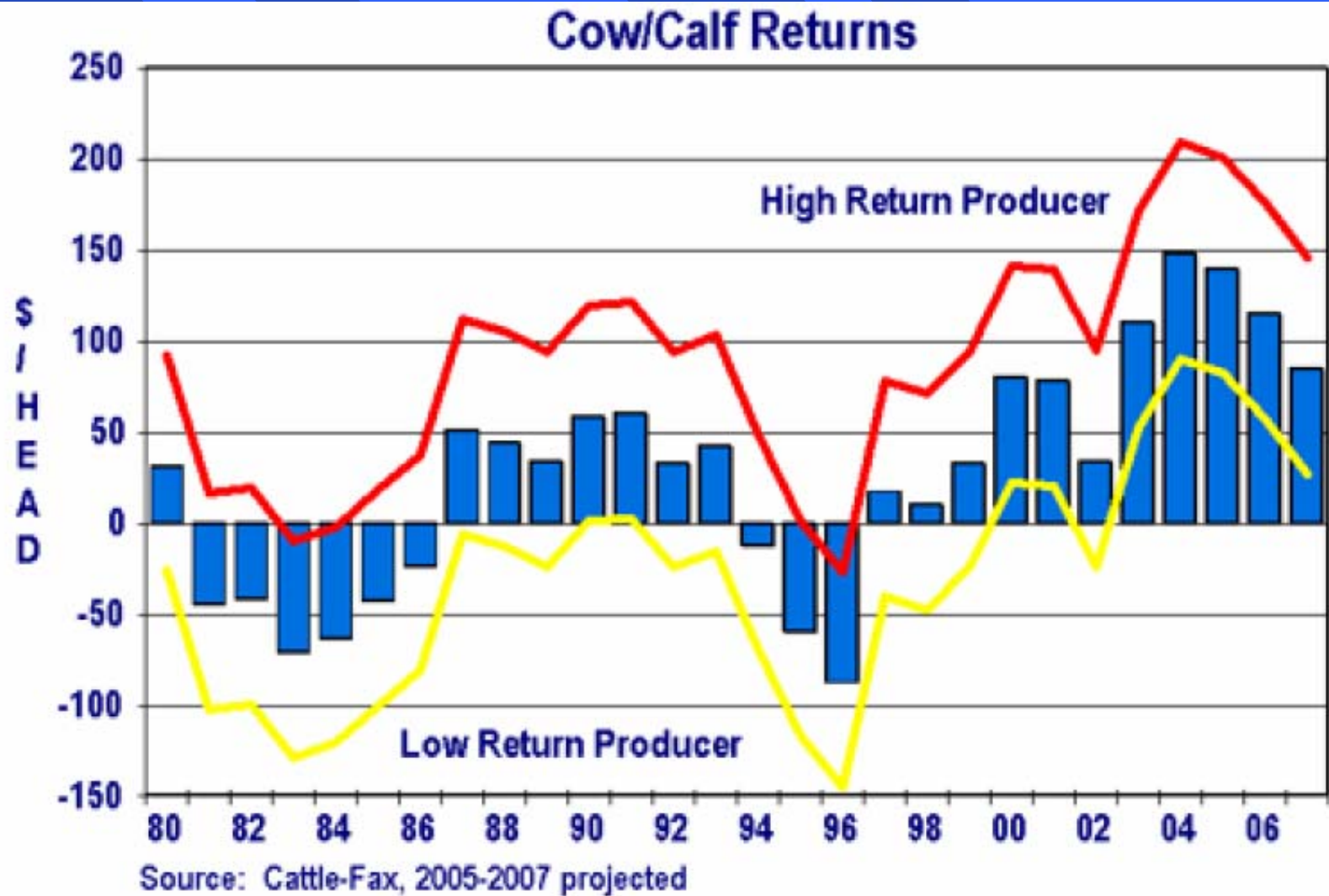


Source: CattleFax

Areas of the US Beef Industry that will transform

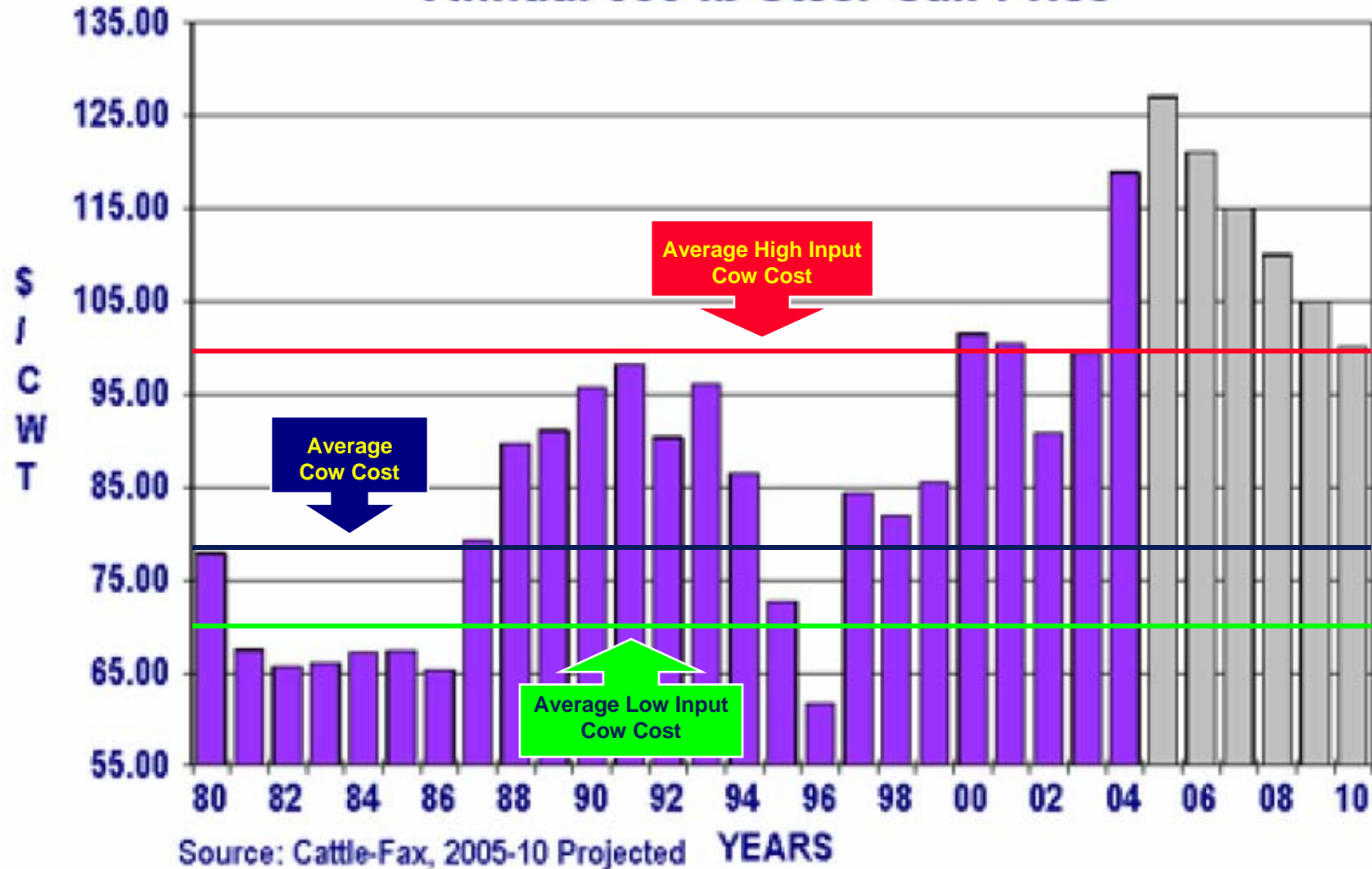
- ☞ Retail and food service consolidation**
- ☞ Beef safety and accountability**
- ☞ Increased product branding and differentiation**
- ☞ Accelerated development of new consumer friendly and convenience oriented beef products**
- ☞ Additional advances in value determination of fed cattle**

Where do You Fit?



Projected Prices

Annual 550 lb Steer Calf Price



Future Trends and Opportunities

- ☞ **Begin premise and animal ID, immediately**
- ☞ **Begin record-keeping for age and source verification**
- ☞ **Sign up or develop a Quality System Assessment**
- ☞ **Ensure that environmental permits are up to date**
- ☞ **Write out and follow 12-year breeding plan**
- ☞ **Update and follow Beef Quality Assurance program**
- ☞ **Develop, write out and follow specific feeding and treatment protocols**
- ☞ **Evaluate affiliations with producer cooperatives or brand-like initiatives**