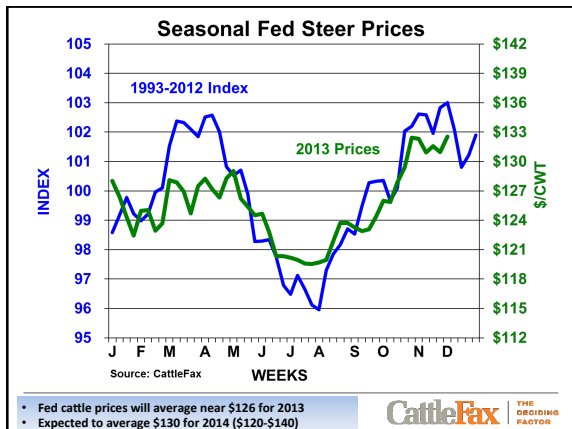


CattleFax

## Price Outlook

- Cattle/Beef supplies tighter in 2014
- Beef cow herd stabilizing/expanding in 2014/2015
- Smaller per capita net beef supplies...2-3 more years
- Larger competing meat supply is a limiting factor for beef
- Demand – Tougher road ahead?



**Stocker Operators**

Access to inventory at a reasonable price will be the most difficult challenge the next two years.

Owning inventory well in advance of the "green grass demand" will be key.

Backgrounders will need to maintain an adequate feed inventory "just in case" drought conditions persist.

Profitability will be tested in this segment during the next three years. If we have a big corn crop in 2014, feedlot cost of gains could quickly become competitive with grazing costs of gain.

**Cow/Calf Producers**

The next 3-4 years will be very good assuming the drought conditions subside and feed supplies are gradually replenished.

High return producers that manage production costs closely will be very profitable.

Bred cows make a lot more sense than developing a heifer because you don't want to miss a year without a calf to sell.

U.S. average Utility cow prices are expected to average \$83/cwt. in 2014 due to reduced cow slaughter. Prices will average near \$80/cwt. in 2013.

**Thank you**