

North American Beef Market Outlook

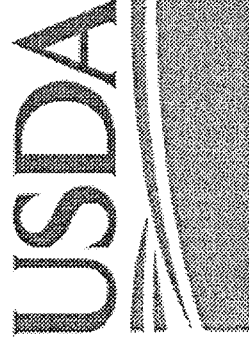
Barry L. Carpenter

Deputy Administrator

Livestock & Seed Program

Agricultural Marketing Service

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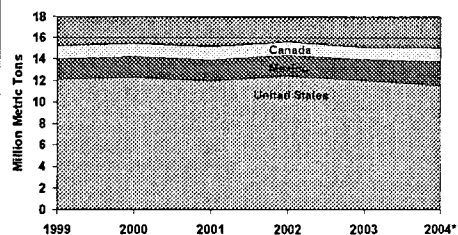


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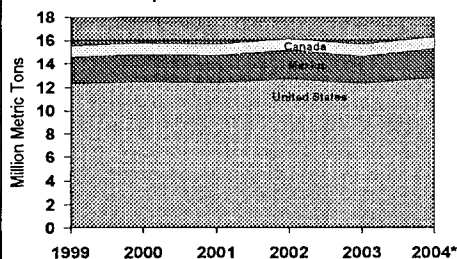
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North American Beef Production Restrained...

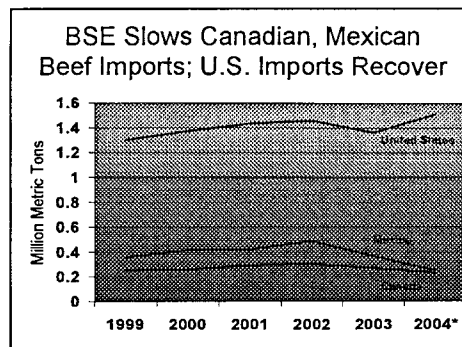
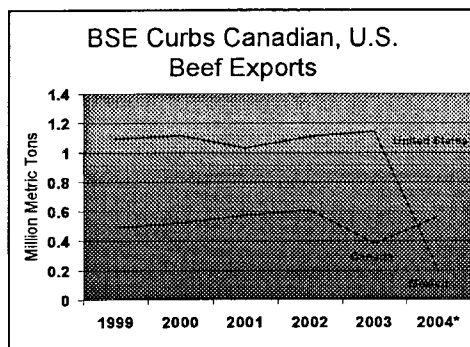


...While North American Beef Consumption Resumes Growth



Watershed Events of 2003 Continue to Shape North American Beef Markets

- *May 20, 2003* – Discovery of Bovine Spongiform Encephalopathy (BSE) in Alberta, Canada
- *December 23, 2003* – Discovery of BSE in Washington, U.S.A.

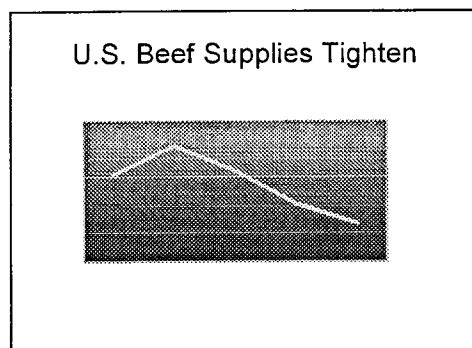
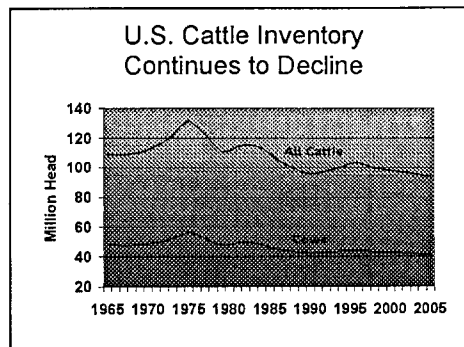
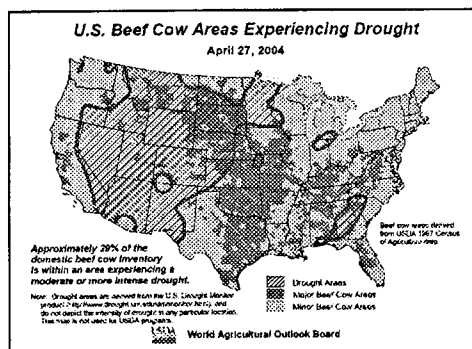


Policy Environment

- Industry and policy adjusting to BSE
 - Additional steps to ensure food safety
 - Re-opening of international markets for Canada & U.S.
 - Accelerated development of National Animal Identification System in U.S.
- U.S. mandatory country-of-origin labeling
 - Begins September 30, 2006 for beef
 - Continues to be debated in Congress

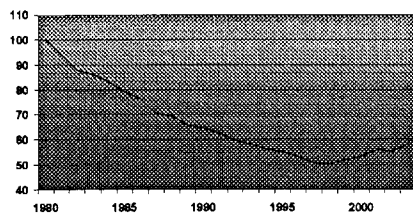
U.S. Market Highlights

- Domestic supplies remain tight
- Beef cow herd rebuilding prolonged by persistent drought
- Feed grain prices high, but expected to moderate with good 2004/5 crop
- Domestic demand remains strong
- Prices remain strong
- Forecasts contingent on trade developments

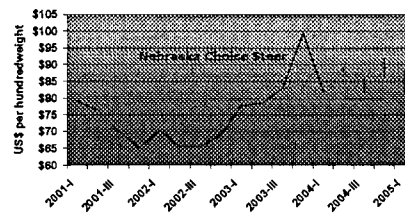


- ### U.S. Beef Demand Remains Strong
- U.S. demand at a 10-year high
 - Demand up 15% in the past 5 years
 - 1,600 new products developed in the past 5 years
 - Consumer confidence was at 89% on December 30, 2003
 - High-protein, low-carbohydrate diets appear to be an important factor

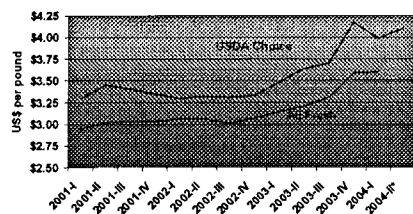
**U.S. Beef Demand Index
Continues Recovery**



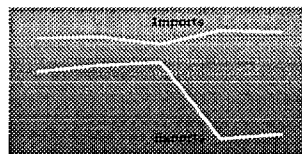
**U.S. Cattle Prices Remain
Historically High**



**U.S. Retail Beef Prices
Remain High**



U.S. Beef Trade Altered by BSE



U.S. Beef Exports

- Bovine Export Verification program provides assurance to importers
- Trade restrictions partially lifted with Canada and Mexico
- Negotiations with other countries continue

U.S. Beef Imports

- U.S. imports lean beef to blend with domestic trimmings for ground beef
- Australia, New Zealand and Canada continue as major sources

For More Information...

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USDA Agricultural Marketing
Service on the Web:
<http://www.ams.usda.gov>