



US Poultry's Changing Landscape

NCC Annual Conference

Will Sawyer
Animal Protein
Food & Agri Research



Rabobank

Trends in US poultry

1

US poultry **to grow** from **structurally rising domestic consumption** and an excess supply of **low-cost dark meat**.

2

High prices of competing proteins supporting poultry prices and **producer margins**.

3

US and global grain stocks have been replenished, signalling a period of **reduced feed cost volatility**

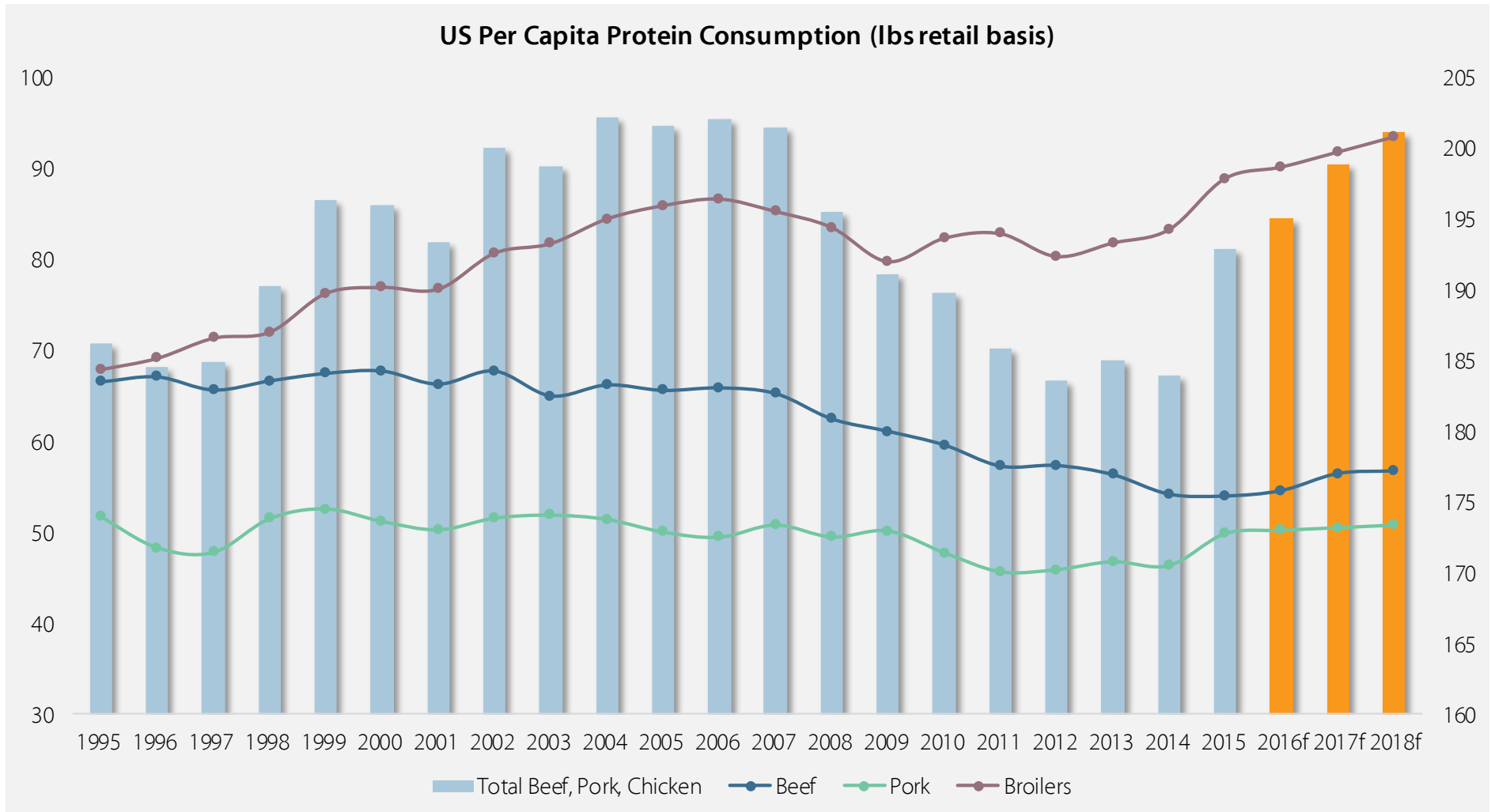
4

US protein consumers driving the “free-from” trend is resulting in a **stratification in US poultry production**

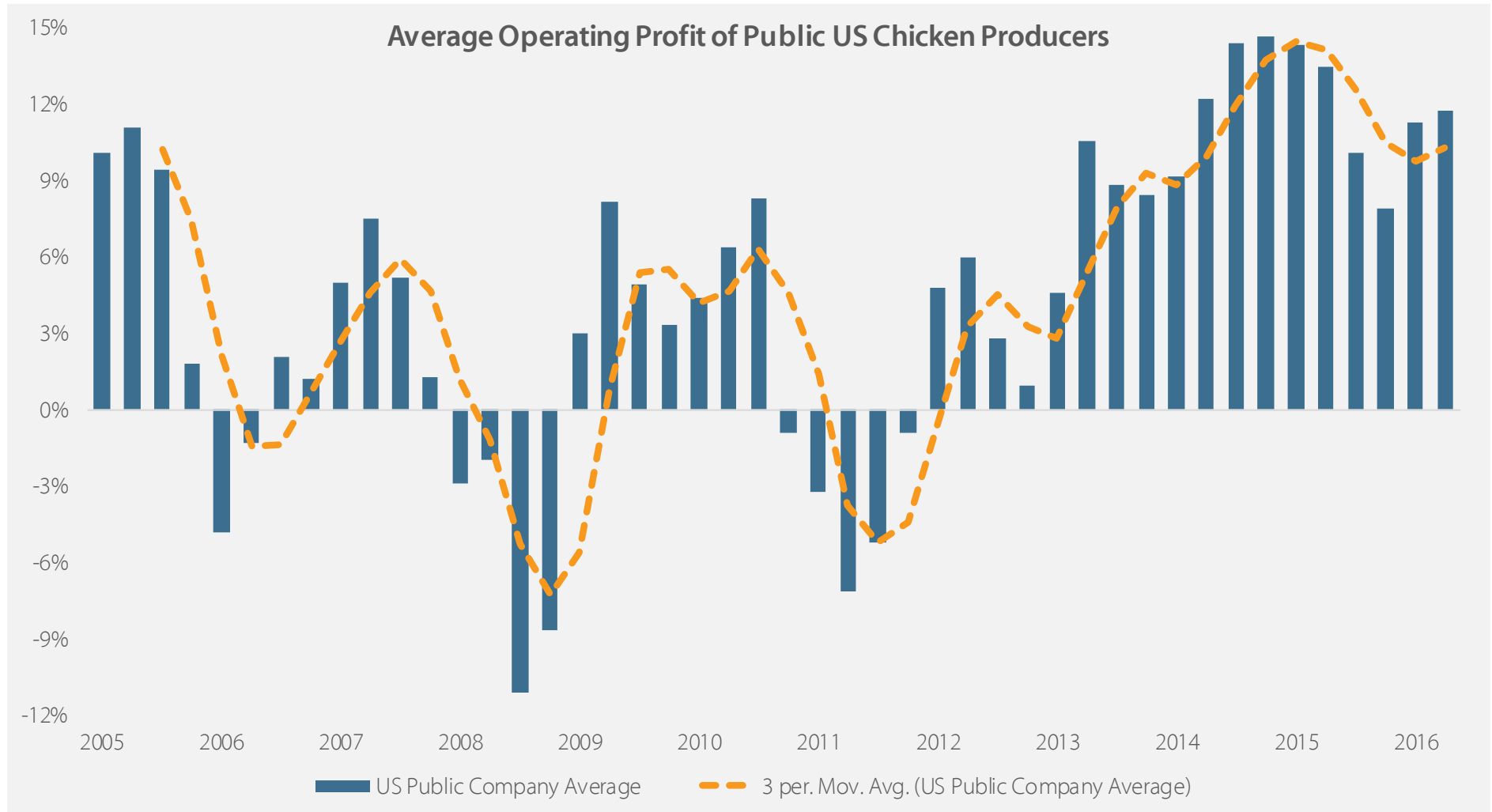
5

China will be the **biggest story** for global poultry in **2017**, will the **US** play a role?

1 Chicken is the best growth story in US animal protein and is increasingly dominating US meat consumption

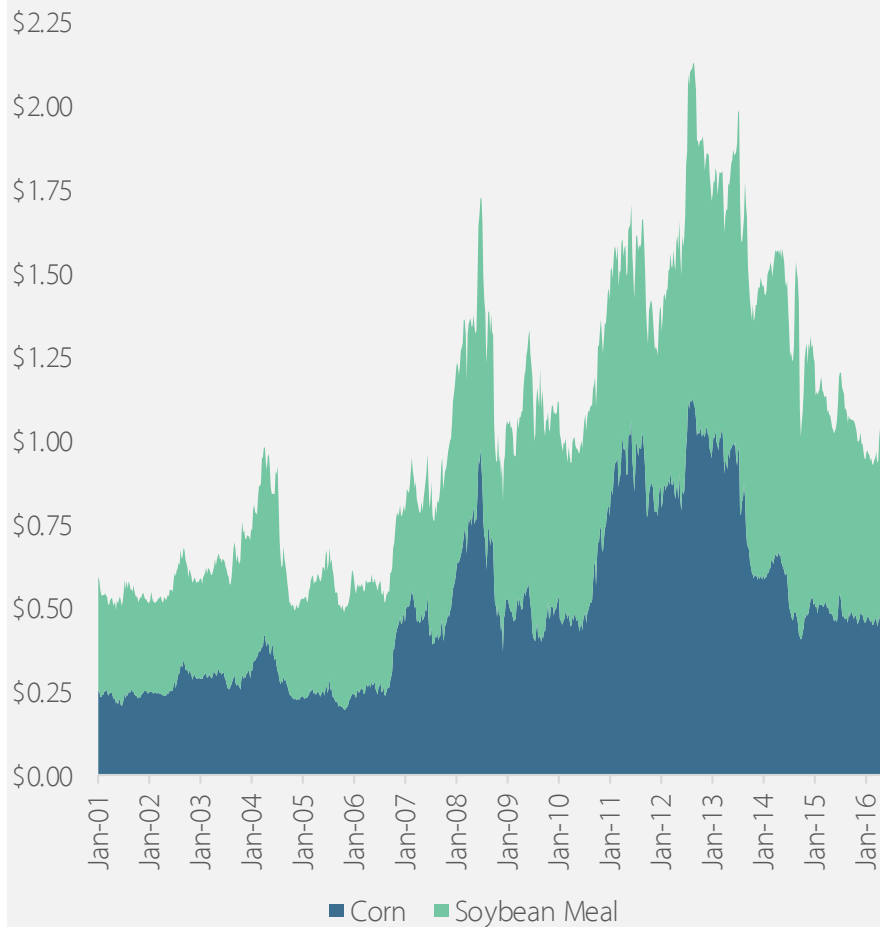


2 The US poultry sector came out of the downturns of 2008 and 2011 stronger than ever and with a “new mindset”



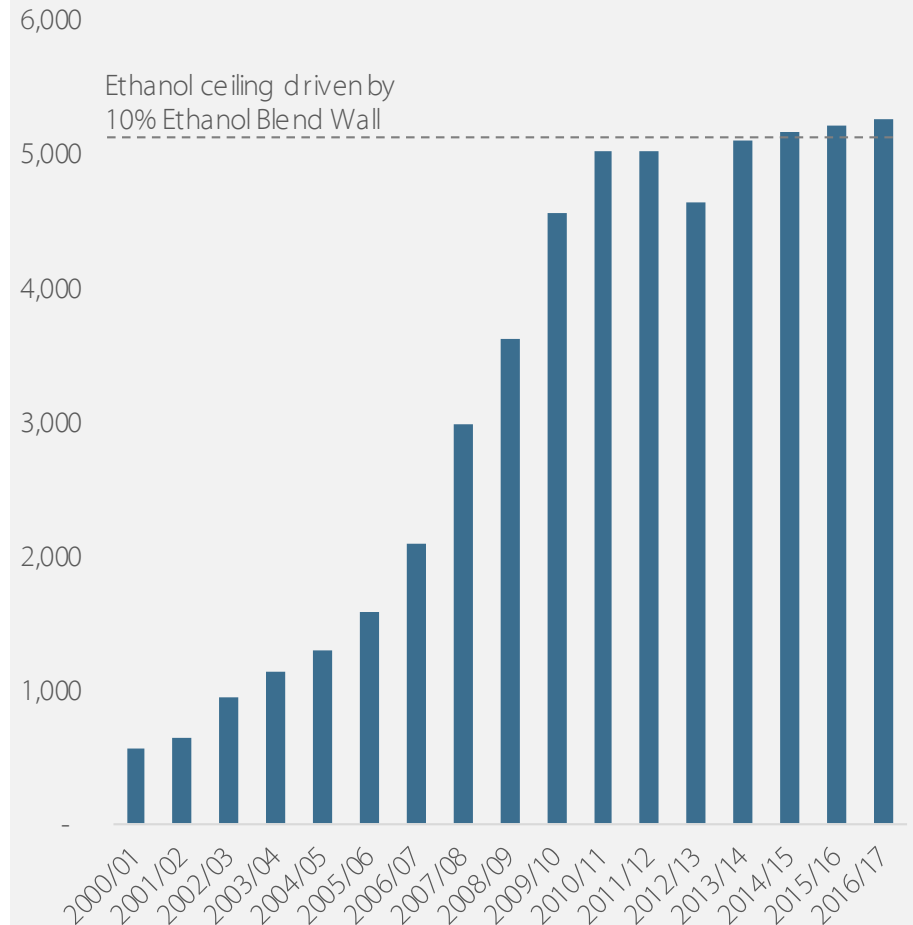
3 As ethanol use has plateaued and grain stocks replenished, feed costs have stabilized

Feed Cost for US Broiler Production (USD per Bird)



Source: Bloomberg, Rabobank Estimates

US Corn Production Used for Ethanol (millions of bushels)



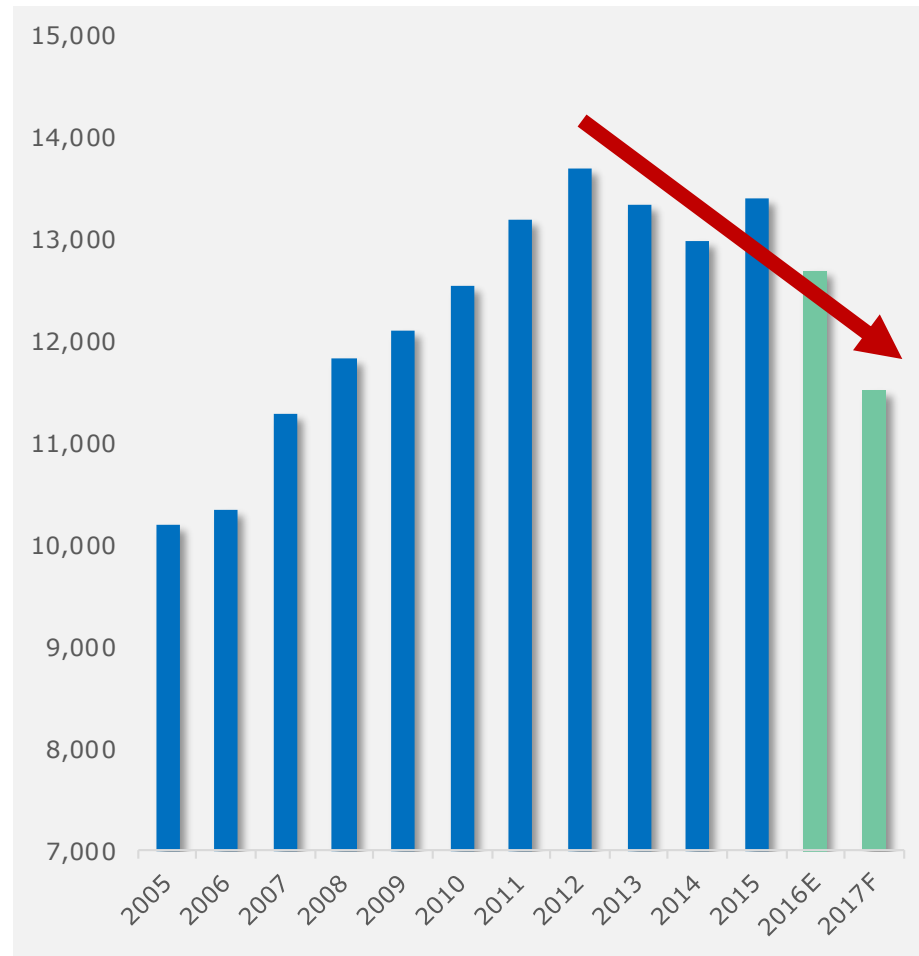
Source: USDA

4 As customer and consumer demands have changed, so has US chicken production



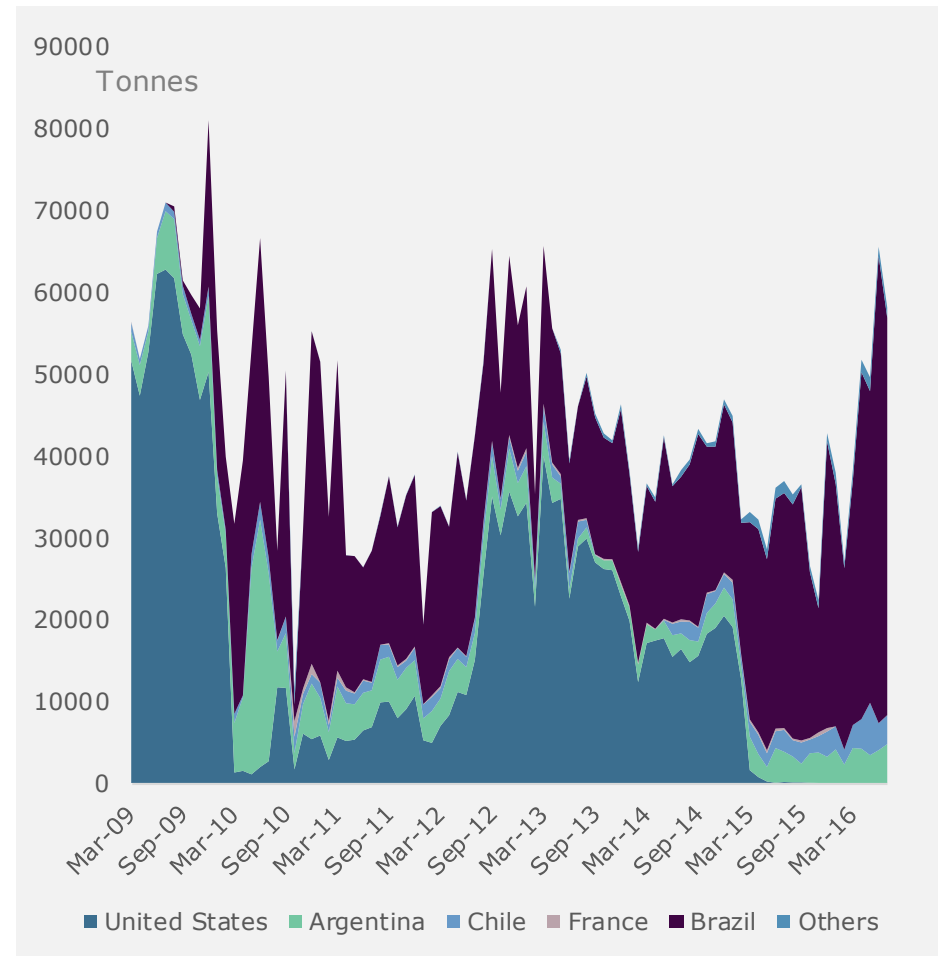
5 China is the Biggest Trade Opportunity for Global Poultry, but Will the U.S. be There to Take Part?

China Chicken Production (000s tons)



Source: USDA, Rabobank Estimates

China Chicken Imports (tons)



Source: USDA, Rabobank Estimates

Conclusion: risks to the positive story for US poultry

Disease

- 2015 has shown US poultry that an outbreak of avian influenza isn't a matter of if but when
- US poultry needs to be better prepared from a biosecurity and trade standpoint

Competition in the Meat Case

- Supplies of all three major animal proteins are on the rise, and at the same time
- US per capita meat consumption is expected to return to an all-time peak by 2018

US Political Environment

- Trade agreements (NAFTA, TPP) are now "bad words" in the US
- Are the current Presidential candidates serious enough to change NAFTA to the detriment of North American agriculture?
- Immigration policy in the US has made labor a chief concern for US livestock producers

Currency Wars

- A strong US dollar looks to be with us for some time
- Not just important for US/Mexico trade flows but also competitiveness with Brazil



Rabobank. The financial link in the global food chain.™



Will Sawyer

Rabobank Food & Agri Research

Atlanta, GA

t. (404) 870-8023

m. (336) 416-4330

e. William.Sawyer@Rabobank.com