

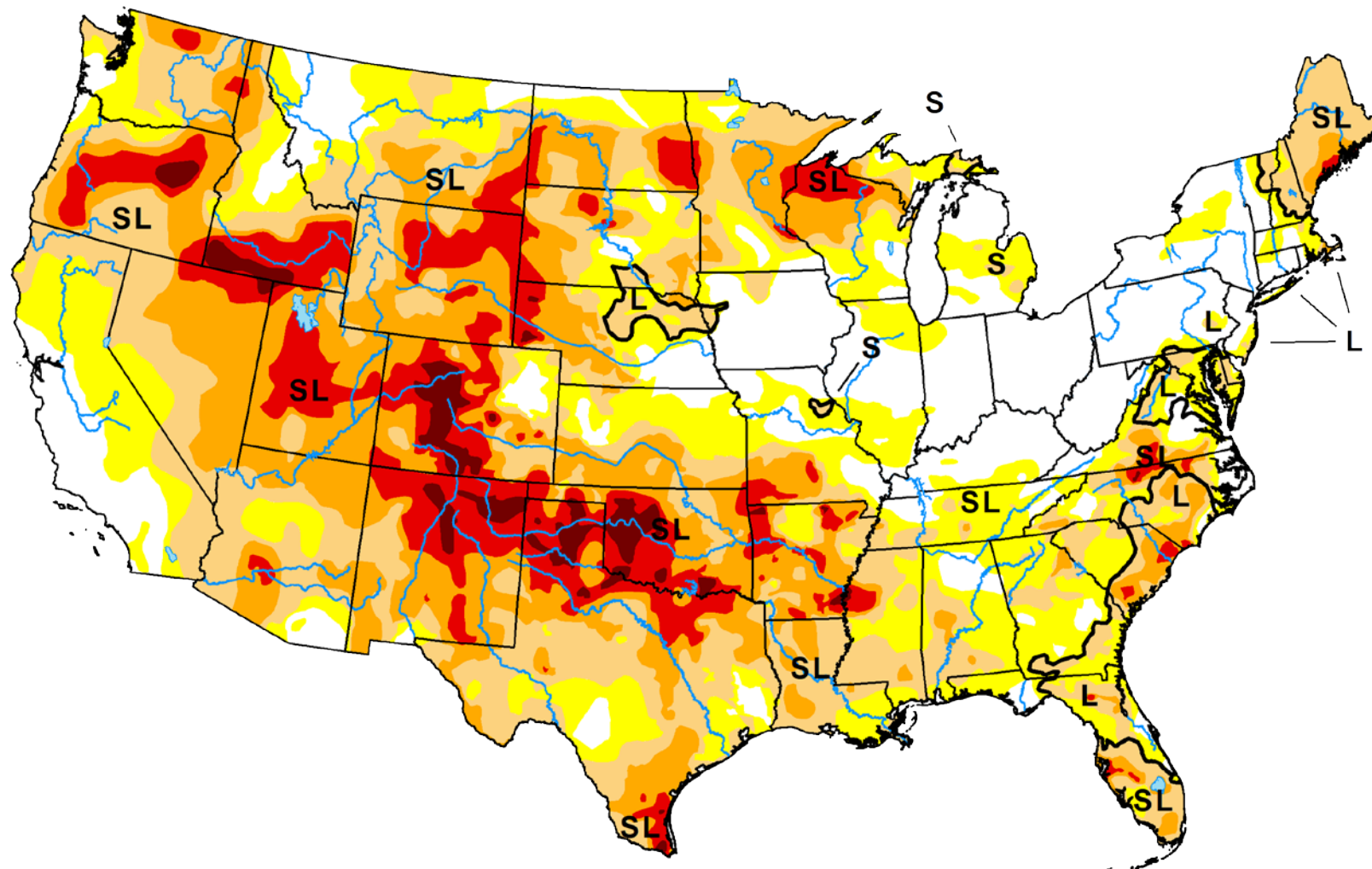


Headlines, Drought and Doubt: What Lies Ahead?

Dave Weaber – Senior Research Analyst, Animal Protein
LMIC Industry Outlook Conference
October 21, 2026

Drought Conditions Worsening During 2026

58% of cattle inventory in D1+ conditions (81% 0+)



U.S. Drought Monitor

September 15, 2026
(Released Thursday, Sep. 17, 2026) |
Valid 8 a.m. EDT

Drought Impact Types:

- ~ Delineates dominant impacts
- S** = Short-Term, typically less than 6 months (e.g. agriculture, grasslands)
- L** = Long-Term, typically greater than 6 months (e.g. hydrology, ecology)

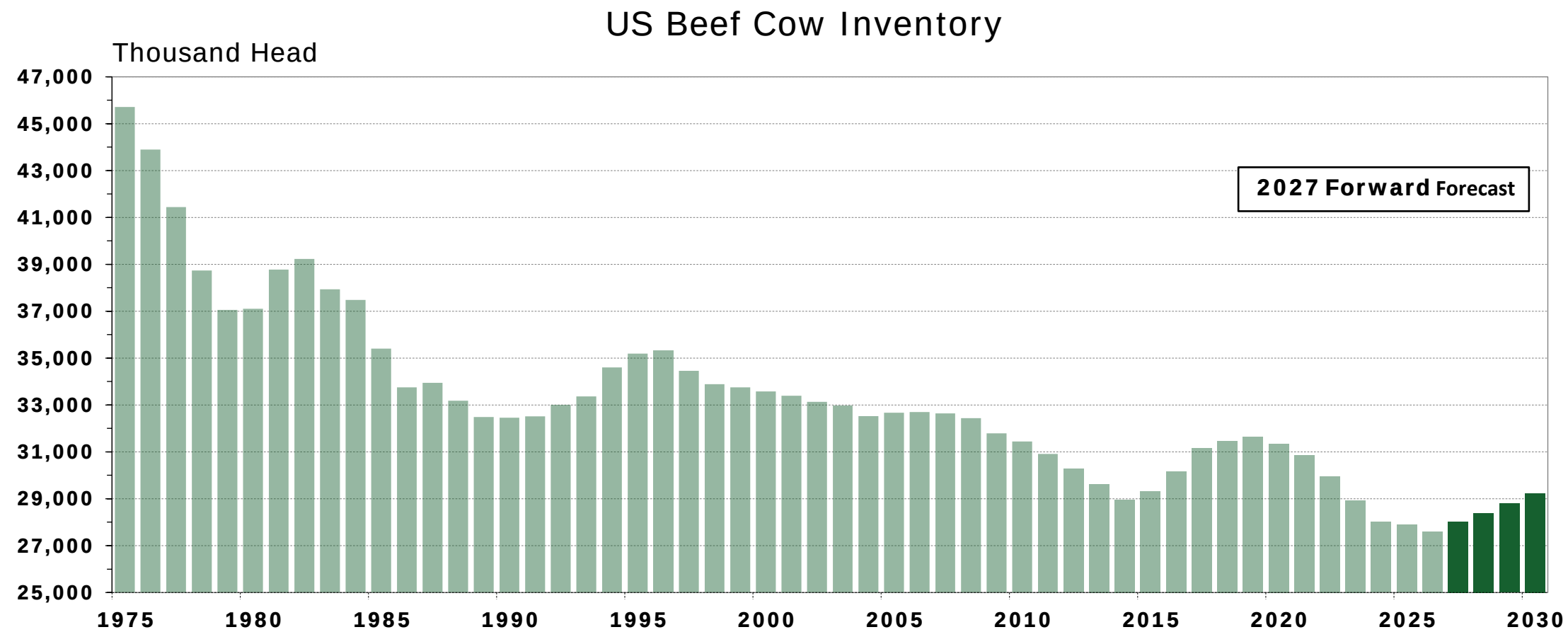
Intensity:

- None
- D0 Abnormally Dry
- D1 Moderate Drought
- D2 Severe Drought
- D3 Extreme Drought
- D4 Exceptional Drought



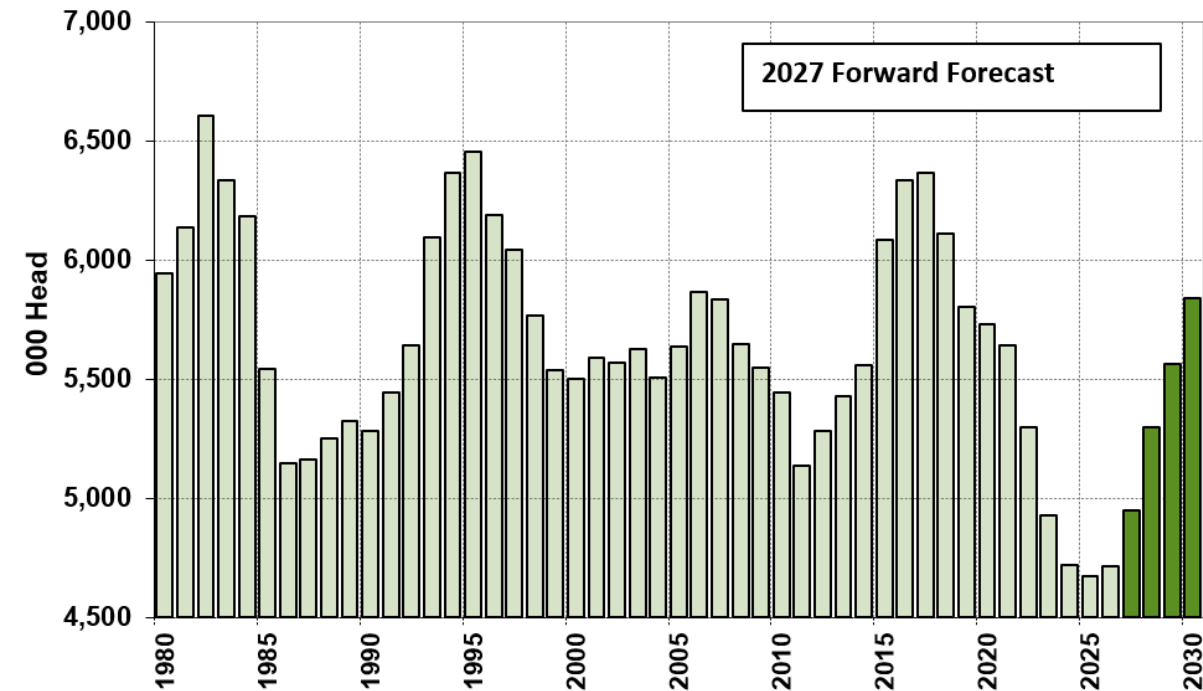
July 1st Inventory Down 1% or 200,000 Head

How Many Beef Cows Are Needed To Keep US Per Capita Supplies at 58.7 Pounds?
28.1 Million

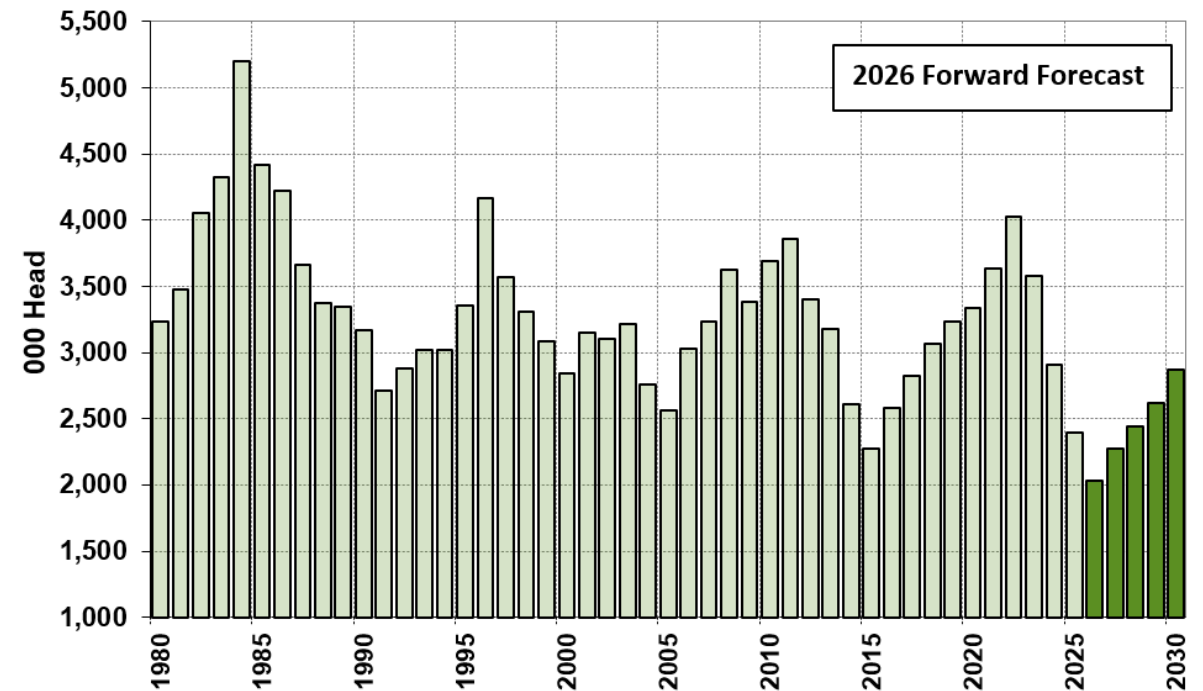


Replacement Numbers and Beef Cow Slaughter Historically Low!

Beef Replacement Heifers
USDA-NASS

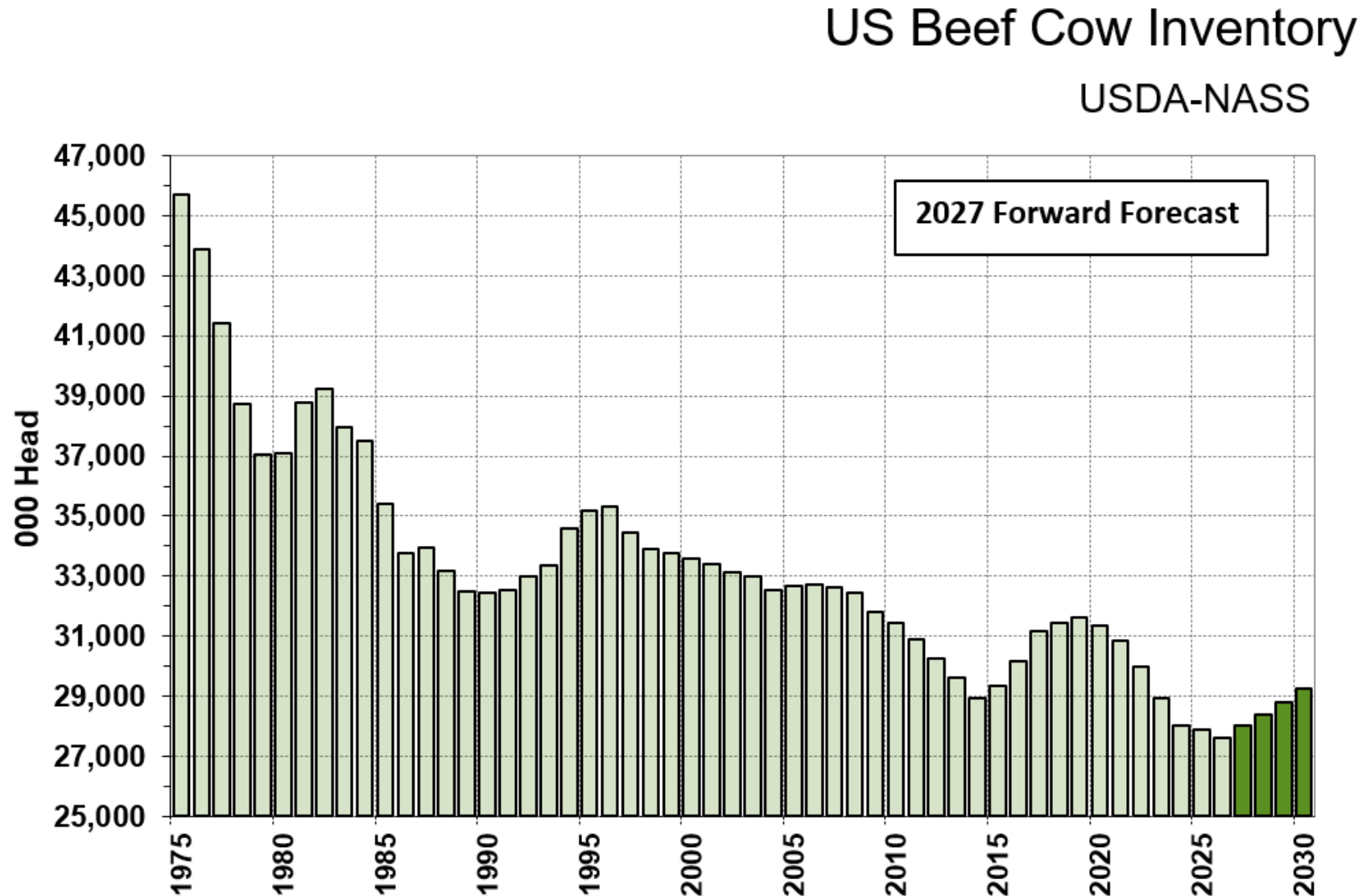


Beef Cow Slaughter
USDA-NASS



Will Beef Cow Inventories Grow?

Likely Not Appreciably, Wildcard is Revisions!

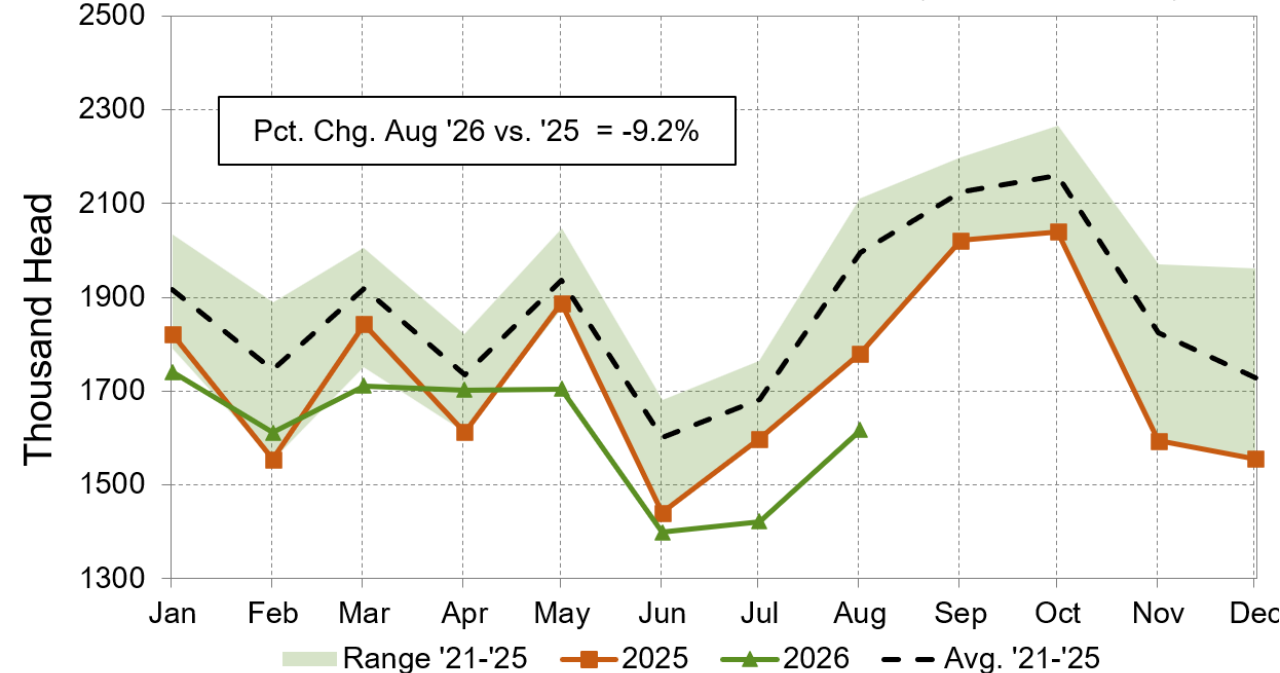


May-Aug Placements Down 564K head or -8.4 %

COF Inventories Supported by Extra Days On Feed Making Heavy Carcass Weights

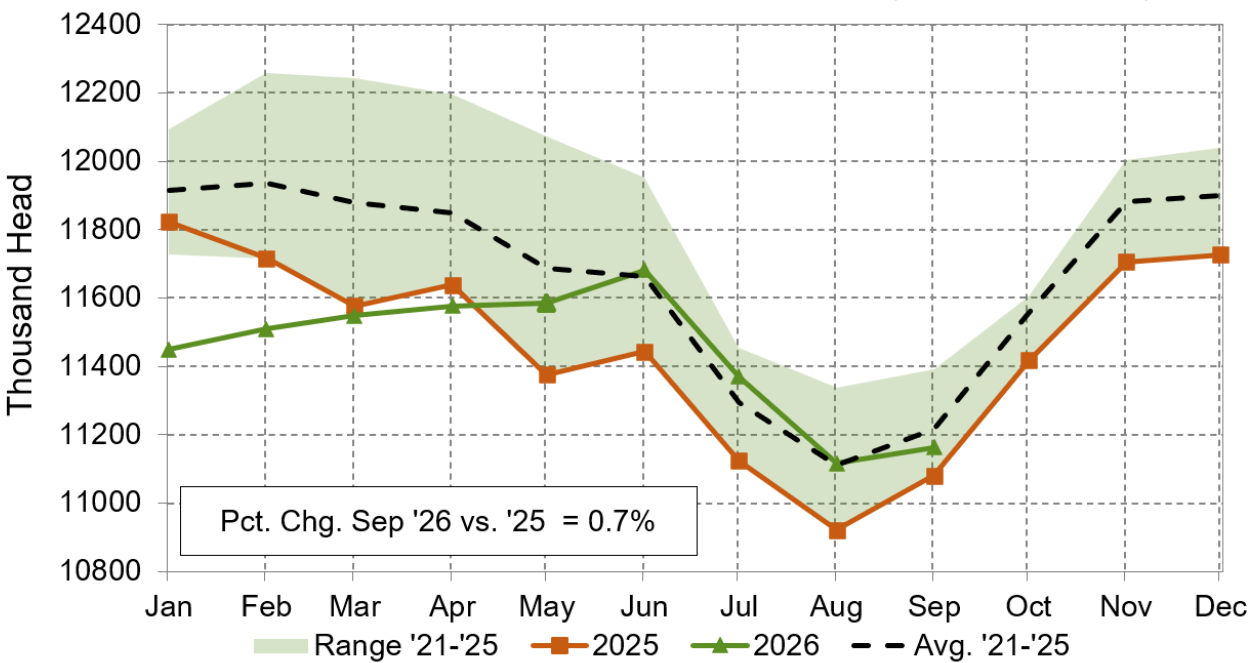
COF PLACEMENTS, U.S.

USDA NASS, Cattle On Feed, DM



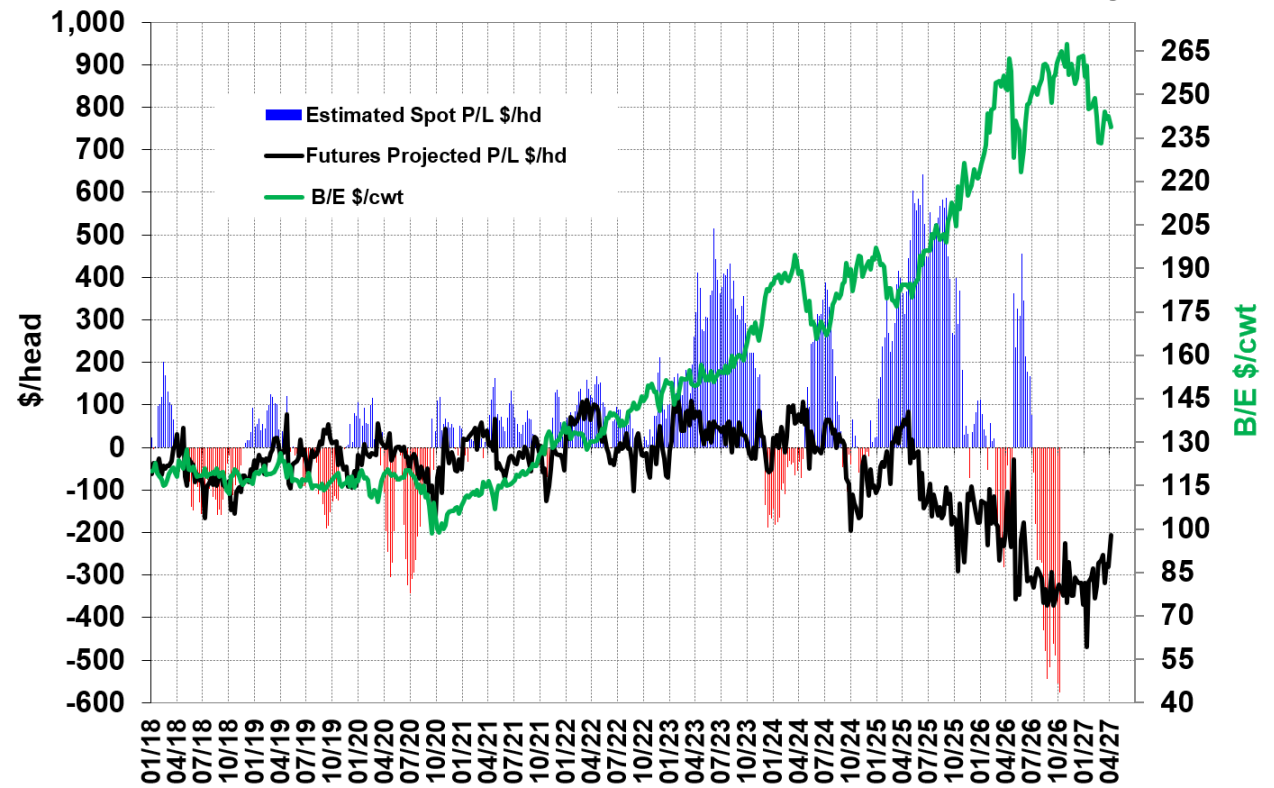
CATTLE ON FEED, U.S.

USDA NASS, Cattle On Feed, FM

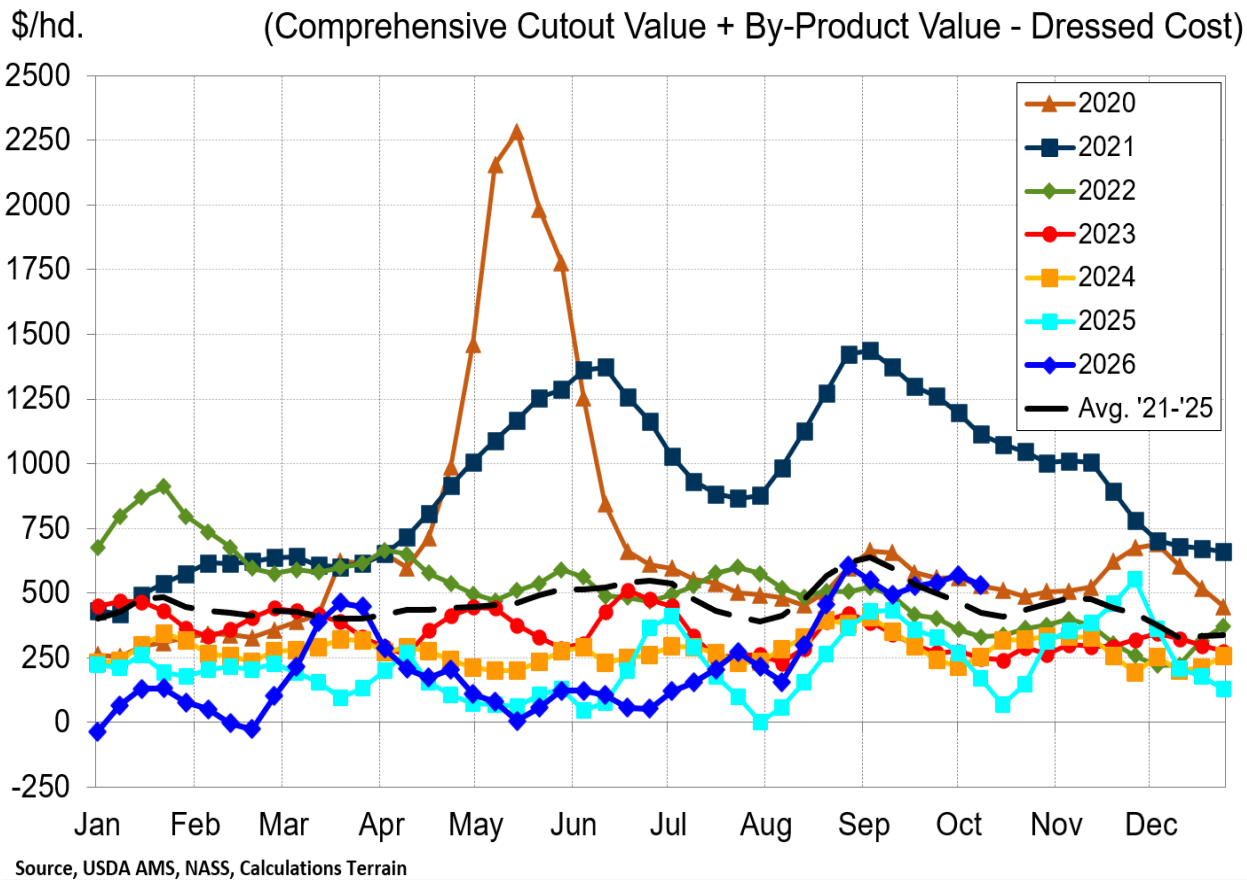


Margins Shifting

OKC Feeder Cattle Projected 100% Hedged P/L
vs. OKC Feeder Cattle Estimated Spot P/L
vs. Projected B/E

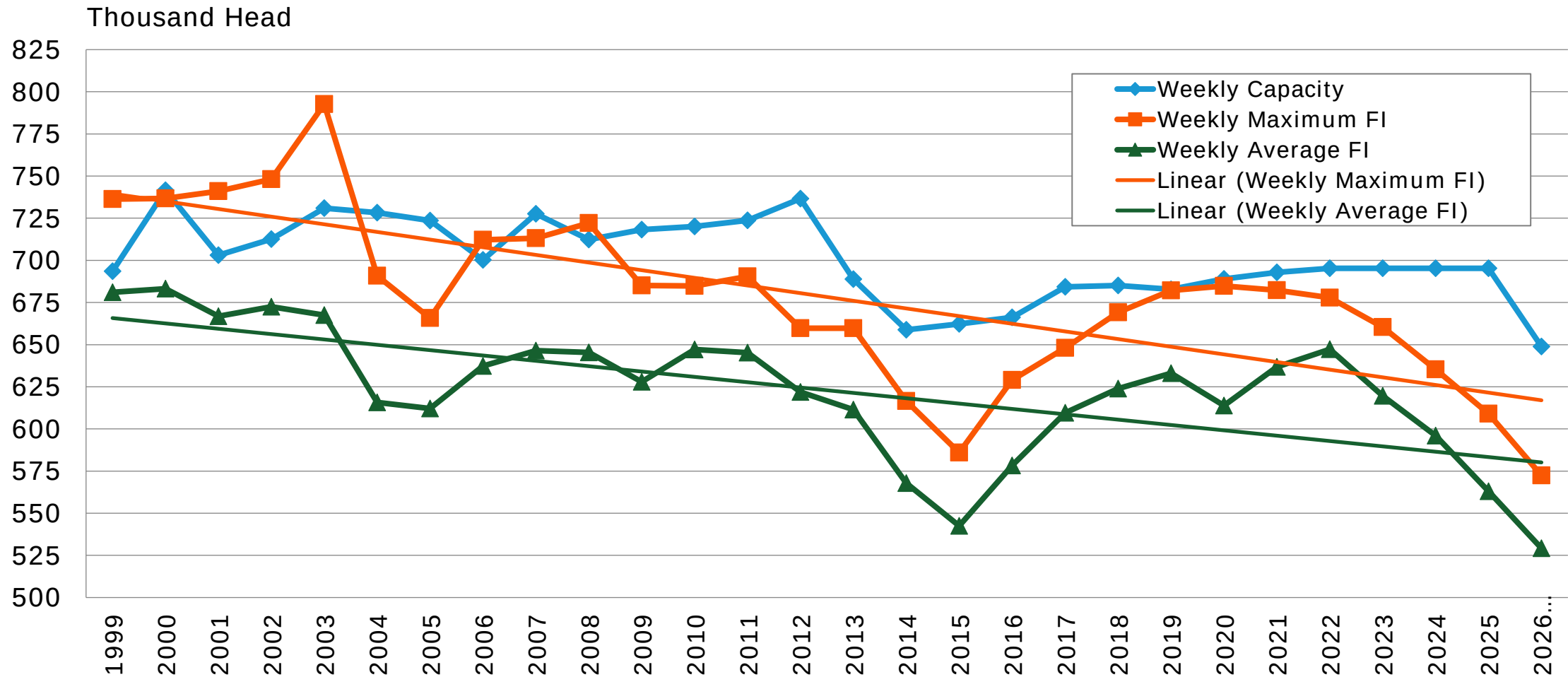


BEEF PACKERS' EST'D GROSS MARGIN
(Comprehensive Cutout Value + By-Product Value - Dressed Cost)

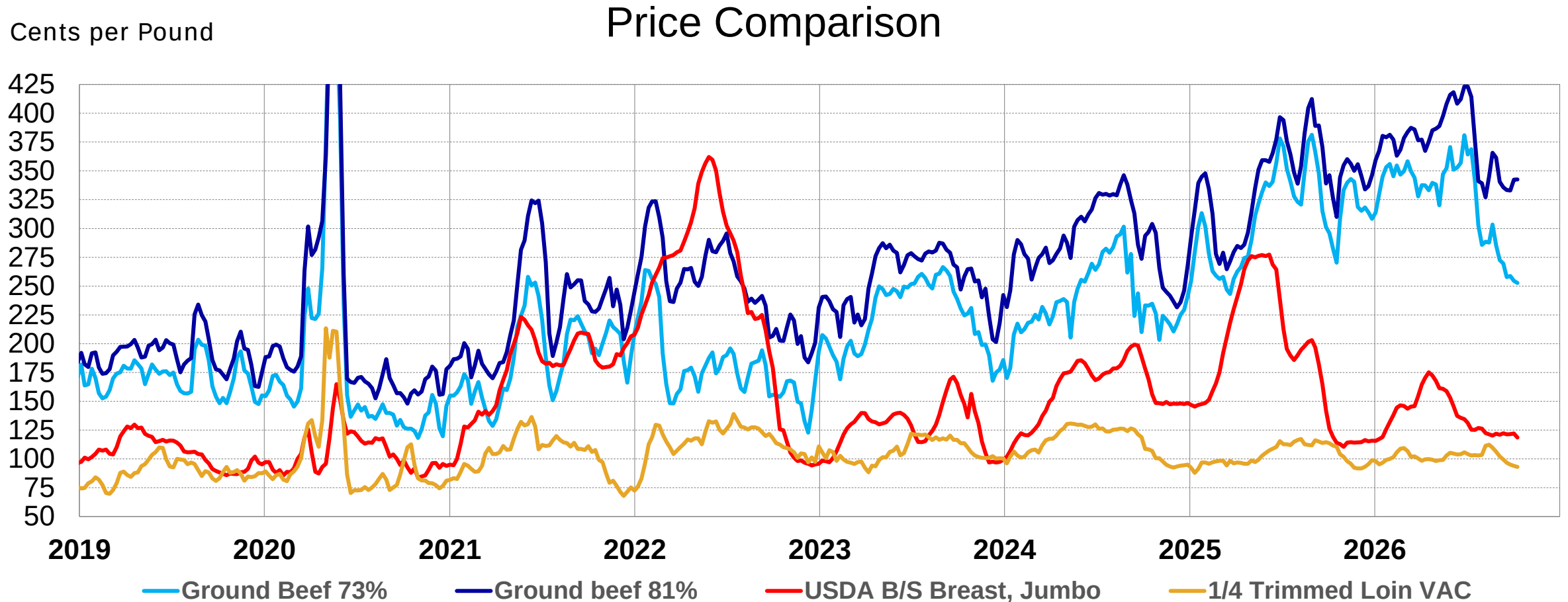


U.S. Weekly Cattle Slaughter and Capacity

Declining COF>Declining Slaughter Capacity>Feeding Capacity?



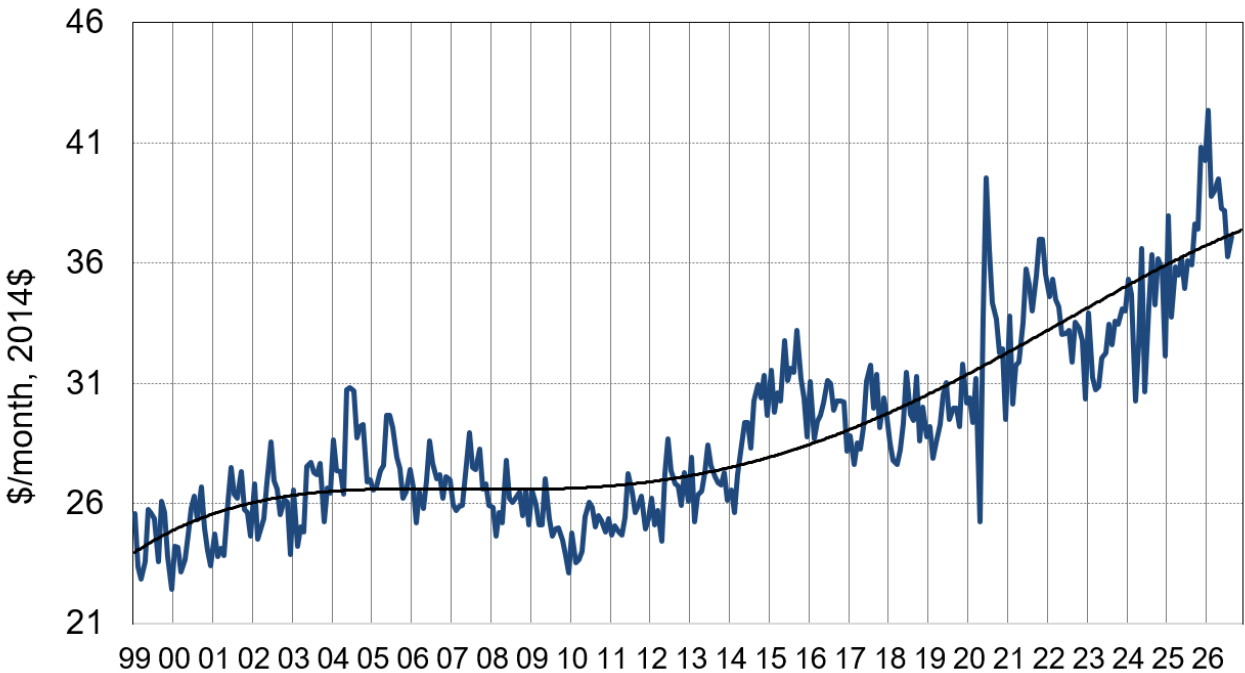
Ground Beef Has Alternatives... Consumers Don't Choose to Switch



RPCE: Beef Leading the Charge!

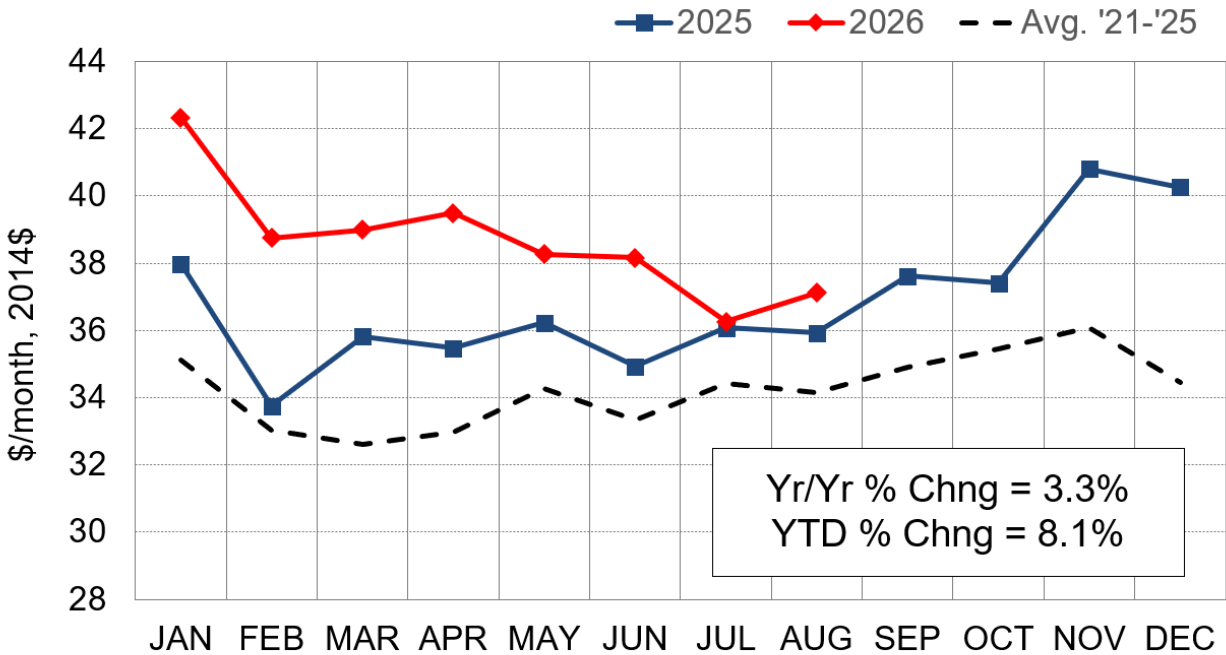
Can it Hold on Through 2026

REAL PER CAPITA EXPENDITURES - FRESH BEEF



Source: Terrain using data from USDA ERS, NASS, and FAS

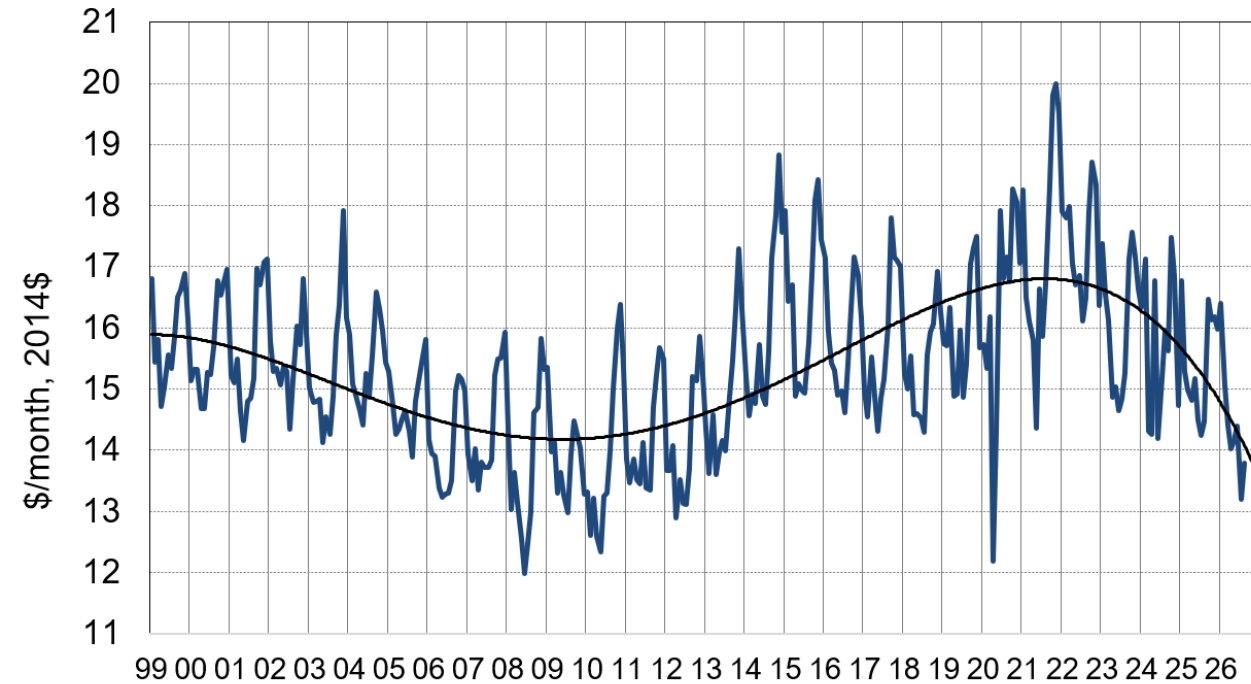
REAL PER CAPITA EXPENDITURES - FRESH BEEF



Source: Terrain using data from USDA ERS, NASS, and FAS

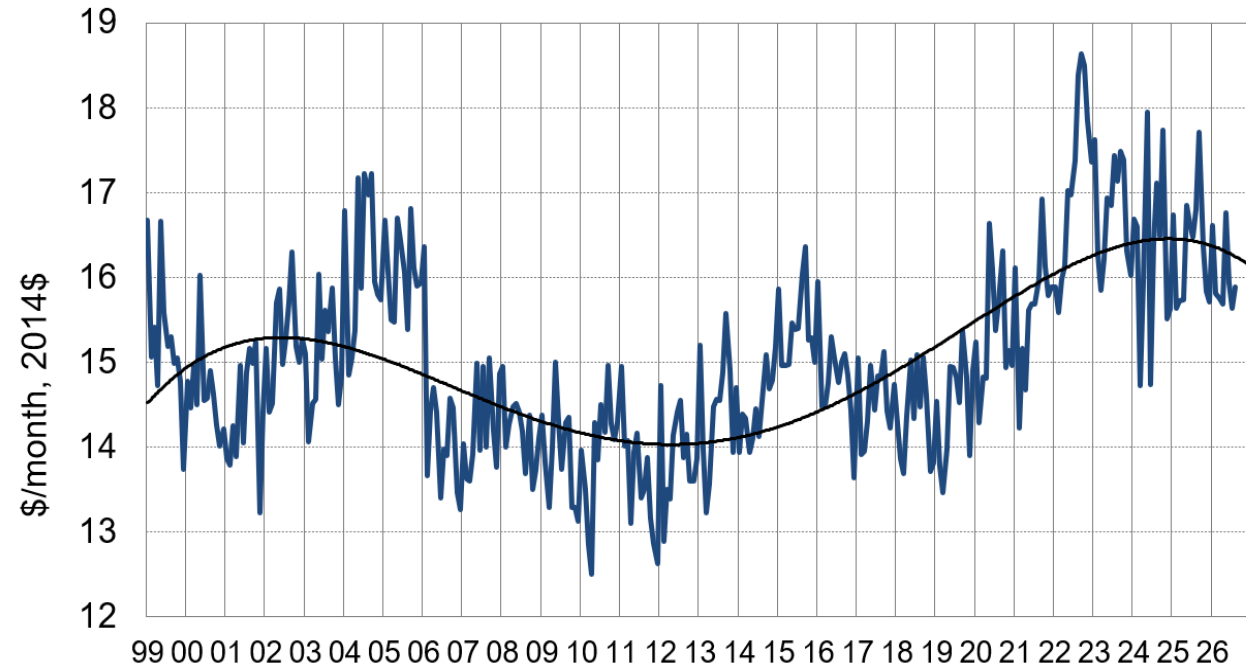
RPCE: Pork and Chicken Struggling

REAL PER CAPITA EXPENDITURES - PORK



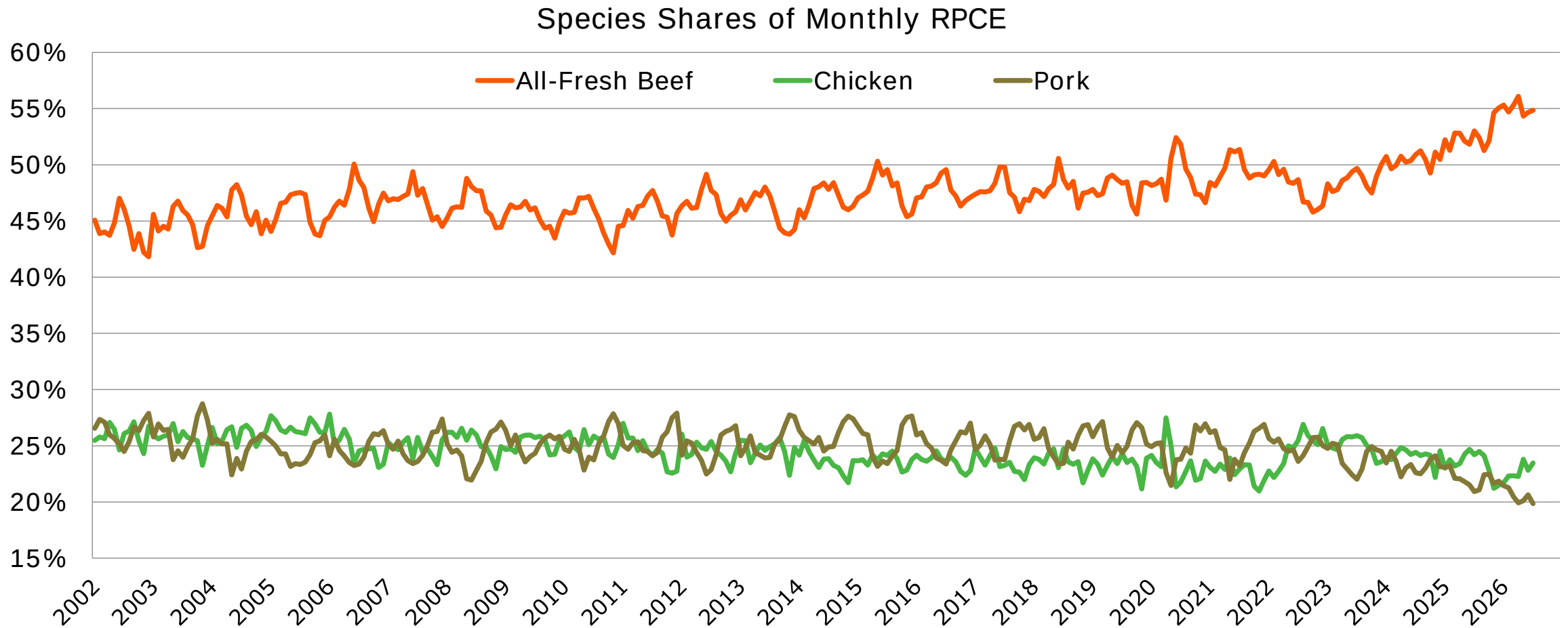
Source: Terrain using data from USDA ERS, NASS, and FAS

REAL PER CAPITA EXPENDITURES - CHICKEN



Source: Terrain using data from USDA ERS, NASS, and FAS

Beef's Share of Spending Accelerated in Early 2024! And keeps on Growing



The Untold Story: Cutout Back To Record Weekly Values

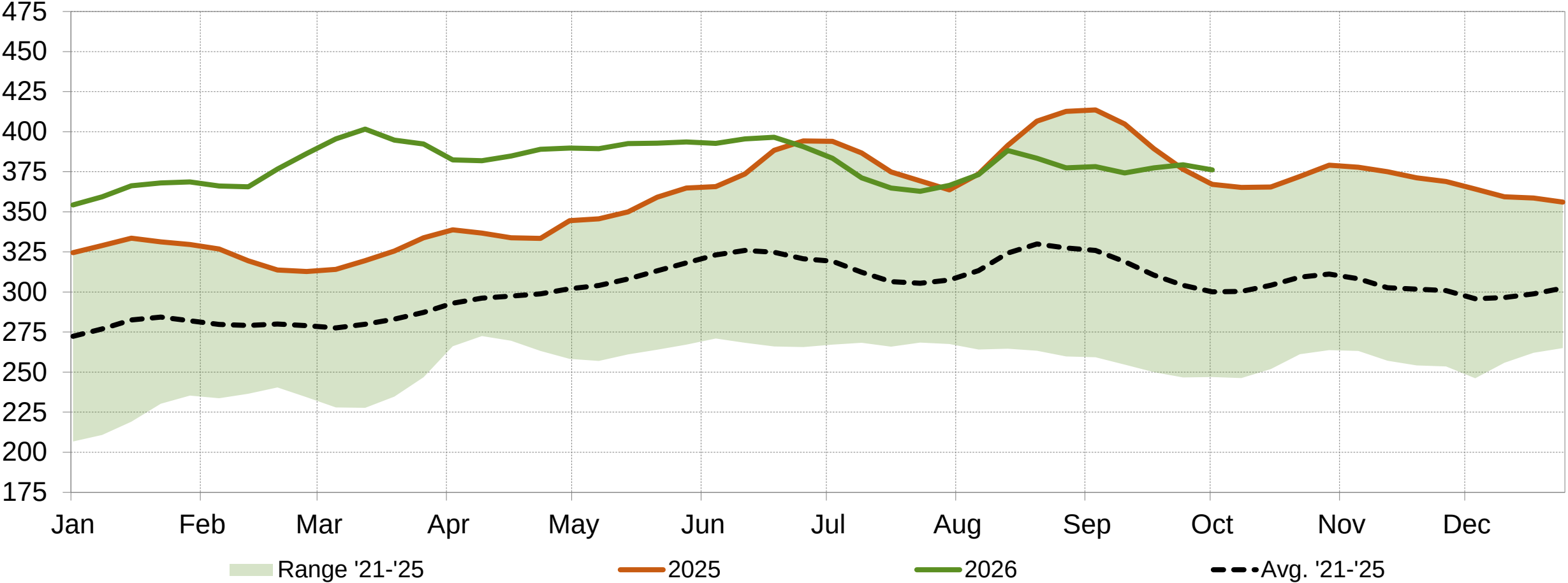
Choice Boxed Beef Cutout Value

Dollars per CWT

Yr/Yr = 0.7%

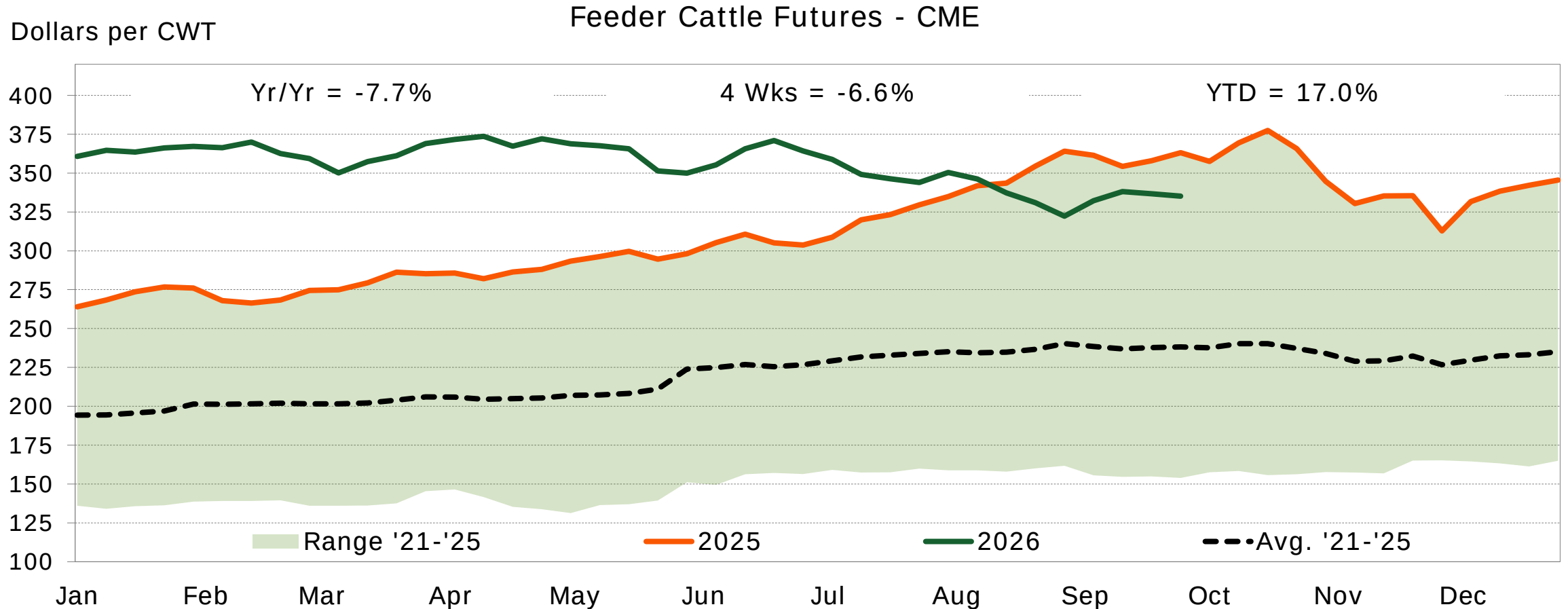
4 Wks. = -4.7%

YTD = 6.8%



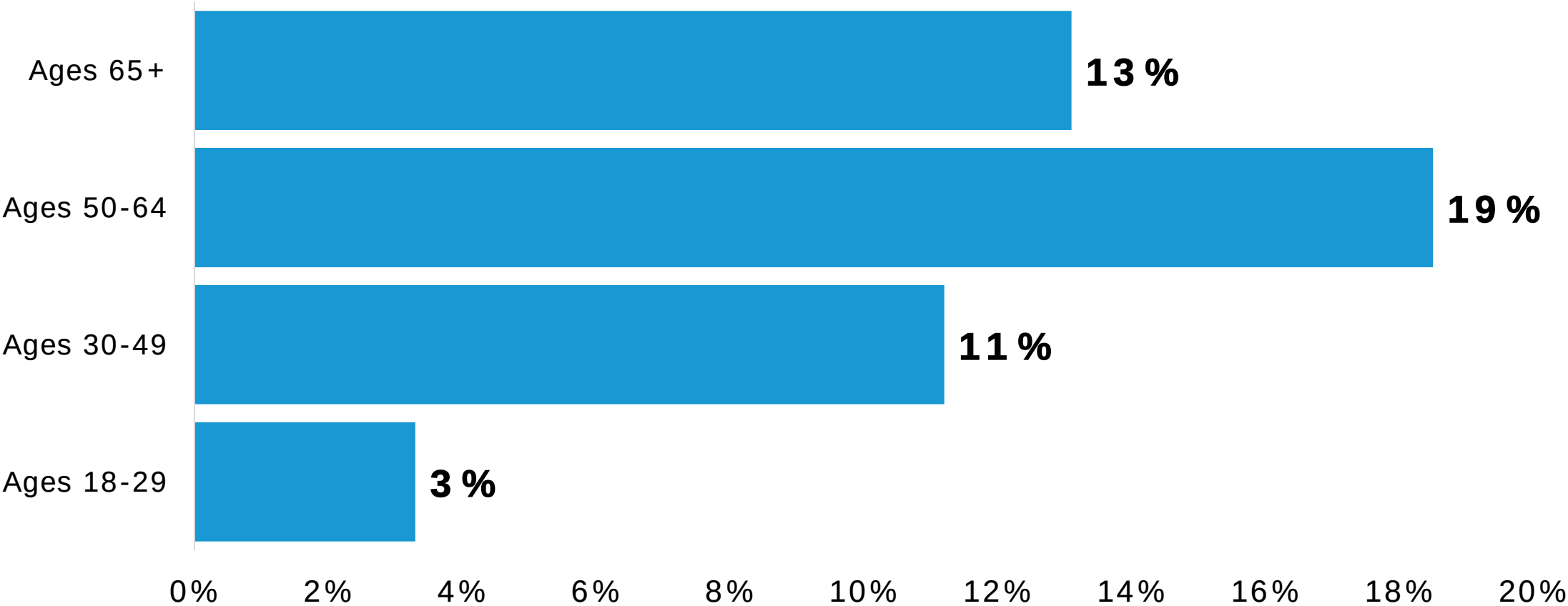
Feeder and Live Cattle Dip Below Year Ago!

Expect Q4 \$230-\$235/cwt live cattle, \$350 to \$370/cwt Feeder Cattle and \$465 to \$480/cwt 450 lb OKC Calves



GLP-1 Adoption Among Americans Is Striking

Percentage of U.S. Adults Reporting GLP-1 Agonist Use, 2025



GLP-1 Use Will Continue To Change Food Consumption

720-990

Approximated decline in calories for GLP-1 users

5.3 %

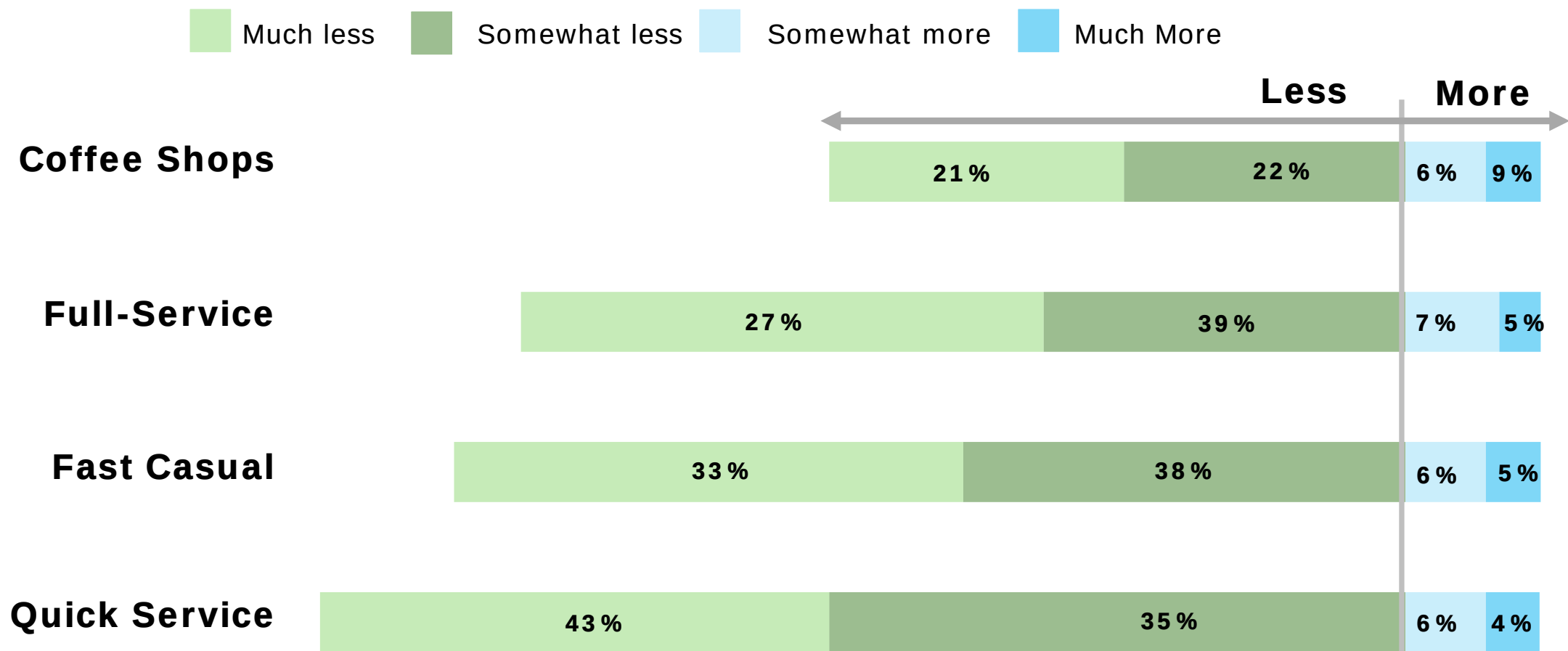
Average decline in grocery spending six months after adoption

8 %

Average decline of food away spending six months after adoption

Food “Experiences” Will Start To Adjust As Well

Reported change in how often people visit the following restaurants after taking GLP-1



Foodservice May Feel it First; Retail May Prove More Resilient



Foodservice Exposure

- Larger portions
- Combo meals and add-ons
- QSR and casual dining traffic
- Steakhouse ounces per customer

Retail Resilience

- Portion control at home
- Leftovers and meal prep
- Smaller premium cuts
- Ground beef flexibility

Carcass value watch: cuts tied heavily to restaurants may face more pressure than ground beef, sirloin, chuck, meal-prep cuts, and value-added retail products.



Let's Stay in Touch



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