



NEWS RELEASE

CoBank Releases Report on Protein Supply

Record Meat Production, Increased Imports Could Cause Price Erosion

DENVER (September 09, 2015) — Record meat production in the United States and a swing in the international net trade balance are signaling a change in protein supply that could cause an erosion in meat prices for years to come according to a new report from CoBank's Knowledge Exchange Division.

The report titled, "U.S. Protein Supply Heading Higher in 2015-16," looks at the aggressive expansion in production levels of beef, pork and chicken in 2015. Sparked by profitability in 2014, total red meat and poultry production in the U.S. is forecasted at 95 billion pounds in 2015, which is an all-time high.

"This abundance of supply will be reflected in an erosion of meat prices over the next two years," said Trevor Amen, an economist in CoBank's Knowledge Exchange Division and author of the report. "Production levels are forecasted to continue to expand, albeit at a slower pace in 2016 as margins contract."

Beef per capita supplies are expected to be flat in 2015 as today's herd rebuilding efforts promise to bring sizeable increased output in the future, but most likely not until 2017 and beyond. Pork and broilers are expected to each contribute nearly 6 percent growth rates in per capita supplies in 2015 as both industries are recovering well from productivity issues faced in 2014.

Amen noted that the outlook for U.S. meat production growth remains positive, but several factors are combining to dampen the robust growth rates the industry is experiencing in mid-2015 including a stronger dollar which is encouraging imports and hindering exports to the international market. As the economic incentive shrinks to grow supplies as prices adjust downward, industry participants will need to adjust production plans accordingly as they seek to find supply and demand equilibrium.

"The U.S. animal protein industries must remain focused on disciplined supply growth, while increasing global demand for U.S. products and improving market access along the way," Amen said. "The production to export ratio will be an important factor to watch as the beef, pork and chicken industries continue the expansion phase."

CoBank's Knowledge Exchange Division is a knowledge-sharing practice that provides strategic insights regarding the key industries served by CoBank. Knowledge Exchange draws upon the internal expertise of CoBank, deep knowledge within the Farm Credit System and boots-on-the-ground intelligence from customers and other stakeholders to enhance the collective understanding of emerging business opportunities and risks.

A full copy of the report is available to the media upon request.

About CoBank

CoBank is a \$107 billion cooperative bank serving vital industries across rural America. The bank provides loans, leases, export financing and other financial services to agribusinesses and rural power, water and communications providers in all 50 states. The bank also provides wholesale loans and other financial services to affiliated Farm Credit associations serving more than 75,000 farmers, ranchers and other rural borrowers in 23 states around the country.

CoBank is a member of the Farm Credit System, a nationwide network of banks and retail lending associations chartered to support the borrowing needs of U.S. agriculture and the nation's rural economy. Headquartered outside Denver, Colorado, CoBank serves customers from regional banking centers across the U.S. and also maintains an international representative office in Singapore.

For more information about CoBank, visit the bank's web site at www.cobank.com.

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