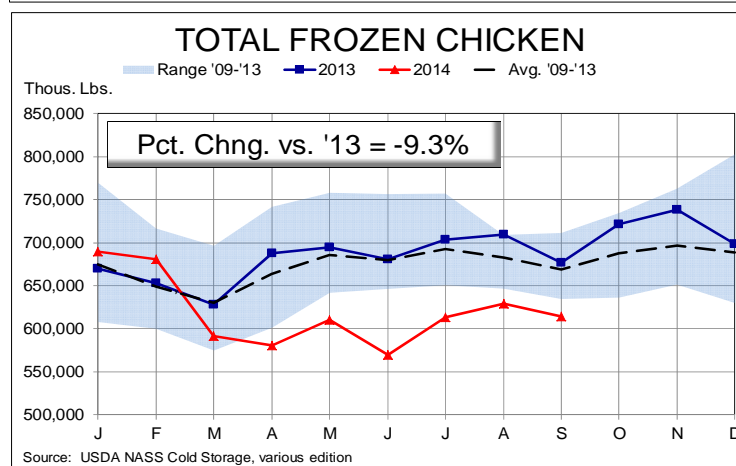
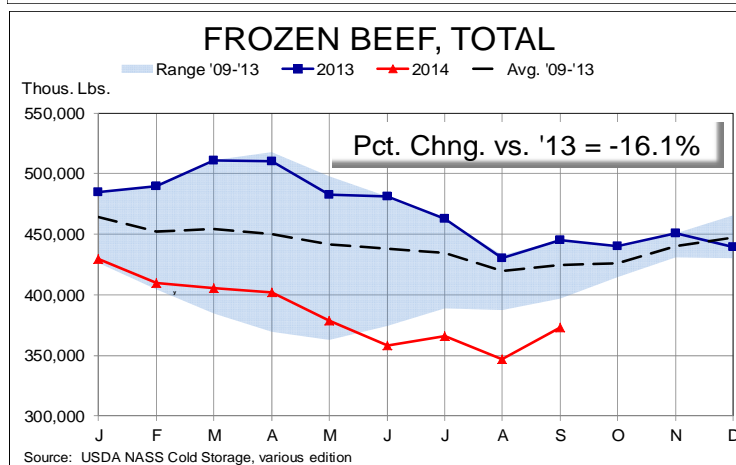
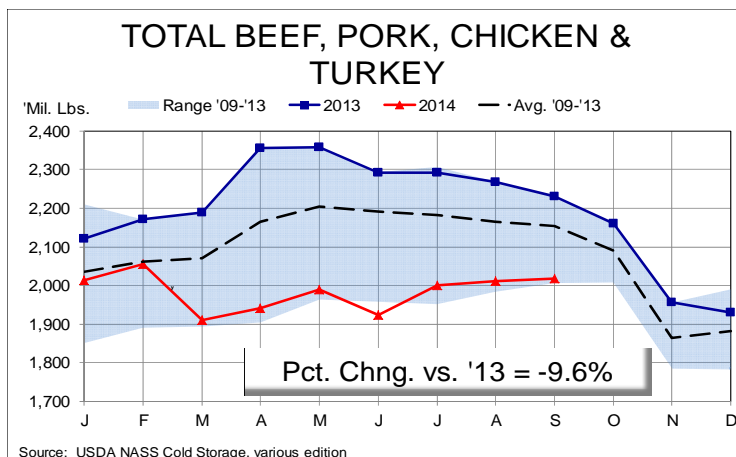


Stocks of frozen meat and poultry in U.S. cold storage warehouses remained constant during September and finished the month 8.8% lower than one year ago. That is the bottom line takeaway from yesterday's Cold Storage report from USDA. Data for all meat and poultry items in the report appear in the table on page 2. Some highlights are:

- The total inventory of the four major species, at 2.017 billion pounds, remains very near its lowest level of the past 5 years. Interestingly, the levels that represent the bottom of the blue 5-year range area in the chart at right were set in 2010, two years after the first big run-up in corn prices in the 2007-2008 crop year. That increase, of course, was fueled by the growth in ethanol output and the pressure it put on corn supplies. This year's low inventories are two years after the drought-induced surge of corn prices in the 2012-2013 crop year. The two low-points for frozen inventories are indicative of the time lags that occur in these cost shocks. Their impacts on meat and poultry supplies — and inventories — comes well after the fact, masking the impact of the cost shock on consumer costs for meat and poultry.
- The tightness of frozen meat and poultry stocks is being driven primarily by beef and chicken. As can be seen at right, both have been at their lowest levels of the past 5 years for several months now.
- Beef inventories grew by 7.7% in September but remained 16% lower than one year ago. Lower boneless beef supplies were the major reason, of course, since they account for nearly 90% of all beef in freezers but the stock of beef cuts fell by 3.9 million pounds or about 9% as well in September.
- Chicken inventories were down by 2.3% in September but are now 9.3% lower than last year. Leg quarters, wings and "other" chicken were the big contributors to both the monthly and year-on-year declines while the stock of breasts and breast meat were up 3.2% from August 30 and 27.1% from one year ago. "Leg product" stocks which include quarters, legs, thighs and thigh meat were 5% lower than one month ago and just over 15% lower than last year on September 30. We expect those to grow in coming months due to the Russian embargo on U.S. products.
- While beef and chicken stocks are well below their 5-year lows, turkey is right at its low for that period. Turkey stocks usually peak in August or September and this year's peak will be the lowest in our cold storage data set that dates to 1993. Part of that is the current cyclical reduction in turkey output but a more important part is the smaller and smaller dependence of the industry on holiday whole bird sales that are the main driver of seasonal storage increases.
- September 30 pork inventories were unchanged from August and 4% lower than one year ago. Bellies stocks remain 44% larger than one year ago but remember that they were up 136%, yr/yr, last month. The biggest contributor to the year-on-year reduction of pork stocks was hams, whose September 30 stocks of 194.08 million pounds were 12.4% (27.556 million pounds!) lower than last year. The total was 8.1% higher than on August 31 but the holidays are coming!!



The Daily Livestock Report is made possible with support from readers like you. If you enjoy this report, find it valuable and would like to sustain it going forward, consider becoming a contributor. Just go to www.DailyLivestockReport.com to contribute by credit card or send your check to The Daily Livestock Report, P.O. Box 2, Adel, IA 50003.

Thank you for your support!

The Daily Livestock Report is published by Steve Meyer & Len Steiner, Inc., Adel, IA and Merrimack, NH. To subscribe, support or unsubscribe visit www.dailylivestockreport.com. Copyright © 2014 Steve Meyer and Len Steiner, Inc. All rights reserved.

The Daily Livestock Report is not owned, controlled, endorsed or sold by CME Group Inc. or its affiliates and CME Group Inc. and its affiliates disclaim any and all responsibility for the information contained herein. CME Group, CME and the Globe logo are trademarks of Chicago Mercantile Exchange, Inc.

Disclaimer: The Daily Livestock Report is intended solely for information purposes and is not to be construed, under any circumstances, by implication or otherwise, as an offer to sell or a solicitation to buy or trade any commodities or securities whatsoever. Information is obtained from sources believed to be reliable, but is in no way guaranteed. No guarantee of any kind is implied or possible where projections of future conditions are attempted. Futures trading is not suitable for all investors, and involves the risk of loss. Past results are no indication of future performance. Futures are a leveraged investment, and because only a percentage of a contract's value is required to trade, it is possible to lose more than the amount of money initially deposited for a futures position. Therefore, traders should only use funds that they can afford to lose without affecting their lifestyle. And only a portion of those funds should be devoted to any one trade because a trader cannot expect to profit on every trade.

USDA Cold Storage Report

October 22, 2014

Product	Quantity in All Warehouses			Current as pct. of:	
	9/30/13	8/31/14	9/30/14	9/30/13	8/31/14
Chicken	----- Thous. Lbs. -----				
Whole Chickens	23244	12,603	11,092	47.7	88.0
Hens, Mature Chickens	3155	6,946	6,934	219.8	99.8
Breasts & Breast Meat	89739	110,520	114,033	127.1	103.2
Drumsticks	17919	18,030	17,445	97.4	96.8
Leg Quarters	153233	127,116	118,616	77.4	93.3
Legs	7214	11,327	11,859	164.4	104.7
Thigh & Thigh Quarters	6200	8,115	8,434	136.0	103.9
Thigh Meat	15796	20,390	16,970	107.4	83.2
Wings	90926	63,781	62,014	68.2	97.2
Paws and Feet	23130	25,228	25,356	109.6	100.5
Other	246364	224,563	221,537	89.9	98.7
Total Chicken	676,920	628,619	614,290	90.7	97.7
Turkey					
Whole Turkeys	325,341	300,784	297,223	91.4	98.8
Toms (Whole)	188,007	136,686	141,964	75.5	103.9
Hens (Whole)	137,334	164,098	155,259	113.1	94.6
Breasts	64,925	50,394	48,599	74.9	96.4
Legs	13,330	9,350	7,309	54.8	78.2
Mech. Deboned Turkey	6,011	6,261	6,107	101.6	97.5
Other Turkey	32,853	27,545	25,134	76.5	91.2
Unclassified	98,723	100,456	100,175	101.5	99.7
Total Turkey	541,183	494,790	484,547	89.5	97.9
Ducks	2,027	2,588	2,887	142.4	111.6
Total Poultry	1,220,130	1,125,997	1,101,724	90.3	97.8
Frozen Pork					
Picnics, Bone-in	13,115	8,505	10,313	78.6	121.3
Hams, Total	221,633	179,483	194,077	87.6	108.1
Bone-in	121,270	86,106	96,916	79.9	112.6
Boneless 3/	100,363	93,377	97,161	96.8	104.1
Bellies	23,491	45,562	33,811	143.9	74.2
Loins, Total	23,662	20,913	20,234	85.5	96.8
Bone-in	7,510	6,859	7,508	100.0	109.5
Boneless 4/	16,152	14,054	12,726	78.8	90.6
Ribs 5/	56,107	49,621	50,872	90.7	102.5
Butts	17,756	23,778	20,942	117.9	88.1
Trimmings 6/	38,273	40,440	34,974	91.4	86.5
Other 7/	92,479	90,271	90,627	98.0	100.4
Variety Meats 8/	27,971	33,587	34,524	123.4	102.8
Unclassified 9/	53,340	51,506	54,624	102.4	106.1
Total Pork	567,827	543,666	544,998	96.0	100.2
Frozen Beef					
Boneless 1/	401,443	308,350	333,531	83.1	108.2
Beef Cuts 2/	43,716	38,206	39,813	91.1	104.2
Total Beef	445,159	346,556	373,344	83.9	107.7
Other Meat					
Veal	4,571	3,581	2,326	50.9	65.0
Lamb & Mutton	23,444	40,157	39,693	169.3	98.8
Total Other Meat	28,015	43,738	42,019	150.0	96.1
Total Meat	1,041,001	933,960	960,361	92.3	102.8
Total Meat & Poultry	2,261,131	2,059,957	2,062,085	91.2	100.1