CME Group
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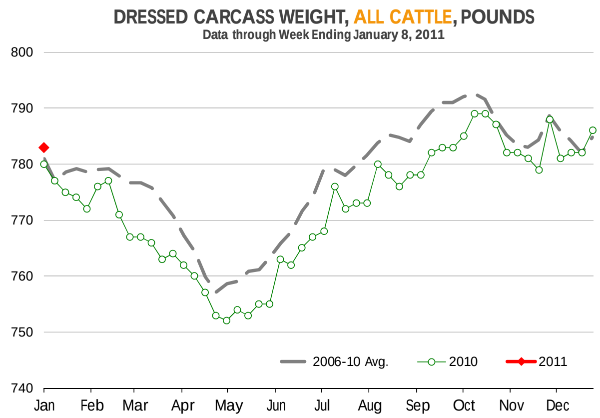
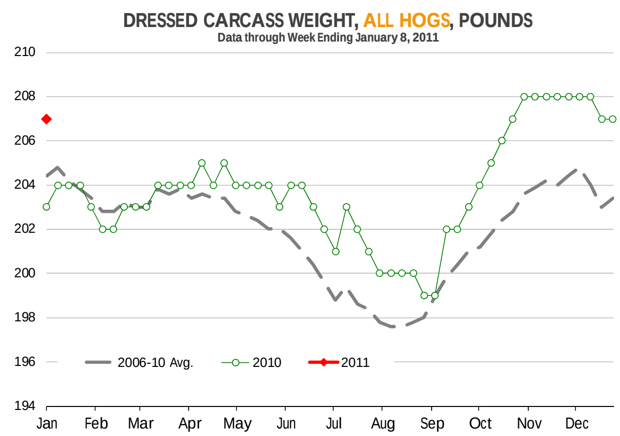
Daily Livestock Report

Vol. 9, No. 6 / January 10, 2011

Market Comments





The table on page 2 has been updated with the latest weekly production data for the four main species and you will note a few inconsistencies that are always the case at the start of the new year. The year to date slaughter and production comparisons are skewed by the fact that last year's data included a few more production days, hence the current 8.7% decline in cattle slaughter and 6% decline in hog slaughter. As the weeks progress, this discrepancy will be come increasingly less relevant but for now keep it in mind when looking at the year to date info. The table includes a year to date number for broiler and turkey slaughter and production. However, the poultry data is reported with a one week lag, and as a result the year to data supply info still references 2010 (week ending January 1).

Cattle slaughter for the week ending January 8 shows a 1.2% decline compared to a year ago. The reduction was due to fewer steers and heifers coming to market while cow slaughter remains above year ago levels. Based on the daily slaughter reports, cow slaughter for the week was estimated at 140,000 head, about 2% higher than the comparable week a year ago. Grinding beef prices have increased significantly in recent weeks, in part reflecting the lack of imported beef supplies but also better demand going into January and February. This has contributed to a significant appreciation in cow carcass values and, for the moment, producers are responding by bringing more animals to market. Weather reports forecasts significant snow and ice across much of the Southeast in the next few days and this will tend to slow cow marketings, further exacerbating the shortage of grinding beef. Imports remain especially tight with flooding in Australia further limiting shipments to the US market. Some US importers are finding it difficult to fill orders they put on the books last year and imported beef deliveries will likely be delayed for weeks, if not months.

Hog slaughter for the week was pegged at 2.189 million head, 4.38% higher than a year ago. And with heavier hogs coming to market, total production for the week topped 453 million pounds, a 6.2% increase from a year ago. Despite both more hogs and larger hogs coming to market, prices remain well above year ago levels, indicating that for the moment pork demand remains robust. The IA/MN lean hog carcass price was quoted this week at $70.89/cwt, 7.4% higher than a year ago. The pork cutout rose 1.22% from the previous week and it currently is 12.6% higher than last year.

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PRODUCTION & PRICE SUMMARY

Week Ending 1/8/2011

	Item	Units	Last Week	Prior Week	Pct. Change	Last Year	Pct. Change	2011 YTD	Y/Y % Change
			8-Jan-11	1-Jan-11		9-Jan-10			
	FI Slaughter	Thou. Head	639	569	12.30%	647	-1.20%	639	-8.7%
	FI Cow Slaughter **	Thou. Head	109	136	-19.44%	94	16.73%	6,416	4.9%
C	Avg. Live Weight	Lbs.	1307	1305	0.15%	1295	0.93%	1,307	0.8%
A	Avg. Dressed Weight	Lbs.	783	782	0.13%	777	0.77%	783	0.6%
T	Beef Production	Million Lbs.	498.6	443.1	12.53%	500.9	-0.46%	499	-8.0%
T	Live Fed Steer Price	$ per cwt	105.45	106.28	-0.78%	84.82	24.32%		
L	Dressed Fed Steer Price	$ per cwt	168.13	169.15	-0.60%	136.74	22.96%		
E	OKC Feeder Steer Price	619-700 Lbs.	N/A	N/A	N/A	95.97	N/A		
	Beef Cutout Value	619-900 Ch.	165.81	161.90	2.42%	140.23	18.24%		
	Hide/Offal	$/cwt	12.42	12.39	0.24%	9.31	33.40%		
	FI Slaughter	Thou. Head	2,189	1,933	13.24%	2,097	4.38%	2,189	-6.0%
	FI Sow Slaughter **	Thou. Head	48.7	59.1	-17.53%	43.7	11.48%	2,964	-8.4%
H	Avg. Dressed Weight	Lbs.	207.0	208.0	-0.48%	204.0	1.47%	207	1.7%
O	Pork Production	Million Lbs.	453.2	401.4	12.90%	426.8	6.19%	453	-3.5%
G	Iowa-S. Minn. Direct	Wtd. Avg.	70.80	71.37	-0.80%	65.93	7.39%		
S	Natl. Base Carcass Price	Wtd. Avg.	70.93	69.52	2.03%	63.45	11.79%		
	Natl. Net Carcass Price	Wtd. Avg.	72.94	71.57	1.91%	65.79	10.87%		
	Pork Cutout	185 Lbs.	77.99	77.05	1.22%	69.29	12.56%	2010 YTD ***	
C	Young Chicken Slaughter *	Million Head	131.4	134.7	-2.47%	129.9	1.18%	8,335	2.7%
H	Avg. Weight	Lbs.	5.74	5.71	0.53%	5.62	2.14%	5.62	1.5%
I	Chicken Production	Million Lbs.	754.2	769.3	-1.95%	729.9	3.34%	46,800	4.3%
C	Eggs Set	Million	203.4	204.6	-0.62%	202.7	0.34%	10,882	5269.0%
K	Chicks Placed	Million Head	168.7	168.0	0.45%	169.3	-0.33%	8,966	5195.8%
E	12-City Broiler Price	Composite	77.26	77.07	0.25%	80.47	-3.99%		
N	Georgia Dock Broiler Price	2.5-3 Lbs.	84.94	84.55	0.46%	82.24	3.28%		
T	Young Turkey Slaughter *	Million Head	3.452	3.462	-0.29%	3.194	8.08%	232.047	-1.5%
U	Avg. Weight	Lbs.	30.88	30.1	2.59%	30.6	0.92%	29.32	1.1%
R	Turkey Production	Million Lbs.	106.6	104.2	2.30%	97.7	9.07%	6,803	-0.4%
K	Eastern Region Hen Price	8-16 Lbs.	85.50	87.00	-1.72%	73.50	16.33%		
G	Corn, Omaha	$ per Bushel	5.68	5.90	-3.73%	3.99	42.36%		
R	DDGs, Minnesota	$ per Ton	168.50	164.00	2.74%	99.00	70.20%		
A	Wheat, Kansas City	$ per Bushel	7.71	7.67	0.52%	4.94	56.07%		
I	Soybeans, S. Iowa	$ per Bushel	13.64	13.62	0.15%	10.25	33.07%		
N	Soybn Meal, 48% Decatur	$ per Ton	365.10	368.40	-0.90%	326.50	11.82%		

* Chicken & turkey slaughter & production are 1 week earlier than the date at the top of this sheet.

** Cow and sow slaughter reflect levels from two weeks ago due to reporting lag.

***** Please note that due to the reporting lag, the YTD data for poultry items is for 2010.**