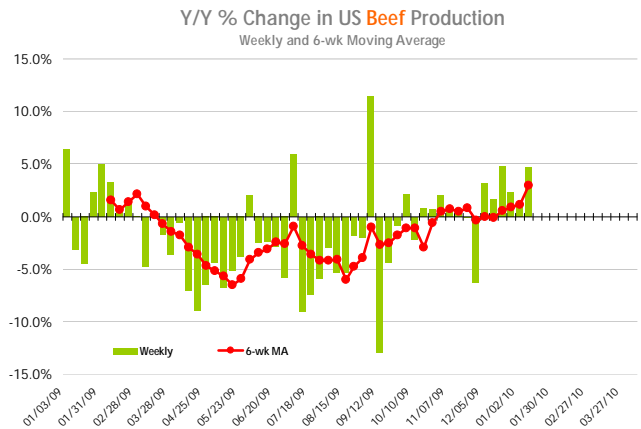
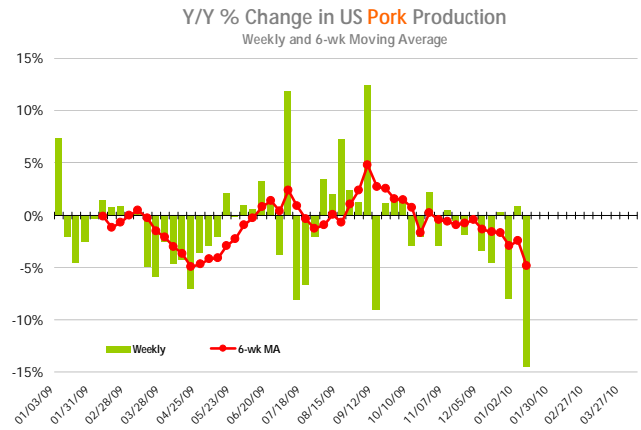


Daily Livestock Report

Vol. 8, No. 6/ January 11, 2010

Market Comments

Live and feeder cattle futures closed the week steady to lower on Friday while **hog futures continued to climb on the back of strong pork cutout values**. The pork cutout for the week closed at \$69.29/cwt, \$1.56/cwt or 2.3% higher than the previous week and the cutout is currently almost 20% higher than a year ago. Difficult weather conditions, higher pork prices and reports of strong export demand all combined to push hog carcass prices notably higher last week. The weekly IA/MN hog carcass price was quoted at \$66.01/cwt, up \$3.97/cwt or 6.4% from the previous week. Back to back storms in major hog producing and processing areas have reduced overall pork supplies (see chart) and packers have been scrambling to maintain operations and fill orders. In addition, we continue to see reports that export ham business remains in good shape and ham values have bounced back to some pretty lofty levels for this time of year. While the current situation in the hog complex remains quite bullish, one can find plenty of ammunition for both bulls and bears going forward. Those that hold **a more bullish view** of the hog market likely will point to the demand side of the equation and note that strong domestic and export pork sales will help the pork complex maintain the current momentum. Hog imports from Canada also are relatively light and a weak US currency means increased competitiveness in world markets. On this last point, the value of the US dollar dropped sharply vs. the Euro in early Monday trading. While early strong US economic reports had boosted the dollar on expectations that the FED might signal a change in its stance on interest rates, the recent US unemployment report dashed the recent dollar rally. Those that hold **a more bearish view** of the pork market likely will point to the fact that a good portion of the current rally is tied to weather and the surge in prices reflects tight spot supply conditions rather than an up-trend in demand. Current slaughter rates are well below what was indicated in the latest hogs and pigs report and eventually those hogs will have to come to market. When that happens, it will be a clear test of how good pork demand really is. Also, there are plenty of question marks with regard to restrictions on US beef, pork and poultry in some export markets, which again could temper the pace of US pork export sales. As for beef supplies, they actually have been trending higher in recent weeks, mostly due to larger supplies of beef and dairy cows coming to market. **See page 2 for a complete summary of the production and price statistics for the previous week.**



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PRODUCTION & PRICE SUMMARY

		Week Ending					1/9/2010		
Item	Units	Last Week	Prior Week	Pct. Change	Last Year	Pct. Change	2010 YTD	Y/Y % Change	
		9-Jan-10	2-Jan-10		10-Jan-09				
	FI Slaughter	Thou. Head	637	526	21.10%	609	4.60%	690	-11.1%
	FI Cow Slaughter **	Thou. Head	94	124	-24.49%	78	20.26%	n/a	
C	Avg. Live Weight	Lbs.	1288	1292	-0.31%	1306	-1.38%	1,290	-1.4%
A	Avg. Dressed Weight	Lbs.	779	782	-0.38%	779	0.00%	781	-0.4%
T	Beef Production	Million Lbs.	494.7	410.2	20.60%	472.6	4.68%	536	-11.2%
T	Live Fed Steer Price	\$ per cwt	84.17	84.12	0.06%	83.75	0.50%		
L	Dressed Fed Steer Price	\$ per cwt	136.47	135.21	0.93%	133.53	2.20%		
E	OKC Feeder Steer Price	619-700 Lbs.	97.00	96.04	0.99%	97.58	-0.59%		
	Beef Cutout Value	619-900 Ch.	140.23	139.06	0.84%	144.50	-2.96%		
	Hide/Offal	\$/cwt	9.31	9.54	-2.41%	6.34	46.85%		
	FI Slaughter	Thou. Head	2,081	1,926	8.05%	2,388	-12.85%	2,329	-23.5%
	FI Sow Slaughter **	Thou. Head	43.7	64.4	-32.09%	36.5	19.74%	n/a	
H	Avg. Dressed Weight	Lbs.	202.0	203.0	-0.49%	205.0	-1.46%	203	-1.0%
O	Pork Production	Million Lbs.	419.1	390.4	7.35%	490.2	-14.50%	469	-24.8%
S	Iowa-S. Minn. Direct	Wtd. Avg.	66.01	62.04	6.40%	54.82	20.41%		
G	Natl. Base Carcass Price	Wtd. Avg.	63.09	60.77	3.82%	55.20	14.29%		
	Natl. Net Carcass Price	Wtd. Avg.	65.46	63.03	3.86%	57.20	14.44%		
	Pork Cutout	185 Lbs.	69.29	67.73	2.30%	57.84	19.80%		
C	Young Chicken Slaughter *	Million Head	129.9	115.3	12.67%	127.5	1.83%	8,117	-3.2%
H	Avg. Weight	Lbs.	5.62	5.45	3.12%	5.54	1.44%	5.53	-0.2%
I	Chicken Production	Million Lbs.	729.9	628.2	16.18%	706.5	3.31%	44,889	-3.4%
C	Eggs Set	Million	202.6	204.0	-0.67%	202.8	-0.05%	203	-0.1%
K	Chicks Placed	Million Head	169.3	167.0	1.35%	168.6	0.42%	169	0.4%
E	12-City Broiler Price	Composite	80.47	78.25	2.84%	82.51	-2.47%		
N	Georgia Dock Broiler Price	2.5-3 Lbs.	82.24	81.63	0.75%	86.61	-5.05%		
T	Young Turkey Slaughter *	Million Head	3.194	2.859	11.72%	3.156	1.20%	236	-5.3%
U	Avg. Weight	Lbs.	30.60	30.5	0.33%	31.6	-3.16%	28.99	-8.3%
R	Turkey Production	Million Lbs.	97.7	87.2	12.08%	99.7	-2.00%	6,832	-13.1%
K	Eastern Region Hen Price	8-16 Lbs.	77.30	78.38	-1.38%	71.60	7.96%		
G	Corn, Omaha	\$ per Bushel	3.99	3.90	2.31%	3.95	1.01%		
R	DDGs, Minnesota	\$ per Ton	99.00	102.50	-3.41%	122.50	-19.18%		
A	Wheat, Kansas City	\$ per Bushel	4.94	4.68	5.56%	6.11	-19.15%		
I	Soybeans, S. Iowa	\$ per Bushel	9.72	9.92	-2.02%	9.94	-2.21%		
N	Soybn Meal, 48% Decatur	\$ per Ton	326.50	336.40	-2.94%	297.80	9.64%		

* 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.

Note: Due to reporting lag, YTD data for Broilers and Turkeys refers to 2009