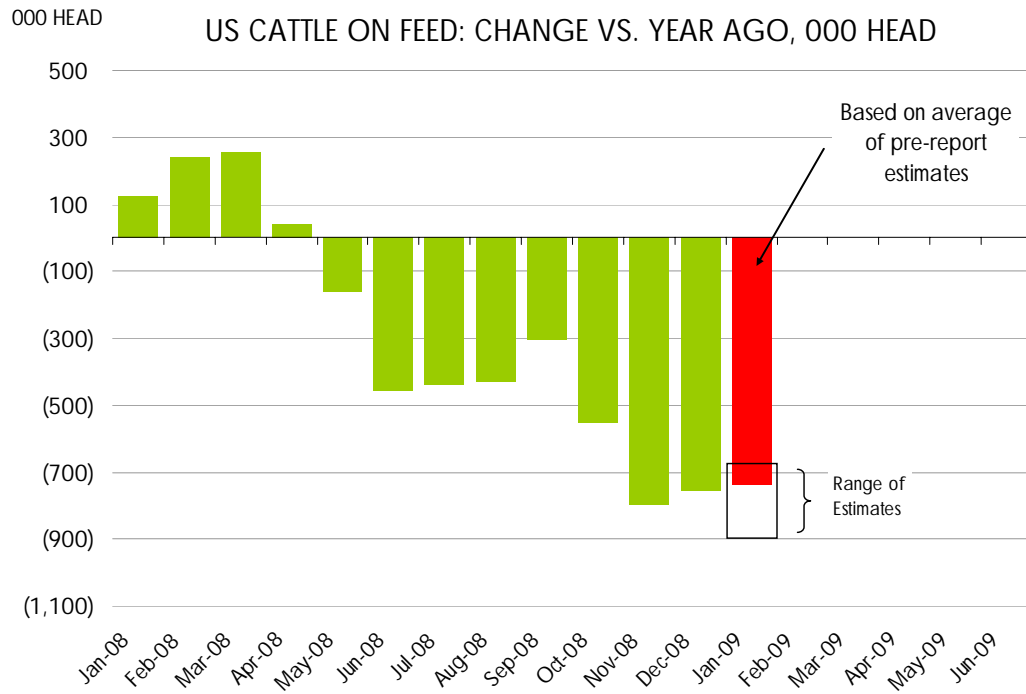


Daily Livestock Report



Please feel free to forward the Daily Livestock Report to others who you think will benefit from having this information. The DLR is published daily by **Steve Meyer and Steiner Consulting Group**, and distributed courtesy of Chicago Mercantile Exchange, Inc. You can **subscribe for free** by going to www.dailylivestockreport.com/subscribe.asp. To submit a comment or suggestion, please send an e-mail to: feed-back@dailylivestockreport.com. To unsubscribe from the DLR newsletter, go to www.dailylivestockreport.com/unsubscribe.asp.

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.

<u>E-Livestock Volume</u>	<u>21-Jan</u>	<u>20-Jan</u>	<u>14-Jan</u>
LE (E-Live Cattle):	14,332	13,631	24,009
GF (E-Feeder Cattle):	1,808	992	727
HE (E-Lean Hogs):	10,941	12,046	22,488

Market Comments

USDA will released on Friday, January 23, the results of its monthly survey of feedlots that had over 1000 head of cattle on feed as of January 1, 2009. Below is a summary of pre-report estimates from a survey of analysts conducted by Dow Jones (numbers are percent of year ago levels):

	Average	Range
On Feed January 1	93.9	93.4 - 94.5
Marketed in December	100.1	96.0 - 104.1
Placed on feed in December	99.3	96.0 - 102.1

As the numbers above show, there is broad agreement that feedlot supplies remain notably below year ago levels. However, as always seems to be the case, there are very divergent views as to how aggressive feedlots were in placing more cattle on feed. The average of pre-report estimates points to only a slight decline in placements in December. Indeed, looking at the survey data, only one of the analysts polled expected placements to be down as much as 4%, with most expecting only slight declines and two analysts expecting placements to be up around 4%. One can make an argument that lower feed costs and the general improvement in futures prices for summer cattle during December may have encouraged feedlots to place more cattle on feed. Indeed, July live cattle futures went from around \$80/cwt in early December to as high as \$86/cwt by the end of the month. Advancing cash feeder cattle prices also point to somewhat better demand for feeders in December. On the flip side, however, it was not only the price of out front live cattle that moved higher. Corn prices gained almost a full \$1 per bushel and out front feeder futures were also stronger. Moreover, there was plenty of lingering uncertainty about business conditions in the coming months and tight credit markets have made the feeding business even more difficult than it normally is. Feedlot operators tend to a pretty optimistic group but in this kind of economy, with big holes in every balance sheet, be this the regional bank down the road or the neighbor next door, one would not be surprised that feedlots continued to limit the number of cattle placed on feed in December. The survey of analysts also points to a surprising large disparity in marketing estimates, likely reflecting the quirks of holidays this year. Steer and heifer slaughter for the month was up 4.3% but some of those cattle were sold in November. If we lag the fed slaughter by two days, we come up with a 3.4% decline.