

Daily Livestock Report

Market Comments

Cold storage stocks continue to track well above year ago levels, in part a reflection of slowing export sales but also due to the hangover from the supply ramp up earlier in the year. The latest USDA cold storage numbers showed that as of December 31, 2008, combined beef, pork and poultry inventories in refrigerated warehouses were 2.193 billion pounds, 12.9% higher than a year ago and 13.8% higher than the five year average. Below are some of the details on the individual species, full details are included in page 2:

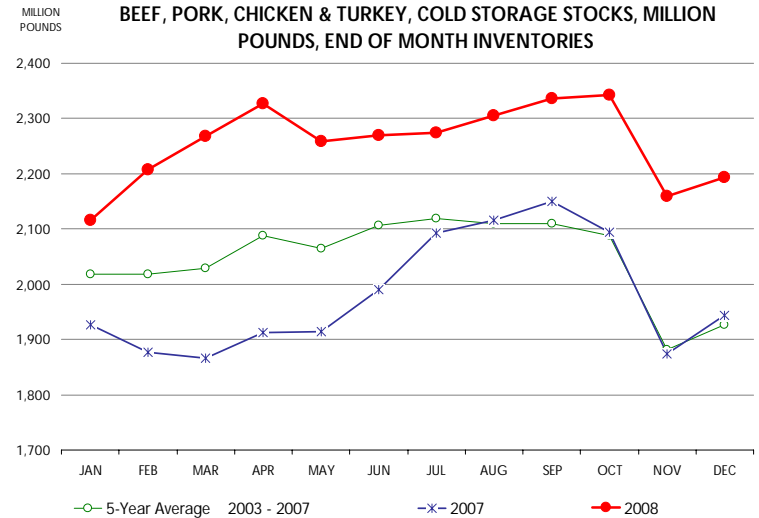
- **Beef.** Total beef stocks were 481.7 million pounds, just 0.2% lower than a year ago but 5.7% higher than the five year average. Boneless beef stocks, which include both domestic and imported beef products, were 404 million pounds, 1.5% lower than a year ago but 2.6% higher than a year ago.
- **Pork.** Total pork stocks at the end of the year were 549.0 million pounds, 19.7% higher than a year ago and 20.2% higher than the five year average. The surge in pork stocks was clearly disappointing as normally pork stocks at the end of December generally tend to be smaller than November levels. Even last year when total pork supplies in Q4 were at all time record levels, Dec 31 stocks still trended lower. We think this is another indication that pork exports have slowed down considerably, causing packers and exporters to back more product in freezers. Ham stocks were 63.3 million pounds, some 29.1% higher than a year ago and 49% higher than the five year average. Pork belly stocks were 51.7 million pounds, 5.6% lower than a year ago but 3.6% higher than the five year average. So far pork belly stocks remain in check but the belly futures market continues to be concerned with the significant slowdown in US domestic demand, especially foodservice demand. Inventories of pork trimmings at 65.5 million pounds were 21.3% higher than a year ago and 50.6% higher than the five year average.
- **Poultry.** Total broiler stocks were 741.2 million pounds, 3.1% higher than a year ago and 2% above the five year average. December broiler stocks declined sharply from the previous month, a result of the tightening chicken supplies. Total turkey stocks remain quite heavy and at 398.1 million pounds they are 52.8% higher than a year ago and 49.9% higher than the five year average.

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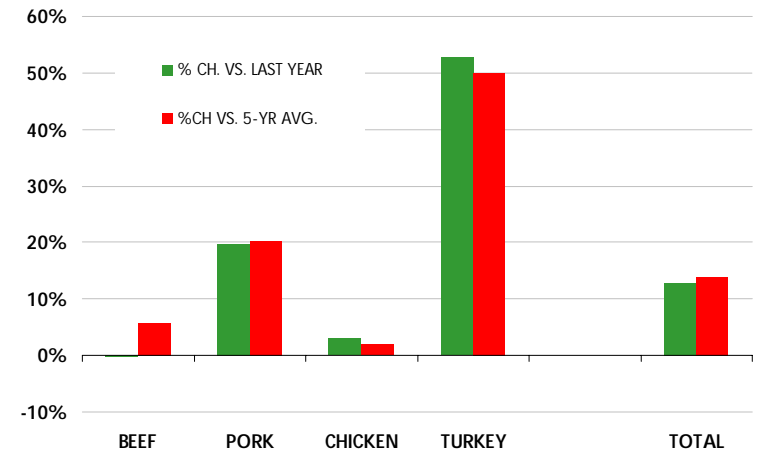
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E-Livestock Volume	22-Jan	21-Jan	15-Jan
LE (E-Live Cattle):	10,406	14,332	18,871
GF (E-Feeder Cattle):	762	1,808	1,047
HE (E-Lean Hogs):	8,591	10,941	12,912

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MEAT IN COLD STORAGE: AS OF DEC 31, 2008
% CHANGE VS. PREVIOUS MONTH AND YEAR AGO



USDA STOCKS IN COLD STORAGE REPORT

COMMODITY	Stocks in All Warehouses			Percent Of	
	31-Dec-07	30-Nov-08	31-Dec-08	Dec-07	Nov-08
	1,000 Pounds				
Frozen Pork					
<i>Picnics, Bone-In</i>	11,709	11,149	9,272	79	83
<i>Hams, Total</i>	48,999	90,805	63,280	129	70
<i>Bone-in</i>	21,606	55,616	27,659	128	50
<i>Boneless</i>	27,393	35,189	35,621	130	101
<i>Bellies</i>	54,746	33,490	51,700	94	154
<i>Loins, Total</i>	37,986	40,570	44,429	117	110
<i>Bone-in</i>	15,271	15,485	18,119	119	117
<i>Boneless</i>	22,715	25,085	26,310	116	105
<i>Ribs</i>	68,189	71,240	82,268	121	115
<i>Butts</i>	15,723	20,228	24,454	156	121
<i>Trimmings</i>	54,013	51,082	65,534	121	128
<i>Other</i>	101,062	97,291	106,387	105	109
<i>Variety Meats</i>	32,529	26,153	28,589	88	109
<i>Unclassified</i>	33,709	70,755	73,108	217	103
Total	458,665	512,763	549,021	120	107
Frozen Beef					
<i>Boneless</i>	409,933	395,761	403,961	99	102
<i>Beef Cuts</i>	72,576	79,165	77,780	107	98
Total	482,509	474,926	481,741	100	101
Other					
<i>Veal</i>	7,464	7,923	9,374	126	118
<i>Lamb & Mutton</i>	12,918	21,659	21,001	163	97
Total	20,382	29,582	30,375	149	103
Total Red Meat	961,556	1,017,271	1,061,137	110	104
Chicken					
<i>Broilers (Whole)</i>	18,843	24,584	26,880	143	109
<i>Hens</i>	2,247	4,736	3,867	172	82
<i>Other Chicken</i>	720,055	781,780	733,227	102	94
Total	741,145	811,100	763,974	103	94
Turkey					
<i>Whole Turkeys</i>	75,626	131,406	139,034	184	106
<i>Other Turkeys</i>	184,968	228,973	259,060	140	113
Total	260,594	360,379	398,094	153	110
<i>Ducks</i>	5,521	1,951	1,991	36	102
Total Poultry	1,007,260	1,173,430	1,164,059	116	99