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CME Group
A CME/Chicago Board of Trade Company

Daily Livestock Report

E-Livestock Volume	23-Jan	22-Jan	16-Jan
LE (E-Live Cattle):	11,383	10,406	10,001
GF (E-Feeder Cattle):	735	762	499
HE (E-Lean Hogs):	10,121	8,591	11,088

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PRODUCTION & PRICE SUMMARY

Week Ending 1/24/2009

	Item	Units	Last Week	Prior Week	Pct. Change	Last Year	Pct. Change	2008 & 2009 YTD	Y/Y % Change
			24-Jan-09	17-Jan-09		26-Jan-08			
	FI Slaughter	Thou. Head	632	608	3.95%	636	-0.58%	2,008.0	-14.6%
	FI Cow Slaughter **	Thou. Head	136	99	37.88%	131	3.86%	234.7	2.2%
C	Avg. Live Weight	Lbs.	1,308	1,310	-0.15%	1,290	1.40%	1,308.5	1.1%
A	Avg. Dressed Weight	Lbs.	785	786	-0.13%	777	1.03%	784.5	1.2%
T	Beef Production	Million Lbs.	494.1	476.2	3.76%	491.9	0.45%	1,574.2	-13.2%
T	Live Fed Steer Price	$ per cwt	83.97	86.08	-2.45%	91.40	-8.13%		
L	Georgia Feeder Steer Price	600-700 Lbs.	80.77	NQ	N/A	93.84	-13.93%		
E	Beef Cutout Value	600-900 Ch.	144.50	143.49	0.70%	149.24	-3.18%		
	Hide/Offal	$/cwt	6.34	6.35	-0.16%	9.89	-35.89%		
	FI Slaughter	Thou. Head	2,236	2,317	-3.50%	2,297	-2.66%	7,595.0	-13.4%
	FI Sow Slaughter **	Thou. Head	71.2	47.8	48.80%	68.7	3.71%	119.0	1.8%
H	Avg. Dressed Weight	Lbs.	204.0	203.0	0.49%	204.0	0.00%	204.0	-0.6%
O	Pork Production	Million Lbs.	455.4	469	-2.90%	468.3	-2.75%	1,548.1	-13.9%
G	Iowa-S. Minn. Direct	Wtd. Avg.	54.52	50.38	8.22%	46.97	16.07%		
S	Natl. Base Carcass Price	Wtd. Avg.	54.79	54.11	1.26%	50.51	8.47%		
	Natl. Net Carcass Price	Wtd. Avg.	56.82	56.17	1.16%	52.35	8.54%		
	Pork Cutout	185 Lbs.	57.84	54.85	5.45%	56.19	2.94%		
C	Young Chicken Slaughter *	Million Head	160.0	166.8	-4.06%	168.6	-5.05%	326.9	-2.9%
H	Avg. Weight	Lbs.	5.40	5.58	-3.23%	5.35	0.93%	5.5	0.0%
I	Chicken Production	Million Lbs.	864.2	947.6	-8.79%	918.3	-5.89%	1,799.9	-2.9%
C	Eggs Set	Million	203.2	201.7	0.79%	216.5	-6.11%	607.9	-2.9%
K	Chicks Placed	Million Head	167.3	168.2	-0.56%	178.8	-6.42%	504.3	-5.8%
E	12-City Broiler Price	Composite	82.58	82.03	0.67%	77.53	6.51%		
N	Georgia Dock Broiler Price	2.5-3 Lbs.	86.61	85.78	0.97%	76.43	13.32%		
T	Young Turkey Slaughter *	Million Head	4.678	4.697	-0.40%	4.745	-1.41%	9.4	-2.6%
U	Avg. Weight	Lbs.	29.81	30.28	-1.55%	30.64	-2.71%	30.6	-1.2%
R	Turkey Production	Million Lbs.	139.5	142.2	-1.95%	145.4	-4.08%	286.5	-3.8%
K	Eastern Region Hen Price	8-16 Lbs.	71.60	72.00	-0.56%	72.52	-1.27%		
G	Corn, Omaha	$ per Bushel	3.95	4.00	-1.25%	4.69	-15.78%		
R	DDGs, Minnesota	$ per Ton	127.50	122.50	4.08%	171.50	-25.66%		
A	Wheat, Kansas City	$ per Bushel	6.11	5.89	3.74%	8.84	-30.88%		
I	Soybeans, S. Iowa	$ per Bushel	9.94	9.31	6.77%	12.14	-18.12%		
N	Soybn Meal, 48% Decatur	$ per Ton	297.80	301.50	-1.23%	339.20	-12.21%		

* 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.

Market Comments

The cattle on feed numbers for January 1 are in and the USDA survey confirmed was many expected, that **on feed supplies are notably tighter than a year ago and we should see a meaningful contraction in US cattle slaughter at least through Q2**. A summary table with the cattle on feed results is included in page 2 as well as a chart that shows the on feed inventory numbers compared to both year ago and 5-year average levels. The USDA survey could be construed as moderately bullish for futures as they open on Monday. However, the cattle on feed numbers may be easily trumped by the continuing wave of negative news on the macro front. The wrangling in Congress over the size and scope of government spending could add to the volatility in equity and commodity markets. We think that in the short term this will be more influential on livestock futures than supply fundamentals. As for the report itself, it showed that as of January 1, there were 11.234 million head of cattle on feed, 7.1% less than a year ago and 3.4% than the five year average. There was some debate prior to the USDA release about the number of cattle placed on feed in December. The USDA survey indicated that feedlots placed 1.647 million head on feed, 3.2% less than a year ago and 2.5% lower than the consensus of analysts estimates prior to the report's release. The bottom line in the report is that beef supplies in the US will continue to decline in 2009. That does not necessarily mean sharply higher prices, especially if beef demand continues to erode. So far packers are pushing hard to shift how they are marketing beef, trying to put more money on retail cuts, especially the less expensive rounds and chucks. They are also refraining from translating out front futures contracts into longer term deals with large volume customers. There is going to be a big fight for margins at both the feedlot and packing level, which does not bode well for supplies going forward.

Hog slaughter for the week ending January 24 was 2.236 million head, 2.7% smaller than a year ago. Tighter US domestic hog supplies have so far allowed producers to get much more positive prices than last year. The IA/MN base lean hog price is currently running some 16% above year ago levels, which the pork cutout is up just 2.9%. Naturally this has caused packer margins to suffer and we could see something that has been absent for some time in pork packing - shorter production runs.

U.S. ALL CATTLE ON FEED: 1,000+ CAPACITY FEEDLOTS

	Number, Thousand Head			Current as Percent of Year Prior		
	2006/07	2007/08	2008/09	Actual	Pre-Report Estimates	Difference
Placed on Feed During December	1,714	1,701	1,647	96.8	99.3	-2.5
Fed Cattle Marketed During December	1,625	1,645	1,683	102.3	100.1	2.2
On Feed January 1	11,974	12,097	11,234	92.9	93.9	-1.0

MONTHLY FED CATTLE INVENTORIES, US ALL CATTLE 1000+ CAPACITY