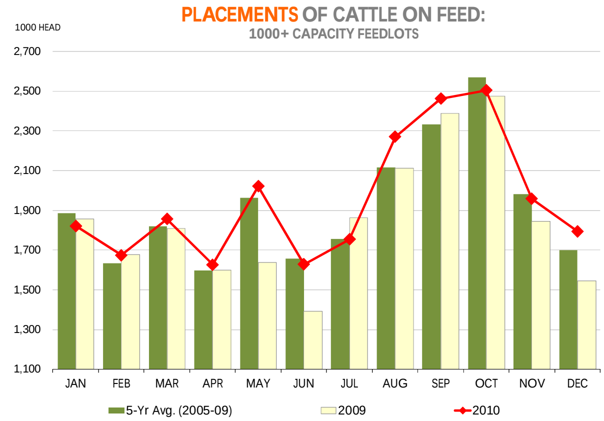
Daily Livestock Report

Vol. 9, No. 15 / January 24, 2011

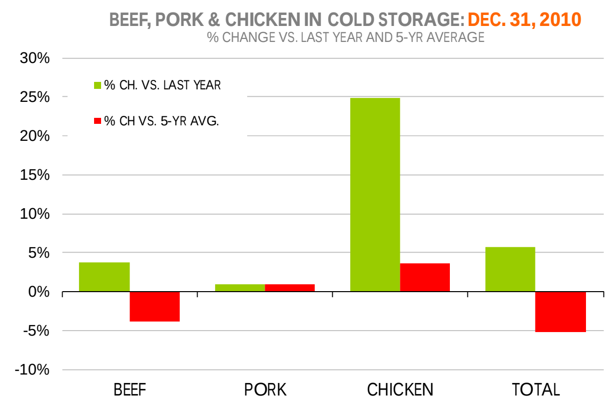
Market Comments

USDA released on Friday the results of its monthly surveys covering cattle feedlot inventories and meat supplies in cold storage. Below are some of the highlights from these reports with more detail included in the tables on page 2. Our regular weekly price and production summary is included in page 3.



Cattle on Feed:

The cattle on feed report will likely be viewed as somewhat bearish for the late spring and early summer market. Total on feed supplies were reported to be 11.517 million head, 4.6% higher than the previous year. Pre-report estimates on average expected the total inventory to be 4.2% higher than a year ago. Feedlot placements were 1.795 million head, 16.1% higher than a year ago and ahead of analysts estimates which on average were looking for a 13.7% increase. The rise in placements will likely catch some people by surprise and be viewed as quite bearish going forward. But as we noted in our report on Friday, keep in mind that we are comparing to one of the lowest December placements on record. Also, it appears that feedlots have been pulling some feeders forward, in part because wheat grazing has been so poor. Total feeder supplies are still very tight and we will have the smallest calf crop in the last fifty years this spring. Cattle futures for the summer are record high and while this most recent report did not pour more gasoline on the fire, it will take some time to truly gauge whether wholesale markets this spring and summer will be able to support the cattle prices indicated by futures. At this time, corn and feed are driving the meat complex as a whole.



Cold storage:

The report showed modest year over year increases in both beef and pork inventories. Beef stocks generally increase in December but the increase in cold storage stocks has been quite surprising. We suspect a big part of this is due to foodservice operators putting away fat beef trimmings for use in Q1. Also, with high beef prices outfront, end users are increasing their freezer inventories (where they can) as a hedge for the higher prices. It would be great to get more detail on what kind of beef is being put away but this is all USDA provides. Pork cold storage stocks were 475.6 million pounds, 1% higher than a year ago and 0.9% higher than a year ago. Bone in picnics continue to be very tight, down 25% from a year ago while hams have bounced back and are up 33.9% from last year. Total belly stocks were reported at 50.8 million pounds, 10.4% lower than a year ago but 9.8% higher than the five year average. Chicken cold storage stocks are higher at this time. Dark meat inventories are up sharply compared to a year ago however this is partly due to a big increase in exports. Last year, chicken producers were faced with a closed Russian market and they reduced the supplies of leg quarters and other dark meats they put away in refrigerated warehouses near port facilities.

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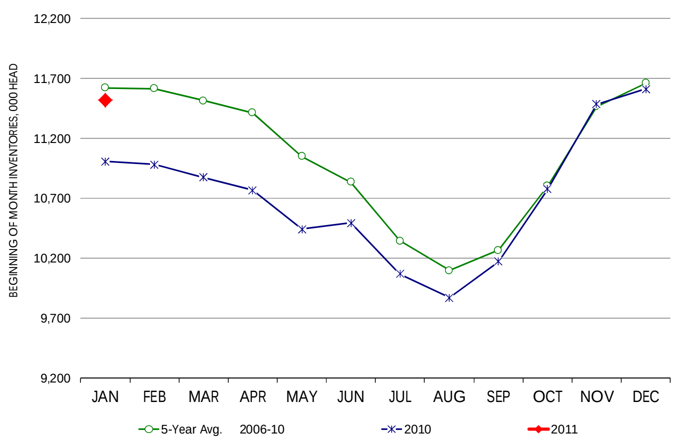
U.S. ALL CATTLE ON FEED: 1,000+ CAPACITY FEEDLOTS

	Number, Thousand Head			Current as Percent of Year Prior		
	2008	2009	2010	Actual	Estimates	Difference
Placed on Feed During Dec	1,647	1,546	1,795	116.1	113.7	2.4
Fed Cattle Marketed Dec	1,683	1,743	1,827	104.8	105.2	-0.4
On Feed January 1	11,234	11,008	11,517	104.6	104.2	0.4

MONTHLY FED CATTLE INVENTORIES, US ALL CATTLE 1000+ CAPACITY



USDA STOCKS IN COLD STORAGE REPORT

COMMODITY	Stocks in All Warehouses			Percent Of	
	31-Dec-09	30-Nov-10	31-Dec-10	Dec-09	Nov-10
		1,000 Pounds			
Frozen Pork					
Picnics, Bone-In	8,889	5,053	6,635	75	131
Hams, Total	50,419	101,097	67,488	134	67
Bone-in	20,521	51,619	27,556	134	53
Boneless	29,898	49,478	39,932	134	81
Bellies	56,764	37,696	50,883	90	135
Loins, Total	35,884	36,532	37,037	103	101
Bone-in	15,077	12,083	13,634	90	113
Boneless	20,807	24,449	23,403	112	96
Ribs	96,000	66,559	81,601	85	123
Butts	20,066	15,102	16,143	80	107
Trimmings	43,815	39,591	48,211	110	122
Other	79,611	84,156	88,179	111	105
Variety Meats	22,584	30,637	22,024	98	72
Unclassified	57,093	51,527	57,436	101	111
Total	471,125	467,950	475,637	101	102
Frozen Beef					
Boneless	373,133	371,902	387,539	104	104
Beef Cuts	57,147	63,272	59,075	103	93
Total	430,280	435,174	446,614	104	103
Other					
Veal	8,960	5,695	3,866	43	68
Lamb & Mutton	14,519	16,500	15,205	105	92
Total	23,479	22,195	19,071	81	86
Total Red Meat	924,884	925,319	941,322	102	102
Chicken					
Broilers (Whole)	16,401	14,146	17,509	107	124
Hens	2,215	2,133	4,188	189	196
Other Chicken	614,674	746,511	768,855	125	103
Total	633,290	762,790	790,552	125	104
Turkey					
Whole Turkeys	76,379	42,347	41,740	55	99
Turkey Breast	65,895	32,730	40,950	62	125
Other	119,564	99,033	105,205	88	106
Total	261,838	174,110	187,895	72	108
Ducks	3,588	3,120	2,493	69	80
Total Poultry	898,716	940,020	980,940	109	104

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PRODUCTION & PRICE SUMMARY

Week Ending 1/22/2011

	Item	Units	Last Week	Prior Week	Pct. Change	Last Year	Pct. Change	2011 YTD	Y/Y % Change
			22-Jan-11	15-Jan-11		23-Jan-10			
	FI Slaughter	Thou. Head	630	628	0.32%	670	-5.93%	1,898	-6.3%
	FI Cow Slaughter **	Thou. Head	138	111	23.55%	130	5.71%	138	-41.4%
C	Avg. Live Weight	Lbs.	1316	1320	-0.30%	1293	1.78%	1,316	1.6%
A	Avg. Dressed Weight	Lbs.	787	786	0.13%	774	1.68%	786	1.2%
T	Beef Production	Million Lbs.	493.7	491.9	0.37%	516.4	-4.40%	1,485	-5.1%
T	Live Fed Steer Price	$ per cwt	105.81	107.50	-1.57%	85.00	24.48%		
L	Dressed Fed Steer Price	$ per cwt	170.52	172.54	-1.17%	138.38	23.23%		
E	OKC Feeder Steer Price	619-700 Lbs.	135.86	126.17	7.68%	100.60	35.05%		
	Beef Cutout Value	619-900 Ch.	172.52	168.24	2.54%	144.95	19.02%		
	Hide/Offal	$/cwt	12.76	12.50	2.08%	9.41	35.60%		
	FI Slaughter	Thou. Head	2,166	2,135	1.45%	2,177	-0.51%	6,476	-3.2%
	FI Sow Slaughter **	Thou. Head	56.7	45.0	26.03%	59.0	-4.00%	57	-44.9%
H	Avg. Dressed Weight	Lbs.	208.0	207.0	0.48%	204.0	1.96%	208	2.2%
O	Pork Production	Million Lbs.	450.1	442	1.83%	443.6	1.47%	1,347	-1.1%
G	Iowa-S. Minn. Direct	Wtd. Avg.	74.17	72.47	2.35%	67.36	10.11%		
S	Natl. Base Carcass Price	Wtd. Avg.	73.73	71.90	2.55%	65.93	11.83%		
	Natl. Net Carcass Price	Wtd. Avg.	75.87	73.99	2.54%	68.40	10.92%		
	Pork Cutout	185 Lbs.	85.52	82.39	3.80%	77.01	11.05%		
C	Young Chicken Slaughter *	Million Head	149.6	167.8	-10.83%	164.0	-8.75%	317	-3.4%
H	Avg. Weight	Lbs.	5.74	5.77	-0.52%	5.66	1.41%	5.62	-0.4%
I	Chicken Production	Million Lbs.	858.8	968.1	-11.29%	928.0	-7.46%	1,784	-3.7%
C	Eggs Set	Million	204.6	204.3	0.18%	200.3	2.17%	409	-32.4%
K	Chicks Placed	Million Head	167.9	168.2	-0.17%	167.2	0.41%	336	-33.2%
E	12-City Broiler Price	Composite	77.00	77.25	-0.32%	82.17	-6.29%		
N	Georgia Dock Broiler Price	2.5-3 Lbs.	84.35	84.32	0.04%	82.58	2.14%		
T	Young Turkey Slaughter *	Million Head	4.085	4.198	-2.69%	4.356	-6.22%	8.283	-3.7%
U	Avg. Weight	Lbs.	30.87	30.74	0.42%	30.12	2.49%	29.37	-3.3%
R	Turkey Production	Million Lbs.	126.1	129.0	-2.28%	131.2	-3.89%	243	-6.9%
K	Eastern Region Hen Price	8-16 Lbs.	89.00	86.81	2.52%	71.92	23.75%		
G	Corn, Omaha	$ per Bushel	6.28	6.22	0.96%	3.41	84.16%		
R	DDGs, Minnesota	$ per Ton	176.00	167.50	5.07%	97.50	80.51%		
A	Wheat, Kansas City	$ per Bushel	8.25	7.85	5.10%	4.35	89.66%		
I	Soybeans, S. Iowa	$ per Bushel	13.93	13.99	-0.43%	9.59	45.26%		
N	Soybn Meal, 48% Decatur	$ per Ton	374.80	376.60	-0.48%	308.00	21.69%		

* 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.