CME Group
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Daily Livestock Report

Vol. 8, No. 15/ January 25, 2010

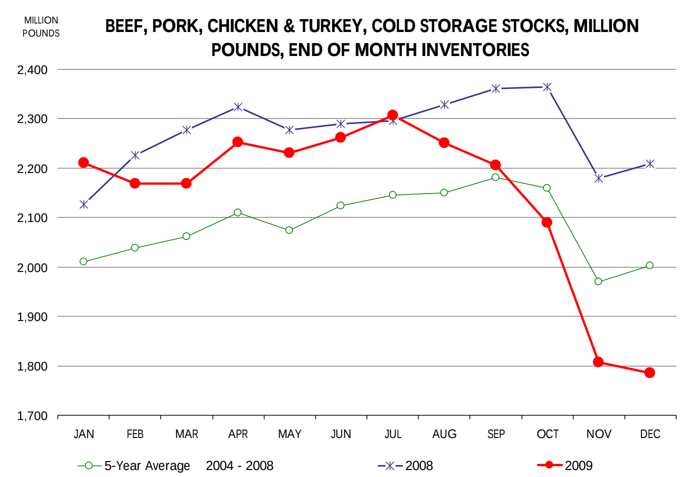
Market Comments

USDA released on Friday its monthly update of cattle on feed numbers and cold storage stocks as of December 31. The table to the right provides a brief summary of the feedlot report while the cold storage information is on page 3. Below are some of the highlights from these reports and the supply and price statistics for the week:

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

	Number, Thousand Head			Current as Percent of Year Prior		
	2007/08	2008/09	2009/10	Actual	Pre-Report Estimates	Difference
Placed on Feed During Dec.	1,701	1,647	1,546	93.9	95.7	-1.8
Fed Cattle Marketed During Dec.	1,650	1,683	1,742	103.5	102.3	1.2
On Feed Jan. 1	12,092	11,234	11,009	98.0	98.5	-0.5

- **Cattle on feed**: This was generally a bullish report given the higher than expected marketings in December and lower than expected feedlot placements. Pre-report estimates were looking for placements to be down 4.3% from the previous year but, a combination of high feed costs, lower out front cattle prices and poor weather conditions in December caused feedlots to place 6.1% fewer cattle on feed than a year ago. At 1.546 million head, December placements were the lowest for this month since December 1998. The feedlot inventory as of January 1, 2010 was pegged at 11.009 million head, the smallest January inventory number since January 2003. Marketings in December were also up 3.5% from year ago levels, 1.2 points higher than the average of pre-report estimates. The sharp reduction in placements during November and December should be supportive of beef prices in late spring and early summer although the demand situation continues to be a concern. Feedlot operators have placed about 273,000 fewer cattle on feed in the last two months compared to the previous year. Some of the reduction reflects the fact that good pasture conditions last summer and early fall caused producers to keep feeders on grass a bit longer, which also explains why we are seeing heavier animals placed on feed. Feeder supplies should be tight for much of 2010, especially since cow-calf operator profitability remains a concern and producers have yet to stop the beef cow herd liquidation.



- **Cold storage**: The cold storage report continued to build on the bullish tone in the November release. As the chart above shows, the supply of red meat and poultry in cold storage as of December 31continued to decline and it is currently stands at 1.786 billion pounds, 19.2% lower than the previous year and also 10.8% lower than the five year average. Markets have been paying close attention to pork cold storage stocks and the recent report will likely add to the current bullishness in the pork complex. Total pork cold storage inventories were pegged at 474.8 million pounds, 14.5% lower than the previous year and only slightly higher than the five year average. With pork prices at some of the highest levels in years so far in January, end users likely have continued to liquidate inventories and we will likely see even tighter pork stocks at the end of the current month.

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PRODUCTION & PRICE SUMMARY

Week Ending **1/23/2010**

	Item	Units	Last Week	Prior Week	Pct. Change	Last Year	Pct. Change	2010 YTD	Y/Y % Change
			23-Jan-10	16-Jan-10		24-Jan-09			
	FI Slaughter	Thou. Head	665	652	1.99%	642	3.51%	2,017	-0.9%
	FI Cow Slaughter **	Thou. Head	130	105	24.19%	136	-4.27%	235	0.2%
C	Avg. Live Weight	Lbs.	1294	1295	-0.08%	1311	-1.30%	1,296	-1.0%
A	Avg. Dressed Weight	Lbs.	778	778	0.00%	786	-1.02%	778	-0.7%
T	Beef Production	Million Lbs.	515.6	505.6	1.98%	503.3	2.44%	1,563	-1.5%
T	Live Fed Steer Price	$ per cwt	84.30	84.98	-0.80%	81.91	2.92%		
L	Dressed Fed Steer Price	$ per cwt	138.41	136.92	1.09%	131.80	5.02%		
E	OKC Feeder Steer Price	619-700 Lbs.	97.00	96.04	0.99%	97.58	-0.59%		
	Beef Cutout Value	619-900 Ch.	144.95	144.91	0.03%	150.98	-3.99%		
	Hide/Offal	$/cwt	9.41	9.38	0.32%	6.94	35.59%		
	FI Slaughter	Thou. Head	2,182	2,176	0.28%	2,242	-2.68%	6,698	-11.8%
	FI Sow Slaughter **	Thou. Head	59.0	43.9	34.36%	71.2	-17.09%	103	-13.5%
H	Avg. Dressed Weight	Lbs.	203.0	202.0	0.50%	204.0	-0.49%	203	-0.7%
O	Pork Production	Million Lbs.	440.9	438	0.66%	456.5	-3.42%	1,355	-12.7%
G	Iowa-S. Minn. Direct	Wtd. Avg.	67.21	65.60	2.45%	59.18	13.57%		
S	Natl. Base Carcass Price	Wtd. Avg.	65.91	64.71	1.85%	59.02	11.67%		
	Natl. Net Carcass Price	Wtd. Avg.	68.36	67.14	1.82%	61.31	11.50%		
	Pork Cutout	185 Lbs.	77.01	72.69	5.94%	57.67	33.54%		
C	Young Chicken Slaughter *	Million Head	164.0	164.6	-0.39%	160.0	2.44%	329	0.5%
H	Avg. Weight	Lbs.	5.66	5.62	0.71%	5.40	4.81%	5.64	2.4%
I	Chicken Production	Million Lbs.	928.0	925.0	0.32%	864.2	7.38%	1,853	3.0%
C	Eggs Set	Million	200.7	202.1	-0.68%	203.8	-1.51%	605	-0.5%
K	Chicks Placed	Million Head	167.2	166.8	0.23%	167.7	-0.32%	503	-0.2%
E	12-City Broiler Price	Composite	82.17	81.95	0.27%	81.33	1.03%		
N	Georgia Dock Broiler Price	2.5-3 Lbs.	82.58	82.45	0.16%	86.7	-4.75%		
T	Young Turkey Slaughter *	Million Head	3.956	4.249	-6.90%	4.678	-15.43%	8.605	-8.2%
U	Avg. Weight	Lbs.	33.17	30.6	8.40%	29.81	11.27%	31.89	4.3%
R	Turkey Production	Million Lbs.	131.2	130.0	0.92%	139.5	-5.90%	274	-4.2%
K	Eastern Region Hen Price	8-16 Lbs.	76.00	76.00	0.00%	75.00	1.33%		
G	Corn, Omaha	$ per Bushel	3.41	3.46	-1.45%	3.76	-9.31%		
R	DDGs, Minnesota	$ per Ton	97.50	100.00	-2.50%	127.50	-23.53%		
A	Wheat, Kansas City	$ per Bushel	4.35	4.46	-2.47%	5.71	-23.82%		
I	Soybeans, S. Iowa	$ per Bushel	9.59	9.86	-2.74%	10.07	-4.77%		
N	Soybn Meal, 48% Decatur	$ per Ton	308.00	311.40	-1.09%	317.70	-3.05%		

* 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.

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USDA STOCKS IN COLD STORAGE REPORT

COMMODITY	Stocks in All Warehouses			Percent Of	
	31-Dec-08	30-Nov-09	31-Dec-09	Dec-08	Nov-09
		1,000 Pounds			
Frozen Pork					
Picnics, Bone-In	8,924	11,392	8,892	100	78
Hams, Total	74,215	83,377	49,881	67	60
Bone-in	36,793	42,969	20,812	57	48
Boneless	37,422	40,408	29,069	78	72
Bellies	51,593	44,638	57,954	112	130
Loins, Total	44,174	36,648	37,057	84	101
Bone-in	18,043	14,378	15,773	87	110
Boneless	26,131	22,270	21,284	81	96
Ribs	82,013	84,466	94,332	115	112
Butts	25,122	16,212	21,226	84	131
Trimmings	64,997	39,599	45,521	70	115
Other	105,812	81,101	81,101	77	100
Variety Meats	25,575	22,145	23,156	91	105
Unclassified	73,217	63,238	55,725	76	88
Total	**555,642**	**482,816**	**474,845**	**85**	**98**
Frozen Beef					
Boneless	415,048	371,515	372,418	90	100
Beef Cuts	77,589	59,398	57,297	74	96
Total	**492,637**	**430,913**	**429,715**	**87**	**100**
Other					
Veal	9,194	8,054	9,102	99	113
Lamb & Mutton	21,001	15,052	14,276	68	95
Total	**30,195**	**23,106**	**23,378**	**77**	**101**
Total Red Meat	**1,078,474**	**936,835**	**927,938**	**86**	**99**
Chicken					
Broilers (Whole)	27,213	18,761	16,649	61	89
Hens	3,192	2,820	2,025	63	72
Other Chicken	735,037	637,745	612,494	83	96
Total	**765,442**	**659,326**	**631,168**	**82**	**96**
Turkey					
Whole Turkeys	139,352	76,195	78,913	57	104
Other Turkeys	256,792	158,285	171,265	67	108
Total	**396,144**	**234,480**	**250,178**	**63**	**107**
Ducks	1,993	4,507	3,566	179	79
Total Poultry	**1,163,579**	**898,313**	**884,912**	**76**	**99**