

Daily Livestock Report

Vol. 8, No. 18/ January 28, 2010

Market Comments

USDA will release on Friday, January 29, the results of its semi-annual cattle inventory survey.

The USDA report provides a benchmark for current US cattle supplies as well as expected output growth or contraction in the coming years. Because of the significant biological lag in beef production, the survey is particularly useful in gauging output expectations through 2011. The table to the right provides a summary of analyst estimates of the upcoming report and the overall expectation is that cattle inventories on January 1 were generally lower compared to the previous year. In almost all categories, even the high side of analyst expectations was lower than 2009 levels. The **total cattle inventory** is currently expected to be just slightly above 93 million head, **1.5% lower than a year ago and the smallest January 1 inventory level since 1958.**

It is important to note that even though this is the smallest number of cattle in 50 years, current US beef production still is much higher than in the 1950s due to significant productivity increases and much heavier cattle coming to market. And while the headline inventory number is an important indicator of current cattle supplies, even more important for future beef production is the situation in the cow-calf complex. The average of pre-report analyst estimates pegged the total US cow inventory at 40.3 million head. If this number materializes, it would represent the smallest cow inventory since 1950, although it is difficult to be precise since USDA changed the way it accounted for beef and dairy cows in the mid 1960s. Regardless, the reduction in the US beef and dairy cow numbers will continue to limit US beef supplies not just in 2010 but in 2011 and 2012.

Judging from the current beef cow inventory numbers, the 2010 US calf crop will likely be even smaller than the previous year and the smallest since 1950. Given high feed costs and persistent demand problems, beef producers remain on the defensive. Heifers held back for beef cow replacement, often seen an indicator of future expansion, are expected to be down 1.6% compared to a year ago. The US dairy cow inventory are expected to be down 2.2% on January 1 while dairy cow replacements are expected to be down 2.5%, a direct result of the significant profitability problems in the dairy complex during 2009. The reduction in dairy cow numbers lifted milk futures in December and early January but the rally appears to have run out of steam and with dairy producers already in a precarious financial position, current milk prices could lead to another round of liquidation.

Pre-Report Estimates of USDA Jan 1 **Cattle Inventory** Report Based on a survey of analysts conducted by Reuters

INVENTORY, MILLION HEAD	2009	2010 AVG OF EST.	% CH.	2010 RANGE OF EST.
ALL CATTLE AND CALVES	94.49	93.03	-1.5%	92.76 - 93.55
COW AND HEIFERS THAT HAVE CALVED	41.00	40.33	-1.6%	40.14 - 40.63
BEEF COWS	31.67	31.20	-1.5%	31.05 - 31.45
DAIRY COWS	9.33	9.13	-2.2%	9.09 - 9.20
HEIFERS 500LBS. AND OVER	19.59	19.27	-1.6%	19.19 - 19.33
BEEF COW REPLACEMENT	5.53	5.44	-1.6%	5.38 - 5.55
DAIRY COW REPLACEMENT	4.41	4.30	-2.5%	4.24 - 4.38
OTHER HEIFERS	9.65	9.53	-1.2%	9.50 - 9.61
STEERS 500 LBS. AND OVER	16.77	16.52	-1.5%	16.45 - 16.64
BULLS 500 LBS. AND OVER	2.18	2.16	-1.1%	2.15 - 2.18
HEIFERS, STEERS AND BULLS UNDER 500 LBS.	14.94	14.74	-1.4%	14.67 - 14.79
ANNUAL CALF CROP **	35.60			

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Daily Livestock Report

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PRODUCTION & PRICE SUMMARY

Item	Units	Week Ending 1/23/2010						
		Last Week	Prior Week	Pct. Change	Last Year	Pct. Change	2010 YTD	Y/Y % Change
		23-Jan-10	16-Jan-10		24-Jan-09			
C FI Slaughter	Thou. Head	665	652	1.99%	642	3.51%	2,017	-0.9%
A FI Cow Slaughter **	Thou. Head	130	105	24.19%	136	-4.27%	235	0.2%
T 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%
L Live Fed Steer Price	\$ per cwt	84.30	84.98	-0.80%	81.91	2.92%		
E 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%		
H FI Slaughter	Thou. Head	2,182	2,176	0.28%	2,242	-2.68%	6,698	-11.8%
O FI Sow Slaughter **	Thou. Head	59.0	43.9	34.36%	71.2	-17.09%	103	-13.5%
G Avg. Dressed Weight	Lbs.	203.0	202.0	0.50%	204.0	-0.49%	203	-0.7%
S Pork Production	Million Lbs.	440.9	438	0.66%	456.5	-3.42%	1,355	-12.7%
S 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%		
S Natl. Net Carcass Price	Wtd. Avg.	68.36	67.14	1.82%	61.31	11.50%		
S 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					
<i>Picnics, Bone-In</i>	8,924	11,392	8,892	100	78
<i>Hams, Total</i>	74,215	83,377	49,881	67	60
<i>Bone-in</i>	36,793	42,969	20,812	57	48
<i>Boneless</i>	37,422	40,408	29,069	78	72
<i>Bellies</i>	51,593	44,638	57,954	112	130
<i>Loins, Total</i>	44,174	36,648	37,057	84	101
<i>Bone-in</i>	18,043	14,378	15,773	87	110
<i>Boneless</i>	26,131	22,270	21,284	81	96
<i>Ribs</i>	82,013	84,466	94,332	115	112
<i>Butts</i>	25,122	16,212	21,226	84	131
<i>Trimmings</i>	64,997	39,599	45,521	70	115
<i>Other</i>	105,812	81,101	81,101	77	100
<i>Variety Meats</i>	25,575	22,145	23,156	91	105
<i>Unclassified</i>	73,217	63,238	55,725	76	88
Total	555,642	482,816	474,845	85	98
Frozen Beef					
<i>Boneless</i>	415,048	371,515	372,418	90	100
<i>Beef Cuts</i>	77,589	59,398	57,297	74	96
Total	492,637	430,913	429,715	87	100
Other					
<i>Veal</i>	9,194	8,054	9,102	99	113
<i>Lamb & Mutton</i>	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					
<i>Broilers (Whole)</i>	27,213	18,761	16,649	61	89
<i>Hens</i>	3,192	2,820	2,025	63	72
<i>Other Chicken</i>	735,037	637,745	612,494	83	96
Total	765,442	659,326	631,168	82	96
Turkey					
<i>Whole Turkeys</i>	139,352	76,195	78,913	57	104
<i>Other Turkeys</i>	256,792	158,285	171,265	67	108
Total	396,144	234,480	250,178	63	107
<i>Ducks</i>	1,993	4,507	3,566	179	79
Total Poultry	1,163,579	898,313	884,912	76	99