

# Daily Livestock Report

Vol. 8, No. 20/ February 1, 2010

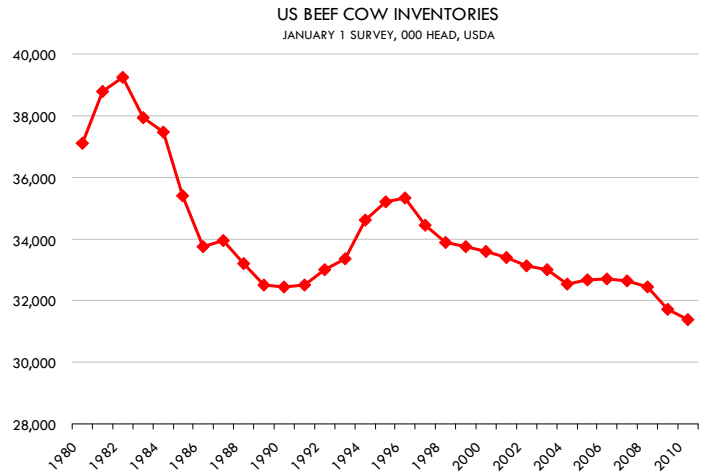
## Market Comments

**USDA released on Friday the results of its semi-annual survey of US cattle and calf operations.** The survey was conducted in January and it seeks to provide a snapshot of the state of the US cattle sector as of January 1, 2010. The market was broadly expecting a decline in inventories compared to year ago levels but the USDA results were generally higher than some of the estimates we saw prior to the report's release. On page 2 we have included a summary of the latest USDA data as well as the pre-report estimates we initially printed on January 28. [Page 3 has our regular weekly summary.](#) Below are some of our thoughts on this report:

- Markets will likely [view the report as somewhat bearish given that a number of key indicators were higher than pre-report estimates.](#) The total cattle and calf inventory as of January 1 was estimated to be 93.701 million head, 0.9% lower than a year ago and the smallest cattle inventory since 1959. Pre-report estimates were looking for a 1.5% reduction in the total inventory number. It's important to put some of these numbers in context, however. The difference between the pre-report estimates and the USDA January 1 number is about 67,000 head, a relatively small number in an inventory of 93 million plus animals. It represents about half a slaughter day. But in an environment in which beef demand continues to remain fragile, such numbers will likely be viewed negatively.

- The US beef cow herd continues to decline and prior to the report analysts polled on general expected the total US cow inventory to be 1.6% from the previous year. The USDA survey pegged the total US cow inventory at 40.456 million head, 1.4% lower than a year ago. The beef cow herd was reported to be 31.376 million head, 1.1% lower than a year ago but higher than pre-report estimates looking for a 1.5% decline. While the market will construe this number as disappointing, longer term the reduction in the beef herd continues to point to ever smaller US slaughter rates, smaller US production levels, a smaller beef industry and higher beef prices.

- As expected, [beef producers have yet to show any appetite for expansion.](#) The number of heifers held back for beef herd replacement were 5.436 million head, 1.7% lower than a year ago. Beef cow replacement numbers have declined for four consecutive years. There is an outside chance we could see an increase in herd replacement numbers in 2010 but much will depend on what happens with corn and feed prices and we are not yet convinced that feed costs will stay low going forward. [Dairy herd replacements, on the other hand, seemed to catch everybody by surprise.](#) USDA reported that 4.516 million heifers were held back to replenish the dairy cow herd, 2.4% more than the year before. Pre-report estimates were looking for a 2.5% decline. The dairy industry spend a lot of money trying to reduce supplies in 2009 in order to improve profitability but it seems that producers were bringing in more capacity through the back door, and milk futures are likely to respond negatively on Monday.



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## Summary of USDA January 1, 2010 USDA Cattle Inventory Report

INVENTORY, MILLION HEAD	Prior to USDA Release			After the USDA Release				
	2009	2010 AVG OF EST.	% CH.	2010 RANGE OF EST.	2009 Revised	2010 Actual	Var. from Estimates	% Ch.
ALL CATTLE AND CALVES	94.49	93.03	-1.5%	92.76 - 93.55	94.52	93.70	0.67	-0.9%
COW AND HEIFERS THAT HAVE CALVED	41.00	40.33	-1.6%	40.14 - 40.63	41.05	40.46	0.13	-1.4%
BEEF COWS	31.67	31.20	-1.5%	31.05 - 31.45	31.71	31.38	0.18	-1.1%
DAIRY COWS	9.33	9.13	-2.2%	9.09 - 9.20	9.33	9.08	-0.05	-2.7%
HEIFERS 500LBS. AND OVER	19.59	19.27	-1.6%	19.19 - 19.33	19.58	19.67	0.40	0.5%
BEEF COW REPLACEMENT	5.53	5.44	-1.6%	5.38 - 5.55	5.53	5.44	0.00	-1.7%
DAIRY COW REPLACEMENT	4.41	4.30	-2.5%	4.24 - 4.38	4.41	4.52	0.22	2.4%
OTHER HEIFERS	9.65	9.53	-1.2%	9.50 - 9.61	9.64	9.71	0.18	0.8%
STEERS 500 LBS. AND OVER	16.77	16.52	-1.5%	16.45 - 16.64	16.77	16.44	-0.08	-2.0%
BULLS 500 LBS. AND OVER	2.18	2.16	-1.1%	2.15 - 2.18	2.18	2.19	0.03	0.3%
HFRS, STRS AND BULLS UNDER 500 LBS.	14.94	14.74	-1.4%	14.67 - 14.79	14.95	14.95	0.21	0.0%
ANNUAL CALF CROP **	35.60							

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## PRODUCTION & PRICE SUMMARY

Week Ending

1/30/2010

Item	Units	Last Week	Prior Week	Pct. Change	Last Year	Pct. Change	2010 YTD	Y/Y % Change
		30-Jan-10	23-Jan-10		31-Jan-09			
<b>C</b> FI Slaughter	Thou. Head	625	665	-6.02%	633	-1.21%	2,646	-0.8%
<b>C</b> FI Cow Slaughter **	Thou. Head	133	130	1.76%	137	-3.11%	368	-1.0%
<b>A</b> Avg. Live Weight	Lbs.	1294	1294	0.00%	1313	-1.45%	1,295	-1.1%
<b>T</b> Avg. Dressed Weight	Lbs.	777	778	-0.13%	790	-1.65%	777	-1.0%
<b>L</b> Beef Production	Million Lbs.	484.2	515.6	-6.09%	497.6	-2.69%	2,048	-1.8%
<b>E</b> Live Fed Steer Price	\$ per cwt	83.46	85.00	-1.81%	80.71	3.41%		
<b>E</b> Dressed Fed Steer Price	\$ per cwt	135.64	138.38	-1.98%	129.62	4.64%		
<b>E</b> OKC Feeder Steer Price	619-700 Lbs.	97.00	96.04	0.99%	97.58	-0.59%		
<b>E</b> Beef Cutout Value	619-900 Ch.	141.40	144.95	-2.45%	145.47	-2.80%		
<b>E</b> Hide/Offal	\$/cwt	9.53	9.41	1.28%	6.88	38.52%		
<b>H</b> FI Slaughter	Thou. Head	2,142	2,182	-1.83%	2,250	-4.78%	8,838	-10.2%
<b>H</b> FI Sow Slaughter **	Thou. Head	61.8	59.0	4.74%	63.9	-3.29%	165	-9.9%
<b>O</b> Avg. Dressed Weight	Lbs.	204.0	203.0	0.49%	204.0	0.00%	204	-0.4%
<b>G</b> Pork Production	Million Lbs.	435.1	440.9	-1.32%	459.2	-5.25%	1,794	-10.8%
<b>S</b> Iowa-S. Minn. Direct	Wtd. Avg.	64.44	67.36	-4.33%	58.90	9.41%		
<b>S</b> Natl. Base Carcass Price	Wtd. Avg.	66.05	65.93	0.18%	58.58	12.75%		
<b>S</b> Natl. Net Carcass Price	Wtd. Avg.	68.59	68.40	0.28%	60.77	12.87%		
<b>S</b> Pork Cutout	185 Lbs.	71.32	77.01	-7.39%	57.49	24.06%		
<b>C</b> Young Chicken Slaughter *	Million Head	154.9	164.0	-5.55%	148.6	4.23%	483	1.7%
<b>H</b> Avg. Weight	Lbs.	5.56	5.66	-1.77%	5.48	1.46%	5.61	2.1%
<b>I</b> Chicken Production	Million Lbs.	861.1	928.0	-7.21%	814.2	5.75%	2,714	3.8%
<b>C</b> Eggs Set	Million	202.9	201.2	0.84%	201.7	0.62%	809	-0.1%
<b>K</b> Chicks Placed	Million Head	166.1	167.2	-0.68%	167.5	-0.81%	669	-0.4%
<b>E</b> 12-City Broiler Price	Composite	82.08	82.17	-0.11%	81.14	1.16%		
<b>N</b> Georgia Dock Broiler Price	2.5-3 Lbs.	82.68	82.58	0.12%	86.57	-4.49%		
<b>T</b> Young Turkey Slaughter *	Million Head	4.419	4.356	1.45%	4.327	2.13%	13,024	-4.9%
<b>U</b> Avg. Weight	Lbs.	30.75	30.12	2.09%	30.98	-0.74%	30.49	-0.6%
<b>R</b> Turkey Production	Million Lbs.	135.9	131.2	3.57%	134.1	1.37%	397	-5.5%
<b>K</b> Eastern Region Hen Price	8-16 Lbs.	79.00	76.00	3.95%	72.00	9.72%		
<b>G</b> Corn, Omaha	\$ per Bushel	3.36	3.41	-1.47%	3.65	-7.95%		
<b>R</b> DDGs, Minnesota	\$ per Ton	100.00	97.50	2.56%	132.50	-24.53%		
<b>A</b> Wheat, Kansas City	\$ per Bushel	4.21	4.35	-3.22%	5.61	-24.96%		
<b>I</b> Soybeans, S. Iowa	\$ per Bushel	9.38	9.59	-2.19%	9.67	-3.00%		
<b>N</b> Soybn Meal, 48% Decatur	\$ per Ton	302.60	308.00	-1.75%	309.70	-2.29%		

\* 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.