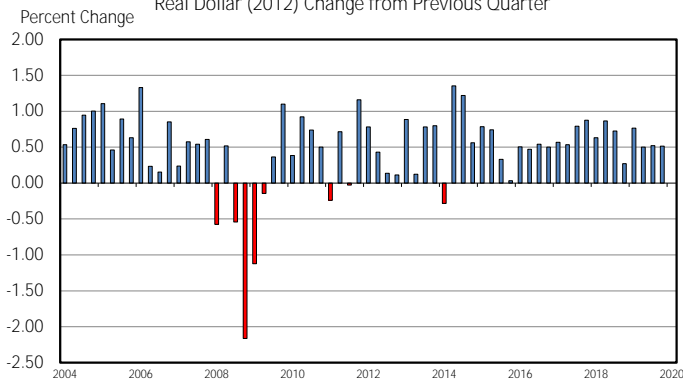


QTRLY GROSS DOMESTIC PRODUCT (GDP)

Real Dollar (2012) Change from Previous Quarter



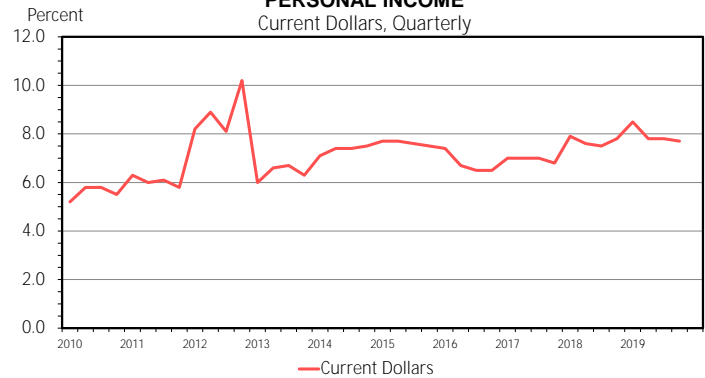
Data Source: Bureau of Economic Analysis, Compiled & Analysis by LMIC
Livestock Marketing Information Center

01/31/20

PERSONAL SAVINGS AS A PERCENT OF DISPOSABLE

PERSONAL INCOME

Current Dollars, Quarterly



Data Source: Bureau of Economic Analysis
Livestock Marketing Information Center

01/31/20

Key pieces of 4th quarter economic data was released last week of by Bureau of Economic Analysis and Bureau of Labor Statistics. The Gross Domestic Product (GDP) advanced estimate for the 4th quarter of 2019 was positive climbing half a percent from the previous quarter and 2.3% over 2018's 4th quarter. The U.S. has not posted a negative GDP quarter since the 4th quarter of 2009, and over the last four years gains have been over 2%. GDP estimates have three step revision process, and will not be final for a few more months. This still points to a positive U.S. economy. Revisions are unlikely to be so large to pull the U.S. GDP number into negative territory.

The U.S. personal savings rate declined slightly from the previous quarter down to 7.7%, while personal disposable income rose 4.3%. Personal disposable income growth has been positive but 4.3% is the smallest increase since first quarter of 2017. Unemployment continued to fall, and previous quarters were revised. This early estimate for the end of last year is 3.53%

Personal Consumption expenditures also rose, up 4.1% from last year. Expenditures soared in recreational goods and vehicles, up 7.2% from last year. The next highest spending was in healthcare, up 5.2% from last year. Total service expenditures increased 4.2% and all but financial services and insurance categories rose by more than 4%.

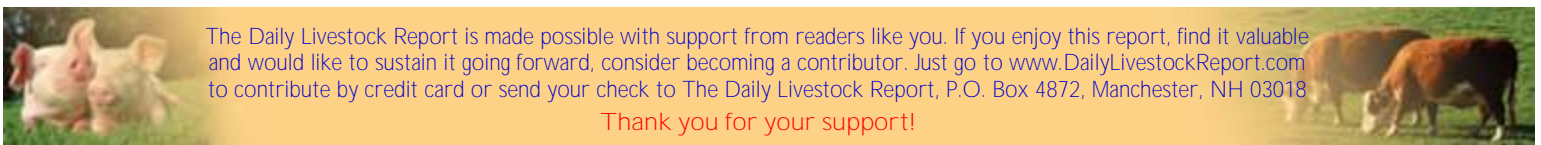
Overall, 2019 ended the year with the consumers still spending and overall positive outlook on economy. However, the first quarter of 2020 may have hit a pause in the decade long

growth cycle with the emergence of a deadly coronavirus. China is in a state of medical emergency, while the world continues to see new cases emerge. As of Monday, the death toll had exceeded that of SARS, severe acute respiratory syndrome, an epidemic that struck China in 2002 and 2003.

The revelation of how quickly this virus is spreading shook the U.S. stock market last week. Livestock markets, particularly the lean hog futures contract also saw plummeting values. There is considerable concern that this disease spread could effect the global economy. The increase in meat demand that ASF would have boosted may be muted as this emergency encourages people to stay indoors, and consume less.

There are many unknowns at this point regarding the coronavirus, but it is expected to continue to spread in the near term. As of January 31 there were confirmed cases in 27 countries. The U.S. has 11 reported confirmed cases. The first confirmed case was reported on December 31, 2019 in Wuhan, China.

The escalation of this disease has the potential to cause overhanging supply in the U.S. Pork, chicken and beef industries are expected to increase already large supplies of red meat and poultry in 2020. Much of that is built on the expectation for greater exports. An economic slow down in China or in the U.S. could have adverse price impacts on meat industries this year.



The Daily Livestock Report is made possible with support from readers like you. If you enjoy this report, find it valuable and would like to sustain it going forward, consider becoming a contributor. Just go to www.DailyLivestockReport.com to contribute by credit card or send your check to The Daily Livestock Report, P.O. Box 4872, Manchester, NH 03018

Thank you for your support!

The **Daily Livestock Report** is published by Steiner Consulting Group, DLR Division, Inc.. To subscribe, support or unsubscribe please visit www.dailylivestockreport.com.

The Daily Livestock Report is not owned, controlled, endorsed or sold by CME Group Inc. or its affiliates and CME Group Inc. and its affiliates disclaim any and all responsibility for the information contained herein. CME Group®, CME® and the Globe logo are trademarks of Chicago Mercantile Exchange, Inc.

Disclaimer: The *Daily Livestock Report* is intended solely for information purposes and is not to be construed, under any circumstances, by implication or otherwise, as an offer to sell or a solicitation to buy or trade any commodities or securities whatsoever. Information is obtained from sources believed to be reliable, but is in no way guaranteed. No guarantee of any kind is implied or possible where projections of future conditions are attempted. Futures trading is not suitable for all investors, and involves the risk of loss. Past results are no indication of future performance. Futures are a leveraged investment, and because only a percentage of a contract's value is required to trade, it is possible to lose more than the amount of money initially deposited for a futures position. Therefore, traders should only use funds that they can afford to lose without affecting their lifestyle. And only a portion of those funds should be devoted to any one trade because a trader cannot expect to profit on every trade.