

USDA issued yesterday afternoon the results of its monthly survey of cold storage warehouses. Participants have well formed expectation about output in a given month and knowing how much was carried over from the previous month helps better shape the supply picture. However, it is always good to remember that with larger production and exports there will be larger freezer stocks. We think this report is more useful in helping understand the dynamic for specific items. Using the cold storage numbers to draw broad conclusions on demand is not particularly helpful.

The **combined inventory of beef, pork, chicken and turkey in cold storage** at the end of January was estimated at 2.374 billion pounds, **2.4% higher than a year ago and 6% higher than the five year average**. The combined month end inventory of the four main species increased by 4.5% from December levels. This compares to an average increase of 6.3% in the last five years.

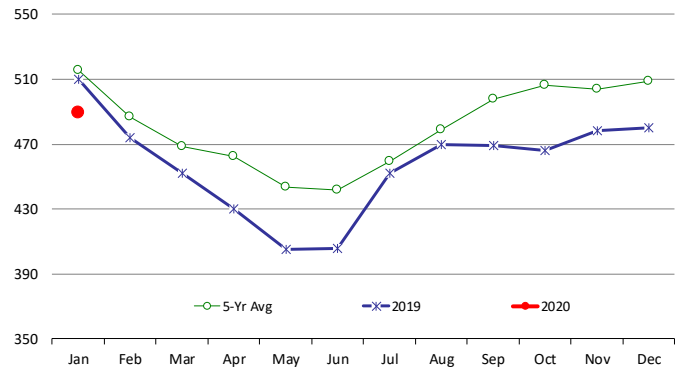
The total supply of beef in cold storage at the end of January was 489.1 million pounds, 4.1% lower than a year ago and 5.1% lower than the five year average. **Boneless beef inventories at 455.9 million pounds were 4.5% lower than a year ago**. High prices for boneless beef in November and December likely encouraged end users to draw down their inventories rather than continue to bid up prices in the spot market. Boneless beef inventories increased 1.3% in January from December levels. This is in line with the average increase of recent years. Bone-in beef inventories were 33.2 million pounds, 1.6% higher than last year but still 17.6% lower than the five year average.

**Record pork production in December and January and a strong export pace resulted in a sharp increase in the supply of pork in cold storage**. At this time it is difficult to say whether the increase in inventory was due to a product getting backed up or because packers/exporters were staging a higher supply in order to feed the export pipeline. According to the USDA, the total **supply of pork** in cold storage at the end of January was 625.2 million pounds, **11.1% higher than a year ago and 8.2% higher than the five year average**. January inventories increased by 8% compared to December levels. In recent years the m/m increase has been around 14%. **A big part of the reason for the large January inventory is the large carryover from December**. Ham inventories at 114.6 million pounds were 1.7% higher than last year and 4.6% higher than the five year average. Despite higher production demand for hams remains strong, limiting the supply accumulated in the freezer. On the other hand, **belly inventories remain burdensome**. At the end of January the total supply of bellies in cold storage was 70.9 million pounds, 31.9% higher than a year ago and 57% higher than the five year average. **The belly inventory build in January was low by historical standards but a large carryover from December continues to clog up the pipeline**. Pork loin inventories at the end of January were 50.1 million pounds, 43.4% higher than a year ago and 24% higher than the five year average.

The supply of chicken in cold storage has increased dramatically. At the end of January the supply of whole broilers and broiler parts in cold storage was estimated at 957.5 million pounds, **12.2% higher than a year ago and 18.4% higher than the five year average**. Broiler producers have ramped up production in order to capitalize on expected strong China demand. The large carryover stocks and slowdown in exports to China is negative for broiler prices.

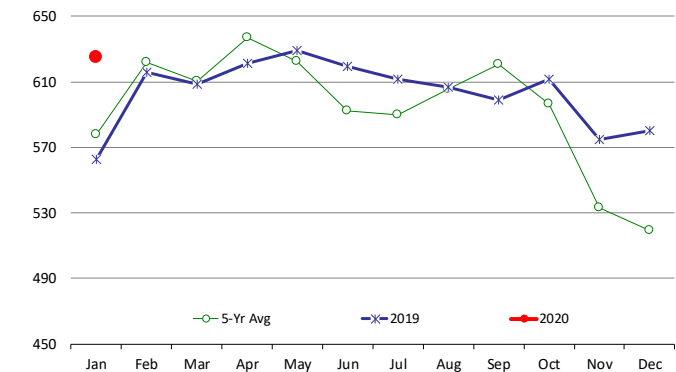
## All Beef In Cold Storage at End of Month

Million Pounds. Source: USDA-NASS



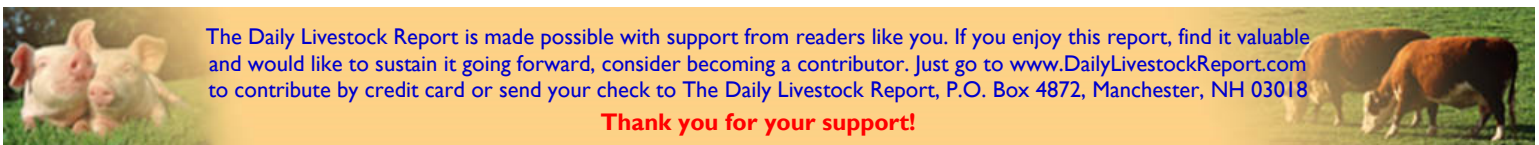
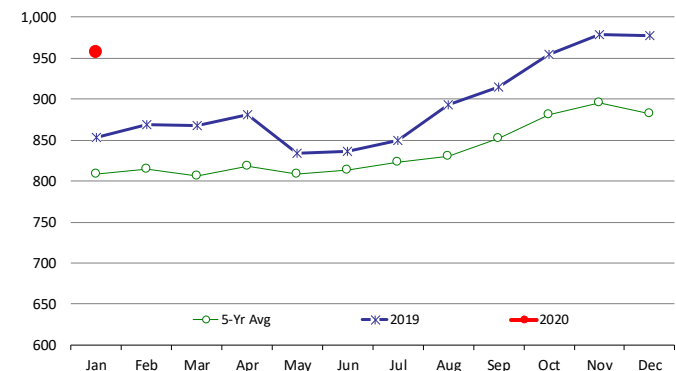
## All Pork In Cold Storage at End of Month

Million Pounds. Source: USDA-NASS



## All Chicken In Cold Storage at End of Month

Million Pounds. Source: USDA-NASS



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## USDA STOCKS IN COLD STORAGE REPORT

COMMODITY	Stocks in All Warehouses			Percent Of	
	31-Jan-19	31-Dec-19	31-Jan-20	Jan-19	Dec-19
	<b>1,000 Pounds</b>				
<b>Frozen Pork</b>					
<i>Picnics, Bone-In</i>	7,067	7,669	10,559	149	138
<i>Hams, Total</i>	112,660	85,995	114,621	102	133
<i>Bone-in</i>	37,242	22,138	37,481	101	169
<i>Boneless</i>	75,418	63,857	77,140	102	121
<i>Bellies</i>	53,736	66,647	70,872	132	106
<i>Loins, Total</i>	34,949	49,123	50,109	143	102
<i>Bone-in</i>	12,322	21,924	22,042	179	101
<i>Boneless</i>	22,627	27,199	28,067	124	103
<i>Ribs</i>	127,107	120,877	125,943	99	104
<i>Butts</i>	20,527	20,457	26,028	127	127
<i>Trimmings</i>	47,104	53,435	52,801	112	99
<i>Other</i>	78,254	89,965	84,460	108	94
<i>Variety Meats</i>	35,023	32,984	36,642	105	111
<i>Unclassified</i>	46,306	53,312	53,153	115	100
<b>Total</b>	<b>562,733</b>	<b>580,464</b>	<b>625,188</b>	<b>111</b>	<b>108</b>
<b>Frozen Beef</b>					
<i>Boneless</i>	477,496	449,990	455,886	95	101
<i>Beef Cuts</i>	32,718	30,126	33,250	102	110
<b>Total</b>	<b>510,214</b>	<b>480,116</b>	<b>489,136</b>	<b>96</b>	<b>102</b>
<b>Other</b>					
<i>Veal</i>	8,614	6,171	6,633	77	107
<i>Lamb &amp; Mutton</i>	38,376	34,752	36,856	96	106
<b>Total</b>	<b>46,990</b>	<b>40,923</b>	<b>43,489</b>	<b>93</b>	<b>106</b>
<b>Total Red Meat</b>	<b>1,119,937</b>	<b>1,101,503</b>	<b>1,157,813</b>	<b>103</b>	<b>105</b>
<b>Chicken</b>					
<i>Broilers, Fryers, Roasters</i>	17,288	20,359	22,011	127	108
<i>Breasts and Breast Meat</i>	187,796	221,607	221,428	118	100
<i>Leg Quarters</i>	57,285	94,095	94,431	165	100
<i>Wings</i>	67,988	56,149	50,624	74	90
<i>Other Chicken</i>	523,261	585,412	568,998	109	97
<b>Total</b>	<b>853,618</b>	<b>977,622</b>	<b>957,492</b>	<b>112</b>	<b>98</b>
<b>Turkey</b>					
<i>Whole Turkeys</i>	166,446	58,285	107,842	65	185
<i>Turkey Breast</i>	92,200	63,671	80,290	87	126
<i>Other</i>	132,326	110,696	113,650	86	103
<b>Total</b>	<b>390,972</b>	<b>232,652</b>	<b>301,782</b>	<b>77</b>	<b>130</b>
<i>Ducks</i>	3,081	2,647	2,890	94	109
<b>Total Poultry</b>	<b>1,247,671</b>	<b>1,212,921</b>	<b>1,262,164</b>	<b>101</b>	<b>104</b>

