

## Daily Livestock Report

### U.S. Corn Supply and Use

	2006/07	2007/08	2008/09	2009/10	2009/10 % Change	
	Actual	Estimate	February '09 Estimate	USDA Ag. Forum	vs. 2007/08	vs. 2008/09
Planted	78.3	93.5	86.0	86.0	-8.0%	0.0%
Harvested	70.6	86.5	78.6	78.8	-8.9%	0.3%
Yield per harvested acre	149.1	150.7	153.9	156.3	3.7%	1.6%
Beginning stocks	1,967	1,304	1,624	1,790	37.3%	10.2%
Production	10,531	13,038	12,101	12,365	-5.2%	2.2%
Imports	12	20	15	15	-25.0%	0.0%
Supply, total	12,510	14,362	13,740	14,170	-1.3%	3.1%
Feed and residual	5,591	5,938	5,300	5,200	-12.4%	-1.9%
Ethanol for fuel	2,119	3,026	3,600	4,100	35.5%	13.9%
Food, seed and residual	1,371	1,338	1,300	1,300	-2.8%	0.0%
Domestic use, total	9,081	10,302	10,200	10,600	2.9%	3.9%
Exports	2,125	2,436	1,750	1,850	-24.1%	5.7%
Use, total	11,207	12,737	11,950	12,450	-2.3%	4.2%
Ending stocks	1,304	1,624	1,790	1,720	5.9%	-3.9%
CCC inventory	0	0	0			
Free stocks	1,304	1,624	1,790			
Outstanding Loans	116	106	200			
Avg. farm price (\$/bu)	3.04	4.20	3.65 - 4.15		28.3%	-7.1%
Ending Stocks/Use	11.6%	12.8%	15.0%		28.7%	17.5%

Source: USDA

\*\* Corn crop marketing year starts September 1.

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E-Livestock Volume	2-Mar	27-Feb	23-Feb
LE (E-Live Cattle):	13,176	12,522	10,304
GF (E-Feeder Cattle):	1,513	1,594	1,713
HE (E-Lean Hogs):	10,205	14,323	7,191

### Market Comments

With more than a foot of snow outside my window, it seems strange to note that spring is only three weeks away. But the calendar and spring training games say it is and we'll go with that. **In a few short weeks, US grain farmers will break ground and start another new planting season** but this year the situation could not be any different than it was a year ago. Last year, the market was debating the impact of a decline in corn acres and the consequences of high input costs and growing demand. This year, all those worries have disappeared and the bearish tone reflects concerns about grain demand going forward.

The official USDA supply and demand estimates for the upcoming (2009/10) marketing year will not be available until May but we did get some **advance notice of the current thinking at USDA in the numbers they presented at the Annual Agricultural Forum in Washington DC**. We have included those numbers in the attached table and they underscore the relative bearishness that currently prevails in the grain market. It is not hard to see why markets remain worried about corn prices going forward. Planted acres in the spring of 2009 are currently expected to show little change from a year ago in part, as USDA points out, due to mandated ethanol levels which have helped support corn prices. The yield number is important but at this point there is no way to know what that will be so USDA put a trend yield of a little over 156 bushels per acre. This implies a very moderate increase in US corn production next harvest of 2.2% but still 5.2% lower than the record supplies of 2007/08. It was quite interesting that USDA further lowered feed use for 2009/10. This likely reflects the continued reduction of the US beef herd and a projected smaller calf crop as well as reduced pork and poultry output. As for ethanol, USDA put overall use at 4.1 billion bushels. The US ethanol industry is currently in a difficult position, with some large producers shutting down plants. Things could improve should oil prices bounce back and the USDA report seems to lean in that direction. However, if global demand remains soft for the next 12—18 months, it could further pressure corn prices. **Without the additional ethanol demand, ending stocks could balloon well over 2.2 billion bushels.** As for exports, they are expected to be 100 million bushels over current expected use, which already looks optimistic. Overall, ending stocks are projected to be more than adequate at 1.7 billion bushels, a level that will depend greatly on increased ethanol demand and moderate export growth.