

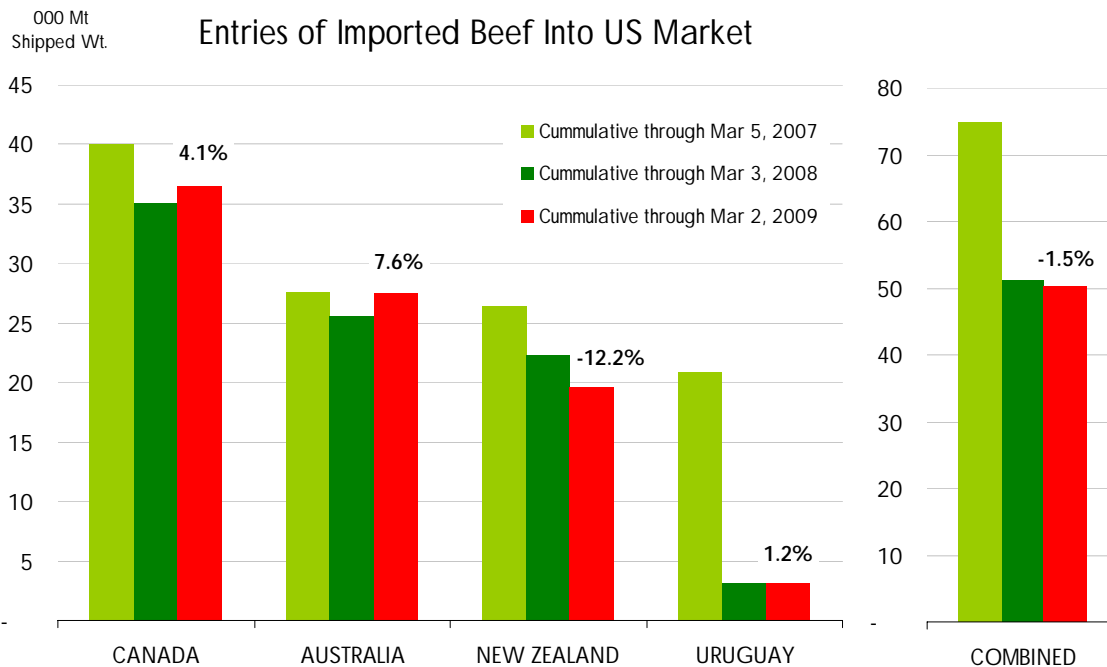
Daily Livestock Report

E-Livestock Volume	5-Mar	4-Mar	26-Feb
LE (E-Live Cattle):	9,761	12,249	9,772
GF (E-Feeder Cattle):	1,728	1,067	1,244
HE (E-Lean Hogs):	11,522	14,993	8,919

Free real-time Globex quotes: www.cmegroup.com/elivestockquotes

Market Comments

One item that has gone somewhat unnoticed in the discussion over beef supplies in 2009 is **the amount of imported beef that is expected to flow into the US market this year.** And it is an important factor as **the US is expected to import almost 2.7 billion pounds of beef in 2009 compared to 1.9 billion pounds that will be exported.** According to the latest USDA WASDE report, total beef imports are expected to increase by 7.3% this year compared to 2008 levels but still be as much as 12.2% lower than what they were in 2007. The estimate likely reflects the impact of a stronger US dollar, which tends to make imports cheaper for US consumers as well as somewhat better demand for grinding beef items compared to other beef cuts. So far, however, and counter to what some may think, beef imports have not increased compared to a year ago. Entries of Australian beef are currently running about 7.6% above year ago levels due to a favorable exchange rate and slowing demand from other markets, such as Russia and Korea. But entries of New Zealand beef are still some 12.2% lower than what they were a year ago. Critical to the higher import levels laid out in the USDA estimates is the outlook for Uruguayan beef. So far, beef shipments from Uruguay are running only slightly above year ago levels and well below what they were in 2007. There was some expectation that Uruguayan shipments to the US would increase in 2009, in part due to the strong US dollar but mostly because of the disruptions in trade with large buyers, such as Russia. So far, however, that has not taken place. The high US tariff remains an issue. Also, Uruguayan shipments to the US were complicated by the new E.coli testing requirements put in place by FSIS, which caused plenty of uncertainty as to how imported beef would be handled in case of a positive test. Each country had to work with USDA to put in place new procedures and Uruguayan packers were especially slow in this regard. That issue appears to have been resolved, at least from what we understand, but there is still lingering uncertainty among some US traders in handling Uruguayan product. So how reasonable is the 7% increase in beef imports USDA projects in its latest report? We think quite reasonable. Australian shipments to the US are accelerating and that will probably cause entries to increase in Q2. Also, New Zealand probably will start shipping more once their cow slaughter is in full swing and low dairy prices cause them to be more aggressive in culling their dairy herd. Imports from Canada also should be higher as more fed cattle are slaughtered in Canada.



Please feel free to forward the Daily Livestock Report to others who you think will benefit from having this information. The DLR is published daily by **Steve Meyer and Steiner Consulting Group**, and distributed courtesy of Chicago Mercantile Exchange, Inc. You can **subscribe for free** by going to www.dailylivestockreport.com/subscribe.asp. To submit a comment or suggestion, please send an e-mail to: feed-back@dailylivestockreport.com. To unsubscribe from the DLR newsletter, go to www.dailylivestockreport.com/unsubscribe.asp.

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 require 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.