

Daily Livestock Report

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Market Comments

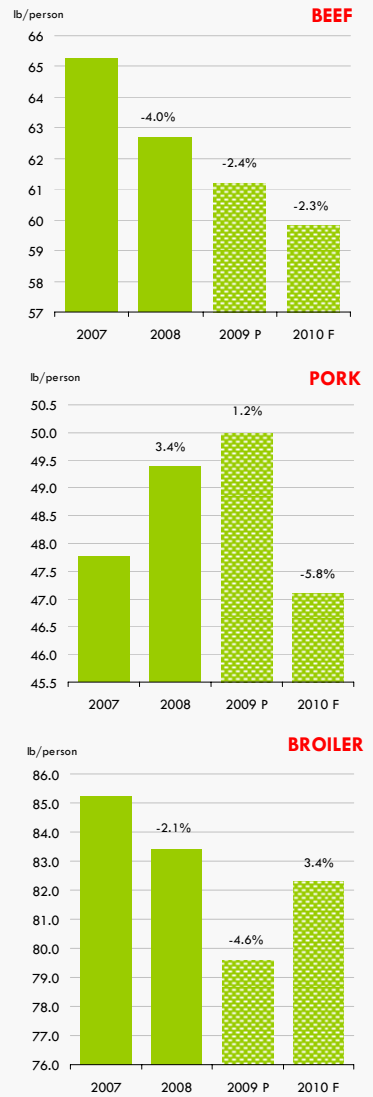
USDA released on Wednesday, March 10, its latest grain and meat supply forecasts for 2010. Judging by the reaction of the CME futures, markets generally found few surprises in the latest release, with corn prices extending some of the recent losses while soybean futures starting to gain some traction following a downward revision in ending stocks. Cattle futures were generally lower but that is not entirely unexpected given the rapid climb we have seen in recent weeks while pork futures are looking for a bit more stability given the volatility of the first two months of the year. Below is a very brief recap of the latest USDA supply and demand report:

Corn: The report failed to provide any significant surprises even after USDA went back and resurveyed areas with a significant number of un-harvested acres in December. The only adjustment was a 0.2% reduction in final yields, leading to a 20 million bushel decline in overall output. The decline was minor and was more than offset by reductions on the demand side of the equation. Corn exports have been running behind forecasts for some time and USDA adjusted them down by a whopping 100 million bushels (5%). This left ending stocks at almost 1.8 billion bushels, 80 million bushels above the previous month's forecast. Currently the stocks to use ratio is almost unchanged (13.8%) from the previous year's level.

Beef: USDA made some downward adjustments to its forecasts for beef supplies available in the US domestic market for 2010. Total US beef production was estimated at 25.747 billion pounds, slightly lower than the February forecast and down 1.2% from 2009 levels. Beef exports were left unchanged at 2.040 billion pounds, which represents a 9% increase from 2009 levels while beef imports (little surprise here) were adjusted lower by 75 million pounds. Beef imports are currently forecast to be 2.7 billion pounds in 2009, only 2.7% higher than in 2009. If current trends continue, it is likely that import forecasts will be adjusted lower yet again in the coming months. Overall per capita US beef disappearance (we don't know if all that beef actually is consumed) is expected to decline 2.3% in 2010 and it is now down some 8.6% compared to 2007 levels.

Pork: Pork supplies were also adjusted lower in the March update, in part reflecting current slaughter levels as well as lighter weight hogs coming to market. Total production for 2010 is currently forecast to be 22.450 billion pounds, 90 million pounds smaller than the February forecast and 2.4% lower than 2009. Pork exports were left unchanged and at 4.5 billion pounds they are forecast to be 9.1% lower than in 2009. The combination of lower output levels and higher exports is expected to cause US per capita pork disappearance to fall by 5.8%

Per Capita Disappearance
Pounds per person, retail weight basis



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