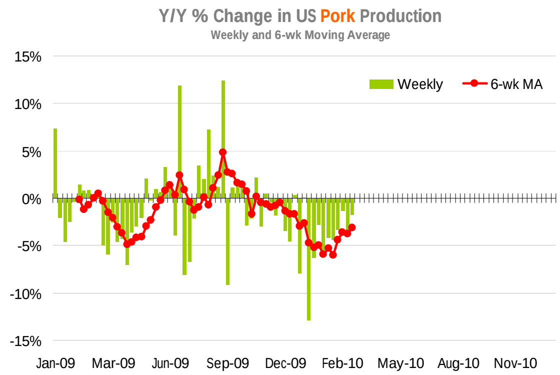
CME Group

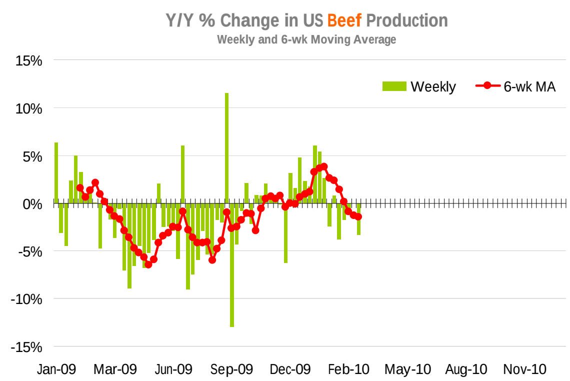
A CME/Chicago Board of Trade/NYMEX Company

Daily Livestock Report

Vol. 8, No. 49 / March 15, 2010

Market Comments





Note: On page 3 we have reproduced **the chart on pork exports** that we initially presented in the Friday letter. The x-axis in the initial chart was not centered correctly and gave the impression that the data ran through the middle on 2009. The data was through January 2010 and the revised chart better shows that.

Beef and pork output continued to trend below year ago levels for the week ending March 13, in part due to much lower carcass weights (see table on page 2). Cattle carcass weights are currently running about 21 pounds or 2.6% below year ago levels. Hog carcass weights also are lighter and at 203 pounds they were 2 pounds or 1.0% lower than last year. Hog slaughter was down about 1% for the week thus causing overall pork production to be down 1.7% from the previous year. One item that seems to have recovered in the last few days is the availability of slaughter sows. Weather disruptions caused a shortage of marketable sows in the first half of February but the market has recovered and sow slaughter (albeit with a two week lag) appears to have returned near year ago and five year average levels. There was some concern that the sharp pullback in sow slaughter (it declined some 15% between Jan 23 and Feb 13) was indicative of a significant shift in producer attitudes about future expansion. Those fears, however, appear to have been a bit premature and much of the reduction was weather / transportation related. While the profitability outlook for US pork producers has improved significantly in recent weeks, plenty of uncertainty remains, especially with regard to US pork exports.

Broiler production for the week ending March 6 (one week lag) was reported to be 889.2 million pounds, 2.3% higher than the previous week and 4.8% higher than the previous year. Preliminary USDA reports are that production for the week ending March 13 (the official data has yet to be released) indicate that production was up as much as 8.1% due to both higher bird weights as well as higher slaughter. The most recent USDA poultry production data does not fit well with the USDA egg set and chick placement surveys. Normally there is a very close correlation between the two data sets and if this relationship is to hold, then broiler slaughter numbers should be smaller in the coming weeks. Broiler slaughter is currently running at 3.5 - 4.2% over year ago levels while egg sets have been on average just 0.2% over year ago levels during Nov - Feb. Has egg set and chick placement data understated the extent of the expansion in broiler production? It is still too early to say. Do higher weights represent a backdoor way for the industry to expand without actually bringing more birds to market? The answer to that question is likely yet, especially given that corn prices are currently running some 10% below year ago levels (see table on page 2) while whole broiler prices are up 6.5% compared to a year ago and chicken breast prices are up some 3.6%.

The Daily Livestock Report is published by **Steve Meyer** and **Len Steiner**. Please forward to others that may benefit from this information. To subscribe/unsubscribe visit www.dailylivestockreport.com.

Daily Livestock Report

Published daily by Steve Meyer and Steiner Consulting Group

Vol. 8, No. 49 / March 15, 2010

PRODUCTION & PRICE SUMMARY

Week Ending 3/13/2010

	Item	Units	Last Week	Prior Week	Pct. Change	Last Year	Pct. Change	2010 YTD	Y/Y % Change
			13-Mar-10	6-Mar-10		14-Mar-09			
	FI Slaughter	Thou. Head	621	617	0.65%	625	-0.60%	6,397	0.4%
	FI Cow Slaughter **	Thou. Head	127	118	7.71%	115	10.66%	1,103	-1.7%
C	Avg. Live Weight	Lbs.	1280	1280	0.00%	1309	-2.22%	1,289	-1.7%
A	Avg. Dressed Weight	Lbs.	772	775	-0.39%	793	-2.65%	774	-1.9%
T	Beef Production	Million Lbs.	477.4	476.2	0.25%	493.7	-3.30%	4,931	-1.6%
T	Live Fed Steer Price	$ per cwt	89.82	90.96	-1.25%	80.69	11.31%		
L	Dressed Fed Steer Price	$ per cwt	144.82	144.54	0.19%	129.54	11.80%		
E	OKC Feeder Steer Price	619-700 Lbs.	97.00	96.04	0.99%	97.58	-0.59%		
	Beef Cutout Value	619-900 Ch.	149.40	150.34	-0.63%	135.69	10.10%		
	Hide/Offal	$/cwt	10.03	9.88	1.52%	5.93	69.14%		
	FI Slaughter	Thou. Head	2,132	2,163	-1.43%	2,152	-0.92%	21,736	-5.7%
	FI Sow Slaughter **	Thou. Head	61.9	57.7	7.22%	61.2	1.20%	515	-4.7%
H	Avg. Dressed Weight	Lbs.	203.0	202.0	0.50%	205.0	-0.98%	203	-0.6%
O	Pork Production	Million Lbs.	432.1	437.5	-1.23%	439.7	-1.73%	4,409	-6.4%
G	Iowa-S. Minn. Direct	Wtd. Avg.	72.72	71.05	2.35%	60.28	20.64%		
S	Natl. Base Carcass Price	Wtd. Avg.	70.71	68.23	3.63%	59.96	17.93%		
	Natl. Net Carcass Price	Wtd. Avg.	73.02	70.71	3.27%	62.32	17.17%		
	Pork Cutout	185 Lbs.	74.25	74.93	-0.91%	57.34	29.49%		
C	Young Chicken Slaughter *	Million Head	158.8	158.3	0.30%	153.4	3.51%	1,427	2.2%
H	Avg. Weight	Lbs.	5.60	5.49	2.00%	5.53	1.27%	5.55	0.7%
I	Chicken Production	Million Lbs.	889.2	869.1	2.31%	848.4	4.82%	7,919	2.9%
C	Eggs Set	Million	206.1	207.8	-0.81%	202.1	2.00%	2,040	0.7%
K	Chicks Placed	Million Head	168.9	168.3	0.37%	167.6	0.78%	1,666	-0.3%
E	12-City Broiler Price	Composite	82.59	82.09	0.61%	77.05	7.19%		
N	Georgia Dock Broiler Price	2.5-3 Lbs.	82.6	82.97	-0.45%	85.57	-3.47%		
T	Young Turkey Slaughter *	Million Head	4.348	4.233	2.72%	4.612	-5.72%	38.930	-5.2%
U	Avg. Weight	Lbs.	29.61	30.04	-1.43%	29	2.10%	30.22	0.6%
R	Turkey Production	Million Lbs.	128.7	127.2	1.25%	133.7	-3.74%	1,176	-4.6%
K	Eastern Region Hen Price	8-16 Lbs.	82.50	83.00	-0.60%	74.50	10.74%		
G	Corn, Omaha	$ per Bushel	3.43	3.54	-3.11%	3.81	-9.97%		
R	DDGs, Minnesota	$ per Ton	96.00	100.00	-4.00%	122.50	-21.63%		
A	Wheat, Kansas City	$ per Bushel	4.28	4.34	-1.38%	5.40	-20.74%		
I	Soybeans, S. Iowa	$ per Bushel	9.26	9.40	-1.49%	9.00	2.89%		
N	Soybn Meal, 48% Decatur	$ per Ton	264.60	270.90	-2.33%	291.00	-9.07%		

* Chicken & turkey slaughter & production are 1 week earlier than the date at the top of this sheet.

** Cow and sow slaughter reflect levels from two weeks ago due to reporting lag.

Daily Livestock Report
Published daily by Steve Meyer and Steiner Consulting Group

Vol. 8, No. 49 / March 15, 2010