

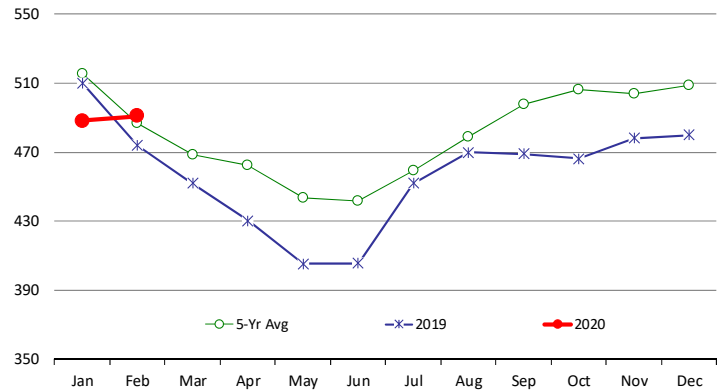
While meat supplies are plentiful in the US at this time, the supply of some products that normally sell at retail is tight. Consumers are stocking up and, in the near term, demand is currently running double or triple normal times. Additionally, the supply chain needs to be quickly re-engineered, reducing the load in foodservice channels and expanding retail flows. This cannot be done overnight. Meat supplies in storage at the end of February were plentiful. **The combined inventory of beef, pork, chicken and turkey in cold storage at the end of February was estimated at 2.418 billion pounds, 0.3% higher than a year ago and 4.7% higher than the five year average.** The combined month end inventory of the four main species increased by 1.9% from January levels. This compares to an average increase of 3.1% in the last five years. Despite big supply increases, the drawdown in inventory in February was quite good, suggesting good demand.

The total supply of beef in cold storage at the end of February was 490.9 million pounds, 3.6% higher than a year ago and 0.9% higher than the five year average. Boneless beef inventories at 456.8 million pounds were 2.5% higher than a year ago. Beef imports were higher in January and early February bolstering the supply of beef in cold storage. Beef production has also been running well above last year's levels, pushing more product in the freezer. Bone-in beef inventories were 34.1 million pounds, 20.3% higher than last year but still 11.4% lower than the five year average.

Pork production has been running significantly above year ago levels in recent weeks and this has resulted in higher cold storage supplies. Also keep in mind that as exports continue to run significantly above normal levels, more supply will need to be staged in cold storage warehouses prior to ship. **The total supply of pork in refrigerated warehouses at the end of February was 661.7 million pounds, 7.5% higher than a year ago and 6.4% higher than the five year average.** This is the highest inventory of pork in cold storage since April 2015. While strong retail demand has supported some pork items in the near term, the large inventory suggests both a backup of product in cold storage (bellies) and an increase in export activity. The supply of hams in cold storage at the end of February was estimated at 119.1 million pounds, 6.8% lower than a year ago. Ham inventories increased 3.9% from last month. In the last five years the m/m increase has been 13%. **Belly inventories remain burdensome.** At the end of February there were 74.4 million pounds of bellies in cold storage, 38% higher than a year ago and 50% more than the five year average. The inventory of pork ribs remains limited at just 141.6 million pounds, about unchanged from a year ago. Strong retail demand should continue to support rib values this spring. Pork loin supplies were also heavy at the end of February but strong retail demand has helped support this section of the market in the last week. Total supply of pork loins in cold storage was 49.5 million pounds, 27.9% higher than a year ago.

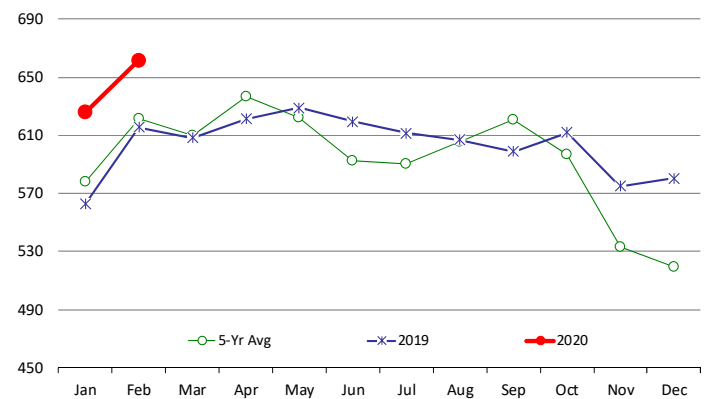
All Beef In Cold Storage at End of Month

Million Pounds. Source: USDA-NASS

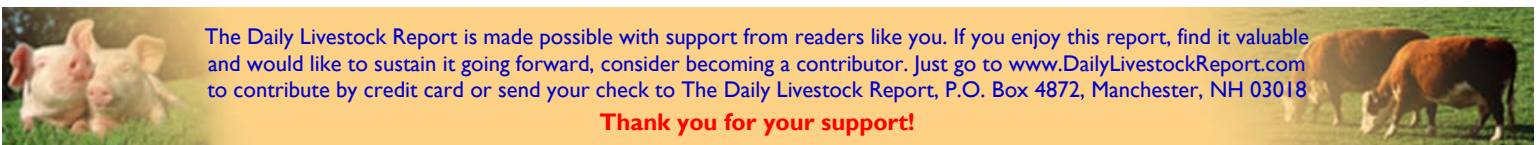


All Pork In Cold Storage at End of Month

Million Pounds. Source: USDA-NASS



The supply of chicken in cold storage was 925.1 million pounds, 6.5% higher than a year ago and 13.6% higher than the five year average. Chicken supplies declined 3.4% from a month ago compared to an average increase of 1% in the past five years. We view this number as positive for the complex, especially given the big increase in chicken production recently. Chicken demand was better in February and it has improved dramatically in the last two weeks as retailers struggle to keep the meat case full. Breast meat supplies remain plentiful, with cold storage inventory at 222.0 million pounds, 19% higher than year ago. Inventory of leg quarters at 93.5 million pounds was 45% higher than a year ago while wing inventories were down 22%. **Whole turkey supplies remain limited and total turkey inventory in cold storage was down 25% from a year ago.**



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USDA STOCKS IN COLD STORAGE REPORT

COMMODITY	Stocks in All Warehouses			Percent Of	
	28-Feb-19	31-Jan-20	29-Feb-20	Feb-19	Jan-20
	1,000 Pounds				
Frozen Pork					
<i>Picnics, Bone-In</i>	6,742	10,559	12,532	186	119
<i>Hams, Total</i>	127,740	114,618	119,053	93	104
<i>Bone-in</i>	38,193	37,481	37,068	97	99
<i>Boneless</i>	89,547	77,137	81,985	92	106
<i>Bellies</i>	53,771	70,872	74,383	138	105
<i>Loins, Total</i>	38,655	50,109	49,458	128	99
<i>Bone-in</i>	14,414	22,042	18,474	128	84
<i>Boneless</i>	24,241	28,067	30,984	128	110
<i>Ribs</i>	142,603	125,938	141,619	99	112
<i>Butts</i>	25,290	26,028	27,665	109	106
<i>Trimmings</i>	51,317	52,801	60,889	119	115
<i>Other</i>	83,644	84,856	83,799	100	99
<i>Variety Meats</i>	34,829	36,642	37,254	107	102
<i>Unclassified</i>	51,083	53,165	55,008	108	103
Total	615,674	625,588	661,660	107	106
Frozen Beef					
<i>Boneless</i>	445,621	454,966	456,855	103	100
<i>Beef Cuts</i>	28,358	33,231	34,126	120	103
Total	473,979	488,197	490,981	104	101
Other					
<i>Veal</i>	9,332	6,633	4,842	52	73
<i>Lamb & Mutton</i>	35,503	36,856	37,931	107	103
Total	44,835	43,489	42,773	95	98
Total Red Meat	1,134,488	1,157,274	1,195,414	105	103
Chicken					
<i>Broilers, Fryers, Roasters</i>	19,363	22,005	19,961	103	91
<i>Breasts and Breast Meat</i>	186,097	223,964	221,960	119	99
<i>Leg Quarters</i>	64,365	94,431	93,530	145	99
<i>Wings</i>	65,321	50,624	51,147	78	101
<i>Other Chicken</i>	533,683	566,470	538,491	101	95
Total	868,829	957,494	925,089	106	97
Turkey					
<i>Whole Turkeys</i>	214,894	107,741	131,493	61	122
<i>Turkey Breast</i>	107,144	80,283	88,725	83	111
<i>Other</i>	130,136	113,599	120,317	92	106
Total	452,174	301,623	340,535	75	113
<i>Ducks</i>	3,825	2,890	2,651	69	92
Total Poultry	1,324,828	1,262,007	1,268,275	96	100

