

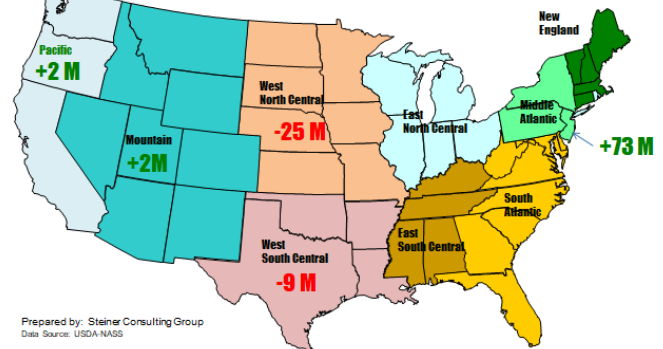
The **total inventory of beef, pork, chicken and turkey in cold storage at the end of February was estimated at 2.422 billion pounds, 1.1% higher than a year ago and now 8.2% higher than the five year average.** The cold storage supply of these four proteins was 4.5% vs. the previous month. This compares to a 2.6% m/m gain we saw last year and 2.8% average increase in the last five years.

The supply of boneless beef in cold storage was 450.9 million pounds, 8.3% higher than a year ago and 4.3% higher than the five year average. Boneless beef stocks declined 5.6% from the previous month, in line with the five year average drawdown of 5.4%. Users are comfortable with higher boneless beef stocks given the risk of higher prices into the spring. Most of the increase in boneless beef inventories has been in the Middle Atlantic region. We do not think this is due to higher imports but rather **end users building up their inventory positions ahead of spring.** Low prices for 50CL beef and some other products were a strong inducement to increase freezer hedges for spring/summer needs.

The total inventory of pork products in cold storage at the end of February was 616.0 million pounds, 1% higher than a year ago but still 2.1% lower than the five year average. Pork inventories increased 9.5% from the previous month. Last year the Jan-Feb inventory increase was 5% and in the last five years the inventory build has averaged around 6.9%. Hog slaughter was quite high in February and it appears some product ended up in the freezer. Due to confidentiality issues, USDA does not report where pork inventories are located. With all the speculation surrounding potential big China purchases, the current inventory numbers are not particularly concerning. Ham inventories in February were 127.7 million pounds, 4.1% higher than a year ago and 4.9% higher than the five year average. The inventory build in February was about 13% compared to a 12% average for the past five years. Easter is in late April this year so the March drawdown may not be as big as last year. Pork bellies in cold storage were estimated at 53.8 million pounds, 9.8% higher than a year ago but 4.6% lower than the five year average. **This was the most bullish number in the pork section. In the last five years the Jan-Feb belly inventory has increased by about 9%. This year it was unchanged.** We think the current rally in pork belly prices reflects, in part, the fact that users do not have enough product around them and are rushing to put up some additional inventory hedges. Pork rib inventory at the end of February was 142.6 million pounds, 8.4% higher than a year ago and 10.7% higher than the five year average. Inventory build in February was 12% compared to 9% average increase in the last five years.

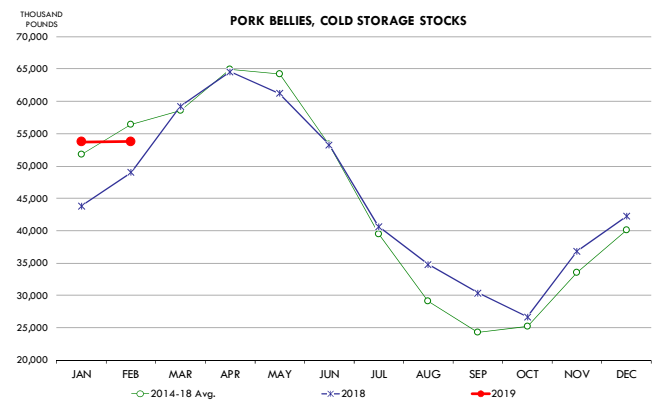
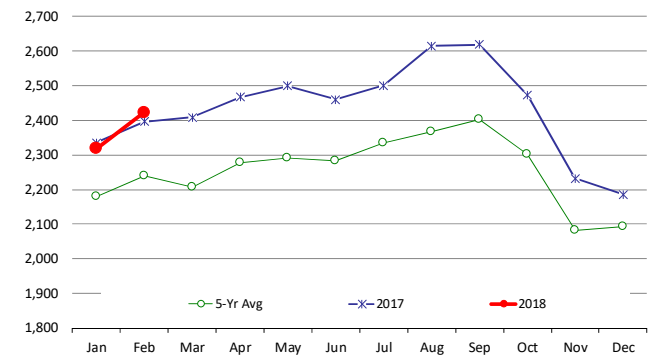
The supply of all chicken products in cold storage was 874.8 million pounds, 2.8% lower than the previous year but still 13.3% higher than the five year average. Producers have managed to clean up some of the backlog created last year although overall supplies still remain large. The inventory of b/s chicken breasts was 186.2 million pounds, 7.6% lower than a year ago but still about 8.8% higher than the five year average. The inventory of whole turkeys at the end of February was 214.8 million pounds, 14.1% higher than a year ago and 37.6% higher than the five year average. Industry continues to struggle with a backlog of product and the inventory build in February was higher than average. Breast meat inventory at 107.3 million pounds is 5.8% higher than last year.

Change in **Boneless Beef Cold Storage** Inventories by Region
February 2019 vs. February 2018



Prepared by: Steiner Consulting Group
Data Source: USDA-NASS

Combined Beef, Pork, Chicken and Turkey in Cold Storage at End of Month
Million Pounds. Source: USDA-NASS



The Daily Livestock Report is made possible with support from readers like you. If you enjoy this report, find it valuable and would like to sustain it going forward, consider becoming a contributor. Just go to www.DailyLivestockReport.com to contribute by credit card or send your check to The Daily Livestock Report, P.O. Box 4872, Manchester, NH 03018

Thank you for your support!

The **Daily Livestock Report** is published by Steiner Consulting Group, DLR Division, Inc.. To subscribe, support or unsubscribe please visit www.dailylivestockreport.com.

The Daily Livestock Report is not owned, controlled, endorsed or sold by CME Group Inc. or its affiliates and CME Group Inc. and its affiliates disclaim any and all responsibility for the information contained herein. CME Group®, CME® and the Globe logo are trademarks of Chicago Mercantile Exchange, Inc.

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 required 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.

USDA STOCKS IN COLD STORAGE REPORT

COMMODITY	Stocks in All Warehouses			Percent Of	
	28-Feb-18	31-Jan-19	28-Feb-19	Feb-18	Jan-19
	1,000 Pounds				
Frozen Pork					
<i>Picnics, Bone-In</i>	8,644	7,067	6,742	78	95
<i>Hams, Total</i>	122,743	112,660	127,741	104	113
<i>Bone-in</i>	36,932	37,242	38,192	103	103
<i>Boneless</i>	85,811	75,418	89,549	104	119
<i>Bellies</i>	49,012	53,736	53,795	110	100
<i>Loins, Total</i>	38,740	34,945	38,694	100	111
<i>Bone-in</i>	14,638	12,323	14,450	99	117
<i>Boneless</i>	24,102	22,622	24,244	101	107
<i>Ribs</i>	131,600	127,110	142,606	108	112
<i>Butts</i>	22,503	20,527	25,315	112	123
<i>Trimmings</i>	51,186	47,104	51,385	100	109
<i>Other</i>	97,215	78,254	83,637	86	107
<i>Variety Meats</i>	33,161	35,023	34,742	105	99
<i>Unclassified</i>	55,009	46,306	51,322	93	111
Total	609,813	562,732	615,979	101	109
Frozen Beef					
<i>Boneless</i>	416,438	477,496	450,926	108	94
<i>Beef Cuts</i>	42,901	32,717	28,356	66	87
Total	459,339	510,213	479,282	104	94
Other					
<i>Veal</i>	21,158	8,614	9,124	43	106
<i>Lamb & Mutton</i>	28,280	38,376	35,503	126	93
Total	49,438	46,990	44,627	90	95
Total Red Meat	1,118,590	1,119,935	1,139,888	102	102
Chicken					
<i>Broilers, Fryers, Roasters</i>	14,010	17,288	19,363	138	112
<i>Breasts and Breast Meat</i>	201,580	187,791	186,176	92	99
<i>Leg Quarters</i>	81,742	57,285	61,291	75	107
<i>Wings</i>	70,655	67,937	65,335	92	96
<i>Other Chicken</i>	531,889	523,259	542,649	102	104
Total	899,876	853,560	874,814	97	102
Turkey					
<i>Whole Turkeys</i>	188,341	166,446	214,808	114	129
<i>Turkey Breast</i>	101,384	92,200	107,308	106	116
<i>Other</i>	137,893	132,326	130,127	94	98
Total	427,618	390,972	452,243	106	116
<i>Ducks</i>	2,697	3,081	3,838	142	125
Total Poultry	1,330,191	1,247,613	1,330,895	100	107

