Daily Livestock Report

Sponsored in part by CME Group

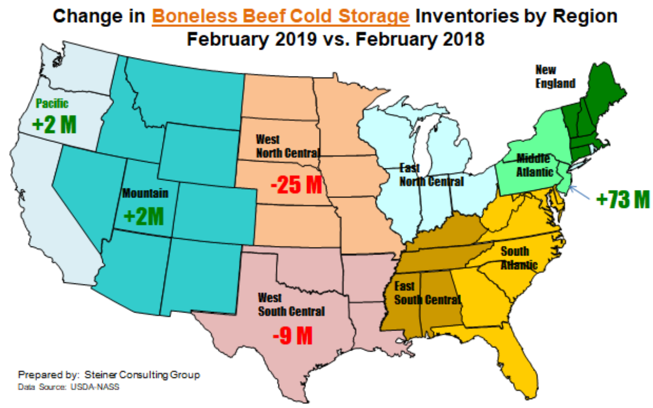
Vol. 17, No. 59 / March 26, 2019

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.

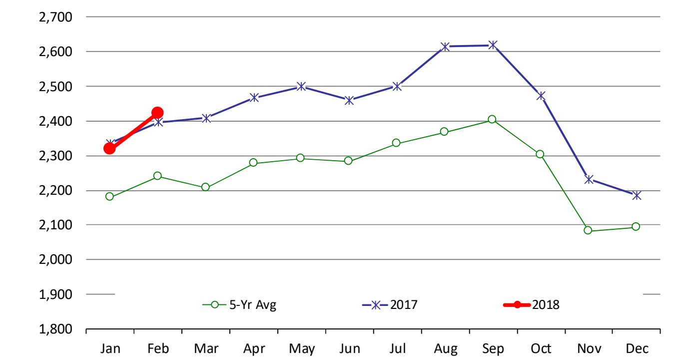
The supply of boneless beef in cold storage was 450.9 million pounds, 8.3% higher than a year ago and 4.3% higher than the five year average. Boneless beef stocks declined 5.6% from the previous month, in line with the five year average drawdown of 5.4%. Users are comfortable with higher boneless beef 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.

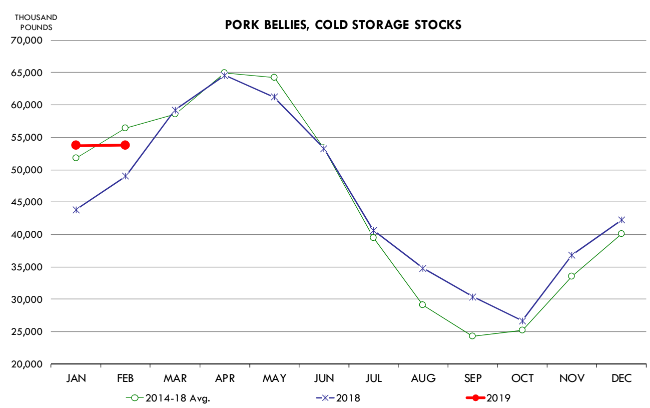
The total inventory of pork products in cold storage at the end of February was 616.0 million pounds, 1% higher than a year ago but still 2.1% lower than the five year average. Pork inventories increased 9.5% from the previous month. Last year the Jan-Feb inventory increase was 5% and in the last five 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.



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





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

Vol. 17, No. 59 / March 26, 2019

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