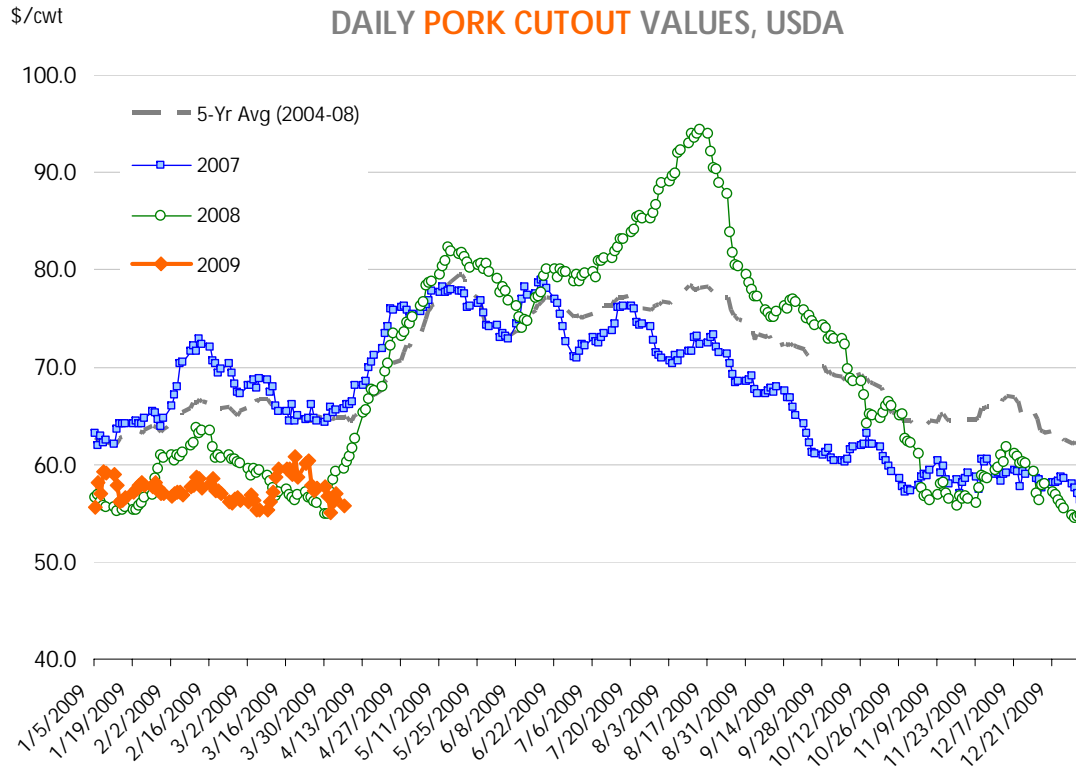


Daily Livestock Report



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E-Livestock Volume	6-Apr	3-Apr	30-Mar
LE (E-Live Cattle):	13,854	16,203	15,166
GF (E-Feeder Cattle):	1,704	1,528	1,188
HE (E-Lean Hogs):	9,915	10,956	8,028

Market Comments

Despite significant cutbacks in hog slaughter, pork prices have yet to show much upward momentum. This is clearly weighing on hog futures, which have been drifting lower since mid-March. On Monday, the nearby lean hog contract closed at \$59.725, 55 points lower than the previous day. May futures closed some 120 points lower, in part reflecting the current premium that May is carrying to cash and growing uncertainty as to whether we will see a \$15 rally in hog prices. May futures currently stand at \$72.7 compared to cash IA/MN avg. price on Monday of \$55.59 /cwt.

Before we get too pessimistic about the outlook for hog and pork prices this spring, let's look at the current dynamics in the marketplace. The pork cutout value, an indexed value of the main hog primals, was quoted on Monday at \$55.74 /cwt, \$3.74 or 6.3% lower than a year ago and \$8.96 or 13.8% lower than the five year average. And this is with about 5% less pork output compared to a year ago, which clearly does not paint a good picture for pork demand. But, in part, the current weakness is due to the fact that Easter this year is three weeks later than it was last year (Easter 2008 was on March 23). Normally ham prices peak a few weeks before Easter as buyers prepare for the surge in demand and they tend to be very weak in the days before the holiday as most purchases have already been completed and buyers are only looking for fill in business. So it really should not be surprising that current ham prices are lower than a year ago, even with the reduction in supply. The ham cutout value was quoted on Monday at \$38.07, compared to \$51.20 /cwt a year ago, a 26% decline. The ham cutout contributes about 25% to the overall cutout value. Normally ham values should recover after Easter as inventories are depleted. One big wildcard this year is the willingness of end users to start building ham inventories for use this fall. Given current credit constraints and uncertainty, some end users may opt to reduce the amount of pork they put away, which could negatively impact ham demand this summer. Export demand also remains crucial, especially ham exports to Mexico which remains the primary market for US hams. Another negative for pork cutout values so far has been the decline in the price of pork loins. The loin primal accounts for another 25% of the carcass and loin cutout values closed on Monday at \$67.9, 14% lower than a year ago. But, with chicken breast prices expected to trend higher, loin prices also should receive some support into May. As for other cutout components, belly value is up 32%, butts are up 6%, picnics are down 17%.