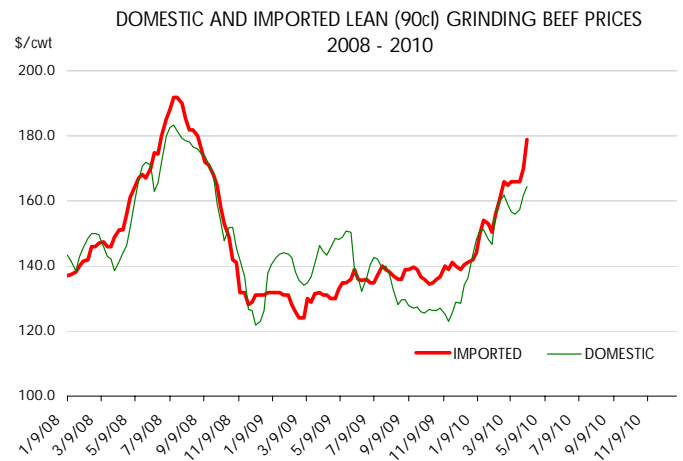
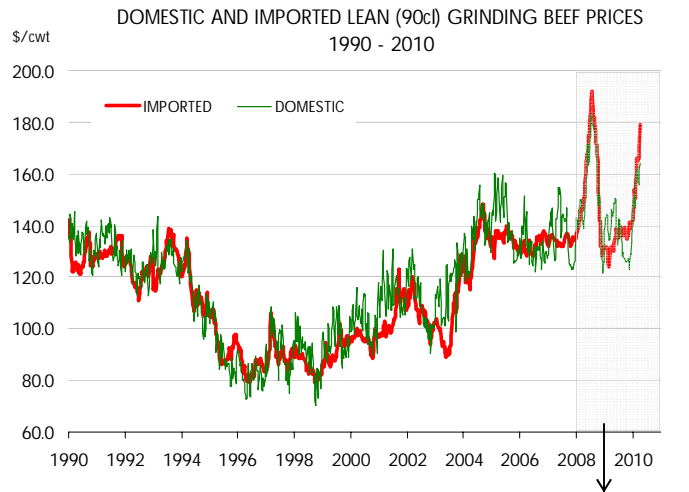


Daily Livestock Report

Vol. 8, No. 67 / April 9, 2010

Market Comments

In the words of Yogi Berra "it's de-ja-vu all over again" for US retailers and foodservice operators preparing for the start of the grilling season. **Prices for lean grinding beef, one of the key components that goes in much of the hamburgers that will be consumed this summer, have moved sharply higher and are approaching the all time records we saw in the spring and summer of 2008.** Current prices are well ahead of the pace of 2008 and prices could be even higher in early May when retailers jump back in the market looking for fill-in product in the spot market. The spike in grinding beef prices is due to both supply, demand and psychological factors. At the moment, the price of imported beef is leading the market, since much of it is product that will be delivered in May. As we have noted a few times in previous issues of the DLR, imported beef supplies are sharply lower compared to a year ago. The imported beef supply relies on a long pipeline stretching from Australia and New Zealand to US ports in the East and West Coast. Currently, the supply in the pipeline is especially thin, with shipments from Australia to the US in March down 50% from a year ago and very little product coming from Uruguay. Much of the imported beef currently on water is already spoken for and even though production in Australia has picked up in recent weeks, much of it is going to fill standing orders. Anyone looking to purchase additional supplies is finding out that they need to pay ever higher premiums. There is also another factor at play. It used to be that the US was seen as a first choice for foreign beef suppliers but a combination of a weak US dollar, increasingly stifling regulations and quotas have degraded the competitiveness of the US market. It was unthinkable that Russian buyers would outbid US ones but that is no longer the case. US grinding beef supplies remain above year ago levels as cow-calf producers continue to send animals to market despite higher feeder cattle prices. Cow prices have moved sharply higher and for the moment this has bought enough supply to keep the plants running. End users, however, are nervous about cow meat supplies in May and June. Great moisture conditions will likely make for very good pastures and even higher prices will be needed to convince producers to part with their animals. That becomes an increasingly difficult proposition as liquidation cannot go on forever. Bottom line is that higher grinding beef prices this spring and summer should further bolster packer margins (and cattle prices) while retailers scramble to find something affordable to feature not just in May but for the rest of the summer.



Get free real-time CME Globex quotes at www.cmegroup.com/elivestockquotes.

**DRIVING FORCES BEHIND
THE AG CREDIT MARKET**

MISS THE WEBINAR? VIEW OUR ARCHIVE ▶

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.

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.

CME Group is the trademark of CME Group, Inc. The Globe logo, Globex® and CME® are trademarks of Chicago Mercantile Exchange, Inc. CBOT® is the trademark of the Board of Trade of the City of Chicago. NYMEX, New York Mercantile Exchange, and ClearPort are trademarks of New York Mercantile Exchange, Inc. COMEX is a trademark of Commodity Exchange, Inc. Copyright © 2009 CME Group. All rights reserved.