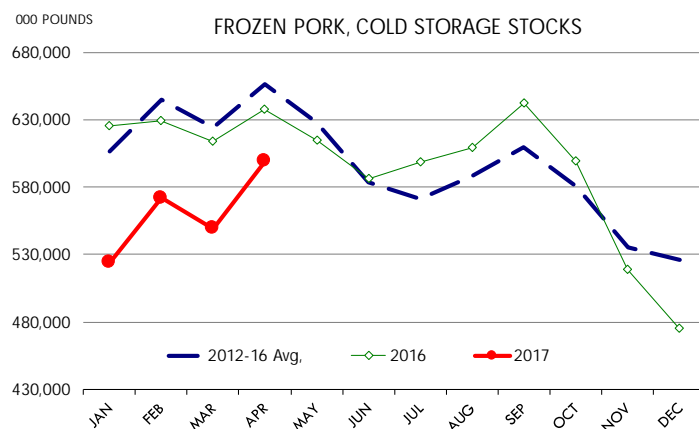
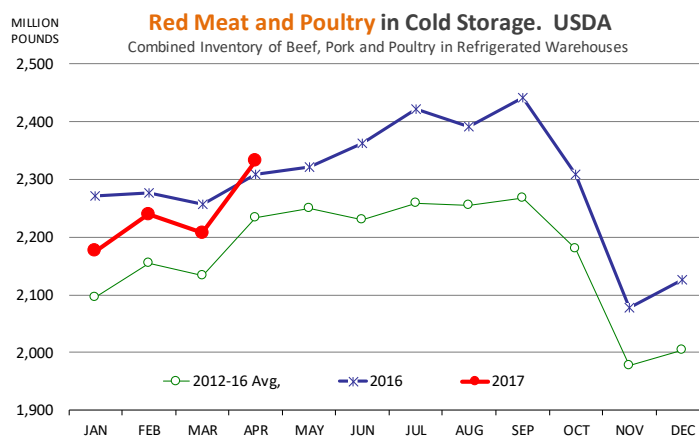



The latest USDA 'Cold Storage' report contained some positive implications for red meat demand in April. Output during the month increased significantly and yet supplies in cold storage at the end of the largely increased in line with the normal seasonal rather than showing a significant buildup. For poultry, the picture is a bit mixed, with some products indicating very robust demand and others still struggling with burdensome supplies. Below are some of the highlights from the latest report:

Total supplies the main proteins in cold storage at the end of April (beef, pork, chicken and turkey) were 2.333 billion pounds, 1% higher than a year ago and 4.4% higher than a year ago. Overall inventories increased by 5.7% vs. the previous month compared to a five year average build of 4.7%. Beef, pork and chicken production increased sharply in April but this did not have a significant impact on cold storage stocks, implying robust demand has kept the flow of product moving. Boneless beef inventories at the end of April were 415.6 million pounds, 4% less than a year ago and 3% lower than the five year average. Normally inventories of boneless beef are steady in April (5-yr avg.) but very high prices for fat trim and limited imports from Australia/New Zealand caused inventories to decline for the month. Inventories of some beef cuts were counter seasonally higher but we think this is mostly due to freezer hedges than packers struggling to move product.

Pork inventories in cold storage at the end of April were 599.1 million pounds, 6% less than a year ago and 8.8% lower than the five year average. Pork inventories increased 9% compared to the previous month in April. In the last five years the inventory build in April is about 5%. The pork cutout declined significantly in April and it appears some of that pork ended up in the freezer. Still, the overall inventory position does not appear particularly burdensome and April stocks under 600 million pounds compare to 2013 when pork inventories exceeded 700 million pounds. Ham inventories at the end of April were 114.0 million pounds, 12.5% less than last year and 2.9% under the five year average. The ham inventory build in April was 26% compared to a 5-yr average of 28%. Pork belly stocks increased in April as the decline in wholesale markets likely encouraged packers/processors to put more product away. Belly stocks at 34.0 million pounds were 66% higher than the previous month but still some 53% under year ago levels. Inventories of picnics and trim continued to be relatively low, which should remain supportive of prices going into May and June when seasonally supplies decline while grilling demand improves. Picnic inventories at 8.5 million pounds were 26% lower than last year and 42.5% lower than the five year average while pork trim inventories at 40.8 million pounds were about the same as a year ago but 26% less than the five year average.




The cold storage situation for poultry is a mixed bag. Breast meat supplies remain burdensome, up some 36.8% compared to the five year average. Breast meat stocks increased 5% from the previous month while in the last five years breast meat inventories on average declined 1% in April. Leg quarter inventories increased 4% compared to the previous month compared to a five year average build of 6%. Demand for wings remains stellar. Wing inventories declined 4% in April while in the last five years stocks on average increased 7% for the month. Turkey breast supplies are heavy, which is reflected in the low price in product markets. Turkey breast stocks in cold storage were 106.7 million pounds, 52.3% higher than last year and 66% higher than the five year average. Whole turkey inventories at 221.3 million pounds were 21.5% higher than last year and 7.4% higher than the five year average.



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USDA STOCKS IN COLD STORAGE REPORT

COMMODITY	Stocks in All Warehouses			Percent Of	
	30-Apr-16	31-Mar-17	30-Apr-17	Apr-16	Mar-17
	1,000 Pounds				
Frozen Pork					
<i>Picnics, Bone-In</i>	11,470	8,796	8,476	74	96
<i>Hams, Total</i>	130,217	90,578	113,959	88	126
<i>Bone-in</i>	58,537	29,235	37,483	64	128
<i>Boneless</i>	71,680	61,343	76,476	107	125
<i>Bellies</i>	72,592	20,570	34,045	47	166
<i>Loins, Total</i>	43,536	36,361	42,992	99	118
<i>Bone-in</i>	14,451	13,753	16,370	113	119
<i>Boneless</i>	29,085	22,608	26,622	92	118
<i>Ribs</i>	138,117	140,771	138,234	100	98
<i>Butts</i>	19,172	24,504	24,905	130	102
<i>Trimmings</i>	40,991	40,482	40,761	99	101
<i>Other</i>	82,891	84,048	89,600	108	107
<i>Variety Meats</i>	49,429	54,430	54,418	110	100
<i>Unclassified</i>	48,905	48,884	51,722	106	106
Total	637,320	549,424	599,112	94	109
Frozen Beef					
<i>Boneless</i>	432,792	422,572	415,636	96	98
<i>Beef Cuts</i>	35,007	41,429	42,824	122	103
Total	467,799	464,001	458,460	98	99
Other					
<i>Veal</i>	6,191	16,104	15,363	248	95
<i>Lamb & Mutton</i>	39,787	25,792	28,603	72	111
Total	45,978	41,896	43,966	96	105
Total Red Meat	1,151,097	1,055,321	1,101,538	96	104
Chicken					
<i>Broilers, Fryers, Roasters</i>	23,204	16,783	21,098	91	126
<i>Breasts and Breast Meat</i>	187,316	179,195	188,324	101	105
<i>Leg Quarters</i>	110,991	113,188	117,184	106	104
<i>Wings</i>	78,826	64,953	62,642	79	96
<i>Other Chicken</i>	404,617	391,182	408,590	101	104
Total	804,954	765,301	797,838	99	104
Turkey					
<i>Whole Turkeys</i>	182,080	181,215	221,275	122	122
<i>Turkey Breast</i>	70,058	97,176	106,701	152	110
<i>Other</i>	146,581	150,393	149,320	102	99
Total	398,719	428,784	477,296	120	111
<i>Ducks</i>	10,412	5,325	3,872	37	73
Total Poultry	1,214,085	1,199,410	1,279,006	105	107

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