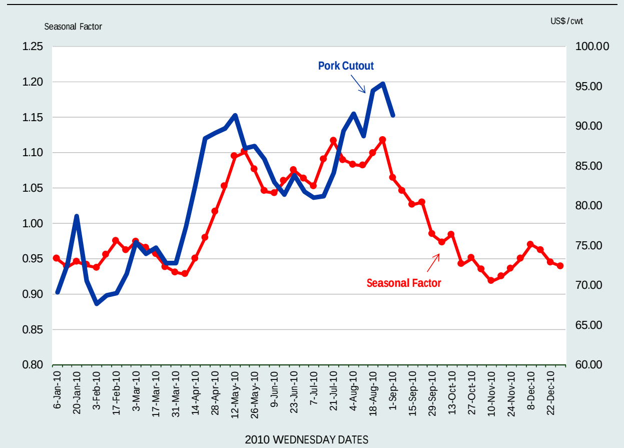
Vol. 8, No. 173 / September 7, 2010

Daily Livestock Report

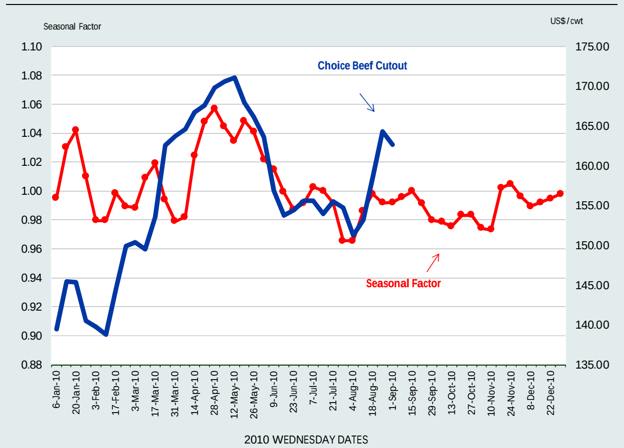
Market Comments

Lean hog futures closed the week on a strong note as pork prices in the cash market continue to trade very firm. Seasonally prices for pork decline into the fall as demand for some summer items starts to wane while hog supplies trend higher. Clearly the strength in the cash market has provided some assurance that, while prices will seasonally ease into the fall, they will likely remain at levels that are significantly above year ago levels. On Friday, the pork cutout closed at $91.975 /cwt., $0.7/cwt. lower than the previous Friday but still some $37.3/cwt. or 68% higher than a year ago. The very strong performance of pork prices continues to be driven in large part by tight supplies of hogs coming to market. As the summary table on page 2 shows, hog slaughter for the week ending September 4 was 2.117 million head, 6.65% lower than a year ago. Sow slaughter numbers are down, which is to be expected considering some of the lofty price levels that futures are indicating for next year. Keep in mind that the weekly sow slaughter data is reported with a two week lag. For the week ending August 21, weekly sow slaughter was 56,000 head, 20% lower than a year ago. Hog slaughter numbers in recent weeks have been lower that what the US hogs and pigs inventory indicated back in June. Some have speculated that the tight numbers reflect the willingness of producers to hold on to animals a bit longer in an effort to put more pounds on them. While that may be the case in some operations, the latest data shows that hog carcass weights are currently running below year ago levels, which is not exactly what you would get if producers were holding animals back. Hog carcass weights for the week ending September 4 were about 200 pounds (dressed weight), 0.5% lower than a year ago. The combination of lighter hogs and fewer hogs coming to market implied a total pork production for the week at 422.8 million pounds, a whopping 32 million pound (-7%) decline from year ago levels. Pork prices should ease lower but if hog supplies remain this tight, it will be a tough market for US retailers and foodservice operators, especially considering the very tight freezer stocks for some items. As for beef prices, cash choice beef prices received a boost recently from Labor Day weekend demand. Weather across much of the US East Coast was very good and that probably helped move some product. It remains to be seen, however, if the recent performance in the beef complex is sustained into the fall, especially considering the ongoing uncertainty about the economy.

Pork Cutout vs. Seasonal Factor



Choice Beef Cutout vs. Seasonal Factor



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PRODUCTION & PRICE SUMMARY

Week Ending 9/4/2010

	Item	Units	Last Week	Prior Week	Pct. Change	Last Year	Pct. Change	2010 YTD	Y/Y % Change
			4-Sep-10	28-Aug-10		5-Sep-09			
CATTLE	FI Slaughter	Thou. Head	669	678	-1.33%	662	1.09%	22,744	1.4%
	FI Cow Slaughter **	Thou. Head	118	113	4.16%	121	-2.73%	4,077	3.7%
	Avg. Live Weight	Lbs.	1276	1283	-0.55%	1302	-2.00%	1,273	-1.4%
	Avg. Dressed Weight	Lbs.	778	777	0.13%	790	-1.52%	768	-1.8%
	Beef Production	Million Lbs.	518.9	525.3	-1.22%	521.1	-0.42%	17,397	-0.5%
	Live Fed Steer Price	$ per cwt	96.45	98.97	-2.55%	83.74	15.18%		
	Dressed Fed Steer Price	$ per cwt	152.69	154.88	-1.41%	129.91	17.54%		
	OKC Feeder Steer Price	619-700 Lbs.	97.00	96.04	0.99%	97.58	-0.59%		
	Beef Cutout Value	619-900 Ch.	163.12	163.79	-0.41%	142.83	14.21%		
	Hide/Offal	$/cwt	10.81	10.85	-0.37%	9.46	14.27%		
HOGS	FI Slaughter	Thou. Head	2,117	2,110	0.33%	2,268	-6.65%	71,944	-4.4%
	FI Sow Slaughter **	Thou. Head	56.2	53.1	5.80%	70.4	-20.24%	1,909	-8.1%
	Avg. Dressed Weight	Lbs.	200.0	200.0	0.00%	201.0	-0.50%	203	0.0%
	Pork Production	Million Lbs.	422.8	421.9	0.21%	454.7	-7.02%	14,579	-4.4%
	Iowa-S. Minn. Direct	Wtd. Avg.	78.08	80.50	-3.01%	49.01	59.31%		
	Natl. Base Carcass Price	Wtd. Avg.	78.79	80.20	-1.76%	50.86	54.92%		
	Natl. Net Carcass Price	Wtd. Avg.	81.54	82.92	-1.66%	52.89	54.17%		
	Pork Cutout	185 Lbs.	91.78	94.99	-3.38%	55.02	66.81%		
CHICKEN	Young Chicken Slaughter *	Million Head	165.7	164.3	0.90%	165.1	0.39%	5,471	2.2%
	Avg. Weight	Lbs.	5.49	5.48	0.18%	5.61	-2.14%	5.56	1.0%
	Chicken Production	Million Lbs.	909.9	900.1	1.09%	926.2	-1.76%	30,401	3.2%
	Eggs Set	Million	206.0	206.8	-0.35%	200.6	2.68%	7,242	1.9%
	Chicks Placed	Million Head	170.5	171.5	-0.61%	166.2	2.54%	5,960	0.9%
	12-City Broiler Price	Composite	85.62	84.73	1.05%	73.48	16.52%		
	Georgia Dock Broiler Price	2.5-3 Lbs.	87.27	87.21	0.07%	84.84	2.86%		
TURK	Young Turkey Slaughter *	Million Head	4.748	4.733	0.32%	4.776	-0.59%	148.638	-4.0%
	Avg. Weight	Lbs.	28.42	28.15	0.96%	28.2	0.78%	29.51	1.5%
	Turkey Production	Million Lbs.	134.9	133.2	1.28%	134.7	0.19%	4,386	-2.6%
	Eastern Region Hen Price	8-16 Lbs.	99.49	100.42	-0.93%	79.00	25.94%		
GRAIN	Corn, Omaha	$ per Bushel	4.11	3.81	7.87%	3.03	35.64%		
	DDGs, Minnesota	$ per Ton	112.50	102.50	9.76%	72.50	55.17%		
	Wheat, Kansas City	$ per Bushel	6.64	6.15	7.97%	4.40	50.91%		
	Soybeans, S. Iowa	$ per Bushel	10.29	10.50	-2.00%	10.94	-5.94%		
	Soybn Meal, 48% Decatur	$ per Ton	329.20	333.30	-1.23%	402.40	-18.19%		

* Chicken & turkey slaughter & production are 1 week earlier than the date at the top of this sheet.

** Cow and sow slaughter reflect levels from two weeks ago due to reporting lag.