

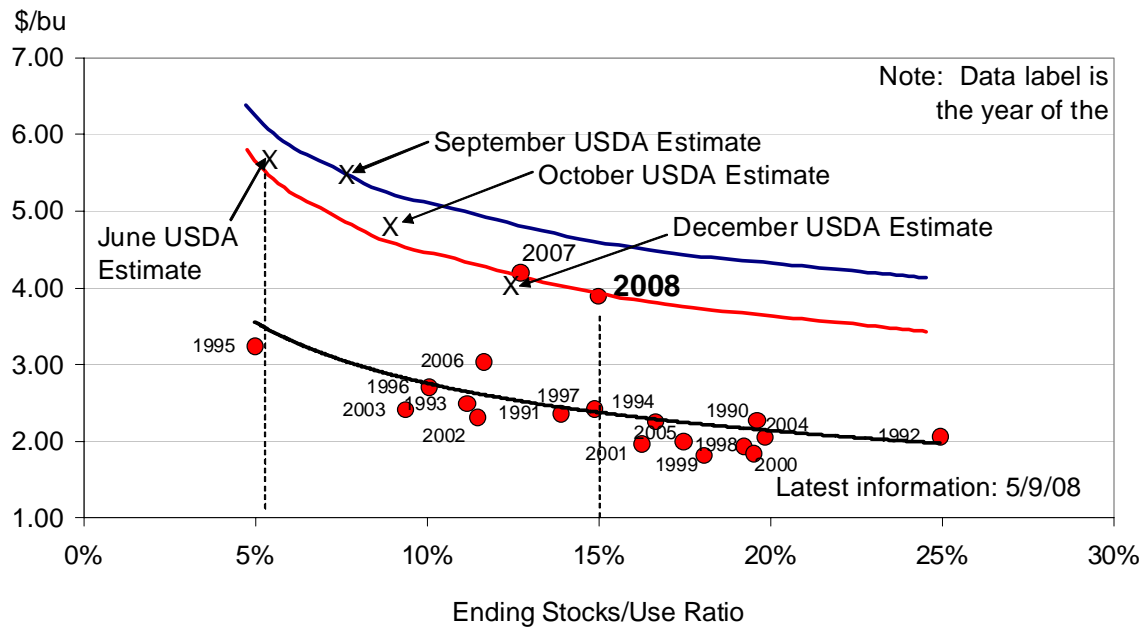
Daily Livestock Report

E-Livestock Volume	1/12/09	1/9/09	1/5/09
LE (E-Live Cattle):	15,486	16,227	8,186
GF (E-Feeder Cattle):	580	567	803
HE (E-Lean Hogs):	16,499	18,815	11,950

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Those thuds you heard at various times on Monday were the sound of CME Group grain futures hitting downward limits in the wake of Monday's USDA Crop Production and World Supply and Demand Estimates (WASDE) reports. Grain markets reacted quite negatively to USDA's estimates for larger 2008 crops of both corn and soybeans and declining usage rates for both crops. The key data from the reports appear in the tables on page 2. Some key items for livestock producers are:

U.S. CORN PRICE VS. S/U RATIO 1990-2008



- Higher 2008 corn output due to slight increases in planted acres, harvested acres and yield. The combination of those factors drove the estimated corn crop to 12.101 billion bushels, 0.7% larger than the December estimate but still 7.4% smaller than last year's record crop of 13.074 billion bushels.
- Lower ethanol usage. USDA reduced the usage levels for ethanol for the second straight month. Total ethanol usage is now forecast to be 3.6 billion bushels. That number is 100 million lower than the December estimate and, assuming an ethanol yield of 2.8 gallons/bushel, BELOW THE 3.75 BILLION BUSHELS NEEDED TO MEET THE RENEWABLE FUEL STANDARD'S REQUIRED 10.5 BILLION GALLONS IN 2009. Ethanol blenders can use RINS (or credits) earned for exceeding the standard in years past to meet the 2009 standard and there is believed to be enough RINS available to account for about a 10% shortfall. Given the economics of the ethanol business at present, don't be surprised if this number continues to decline.
- Lower estimates for all other corn uses as well. Exports were cut by another 50 million bushels and non-ethanol food/industrial usage was cut by 35 million, both no doubt functions of concerns about the worldwide economy. Feed usage was reduced another 50 million bushels as well and now stands 11.3% lower than last year. That still looks like a large reduction to us since livestock and poultry reductions are MUCH smaller — from 3% or so for pork to, perhaps, 6-7% at the outside for chicken. Interestingly, USDA only forecasts a 4.7% decrease in domestic soybean meal usage. Even adjusting for more DDGS (and the increase there is dwindling!), it appears that livestock and poultry diets are going to much higher in protein content this year.
- A 21.4% increase from the December estimate for projected 2009 corn carryout — to 1.79 billion bushels. That level is 10.2% higher than last year and the largest since 2006. The historic relationship between ending stocks to use ratio and price is shown at left. The January observation is labeled 2008. Note that USDA estimates still appear to lie on a higher corn demand curve than we have historically used but a lower one than was being postulated last June.
- Higher soybean production, lower crushing, higher exports and higher carryout stocks — yet HIGHER meal prices relative to the December estimates. SBM price is expected to be 17% lower, though, than in '08.

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Figure 1

U.S. CORN SUPPLY AND UTILIZATION - JANUARY

		2007/08	2008/09		Pct Change vs Dec	Pct Change vs '07/08
		Est	USDA, Dec	USDA, Jan		
Acres Planted	Mil A	93.6	85.9	86.0	0.1%	-8.1%
Acres Harvested	Mil A	86.5	78.2	78.6	0.5%	-9.1%
Yield	Bu/A	151.1	153.8	153.9	0.1%	1.9%
Beginning Stocks	Mil Bu.	1304	1624	1624	0.0%	24.5%
Production	Mil Bu.	13074	12020	12101	0.7%	-7.4%
Imports	Mil Bu.	20	15	15	0.0%	-25.0%
Total Supply	Mil Bu.	14398	13659	13740	0.6%	-4.6%
Food, Seed & Ind	Mil Bu.	1338	1335	1300	-2.6%	-2.8%
Ethanol for fuel		3026	3700	3600	-2.7%	19.0%
Feed & Resid	Mil Bu.	5974	5350	5300	-0.9%	-11.3%
Exports	Mil Bu.	2436	1800	1750	-2.8%	-28.2%
Total Usage	Mil Bu.	12773	12185	11950	-1.9%	-6.4%
Carryover	Mil Bu.	1624	1474	1790	21.4%	10.2%
Stocks/Use		12.7%	12.1%	15.0%	23.8%	17.8%
Nat. Wtd. Avg. Farm Price	\$/Bu.	4.20	3.65 - 4.35	3.55 - 4.25	-2.5%	-7.1%

Figure 2

U.S. SOYBEAN SUPPLY & UTILIZATION - JANUARY

		2007/08	2008/09		Pct. Change vs. Dec	Pct. Change vs. '07/08
		USDA, Oct	USDA, Dec	USDA, Jan		
Acres Planted	Mil A	64.7	75.9	75.7	-0.3%	17.0%
Acres Harvested	Mil A	64.1	74.4	74.6	0.3%	16.4%
Yield	Bu/A	41.7	39.3	39.6	0.8%	-5.0%
Beginning Stocks	Mil Bu.	574	205	205	0.0%	-64.3%
Production	Mil Bu.	2676	2921	2959	1.3%	10.6%
Imports	Mil Bu.	10	7	7	0.0%	-30.0%
Total Supply	Mil Bu.	3260	3133	3173	1.3%	-2.7%
Crushings	Mil Bu.	1801	1715	1685	-1.7%	-6.4%
Exports	Mil Bu.	1161	1050	1100	4.8%	-5.3%
Seed	Mil Bu.	93	90	90	0.0%	-3.2%
Residual	Mil Bu.	-1	72	73	0.0%	N/A
Total Usage	Mil Bu.	3054	2927	2948	0.0%	-4.2%
Carryover	Mil Bu.	205	205	225	0.0%	0.0%
Stocks/Use		6.7%	7.0%	7.0%	0.0%	4.3%
Nat. Wtd. Avg. Farm Price	\$/Bu.	10.10	8.25 - 9.75	8.50-9.50	0.0%	-10.9%
Soybean Oil Price	Cents/lb.	52.03	31.00 - 35.00	32.00 - 35.00	1.5%	-35.6%
Soybean Meal Price	\$/ton	335.94	240 -- 300	250 - 310	3.7%	-16.7%