

Daily Livestock Report

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As a follow-up to yesterday's discussion of hog weights, a DLR reader provided one more reason that weights might be lower: Producers may be pushing hogs to market to capture these unexpectedly higher prices. That is possible and we have seen producers do it before but how does that square with December slaughter very near the levels expected from the December Hogs and Pigs report and last week's slaughter total that was far below the expected level? If weights are going down and slaughter is LOWER than expected, we would either have to have fewer hogs than were indicated in the December report or see lower slaughter over the next few weeks. Only time will tell and there has, no doubt, been some of this "capture the high prices" thinking but we think it is less important than performance. At least that's our story for now and we're sticking to it.

This morning's Crop Production and World Agricultural Supply and Demand Estimates (WASDE) were quite a surprise to the trade. The report's supply and utilization figures for corn and soybeans appear in the tables at right.

The most important changes from the December report levels were for corn where an increase in both harvested acres and, more important, yield drove the 2009 crop to a new record of 13.151 billion bushels, 230 million higher than was predicted by the December WASDE. That record eclipses the old mark of 13.038 billion bushels and, when combined with much larger carry-in stocks (1.674 for '09 vs. 1.304 for '07) puts total supply at a record 14.605 billion bushel. CME Group Corn futures were down the \$0.30/bu. limit across the board in today's trading, clearly surprised by the size of the crop increase.

But is that crop really available? These data are based on a survey conducted in late November and early December when roughly 20% of the expected crop was still in the field but some progress was still being made on harvest. Brutal weather since that time has left most of those acres still unharvested, raising questions of how much of it will make it to the bins. USDA did indicate that it plans to re-survey producers in Illinois, Michigan, Wisconsin, Minnesota, North Dakota and South Dakota regarding corn acres and what they plan to do.

The only major usage change was an increase in projected feed and residual usage from 5.4 billion bushels to 5.55 billion bushels based on Sep-Nov corn disappearance. Whether livestock and poultry numbers stay large enough through the rest of the crop year to justify that increase remains to be seen.

USDA increased both the projected stocks-to-use ratio and its forecast price range from their December levels. Higher relative supplies and higher prices indicate higher expected corn demand, a logical result of rising oil prices and a weaker dollar.

The changes were not nearly as dramatic for soybeans but USDA did increase its forecast yield to a record 44 bu./acre and the total crop to a record 3.319 billion bushels. Higher projected crushings (1.71 billion bushels, up 1% from December) and exports (1.375 billion bushels, up 2.6% from December) drove usage to a record 3.262 billion bushels. The usage increases more than offset higher production to leave projected 2010 carryout stocks at 245 million bushels. That is 3.9% lower than was predicted in December but 78% HIGHER than last year when tight stocks in late summer pushed soybean and soybean meal prices sharply higher. The result of the usage and ending inventory changes is a stocks/use ratio of 7.5%, 5.5% lower than the 7.9% in December's report. USDA raised its estimated soybean price range by 15 cents on both ends, added \$0.50/cwt to both ends of the bean oil price range and added \$5 to both ends of the meal price range. Projected soybean meal prices are generally in line with current CME Group Soybean Meal futures.

U.S. CORN SUPPLY AND UTILIZATION - JANUARY

		2007/08	2008/09	2009/10	2009/10	% Chng	% Chng
			Est.	USDA, Dec.	USDA, Jan.	vs '08-09	vs. Dec.
Acres Planted	Mil A	93.5	86.0	86.4	86.5	0.6%	0.1%
Acres Harvested	Mil A	86.5	78.6	79.3	79.6	1.3%	0.4%
Yield	Bu/A	150.7	153.9	162.9	165.2	7.3%	1.4%
Beginning Stocks	Mil Bu.	1304	1624	1674	1673	3.0%	-0.1%
Production	Mil Bu.	13038	12092	12921	13151	8.8%	1.8%
Imports	Mil Bu.	20	14	10	10	-28.6%	0.0%
Total Supply	Mil Bu.	14362	13729	14605	14834	8.0%	1.6%
Food, Seed & Ind	Mil Bu.	1337	1276	1280	1250	-2.0%	-2.3%
Ethanol for fuel		3026	3677	4200	4200	14.2%	0.0%
Feed & Resid	Mil Bu.	5938	5246	5400	5550	5.8%	2.8%
Exports	Mil Bu.	2436	1858	2050	2050	10.3%	0.0%
Total Usage	Mil Bu.	12737	12056	12930	13070	8.4%	1.1%
Carryover	Mil Bu.	1624	1673	1675	1764	5.4%	5.3%
Stocks/Use		12.8%	13.9%	13.0%	13.5%	-2.7%	4.2%
Nat. Wtd. Avg. Farm Price	\$/Bu.	4.20	4.06	3.25-3.85	3.40-4.00	-8.9%	4.2%

U.S. SOYBEAN SUPPLY & UTILIZATION - JANUARY

		2007/08	2008/09	2009/10	2009/10	% Chng	% Chng
			Est.	USDA, Dec.	USDA, Jan.	vs '08-09	vs. Dec.
Acres Planted	Mil A	64.7	75.7	77.5	77.5	2.4%	0.0%
Acres Harvested	Mil A	64.1	74.7	76.6	76.6	2.5%	0.0%
Yield	Bu/A	41.7	39.7	43.3	44.0	10.8%	1.6%
Beginning Stocks	Mil Bu.	574	205	138	138	-32.7%	0.0%
Production	Mil Bu.	2677	2967	3319	3361	13.3%	1.3%
Imports	Mil Bu.	10	15	8	8	-46.7%	0.0%
Total Supply	Mil Bu.	3261	3187	3465	3507	10.0%	1.2%
Crushings	Mil Bu.	1801	1662	1695	1710	2.9%	0.9%
Exports	Mil Bu.	1161	1280	1340	1375	7.4%	2.6%
Seed	Mil Bu.	93	95	94	94	-1.1%	0.0%
Residual	Mil Bu.	0	11	81	83	654.5%	2.5%
Total Usage	Mil Bu.	3056	3049	3210	3262	7.0%	1.6%
Carryover	Mil Bu.	205	138	255	245	77.5%	-3.9%
Stocks/Use		6.7%	4.5%	7.9%	7.5%	65.9%	-5.5%
Nat. Wtd. Avg. Farm Price	\$/Bu.	10.10	9.97	8.75-10.25	8.90-10.40	-8.2%	1.7%
Soybean Oil Price	Cents/lb.	52.03	32.16	35.5-38.5	36 - 39	15.0%	1.4%
Soybean Meal Price	\$/ton	335.94	331.17	260 - 310	265 - 315	-12.4%	1.8%

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