

Daily Livestock Report

E-Livestock Volume	1/2/09	1/1/09	12/26/08
LE (E-Live Cattle):	13,140	Holiday	3,674
GF (E-Feeder Cattle):	820	Holiday	514
HE (E-Lean Hogs):	17,639	Holiday	7,102

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An OFFICIAL Happy New Year is in order today! All of us at Daily Livestock Report wish you the best in 2009!

A note of caution about our weekly data table: Some of the numbers are for the week ended January 3 and some (cow slaughter, sow slaughter, all of the poultry data) are for the week ended December 27. That distinction is most important when one looks at the year-to-date (YTD) numbers. Note also that the YTD numbers for cattle and hog slaughter and production represent only Friday and Saturday, January 2 and 3. The year-ago numbers included 3 weekdays and a Saturday. These year-on-year comparisons will return to "normal" this week.

Friday's surge in Lean Hogs futures was largely attributed to a Wednesday surge in USDA's estimated pork cutout value. We thought this would be an opportune time to discuss cutout value as it is a term often asked about by our readers.

A cutout value, whether it be for beef or pork, is simply the weighted average of the wholesale cut prices with the weightings being the proportion of the carcass that each cut represents.

Every packing plant in the U.S. computes its own proprietary cutout value each day based on the actual cut yields that those plants see in day-to-day operations. These proprietary cutout values are, in fact, primary drivers of daily cash livestock bids. The other primary drivers, of course, are the by-product value (ie. the value of items such as hides, organ meats, blood, etc. that are NOT included in the carcass cutout computations) and packers' costs.

USDA publishes an "estimated" cutout value based on cut yields (ie. percentages of the carcass represented by each cut) that it compiles from periodic surveys of packers. These "standard" yields do not change often. USDA's current "drop" cut yields (ie. the percentage of the carcass represented by each cut when the carcass is first cut into the various pieces) for pork appear at right.

To arrive at a cutout value, each cut's drop price is multiplied by the percentage shown and those values are summed. Drop prices are determined by USDA's composite cut value adjusted for initial skinning and trimming. Composite cut values are computed using item yields for various end-products and the proportions of daily loads of the various end products. Pork loins, for instance, are sold as 1/4" trim, 1/8" trim, bone-in center cut, strap-on boneless and strap-off boneless. Producing these various forms also yields backribs, tenderloin, trimmings, fat, waste bone, etc. The prices of all of these parts are weighted by their yields and the number of loads sold on a give day to arrive at a composite loin value. The same process if followed for all other wholesale cuts to arrive at a cutout value.

Cut	Pct.
Loin	25.34
Ham	24.98
Belly	16.02
Picnic	11.12
Butt	10.34
Sparerib	4.49
Neck Bones	1.66
Jowl	1.56
Feet & Tail	2.43
Cut Loss	2.06
TOTAL	100.00

PRODUCTION AND PRICE SUMMARY

Item	Units	Current Week		Last Week		Pct. Change		Last Year		Pct. Change		YTD	Pct. Change
		Current Week	Last Week	Current Week	Last Week	Current Week	Last Week	Current Week	Last Week				
C FI Slaughter	Thou. Head	507	450	12.67%	532	-4.74%	159	-62.9%					
A FI Beef Cow Slaughter	Thou. Head	65.4	73.6	-11.20%	69.1	-5.39%	3,502	12.2%					
T Avg. Live Weight	Lbs.	1304	1306	-0.15%	1297	0.54%	1,285	0.7%					
T Avg. Dressed Weight	Lbs.	784	786	-0.25%	777	0.90%	778	0.1%					
L Beef Production	Million Lbs.	396.1	352.8	12.27%	411.9	-3.84%	124	-62.5%					
E Live Fed Steer	\$/cwt live wt.	86.00	85.07	1.10%	94.53	-9.00%							
Dressed Steer	\$/cwt carcass	135.05	134.59	0.30%	150.66	-10.40%							
Georgia Feeder Steer	600-700 Lbs.	NQ	NQ	NA	NQ	NA							
Beef Cutout	600-750 Choice	143.49	144.22	-0.50%	148.06	-3.10%							
Hide/Offal	\$/cwt live wt.	6.35	6.19	-10.30%	9.86	-35.60%							
H FI Slaughter	Thou. Head	1918	1745	9.91%	1996	-3.90%	663	-59.1%					
O FI Sow Slaughter	Thou. Head	65.7	64.9	1.24%	74.5	-11.78%	3,434	5.1%					
G Avg. Dressed Weight	Lbs.	203	202	0.50%	204	-0.49%	201	-2.5%					
S Pork Production	Million Lbs.	388.7	357.2	8.82%	410	-5.20%	134	-59.7%					
Iowa-S. Minn. Direct	Avg.	50.25	50.10	0.30%	48.42	3.80%							
Natl. Base Carcass Price	Weighted Avg.	54.00	55.16	-2.10%	52.31	3.20%							
Natl. Net Carcass Price	Weighted Avg.	56.19	57.50	-2.30%	54.24	3.60%							
Pork Cutout	185 Lbs.	54.85	56.76	-3.40%	56.88	-3.60%							
C Young Chicken Slaughter*	Million Head	108.46	153.80	-29.48%	123.44	-12.14%	8,397	-0.1%					
H Avg. Weight	Lbs.	5.53	5.48	0.91%	5.52	0.18%	5.5	1.3%					
I Chicken Production	Million Lbs.	599.76	842.80	-28.84%	681.40	-11.98%	46,398	1.2%					
C Eggs Set	Million	202.70	203.81	-0.55%	218.82	-7.36%	10,858	-2.8%					
K Chicks Placed	Million Head	165.64	168.35	-1.61%	175.42	-5.58%	8,955	-1.8%					
E 12-City Broiler	Composite	82.03	81.59	0.50%	74.6	10.00%							
N Georgia Dock Broiler	2.5-3 Lbs.	85.78	86.16	-0.40%	76.28	12.50%							
T Young Turkey Slaughter*	Million Head	3.10	5.01	-38.11%	3.31	-6.46%	249.3	2.8%					
U Avg. Weight	Lbs.	29.46	29.72	-0.87%	26.68	10.42%	29.2	2.3%					
R Turkey Production	Million Lbs.	91.3	148.9	-38.65%	88.4	3.29%	7,286	5.2%					
K Eastern Region Hen	8-16 Lbs.	72.00	72.33	-0.50%	74.25	-3.00%							
F Corn, Omaha	\$ per Bushel	4.00	3.86	3.60%	4.49	-10.90%							
E DDGS, Minnesota	\$ per ton	122.50	119.50	2.51%	142.50	-14.04%							
E Wheat, Kansas City	\$ per Bushel	5.89	5.55	6.10%	9.16	-35.70%							
D Soybeans, S. Iowa	\$ per Bushel	9.31	8.72	6.80%	11.87	-21.60%							
SB Meal, 48% Central Illinois	\$ per Ton	302.00	288.90	4.50%	341.60	-11.60%							

* Chicken & turkey slaughter & production are 1 week earlier than the date at the top of this table. Cow & sow slaughter are for 2 weeks earlier.

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