Daily Livestock Report

Sponsored by CME Group

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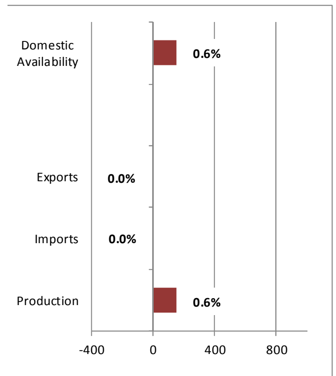
The latest WASDE forecasts presented some very modest changes to the USDA outlook for beef and chicken output in 2015. However, **USDA did make some very significant changes to its forecast for pork supplies and availability** next year, reflecting the results of the September Quarterly Hogs and Pigs survey. Also, so far there has been limited impact from the PEDv virus and grain costs continue to decline, which likely caused USDA analysts to raise their expected production numbers for the second half of 2015. USDA now pegs total **pork production for 2015** at 23.938 billion pounds, **a 600 million pound revision to the September forecast**. Changes to the 2014 numbers were minor, with production now pegged at 22.773 billion pounds. Based on the latest forecast, **US pork production in 2015 is now projected to increase by 1.165 billion pounds**. It is important to recognize the degree of change in terms of pork supplies in the US market and the effect this could have on pork availability and pricing next year. For all the consternation and record high prices this year, pork supplies for 2014 represent a 414 million pound reduction from a year ago. Now USDA expects that we will not only recover that lost supply but also add an additional 700 million pounds to it. USDA did revise higher its forecasts for pork exports next year by about 105 million pounds but for the most part the increase in US pork production is expected to be absorbed domestically—hence the lower futures prices. The last time we had a year/year increase in pork production of this magnitude was in 2007 and 2008 when pork production increased by 888 million pounds (2007) and then 1.4 billion pounds (2008). However, in those two years higher exports helped absorb the big increase in production and per capita domestic availability was not impacted much. Indeed, in 2008 US pork production increased by 1.4 billion pounds but pork exports were 1.5 billion pounds or so higher than the previous year. Pork exports for 2015 are pegged at 5.250 billion pounds compared to 3.141 billion pounds in 2007. It is certainly more challenging to maintain that type of export growth rate and ongoing restrictions regarding ractopamine use in feed serve as a brake on US pork export growth.

As for beef and chicken, USDA changes were less significant. **The revisions in beef production were relatively modest, as USDA now projects total beef production next year to be 23.861 billion pounds, 150 million pounds (+0.6%) higher than the September forecast** and still down about 594 million pounds (-2.4%) from 2014 levels. Per capita beef availability in 2015 is projected at 52.4 pounds per person, compared to 56.3 pounds in 2013, a 7% decline in just two years. Per capita beef availability is now down almost 20% compared to 2007 levels, which helps explain the current beef price levels in the US market. Please note that USDA expects beef imports next year to be 2.7 billion pounds, slightly higher than this year. This forecast certainly has a lot of risk to it. Australia has shipped a significant amount of beef to the US in 2014 in part because prices were high but also because they had meat to sell. If drought breaks there, then we could see lower Australian imports, further reducing the supply of beef available to the US consumer.

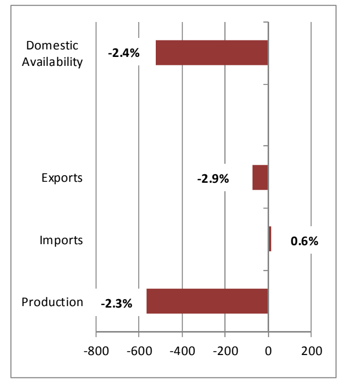
BEEF: Oct. Revisions to 2015 Estimates

Million lbs. Source: USDA WASDE



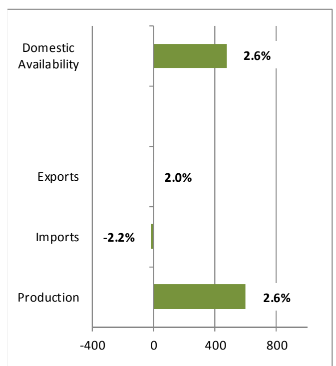
BEEF: Y/Y % Ch. (2015 vs. 2014 Est.)

Million lbs. Source: USDA WASDE



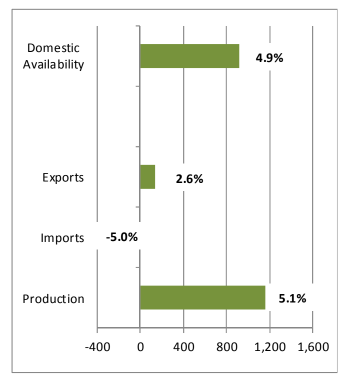
PORK: Oct. Revisions to 2015 Estimates

Million lbs. Source: USDA WASDE



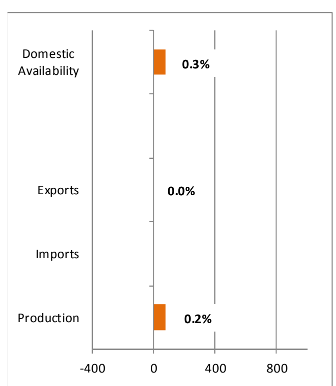
PORK: Y/Y % Ch. (2015 vs. 2014 Est.)

Million lbs. Source: USDA WASDE



BROILERS: Oct. Revisions to 2015 Est.

Million lbs. Source: USDA WASDE



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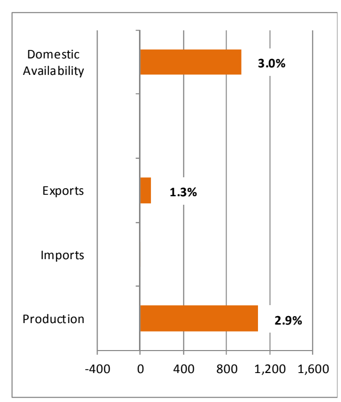

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PRODUCTION & PRICE SUMMARY

Week Ending 10/11/2014

Source: Various USDA Agricultural Marketing Service reports. Some data are preliminary.

	Item	Units	Current Week	Last Week	Pct. Change	Last Year	Pct. Change	YTD	Y/Y % Change
			11-Oct-14	4-Oct-14		12-Oct-13			
	Total Red Meat & Poultry	**mil lbs., cwe**	**1,751**	**1,753**	-0.06%	**1,771**	-1.09%	**67,416**	-2.2%
	FI Slaughter	Thou. Head	562	577	-2.60%	610	-7.79%	23,385	-7.1%
C	FI Cow Slaughter **	Thou. Head	100	103	-2.95%	120	-16.81%	4,027	-14.1%
A	Avg. Live Weight	Lbs.	1358	1353	0.37%	1325	2.49%	1,325	1.1%
T	Avg. Dressed Weight	Lbs.	821	820	0.12%	799	2.75%	801	0.9%
T	Beef Production	Million Lbs.	460.2	476.4	-3.40%	485.7	-5.25%	18,736	-6.1%
L	Live Fed Steer Price	$ per cwt	163.54	160.54	1.87%	NQ	N/A		
E	Dressed Fed Steer Price	$ per cwt	257.79	251.99	2.30%	NQ	N/A		
	Georgia Feeder Steer	$ per cwt	229.18	227.29	0.83%	NQ	N/A		
&	Choice Beef Cutout	$ per cwt	245.26	238.19	2.97%	NQ	N/A		
	Hide/Offal	$ per cwt, live wt	16.36	16.42	-0.37%	NQ	N/A		
B	Rib, Choice	$ per cwt	344.52	336.99	2.23%	NQ	N/A		
E	Round, Choice	$ per cwt	233.15	221.56	5.23%	NQ	N/A		
E	Chuck, Choice	$ per cwt	221.85	214.17	3.59%	NQ	N/A		
F	Trimmings, 50%	$ per cwt	105.81	103.85	1.89%	NQ	N/A		
	Trimmings, 90%	$ per cwt	294.80	296.01	-0.41%	NQ	N/A		
	FI Slaughter	Thou. Head	2,136	2,090	2.20%	2,281	-6.34%	81,118	-5.4%
	FI Sow Slaughter **	Thou. Head	56.4	55.2	2.33%	59.6	-5.29%	2,046	-6.1%
H	Avg. Dressed Weight	Lbs.	212.0	212.0	0.00%	207.0	2.42%	214	3.8%
O	Pork Production	Million Lbs.	453.6	443.4	2.30%	472.6	-4.02%	17,340	-1.7%
G	Iowa-S. Minn. Direct	Wtd. Avg.	108.44	108.55	-0.10%	NQ	N/A		
S	Natl. Base Carcass Price	Wtd. Avg.	106.07	105.25	0.78%	NQ	N/A		
	Natl. Net Carcass Price	Wtd. Avg.	108.10	107.34	0.71%	NQ	N/A		
	Pork Cutout	205 Lbs.	123.56	122.13	1.17%	NQ	N/A		
	Hams	$ per cwt	136.68	131.36	4.05%	NQ	N/A		
	Loins	$ per cwt	133.78	138.06	-3.10%	NQ	N/A		
	Bellies	$ per cwt	124.79	117.63	6.09%	NQ	N/A		
	Trimmings, 72%	$ per cwt	113.35	108.57	4.40%	NQ	N/A		
C	Young Chicken Slaughter *	Million Head	157.5	157.6	-0.07%	157.8	-0.24%	6,139	-0.4%
H	Avg. Weight (Live)	Lbs.	6.05	6.00	0.83%	5.87	3.07%	5.84	#DIV/0!
I	Chicken Production (RTC)	Million Lbs.	724.0	718.5	0.77%	704.2	2.82%	27,231	0.3%
C	Eggs Set	Million	195.5	201.1	-2.80%	186.1	5.06%	8,112	1.4%
K	Chicks Placed	Million Head	164.1	164.9	-0.45%	160.0	2.61%	6,641	0.2%
E	National Composite Whole Bird	Composite	108.18	108.33	-0.14%	NQ	N/A		
N	Georgia Dock Broiler Price	2.5-3 Lbs.	113	112.76	0.21%	NQ	N/A		
	Northeast Breast, B/S	$/cwt	184.16	191.82	-3.99%	NQ	N/A		
	Northeast Legs	$/cwt	54.77	53.79	1.82%	NQ	N/A		
T	Young Turkey Slaughter *	Million Head	4.539	4.616	-1.67%	4.442	2.18%	167.125	-2.7%
U	Avg. Live Weight	Lbs.	31.09	30.75	1.11%	30.47	2.03%	30.74	0.4%
R	Turkey Production (RTC)	Million Lbs.	113.6	114.2	-0.56%	108.3	4.93%	4,108	-2.2%
K	National Hen	8-16 Lbs.	119.00	116.50	2.15%	NQ	N/A		
G	Corn, Omaha	$ per Bushel	2.94	2.72	8.09%	NQ	N/A		
R	Wheat, Portland (delivered)	$ per Ton	6.66	6.61	0.76%	NQ	N/A		
A	Wheat, Kansas City (deliv.)	$ per Bushel	5.60	5.51	1.63%	NQ	N/A		
I	Soybeans, Cntrl IL	$ per Bushel	9.47	9.12	3.84%	NQ	N/A		
N	Soybn Meal 48%, Cntrl IL	$ per Ton	364.50	342.20	6.52%	NQ	N/A		

* 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.