

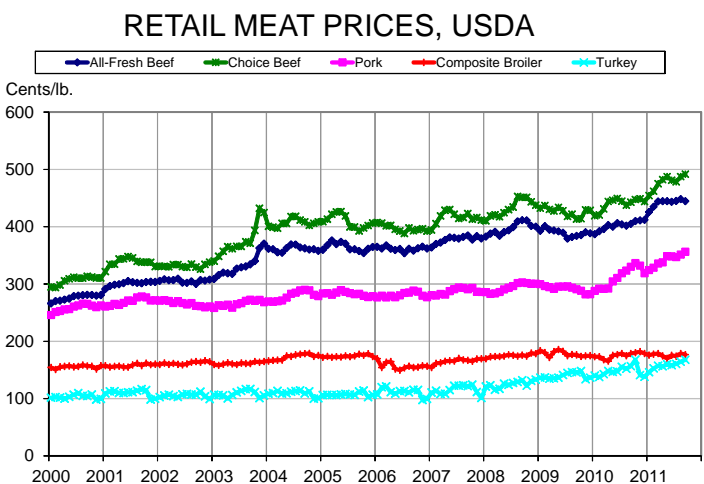
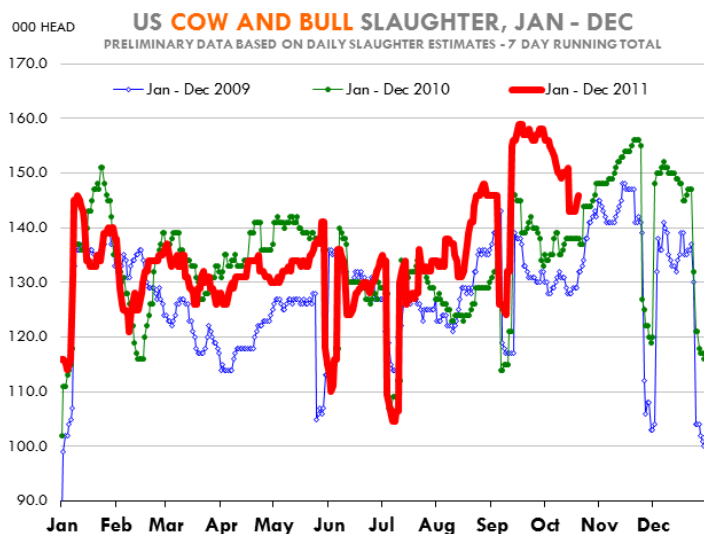
**Two comments from readers on yesterday's beef cow slaughter discussion:** First, an additional weather-related reason for high cow slaughter is reports of very bad conception rates this summer. Hot weather causes problems with estrus cycles, sperm counts and embryo implantation. All of them will contribute to low conception rates and, with the cost of feed and hay so high, producers are not being very patient with open (ie. non-bred) cows. The second comment came from co-author Altin Kalo and pointed out that daily data (there are daily estimates of combined cow and bull slaughter in report SJ LS710, Estimated Daily Livestock Slaughter Under Federal Inspection) indicates that cow slaughter is slowing. These data have the advantage of being virtually real time versus a two-week lag in the beef cow slaughter data we presented yesterday. The drawback is that these data are not split between bulls, dairy cows and beef cows. As you can see, the 7-day running total of cow and bull slaughter has dropped from near 160,000 head in late September to roughly 144,000 head the past few days. The total remains about 5,000 higher than one year ago and nearly 15,000 above two years ago.

**Retail meat prices continued to climb in September with Choice beef, pork and turkey setting new records.** The chart at lower right shows the monthly average retail prices of Choice beef, All-Fresh beef (which includes Select grade and store-grade products), pork, chicken and turkey that are based on data collected by the Bureau of Labor Statistics and published by USDA's Economic Research Service. The new record Choice beef price is \$4.914 per pound. It surpasses the record of \$4.872 per pound set last month. The new record pork price is \$3.561 per pound. It also broke a one-month old record of \$3.512 per pound. Turkey sold for a record \$1.676 per pound last month, a price that eclipsed the record of \$1.641 per pound, also set just last month.

The price that the entire meat/poultry complex is watching — the composite broiler price — declined last month by 2 cents per pound to \$1.767. It remains well below the record of \$1.857 set back in May of 2009. Monthly broiler production data will not be released until next Tuesday but total production for the 5 weeks that ended October 2 was down 3% from one year ago — and still resulted in a September retail broiler price 1% lower than one year ago. Broiler producers are doing what must be done when prices are below cost levels — cutting output. But domestic broiler demand is soft enough that they are getting very little price traction.

The turkey price relative to chicken price is at a record high. Beef and pork prices relative to the chicken price were record high in May and are still within 3% of that record level. It is pretty remarkable that demands for these other species have been strong in the face of relatively low chicken prices.

**Those low chicken prices, combined with high feed prices, claimed another victim today when Cagle's, an Atlanta-based chicken company, filed for Chapter 11 bankruptcy.** Ca-



gle's will work with its creditors to re-structure its debt "with minimal disruption to our operations." Not surprising given the recent judgment against Pilgrim's Pride, Cagle's did not mention closing any units.

Cagle's is the third poultry company to announce that it is taking the bankruptcy route in one form or another. Allen Family Foods of Delaware filed for Chapter 11 reorganization earlier this year. Townsend's Inc. of Delaware file for Chapter 11 and then Chapter 7 liquidation.

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