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Daily Livestock Report

Vol. 7, No. 223 / November 20, 2009

Market Comments

USDA's November Cold Storage report, released Friday afternoon, will likely hit livestock markets as somewhat bullish on Monday, with that sentiment probably greatest for pork. Key data for all meat and poultry can be found on page 2.

October is almost always the largest pork production month of the year due to higher fall slaughter and the fact that October contains no holidays. So, lower frozen pork inventories on October 31 versus September 30, especially in a year that has seen as many difficulties as has 2009 is a positive sign — and October 31 frozen pork stocks of 520.13 million pounds were 1.6% lower than one month earlier. The big drivers of the monthly decline were hams (down 13%) and "Other" (down 12.3%). Stocks of trimmings, variety meats and bellies were slightly lower than at the end of September while inventories of loins, ribs, butts and picnics were significantly higher.

Hams stocks were also the big reason for lower pork inventories versus one year ago at –15.8%. The one possible fly in the bullish ointment would be belly inventories at 37.006 million pounds, 70.6% higher than last year. The amount of ribs in storage on October 31 (68.094 million pounds, 20.7% more than last year and 26.1% more than last month) is a symptom of the slow pace of recovery in the foodservice sector which accounts for a large portion of the sales of pork ribs in the U.S. Bellies are a likely casualty of a slow foodservice sector as well.

Chicken inventories continue to be far smaller than one year ago with total chicken stocks at 632.274 million pounds, down 19.8%. The biggest drivers of the year-on-year decline were legs, leg quarters and thighs — generally export products. Stocks of breast meat which is almost exclusively sold within the U.S. were sharply lower than last yea as well, signaling some positive impact of output reductions in the broiler sector. Even the "Other" category, which is comprised of many processed chicken items and accounts for over 50% of total chicken in freezers in most months, was 8.9% lower this year versus last year. Total chicken stocks were virtually unchanged from last month.

Beef stocks were nearly 10% smaller than last year with beef cuts accounting for a larger percentage but boneless beef accounting for a MUCH larger unit reduction, No surprise there since boneless beef usually accounts for 80-plu percent of all beef in freezers. Beef stocks were also virtually unchanged from last month.

Finally, the amount of turkey in freezers on November 1 (510.896 million pounds) was 11.6% lower than one year ago. The year-on-year comparisons are far more meaningful than month-to-month comparisons for turkey since turkey stocks are so severely seasonal. That is, turkey stocks A:WAYS drop sharply in October, the question is "How do stocks compare to last year?" The answer is "relatively tight" as the turkey sector has reduced production much more aggressively than any other meat/poultry sector. We warned last summer that, without sharp reductions in output or a huge increase in movements, turkey stocks could be very large this fall. It looks like a combination of the two has occurred to get stocks below year-earlier levels.

Friday also marked the release of USDA's monthly Cattle on Feed report which indicated that, on November1, 11.134 million head of cattle were in U.S. feedlots with inventories of 1000 head and more. That number is 1.5% higher than last year, marking the second straight month of higher year-on-year on-feed numbers. As can be seen in the table at right, the increase was very close to the average of analysts' pre-report estimates. October marketings numbered 1.755 million head, 3.2% lower than one year ago but within 0.4% of analysts' estimates. Those two numbers will be neutral to Monday's trade.

USDA Cattle on Feed Report Summary --- November 2009

	Thous. Hd.		2009 as Pct. of 2008		
	2008	2009	Actual	Esti-mate*	Differ-ence
On Feed, November 1	10,972	11,134	101.5	101.6	-0.1
Placed on Feed in October	2,438	2,474	101.5	102.6	-1.1
Fed Cattle Marketed in October	1,814	1,755	96.7	97.1	-0.4

*DowJones Newswire — Source: USDA NASS

October placements, though, may well be bullish. 2.474 million head were placed in October, 1.5% more than last year but analysts expected that number to be 2.6% larger. Smaller placements in October imply lower fed cattle supplies in March and April.

The cattle placed in October weighed, on average, 687.4 lbs., a weight that is sharply lower than the 716-lb. average weights of both August and September but is still 10 lbs. heavier than the cattle placed in October 2008. The relatively high weight of the cattle going in to feedlots suggests continued high slaughter weights next spring, potentially offsetting some of the bullish sentiment of lower-than-expected placements.

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USDA Cold Storage Report
November 20, 2009

	Quantity (Thousand Pounds)			Current as pct. of:	
	10/31/08	9/30/09	10/31/09	10/31/08	9/30/09
Chicken					
Whole Chickens	23910	19431	17478	73.1	89.9
Hens, Mature Chickens	5686	4975	4298	75.6	86.4
Breasts & Breast Meat	139605	105595	108418	77.7	102.7
Drumsticks	21328	9439	10762	50.5	114.0
Leg Quarters	117606	47771	53752	**45.7**	112.5
Legs	7081	5429	4297	**60.7**	79.1
Thigh & Thigh Quarters	11913	12347	8485	**71.2**	68.7
Thigh Meat	16421	17403	17555	**106.9**	100.9
Wings	42170	39615	42419	100.6	107.1
Paws and Feet	21958	16329	18258	**83.1**	111.8
Other	380252	356024	346552	91.1	97.3
Total Chicken	**787,930**	**634,358**	**632,274**	**80.2**	**99.7**
Turkey					
Toms (Whole Carcasses)	177,613	210,355	168,586	94.9	80.1
Hens (Whole Carcasses)	133,136	150,851	130,746	98.2	86.7
Whole Turkeys	310,749	361,206	299,332	96.3	82.9
Other Turkey	267,235	252,685	211,564	79.2	83.7
Total Turkey	**577,984**	**613,891**	**510,896**	**88.4**	**83.2**
Ducks	1,774	5,261	5,251	296.0	99.8
Total Poultry	**1,367,688**	**1,253,510**	**1,148,421**	**84.0**	**91.6**
Frozen Beef					
Boneless 1/	392,795	363,513	364,967	**92.9**	100.4
Beef Cuts 2/	78,184	65,400	61,394	78.5	93.9
Total Beef	**470,979**	**428,913**	**426,361**	**90.5**	**99.4**

	Quantity (Thousand Pounds)			Current as pct. of:	
	10/31/08	9/30/09	10/31/09	10/31/08	9/30/09
Frozen Pork					
Picnics, Bone-in	14,374	7,847	12,065	83.9	153.8
Hams, Total	154,041	149,156	129,702	**84.2**	**87.0**
Bone-in	108,852	97,383	81,172	74.6	83.4
Boneless 3/	45,189	51,773	48,530	107.4	93.7
Bellies	21,696	38,481	37,006	**170.6**	96.2
Loins, Total	28,788	23,495	26,678	**92.7**	**113.5**
Bone-in	11,294	8,174	10,555	93.5	129.1
Boneless 4/	17,494	15,321	16,123	92.2	105.2
Ribs 5/	56,439	54,005	68,094	**120.7**	**126.1**
Butts	16,363	10,987	13,362	81.7	121.6
Trimmings 6/	40,682	39,701	39,632	97.4	99.8
Other 7/	90,421	101,823	90,276	99.8	88.7
Variety Meats 8/	33,790	32,250	31,218	92.4	96.8
Unclassified 9/	71,437	70,936	72,097	100.9	101.6
Total Pork	**528,031**	**528,681**	**520,130**	**98.5**	**98.4**
Other					
Veal	7,420	9,028	9,009	121.4	99.8
Lamb & Mutton	21,331	17,426	15,330	71.9	88.0
Total	**28,751**	**26,454**	**24,339**	**84.7**	**92.0**
Total Beef, Pork, Other	**1,027,761**	**984,048**	**970,830**	**94.5**	**98.7**
Total Meat & Poultry	**2,395,449**	**2,237,558**	**2,119,251**	**88.5**	**94.7**

1/ Includes all boxed boneless beef, such as ground beef, roasts, steaks, loins, strips, rounds, trimmings, etc. Variety meats (edible offal), such as tongues, livers, hearts, kidneys and other organs removed from slaughtered beef are included as miscellaneous freezer stocks.
2/ Includes all boxed primal beef cuts, bone-in. 3/ Includes full ham, bone removed and individual muscles separatec 4/ Includes pork tenderloins. 5/ Includes spareribs and backribs.
6/ Includes 42% regular trimmings, 72% special trimmings, boneless picnic meat, jowls, neckbone trimmings, blade, cheek, head and shank meat, etc. Packaged bacon, sausage, and processed items such as hot dogs and luncheon meats, are included in miscellaneous cooler or freezer stocks. 7/ Includes ears, tails, feet, neckbones and snouts.
8/ Includes tongues, kidneys, livers, stomachs, hearts, chitterlings, salivary glands, and other organs. 9/ Includes product unable to be classified elsewhere in this report.

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PRODUCTION AND PRICE SUMMARY

Week Ending 11/21/2009

	Item	Units	Current Week	Last Week	Pct. Change	Last Year	Pct. Change	YTD	Pct. Change
C	FI Slaughter	Thou. Head	631	625	0.96%	624	1.11%	29,382	-4.0%
A	FI Beef Cow Slaughter	Thou. Head	82.4	78.5	4.85%	80.9	1.80%	2,807	-8.7%
T	Avg. Live Weight	Lbs.	1287	1299	-0.92%	1302	-1.15%	1,295	1.0%
T	Avg. Dressed Weight	Lbs.	783	791	-1.01%	782	0.13%	785	1.0%
L	Beef Production	Million Lbs.	492.8	492.9	-0.02%	495.4	-0.52%	22,972	-3.0%
E	Live Fed Steer	$/cwt live wt.	82.78	83.68	-1.10%	87.23	-5.10%		
	Dressed Steer	$/cwt carcass	130.05	131.17	-0.90%	139.08	-6.50%		
	OKC Feeder Steer	600-700 Lbs.	95.48	96.11	-0.66%	98.08	-2.65%		
	Beef Cutout	600-750 Choice	140.10	139.94	0.10%	157.40	-11.00%		
	Hide/Offal	$/cwt live wt.	9.32	9.05	1.80%	8.45	10.30%		
H	FI Slaughter	Thou. Head	2322	2290	1.40%	2368	-1.94%	100,393	-2.8%
O	FI Sow Slaughter	Thou. Head	66.7	65.2	2.18%	67.0	-0.52%	2,812	-7.9%
G	Avg. Dressed Weight	Lbs.	204	203	0.49%	203	0.49%	203	1.1%
S	Pork Production	Million Lbs.	471.9	464.6	1.57%	480.8	-1.85%	20,351	-1.8%
	Iowa-S. Minn. Direct	Avg.	51.09	53.24	-4.00%	51.13	-0.10%		
	Natl. Base Carcass Price	Weighted Avg.	53.79	54.48	-1.30%	54.73	-1.70%		
	Natl. Net Carcass Price	Weighted Avg.	55.76	56.57	-1.40%	56.68	-1.60%		
	Pork Cutout	185 Lbs.	57.59	57.70	-0.20%	56.40	2.10%		
C	Young Chicken Slaughter*	Million Head	158.13	160.03	-1.18%	159.89	-1.10%	7,115	-3.9%
H	Avg. Weight	Lbs.	5.56	5.64	-1.42%	5.51	0.91%	5.5	-0.1%
I	Chicken Production	Million Lbs.	879.20	902.54	-2.59%	880.98	-0.20%	29,275	-4.0%
C	Eggs Set	Million	201.17	189.81	5.99%	202.15	-0.48%	9,173	-5.0%
K	Chicks Placed	Million Head	156.06	153.99	1.34%	156.11	-0.04%	7,641	-4.3%
E	12-City Broiler	Composite	72.04	71.33	1.00%	78.27	-8.00%		
N	Georgia Dock Broiler	2.5-3 Lbs.	81.51	81.39	0.10%	85.58	-4.80%		
T	Young Turkey Slaughter*	Million Head	5.45	5.64	-3.33%	5.64	-3.32%	207.8	-5.2%
U	Avg. Weight	Lbs.	27.87	27.49	1.38%	28.00	-0.46%	28.9	-1.0%
R	Turkey Production	Million Lbs.	151.9	155.0	-2.00%	157.9	-3.77%	4,689	-5.7%
K	Eastern Region Hen	8-16 Lbs.	85.25	85.00	0.30%	91.5	-6.80%		
F	Corn, Omaha	$ per Bushel	3.57	3.61	-1.10%	3.42	4.40%		
E	DDGS, Minnesota	$ per ton	115.00	112.50	2.22%	122.50	-6.12%		
E	Wheat, Kansas City	$ per Bushel	5.02	4.84	3.70%	4.94	1.60%		
D	Soybeans, S. Iowa	$ per Bushel	10.28	9.60	7.10%	8.26	24.50%		
	SB Meal, 48% Central Illinois	$ per Ton	340.40	324.50	4.90%	260.70	30.60%		

* 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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