

# Daily Livestock Report

Vol. 8, No. 227 November 23, 2010

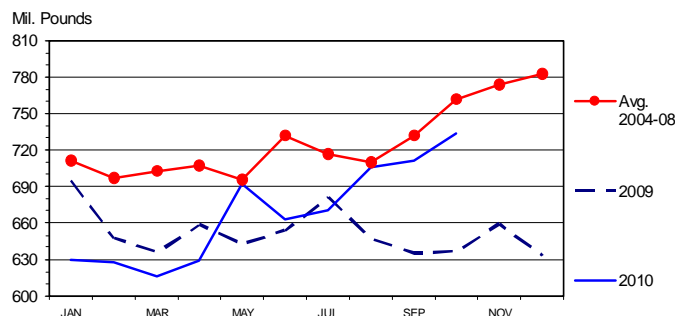
According to USDA's monthly Cold Storage report, released today, the quantities of pork, beef and chicken in U.S. freezers all increased from one month ago. Pork and beef inventories remain lower than one year ago but frozen chicken inventories are now 15.3% higher than last year. All of the data for the meat and poultry species appear on page 2. Some highlights of the report are:

- A continuing increase in the amount of chicken in cold storage. October 31 marks the fourth straight month-end at which chicken inventories have risen — this time by 3.1% versus the level of September 30. October stocks are still 3.3% lower than the 2004-2008 average for October but the trend is, to say the least, troubling especially with Russia's warning of banning frozen chicken imports come January 1.
- Stocks of chicken hind-quarter products — drumsticks, leg quarters, legs, thigh and thigh quarters and thigh meat — are now 78% larger than one year ago and grew by 4.6% in October. Leg quarters account for roughly 60% of the 198.8 million pounds of these products in U.S. freezers. Hind quarter (or dark meat) chicken goes primarily to export markets so this buildup, especially given the Russian situation is troubling. If prices fall sharply, chicken dark meat will displace other meats -- primarily pork — in many processed meat formulations, softening demand for the other products. And the backlog is large.
- Wing inventories grew by 6.4% in September and were 78% larger than last year on October 31. The industry usually builds stocks for holiday usage but the year-over-year increase is indeed large. The ray of good news for chicken is that breasts/breast meat stocks were equal to September 30 and 6.6% lower than one year ago. B/S chicken breast prices have fallen by one-third since September but appear to have found a base in the past two weeks.
- Pork inventories grew by 12.7% in October — nothing unusual there as October is almost always the high-production month of the year and, due to the magnitude of the surge of slaughter this year, will almost undoubtedly be so in 2011. The good news is that stocks are 7.4% lower than last year. Bellies stocks continued to rebound from this summer's extremely low levels but were still 37% lower than last year. Stocks of all other cuts except hams were also lower than last year. Ham stocks were up 16.2% from last October — a likely result of the 5% tariff imposed by Mexico after it won the WTO case regarding truck equivalency. Year-to-date pork production is down 3.6% from 2010.
- Total beef inventories amounted to 402.003 million pounds, 1.3% higher than last month but 6% lower than last year. Boneless beef stocks grew by 5% in October but remain 7% lower than last year — echoing our statements last week about the extremely tight situation for grinding beef.

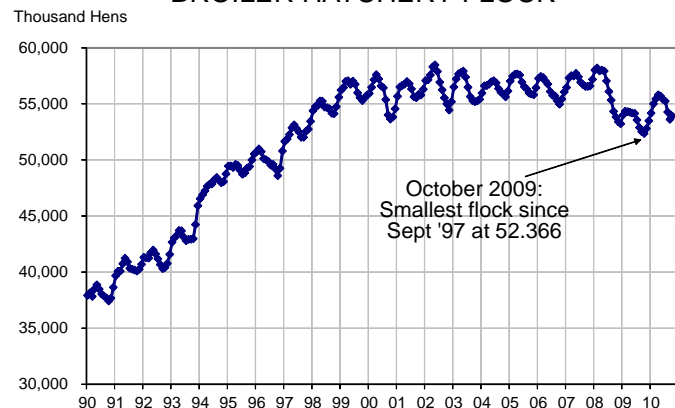
**USDA's monthly Chickens and Eggs report, also released yesterday, indicated that the number of broiler-type laying hens increased last month for the first time since April.** The downtrend that began in May and the turn-around in October both fit a rather normal seasonal pattern for the broiler flock but this year's bottom of 53.6 million hens in September is about 1.25 million higher than last year's bottom which occurred in October. If broiler companies increase their flocks in a normal seasonal manner this year, the flock could reach 56.5 to 57 million hens in late winter — 4 to 5% larger than this year's seasonal peak and its highest level since the summer of 2008.

Chicken companies are showing no signs of shying away from their plans to increase production — even with higher feed costs. Will the companies respond to prospective profits (or losses?) in 2011 or will they return to the market-share focus of the past?

**CHICKEN IN COLD STORAGE**  
End of the Month



**BROILER HATCHERY FLOCK**



**DRIVING FORCES BEHIND THE AG CREDIT MARKET**

**MISS THE WEBINAR? VIEW OUR ARCHIVE**

The Daily Livestock Report is published by Steve Meyer and Len Steiner. Please forward to others that may benefit from this information. To subscribe/unsubscribe visit [www.dailylivestockreport.com](http://www.dailylivestockreport.com).

Disclaimer: The *Daily Livestock Report* is intended solely for information purposes and is not to be construed, under any circumstances, by implication or otherwise, as an offer to sell or a solicitation to buy or trade any commodities or securities whatsoever. Information is obtained from sources believed to be reliable, but is in no way guaranteed. No guarantee of any kind is implied or possible where projections of future conditions are attempted. Futures trading is not suitable for all investors, and involves the risk of loss. Past results are no indication of future performance. Futures are leveraged investment, and because only a percentage of a contract's value is required to trade, it is possible to lose more than the amount of money initially deposited for a futures position. Therefore, traders should only use funds that they can afford to lose without affecting their lifestyle. And only a portion of those funds should be devoted to any one trade because a trader cannot expect to profit on every trade.

CME Group is the trademark of CME Group, Inc. The Globe logo, Globex<sup>®</sup> and CME<sup>®</sup> are trademarks of Chicago Mercantile Exchange, Inc. CBOT<sup>®</sup> is the trademark of the Board of Trade of the City of Chicago. NYMEX, New York Mercantile Exchange, and ClearPort are trademarks of New York Mercantile Exchange, Inc. COMEX is a trademark of Commodity Exchange, Inc. Copyright © 2009 CME Group. All rights reserved.

# Daily Livestock Report

Vol. 8, No. 227 November 23, 2010

## USDA Cold Storage Report November 22, 2010

	Quantity (Thousand Pounds)			Current as pct. of:	
	10/31/09	9/30/10	10/31/10	10/31/09	9/30/10
<b>Chicken</b>	-----Thous. Lbs.-----				
Whole Chickens	19587	16,661	15,078	77.0	90.5
Hens, Mature Chickens	4310	2,470	1,976	45.8	80.0
Breasts & Breast Meat	111015	103,473	103,713	93.4	100.2
Drumsticks	10743	14,915	23,697	220.6	158.9
Leg Quarters	70552	123,065	119,023	168.7	96.7
Legs	4304	18,796	23,451	544.9	124.8
Thigh & Thigh Quarters	8471	10,708	12,396	146.3	115.8
Thigh Meat	17609	22,521	20,244	115.0	89.9
Wings	41070	56,145	54,983	133.9	97.9
Paws and Feet	18249	30,482	32,448	177.8	106.4
Other	330084	311,961	326,491	98.9	104.7
<b>Total Chicken</b>	<b>635,994</b>	<b>711,197</b>	<b>733,500</b>	<b>115.3</b>	<b>103.1</b>
<b>Turkey</b>					
Whole Turkeys	298,372	286,890	244,423	81.9	85.2
Toms (Whole)	167,473	169,649	146,666	87.6	86.5
Hens (Whole)	130,899	117,241	97,757	74.7	83.4
Breasts	67,784	51,206	40,168	59.3	78.4
Legs	11,180	8,190	8,019	71.7	97.9
Mech. Deboned Turkey	12,462	7,981	6,946	55.7	87.0
Other Turkey	24,131	27,277	25,450	105.5	93.3
Unclassified	103,534	92,201	92,383	89.2	100.2
<b>Total Turkey</b>	<b>517,463</b>	<b>473,745</b>	<b>417,389</b>	<b>80.7</b>	<b>88.1</b>
Ducks	5,240	4,891	3,417	65.2	69.9
<b>Total Poultry</b>	<b>1,158,697</b>	<b>1,189,833</b>	<b>1,154,306</b>	<b>99.6</b>	<b>97.0</b>

	Quantity (Thousand Pounds)			Current as pct. of:	
	10/31/09	9/30/10	10/31/10	10/31/09	9/30/10
<b>Frozen Pork</b>	-----Thous. Lbs.-----				
Picnics, Bone-in	12,038	6,592	6,105	50.7	92.6
Hams, Total	129,543	162,465	150,566	116.2	92.7
Bone-in	81,072	101,740	85,148	105.0	83.7
Boneless 3/	48,471	60,725	65,418	135.0	107.7
Bellies	37,127	4,817	23,225	62.6	482.1
Loins, Total	25,303	17,766	23,590	93.2	132.8
Bone-in	10,247	5,990	7,662	74.8	127.9
Boneless 4/	15,056	11,776	15,928	105.8	135.3
Ribs 5/	67,700	41,515	53,870	79.6	129.8
Butts	12,895	9,312	12,593	97.7	135.2
Trimblings 6/	38,576	28,491	37,769	97.9	132.6
Other 7/	90,302	77,064	86,070	95.3	111.7
Variety Meats 8/	30,924	26,912	33,464	108.2	124.3
Unclassified 9/	71,892	49,388	50,929	70.8	103.1
<b>Total Pork</b>	<b>516,300</b>	<b>424,322</b>	<b>478,181</b>	<b>92.6</b>	<b>112.7</b>
<b>Frozen Beef</b>					
Boneless 1/	366,840	325,304	341,278	93.0	104.9
Beef Cuts 2/	60,876	71,514	60,725	99.8	84.9
<b>Total Beef</b>	<b>427,716</b>	<b>396,818</b>	<b>402,003</b>	<b>94.0</b>	<b>101.3</b>
<b>Other Meat</b>					
Veal	9,041	5,481	6,095	67.4	111.2
Lamb & Mutton	15,301	18,046	16,402	107.2	90.9
<b>Total Other Meat</b>	<b>24,342</b>	<b>23,527</b>	<b>22,497</b>	<b>92.4</b>	<b>95.6</b>
<b>Total Meat</b>	<b>968,358</b>	<b>844,667</b>	<b>902,681</b>	<b>93.2</b>	<b>106.9</b>

<b>Total Meat &amp; Poultry</b>	<b>2,127,055</b>	<b>2,034,500</b>	<b>2,056,987</b>	<b>96.7</b>	<b>101.1</b>
---------------------------------	------------------	------------------	------------------	-------------	--------------

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 separated. 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.

**DRIVING FORCES BEHIND  
THE AG CREDIT MARKET**

**MISS THE WEBINAR? VIEW OUR ARCHIVE ▶**

The Daily Livestock Report is published by Steve Meyer and Len Steiner. Please forward to others that may benefit from this information. To subscribe/unsubscribe visit [www.dailylivestockreport.com](http://www.dailylivestockreport.com).

Disclaimer: The *Daily Livestock Report* is intended solely for information purposes and is not to be construed, under any circumstances, by implication or otherwise, as an offer to sell or a solicitation to buy or trade any commodities or securities whatsoever. Information is obtained from sources believed to be reliable, but is in no way guaranteed. No guarantee of any kind is implied or possible where projections of future conditions are attempted. Futures trading is not suitable for all investors, and involves the risk of loss. Past results are no indication of future performance. Futures are leveraged investment, and because only a percentage of a contract's value is required to trade, it is possible to lose more than the amount of money initially deposited for a futures position. Therefore, traders should only use funds that they can afford to lose without affecting their lifestyle. And only a portion of those funds should be devoted to any one trade because a trader cannot expect to profit on every trade.