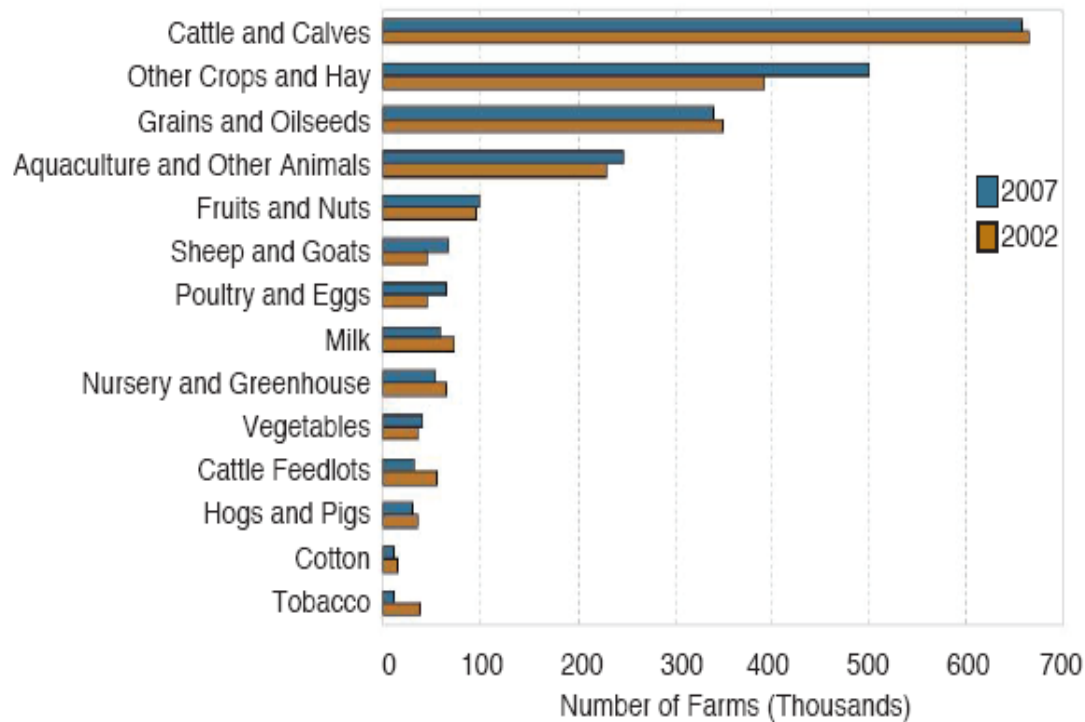


Daily Livestock Report

E-Livestock Volume	2/5/09	2/4/09	1/29/09
LE (E-Live Cattle):	12519	7563	9996
GF (E-Feeder Cattle):	1384	689	1322
HE (E-Lean Hogs):	13865	10896	10544

Free real-time Globex quotes: www.cmegroup.com/elivestockquotes

Number of Farms by North American Industry Classification System



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USDA released its 2007 Census of Agriculture yesterday. This is a very important publication for USDA in that it represents a benchmark for U.S. agricultural production, location of production, structure, ownership and demographics. The Census is done every 5 years and represents USDA's most comprehensive determination of the characteristics of U.S. agriculture.

Notable to analysts is the fact that the Census is also a major driver of revisions to data from prior reports. One USDA employee told us this past week that the Census was likely one of the reasons for the lower-than-expected numbers in last week's Cattle inventory report. It would not make much sense to have data from the semi-annual surveys not agree with the larger Census survey. In addition, Census data go back farther than most USDA data. The historical data, for instance, provide farm numbers data back to the 1930s where the data for numbers of operations from other reports frequently go back to only the '70s. The observations, of course, are every 5 years instead of annual but they do trace a much longer historical course.

A key finding that was trumpeted by Secretary of Agriculture Tom Vilsack today was an actual INCREASE in the number of farms in the U.S. This Census showed 2.205 million farms in 2007, 75,810 or 4% more than in 2002. One must remember that USDA defines as a farm as "any place from which \$1000 worth of agricultural product were, or normally would be, produced and sold during the Census year." A map provided in USDA's Q&A sheet on farm numbers (http://www.agcensus.usda.gov/Publications/2007/Online_Highlights/Fact_Sheets/farm_numbers.pdf) showed that much of this growth occurred in New England and a band that runs from Louisiana and Texas northward through the Rocky Mountains to Montana. Does that mean that this increase in farm numbers is really an increase in "acreage" numbers?

The same fact sheet contains the chart at left which shows the number of operations by major enterprise in 2002 and 2007. Farms with cattle and calves still account for by far the largest number of farms in the U.S. at 656,476, 29.6% of total farms. Of those 656,476 farms, 543,517 farms reported owning 24.325 million beef cows that had calved. That means that the farms claiming to primarily be beef cattle ranches/farms that owned beef cows actually had an average of just over 44 cows. The industry is still dominated by a very diverse set of decision makers who own less than 50 cows.

USDA counted 31,065 beef feedlots last year, sharply lower than the total in 2002 and a symptom of the severe economic stress faced by cattle feeders in the past two years.

Note that the numbers of operations given here are for farms on which these are the primary enterprises. 963,999 total farms had cattle and calves in 2008 but only 656,476 were primarily cattle ranches/farms.