CME Group
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Daily Livestock Report

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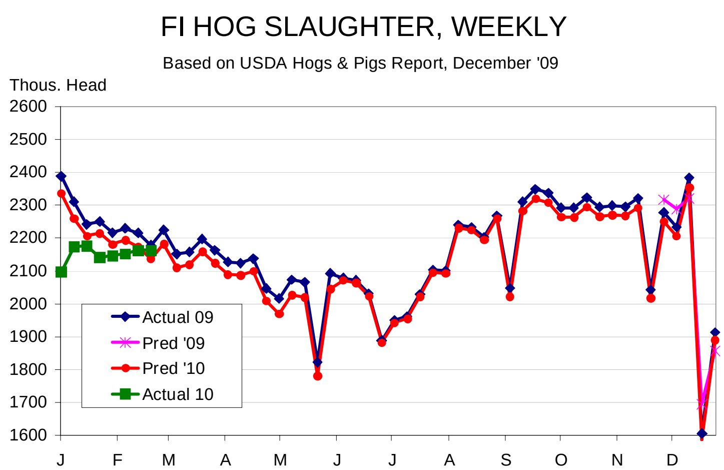
: We have had several inquiries about Friday's statement that January U.S. pork production was 10.7% lower than one year ago — primarily because that number differs with some readers' private computations. In every case so far it turns out that readers are either using weekly data or don't realize that January 2010 had 20 weekdays while January 2009 had 21. Weekly data for this year would have covered the 20 slaughter days but would have compared them to only 20 days last year — provided one uses that week ending January 9 as the first week of this year and the week ending January 10 as the first week of last year. That fits the convention we use — the first week of the year is the week that includes January 4. USDA's Livestock Slaughter publication uses daily data and that covers only 20 weekdays and 5 Saturdays this year versus 21 and 5, respectively last year. So the shortfall in days accounts for nearly 5% of the 10.7% decline. That still implies that hog and pork supplies are considerably lower this year but means that about half of the decline is likely due to calendar differences. <u>This year contains an unusually large number of these slaughter day mismatches versus 2009 and market participants need to make sure they consider these differences as the year progresses</u>. The table above shows the numbers of weekdays and Saturdays in each month. While six months have different numbers of weekdays, only August will have a different number of Saturdays, which have a much smaller impact on monthly numbers.

	Weekdays			Saturdays	
	2009	2010	% Change	2009	2010
January	21	20	-4.8%	5	5
February	20	20	---	4	4
March	22	23	4.5%	4	4
April	22	22	---	4	4
May	20	20	---	5	5
June	22	22	---	4	4
July	22	21	-4.5%	4	5
August	21	22	4.8%	**5**	**4**
September	21	21	---	4	4
October	22	21	-4.5%	5	5
November	20	21	5.0%	4	4
December	22	22	---	4	4

We got many wonderful comments regarding our tribute to Glenn Grimes back in December and thought readers might want to know about the most recent honor to be bestowed on our friend and colleague. Glenn will be inducted in the U.S. Pork Industry Hall of Fame this Saturday night during ceremonies at the National Pork Industry Forum in Kansas City. Glenn will be the first economist and only third academician to be included in this illustrious group. You can drop him a congratulatory note at grimesg@missouri.edu. Congratulations and thanks again, Glenn!

Last week's estimated federally-inspected (FI) U.S. hog slaughter was 2.163 million head, only 0.7% lower than one year ago. That total marks the first time since Christmas week that FI slaughter has exceeded the level suggested by the market hog inventories of the December Hogs and Pigs report. The survey for the March report, which will estimate hog numbers as of today (March 1) hits the field this week. Year-to-date slaughter keeps inching closer to year-ago numbers but the YTD total of 17.459 million head is still 6.6% lower than last year and lower weights leave production 7.2% lower, YTD, than one year ago. Hog prices 14 to 25% higher than last year should be no surprise in this supply situation. Demand does not appear to have been a big driver of this hog rally so far.



FI cattle slaughter continues to run above year-ago levels. Last week's 632,000 head was 2% higher than last year. Carcass weights that were 2.4% lower than last year and negated all of the slaughter increase, leaving beef production slightly lower than year-ago levels. Fed steer prices were slightly lower last week but are over 11% higher than last year at this time.

Finally, it appears that the broiler industry has returned to a "solid" expansionary footing. We put solid in quotations due the uncertainty of the Russian situation. Our sources indicate that negotiations between U.S. and Russian officials will resume this week. The sources expect a resolution which the market seems to expect as well given how leg quarter prices have held relatively steady. Broiler slaughter, production, egg sets and chick placements were all higher than one year ago this past week.

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PRODUCTION AND PRICE SUMMARY

Week Ending 2/27/2010

	Item	Units	Current Week	Last Week	Pct. Change	Last Year	Pct. Change	YTD	Pct. Change
C	FI Slaughter	Thou. Head	632	620	1.94%	618	2.23%	5,152	0.1%
A	FI Beef Cow Slaughter	Thou. Head	54.6	62.1	-12.05%	63.6	-14.14%	478	7.3%
T	Avg. Live Weight	Lbs.	1290	1289	0.08%	1313	-1.75%	1,292	-1.5%
T	Avg. Dressed Weight	Lbs.	775	774	0.13%	794	-2.39%	775	-1.6%
L	Beef Production	Million Lbs.	488.1	478.2	2.07%	489.5	-0.29%	3,980	-1.5%
E	Live Fed Steer	$/cwt live wt.	90.95	91.03	-0.10%	81.56	11.50%		
	Dressed Steer	$/cwt carcass	144.55	144.48	0.00%	129.47	11.60%		
	OKC Feeder Steer	600-700 Lbs.	108.73	106.84	1.77%	92.97	16.95%		
	Beef Cutout	600-750 Choice	149.62	144.58	3.50%	133.30	12.20%		
	Hide/Offal	$/cwt live wt.	9.80	9.77	2.90%	6.54	49.80%		
H	FI Slaughter	Thou. Head	2163	2163	0.00%	2179	-0.71%	17,459	-6.6%
O	FI Sow Slaughter	Thou. Head	53.8	55.2	-2.54%	58.9	-8.74%	395	-5.9%
G	Avg. Dressed Weight	Lbs.	202	203	-0.49%	204	-0.98%	203	-0.6%
S	Pork Production	Million Lbs.	437.3	438.6	-0.30%	444.2	-1.55%	3,540	-7.2%
	Iowa-S. Minn. Direct	Avg.	67.73	65.17	3.90%	53.80	25.90%		
	Natl. Base Carcass Price	Weighted Avg.	65.59	64.35	1.90%	57.47	14.10%		
	Natl. Net Carcass Price	Weighted Avg.	68.02	66.81	1.80%	59.65	14.00%		
	Pork Cutout	185 Lbs.	72.16	69.24	4.20%	56.31	28.10%		
C	Young Chicken Slaughter*	Million Head	159.10	156.28	1.80%	154.81	2.77%	1,110	2.0%
H	Avg. Weight	Lbs.	5.52	5.48	0.73%	5.48	0.73%	5.6	0.9%
I	Chicken Production	Million Lbs.	878.21	856.42	2.54%	848.37	3.52%	4,591	2.9%
C	Eggs Set	Million	206.90	205.79	0.54%	204.60	1.12%	1,626	0.5%
K	Chicks Placed	Million Head	165.87	164.54	0.81%	163.43	1.49%	1,329	-0.6%
E	12-City Broiler	Composite	82.11	82.39	-0.30%	80.1	2.50%		
N	Georgia Dock Broiler	2.5-3 Lbs.	82.87	82.91	0.00%	86.34	-4.00%		
T	Young Turkey Slaughter*	Million Head	4.53	4.34	4.35%	4.48	1.05%	30.3	-4.3%
U	Avg. Weight	Lbs.	29.92	29.97	-0.17%	29.67	0.84%	30.3	0.7%
R	Turkey Production	Million Lbs.	135.5	130.1	4.18%	133.0	1.90%	736	-3.6%
K	Eastern Region Hen	8-16 Lbs.	80.50	79.75	0.90%	75	7.30%		
F	Corn, Omaha	$ per Bushel	3.68	3.50	5.14%	3.44	7.00%		
E	DDGS, Minnesota	$ per ton	99.00	97.50	1.54%	120.00	-14.80%		
E	Wheat, Kansas City	$ per Bushel	4.49	4.37	2.75%	5.17	-13.15%		
D	Soybeans, S. Iowa	$ per Bushel	9.49	9.56	-0.73%	8.83	7.40%		
	SB Meal, 48% Central Illinois	$ per Ton	289.60	296.10	-2.20%	277.50	4.40%		

* 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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