

Daily Livestock Report

Vol. 8, No. 54/ March 22, 2010

U.S and Chinese negotiators reached agreement on Thursday that will allow U.S. pork back into the Chinese market. There still appears to be some details to be hammered out but USDA and the office of the U.S. Trade Representative, in a press release, stated that "Pork trade will resume immediately once both sides finalize the export documentation."

China and Honk Kong (the two markets must be viewed in total, we think) purchased 851.4 million pounds, carcass weight, of U.S. pork products in 2008. That number dropped to 372.1 million pounds (56%) last year. A good portion of that decline was due to H1N1 restrictions but it is important to note that shipments to China actually never went to zero and that shipments through April (H1N1 became a problem late in that month) were already 64% lower than in 2008.

So, while a solution to H1N1 trade restrictions is good, it will not likely return U.S. shipments to the go-go days of 2008. China has rebuilt its swine breeding herd from the devastating losses to disease, harsh winters and an earthquake in 2006 and 2007. In fact, the government has been trying to shore up pig prices by buying pork and putting it in storage. Further, the Olympic games are gone and the incentive to keep the population happy is lessened. U.S. exports will almost certainly increase from January's paltry total of 20.5 million pounds but don't expect the better part of a billion pounds to go to China this year unless something major hampers China's pork producing ability.

USDA's monthly Cattle on Feed report, released on Friday, indicates March 1 inventories and February marketings almost precisely as were expected by industry analysts. The actual data and the average pre-report estimates of year-on-year change appear in the table above right. The estimated 10.864 million cattle in U.S. feedlots with capacities of 1000 head and more on March 1 was 3.2% fewer than last year. The month-to-month decline was a quite normal seasonal decline based on historical data. February placements of 1.665 million were only 0.8% lower than last year, and were over 1% HIGHER than the average of analysts' pre-report estimates. That number may be a bit bearish to late summer contracts but it should be noted that there was a significant amount of uncertainty regarding that placement number given difficult weather conditions in many cattle feeding areas in February. Average placement weights were virtually unchanged (only 0.3% higher) from last year and the changes in the number of cattle in the individual categories (under 600, 600-699, 700-799 and 800-plus) were not large enough to lead us to conclude that placement weights will have any significant impact on the timing of marketings or market weights of these February-placed cattle. "Other disappearance" was 21% higher year-on-year, probably reflecting higher death losses. But total "other disappearance" still amounted to only 68,000 head, 0.63% of total inventory.

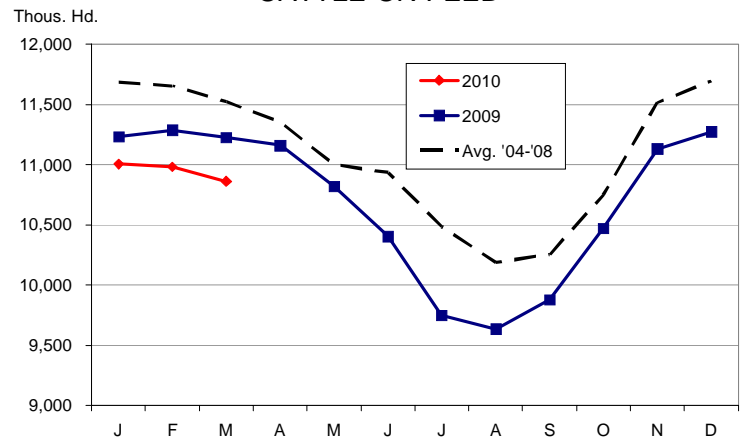
USDA Cattle on Feed Report Summary --- March 2010

	Thous. Hd.		2010 as Pct. of 2009		
	2009	2010	Actual	Estimate*	Difference
On Feed, March 1	11,228	10,864	96.8	96.8	0.0
Placed on Feed in February	1,678	1,665	99.2	98.0	1.2
Fed Cattle Marketed, February	1,682	1,717	102.1	101.9	0.2

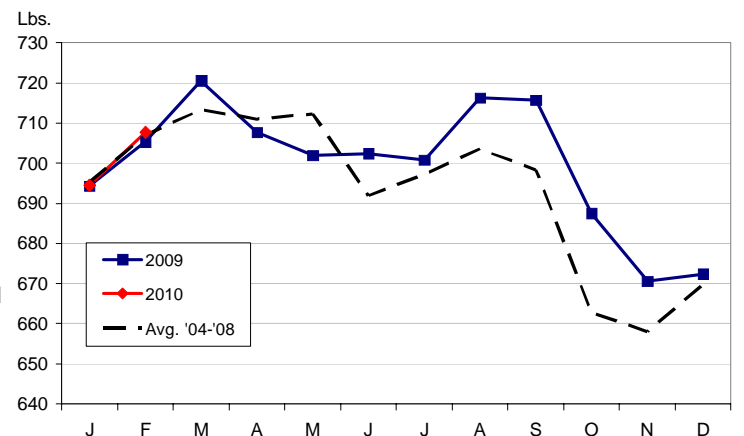
*DowJones Newswire

Source: USDA NASS

CATTLE ON FEED



COF AVERAGE PLACEMENT WEIGHT



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PRODUCTION AND PRICE SUMMARY

Week Ending **3/20/2010**

	Item	Units	Current Week	Last Week	Pct. Change	Last Year	Pct. Change	YTD	Pct. Change
C	FI Slaughter	Thou. Head	616	618	-0.32%	603	2.15%	6,397	0.4%
A	FI Beef Cow Slaughter	Thou. Head	65.7	69.7	-5.79%	57.9	13.35%	674	8.4%
T	Avg. Live Weight	Lbs.	1274	1280	-0.47%	1309	-2.67%	1,287	-1.9%
T	Avg. Dressed Weight	Lbs.	768	772	-0.52%	792	-3.03%	772	-2.1%
L	Beef Production	Million Lbs.	471.5	477.4	-1.24%	487.8	-3.34%	4,931	-1.6%
E	Live Fed Steer	\$/cwt live wt.	94.25	93.51	0.80%	82.88	13.70%		
	Dressed Steer	\$/cwt carcass	151.83	146.39	3.70%	132.46	14.60%		
	OKC Feeder Steer	600-700 Lbs.	113.07	109.88	2.90%	101.99	10.87%		
	Beef Cutout	600-750 Choice	153.69	149.40	2.90%	134.35	14.40%		
	Hide/Offal	\$/cwt live wt.	10.18	10.03	2.60%	5.70	78.60%		
H	FI Slaughter	Thou. Head	2166	2132	1.59%	2158	0.38%	21,736	-5.7%
O	FI Sow Slaughter	Thou. Head	61.0	61.9	-1.40%	59.3	2.97%	576	-4.0%
G	Avg. Dressed Weight	Lbs.	203	203	0.00%	204	-0.49%	203	-0.6%
S	Pork Production	Million Lbs.	439.8	432.1	1.78%	440.8	-0.23%	4,409	-6.4%
	Iowa-S. Minn. Direct	Avg.	68.79	73.05	-5.80%	54.92	25.30%		
	Natl. Base Carcass Price	Weighted Avg.	69.16	70.53	-1.90%	58.31	18.60%		
	Natl. Net Carcass Price	Weighted Avg.	71.48	72.94	-2.00%	60.41	18.30%		
	Pork Cutout	185 Lbs.	73.66	74.25	-0.80%	59.49	23.80%		
C	Young Chicken Slaughter*	Million Head	159.07	158.79	0.18%	153.78	3.44%	1,427	2.2%
H	Avg. Weight	Lbs.	5.57	5.60	-0.54%	5.41	2.96%	5.6	1.0%
I	Chicken Production	Million Lbs.	886.01	889.22	-0.36%	831.95	6.50%	5,901	3.0%
C	Eggs Set	Million	205.57	206.54	-0.47%	203.07	1.23%	2,246	0.7%
K	Chicks Placed	Million Head	169.86	169.02	0.50%	169.51	0.21%	1,836	-0.3%
E	12-City Broiler	Composite	84.71	82.59	2.60%	75.52	12.20%		
N	Georgia Dock Broiler	2.5-3 Lbs.	83.07	82.6	0.60%	85.27	-2.60%		
T	Young Turkey Slaughter*	Million Head	4.38	4.35	0.67%	4.45	-1.53%	38.9	-5.2%
U	Avg. Weight	Lbs.	29.22	29.61	-1.32%	30.24	-3.37%	30.1	0.7%
R	Turkey Production	Million Lbs.	127.9	128.7	-0.66%	134.4	-4.85%	941	-4.1%
K	Eastern Region Hen	8-16 Lbs.	85.00	82.50	3.00%	75.5	12.60%		
F	Corn, Omaha	\$ per Bushel	3.58	3.43	4.37%	3.84	-6.80%		
E	DDGS, Minnesota	\$ per ton	91.50	96.00	-4.69%	122.50	-15.30%		
E	Wheat, Kansas City	\$ per Bushel	4.25	4.28	-0.70%	5.71	-25.57%		
D	Soybeans, S. Iowa	\$ per Bushel	9.55	9.26	3.13%	9.54	0.10%		
	SB Meal, 48% Central Illinois	\$ per Ton	280.90	264.60	6.16%	304.80	-7.80%		

* 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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