

Daily Livestock Report

Vol. 8, No. 55/ March 23, 2010

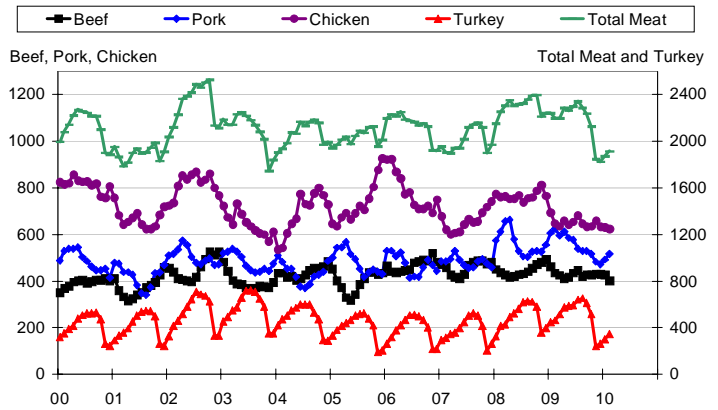
The amount of meat and poultry in U.S. freezers grew slightly (2.2%) in February but, at month's end, stood over 10% lower than one year earlier for the fifth straight month. Inventory numbers for all meat and poultry species and cuts appear in the table on page 2. The chart at right shows monthly freezer stocks for the four major species back to 2000. Some important take-aways from Monday's report are:

- Total beef, pork, chicken and turkey in freezers amounted to 1.914 billion pounds, 12.9% lower than on year ago. February's inventory is still among the lowest figures since 2004.
- There were 401.6 million pounds of beef in freezers on February 28, 7.6% lower than one year ago and the lowest monthly inventory since July 2005. The large reduction in beef stocks was in the boneless category which stood at 337.3 million pounds or 8.7% lower than one year ago and 7% lower than just one month ago. Note that boneless beef, as is normal, accounted for roughly 80% of total beef in freezers.
- Pork stock grew by 5% in February to a total of 516.8 million pounds but that figure is 17% lower than one year ago. It is quite normal for pork stocks to grow in the winter months and the peak usually occurs in April or May. This year's seasonal increase began at an unusually low level after freezer stocks continued to shrink counter-seasonally last fall. Higher fourth quarter slaughter usually means more pork in freezers but pork movement was high enough in 2009 to keep the inventories shrinking. Ribs, butts and variety meats were the only cuts whose stocks were higher year-on-year. Frozen belly inventories were 26.5% lower than last year while ham inventories were 11.5% lower. Trimmings saw the largest year-on-year reduction, falling 31.5% from last year and 3.2% from the end of January. Record-high sow prices have no doubt impacted trimmings usage as sausage manufacturers try to utilize trimmings as a substitute for very expensive sow meat.
- February chicken stocks were 1% lower than at the end of January and 3.6% lower than one year ago. The 624.3 million pounds of chicken in freezers on February 28 was the lowest total since May of 2007. Stocks of whole chickens and breast meat were lower versus one year ago while stocks of hind-quarter cuts were generally higher. Of particular interest was the stocks of leg quarters which were +7% for the month and +21% from last year. This is the cut most directly impacted by Russia's suspension of U.S. chicken imports — a decision rescinded last week.
- Turkey stocks continued their normal post-holiday buildup, increasing 14% during February. But the amount of turkey in storage is now 25% lower than one year. The turkey industry has reduced output in response to higher input costs more than any of the other major species.

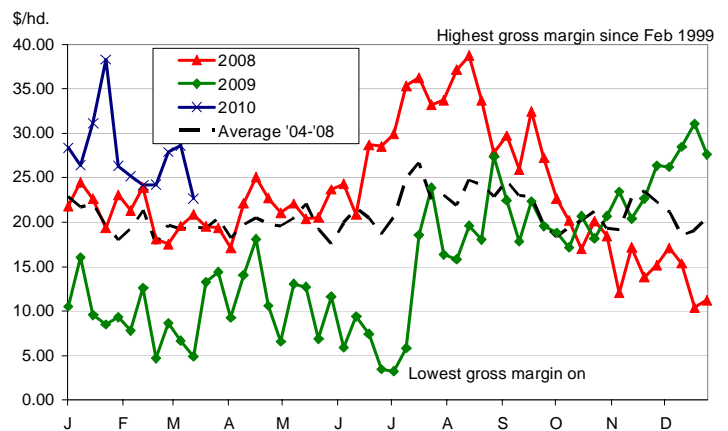
Pork packers' margins remain high by historical standards in spite of higher cash hog bids. Our estimated gross packer margin for the week of March 20 was \$22.67, the lowest of this year but MUCH higher than last year's abysmal levels and over \$3/head higher than the 2004-2008 average. As can be seen in this chart, pork packing margins have been on a wild roller coaster ride since 2008, reaching one of their highest levels ever in August 2008 and then their lowest level ever last summer. A major reason for the improvement has been a steady rise in by-product values from \$13/hd. in late 2008 to nearly \$20/hd in recent weeks.

MEAT IN COLD STORAGE

Million Lbs., Product Weight



PORK PACKERS' EST'D GROSS MARGIN



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USDA Cold Storage Report March 22, 2010

	Quantity (Thousand Pounds)			Current as pct. of:	
	2/28/09	1/28/10	2/28/10	2/28/09	1/28/10
Chicken	----- Thous. Lbs. -----				
Whole Chickens	21435	15901	15746	73.5	99.0
Hens, Mature Chickens	5132	2821	2784	54.2	98.7
Breasts & Breast Meat	129986	122521	112328	86.4	91.7
Drumsticks	13715	12634	14546	106.1	115.1
Leg Quarters	78923	89246	95528	121.0	107.0
Legs	9521	6258	4872	51.2	77.9
Thigh & Thigh Quarters	9441	7677	9007	95.4	117.3
Thigh Meat	12050	23039	24135	200.3	104.8
Wings	26660	27112	30490	114.4	112.5
Paws and Feet	12005	16607	17460	145.4	105.1
Other	328891	306433	297427	90.4	97.1
Total Chicken	647,759	630,249	624,323	96.4	99.1
Turkey					
Toms (Whole Carcasses)	110,627	53,896	71,026	64.2	131.8
Hens (Whole Carcasses)	105,840	58,432	80,815	76.4	138.3
Whole Turkeys	216,467	112,328	151,841	70.1	135.2
Other Turkey	31,632	22,894	21,288	67.3	93.0
Total Turkey	248,099	135,222	173,129	69.8	128.0
Ducks	3,456	2,797	3,950	114.3	141.2
Total Poultry	899,314	768,268	801,402	89.1	104.3
Frozen Beef					
Boneless 1/	369,433	362,605	337,322	91.3	93.0
Beef Cuts 2/	65,081	63,654	64,279	98.8	101.0
Total Beef	434,514	426,259	401,601	92.4	94.2

	Quantity (Thousand Pounds)			Current as pct. of:	
	2/28/09	1/28/10	2/28/10	2/28/09	1/28/10
Frozen Pork	----- Thous. Lbs. -----				
Picnics, Bone-in	12,085	8,223	9,397	77.8	114.3
Hams, Total	96,205	72,736	85,121	88.5	117.0
Bone-in	46,059	34,416	38,850	84.3	112.9
Boneless 3/	50,146	38,320	46,271	92.3	120.7
Bellies	75,668	53,584	55,602	73.5	103.8
Loins, Total	44,048	34,440	37,477	85.1	108.8
Bone-in	20,141	13,631	14,833	73.6	108.8
Boneless 4/	23,907	20,809	22,644	94.7	108.8
Ribs 5/	92,883	93,298	94,809	102.1	101.6
Butts	25,351	21,868	25,349	100.0	115.9
Trimmings 6/	62,705	44,338	42,928	68.5	96.8
Other 7/	110,589	83,963	83,515	75.5	99.5
Variety Meats 8/	24,368	22,551	24,953	102.4	110.7
Unclassified 9/	80,575	57,286	57,650	71.5	100.6
Total Pork	624,477	492,287	516,801	82.8	105.0
Other					
Veal	7,590	8,065	8,407	110.8	104.2
Lamb & Mutton	18,279	11,759	13,016	71.2	110.7
Total	25,869	19,824	21,423	82.8	108.1
Total Beef, Pork, Other	1,084,860	938,370	939,825	86.6	100.2
Total Meat & Poultry	1,984,174	1,706,638	1,741,227	87.8	102.0

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 separate 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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