CME Group
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Daily Livestock Report

Volume 7, Number 64 March 27, 2009

E-Livestock Volume	3/27/09	3/26/09	3/20/09
LE (E-Live Cattle):	9,651	13,684	13,492
GF (E-Feeder Cattle):	4,310	1,269	1,117
HE (E-Lean Hogs):	10,197	14,637	9,080

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PRODUCTION AND PRICE SUMMARY

Week Ending 3/28/2009

	Item	Units	Current Week	Last Week	Pct. Change	Last Year	Pct. Change	YTD	Pct. Change
C	FI Slaughter	Thou. Head	600	615	-2.44%	617	-2.82%	5,140	-5.8%
A	FI Beef Cow Slaughter	Thou. Head	58.2	57.9	0.51%	62.0	-6.09%	679	-2.5%
T	Avg. Live Weight	Lbs.	1308	1317	-0.68%	1276	2.51%	1,312	1.9%
T	Avg. Dressed Weight	Lbs.	793	793	0.00%	774		790	1.8%
L	Beef Production	Million Lbs.	474.2	486.1	-2.45%	476.5	-0.48%	4,033	-4.4%
E	Live Fed Steer	$/cwt live wt.	83.05	82.88	0.20%	87.93	-5.50%		
	Dressed Steer	$/cwt carcass	132.35	132.46	-0.10%	141.00	-6.10%		
	OKC Feeder Steer	600-700 Lbs.	103.01	110.86	-7.08%	101.99	2.45%		
	Beef Cutout	600-750 Choice	134.73	134.35	0.30%	139.99	-3.80%		
	Hide/Offal	$/cwt live wt.	5.75	5.70	1.20%	10.64	-46.00%		
H	FI Slaughter	Thou. Head	2213	2155	2.69%	2262	-2.16%	18,691	-5.9%
O	FI Sow Slaughter	Thou. Head	60.4	59.3	1.84%	73.0	-17.31%	660	-8.6%
G	Avg. Dressed Weight	Lbs.	204	205	-0.49%	204	0.00%	204	0.2%
S	Pork Production	Million Lbs.	451.8	439.8	2.73%	460.4	-1.87%	3,814	-5.8%
	Iowa-S. Minn. Direct	Avg.	55.98	54.92	1.90%	52.08	7.50%		
	Natl. Base Carcass Price	Weighted Avg.	57.31	58.31	-1.70%	53.91	6.30%		
	Natl. Net Carcass Price	Weighted Avg.	59.44	60.41	-1.60%	56.17	5.80%		
	Pork Cutout	185 Lbs.	58.63	59.49	-1.50%	56.50	3.80%		
C	Young Chicken Slaughter*	Million Head	154.15	153.78	0.24%	160.41	-3.90%	1,088	-6.1%
H	Avg. Weight	Lbs.	5.37	5.41	-0.74%	5.45	-1.47%	5.5	-0.4%
I	Chicken Production	Million Lbs.	827.80	831.95	-0.50%	874.25	-5.31%	4,460	-6.1%
C	Eggs Set	Million	199.52	202.03	-1.24%	215.85	-7.57%	2,429	-7.1%
K	Chicks Placed	Million Head	171.05	169.31	1.03%	181.09	-5.54%	2,012	-6.0%
E	12-City Broiler	Composite	76.67	75.52	1.50%	78.16	-1.90%		
N	Georgia Dock Broiler	2.5-3 Lbs.	84.66	85.27	-0.70%	79.49	6.50%		
T	Young Turkey Slaughter*	Million Head	4.46	4.45	0.22%	4.37	1.95%	31.7	-4.9%
U	Avg. Weight	Lbs.	29.60	30.24	-2.12%	29.05	1.89%	29.9	-0.4%
R	Turkey Production	Million Lbs.	131.9	134.4	-1.90%	126.9	3.88%	763	-5.0%
K	Eastern Region Hen	8-16 Lbs.	75.25	75.50	-0.30%	83	-9.30%		
F	Corn, Omaha	$ per Bushel	3.74	3.84	-2.60%	5.27	-29.00%		
E	DDGS, Minnesota	$ per ton	122.50	122.50	0.00%	155.00	-20.97%		
E	Wheat, Kansas City	$ per Bushel	5.18	5.71	-9.30%	9.72	-46.70%		
D	Soybeans, S. Iowa	$ per Bushel	9.13	9.56	-4.50%	11.80	-22.60%		
	SB Meal, 48% Central Illinois	$ per Ton	299.30	304.80	-1.80%	336.80	-11.10%		

* Chicken & turkey slaughter & production are 1 week earlier than the date at the top of this table. Cow & sow slaughter are for 2 weeks ear

USDA's quarterly Hogs and Pigs Report, released on Friday, was a mixture of potentially bullish and bearish numbers — which will likely be viewed pretty neutral come Monday morning. The report indicated continuing liquidation of the U.S. breeding herd and a commensurately smaller market herd but rising productivity that will offset some of the cutbacks late in 2009 and into 2010. Figure 1 on page 2 shows the report's key numbers and well as the averages of pre-report estimates and differences between the two sets of year-on-year numbers. Some highlights are:

- 6.011 million breeding animals, 3% lower than last year and nearly 1% lower than analysts expected. The USDA number is a bit lower than sow slaughter and gilt retention implied, especially considering that imports of cull Canadian sows and boars have been 10% lower YTD. This number would be considered a bit bullish for the long term.
- 59.378 million market animals, 2.7% less than one year ago but 0.5% more than were expected. The reduction of market numbers was quite consistent across the four weight classes with the 60-119 pound and 120-179 pound categories both exceeding average estimates by 1.3%. These categories would contain pigs from the farrowings of Sep-Nov 2008 which, you might recall, were 6% lower than those of 2007. The Sep-Nov pig crop was 3.7% lower than one year earlier. Imports of Canadian pigs were over 1% smaller and yet these categories are down only down 2.5% vs. last year. Those smaller reductions in middle-weight inventories may be a bit bearish for April, May and June LH.
- Lower farrowing intentions for both March-May (-2.9%) and June-August (-4%) would be bullish for fall hogs except for the next factor.
- RAPIDLY INCREASING REPRODUCTIVE EFFICIENCY could be eating up most or all of the reduction in production capacity. Dec-Feb pigs saved per litter were record-high for that quarter (just as has been the case in the three previous quarters) and the 2.6% increase is the largest since 1996 and the fourth largest EVER. It follows year-on-year increases of 2.0, 1.9, 1.7, 2.0, 2.4 and 2.4% the past 6 quarters.

The biggest challenge in using these numbers to predict future supplies will be accounting for changes in the imports of Canadian market hogs and feeder pigs. Feeder pigs imported before March 1 are included in the numbers since they are among the inventories of U.S. feeders. But imports since March 1 that differ from one year ago will impact year-on-year slaughter figures. Market hog import changes will immediately impact slaughter levels. In fact, 1.5% of the 3.1% decline in March slaughter is attributable to reduced number of Canadian market hogs. The remaining 1.6% is due to lower numbers of U.S. hogs. That is a bit large relative to the 2.4% decline in 180-lb. and over pigs but not enough to question the validity of the report. Lower feeder pig imports since March 1 will begin to impact U.S. slaughter about 21 weeks out — July 15 or so. There were about 2% fewer in March but the year-on-year decline will get smaller later in 2009.

Figure 1

USDA Quarterly Hogs and Pigs Report

March 27, 2009

Category	2008	2009	2009 as Pct of 2008	Pre-Report Estimates	Actual - Estimate
Inventories on December 1[1]					
All hogs and pigs	67,218	65,389	97.3	96.9	0.4
Kept for breeding	6,200	6,011	97.0	97.9	**-0.9**
Kept for market	61,018	59,378	97.3	96.8	0.5
Under 60 lbs.	22,137	21,458	96.9	96.8	0.1
60-119 lbs.	14,490	14,126	**97.5**	96.2	**1.3**
120-179 lbs.	13,193	12,862	**97.5**	96.2	**1.3**
180 lbs. and over	11,199	10,932	97.6	97.7	-0.1
Farrowings[2]					
Dec-Feb sows farrowed	3,071	2,978	**97.0**	96.6	0.4
Mar-May Intentions	3,052	2,962	97.1	98.0	-0.9
Jun-Aug Intentions	3,075	2,952	96.0	98.5	**-2.5**
Dec-Feb Pig Crop1	28,987	28,230	**97.4**	98.5	-1.1
Dec-Feb pigs saved per litter	9.24	9.48	**102.6**	101.7	**0.9**

[1]Thousand head [2]Thousand litters