

Daily Livestock Report

USDA'S Prospective Plantings Report, released this morning, indicates higher corn and soybean acres than one year ago. Both USDA estimates, though, were lower than the average of analysts' pre-report estimates as published by DowJones and included in yesterday's DLR. Estimated wheat acres were just over 500,000 higher than analysts expected with the majority of the added acres being winter wheat. Total acreage planted to these four major crops is virtually unchanged.

PROSPECTIVE PLANTINGS REPORT -- MARCH 31, 2009

Crop	Estimate	USDA, 3/31		Change	Pct Change
		2009	2008		
(Million Acres)					
Corn	88.941	88.798	86.50	2.298	2.7%
Soybeans	78.550	78.098	77.50	0.598	0.8%
All Wheat	53.325	53.827	59.10	(5.273)	-8.9%
Winter Wheat	37.319	37.698	43.30	(5.602)	-12.9%
Spring Wheat	13.558	13.906	13.30	0.606	4.6%
Durum	2.470	2.223	2.60	(0.377)	-14.5%
Cotton	10.440	10.505	9.15	1.355	14.8%
TOTAL	231.256	231.228	232.250	-1.022	-0.4%

A harsh reality for the U.S. meat and poultry sectors is that total per capita consumption of meat and poultry has decline significantly since its peak in 2006 and is quite likely to decline even more. For many years, we speculated on just how much meat U.S. consumer can actually consume. The growth pattern was not always steady but it was long-standing and, after every reduction such as that of 1993 or 2000, new growth eventually pushed consumption to new record levels. Since the 2006 peak of 220.18 pounds per person, however, the total has fallen by 5% (to 209.17) and is forecast by the Livestock Marketing Information Center to decline by another 1% in 2010 and 2011.

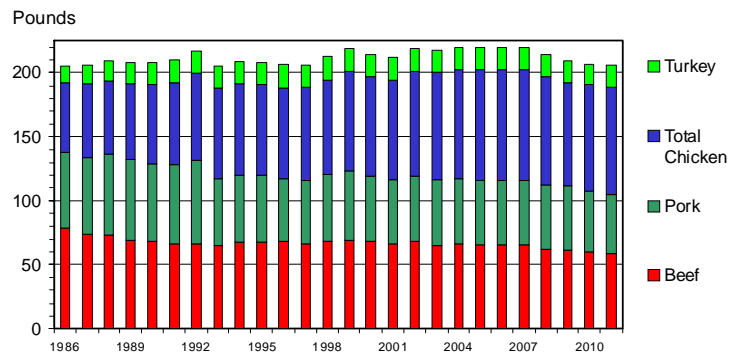
There are a number of reasons for the decline so far and for the prospect of further declines:

- Lower production and growing exports. Both of those leave less product available for domestic consumption and dividing by a population that is still growing by 0.8 to 0.9% per year drives per cap figures down. It remains true that year-to-year changes in per cap consumption are more a measure of output changes than they are a measure of consumer preferences. But the long-term per cap consumption trends is quite important for individual species and the sector as a whole.
- Changing demographics. 85 million Baby Boomers are reaching ages which historically have been associated with lower activity levels and consumption. An aging America will not be positive for meat consumption.
- Cultural trends that are working against meat intake. Everything from animal rights to HSUS to "meatless Mondays" to a growing number of young people who eat little or no meat suggest that this trend is far from over.

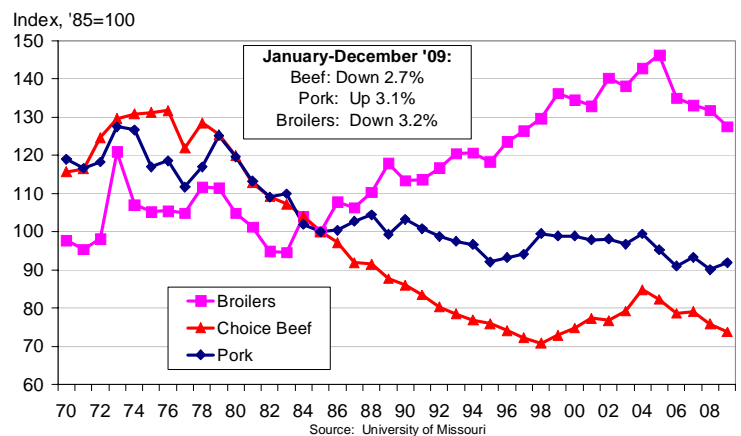
Of course, consumption is not demand. Demand includes consideration of the prices that various levels of consumption will command. But including prices to arrive at demand indexes does little to improve the picture. Indexes for the three largest species peaked with the Adkins Diet in 2004-2005 and have trended downward since. Only pork managed meager gains in 2007 and 2010.

U S RED MEAT & POULTRY CONSUMPTION

Per Capita, Retail Weight, Annual



U.S. CONSUMER DEMAND INDEXES



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