

Daily Livestock Report

Vol. 8, No. 73/ April 19, 2010

The “Running of the Bulls — LaSalle Street Style” continued last week in the livestock futures markets with pigs leading the stampede! That statement seems a bit odd but let’s face it, “Running of the Barrows” just doesn’t sound as challenging and manly, does it?

Regardless, CME Lean Hogs futures contracts charged to contract-life highs across the board on Friday, driven primarily by a \$5.30/cwt increase in the pork cutout value that carried this key measure of value to \$82.82 for the week. That is the highest cutout value since the halcyon days of August 2008 when exports to China drove cutout values to record highs. Last week’s value is the seventh highest weekly value on record. The higher cutout value carried the national negotiated net price to \$77.91, up \$2.91 from the previous week and the highest price on record for the second week of April, easily eclipsing the \$69.95 of the same week in 2005. In fact, this marks the 6th consecutive week of record high prices for that given week. Last week’s price was nearly \$17/cwt higher than the price for the same week in the previous record-setting year of 2008.

The primary reason for these much higher prices was a second straight week of VERY TIGHT market hog supplies. Last week’s FI slaughter total of 2.032 million head was 0.7% larger than the previous week but 4.3% smaller than one year earlier. Throw in a 1-lb. year-on-year decline in carcass weights and one gets weekly pork production that was nearly 5% lower than last year. After the last two weeks’ very low slaughter totals, it is appearing that March’s bullish Hogs and Pigs report may not have been bullish enough. Producers have made the necessary adjustments to handle low-quality corn and many believed that the resulting slower growth rates had already filtered through the industry so that pigs, though late in reaching market weight, would do so at a pace commensurate with those March 1 numbers. But the last two weeks have seen 86k and 56k FEWER hogs come to market than the March inventories suggested. Is this a fluke or a harbinger?

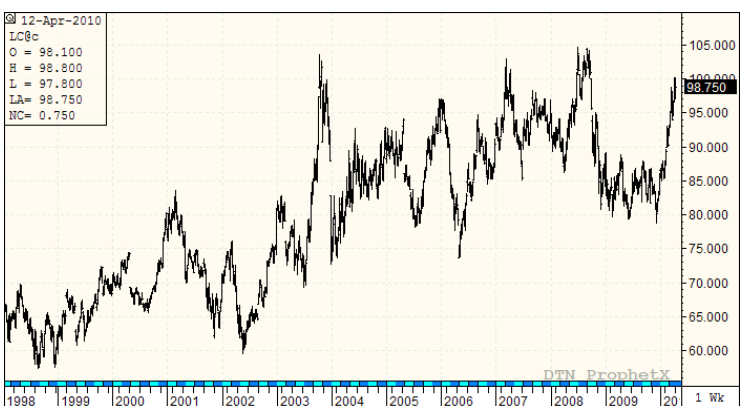
And others are definitely benefitting from higher hog prices! CME Live Cattle futures held their own last week with the nearby April contract falling by \$0.25/cwt but the other contracts showing small gains. Both Choice and Select cutout values gained roughly \$2/cwt last week. USDA’s 5-Area Daily Weighted Average Direct Slaughter Cattle report (LM-CT100) for Friday showed slightly lower steer and heifer prices for the week with negotiated live steers and heifers at \$99.55/cwt and dressed steers and heifers at \$159.26 and \$159.96, respectively.

This strength in beef and cattle markets is occurring in spite of continued higher slaughter rates. Last week’s 632,000 head was 2.6% higher than the prior week and 3.7% higher than last year. To date, 2010 cattle slaughter has exceeded last year’s total by 1.4%. Steers and heifers have been the major portion of that increase with weekly data (the only data available that breaks out steers and heifers, cows, etc.) indicating that slaughter of these “market” animals has exceeded last year’s total (as of April 3, the last week for which data are available) by 2.8%. The offsetting factor, of course, is that these animals have gone to market at MUCH lighter weights, pushing total beef production nearly 1% below year-ago levels.

Weekly LH Futures



Weekly LC Futures



Get free real-time CME Globex quotes at www.cmegroup.com/elivestockquotes.

**DRIVING FORCES BEHIND
THE AG CREDIT MARKET**

MISS THE WEBINAR? VIEW OUR ARCHIVE ▶

The Daily Livestock Report is published by Steve Meyer and Len Steiner. Please forward to others that may benefit from this information. To subscribe/unsubscribe visit www.dailylivestockreport.com.

Disclaimer: The Daily Livestock Report is intended solely for information purposes and is not to be construed, under any circumstances, by implication or otherwise, as an offer to sell or a solicitation to buy or trade any commodities or securities whatsoever. Information is obtained from sources believed to be reliable, but is in no way guaranteed. No guarantee of any kind is implied or possible where projections of future conditions are attempted. Futures trading is not suitable for all investors, and involves the risk of loss. Past results are no indication of future performance. Futures are leveraged investment, and because only a percentage of a contract's value is required to trade, it is possible to lose more than the amount of money initially deposited for a futures position. Therefore, traders should only use funds that they can afford to lose without affecting their lifestyle. And only a portion of those funds should be devoted to any one trade because a trader cannot expect to profit on every trade.

CME Group is the trademark of CME Group, Inc. The Globe logo, Globex® and CME® are trademarks of Chicago Mercantile Exchange, Inc. CBOT® is the trademark of the Board of Trade of the City of Chicago. NYMEX, New York Mercantile Exchange, and ClearPort are trademarks of New York Mercantile Exchange, Inc. COMEX is a trademark of Commodity Exchange, Inc. Copyright © 2009 CME Group. All rights reserved.

Daily Livestock Report

Vol. 8, No. 73/ April 19, 2010

PRODUCTION AND PRICE SUMMARY

Week Ending **4/17/2010**

	Item	Units	Current Week	Last Week	Pct. Change	Last Year	Pct. Change	YTD	Pct. Change
C	FI Slaughter	Thou. Head	632	616	2.60%	609	3.73%	9,523	1.4%
A	FI Beef Cow Slaughter	Thou. Head	62.1	61.5	0.98%	54.4	14.34%	925	9.1%
T	Avg. Live Weight	Lbs.	1255	1265	-0.79%	1279	-1.88%	1,281	-1.9%
T	Avg. Dressed Weight	Lbs.	763	764	-0.13%	774	-1.42%	769	-2.3%
L	Beef Production	Million Lbs.	480.5	469.1	2.43%	468.9	2.47%	7,302	-0.9%
E	Live Fed Steer	\$/cwt live wt.	99.55	99.81	-0.30%	88.21	12.90%		
	Dressed Steer	\$/cwt carcass	159.26	161.39	-1.30%	141.88	12.20%		
	OKC Feeder Steer	600-700 Lbs.	121.32	121.23	0.07%	105.86	14.60%		
	Beef Cutout	600-750 Choice	166.77	164.80	1.20%	145.37	14.70%		
	Hide/Offal	\$/cwt live wt.	10.52	10.24	0.10%	5.95	76.80%		
H	FI Slaughter	Thou. Head	2032	2017	0.74%	2124	-4.34%	32,311	-4.5%
O	FI Sow Slaughter	Thou. Head	56.5	61.2	-7.83%	61.1	-7.65%	816	-3.2%
G	Avg. Dressed Weight	Lbs.	204	204	0.00%	205	-0.49%	203	-0.4%
S	Pork Production	Million Lbs.	414.3	411.2	0.75%	435.8	-4.93%	6,568	-4.9%
	Iowa-S. Minn. Direct	Avg.	76.07	75.32	1.00%	57.39	32.50%		
	Natl. Base Carcass Price	Weighted Avg.	73.05	70.56	3.50%	58.40	25.10%		
	Natl. Net Carcass Price	Weighted Avg.	75.70	73.24	3.40%	60.48	25.20%		
	Pork Cutout	185 Lbs.	82.82	77.52	6.80%	60.94	35.90%		
C	Young Chicken Slaughter*	Million Head	160.05	156.20	2.47%	148.48	7.79%	2,220	2.7%
H	Avg. Weight	Lbs.	5.49	5.55	-1.08%	5.49	0.00%	5.5	1.1%
I	Chicken Production	Million Lbs.	878.69	866.90	1.36%	815.17	7.79%	9,177	3.8%
C	Eggs Set	Million	207.98	204.37	1.77%	203.04	2.43%	3,071	1.1%
K	Chicks Placed	Million Head	172.56	168.50	2.41%	166.39	3.71%	2,516	0.1%
E	12-City Broiler	Composite	81.59	82.42	-1.00%	76.33	6.90%		
N	Georgia Dock Broiler	2.5-3 Lbs.	84.64	84.14	0.60%	84.69	-0.10%		
T	Young Turkey Slaughter*	Million Head	4.33	4.03	7.65%	4.06	6.80%	60.4	-4.1%
U	Avg. Weight	Lbs.	29.47	30.02	-1.83%	29.53	-0.20%	30.0	0.8%
R	Turkey Production	Million Lbs.	127.7	120.8	5.68%	119.8	6.59%	1,450	-3.1%
K	Eastern Region Hen	8-16 Lbs.	83.68	82.80	1.10%	76	10.10%		
F	Corn, Omaha	\$ per Bushel	3.53	3.37	4.75%	3.67	-3.80%		
E	DDGS, Minnesota	\$ per ton	87.50	87.50	0.00%	120.00	-12.90%		
E	Wheat, Kansas City	\$ per Bushel	4.45	4.19	6.21%	5.39	-17.44%		
D	Soybeans, S. Iowa	\$ per Bushel	9.85	9.44	4.34%	10.63	-7.30%		
	SB Meal, 48% Central Illinois	\$ per Ton	294.90	274.60	7.39%	335.90	-12.20%		

* 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

Get free real-time CME Globex quotes at www.cmegroup.com/elivestockquotes.

**DRIVING FORCES BEHIND
THE AG CREDIT MARKET**

MISS THE WEBINAR? VIEW OUR ARCHIVE ►

The Daily Livestock Report is published by Steve Meyer and Len Steiner. Please forward to others that may benefit from this information. To subscribe/unsubscribe visit www.dailylivestockreport.com.

Disclaimer: The *Daily Livestock Report* is intended solely for information purposes and is not to be construed, under any circumstances, by implication or otherwise, as an offer to sell or a solicitation to buy or trade any commodities or securities whatsoever. Information is obtained from sources believed to be reliable, but is in no way guaranteed. No guarantee of any kind is implied or possible where projections of future conditions are attempted. Futures trading is not suitable for all investors, and involves the risk of loss. Past results are no indication of future performance. Futures are leveraged investment, and because only a percentage of a contract's value is require to trade, it is possible to lose more than the amount of money initially deposited for a futures position. Therefore, traders should only use funds that they can afford to lose without affecting their lifestyle. And only a portion of those funds should be devoted to any one trade because a trader cannot expect to profit on every trade.

CME Group is the trademark of CME Group, Inc. The Globe logo, Globex® and CME® are trademarks of Chicago Mercantile Exchange, Inc. CBOT® is the trademark of the Board of Trade of the City of Chicago. NYMEX, New York Mercantile Exchange, and ClearPort are trademarks of New York Mercantile Exchange, Inc. COMEX is a trademark of Commodity Exchange, Inc. Copyright © 2009 CME Group. All rights reserved.