

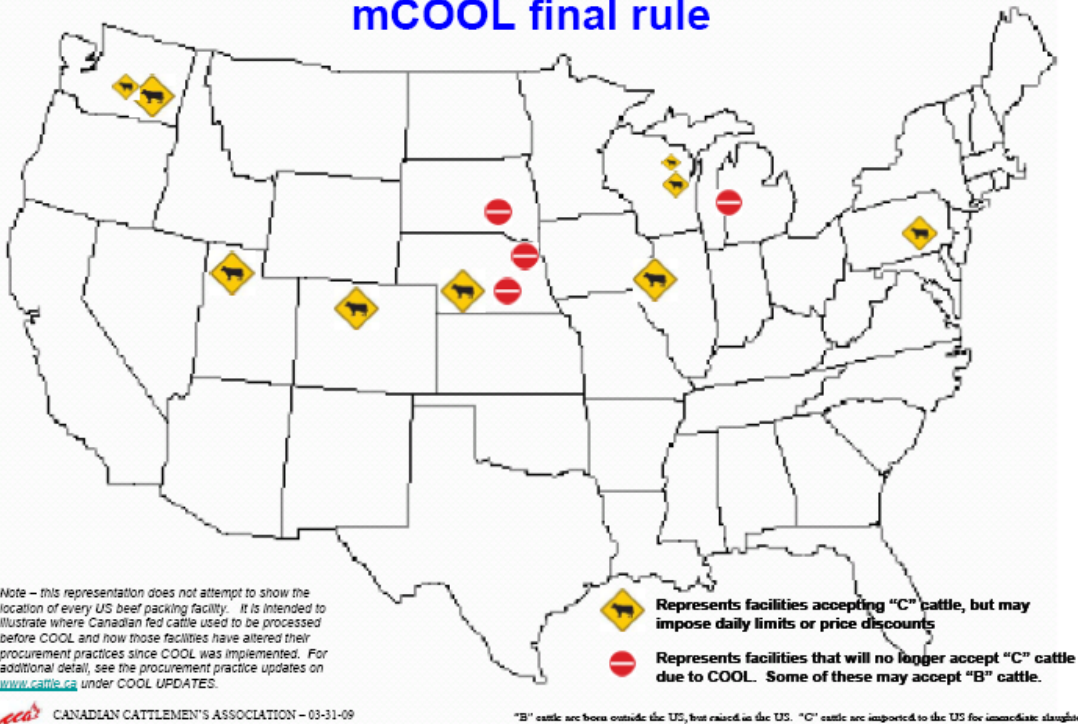
Daily Livestock Report

E-Livestock Volume	4/29/09	4/28/09	4/22/09
LE (E-Live Cattle):	15,513	13,149	11,276
GF (E-Feeder Cattle):	1,527	2,161	1,167
HE (E-Lean Hogs):	26,365	36,326	13,352

*Denotes a new record for Globex volume

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U.S. packer procurement of "C" cattle under mCOOL final rule



CME Lean Hogs futures prices gave some glimmers of hope to hog producers and packers today with all contracts except the nearby May contract gaining ground. May was down \$2.85 making the 3-day loss on the nearby contract \$8.55. Part of that decline, of course is that something had to give as cash prices were about \$9 higher than May futures last Friday. Much of the trade was expecting a cash rally to close that basis gap but the virus (more on a name later) has probably snuffed out a cash rally for the short term. So—May LH had to fall to bring basis to more reasonable level.

A portion of today's rally could be taking profits on short positions but the pork industry will take about any good news they can find at this point. Unfortunately, there isn't much of it. Virtually all media are still using "swine influenza" or "swine flu" to describe the virus, ignoring the alternative names offered by OIE, the world animal health organization (not the World Health Organization as we mistakenly referenced on Monday) and the U.S. Department of Homeland Security. Since it has yet to be found in pigs, we will not contribute to the hysteria — we will use H1N1 to describe the virus.

H1N1 influenza has now been identified in 10 states and there are two suspected cases in eastern Iowa. Iowa officials expect definitive test results from CDC on Thursday.

One of our fears is being confirmed: Pork purchases in Mexico are apparently sharply lower. DowJones quoted Enrique Dominguez, president of the Confederation of Mexican Pork Producers, as saying "Mexican people do not want to eat pork meat at the moment, there is a lot of confusion and fear . . ." DowJones cited "Mexican pork producers" as saying the domestic pork market may have fallen by as much as 80%.

Some U.S. pork and beef packers are still making decisions about how many labels they will place on meat products they sell. That decision will, in turn, determine whether they will buy animals with ties to Canada. And the sum of the companies' decisions will determine where cattle and pigs get slaughtered. It won't necessarily be the closest plant or even the one that a particular producers has historically sold to.

First a bit of nomenclature. MCOOL label A refers to "Product of the U.S." which will be comprised of animals born, raised and slaughtered in the U.S. plus a few Canadian-born animals if they are needed to fill out a Label A shift. Label B is "Product of the U.S. and X" where the source animal is born in country X but raised and slaughtered in the U.S. Label C is "Product of X and the U.S." where the source animal is born and raised in country X and slaughtered in the U.S. The map at left shows the results of the Canadian Cattleman's Association survey of U.S. beef packers regarding who will or will not be buying Label C (ie. Canadian-fed) cattle. They have identified three Midwestern plants and one in Michigan that do not plan to purchase Label C cattle. Several others plan to buy C cattle but will buy only limited numbers and may impose price discounts.

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