

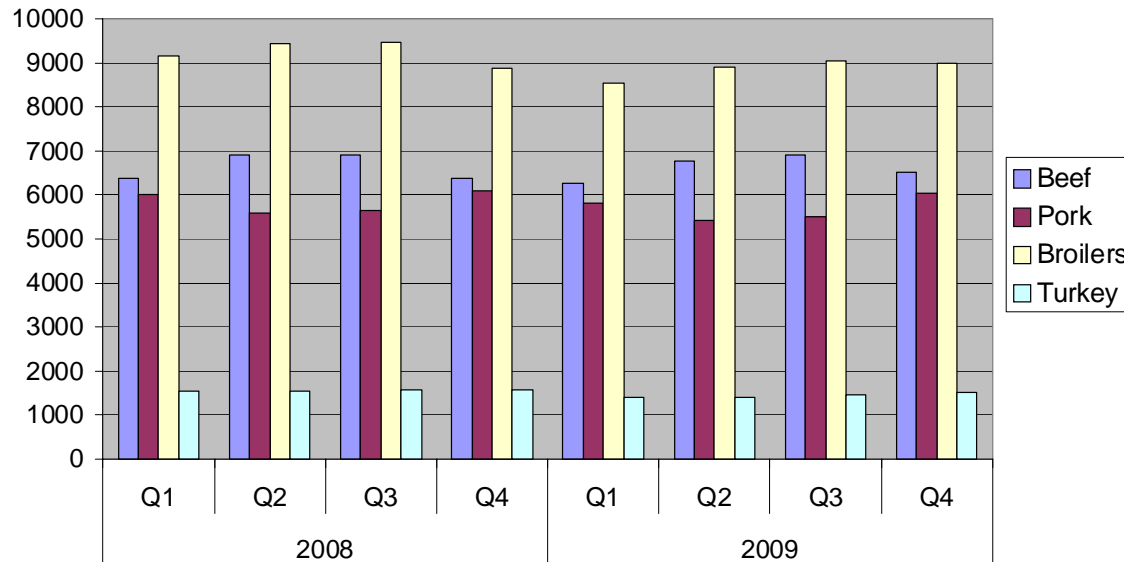
E-Livestock Volume	4/9/09	4/8/09	4/2/09
LE (E-Live Cattle):	14,346	9,660	24,073
GF (E-Feeder Cattle):	3,491	2,059	1,547
HE (E-Lean Hogs):	13,038	12,015	11,444

*Denotes a new record for Globex volume

Free real-time Globex quotes: www.cmegroup.com/elivestockquotes

US MEAT & POULTRY PRODUCTION, QUARTERLY

Mil. lbs, Carc/RTC



Source: USDA WASDE, April '09

Three final points regarding USDA Choice grading percentages and the Choice-Select price spread. First, a USDA source informed us that there had indeed been one other week in which the Choice-Select spread had been negative — Labor Day week of 1989. We suppose a four day week still counts. Second, weather has played some role in the higher percentages these past two years. And third, this shift in grading percentage to higher numbers of Choice cattle is likely permanent. The changes with the grading service, especially, are a fundamental shift in the system. If that is the case, Choice may not command as large of a premium to Select as we have seen in the past — at least in the short to intermediate term.

USDA's monthly Crop Production and World Agriculture Supply and Demand Estimates (WASDE), released today, contained no "shockers" in terms of adjustments estimates for the current crop year. There were a few notable tweaks, however.

- Quarterly data for 2008 and USDA's forecasts for quarterly beef, pork, broiler and turkey production appear in the graph at left. The 2009 quarterly data add up to a small increase (65 million pounds, 0.2%) in projected beef production compared to the March estimate. The April estimate of 2009 pork production was 1% lower than that of March due to lower hog numbers and projected lower imports of pigs from Canada. The most recent estimate of 2009 broiler production is 300 million pounds (0.8%) lower while the April turkey production estimate dropped 190 million pounds (3.2%) from March.
- USDA's forecasted cattle prices remained constant at \$84-\$89/cwt live while the forecast hog price was raised \$1 on the bottom side to \$46-\$48/cwt live. Forecast prices for both broilers and turkey were reduced in spite of lower expected production — an obviously bad sign for expected poultry demand. 12-city broilers are now expected to average \$79-\$83/cwt RTC for the year while 8-12 lb. hen turkeys are forecast to be \$82-\$86/cwt RTC.
- As expected, USDA made not changes to corn, soybean or wheat production levels for the current crop year. Estimates for 2009-2010 will not be made until the May WASDE report. They did adjust a few usage estimates and expected prices. Feed and residual usage for corn was increased by 50 million bushels while non-ethanol food, industrial and seed usage declined by 10 million. The midpoint price estimate was increased by \$0.10/bu. to \$4.20. The major change for soybeans was a 25 million bushel increase in estimated exports, reflecting relatively tight world soybean stocks. The result was a \$15/ton increase in estimated soybean meal prices — to \$290/ton. Finally, wheat stocks were reduced by 16 million bushels but remain over twice as large as last year. Wheat played a major role in feed markets last year but fewer projected acres may limit that role in 2009-2010.

Please feel free to forward the Daily Livestock Report to others who you think will benefit from having this information. The DLR is published daily by **Steve Meyer and Len Steiner**, and distributed courtesy of Chicago Mercantile Exchange, Inc. You can **subscribe for free** by going to www.dailylivestockreport.com/subscribe.asp. send an e-mail to: feedback@dailylivestockreport.com if you would like to submit a comment or suggestion. To unsubscribe from the DLR newsletter, go to www.dailylivestockreport.com/unsubscribe.asp.

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 a 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.

The Globe Logo and CME are trademarks of Chicago Mercantile Exchange Inc. Copyright © 2008 CME. All rights reserved.