

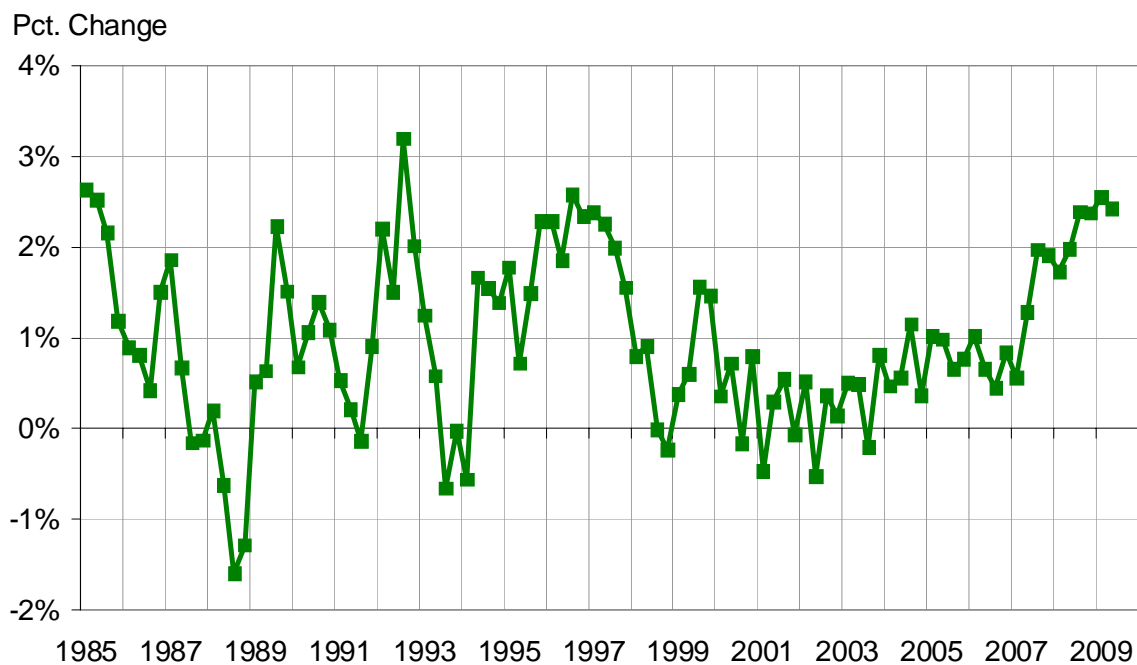
Daily Livestock Report

E-Livestock Volume	6/29/09	6/28/09	6/22/09
LE (E-Live Cattle):	31,325	9,035	14,427
GF (E-Feeder Cattle):	2,707	563	1,641
HE (E-Lean Hogs):	17,788	13,276	13,496

*Denotes a new record for Globex volume

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PIGS SAVED PER LITTER -- YR/YR PERCENT CHANGE



USDA's Acreage report will be released tomorrow morning. We are growing weary of touting how highly anticipated these reports are so we will just make a blanket statement now for all future USDA reports: They will be highly anticipated — especially if they deal with corn and soybeans given the ever-tight supply situations that exist in this biofuels world. So we never have to say “highly-anticipated” again. We'll use that space for something more helpful. We hope. Oh — and the pre-report estimates from Dow-Jones Newswires appear below. Analysts expect corn acres to be 800,000 or so below the March estimates and expect soybean acres to be 2.3 million higher. The report will be released at 8:30 a.m. EDT.

The year-on-year growth rate of pigs saved per litter in recent Hogs and Pigs Reports is certainly causing havoc with efforts, mild as they have been thus far, to reduce pig output and pork production. But this rate of growth is hardly unprecedented. As can be seen in the chart at left, the 1980s and 1990s saw periods of robust litter size growth. The surges of the '80s were rather short-lived and appear related to the hog cycle. 1990s growth was more systemic, driven by dramatic structural change that saw hog production move from being part of diversified farming operations to specialized, high technology, generally larger farms that employed advanced genetics and breeding systems and full-time, professional management.

The interesting fact about recent growth is that it has NOT been caused by major structural change. We believe four factors have driven the increase. Circovirus vaccines increased the general health level of the entire U.S. swine herd and most operations have seen productivity improvements following adoption of the vaccines. The change since 2003 to later weaning has resulted in larger subsequent litters simply by providing sows more recovery time before re-breeding. Genetic lines continue to improve and molecular genetic science has allowed pinpoint selection for re-productive traits using genetic markers. Finally, higher feed prices have created a need for higher productivity. U.S. producers have long trailed their EU counterparts in terms of litter size, largely because U.S. producers did not have to be ultra-efficient to make a profit since feed was relatively inexpensive. EU producers, on the other hand, have dealt with expensive feed ingredients for years and high productivity was not optional — it was required. Feed cost increases since 2007 have brought some of that urgency across the pond — an producers appear to be responding.

USDA'S ACREAGE REPORT

June 30, 2009

	Pre-Report Estimates		March 31 Forecast	2008 Acreage
	Average	Range		
Corn	84.158	82.474 - 86.000	84.986	85.982
Soybeans	78.305	75.300 - 79.631	76.024	75.718

Source: DowJones Newswires

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