

## Daily Livestock Report

### U.S. PLANTED ACRES BY CROP

	Area, Million Acres				Percent Change		
	2008	USDA March 31	Pre-Report Avg.	USDA, June 30	vs. 2008	vs. March 31	vs. Pre- Report
<b>Corn</b>	85.982	84.986	84.158	87.035	1.2%	2.4%	3.4%
<b>Soybeans</b>	75.718	76.024	78.305	77.483	2.3%	1.9%	-1.0%
<b>All Wheat</b>	63.147	58.638	58.337	59.775	-5.3%	1.9%	2.5%
<b>Cotton</b>	9.470	8.811	8.800	9.054	-4.4%	2.8%	2.9%
<b>TOTAL</b>	234.317	228.459	229.600	233.347	-0.4%	2.1%	1.6%

### IMPLIED U.S. CROP PRODUCTION

	Yield, USDA June WASDE	Harvested Acres, USDA June 30	Total Production 2008	Implied Production, 2009	Percent Change
<b>Corn</b>	153.4	80.1	12.101	12.287	1.5%
<b>Soybeans</b>	42.6	76.5	2.959	3.259	10.1%
<b>Wheat</b>	41.2	50.4	2.500	2.076	-16.9%

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E-Livestock Volume	6/30/09	6/29/09	6/23/09
LE (E-Live Cattle):	24,164	31,325	14,676
GF (E-Feeder Cattle):	3,660	2,707	1,889
HE (E-Lean Hogs):	26,567	17,788	13,682

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**After a record day for E-Live Cattle volume (31,325 contracts) yesterday, the E-livestock contracts on Globex saw their largest total volume to date today — 54,391 contracts.** Thanks to everyone who uses this fast, efficient trading platform!

**Independence Day holiday hours** — Commodity trading on CME Globex will close at its regular time on Thursday, July 2 and will re-open Sunday, July 5 at 5:00 p.m. CME's commodity trading floors will operate regular hours on Thursday, be closed on Friday and reopen Monday, July 6.

**To say that Tuesday's USDA Acreage report contained a few surprises would be a bit of an understatement.** Weather challenges in the eastern Cornbelt had everyone thinking that planted acreage would be significantly below both last year's total and planting intentions as published by USDA in March. USDA's estimate of 87.035 million acres was higher than both of those and was 3.4% above the average of analysts' pre-report estimates. This is the sixth consecutive year that June corn acres have been higher than the intentions on March 31. The old adage was "If the weather is good, farmers will plant corn" appears to not need the weather qualifier — at least in the eastern Cornbelt. There is still a good amount of skepticism about these numbers and some believe there are still 500k to 1 million corn acres that did not get planted. Jerry Gidel of North American Risk Management pointed out today that last year's June report included 1.5 million more acres than were anticipated in March — and those acres eventually disappeared in USDA's final crop update. But the numbers are official for now and will be traded until proven wrong. Corn futures were sharply lower all day Tuesday and ended the day at or very near the allowable daily limit change for all contracts through July 2010. All of those contracts ended Tuesday's session within 25 cents/bushel of contract life lows.

USDA's estimated soybean acreage for 2009 was 1.46 million higher than the March 31 intentions estimate but over 800,000 acres lower than per-report estimates. The higher planted area versus USDA's March estimates put some pressure on soybean futures but the driver of this market, at least for now, remains a very tight old-crop supply situation. June 1 soybean stocks were slightly larger than expected but year-end stocks still project to be 2 to 3 weeks of usage — a very tight situation that drove nearby July futures higher even as the remainder of contracts fell.

We probably should have seen these increases coming, given the fact that USDA's March 31 forecast acres were nearly 6 million acres below last year's total. Pre-report estimates for Tuesday's report were 4.7 million short of the total. Tuesday's forecasts are only 0.4% lower than last year's totals. Did we really think that many acres were going back to smaller crops or hay or pasture?

**What does this mean for livestock and poultry?** A HUGE respite from high feed costs. Dr. Ron Plain of the University of Missouri told Meatingplace.com today that "This is about the best news the hog industry has had all year." And so it is. But it will also reduce the incentives for producers have to reduce hog numbers — an action that appears absolutely necessary for future profitability even with lower feed costs.