

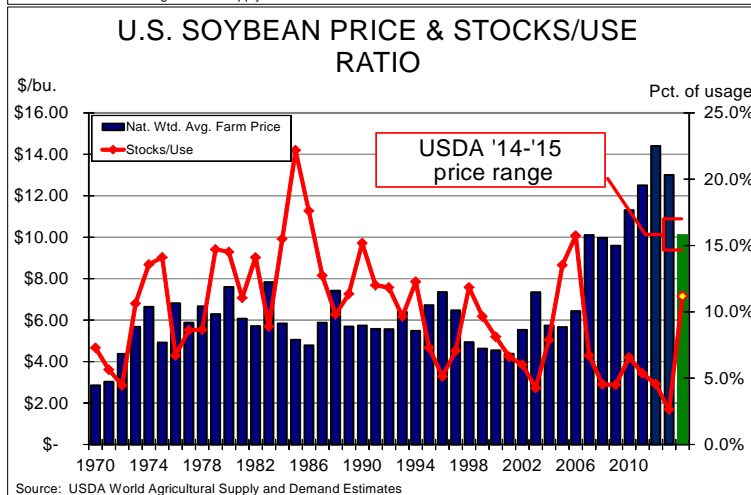
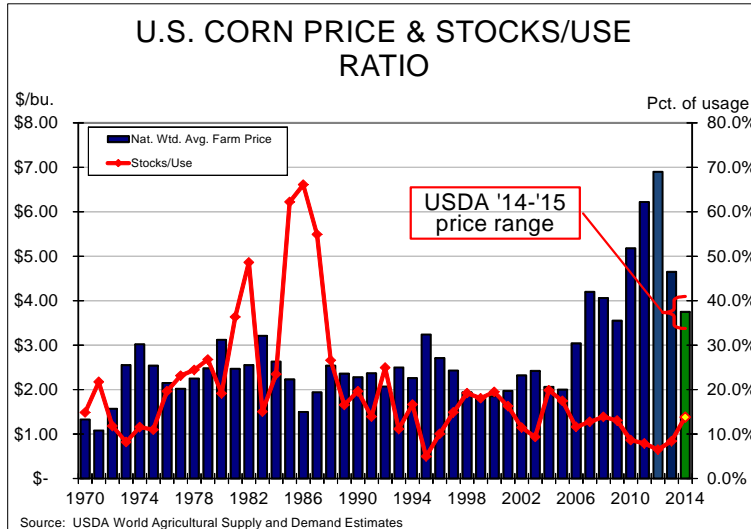
We apologize for neglecting to put the link in for the story regarding a journalist's experiment with a fat-laden diet. The story by Gregory Ferenstein on vox.com can be found [BY CLICKING HERE](http://www.vox.com/2015/1/6/7481067/high-fat-diet) or just going to <http://www.vox.com/2015/1/6/7481067/high-fat-diet>.

A quick note on Monday's record-high FI hog slaughter: It really wasn't all on Monday! USDA's estimate for Monday was a record-high daily total of 455,000 head. That number sort of appeared out of the blue after the largest daily run during December was 437,000 on the Monday between Christmas and New Year's when many companies were trying to "catch up" or "get ahead" of holiday downtime. USDA's Monday slaughter report (SJ-LS710) contained a note that the figure included some Sunday slaughter and revisions to Friday and Saturday estimates that totaled 20,000 head. It appears that rough weather or operational difficulties pushed some hogs to an unusual Sunday operation at a major plant, causing this large number for Monday. Hog supplies are growing but not that quickly! Our estimate of total capacity is 451,520 per day. The industry can exceed that capacity in the short run and could push 455,000 through plants. They didn't do it on Monday though as part of that large total was processed on Sunday.

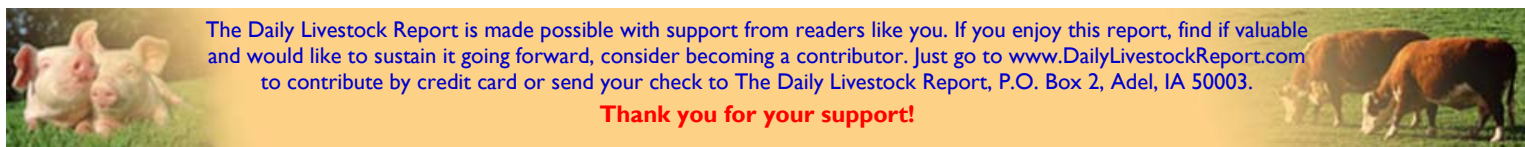
Monday's World Agricultural Supply and Demand Estimates provided USDA's final estimates of the 2014 crop. Production, supply and demand tables for both corn and soybeans appear on page 2. The numbers themselves appeared a bit bullish for corn and somewhat bearish for soybeans. USDA reduced its estimated corn yield to 171 bushels per acre, down from 173.4 in December and over 2 bushels lower than analysts had, on average, expected. The change dropped about 200 million bushels from total production. USDA reduced projected feed/residual usage by 100 million bushels to 5.375 billion — still a 4.7% increase from last year. They also increase ethanol usage slightly with the net impact on year-end carryout stocks being -121 million bushels. Projected year-end stocks-to-use ratio is still 13.8%, nearly 50% larger than last year and the highest such measure of supply sufficiency since 2008. USDA increased its estimated price by \$0.15/bu. on both ends of the range.

USDA's soybean estimates really didn't change much but the trade expected them to reflect lower output and year-end stocks than they did — thus the negative pressure on prices. This report's higher yield estimate (47.8 vs. 47.5 in Dec) was a bit larger than was expected and more than offset a slight reduction in acres. Some are questioning whether USDA's export forecast is yet large enough but the net impact of the changes on year-end stocks was precisely zero — where analyst had expected those stocks to fall. The projected 410 million bushel carryout is over 4X as large as last year and pushed the year-end stock-to-use ratio to 11.2%, also over 4X the level of last year and its highest such figure since the 2006 crop. USDA tightened its forecast price range by \$0.50/bushel and moved the mid-point \$0.20/bushel higher to \$10.10. It also raised its meal price forecast, adding \$10/ton to both ends of the projected range.

The bearish soybean sentiment has carried the day in corn trading



as well and futures prices for both commodities have declined since the report's release. Nearby soybean futures dipped below \$9 while July Soybeans are at \$10.10 in trading early on Wednesday. Only the two nearby soybean meal contracts remain above \$330/ton in early-morning trading. For perspective, the nearby January contract traded at nearly \$400/ton in mid-November. July meal is now at \$325. It hit \$364 on November 12. Soybean meal has broken below some key short-term support and may be poised to move back to contract lows. Corn is challenging near-term support and some analysts are telling grain sellers that this is a sell signal. It appears that livestock and poultry costs may be declining once more.



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U.S. CORN SUPPLY AND UTILIZATION - JANUARY

	Units	2012/13	2013/14	2014/15		
				USDA Nov	USDA Dec	% Chng vs '13-14
Acres Planted	Mil A	97.3	95.4	90.9	90.6	-5.0%
Acres Harvested	Mil A	87.4	87.5	83.1	83.1	-5.0%
Yield	Bu/A	123.1	158.1	173.4	171.0	8.2%
Beginning Stocks	Mil Bu.	989	821	1236	1232	50.1%
Production	Mil Bu.	10755	13829	14407	14216	2.8%
Imports	Mil Bu.	160	36	25	25	-30.6%
Total Supply	Mil Bu.	11904	14686	15668	15472	5.4%
Feed & Residual	Mil Bu.	4315	5036	5375	5275	4.7%
Ethanol for fuel	Mil Bu.	4641	5134	5150	5175	0.8%
Non-Ethanol FSI	Mil Bu.	1397	1367	1395	1395	2.0%
Exports	Mil Bu.	730	1917	1750	1750	-8.7%
Total Usage	Mil Bu.	11083	13454	13670	13595	1.0%
Carryover	Mil Bu.	821	1232	1998	1877	52.4%
Stocks/Use	Pct.	7.4%	9.2%	14.6%	13.8%	50.8%
Nat. Wtd. Avg. Farm Price	\$/Bu.	6.89	4.46	3.20 - 3.80	3.35 - 3.95	-15.9%

Source: USDA World Supply and Demand Estimates

U.S. SOYBEAN SUPPLY & UTILIZATION - JANUARY

	Units	2012/13	2013/14	2014/15		
				USDA December	USDA January	% Chng vs '13-14
Acres Planted	Mil A	77.2	76.8	84.2	83.7	9.0%
Acres Harvested	Mil A	76.1	76.3	83.4	83.1	8.9%
Yield	Bu/A	40.0	44.0	47.5	47.8	8.6%
Beginning Stocks	Mil Bu.	169	141.0	92	92	-34.8%
Production	Mil Bu.	3042	3358.0	3958	3969	18.2%
Imports	Mil Bu.	41	72.0	15	15	-79.2%
Total Supply	Mil Bu.	3252	3570.0	4065	4076	14.2%
Crushings	Mil Bu.	1689	1734.0	1780	1780	2.7%
Exports	Mil Bu.	1317	1647.0	1760	1770	7.5%
Seed	Mil Bu.	89	97.0	92	92	-5.2%
Residual	Mil Bu.	16	0.0	23	24	N/A
Total Usage	Mil Bu.	3111	3478.0	3655	3666	5.4%
Carryover	Mil Bu.	141	92.0	410	410	345.7%
Stocks/Use	Pct.	4.5%	2.6%	11.2%	11.2%	323%
Nat. Wtd. Avg. Farm Price	\$/Bu.	14.40	13.00	9.00 - 11.00	9.45 - 10.95	-19.2%
Soybean Oil Price	Cents/lb.	47.13	38.23	32.00 - 36.00	31.00 - 35.00	-5.8%
Soybean Meal Price	\$/ton	468.11	489.94	330-370	340-380	-28.6%

Source: USDA World Supply and Demand Estimates