

Freezer stocks remain limited, forcing buyers to source more of their needs in the spot market at a time when overall demand is on the upswing. The report was especially bullish for pork and chicken as inventory drawdown was much higher than we normally see at this time of year. **The combined inventory of beef, pork, chicken and turkey in cold storage at the end of March was estimated at 2.026 billion pounds, 16.5% lower than the previous year.** In the last five years, red meat and poultry supply at the end of March has been about steady vs. the previous month. This year, however, the inventory declined 2.8% from the previous month. High prices for a number of products and limited supply availability prevented processors and end users from building inventories. The recent escalation in the price of a number of items is in part due to the fact that buyers have little choice but to buy in the spot market, resulting in a bidding war.

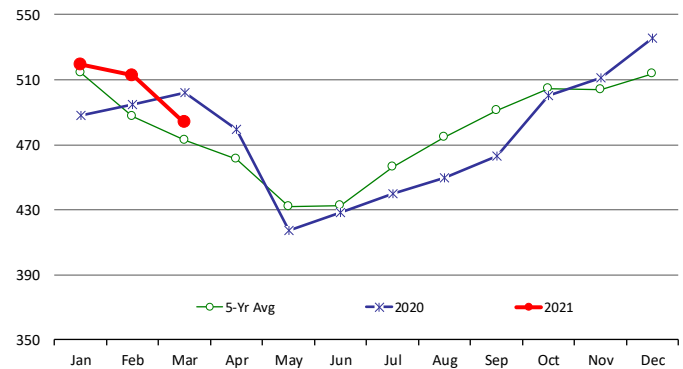
The total supply of beef in cold storage at the end of March was 483.6 million pounds, 3.7% lower than a year ago but still 2.3% higher than the five year average. Beef inventories in March declined 5.6% from the previous month compared to an average drawdown of 3% in the last five years. The drawdown was similar to what we saw in 2017, a year which also saw significant price inflation in Q2. Beef imports, especially imports from Australia, are down significantly and this has also contributed to the reduction in freezer stocks. It is important to also note that beef freezer stocks are down despite higher beef exports, especially exports to Asia. This suggests that freezer stocks for domestic use are down even more than what the headline data suggests. Indeed, USDA reports that freezer stocks in the Pacific region were up 9% from a year ago while freezer stocks in the Middle Atlantic, which includes a lot of warehouses servicing the heavily populated East Coast, were down 17% from a year ago.

Pork supply in cold storage at the end of March was 451.7 million pounds, 26.8% lower than a year ago and 24.6% lower than the five year average. Pork freezer supply also declined 6.5% from the previous month. This compares to an average 2.5% drawdown in stocks in the last five years. High prices for key items, especially bellies and the early Easter appear to have encouraged a higher than normal inventory drawdown. Belly freezer stocks at the end of March were just 35.3 million pounds, 55% lower than a year ago and 37% lower than the five year average. Inventory declined 6% from the previous month vs. +11% average increase in the previous five years. Usually users will build belly inventories in Q1 to offset the seasonal decline in supply during late spring and summer. Processors are stuck behind the eight ball right now and waiting for the high prices to take a bite out of demand. Ham freezer stocks were 60.7 million pounds, 31% lower than last year and 36% lower than the five year average. The early Easter caused freezer stocks to decline 34% from the previous month. Very limited freezer stocks and potential for higher prices this summer has buyers continuing to chase product, helping support overall cutout.

Chicken freezer stocks were 740.3 million pounds, 19.5% lower than a year ago and 12% lower than the five year average. Breast meat inventories down 8.5% from previous month, pointing to tight supplies.

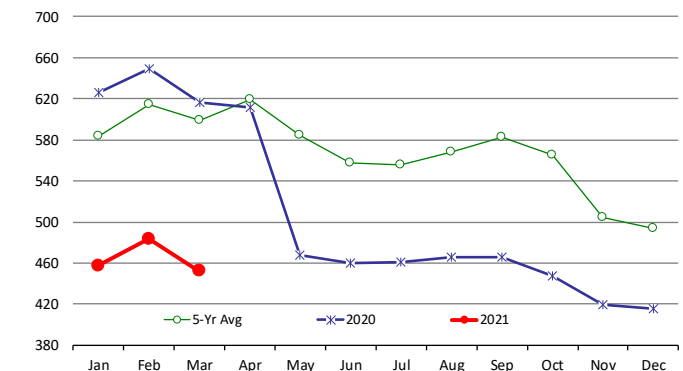
All Beef In Cold Storage at End of Month

Million Pounds. Source: USDA-NASS



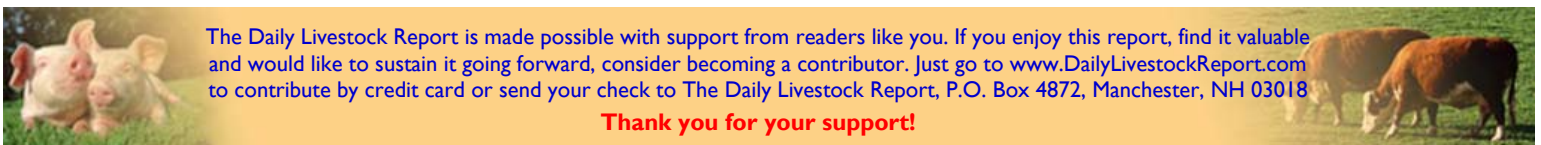
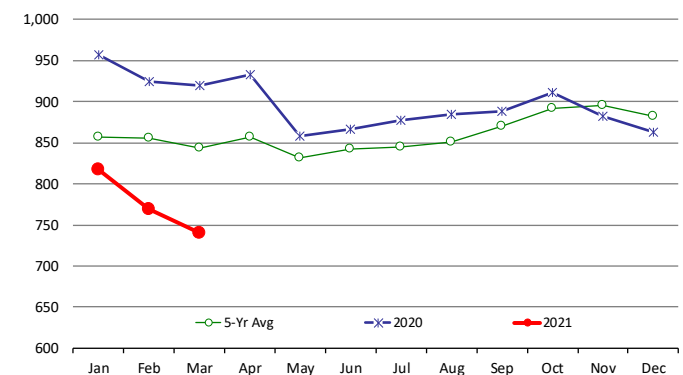
All Pork In Cold Storage at End of Month

Million Pounds. Source: USDA-NASS



All Chicken In Cold Storage at End of Month

Million Pounds. Source: USDA-NASS



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