CME Group

Daily Livestock Report

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Here is hoping that our American readers enjoyed a wonderful Independence Day on July 4 and that our Canadian readers enjoyed an equally wonderful Canada Day on July 1. We find it so gratifying to have friends north of the border who, though having their own unique history and culture (and, it seems from time to time, language — even the Anglophones!) are so similar to us — especially in their love for freedom.

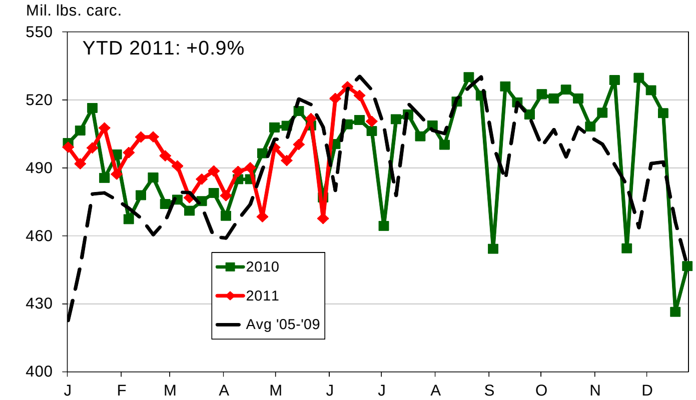
At the midpoint of 2011, we thought it might be a good time to "take stock" of what is happening in U.S. livestock and poultry supplies. Based on daily data from USDA (shown in the Weekly Production and Price Summary on page 2), total beef, pork, chicken and turkey output amounted to 43.678 billion pounds, 2.4% higher than one year ago. That increase is driven primarily by growth in chicken (2.5%) and turkey (2.2%) output this year. Pork production is up 1% while beef production is 0.5% higher through July 2. NOTE that these figures differ from the ones on the charts at right because the charts represent weekly data and YTD figures almost always differ slightly between daily and weekly data.

Beef production last week fell sharply from the prior week but remained slightly larger than the level of the same week last year. Total beef production was estimated to be 510.5 million pounds, down 2.2% for the week but 0.9% higher than in 2010. As can be seen in the top chart, year-on-year changes in beef output have spent portions of this year both above and below last year's levels with the most recent weeks being higher. Beef output over the past four weeks has exceeded last year's level by 2.5%. We expect higher output to persist into the autumn months given higher feedlot inventories. The key factor regarding how these output level change in late 2011will be the level of placements in June and beyond. Recall that May placements were over 10% lower than last year — finally reflecting the tight feeder cattle inventories in USDA's January 1 Cattle (inventory) report. The July 1 inventory will be released on July 22.

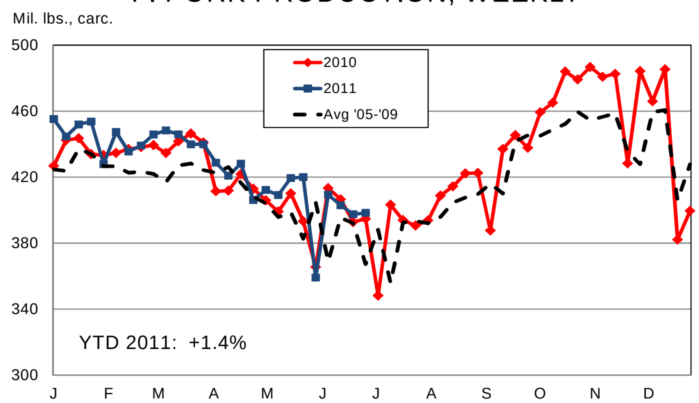
Pork production remains very close to last year's levels. Last week's output of 398.3 million pounds was 0.2% higher than the previous week and 1% larger than the same week last year. Over the past four weeks, U.S. pork production was almost precisely the same as last year, differing by only 0.05%. Slaughter is expected (based on the June Hogs and Pigs Report) to exceed year-ago levels by about 1% in the third quarter and be about even with last year in Q4 so the driver of any output change will be weights — which we expect to be lower and perhaps substantially so beginning in October. Lower feed costs, though, may reduce the size of the weight declines.

Finally, chicken production exceeded year-ago levels by 4.3% for the second straight week last week. Recent reductions in egg sets and placements have not yet pulled slaughter levels down but we expect them to do so very soon — perhaps this week. We doubt, though, that average weights (+2.7% YTD) will decline given the growth of the heavy bird sector and lower actual and expected feed costs.

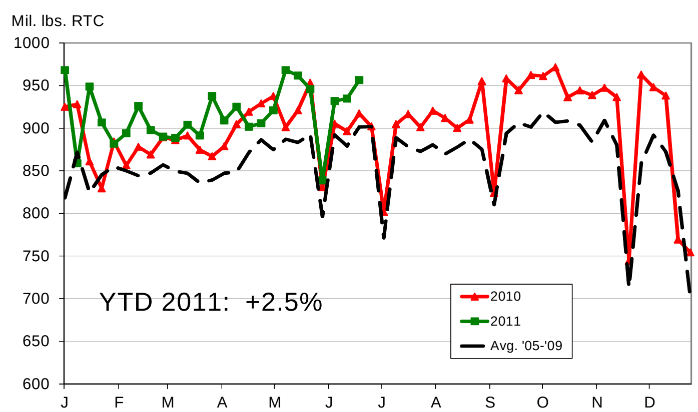
FI BEEF PRODUCTION, WEEKLY



FI PORK PRODUCTION, WEEKLY



FI BROILER PRODUCTION, WEEKLY



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PRODUCTION AND PRICE SUMMARY

Week Ending 7/2/2011

	Item	Units	Current Week	Last Week	Pct. Change	Last Year	Pct. Change	YTD	Pct. Change
C	FI Slaughter	Thou. Head	667	684	-2.49%	661	0.86%	16,830	-0.1%
A	FI Cow Slaughter	Thou. Head	122.5	117.1	4.65%	117.8	4.00%	2,948	0.5%
T	Avg. Live Weight	Lbs.	1268	1262	0.48%	1265	0.24%	1,274	0.3%
T	Avg. Dressed Weight	Lbs.	768	765	0.39%	768	0.00%	769	0.6%
L	Beef Production	Million Lbs.	510.5	521.9	-2.18%	506.2	0.85%	12,900	0.5%
E	Live Fed Steer	$/cwt live wt.	110.32	112.19	-1.70%	91.04	21.20%		
	Dressed Steer	$/cwt carcass	177.09	178.84	-1.00%	145.58	21.60%		
	OKC Feeder Steer	600-700 Lbs.	139.79	136.64	2.31%	119.12	17.36%		
	Beef Cutout	600-750 Choice	178.54	177.16	0.80%	155.32	15.00%		
	Hide/Offal	$/cwt live wt.	13.69	13.77	0.20%	10.84	26.30%		
H	FI Slaughter	Thou. Head	1945	1936	0.46%	1964	-0.99%	53,478	-1.0%
O	FI Sow Slaughter	Thou. Head	59.9	58.7	1.99%	54.5	9.87%	1,358	-1.1%
G	Avg. Dressed Weight	Lbs.	205	206	-0.49%	201	1.99%	208	2.0%
S	Pork Production	Million Lbs.	398.3	397.5	0.20%	394.7	0.91%	11,087	1.0%
	Iowa-S. Minn. Direct	Avg.	99.92	100.83	-0.90%	76.77	30.20%		
	Natl. Base Carcass Price	Weighted Avg.	96.85	94.18	2.80%	76.97	25.80%		
	Natl. Net Carcass Price	Weighted Avg.	99.98	97.32	2.70%	79.68	25.50%		
	Pork Cutout	185 Lbs.	97.56	97.70	-0.10%	82.56	18.20%		
C	Young Chicken Slaughter*	Million Head	165.47	160.33	3.21%	163.77	1.03%	3,993	-0.2%
H	Avg. Weight	Lbs.	5.78	5.83	-0.86%	5.60	3.21%	5.7	2.8%
I	Chicken Production	Million Lbs.	956.4	934.7	2.32%	917.1	4.28%	17,055	2.5%
C	Eggs Set	Million	199.4	200.3	-0.44%	211.3	-5.64%	5,159	-0.5%
K	Chicks Placed	Million Head	169.4	169.6	-0.12%	176.1	-3.83%	4,270	0.5%
E	12-City Broiler	Composite	80.74	81.78	-1.30%	87.71	-7.90%		
N	Georgia Dock Broiler	2.5-3 Lbs.	85.85	85.99	-0.20%	86.92	-1.20%		
T	Young Turkey Slaughter*	Million Head	4.78	4.61	3.62%	4.50	6.32%	109.3	1.1%
U	Avg. Weight	Lbs.	29.19	30.15	-3.18%	29.10	0.31%	30.3	1.4%
R	Turkey Production	Million Lbs.	139.5	139.1	0.32%	130.8	6.65%	2,636	2.2%
K	Eastern Region Hen	8-16 Lbs.	100.50	103.25	-2.70%	92.04	9.20%		
F	Corn, Omaha	$ per Bushel	6.10	6.73	-9.36%	3.50	74.54%		
E	DDGS, Minnesota	$ per ton	188.50	217.50	-13.33%	91.00	107.14%		
E	Wheat, Kansas City	$ per Bushel	6.78	7.24	-6.35%	4.39	54.44%		
D	Soybeans, S. Iowa	$ per Bushel	13.33	13.42	-0.67%	9.68	37.80%		
	SB Meal, 48% Central Illinois	$ per Ton	325.70	334.10	-2.51%	312.00	4.40%		

* Chicken & turkey slaughter & production are 1 week earlier than the date at the top of this table. Cow & sow slaughter are for 2 weeks earlier

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