Daily Livestock Report

Sponsored by CME Group

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With recent publication of March slaughter figures and the passing of the end of April — and thus completion of the daily slaughter estimates for the month — it is probably appropriate to give an update of actual slaughter relative to the levels that DLR author Dr. Steve Meyer had computed and discussed first in March. Recall that those figures suggested some very large slaughter reductions this summer and ones that, upon publication of USDA quarterly Hogs and Pigs report on March 28 appeared to be Draconian to say the lease. The table at right shows the year-on-year change estimates that were computed from anecdotal evidence regarding number of sows infected (2.6 million) and pig losses per infected sow (2.7) as of the end of March with those losses distributed monthly across time based on weaned pig PEDv case accessions published by the National Animal Health Laboratory Network. It also shows monthly slaughter data from USDA and year-on-year change for April based on both weekly and daily slaughter data covering the entire month. Actual hog and barrow/gilt slaughter totals have been lower than was predicted by Dr. Meyer's calculations in every month except February. The difference was very large (well over 5%) in March and appears to be well over 1% for April. Recent pullbacks of prices for a variety of pork cuts and for the pork cutout value are being interpreted by some to indicate that summer supplies will not be as tight as once feared. That may be true but what was once feared was far too extreme and the actual data suggest, at least thus far, that Dr. Meyer's concerns about summer supplies are still valid. Due to the nature of the data available, that conclusion could clearly yet change but, at least for now, it is an accurate one and he still expects hog supplies to be quite tight this summer. Readers should note that Dr. Meyer has Q3 slaughter at –9.7% versus one year earlier. That figure is clearly smaller than the ones shown in the table for July through September and represents an intentional nod to USDA's statisticians and their time-proven methods. Their expertise and track record should not be dismissed even when their conclusions are at odds with other available information, especially when that other information is admittedly so anecdotal.

The beef and pork industries remain concerned about what could happen to demand for their products should chicken prices remain low — or even decline if chicken output rises. As we have argued on many occasions, it is these "relative" prices that impact the demand for a good, not that absolutely level of the good's own price. But will other factors offset any impact of relative prices?

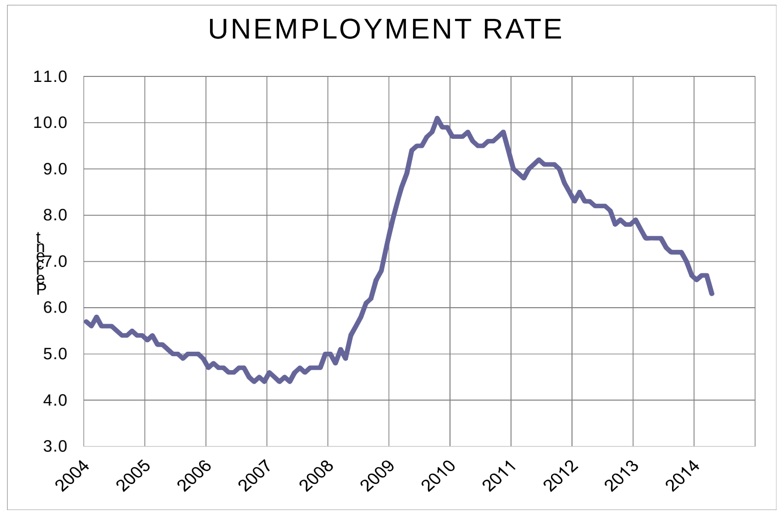
That's clearly a tough question but macro data continue to suggest that economic conditions for U.S. consumers are improving. Friday's employment data from the Department of Commerce adds fuel to that fire as the unemployment rate fell to 6.3% in April (from 6.7% in February and March) and total employment grew by 288,000. That growth in employment is the largest monthly gain since January 2012 and the fifth largest monthly gain of this recovery. It is also accompanied by upward revisions of 25k and 11k for February and March employment which puts monthly gains above 200,000 for each of the past 3 months.

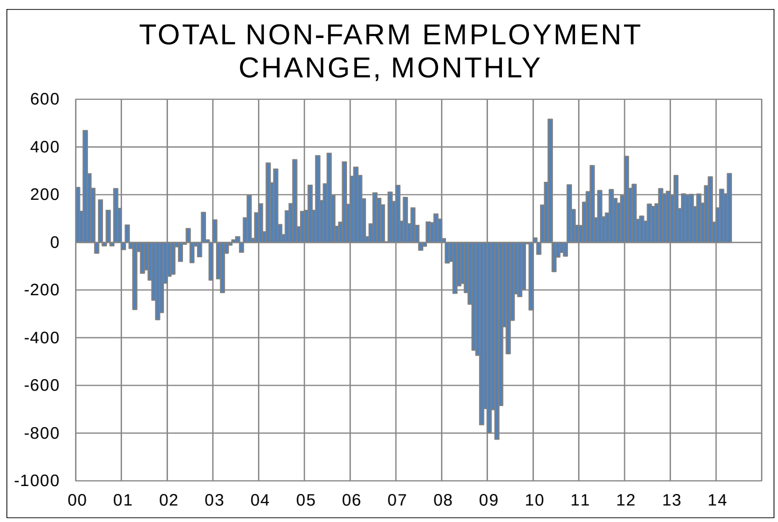
MEYER'S PEDv PIG LOSS ESTIMATES VS. ACTUAL SLAUGHTER

Birth Month	Slaughter Month	Yr/Yr Change per Accession Data	Comm. Hog Slaughter*		FI Barrow/Gilt Slaughter*	
			Thou. Hd.	% Chng. Yr/Yr	Thou. Hd.	% Chng. Yr/Yr
June '13	Dec '13	1.23%	9730.1	-2.14%	9396.6	-2.01%
Jul	Jan '14	1.06%	9791.2	-1.66%	9459	-1.39%
Aug	Feb	-1.83%	8668.2	0.90%	8366	1.10%
Sep	Mar	-1.10%	8674.6	-6.89%	8356	-6.92%
Oct	Apr	-3.74%				
Nov	May	-4.66%				
Dec	Jun	-7.47%				
Jan '14	Jul	-10.99%				
Feb	Aug	-14.60%				
Mar	Sep	-17.13%				

Weekly data, 5 wks thru 5/3 = -5.04%
Daily data for April = -5.25%

*Adjusted for difference in slaughter days. Only month that differed was Dec '13.





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PRODUCTION AND PRICE SUMMARY

Week Ending 5/3/14

	Item	Units	Current Week	Last Week	Pct. Change	Last Year	Pct. Change	YTD	Pct. Change
	Total Meat & Poultry Prod.	**Million lbs.**	**1691.2**	**1620.0**	**4.39%**	**1688.9**	**0.14%**	**27,188**	**-2.58%**
C	FI Slaughter	Thou. Head	608	585	3.93%	622	-2.30%	9,447	-6.35%
A	FI Cow Slaughter	Thou. Head	102.7	106.0	-3.04%	125.4	-18.07%	1,786	-9.50%
T	Avg. Live Weight	Lbs.	1303	1310	-0.53%	1288	1.16%	1,325	0.73%
T	Avg. Dressed Weight	Lbs.	792	793	-0.13%	778	1.80%	798	0.59%
L	Beef Production	Million Lbs.	480.6	462.8	3.85%	482.8	-0.46%	7,531	-5.79%
E	Live Fed Steer	$/cwt live wt.	147.79	146.34	1.00%	129.01	14.56%		
	Dressed Steer	$/cwt carcass	236.38	235.08	0.55%	206.55	14.44%		
&	OKC Feeder Steer	700-800 Lbs.	182.93	184.39	-0.79%	134.50	36.01%		
	Beef Cutout	600-750 Choice	231.87	231.91	-0.02%	198.59	16.76%		
B	Hide/Offal	$/cwt live wt.	15.82	15.86	-0.25%	14.29	10.71%		
E	Rib	Choice	342.28	338.28	1.18%	289.92	18.06%		
E	Round	Choice	192.43	195.89	-1.77%	161.78	18.95%		
F	Chuck	Choice	183.70	185.17	-0.79%	162.96	12.73%		
	Trimmings, 50%	Fresh	132.03	134.04	-1.50%	98.00	34.72%		
	Trimmings, 90%	Fresh	245.64	247.52	-0.76%	202.24	21.46%		
H	FI Slaughter	Thou. Head	2019	1999	1.00%	2090	-3.42%	34,582	-4.25%
O	FI Sow Slaughter	Thou. Head	53	54.6	-3.40%	58.8	-10.36%	857	-5.58%
G	Avg. Dressed Weight	Lbs.	215	215	0.00%	207	3.86%	214	3.13%
S	Pork Production	Million Lbs.	435.3	429.9	1.26%	432.4	0.67%	7,396	-1.32%
	Iowa-S. Minn. Direct	Avg.	112.03	115.21	-2.76%	86.75	29.14%		
&	Natl. Base Carcass Price	Weighted Avg.	109.43	110.90	-1.33%	84.98	28.77%		
	Natl. Net Carcass Price	Weighted Avg.	111.34	112.94	-1.42%	87.45	27.32%		
P	Pork Cutout	200 Lbs	115.41	117.35	-1.65%	87.50	31.90%		
O	Hams	Primal Cutout	98.96	98.84	0.12%	71.70	38.02%		
R	Loins	Primal Cutout	120.87	123.67	-2.26%	88.78	36.15%		
K	Trimmings, 72% Lean	Fresh	118.80	124.95	-4.92%	49.41	140.44%		
	Bellies	Primal Cutout	141.52	150.36	-5.88%	148.88	-4.94%		
C	Young Chicken Slaughter*	Million Head	152.22	146.69	3.77%	156.04	-2.45%	2,411	-0.71%
H	Avg. Weight	Lbs., RTC	4.42	4.37	1.02%	4.26	3.67%	4.3	0.42%
I	Broiler Production	Million Lbs., RTC	672.5	641.5	4.84%	664.9	1.14%	10,679	-0.51%
C	Eggs Set	Million	203.0	204.7	-0.86%	200.2	1.37%	3,425	0.93%
K	Chicks Placed	Million Head	166.4	164.1	1.42%	165.8	0.36%	2,789	-0.46%
E	National Composite Broiler	Composite	110.3	110.99	-0.60%	107.02	3.10%		
N	Georgia Dock Broiler	2.5-3 Lbs.	108.16	108	0.10%	103.2	4.80%		
	Northeast Breast	Skinlss/Bonelss	177.01	176.38	0.40%	178.53	-0.90%		
	Northeast Leg Quarters		48.53	48.85	3.10%	53.52	-3.60%		
T	Young Turkey Slaughter*	Million Head	4.22	3.65	15.68%	4.37	-3.48%	60.4	60.93%
U	Avg. Weight	Lbs.	24.37	23.54	3.53%	24.88	-2.06%	25.1	0.34%
R	Turkey Production	Million Lbs.	102.8	85.8	19.77%	108.7	-5.46%	1,582	-6.15%
K	Eastern Region Hen	8-16 Lbs.	106.45	105.11	1.30%	96.46	10.40%		
F	Corn, Omaha	$ per Bushel	0.00	4.91	-100.00%	7.17	-100.00%		
E	DDGS, Minnesota	$ per ton	0.00	225.00	-100.00%	222.50	-100.00%		
E	Wheat, Kansas City	$ per Bushel	8.18	7.76	5.41%	7.60	7.63%		
D	Soybeans, S. Iowa	$ per Bushel	15.04	14.96	0.53%	14.86	1.20%		
	SB Meal, 48% Central Illinois	$ per Ton	513.90	508.20	1.12%	444.10	15.70%		

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

Source: USDA Agricultural Marketing Service, various reports