Daily Livestock Report

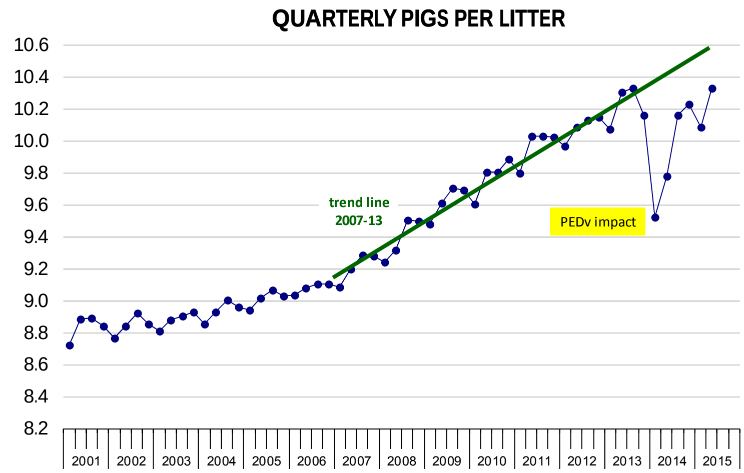
Sponsored by CME Group

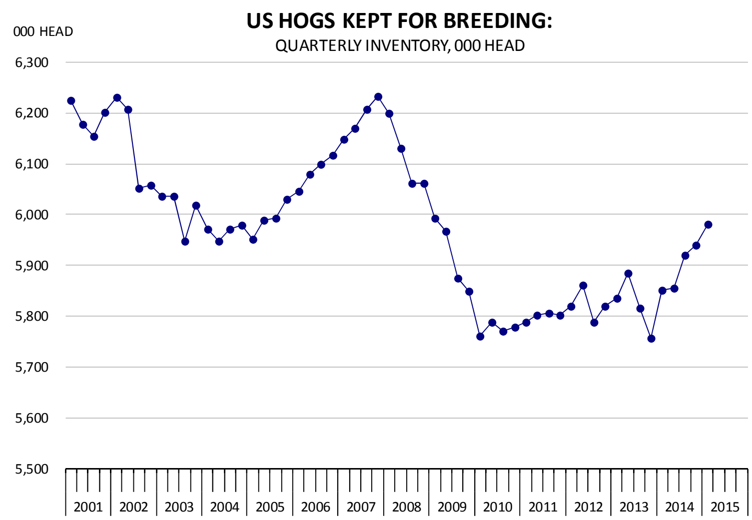
Vol. 13, No. 64 / March 30, 2015

USDA released on Friday, March 27, the results of its quarterly Hogs and Pigs inventory survey markets may be viewed by market participants as **neutral for spring and summer futures but supportive for deferred contracts**.

Highlights: Inventory of hogs and pigs as of March 1 was 7.2% higher than a year ago and 1.3% higher than 2013 levels. Pre-report estimates on average expected the inventory to be up 6.8% from last year's levels. The inventory of market hogs was close enough to pre-report estimates and, if anything, **futures markets may be buoyed by the fact that USDA did not show an even bigger increase in the number of hogs coming to market this summer**. The pig crop for Dec – Feb was up 9.2% from the previous year exactly the same as the average of analyst's estimates. USDA published a smaller number of farrowings than analysts expected but the pigs saved per litter were 6.7% higher than the previous year. The number of pigs saved per litter has increased faster than most expected, an indication that PEDv impact this winter has been quite limited. Current pigs per litter remain below the trend levels during 2007-13 but they could approach that trend in the next four quarters.

We think the latest data is supportive of deferred lean hog futures, especially late 2015 and 2016, due to the smaller than expected breeding herd inventory numbers. The breeding herd as of March 1 was 5.982 million head, 2.2% higher than a year ago but much smaller than the 3.5% growth analysts expected prior to the report. The number of gilts retain appears to have declined compared to the same quarter the previous year. By our calculations (calculating retention as a residual of breeding herd numbers, slaughter and imports), gilt retention for the quarter was about 7% lower than the same quarter last year. The smaller than expected breeding herd implies lower farrowings for Mar-May and Jun-Aug. Prior to the report analysts expected Jun-Aug farrowings to increase 2.7% while the USDA survey actually shows farrowings during this period down 2.1%. Needless to say, this farrowing number may prove to be too low but, at least initially, it may have some market impact. Futures for late 2015 and 2016 have been trading lower on expectations that an expanding breeding herd and more pigs saved per litter will continue to bring more hogs to market. The survey did show we will have more hogs coming to market in the next 12 months but the increases may be smaller than what futures have been pricing to this point.





Hog supplies have recovered from year ago levels but are only moderately higher than in 2013. The increase in the breeding herd is smaller than most have expected and producers will likely limit further expansion in light of recent price declines and troubles in export markets.

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USDA HOGS AND PIGS REPORT: MARCH 1, 2015						Urner Barry Survey ANALYST PRE-REPORT ESTIMATES			
CATEGORY	2013	2014	2015	2015 AS % OF 2013	2015 AS % OF 2014	Range		Avg.	USDA vs. Est.
ALL HOGS AND PIGS	65,072	61,494	65,934	101.3%	107.2%	105.0	108.8	106.8	0.4
KEPT FOR BREEDING	5,836	5,851	5,982	102.5%	102.2%	102.4	104.6	103.5	-1.3
KEPT FOR MARKET	59,236	55,643	59,953	101.2%	107.7%	105.0	109.0	107.2	0.5
UNDER 50 POUNDS	18,852	17,336	18,959	100.6%	109.4%	104.2	110.3	108.6	0.8
50-119 POUNDS	16,251	15,487	16,509	101.6%	106.6%	104.0	109.1	106.8	-0.2
120-179 POUNDS	13,169	12,538	13,290	100.9%	106.0%	103.0	108.4	106.1	-0.1
180 POUNDS AND OVER	10,965	10,281	11,195	102.1%	108.9%	104.6	108.2	107.0	1.9
SOW FARROWINGS									
DEC - FEB [1]	2,788	2,763	2,829	101.5%	102.4%	103.0	104.0	103.7	-1.3
MAR - MAY [2]	2,806	2,810	2,870	102.3%	102.1%	102.1	103.8	103.1	-1.0
DEC - MAY [1, 3, 4]	5,595	5,573	5,699	101.9%	102.3%				
JUN - AUG [2]	2,890	2,991	2,927	101.3%	97.9%	101.7	103.8	102.7	-4.8
SEP - NOV	2,780	2,871							
JUN - NOV [4]	5,670	5,862							
PIG CROP									
DEC - FEB [1]	28,099	26,326	28,758	102.3%	109.2%	104.7	111.2	109.2	0.0
MAR - MAY	28,921	27,495							
DEC - MAY [1, 4]	57,020	53,821							
JUN - AUG	29,862	30,402							
SEP - NOV	28,253	29,373							
JUN - NOV [4]	58,115	59,775							
PIGS PER LITTER									
DEC - FEB [1]	10.08	9.53	10.17	100.9%	106.7%	101.1	107.0	105.3	1.4
MAR - MAY	10.31	9.78							
DEC - MAY [1]	10.19	9.66							
JUN - AUG	10.33	10.16							
SEP - NOV	10.16	10.23							
JUN - NOV	10.25	10.20							

(1) - Dec. preceding year
(2) - Intentions for 2015
(3) - Actual farrowings for December 2014 - February 2015 plus intentions for March - May 2015
(4) - May not add due to rounding

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PRODUCTION & PRICE SUMMARY

Week Ending 3/28/2015

Source: Various USDA Agricultural Marketing Service reports. Some data are preliminary.

	Item	Units	Current Week	Last Week	Pct. Change	Last Year	Pct. Change	YTD	Y/Y % Change
			28-Mar-15	21-Mar-15		29-Mar-14			
	Total Red Meat & Poultry	**mil lbs., cwe**	**1,757**	**1,728**	1.68%	**1,676**	4.86%	**20,422**	-0.6%
	FI Slaughter	Thou. Head	531	518	2.51%	588	-9.66%	6,623	-7.1%
C	FI Cow Slaughter **	Thou. Head	102	102	-0.31%	112	-9.06%	1,082	-12.9%
A	Avg. Live Weight	Lbs.	1354	1356	-0.15%	1315	2.97%	1,359	2.1%
T	Avg. Dressed Weight	Lbs.	818	819	-0.12%	792	3.28%	816	2.1%
T	Beef Production	Million Lbs.	433.3	423.5	2.31%	464.3	-6.68%	5,407	-5.1%
L	Live Fed Steer Price	$ per cwt	163.98	163.55	0.26%	152.21	7.73%		
E	Dressed Fed Steer Price	$ per cwt	260.00	259.79	0.08%	243.53	6.76%		
	Georgia Feeder Steer	$ per cwt	240.52	239.27	0.52%	173.98	38.25%		
&	Choice Beef Cutout	$ per cwt	248.92	246.04	1.17%	239.57	3.90%		
	Hide/Offal	$ per cwt, live wt	14.62	14.42	1.39%	15.97	-8.45%		
B	Rib, Choice	$ per cwt	371.44	367.09	1.18%	331.47	12.06%		
E	Round, Choice	$ per cwt	223.37	224.32	-0.42%	219.08	1.96%		
E	Chuck, Choice	$ per cwt	205.04	203.10	0.96%	192.56	6.48%		
F	Trimmings, 50%	$ per cwt	87.29	86.61	0.79%	129.42	-32.55%		
	Trimmings, 90%	$ per cwt	296.33	295.20	0.38%	264.28	12.13%		
	FI Slaughter	Thou. Head	2,270	2,237	1.48%	2,031	11.76%	27,663	4.2%
	FI Sow Slaughter **	Thou. Head	58.6	53.5	9.35%	57.4	1.99%	561	-4.8%
H	Avg. Dressed Weight	Lbs.	214.0	214.0	0.00%	215.0	-0.47%	215	0.7%
O	Pork Production	Million Lbs.	485.9	479.4	1.36%	435.9	11.47%	5,942	4.9%
G	Iowa-S. Minn. Direct	Wtd. Avg.	56.59	58.80	-3.76%	127.80	-55.72%		
S	Natl. Base Carcass Price	Wtd. Avg.	62.56	65.19	-4.03%	118.73	-47.31%		
	Natl. Net Carcass Price	Wtd. Avg.	64.56	67.08	-3.76%	121.18	-46.72%		
	Pork Cutout	205 Lbs.	67.02	68.37	-1.97%	131.40	-49.00%		
	Hams	$ per cwt	43.47	48.50	-10.37%	110.23	-60.56%		
	Loins	$ per cwt	84.15	84.45	-0.36%	137.28	-38.70%		
	Bellies	$ per cwt	68.98	71.18	-3.09%	188.51	-63.41%		
	Trimmings, 72%	$ per cwt	35.39	40.08	-11.70%	136.33	-74.04%		
C	Young Chicken Slaughter *	Million Head	159.3	156.4	1.83%	151.9	4.85%	1,713	-5.0%
H	Avg. Weight (Live)	Lbs.	6.01	6.02	-0.17%	5.81	3.44%	6.07	4.0%
I	Chicken Production (RTC)	Million Lbs.	727.6	715.7	1.66%	670.9	8.45%	7,903	-1.2%
C	Eggs Set	Million	205.2	204.7	0.22%	200.5	2.34%	2,270	2.8%
K	Chicks Placed	Million Head	169.4	169.7	-0.21%	165.2	2.55%	1,860	3.4%
E	National Composite Whole Bird	Composite	100.67	100.04	0.63%	108.45	-7.17%		
N	Georgia Dock Broiler Price	2.5-3 Lbs.	114.01	113.3	0.63%	105.99	7.57%		
	Northeast Breast, B/S	$/cwt	148.28	138.88	6.77%	155.86	-4.86%		
	Northeast Legs	$/cwt	45.93	45.01	2.04%	63.53	-27.70%		
T	Young Turkey Slaughter *	Million Head	4.293	4.384	-2.08%	4.164	3.10%	45.881	-2.0%
U	Avg. Live Weight	Lbs.	32.03	31.49	1.71%	31.49	1.71%	31.72	0.5%
R	Turkey Production (RTC)	Million Lbs.	110.7	109.8	0.84%	104.9	5.51%	1,170	-0.8%
K	National Hen	8-16 Lbs.	98.50	101.63	-3.08%	103.50	-4.83%		
G	Corn, Omaha	$ per Bushel	3.89	3.70	5.14%	4.71	-17.41%		
R	Wheat, Portland (delivered)	$ per Ton	6.31	6.48	-2.62%	7.78	-18.89%		
A	Wheat, Kansas City (deliv.)	$ per Bushel	5.58	5.75	-2.96%	7.64	-26.96%		
I	Soybeans, Cntrl IL	$ per Bushel	9.85	9.72	1.34%	14.64	-32.72%		
N	Soybn Meal 48%, Cntrl IL	$ per Ton	347.90	347.30	0.17%	506.50	-31.31%		

* Chicken & turkey slaughter & production are 1 week earlier than the date at the top of this sheet.

** Cow and sow slaughter reflect levels from two weeks ago due to reporting lag.