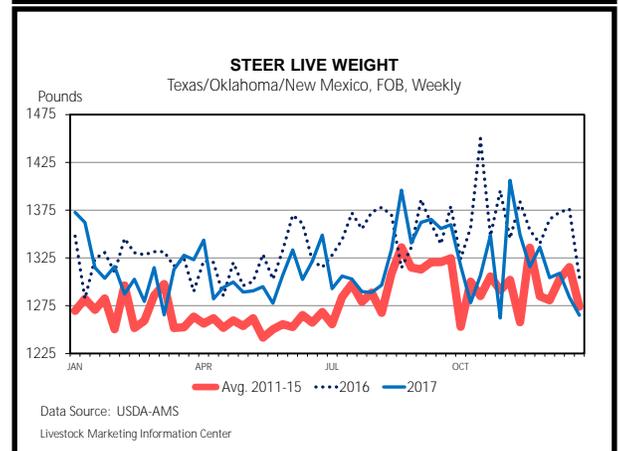
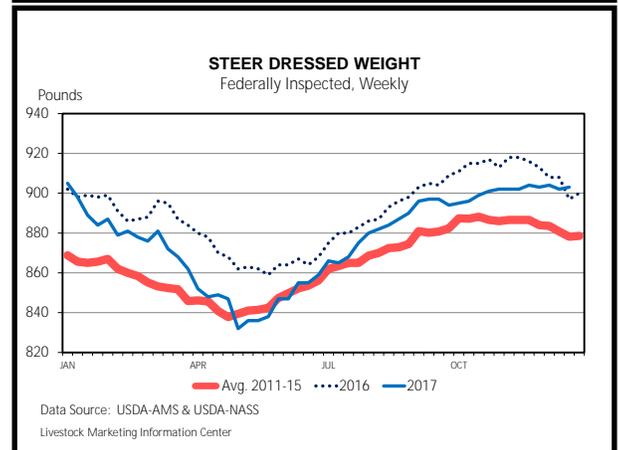
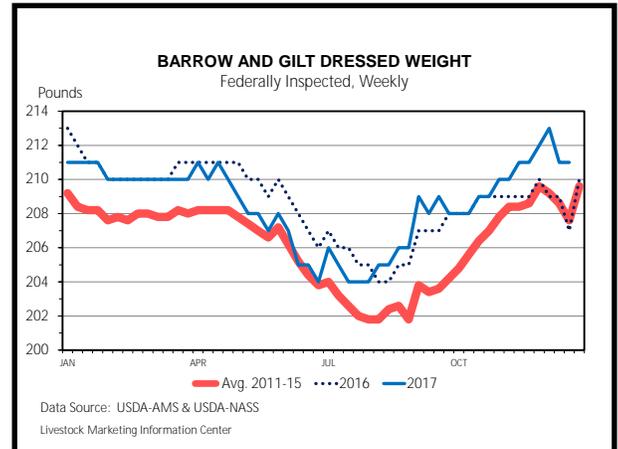


Winter weather along all the eastern U.S. was brutal this week. Regarding red meat animal harvest and processing, the pork industry has likely faced the biggest challenges given the location of some major packing plants in that region. Cattle slaughter in the impacted states is relatively limited, though transportation of beef to refill the marketing chain to consumers early in the new year has faced transportation issues. Yesterday (Thursday, January 4th), USDA's Agricultural Marketing Service (AMS) preliminary estimate of daily Federally Inspected slaughter (the report is here) was 418,000 head of hogs, compared to 457,000 a year ago and 436,000 last year. Those declines may not be fully attributable to weather, but there were impacts. Of course, any shortfall can be made-up with Saturday and even, though much less common, adding Sunday slaughter shifts.

We turn now to the detailed data on carcass weights published yesterday on the AMS website (data were for the week ending December 23rd). Fed cattle weights have more of a winter weather-related seasonal pattern than do hogs due to different production systems. Importantly, hogs are mostly raised indoors in rather controlled environments while the bulk of U.S. cattle feedlots which are comprised of large outside pens. Cold winter weather is one factor that contributes to drop in steer dressed weights as winter progresses, and heat in the summer months tends to dampen slaughter hog weights.

Slaughter hog weights followed the seasonal pattern in 2017. The year-over-year increases posted in 2017's fourth quarter were in the typical range and as usual, were above levels for the first few months of the year. Mild Midwest weather in November and the first half of December may have supported weights. The anomaly in hog weights was during late 2016 when year-over-year gains did not happen (nor were there increases compared to the prior 5-year average, see graphic).

In the latest data, steer dressed weights finally came in above 2016's, in part due to mild weather during November and into December. As a reminder (previously stated in this newsletter and elsewhere), the year-over-year drop in early 2017's cattle weights was not due to harsh weather. Aggressive marketing's underpinned those declines. But the weather in several key cattle feeding states changed in late December when severe cold temperatures abruptly arrived in the Midwest and beyond. Comparing the two steer graphs, it appears that December's year-over-year weight increases occurred largely in the Midwest and Central Plains, not the southern feedlots (i.e., TX/OK/NM). The bullseye for recent severe cold temperatures has been the Midwest, expect the national cattle weight data to reflect that soon.



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