Daily Livestock Report

Sponsored in part by CME Group

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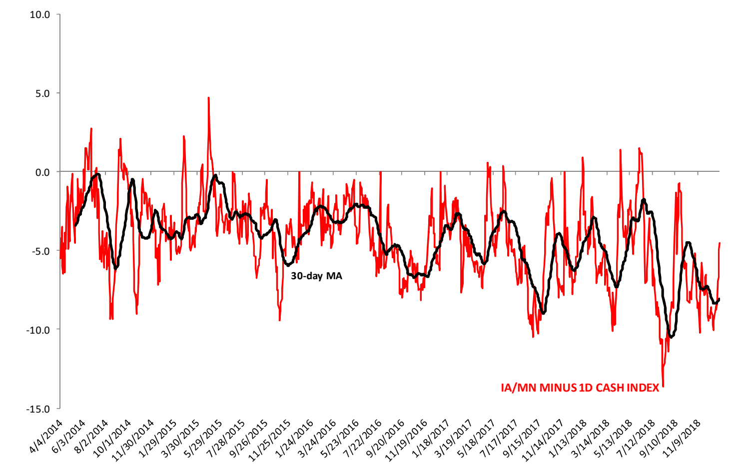
The table on **page 2 presents a summary of supply and price statistics from last week**. Please keep in mind that many of these numbers are estimates. Normally the slaughter estimates are revised once NASS data becomes available. At this time that information is not being updated due to the ongoing lapse in government funding. You will also note **some gaps in the table, with no data reported for cow and sow slaughter as well as the number of egg sets and chick placements. This information will not be available until USDA departments resume normal operations**.

Hog/Pork market: Total slaughter last week was estimated at 2.262 million head, 6.6% higher than a year ago. **Hog slaughter on Saturday was 427k head compared to 366k head a year ago**. Normally Saturday slaughter falls off sharply in January and February as the decline in hog supply availability and more capacity limits the need to run Saturday shifts. The reduction in total hog supplies should help normalize the spread between the IA/MN base price and the CME index. Based on the most recent data, the current spread between the CME 1-day index and IA/MN base is around $4.5/cwt compared to over $10/cwt two weeks ago. The spread is now well above the 30 day moving average and in the past such increases have preceded a corresponding increase in hog prices. With no holiday disruptions, producers should find it easier to schedule hogs for slaughter for the rest of January. Last year hog weights held steady through much of January and February, in part because strong competition for hogs. Also, the premium of the February contract to spot cash offered an incentive to hold on to hogs and market them at a more measured pace. As we have noted before, **the main challenge for the pork market at this time is demand at retail given the ample quantity of competing proteins**. The loin primal last week averaged $63.53/cwt, 14% lower than a year ago while the overall cutout at $69.96/cwt was down 11.13% compared to last year. Loin prices normally improve in late December and January but last week loin prices actually lost ground and by Friday they closed at $62.87. Belly is the only pork item that is currently higher than last year. In the last two years pork belly prices have gained ground into February and if that is the case again this year it will help hold the cutout together. A downturn in the belly price would put significant pressure on the cutout and possibly cause market participants to rethink their price ideas for February.

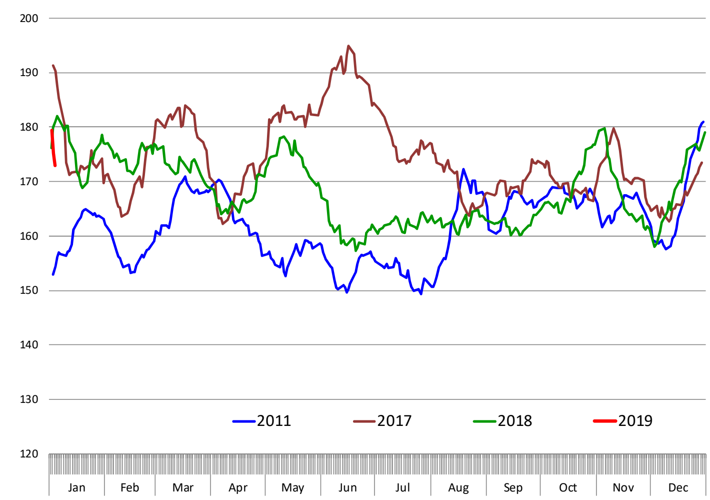
Cattle/Beef market: Total cattle slaughter last week was 520k head, 4.6% lower than the previous year. We estimate that fed cattle slaughter last week was 416k head, 4.5% lower than last year while cow/bull slaughter was 104k head, 5.2% lower. We will get updated weekend slaughter estimates today but our current thoughts are that Saturday fed slaughter was around 75k head, a bit higher than the same

SPREAD BETWEEN IA/MN BASE PRICE VS. 1 DAY CASH HOG INDEX, $/cwt

Data Source: USDA Mandatory Price Reporting



Value of the Choice Beef Round Primal. $/cwt. Daily. Source: USDA-AMS



time last year. While beef sales were quite strong towards the end of December, prices last week lost some ground, largely due to lower prices for end cuts and ground beef. The round primal values were lower on Thursday and Friday (see chart) and the round primal value for the week was 2% lower than a year ago. Ground beef prices have not been as strong as earlier expected and the value of 50CL beef is now 4% lower than a year ago while 90CL trim is down 7% y/y.

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PRODUCTION & WKLY AVG. PRICE SUMMARY Week Ending 1/5/2019

Source: Various USDA Agricultural Marketing Service reports. Some data are preliminary. *Weekly Avg. Prices*

	Item	Units	Current Week	Last Week	Pct. Change	Last Year	Pct. Change	YTD	Y/Y % Change
			5-Jan-19	29-Dec-18		6-Jan-18			
	Total Beef, Pork, Chicken, Turkey	**mil lbs., cwe**	**1,536**	**1,621**	-5.23%	**1,633**	-5.91%	**45,378**	-0.2%
	FI Slaughter	Thou. Head	520	438	18.72%	545	-4.65%	449	-17.6%
C	FI Cow Slaughter **	Thou. Head				116			-100.0%
T	Avg. Dressed Weight	Lbs.	829	829	0.00%	836	-0.84%	828	-0.8%
T	Beef Production	Million Lbs.	430.5	362.6	18.73%	454.9	-5.36%	372	-18.3%
L	Live Fed Steer Price	$ per cwt	122.84	122.52	0.26%	121.61	1.01%		
E	Dressed Fed Steer Price	$ per cwt	194.18	194.25	-0.04%	193.83	0.18%		
	Oklahoma Steer (600-700 lbs)	$ per cwt	N/A	N/A	N/A	N/A	N/A		
&	Choice Beef Cutout	$ per cwt	215.75	215.13	0.29%	207.98	3.74%		
	Hide/Offal	$ per cwt, live wt	8.88	8.87	0.11%	10.70	-17.01%		
B	Rib Primal, Choice	$ per cwt	347.25	353.33	-1.72%	313.79	10.66%		
E	Round Primal, Choice	$ per cwt	176.63	176.25	0.22%	179.82	-1.77%		
E	Chuck Primal, Choice	$ per cwt	179.66	177.68	1.11%	178.05	0.90%		
F	Trimmings, 50%	$ per cwt	65.67	60.96	7.73%	68.34	-3.91%		
	Trimmings, 90%	$ per cwt	198.06	196.07	1.01%	212.64	-6.86%		
	FI Slaughter	Thou. Head	2,262	1,884	20.06%	2,122	6.59%	1,860	-13.5%
	FI Sow Slaughter **	Thou. Head				60.2			
H	Avg. Dressed Weight	Lbs.	213.0	214.0	-0.47%	214.0	-0.47%	213	-0.2%
O	Pork Production	Million Lbs.	482.6	402.3	19.96%	454.1	6.28%	397	-13.7%
G	Iowa-S. Minn. Base	Wtd. Avg.	46.83	44.56	5.09%	62.70	-25.31%		
S	Natl. Base Carcass Price	Wtd. Avg.	55.60	55.16	0.80%	64.49	-13.79%		
	Natl. Net Carcass Price	Wtd. Avg.	57.44	56.93	0.90%	66.22	-13.26%		
	Pork Cutout	205 Lbs.	69.96	70.51	-0.78%	78.72	-11.13%		
	Ham Primal	$ per cwt	46.21	46.99	-1.66%	57.56	-19.72%		
	Loin Primal	$ per cwt	63.53	65.58	-3.13%	73.92	-14.06%		
	Belly Primal	$ per cwt	130.01	123.70	5.10%	115.60	12.47%		
	Trimmings, 72%, Fresh	$ per cwt	45.74	42.19	8.41%	65.82	-30.51%		
	Hog By-Product Value	$ per cwt, live wt	3.43	3.50	-2.00%	3.84	-10.68%		
C	Young Chicken Slaughter *	Million Head	117.7	162.4	-27.57%	137.3	-14.28%	8,331	-0.5%
H	Avg. Weight (RTC)	Lbs.	4.77	4.61	3.29%	4.75	0.32%	6.19	0.7%
I	Young Chicken Production (RTC)	Million Lbs.	560.7	749.4	-25.18%	652.0	-14.01%	39,207	0.3%
C	Eggs Set (19-state)	Million				227.5			-100.0%
K	Chicks Placed (19-state)	Million Head				185.8			-100.0%
E	National Composite Whole Bird	Composite	104.79	96.21	8.92%	95.00	10.31%		
	Northeast Breast, B/S	$/cwt	97.49	96.51	1.02%	105.82	-7.87%		
	Northeast Leg Quarters	$/cwt	28.38	27.42	3.50%	35.76	-20.64%		
T	Total Turkey Slaughter *	Million Head	2.266	3.985	-43.14%	2.698	-16.01%	215.141	-0.5%
U	Avg. Weight (RTC)	Lbs.	27.57	26.80	2.87%	26.60	3.63%	31.29	-0.4%
R	Turkey Production (RTC)	Million Lbs.	62.5	106.8	-41.50%	71.8	-12.96%	5,402	-0.8%
K	National Hen (8-12 lb)	8-16 Lbs.	79.93	79.00	1.18%	80.41	-0.60%		
G	Corn, Omaha	$ per Bushel	3.63	3.55	2.25%	3.29	10.33%		
R	Soybeans, Cntrl IL	$ per Bushel	8.86	8.48	4.48%	9.54	-7.13%		
A	Soybn Meal 48%, Cntrl IL	$ per Bushel	317.70	308.80	2.88%	315.30	0.76%		
I	Distillers Grain, Chicago	$ per Bushel	160.00	NQ	N/A	135.00	18.52%		

* Chicken & turkey slaughter. Production, egg sets 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.