Daily Livestock Report
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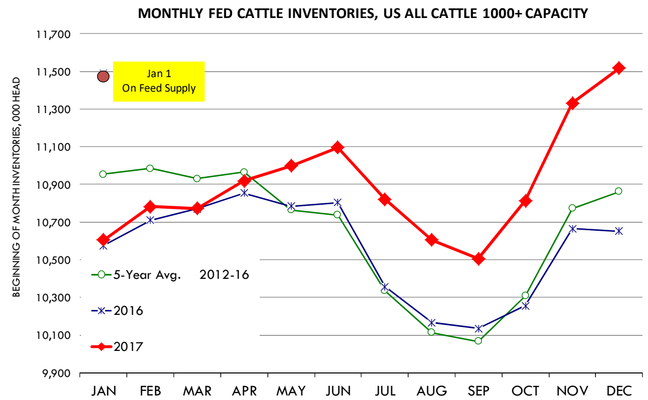
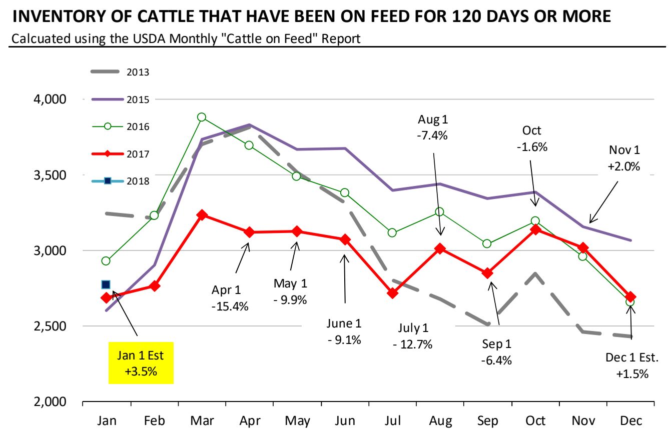
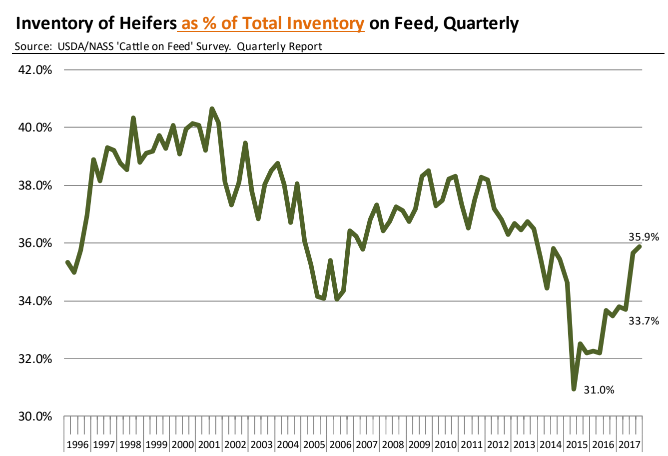
Early futures trading shrugged off the bearish implications of the latest USDA cattle on feed report. **The USDA survey indicated that placements of cattle on feed in +1000 head lots in December were 1.799 million head, 0.8% higher than a year ago**. This contrasts with analyst expectations for a 3.1% decline in placements. However, the higher than expected number may have not come as a surprise as regional surveys already were pointing to higher placements. Looking at the breakdown of placements, the bulk of the increase was due to placements of very light cattle, animals that will likely take until summer to become market ready. Placements of cattle under 600 pounds were up 35,000 head while placements of animals between 600 and 800 pounds were down 35,000 head. Feedlots placed some 6.291 million head of cattle on feed in the last quarter of 2017. This represented an increase of 492,000 head(+8.5%) from the same period the previous year. However, almost half of this increase in placements (48.8%) was due to feeders that were under 600 pounds. So even as there are more cattle on feed than the previous year, especially cattle placed in the last three months, these animals will take longer to become market ready and could come to market at slighter weights.

The supply of cattle that have been on feed for over 120 days so far remains near year ago levels, an indication that, at least in the short term, feedlots remain relatively current. According to our estimates the supply of +120day cattle on January 1 was 2.772 million head, 3.5% higher than the previous year but lower than the 2.930 million head that was on feed in January 2016 and 2.836 million head average of the past five years. In 2012 and 2013, the +120 day supply on January 1 was over 3 million head. The larger supply of cattle on feed will bolster slaughter into the spring. However, robust domestic and export beef demand should help absorb the additional supply and support fed cattle values into the spring. It continues to be imperative that feedlots maintain the marketing pace, which so far they have been able to accomplish thanks to the improvement in demand. The risk to the downside will come if fed cattle prices run up ahead of fundamentals and negatively impact retail beef features for the spring. Fed cattle weights in the last two weeks have held steady when normally they come down. A slowdown in fed cattle slaughter could cause those weights to follow the path of 2016. The big difference to that year, however, is that feedlots are more current. That is a situation that they would do well to maintain.

The report also provided an update on the inventory of steers and heifers during the last quarter of the year. According to USDA the inventory of steers on January 1 was 7.335 million head, 313,000 head (+4.5%) higher than a year ago. The inventory of heifers on feed was 4.154 million head, 571,000 head (+15.9) higher than a year ago. The ratio of heifers to the total inventory currently stands at 36%. The shift in the heifer ratio implies that producers have significantly slowed down herd rebuilding but the ratio still is quite a bit lower than in liquidation years.







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PRODUCTION & WKLY AVG. PRICE SUMMARY

Week Ending 1/27/2018

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
			27-Jan-18	20-Jan-18		28-Jan-17			
	Total Beef, Pork, Chicken, Turkey	**mil lbs., cwe**	**1,806**	**1,915**	-5.71%	**1,808**	-0.14%	**6,348**	-0.6%
	FI Slaughter	Thou. Head	588	615	-4.39%	581	1.29%	2,360	2.4%
C	FI Cow Slaughter **	Thou. Head	125	104	20.93%	114	10.26%	229	5.0%
T	Avg. Dressed Weight	Lbs.	836	838	-0.24%	820	1.95%	833	0.9%
T	Beef Production	Million Lbs.	490.3	514.0	-4.61%	474.7	3.29%	1,966	3.4%
L	Live Fed Steer Price	$ per cwt	123.05	122.89	0.13%	121.22	1.51%		
E	Dressed Fed Steer Price	$ per cwt	194.00	194.89	-0.46%	193.46	0.28%		
	Oklahoma Steer (600-700 lbs)	$ per cwt	159.54	158.94	0.37%	140.18	13.81%		
&	Choice Beef Cutout	$ per cwt	206.70	205.89	0.39%	192.09	7.61%		
	Hide/Offal	$ per cwt, live wt	10.58	10.63	-0.47%	11.91	-11.17%		
B	Rib Primal, Choice	$ per cwt	317.26	314.08	1.01%	291.98	8.66%		
E	Round Primal, Choice	$ per cwt	173.49	171.42	1.21%	173.53	-0.02%		
E	Chuck Primal, Choice	$ per cwt	178.31	178.62	-0.17%	161.19	10.62%		
F	Trimmings, 50%	$ per cwt	84.99	80.37	5.75%	64.75	31.26%		
	Trimmings, 90%	$ per cwt	214.70	213.43	0.60%	205.88	4.28%		
	FI Slaughter	Thou. Head	2,370	2,338	1.37%	2,368	0.07%	9,270	1.1%
	FI Sow Slaughter **	Thou. Head	60.2	46.9	28.50%	58.6	2.85%	107	-0.1%
H	Avg. Dressed Weight	Lbs.	214.0	213.0	0.47%	213.0	0.47%	214	0.4%
O	Pork Production	Million Lbs.	506.9	498.9	1.60%	504.3	0.52%	1,983	1.4%
G	Iowa-S. Minn. Base	Wtd. Avg.	69.58	69.75	-0.24%	64.14	8.48%		
S	Natl. Base Carcass Price	Wtd. Avg.	71.41	70.68	1.03%	65.83	8.48%		
	Natl. Net Carcass Price	Wtd. Avg.	73.31	72.61	0.96%	68.11	7.63%		
	Pork Cutout	205 Lbs.	82.43	80.97	1.80%	81.79	0.78%		
	Ham Primal	$ per cwt	66.26	63.74	3.95%	62.90	5.34%		
	Loin Primal	$ per cwt	72.13	71.73	0.56%	77.84	-7.34%		
	Belly Primal	$ per cwt	141.36	135.98	3.96%	152.41	-7.25%		
	Trimmings, 72%, Fresh	$ per cwt	74.98	75.78	-1.06%	68.11	10.09%		
	Hog By-Product Value	$ per cwt, live wt	3.77	3.78	-0.26%	3.89	-3.08%		
C	Young Chicken Slaughter *	Million Head	147.6	165.3	-10.66%	155.9	-5.32%	442	-5.6%
H	Avg. Weight (RTC)	Lbs.	4.72	4.75	-0.64%	4.68	0.81%	6.20	-0.6%
I	Young Chicken Production (RTC)	Million Lbs.	696.8	785.0	-11.23%	730.0	-4.55%	2,084	-6.0%
C	Eggs Set (19-state)	Million	0.0	223.8	NA	220.2	NA	674	2.5%
K	Chicks Placed (19-state)	Million Head	0.0	181.1	NA	179.1	NA	548	2.1%
E	National Composite Whole Bird	Composite	92.72	94.62	-2.01%	83.36	11.23%		
	Northeast Breast, B/S	$/cwt	107.12	104.83	2.18%	104.36	2.64%		
	Northeast Leg Quarters	$/cwt	35.52	35.58	-0.17%	31.97	11.10%		
T	Total Turkey Slaughter *	Million Head	4.226	4.544	-7.00%	3.874	9.09%	12.012	1.8%
U	Avg. Weight (RTC)	Lbs.	26.45	25.78	2.59%	25.61	3.29%	32.61	0.4%
R	Turkey Production (RTC)	Million Lbs.	111.8	117.2	-4.59%	99.2	12.67%	315	2.0%
K	National Hen (8-12 lb)	8-16 Lbs.	81.07	80.68	0.48%	102.82	-21.15%		
G	Corn, Omaha	$ per Bushel	3.37	3.35	0.60%	3.41	-1.17%		
R	Distillers Grain, Chicago	$ per Ton	147.50	140.00	5.36%	102.50	43.90%		
A	Wheat, Kansas City (deliv.)	$ per Bushel	4.33	4.18	3.59%	3.69	17.34%		
I	Soybeans, Cntrl IL	$ per Bushel	9.80	9.60	2.08%	10.34	-5.22%		
N	Soybn Meal 48%, Cntrl IL	$ per Ton	333.90	321.90	3.73%	341.40	-2.20%		

* 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. YTD still references 2017.