Daily Livestock Report

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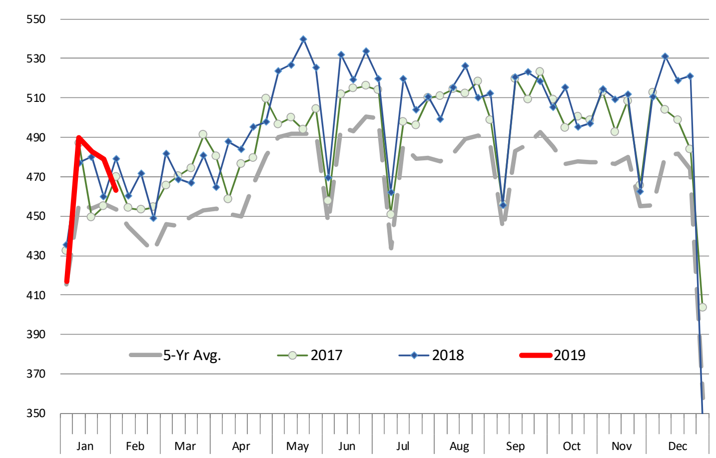
<u>Extreme temperatures last week affected the flow of cattle and hogs into processing plants but they also appeared to affect product sales from packers to end users.</u> The choice beef cutout had been holding firm for much of January but prices were lower towards the end of the week. Middle meat prices, supported by robust foodservice demand, had been a key contributor to the strength in the cutout to start the year and **<u>it was middle meat values that weighed on prices last week</u>**. The weakness is understandable since many restaurants in major metro areas were shuttered for a couple of days and consumers were actively encouraged to stay off the roads. Packers appeared to respond to the slowdown in business by reducing slaughter. While we do not have full USDA estimates for fed and non-fed slaughter last week, **<u>we think fed slaughter was around 463,000 head, 3.4% lower than the previous year.</u>** Slaughter on Friday was likely in the low 80s and Saturday slaughter in the mid tees, quite a bit lower than in the last few weeks. In the five weeks ending February 2 (since start of the year), fed cattle slaughter is estimated at 2.332 million head, about the same as the same five week period a year ago. The month of January 2019 had the same number of marketing days as the previous year. Using USDA estimated data, we think fed cattle marketings in January were 2.3% higher than the previous year. USDA did not release a cattle on feed report last month. The previously scheduled report will now be released on February 22. Analysts estimated that the on feed supply on January 1 was 11.753 million head, 2.3% higher than the previous year. If we are correct and the marketings were up around 2.3% in January, then the **<u>ratio of marketings to the total inventory calculates to be 16.2%, about the same as it was a year ago</u>**. The ratio of marketings to the inventory of +90 day cattle is calculated at 32.3% vs. 34.3% a year ago. Please note that **<u>USDA will issue on February 28 the results of its semi-annual cattle inventory report</u>** and that report includes the total supply of cattle on feed as of January 1. According to NASS, the February 1 cattle on feed inventory number will be published on March 8.

Temperatures in much of the upper Midwest were so cold last week that it was dangerous to transport hogs. Some plants were shuttered and despite shifts run on Saturday **<u>total hog slaughter for the week was 2.378 million head, 1.9% lower than the previous year</u>**. In the first five weeks of the year hog slaughter has been a total of 12.215 million head, 4.5% higher than a year ago. Hog prices in the cash market continue to be weak although, as we noted in our report last week, there is a wide range of hog prices depending on what kind of formula is used to calculate hog prices. The estimated **<u>national net hog carcass price last week stood at $59.72/cwt, 1.7% lower than the previous week and 19% lower than a year ago</u>**. Please keep in mind that this includes hog prices until Thursday, which is the latest data point published by USDA. The pork cutout continued to lose ground last week, with the biggest decline coming in the value of pork bellies. The belly primal dropped almost 7% and it was 23% lower than a year ago. Last year belly primal values lost ground through February and March on ample pork supplies and broad expectation among end users that pork supplies would be plentiful. **<u>Will the risk from ASF cause processors to be more proactive in putting bellies away and thus limit the slide</u>**? Or will buyers want to see more evidence of price effects from ASF before they start to accumulate more bellies in the freezer. For now, weak belly prices and persistent weakness in hams (Mexico tarffis, late Easter) have pressured the pork cutout and consequently cash hog values.

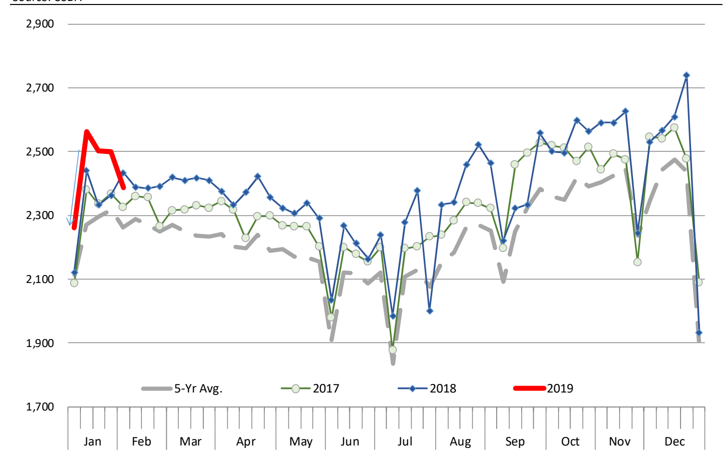
WEEKLY STEER AND HEIFER SLAUGHTER. '000 HEAD

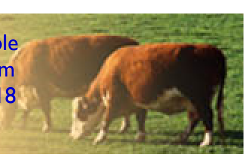
Source: USDA



WEEKLY HOG SLAUGHTER. '000 HEAD

Source: USDA





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PRODUCTION & WKLY AVG. PRICE SUMMARY

Week Ending 2/2/2019

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
			2-Feb-19	26-Jan-19		3-Feb-18			
	Total Beef, Pork, Chicken, Turkey	**mil lbs., cwe**	**1,835**	**1,936**	-5.23%	**1,925**	-4.66%	**8,276**	0.2%
	FI Slaughter	Thou. Head	593	610	-2.79%	613	-3.31%	2,898	-2.7%
C	FI Cow Slaughter **	Thou. Head	data not available			124			
T	Avg. Dressed Weight	Lbs.	830	832	-0.24%	828	0.24%	830	0.3%
T	Beef Production	Million Lbs.	492.2	507.0	-2.92%	506.6	-2.84%	2,406	-2.4%
L	Live Fed Steer Price	$ per cwt	123.12	123.29	-0.14%	125.91	-2.22%		
E	Dressed Fed Steer Price	$ per cwt	198.59	197.22	0.69%	199.90	-0.66%		
	Oklahoma Steer (600-700 lbs)	$ per cwt	144.77	146.66	-1.29%	161.56	-10.40%		
&	Choice Beef Cutout	$ per cwt	216.65	216.71	-0.03%	209.51	3.41%		
	Hide/Offal	$ per cwt, live wt	8.96	8.95	0.11%	10.39	-13.76%		
B	Rib Primal, Choice	$ per cwt	345.46	348.73	-0.94%	321.08	7.59%		
E	Round Primal, Choice	$ per cwt	176.96	175.81	0.65%	177.33	-0.21%		
E	Chuck Primal, Choice	$ per cwt	177.50	177.05	0.25%	180.68	-1.76%		
F	Trimmings, 50%	$ per cwt	57.97	55.74	4.00%	91.47	-36.62%		
	Trimmings, 90%	$ per cwt	206.94	202.29	2.30%	215.40	-3.93%		
	FI Slaughter	Thou. Head	2,387	2,501	-4.56%	2,433	-1.90%	11,812	1.0%
	FI Sow Slaughter **	Thou. Head	data not available			61.2		N/A	
H	Avg. Dressed Weight	Lbs.	213.0	213.0	0.00%	214.0	-0.47%	213	-0.3%
O	Pork Production	Million Lbs.	509.3	533.7	-4.57%	520.6	-2.17%	2,520	0.7%
G	Iowa-S. Minn. Base	Wtd. Avg.	50.95	52.16	-2.32%	71.14	-28.38%		
S	Natl. Base Carcass Price	Wtd. Avg.	58.17	58.98	-1.37%	71.78	-18.96%		
	Natl. Net Carcass Price	Wtd. Avg.	59.72	60.76	-1.71%	73.71	-18.98%		
	Pork Cutout	205 Lbs.	67.84	68.82	-1.42%	82.31	-17.58%		
	Ham Primal	$ per cwt	48.56	49.27	-1.44%	63.39	-23.39%		
	Loin Primal	$ per cwt	67.48	66.31	1.76%	71.95	-6.21%		
	Belly Primal	$ per cwt	115.01	123.11	-6.58%	148.80	-22.71%		
	Trimmings, 72%, Fresh	$ per cwt	58.00	56.79	2.13%	72.34	-19.82%		
	Hog By-Product Value	$ per cwt, live wt	3.37	3.36	0.30%	3.76	-10.37%		
C	Young Chicken Slaughter *	Million Head	158.1	167.9	-5.82%	166.0	-4.79%	630	3.6%
H	Avg. Weight (RTC)	Lbs.	4.66	4.66	0.00%	4.73	-1.61%	6.16	-0.8%
I	Young Chicken Production (RTC)	Million Lbs.	736.5	782.0	-5.82%	786.1	-6.31%	2,947	2.7%
C	Eggs Set (19-state)	Million	data not available			223.5			
K	Chicks Placed (19-state)	Million Head				181.6			
E	National Composite Whole Bird	Composite	94.02	94.22	-0.21%	91.66	2.57%		
	Northeast Breast, B/S	$/cwt	104.46	101.63	2.78%	107.45	-2.78%		
	Northeast Leg Quarters	$/cwt	30.56	30.06	1.66%	37.92	-19.41%		
T	Total Turkey Slaughter *	Million Head	3.562	4.254	-16.27%	4.307	-17.30%	15.035	-7.9%
U	Avg. Weight (RTC)	Lbs.	27.24	26.67	2.12%	25.85	5.38%	33.29	2.5%
R	Turkey Production (RTC)	Million Lbs.	97.0	113.5	-14.49%	111.3	-12.85%	402	-5.6%
K	National Hen (8-12 lb)	8-16 Lbs.	82.50	82.80	-0.36%	76.10	8.41%		
G	Corn, Omaha	$ per Bushel	3.64	3.60	1.11%	3.44	5.81%		
R	Soybeans, Cntrl IL	$ per Bushel	8.86	8.85	0.11%	9.73	-8.94%		
A	Soybn Meal 48%, Cntrl IL	$ per Bushel	309.00	311.30	-0.74%	329.50	-6.22%		
I	Distillers Grain, IL	$ per Bushel	154.00	150.00	2.67%	147.50	4.41%		

* 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.

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