Daily Livestock Report

Sponsored in part by CME Group

Vol. 16, No. 25 / February 5, 2018

The livestock futures markets did not unravel like the stock markets did last week. In fact, the price gains in the cattle futures were impressive. The April Live Cattle (fed) contract for last week (average of the daily closing prices) was $124.83 per cwt., the highest since the week ending December 1, 2017. Friday's closing price of $126.13 was the highest during the week. Summer Live Cattle futures prices maintained their large discount compared to April's but they still rose week-over-week, August averaged $113.62 (up by 86 cents from the prior week).

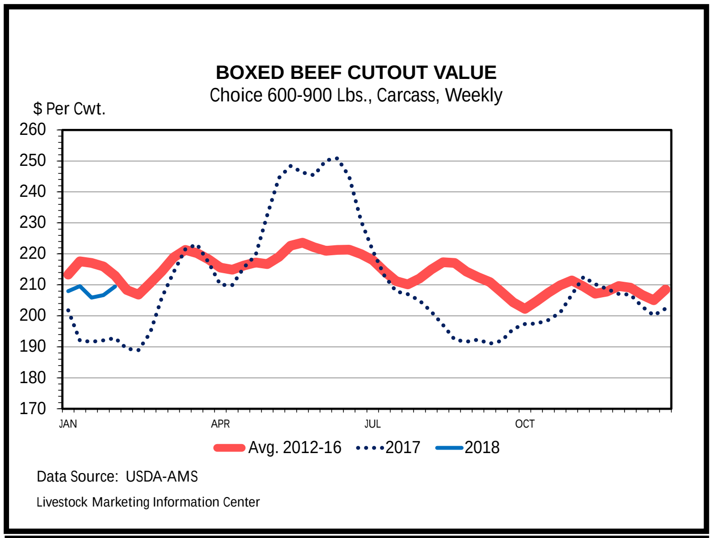
From Monday's market close to Friday's, last week the Feeder Cattle futures prices jumped-up. For the March contract, Monday's close was $147.00 per cwt. and Friday's was $150.93. The weekly average prices for the March and September contracts last week were $147.94 per cwt. and $151.64, respectively. Both those contracts posted weekly average prices that were the highest since the week ending December 1, 2017.

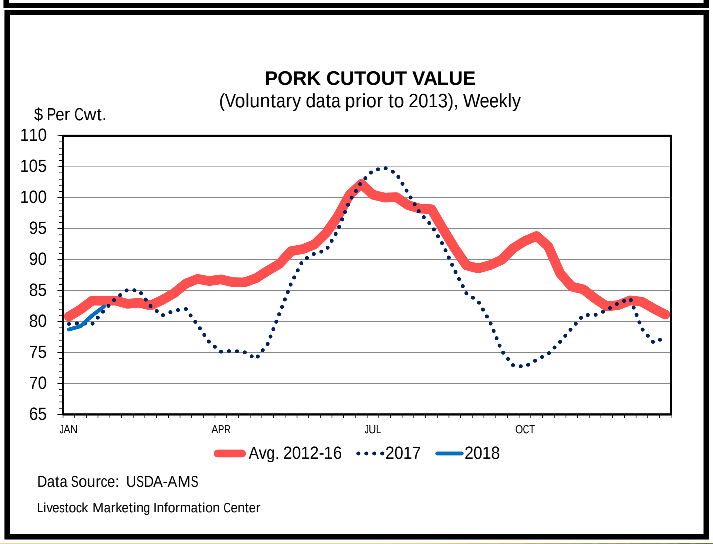
The April through October 2017 Lean Hog futures contract prices all slipped week-over-week, the February and December had upticks. For the week, the March contract average price dropped by $1.63 per cwt. to $72.99. At $83.30 per cwt., the June contract declined by $1.15 compared to the prior week.

On the second page is our compilation from various USDA Agricultural Marketing Service (Market News) reports for last week (DATA ARE PRELIMINARY). Today, we highlight (see graphics) the beef and pork cutout (wholesale carcass equivalent) values. So far this year, the Choice beef cutout value has tracked above 2017's, and last week averaged 8.6% above a year ago (up by $16.63 per cwt.). In contrast to beef, the pork cutout value has been near 2017's so far this year. Last week it averaged 1.7% ($1.41 per cwt.) below a year ago. Cash fed cattle prices are above 2017's due to the gains in wholesale meat prices. Hog prices are above 2017's because packer margins have been compressed compared to a year ago.

Next, we turn to the monthly Restaurant Performance Index (RPI) released by the National Restaurant Association last week. The results were positive. The report was released on January 31st and provided data for December 2017; it is available here. Underpinned by stronger same-store sales and customer traffic levels, the overall RPI posted a solid increase in December. The RPI stood at 102.9 in December, up 1.8 points month-over-month.

Two component indexes make-up the overall RPI — the Current Situation Index and the Expectations Index. The Current Situation Index was at 102.9 in December, increasing 3.4 points from November's (99.6). That was the first time in four months that the Current Situation Index was in expansion territory (above 100). The Expectations component stood at 102.9 in December, up slightly from the prior month (102.6). That index has risen for four consecutive months and December's level was the highest in almost three years.





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PRODUCTION & PRICE SUMMARY

Week Ending 2/3/2018

Source: Various USDA Agricultural Marketing Service (Market News) reports. DATA ARE PRELIMINARY.

	Item	Units	Current Week	Last Week	Pct. Change	Last Year	Pct. Change	YTD	Y/Y % Change
			3-Feb-18	27-Jan-18		4-Feb-17			
	Beef, Pork, Chicken, & Turkey	Mil Lbs., cwe	1,941	1,806	7.5%	1,865	4.1%	8,282	0.4%
C	FI Slaughter	Thou. Head	629	588	7.0%	596	5.5%	2,987	3.0%
A	FI Cow Slaughter **	Thou. Head	124	125	-1.2%	114	9.0%	6,124	6.4%
T	Avg. Dressed Weight	Lbs.	832	836	-0.5%	823	1.1%	831	0.7%
T	Beef Production	Million Lbs.	522.0	490.3	6.5%	489.3	6.7%	2,481	3.8%
L	Live Fed Steer Price, 5-Mkt	$ per cwt	125.91	126.46	-0.4%	118.76	6.0%		
E	Dressed Steer Price, 5-Mkt	$ per cwt	199.90	199.74	0.1%	189.78	5.3%		
	Oklahoma Steer (600-700 lbs)	$ per cwt	160.07	158.79	0.8%	136.06	17.7%		
&	Choice Beef Cutout	$ per cwt	209.51	206.70	1.4%	192.88	8.6%		
	Hide/Offal	$ per cwt, live wt	10.39	10.58	-1.8%	12.00	-13.4%		
B	Rib, Primal, Choice	$ per cwt	321.08	317.26	1.2%	294.07	9.2%		
E	Round, Primal, Choice	$ per cwt	177.33	173.49	2.2%	171.36	3.5%		
E	Chuck, Primal, Choice	$ per cwt	180.68	178.31	1.3%	158.92	13.7%		
F	Trimmings, 50%, Fresh	$ per cwt	91.47	84.99	7.6%	76.37	19.8%		
	Trimmings, 90%, Fresh	$ per cwt	215.40	214.70	0.3%	206.77	4.2%		
	FI Slaughter	Thou. Head	2,438	2,370	2.9%	2,327	4.8%	11,703	1.8%
H	FI Sow Slaughter **	Thou. Head	61.2	60.2	1.5%	55.8	9.6%	3,120	2.4%
O	Avg. Dressed Weight	Lbs.	214.0	214.0	0.0%	212.0	0.9%	214	0.5%
G	Pork Production	Million Lbs.	521.9	506.9	3.0%	494	5.6%	2,505	2.3%
S	Iowa-S. Minn. Direct	Wtd. Avg.	70.74	69.50	1.8%	67.12	5.4%		
	Natl. Base Carcass Price	Wtd. Avg.	71.53	71.38	0.2%	67.48	6.0%		
&	Natl. Net Carcass Price	Wtd. Avg.	73.49	73.30	0.3%	69.82	5.3%		
	Pork Cutout	$ per cwt	82.31	82.43	-0.1%	83.72	-1.7%		
P	By-product Value	$ per cwt, live wt	3.76	3.77	-0.3%	3.92	-4.1%		
O	Ham, Primal	$ per cwt	63.39	66.26	-4.3%	61.07	3.8%		
R	Loin, Primal	$ per cwt	71.95	72.13	-0.2%	74.61	-3.6%		
K	Belly, Primal	$ per cwt	148.80	141.36	5.3%	172.33	-13.7%		
	Trimmings, 72%, Fresh	$ per cwt	72.34	74.98	-3.5%	62.94	14.9%		
C	Young Chicken Slaughter *	Million Head	166.0	147.6	12.5%	163.88	1.3%	608	-3.8%
H	Avg. Weight (RTC)	Lbs.	4.73	4.72	0.3%	4.70	0.8%	4.72	-0.2%
I	Young Chicken Production (RTC)	Million Lbs.	786.1	696.8	12.8%	769.7	2.1%	2,870	-3.9%
C	Eggs Set (US)	Million	225.3	223.8	0.7%	220.2	2.3%	12,475	2.9%
K	Chicks Placed (US)	Million Head	180.5	181.1	-0.3%	179.1	0.8%	10,106	1.9%
E	National Composite Whole Bird	Composite	91.66	92.72	-1.1%	83.56	9.7%		
N	Northeast Breast, B/S	$ per cwt	107.45	107.12	0.3%	104.36	3.0%		
	Northeast Leg Quarters	$ per cwt	37.92	35.52	6.8%	33.11	14.5%		
T	Total Turkey Slaughter *	Million Head	4.31	4.23	1.9%	4.31	-0.2%	16.3	1.2%
U	Avg. Weight (RTC)	Lbs.	25.85	26.45	-2.3%	25.90	-0.2%	26.12	0.1%
R	Turkey Production (RTC)	Million Lbs.	111.3	111.8	-0.4%	111.7	-0.4%	426	1.3%
K	National Hen (8-12 Lbs)	$ per cwt	76.10	81.07	-6.1%	100.50	-24.3%		
G	Corn, Omaha	$ per Bushel	3.44	3.37	2.1%	3.44	0.0%		
R	Distillers Grain, Chicago	$ per Ton	147.50	147.50	0.0%	105.00	40.5%		
A	Wheat, Kansas City (delivered)	$ per Bushel	5.37	5.35	0.4%	5.34	0.6%		
I	Soybean, Cntrl IL	$ per Bushel	9.73	9.80	-0.7%	10.24	-5.1%		
N	Soybn Meal 48%, Cntrl IL	$ per Ton	329.50	333.90	-1.3%	330.00	-0.2%		

* 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 (part of 'actual" rather than "preliminary" weekly slaughter report).