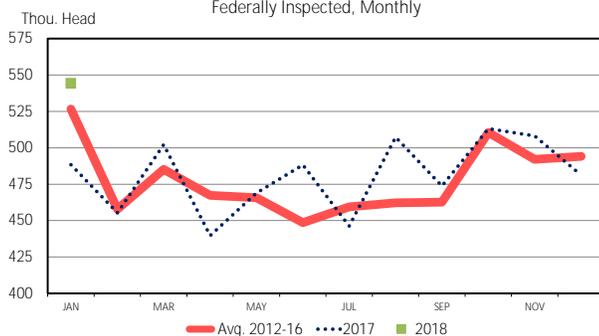


USDA-National Agricultural Statistics Service (NASS) released meat production and livestock slaughter data for January last Thursday. Cattle slaughter (Federal Inspected) was up 7.1% from the prior January. Some of the increase was due to one more weekday this January than in January 2017. In absolute terms, January cattle slaughter was up 180,000 head from a year earlier. Of this increase, heifer slaughter accounted for 51,000 head and steer slaughter 70,000 head. Cow slaughter was up 56,000 head.

The increase in female cattle processed by slaughter plants raises some questions about how much cattle herd expansion can be expected this year if current trends persist. The composition of cow slaughter between dairy and "other" cows (i.e. beef cows) was skewed towards beef cows, with this category of slaughter up 16% from the prior January.

COW SLAUGHTER Federally Inspected, Monthly



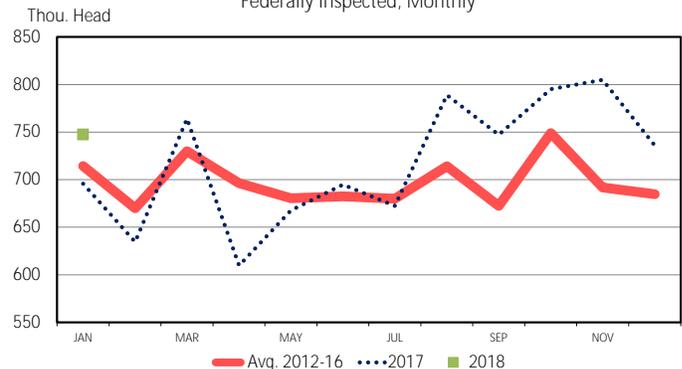
Data Source: USDA-NASS
Livestock Marketing Information Center

C-S-15
02/22/18

Regionally, there are some year-over-year comparisons that stand out. The Pacific Northwest, while not a prominent region for cow slaughter (less than 10% of U.S. total), almost doubled its volume of total cow slaughter and beef cow slaughter was up 400%. The Western Cornbelt increased beef cow slaughter by 16%, in line with the U.S. total. The Southern Plains, inclusive of the Ozark Plateau, processed 13% more beef cows than the prior January, which is worth monitoring in upcoming months given the drought conditions that have been developing in western areas of that region.

The January increase in heifer slaughter follows a year with the biggest annual increase in heifer slaughter since 1976. Although the

HEIFER SLAUGHTER Federally Inspected, Monthly



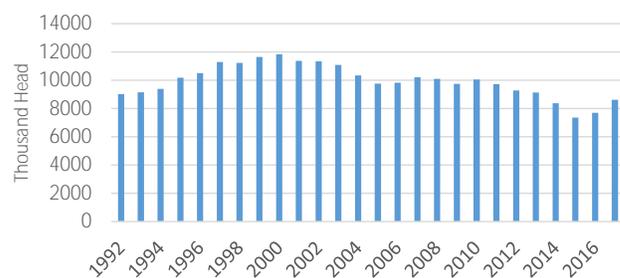
Data Source: USDA-NASS
Livestock Marketing Information Center

C-S-12
02/22/18

2017 total heifer slaughter was nowhere close to a record, heifer kill in past years that was only 10% higher than in 2017 could also be tied to years when the US cattle population declined.

Increases in heifer slaughter will be easier for the first seven months of 2018. The big increases last year came from August to the end of the year, which will make gains in those months of 2018 more challenging. Calf prices during the last 4-5 months have been 10-20% higher than twelve months earlier and should be a factor limiting heifer slaughter later this year as decisions about breeding stock retention become more important.

HEIFER SLAUGHTER FEDERAL INSPECTED



Data Source: USDA-NASS
Livestock Marketing Information Center



The Daily Livestock Report is made possible with support from readers like you. If you enjoy this report, find it valuable and would like to sustain it going forward, consider becoming a contributor. Just go to www.DailyLivestockReport.com to contribute by credit card or send your check to The Daily Livestock Report, P.O. Box 4872, Manchester, NH 03018

Thank you for your support!

The **Daily Livestock Report** is published by Steiner Consulting Group, DLR Division, Inc.. To subscribe, support or unsubscribe please visit www.dailylivestockreport.com.

The Daily Livestock Report is not owned, controlled, endorsed or sold by CME Group Inc. or its affiliates and CME Group Inc. and its affiliates disclaim any and all responsibility for the information contained herein. CME Group®, CME® and the Globe logo are trademarks of Chicago Mercantile Exchange, Inc.

Disclaimer: The *Daily Livestock Report* is intended solely for information purposes and is not to be construed, under any circumstances, by implication or otherwise, as an offer to sell or a solicitation to buy or trade any commodities or securities whatsoever. Information is obtained from sources believed to be reliable, but is in no way guaranteed. No guarantee of any kind is implied or possible where projections of future conditions are attempted. Futures trading is not suitable for all investors, and involves the risk of loss. Past results are no indication of future performance. Futures are a leveraged investment, and because only a percentage of a contract's value is required to trade, it is possible to lose more than the amount of money initially deposited for a futures position. Therefore, traders should only use funds that they can afford to lose without affecting their lifestyle. And only a portion of those funds should be devoted to any one trade because a trader cannot expect to profit on every trade.