

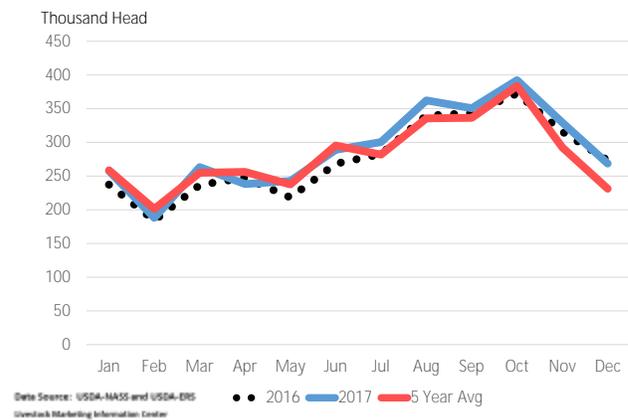
The majority of federal inspected steer and heifer slaughter comes from commercial feedlots with capacities of 1,000 head or greater, which is reported by USDA-National Agricultural Statistical Service (NASS) on a monthly basis. Last Friday, NASS reported that marketings of steers and heifers from these larger commercial feedlots were up 6% in January from a year earlier. A day earlier, NASS estimated that January steer and heifer slaughter (federal inspected) was also up 6%. Marketings of cattle from these feedlots accounted for 87% of all steer and heifer slaughter. This is just a small fraction of a percent greater than share of steer and heifer slaughter coming from feedlots in 2017. The percentage share of steer and heifer slaughter coming from 1,000 head capacity feedlots has stayed within the 86-87% range since 2012.

The 13% of the steer and heifer slaughter not accounted for by marketings of cattle from larger feedlots comes from farms primarily focused on grain production using cattle as an alternative to selling corn in the cash grain market, cattle producers marketing "grass fed" animals, and imports of slaughter cattle from Canada. The latter category accounted for 1.4% of slaughter last year, the highest percentage in the last three years, but less than half of what it was ten years ago.

January steer and heifer slaughter exclusive of 1,000 head capacity feedlots was 272,000 head. Monthly cattle import data for January is not available until next week, but just considering

RESIDUAL STEER AND HEIFER SLAUGHTER

Steer and Heifer Slaughter Exclusive of USDA-NASS Feedlot Marketings



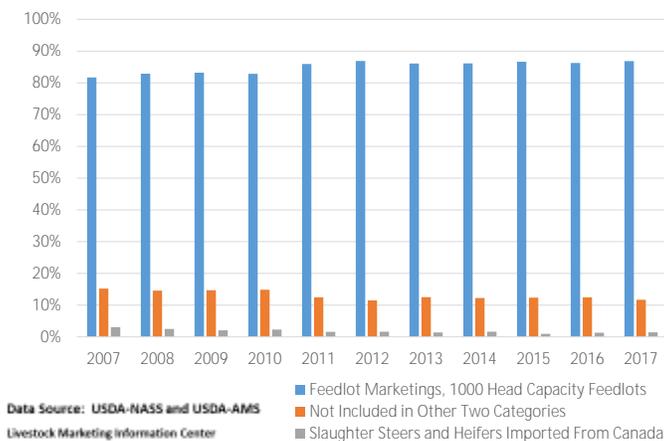
total slaughter less feedlot marketings, the 272,000 head tally is a 6% increase from the prior January, similar to the large feedlot marketing increase. One more week-day in January 2018 versus a year ago probably accounts for at least half the gain in both output measures.

Slaughter cattle imports in 2017 were down 10% from the prior year, approaching the lowest level in at least ten years that was seen in 2015. At these levels, slaughter cattle imports are down almost 50% from ten years earlier. Exclusive of slaughter cattle imports and 1,000 head capacity feedlot marketings, steer and heifer slaughter last year increased by about 160,000 head, or 10,000-20,000 head per month, year over year.

Penciling in a preliminary estimate of slaughter cattle imports for January close to the December 2017 volume leads to steer and heifer slaughter outside of large feedlot marketings that is about 20,000 head more than in January 2017. In some ways, it is surprising that this volume would be maintained given the big placements of cattle into large feedlots in the last half of 2017 (relative to the number of feeder cattle available from recent calf crops). It also may be an impressive statement about the stability of new marketing programs for cattle outside of the conventional feedlot marketing process.

STEER AND HEIFER SLAUGHTER - FEDERAL INSPECTED

Percent of Total By Marketing Channel



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.