Vol. 15, No. 49 / March 13, 2017

The supply and price numbers for last week are included in the summary table on page 2. Below are a items that we found interesting as we looked through the numbers:

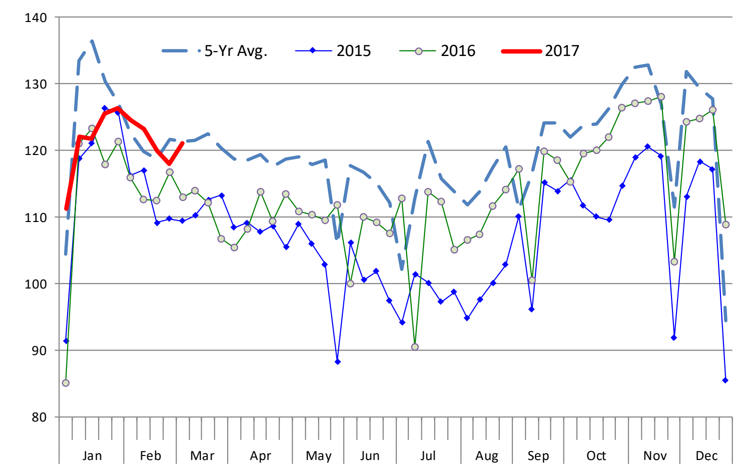
- Hog slaughter last week was estimated at 2.313 million head, 3.4% higher than a year ago. While we have known all along that hog supplies would increase relative to a year ago, so far the pace of the increase continues to track under what was indicated in the December 'Hogs and Pigs' report. In the last four reported weeks hog slaughter as averaged 2.3 million head, 3.2% higher than last year but less than the +4% indicated by the December survey. Hog slaughter should remain near 2.3 million head for the next two weeks. If correct, this would imply hog slaughter growth of over 5% and this should bring the year/year comparisons more in line with the survey results.

- Producers are bringing a few more sows to market than a year ago but we would not conclude this is a sign of hog producers starting to reduce the production base. Rather, the increase in the number of sows going to slaughter simply reflects the effect of a larger breeding inventory. More breeding stock, more cull animals available. Sow slaughter for the week ending February 25 (two week lag in reporting) was 57,478 head, 2.4% less than a year ago. In the last four weeks sow slaughter has averaged 58,392 head/wk, 4% higher than a year ago. The hog breeding herd as of December 1 was almost 6.1 million head, 1.5% higher than a year ago and 2.5% higher than in December 2014. The ratio of sow slaughter during the quarter to the breeding inventory at the start of the quarter still does not indicate to us that hog producers are looking to contract. For the three months of Dec, Jan and Feb we estimate sow and board slaughter at around 809,000 head, calculating a 13.3% ratio to the 6.1 million head inventory on December 1. This ratio compares with the average 13.9% for all the quarters since 2010. During periods of liquidation, the ratio tends to climb over 15%.

- Switching to beef, the rally in the value of the beef cutout has been particularly impressive. The key drivers for the higher beef prices: steaks and ground beef. The value of the loin has increased sharply. This is in part due to the seasonal improvement in foodservice business but also a more positive economic climate (low unemployment, higher incomes etc). One challenge for foodservice operators has been the seeming disconnect between fed cattle values and the price of beef that restaurants are expected to pay. After all foodservice operators are a classic short since they have to print restaurant menus and budget accordingly. Last fall cattle futures were pricing April cattle at under $100/cwt, implying significant cost deflation for a number of key steak items. So far the expectation for double digit cost decreases have not materialized and some end users are scrambling to cover their short position. Add to this increased participation on the part of retailers in featuring beef and the choice cutout is now nearing $220/cwt, a $30 gain in four weeks, with $22 of that gain coming from higher rib and loin values.

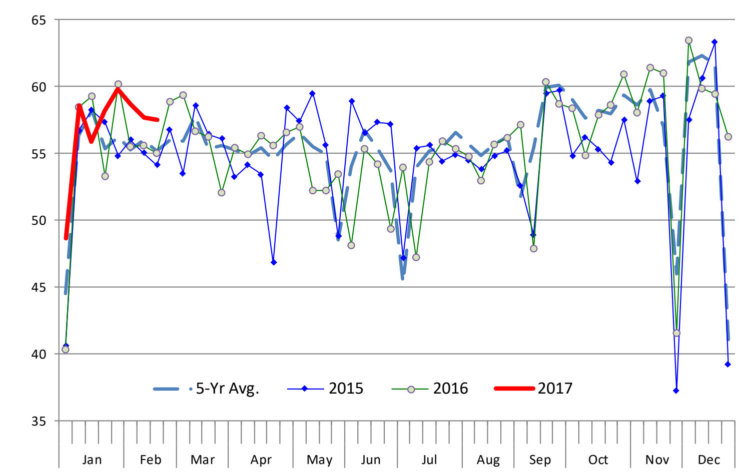
Weekly US Cow and Bull Slaughter

000 Head. Data Source: USDA



Weekly US Sow Slaughter

000 Head. Data Source: USDA



Daily Livestock Report

Sponsored by CME Group

Vol. 15, No. 49 / March 13, 2017

PRODUCTION & WKLY AVG. PRICE SUMMARY   Week Ending 3/11/2017

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
			11-Mar-17	4-Mar-17		12-Mar-16			
	Total Beef, Pork, Chicken, Turkey	**mil lbs., cwe**	**1,826**	**1,819**	0.43%	**1,771**	3.10%	**17,346**	1.1%
	FI Slaughter	Thou. Head	587	581	1.03%	543	8.11%	5,798	4.5%
C	FI Cow Slaughter **	Thou. Head	110	114	-2.94%	108	1.93%	904	-6.1%
T	Avg. Dressed Weight	Lbs.	820	821	-0.12%	834	-1.68%	821	-0.9%
T	Beef Production	Million Lbs.	480.3	475.9	0.92%	451.7	6.33%	4,762	3.6%
L	Live Fed Steer Price	$ per cwt	125.25	124.76	0.39%	137.93	-9.19%		
E	Dressed Fed Steer Price	$ per cwt	201.57	199.98	0.80%	219.92	-8.34%		
	Oklahoma Steer (600-700 lbs)	$ per cwt	146.03	143.57	1.72%	177.15	-17.57%		
&	Choice Beef Cutout	$ per cwt	214.12	205.86	4.01%	222.96	-3.96%		
	Hide/Offal	$ per cwt, live wt	11.91	11.93	-0.17%	10.69	11.41%		
B	Rib Primal, Choice	$ per cwt	317.83	305.22	4.13%	366.06	-13.18%		
E	Round Primal, Choice	$ per cwt	181.31	179.60	0.95%	179.41	1.06%		
E	Chuck Primal, Choice	$ per cwt	165.22	164.68	0.33%	167.38	-1.29%		
F	Trimmings, 50%	$ per cwt	93.02	83.29	11.68%	96.15	-3.26%		
	Trimmings, 90%	$ per cwt	213.54	211.55	0.94%	217.30	-1.73%		
	FI Slaughter	Thou. Head	2,313	2,311	0.09%	2,237	3.41%	23,105	0.1%
	FI Sow Slaughter **	Thou. Head	57.5	57.6	-0.26%	58.9	-2.37%	455	-8.4%
H	Avg. Dressed Weight	Lbs.	212.0	212.0	0.00%	213.0	-0.47%	213	-0.2%
O	Pork Production	Million Lbs.	491.1	490.5	0.12%	475.6	3.26%	4,913	-0.2%
G	Iowa-S. Minn. Base	Wtd. Avg.	68.28	68.36	-0.12%	63.93	6.80%		
S	Natl. Base Carcass Price	Wtd. Avg.	69.84	70.78	-1.33%	65.29	6.97%		
	Natl. Net Carcass Price	Wtd. Avg.	72.27	73.23	-1.31%	67.57	6.96%		
	Pork Cutout	205 Lbs.	81.79	80.96	1.03%	76.05	7.55%		
	Ham Primal	$ per cwt	58.88	55.52	6.05%	55.35	6.38%		
	Loin Primal	$ per cwt	81.08	79.03	2.59%	77.18	5.05%		
	Belly Primal	$ per cwt	139.26	147.84	-5.80%	130.86	6.42%		
	Trimmings, 72%, Fresh	$ per cwt	68.69	65.27	5.24%	54.92	25.07%		
	Hog By-Product Value	$ per cwt, live wt	4.02	3.99	0.75%	3.30	21.82%		
C	Young Chicken Slaughter *	Million Head	159.1	160.2	-0.64%	159.0	0.07%	1,436	0.6%
H	Avg. Weight (RTC)	Lbs.	4.67	4.67	0.00%	4.65	0.49%	6.16	-0.1%
I	Young Chicken Production (RTC)	Million Lbs.	743.8	748.6	-0.64%	739.6	0.56%	6,721	0.5%
C	Eggs Set (19-state)	Million	214.9	213.3	0.75%	209.2	2.69%	1,907	1.7%
K	Chicks Placed (19-state)	Million Head	172.6	171.4	0.71%	170.5	1.26%	1,548	1.1%
E	National Composite Whole Bird	Composite	93.04	86.56	7.49%	82.63	12.60%		
	Northeast Breast, B/S	$/cwt	124.52	121.67	2.34%	102.49	21.49%		
	Northeast Leg Quarters	$/cwt	37.8	35.23	7.29%	29.53	28.01%		
T	Total Turkey Slaughter *	Million Head	4.346	4.168	4.27%	4.188	3.77%	36.771	-1.9%
U	Avg. Weight (RTC)	Lbs.	25.57	24.85	2.89%	24.95	2.49%	32.11	2.1%
R	Turkey Production (RTC)	Million Lbs.	111.1	103.6	7.29%	104.5	6.36%	950	0.1%
K	National Hen (8-12 lb)	8-16 Lbs.	102.00	101.50	0.49%	114.75	-11.11%		
G	Corn, Omaha	$ per Bushel	3.23	3.38	-4.44%	3.47	-6.92%		
R	Distillers Grain, Chicago	$ per Ton	97.50	100.00	-2.50%	142.50	-31.58%		
A	Wheat, Kansas City (deliv.)	$ per Bushel	4.04	4.20	-3.81%	4.56	-11.40%		
I	Soybeans, Cntrl IL	$ per Bushel	9.96	10.18	-2.16%	8.94	11.41%		
N	Soybn Meal 48%, Cntrl IL	$ per Ton	324.50	330.80	-1.90%	278.40	16.56%		

* 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.