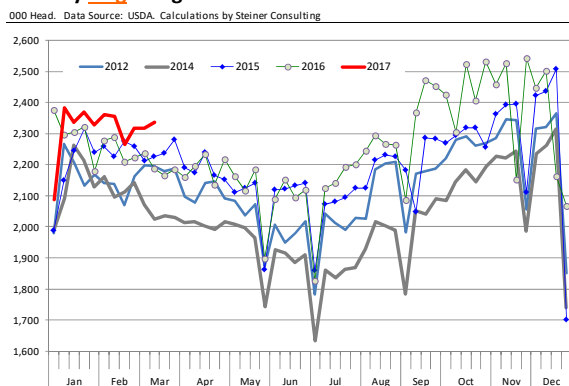


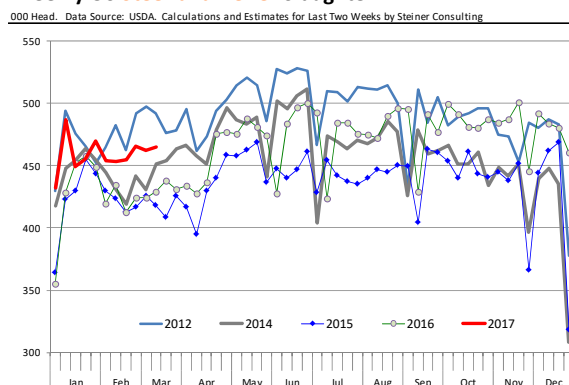
**Hog slaughter for the week ending March 18 was reported by USDA at 2.335 million head, 6.7% higher than the same week a year ago.** For the three weeks in March (weeks ending March 4, 11, 18) slaughter has averaged 2.323 million head, 4.8% higher than a year ago and now in line with what was implied in the December 'Hogs and Pigs' report. There is a lot of interest in the industry about the implications of the March survey, with the results expected to be released March 30. Particularly interesting will be the outlook for pork supplies going into the summer months. Expectations all along have been that we should expect a notable increase in slaughter but the timing of that supply will be critical. Seasonally hog numbers decline in May, June and July and that will be the case again this year. The question, however, is whether weekly hog slaughter remains above the 2.2MM per week after Memorial Day and how able the market will be to absorb this supply. So far it is clear that exports have provided the much needed demand impetus and limited the supply of pork going into domestic channels. Higher beef prices and continued pork export growth remain positive factors for the pork market but they also present inherent risks for producers. As for the hog supply expansion, all eyes will be on the size of the breeding herd. So far futures continue to provide producers an incentive to stay on the growth path. More packing capacity expected to come online later this year also should provide some relief in terms of processing all the additional hogs. However, the focus will be on the pace of that growth or if supply expansion continues to outpace the growth in packing capacity.

**As for the beef business, so far all seems to be in good shape and yet cattle futures markets have very reluctantly come along for the bullish ride that is consuming the product market.** Beef exports are excellent, evidenced in the weekly export data reported by USDA and also in the number of loads sold for export reported as part of the Mandatory Price Reporting system. One piece of news that came out this morning is that China has temporarily suspended beef imports from Brazil. The decision appears to follow the widening scandal in the Brazilian meatpacking industry. China does not allow beef imports from the US so the US does not appear to benefit from this (temporary) change in Chinese policy. However, we would argue that this move does indeed support US beef exports. Almost a third of all Chinese beef imports in 2016 came from Australia and New Zealand, two countries with which we compete vigorously in the Japanese and South Korean market. As Chinese buyers start to compete more aggressively for Australian beef, this will make life more difficult for Japanese and S. Korean buyers and shift more of that demand towards US products. Already we have seen this happening and the announcement could further exacerbate the situation. It could be that the Chinese decision is short lived and as Chinese officials learn more about the situation they may opt to resume trade again. However, if the scandal in Brazil deepens and reveals wider cracks in its food inspection regime, China may opt for a longer lasting policy. **We don't know how this will play out but it is one of those issues that bears watching.** As for the US beef imports, it is important to point out that the supply of fresh/frozen Brazilian beef entering the US remains minimal at this point. Most Brazilian beef is fully cooked, with imports so far this year at just 800MT, 0.5% of the beef imported YTD (source: USDA/AMS)

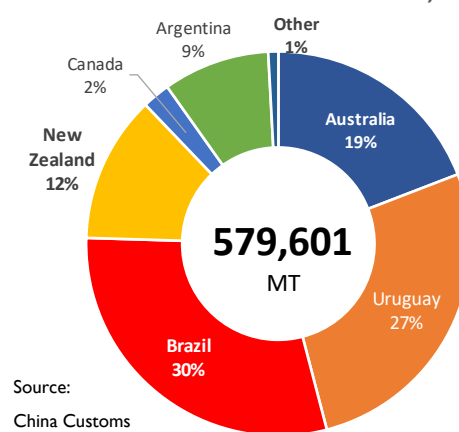
## Weekly Hog Slaughter



## Weekly US Steer and Heifer Slaughter



## CHINA BEEF IMPORTS IN 2016, MT



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# Daily Livestock Report

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## PRODUCTION & WKLY AVG. PRICE SUMMARY

Week Ending **3/18/2017**

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
		18-Mar-17	11-Mar-17		19-Mar-16			
<b>Total Beef, Pork, Chicken, Turkey</b>	<b>mil lbs., cwe</b>	<b>1,819</b>	<b>1,827</b>	<b>-0.45%</b>	<b>1,764</b>	<b>3.15%</b>	<b>19,170</b>	<b>1.3%</b>
FI Slaughter	Thou. Head	585	587	-0.34%	550	6.31%	6,388	4.8%
C FI Cow Slaughter **	Thou. Head	111	110	0.62%	105	6.13%	1,015	-4.9%
T Avg. Dressed Weight	Lbs.	820	820	0.00%	836	-1.91%	821	-1.0%
T Beef Production	Million Lbs.	478.6	480.3	-0.35%	458.9	4.29%	5,244	3.7%
L Live Fed Steer Price	\$ per cwt	128.75	125.23	2.81%	139.18	-7.49%		
E Dressed Fed Steer Price	\$ per cwt	208.03	201.56	3.21%	222.89	-6.67%		
Oklahoma Steer (600-700 lbs)	\$ per cwt	144.51	146.03	-1.04%	181.65	-20.45%		
& Choice Beef Cutout	\$ per cwt	221.56	214.12	3.47%	231.77	-4.41%		
Hide/Offal	\$ per cwt, live wt	11.85	11.91	-0.50%	11.07	7.05%		
B Rib Primal, Choice	\$ per cwt	337.23	317.83	6.10%	369.06	-8.62%		
E Round Primal, Choice	\$ per cwt	182.27	181.31	0.53%	184.99	-1.47%		
E Chuck Primal, Choice	\$ per cwt	166.77	165.22	0.94%	173.28	-3.76%		
F Trimmings, 50%	\$ per cwt	103.66	93.02	11.44%	114.59	-9.54%		
Trimmings, 90%	\$ per cwt	215.69	213.54	1.01%	218.35	-1.22%		
FI Slaughter	Thou. Head	2,335	2,318	0.73%	2,188	6.73%	25,450	0.7%
FI Sow Slaughter **	Thou. Head	58.6	57.5	1.96%	59.4	-1.26%	513	-7.6%
H Avg. Dressed Weight	Lbs.	212.0	212.0	0.00%	213.0	-0.47%	213	-0.2%
O Pork Production	Million Lbs.	495.8	492.1	0.75%	465.2	6.58%	5,410	0.5%
G Iowa-S. Minn. Base	Wtd. Avg.	67.36	68.14	-1.14%	62.78	7.30%		
S Natl. Base Carcass Price	Wtd. Avg.	69.48	69.71	-0.33%	65.21	6.55%		
Natl. Net Carcass Price	Wtd. Avg.	71.86	72.13	-0.37%	67.52	6.43%		
Pork Cutout	205 Lbs.	82.05	81.79	0.32%	76.30	7.54%		
Ham Primal	\$ per cwt	60.99	58.88	3.58%	53.47	14.06%		
Loin Primal	\$ per cwt	81.72	81.08	0.79%	76.34	7.05%		
Belly Primal	\$ per cwt	136.89	139.26	-1.70%	132.84	3.05%		
Trimmings, 72%, Fresh	\$ per cwt	68.32	67.54	1.15%	55.02	24.17%		
Hog By-Product Value	\$ per cwt, live wt	4.00	4.02	-0.50%	3.43	16.62%		
C Young Chicken Slaughter *	Million Head	159.7	159.1	0.39%	157.1	1.69%	1,595	0.7%
H Avg. Weight (RTC)	Lbs.	4.63	4.67	-0.98%	4.68	-1.14%	6.16	-0.2%
I Young Chicken Production (RTC)	Million Lbs.	739.3	743.8	-0.59%	735.4	0.53%	7,460	0.5%
C Eggs Set (19-state)	Million	214.6	214.9	-0.14%	210.3	2.07%	2,121	1.7%
K Chicks Placed (19-state)	Million Head	174.2	172.6	0.89%	170.1	2.39%	1,722	1.2%
E National Composite Whole Bird	Composite	96.63	93.04	3.86%	86.56	11.63%		
Northeast Breast, B/S	\$/cwt	124.83	124.52	0.25%	108.15	15.42%		
Northeast Leg Quarters	\$/cwt	38.44	37.8	1.69%	30.91	24.36%		
T Total Turkey Slaughter *	Million Head	4.078	4.346	-6.17%	4.153	-1.81%	40,849	-1.9%
U Avg. Weight (RTC)	Lbs.	25.83	25.57	1.03%	25.05	3.11%	32.11	2.2%
R Turkey Production (RTC)	Million Lbs.	105.3	111.1	-5.20%	104.0	1.25%	1,055	0.2%
K National Hen (8-12 lb)	8-16 Lbs.	102.50	102.00	0.49%	114.40	-10.40%		
G Corn, Omaha	\$ per Bushel	3.24	3.23	0.31%	3.54	-8.47%		
R Distillers Grain, Chicago	\$ per Ton	102.50	97.50	5.13%	137.50	-25.45%		
A Wheat, Kansas City (deliv.)	\$ per Bushel	4.09	4.04	1.24%	4.56	-10.31%		
I Soybeans, Cntrl IL	\$ per Bushel	9.88	9.96	-0.80%	9.00	9.78%		
N Soybn Meal 48%, Cntrl IL	\$ per Ton	325.30	324.50	0.25%	272.00	19.60%		

\* 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.

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