Daily Livestock Report

Sponsored in part by CME Group

 Vol. 17, No. 57 / March 25, 2019

The latest monthly U.S. Cattle on Feed report was published last Friday by USDA's National Agricultural Statistics Service (NASS). The full report is available here. Compared to the pre-report estimated by industry analysts (see table below), the number of animals placed in feedlots (lots with a capacity of 1,000 animals or more) during February was above expectations (up 2.2% year-over-year). That statistic was only 40,000 head above a year earlier (see graphic) and was 109,000 head bigger than the average of the pre-report estimates.

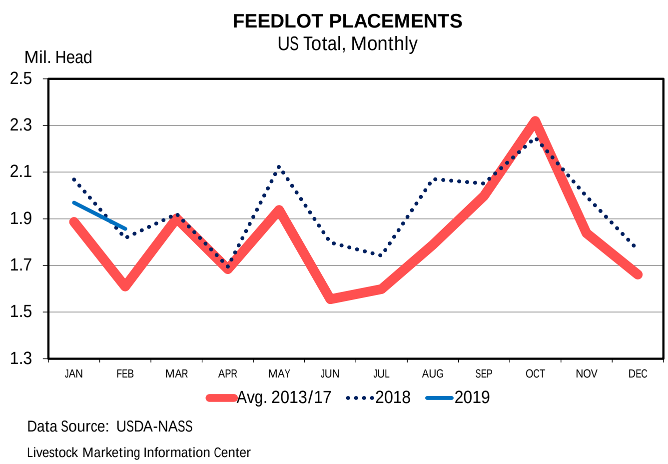
As of March 1, the NASS survey of producers showed that the on-feed inventory was 11.8 million cattle, an increase of 0.7% (81,000 head) year-over-year. Compared to the average of the pre-report estimated the count was up by 116,000 animals.

By typical standards, the report would be termed slightly bearish (negative) in the context of deferred live cattle futures market prices. However, that assessment may not materialize because other factors also influence the futures market. Traders have had their eyes on the surging Lean Hog contract, which has provided a bullish (positive) kick to the Live Cattle (fed cattle) contract. Depending on what happens in the hog contracts (positive or negative), the news in the Cattle on Feed report could be just a side story.

On a weekly average basis (average of the daily futures market closing prices), all the Live Cattle contracts for the next 12 months were higher last week. And on a daily basis, every contract posted an uptick every day except for the June contract on Friday. For the week, the nearby (April) contract was up $1.56 per cwt. to $129.33, while June rose by $3.11 to 123.21 per cwt. The August contract increased week-over-week by $2.84 (averaging $119.23), while the October contract was $2.90 higher at $119.58 per cwt. The December contract for the week averaged $122.07 (rising $2.63 week-over-week). Finally, the February 2020 Live Cattle contract averaged $123.28 per cwt. for the week, up $2.37.

Based on the Livestock Marketing Information Center calculations of breakeven sale prices for steers sold in the next few months (which were placed on-feed in the Southern Plains at 750-pounds and included all economic costs in a commercial feedlot) cattle feeders can lock-in profits using the Live Cattle futures. For example, steers to he sold in May through August have breakeven sale prices in the range of $118.50 to $119.50 per cwt. Historically, locking in a true economic profit on cattle to be closed-out in July and August has been a challenge.

On the second page of this newsletter is the weekly production and price summary table. Please note that the numbers are preliminary.



Cattle on Feed and Industry Pre-Report Estimates			
	% of Year Ago		
	Acutal	Pre-Report Average	Pre-Report Range
On-Feed March 1	100.7	99.7	99.0 - 100.6
Placed in February	102.2	96.2	92.2 - 101.5
Marketed in February	100.5	100.8	99.7 - 101.3
Pre-Report Source: Urner Barry (used with permission)			

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PRODUCTION & PRICE SUMMARY

Week Ending 3/23/2019

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
			23-Mar-19	16-Mar-19		24-Mar-18			
	Beef, Pork, Chicken, & Turkey	Mil Lbs., cwe	1,900	1,863	2.0%	1,871	1.6%	21,434	0.4%
C	FI Slaughter	Thou. Head	631	597	5.7%	611	3.2%	7,175	0.1%
A	FI Cow Slaughter **	Thou. Head	129	127	1.5%	120	7.5%	1,240	3.3%
T	Avg. Dressed Weight	Lbs.	808	810	-0.2%	818	-1.2%	811	-1.5%
T	Beef Production	Million Lbs.	508.9	482.8	5.4%	498.8	2.0%	5,821	-1.4%
L	Live Fed Steer Price, 5-Mkt	$ per cwt	130.00	127.14	2.2%	125.90	3.3%		
E	Dressed Steer Price, 5-Mkt	$ per cwt	207.59	204.25	1.6%	201.79	2.9%		
	Oklahoma Steer (600-700 lbs)	$ per cwt	159.01	152.07	4.6%	155.17	2.5%		
&	Choice Beef Cutout	$ per cwt	228.95	227.70	0.5%	224.18	2.1%		
	Hide/Offal	$ per cwt, live wt	9.09	9.06	0.3%	10.09	-9.9%		
B	Rib, Primal, Choice	$ per cwt	378.35	372.92	1.5%	368.77	2.6%		
E	Round, Primal, Choice	$ per cwt	183.27	182.84	0.2%	172.99	5.9%		
E	Chuck, Primal, Choice	$ per cwt	180.71	181.14	-0.2%	179.17	0.9%		
F	Trimmings, 50%, Fresh	$ per cwt	82.76	79.12	4.6%	83.47	-0.9%		
	Trimmings, 90%, Fresh	$ per cwt	217.51	216.25	0.6%	218.31	-0.4%		
	FI Slaughter	Thou. Head	2,508	2,447	2.5%	2,410	4.1%	29,171	2.3%
H	FI Sow Slaughter **	Thou. Head	57.3	58.2	-1.6%	58.3	-1.7%	578	-0.5%
O	Avg. Dressed Weight	Lbs.	215.0	215.0	0.0%	214.0	0.5%	215	0.3%
G	Pork Production	Million Lbs.	538	525.4	2.4%	516.1	4.2%	6,262	2.6%
S	Iowa-S. Minn. Direct	Wtd. Avg.	61.76	51.84	19.1%	54.68	12.9%		
	Natl. Base Carcass Price	Wtd. Avg.	61.92	56.86	8.9%	62.97	-1.7%		
&	Natl. Net Carcass Price	Wtd. Avg.	63.78	58.83	8.4%	65.01	-1.9%		
	Pork Cutout	$ per cwt	74.92	67.92	10.3%	71.40	4.9%		
P	By-product Value	$ per cwt, live wt	3.33	3.30	0.9%	3.66	-9.0%		
O	Ham, Primal	$ per cwt	63.76	53.40	19.4%	53.06	20.2%		
R	Loin, Primal	$ per cwt	68.79	63.11	9.0%	73.05	-5.8%		
K	Belly, Primal	$ per cwt	135.46	123.53	9.7%	101.78	33.1%		
	Trimmings, 72%, Fresh	$ per cwt	62.78	51.37	22.2%	63.89	-1.7%		
C	Young Chicken Slaughter *	Million Head	160.7	160.3	0.3%	159.25	0.9%	1,760	1.1%
H	Avg. Weight (RTC)	Lbs.	4.63	4.68	-1.1%	4.72	-1.9%	4.65	-0.9%
I	Young Chicken Production (RTC)	Million Lbs.	744.0	750.3	-0.8%	751.6	-1.0%	8,192	0.2%
C	Eggs Set (US)	Million	231.6	232.3	-0.3%	228.1	1.5%	2,530	1.6%
K	Chicks Placed (US)	Million Head	185.6	185.8	-0.1%	182.9	1.5%	2,022	1.4%
E	National Composite Whole Bird	Composite	96.33	92.00	4.7%	106.13	-9.2%		
N	Northeast Breast, B/S	$ per cwt	119.58	110.07	8.6%	130.96	-8.7%		
	Northeast Leg Quarters	$ per cwt	40.92	39.3	4.1%	39.85	2.7%		
T	Total Turkey Slaughter *	Million Head	4.11	3.95	4.2%	4.16	-1.0%	43.2	-4.3%
U	Avg. Weight (RTC)	Lbs.	26.59	26.37	0.9%	25.19	5.6%	26.84	4.2%
R	Turkey Production (RTC)	Million Lbs.	109.4	104.1	5.1%	104.7	4.5%	1,159	-0.2%
K	National Hen (8-12 Lbs)	$ per cwt	82.07	84.00	-2.3%	79.50	3.2%		
G	Corn, Omaha	$ per Bushel	3.70	3.63	2.1%	3.49	6.2%		
R	Distillers Grain, IA	$ per Ton	136.00	135.00	0.7%	152.50	-10.8%		
A	Soybean, Cntrl IL	$ per Bushel	8.82	8.66	1.8%	10.03	-12.1%		
I	Soybn Meal 48%, Cntrl IL	$ per Ton	313.30	308.90	1.4%	372.50	-15.9%		
N									

* 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).