Daily Livestock Report

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Please note that markets will be closed on Friday in observance of 'Good Friday.' You can find details of CME holiday trading schedules here.

All key numbers in the latest 'Cattle on Feed' report were higher than analysts were expecting and the results may be construed as moderately bearish for futures when they open on Monday. Futures were down sharply last week and it is possible that the bearish implications of the inventory survey may already be in the market.

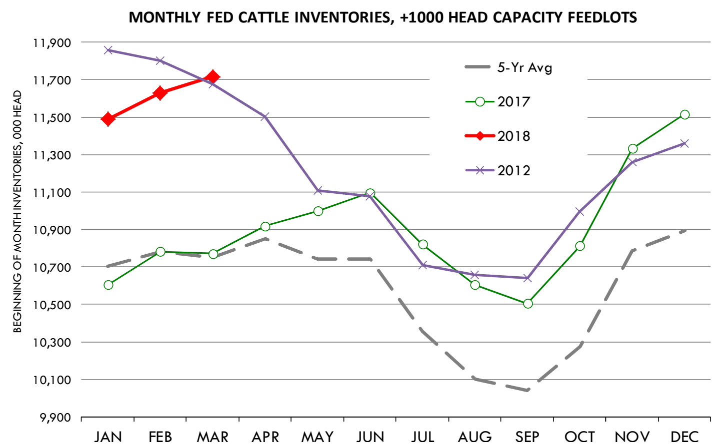
Total on feed supplies as of March 1 were estimated at 11.715 million head, 8.8% higher than the previous year. Prior to the report analysts were expecting total on feed supplies to be 8.1% higher than last year. This is **the largest on feed March inventory since March 2006**. USDA reported that feedlots placed 1.817 million head of cattle on feed in February, 7.3% more than a year ago and 12.9% higher than the five year average. Analysts on average expected placements to be up 4.5% although there were some that expected placements to be quite large given reports of still very high placement rates in Texas. Cattle placements in the Southern Plains have been higher than expected, as drought conditions pushed light calves into feedlots last fall and also limited wheat pasture feeding in January and February. In this latest report, placements in Texas were up 45,000 head (+14.1%), placements in Kansas were up 10.5% and placements in Oklahoma were up 12.2%. The combined increase in placements from these three states, which are struggling with drought, accounted for almost 75% of the overall increase in February placements. The bulk of the increase in placements came from cattle that were 700 pounds or heavier, which was the case last month as well. Deteriorating conditions appear to have cut short winter wheat feeding programs and caused producers to push cattle into feedlots earlier than normal. However, this also implies that fewer cattle will now be available for placement in March, April and May. Ultimately, however, the increase in placements is driven by two major factors: a) the larger calf crop and; b) deteriorating profitability pushing more female calves into feedlots.

The main concern of market participants in recent weeks is the pace of slaughter relative to the supply of cattle on feed. The marketing rate in February (ratio of cattle marketed relative to inventory) was 14.4% compared to 15.3% last year. March marketings have not been much better and there is growing concern that we could see a significant supply of market ready cattle in May, June and July. Based on initial USDA data we estimate fed cattle slaughter last week at 480,000 head, 2.3% lower than a year ago. In the last three weeks fed slaughter has been 1.8% lower than last year. If this trend conditions, we could see March feedlot marketings 3.7% lower than last year (with one less marketing day). Marketing rate for March could be 15.8%.

U.S. ALL CATTLE ON FEED: 1,000+ CAPACITY FEEDLOTS

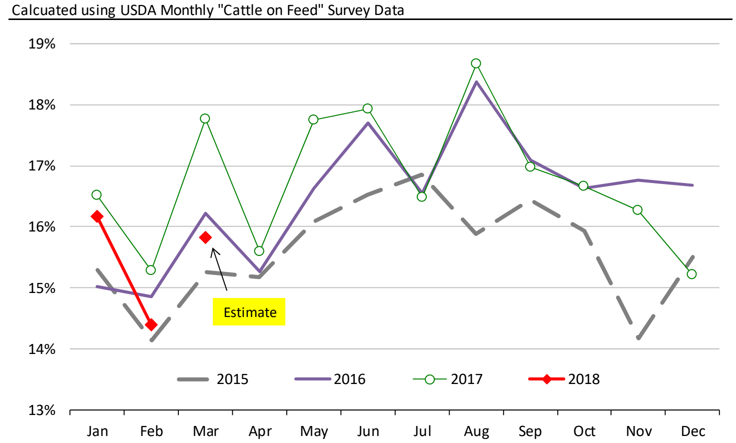
Source: USDA/NASS. Analyst Estimates from Urner Barry

	Number, Thousand Head			Current Year as % of Year Prior		
	2016	2017	2018	Actual	Estimates	Difference
Placed on Feed During Feb	1,710	1,694	1,817	107.3	104.5	2.8
Fed Cattle Marketed in Feb	1,591	1,648	1,675	101.6	101.4	0.2
On Feed March 1	10,770	10,772	11,715	108.8	108.1	0.7



FEEDLOT TURN-OVER RATE (MARKETING RATIO VS. INVENTORY)

Calcuated using USDA Monthly "Cattle on Feed" Survey Data



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PRODUCTION & WKLY AVG. PRICE SUMMARY   Week Ending   3/24/2018

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
			24-Mar-18	17-Mar-18		25-Mar-17			
	Total Beef, Pork, Chicken, Turkey	**mil lbs., cwe**	**1,871**	**1,861**	0.52%	**1,851**	1.08%	**21,337**	1.5%
	FI Slaughter	Thou. Head	607	595	2.02%	613	-1.05%	7,155	2.0%
C	FI Cow Slaughter **	Thou. Head	120	120	0.51%	114	5.25%	1,200	6.3%
T	Avg. Dressed Weight	Lbs.	823	824	-0.12%	814	1.11%	824	0.5%
T	Beef Production	Million Lbs.	498.5	488.7	2.01%	498.5	0.00%	5,898	2.6%
L	Live Fed Steer Price	$ per cwt	125.94	127.91	-1.54%	130.91	-3.80%		
E	Dressed Fed Steer Price	$ per cwt	201.88	205.47	-1.75%	210.99	-4.32%		
	Oklahoma Steer (600-700 lbs)	$ per cwt	156.08	165.60	-5.75%	145.01	7.63%		
&	Choice Beef Cutout	$ per cwt	224.18	224.46	-0.12%	223.12	0.48%		
	Hide/Offal	$ per cwt, live wt	10.09	10.18	-0.88%	11.92	-15.35%		
B	Rib Primal, Choice	$ per cwt	368.77	368.94	-0.05%	341.71	7.92%		
E	Round Primal, Choice	$ per cwt	172.99	173.03	-0.02%	181.14	-4.50%		
E	Chuck Primal, Choice	$ per cwt	179.17	180.50	-0.74%	166.03	7.91%		
F	Trimmings, 50%	$ per cwt	83.47	83.72	-0.30%	106.86	-21.89%		
	Trimmings, 90%	$ per cwt	218.31	218.00	0.14%	217.25	0.49%		
	FI Slaughter	Thou. Head	2,409	2,413	-0.17%	2,323	3.70%	28,507	2.7%
	FI Sow Slaughter **	Thou. Head	58.3	58.0	0.48%	58.3	-0.14%	581	1.6%
H	Avg. Dressed Weight	Lbs.	214.0	214.0	0.00%	212.0	0.94%	214	0.7%
O	Pork Production	Million Lbs.	516.2	516.2	0.00%	493.3	4.64%	6,100	3.3%
G	Iowa-S. Minn. Base	Wtd. Avg.	55.41	59.21	-6.42%	66.08	-16.15%		
S	Natl. Base Carcass Price	Wtd. Avg.	63.39	65.26	-2.87%	68.50	-7.46%		
	Natl. Net Carcass Price	Wtd. Avg.	65.43	67.31	-2.79%	70.96	-7.79%		
	Pork Cutout	205 Lbs.	71.40	73.43	-2.76%	79.49	-10.18%		
	Ham Primal	$ per cwt	53.06	56.27	-5.70%	60.16	-11.80%		
	Loin Primal	$ per cwt	73.05	73.76	-0.96%	79.17	-7.73%		
	Belly Primal	$ per cwt	101.78	106.47	-4.40%	133.81	-23.94%		
	Trimmings, 72%, Fresh	$ per cwt	63.89	67.59	-5.47%	68.56	-6.81%		
	Hog By-Product Value	$ per cwt, live wt	3.66	3.75	-2.40%	3.98	-8.04%		
C	Young Chicken Slaughter *	Million Head	159.2	160.4	-0.74%	162.3	-1.87%	1,741	-0.9%
H	Avg. Weight (RTC)	Lbs.	4.72	4.70	0.32%	4.59	2.81%	6.18	0.5%
I	Young Chicken Production (RTC)	Million Lbs.	751.6	754.7	-0.42%	744.9	0.89%	8,176	-0.4%
C	Eggs Set (19-state)	Million	0.0	227.5	NA	221.7	NA	2,489	2.2%
K	Chicks Placed (19-state)	Million Head	0.0	182.5	NA	181.8	NA	1,994	1.0%
E	National Composite Whole Bird	Composite	106.13	99.04	7.16%	98.57	7.67%		
	Northeast Breast, B/S	$/cwt	130.96	119.19	9.87%	127.43	2.77%		
	Northeast Leg Quarters	$/cwt	39.85	39.47	0.96%	38.65	3.10%		
T	Total Turkey Slaughter *	Million Head	4.156	3.91	6.29%	4.507	-7.79%	45.127	-0.5%
U	Avg. Weight (RTC)	Lbs.	25.19	26.02	-3.19%	25.36	-0.67%	32.02	-0.1%
R	Turkey Production (RTC)	Million Lbs.	104.7	101.8	2.90%	114.3	-8.41%	1,162	-0.6%
K	National Hen (8-12 lb)	8-16 Lbs.	79.50	79.50	0.00%	102.07	-22.11%		
G	Corn, Omaha	$ per Bushel	3.49	3.59	-2.79%	3.18	9.75%		
R	Distillers Grain, Chicago	$ per Ton	165.00	162.50	1.54%	102.50	60.98%		
A	Wheat, Kansas City (deliv.)	$ per Bushel	4.69	4.90	-4.29%	3.83	22.45%		
I	Soybeans, Cntrl IL	$ per Bushel	10.03	10.15	-1.18%	9.77	2.66%		
N	Soybn Meal 48%, Cntrl IL	$ per Ton	372.50	375.00	-0.67%	315.20	18.18%		

* 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. YTD still references 2017.

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