

More cattle and hogs are coming to market in 2018, and at heavier weights, too. The latest cattle on feed report showed placements continuing to advance at a rapid pace which will lead to depressing price implications on the fed cattle side later in the year. The higher inventory is not the only factor that will weigh on the market. Dressed weights for steers have been higher than a year ago and are well above the five-year average. Through the first 10 weeks of the year, steer dressed weights are running 2.3 pounds ahead of 2017 and over 15 pounds higher than the five-year average. These heavier weights extend heifer carcasses as well, which are averaging 6.9 pounds above last year's, as shown in the chart to the right.

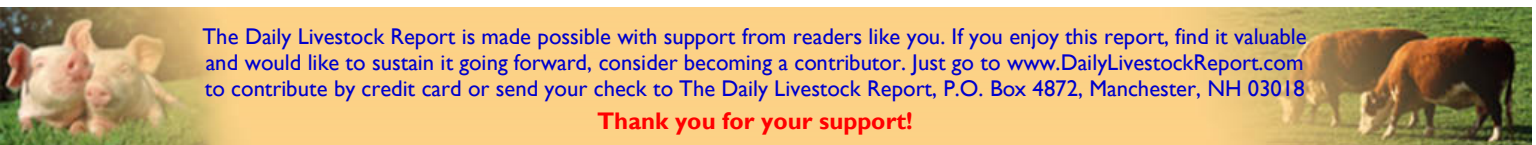
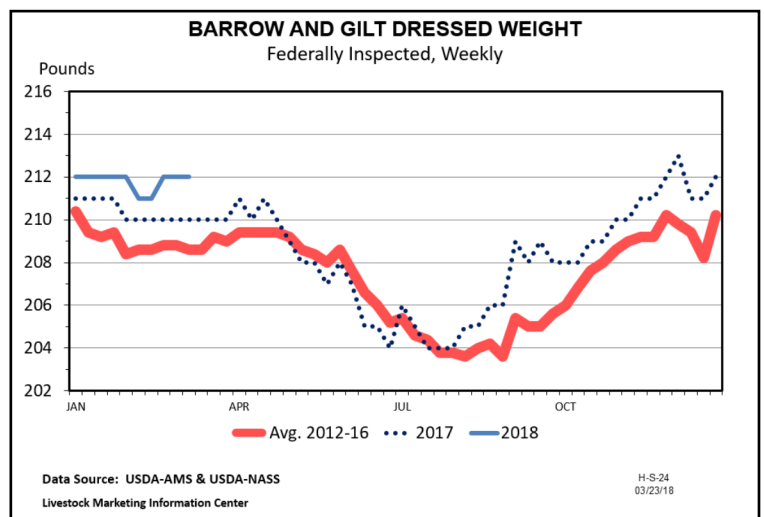
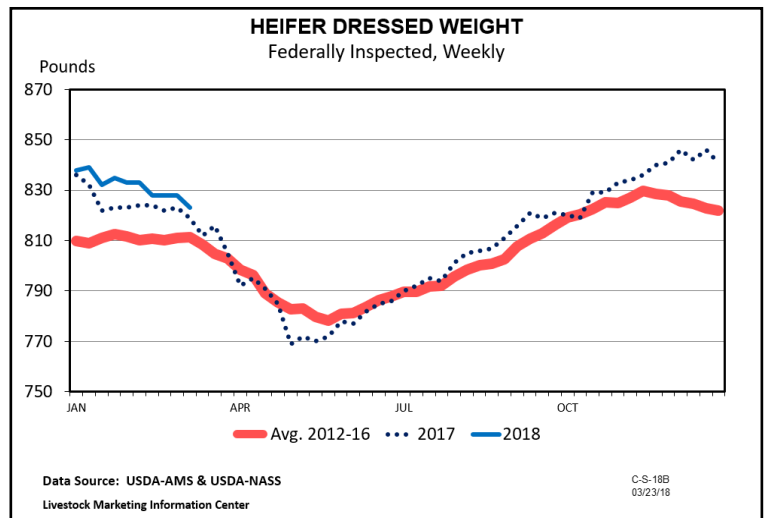
Last week's cattle on feed report showed higher numbers of heavier weight placements heading into feedlots and a rather sharp decline in the number of marketings relative to the number of cattle on feed (more on this in last [Monday's DLR](#)). The normal pattern would be for those heavier cattle to exit feedlots at higher weights relative to cattle placed at lighter weights.

The combination of larger supplies coming to market and heavier carcasses could trigger falling fed prices at a faster pace than what the placement numbers alone might suggest. Seasonally, dressed weights should slip heading into early summer. Second and third quarter are already projected to have commercial beef slaughter up over 4%. If these weights do not moderate, beef production increased could be well over 5% year-over-year in second and third quarters of 2018.

Barrow and gilt dressed weights are also up, gaining 2 pounds per carcass for the last three weeks compared to those same weeks last year, and are up 1.4 pounds on average for the first 10 weeks of the year. The Quarterly Hogs and Pigs report will be released this Friday will give us a better look forward at this year's hog production. As detailed in yesterday's DLR, analysts are expecting market hogs to be up 3.3% this quarter, with all market weight categories gaining 3% or more compared to last year. The rise in hog inventory is responsible for 95% of the expected production increase. However, if weights continue to maintain the pace

of 2 pounds over a year ago, that could push pork production up another 1% compared to 2017.

For cattle, larger dressed weights are adding just under 1% to the current production estimates. For each additional pound average dressed weights increase, this will add about 33 million pounds to annual commercial beef production. These weights are going to be critical to watch moving forward and compound already ample slaughter in both cattle and hog sectors.



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