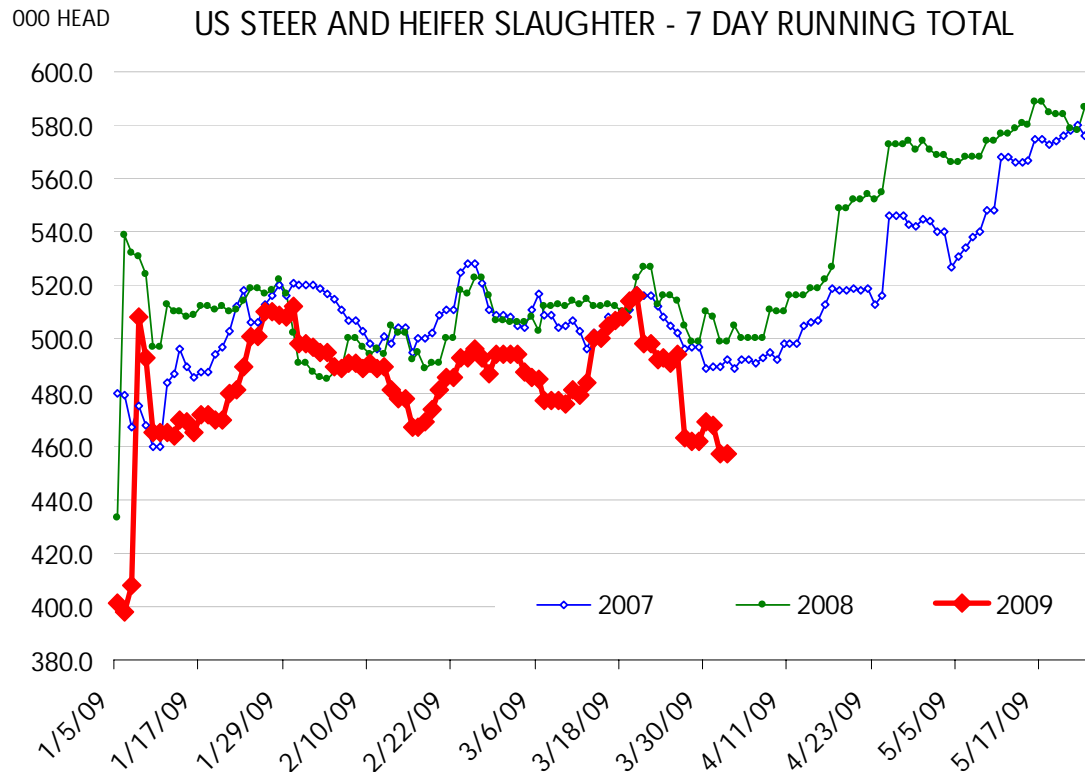


## Daily Livestock Report



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E-Livestock Volume	2-Apr	1-Apr	26-Mar
LE (E-Live Cattle):	24,073	10,955	13,684
GF (E-Feeder Cattle):	1,547	1,148	1,269
HE (E-Lean Hogs):	11,444	13,588	14,637

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### Market Comments

**US fed cattle slaughter numbers have been tracking lower in recent days as packers try to get some control over poor margins.** Total steer and heifer slaughter in the past seven days ( Mar 27 - Apr. 2) was 457,000 head, 8.4% lower than the same period a year ago. The numbers are based on the USDA daily report of fed cattle and cow slaughter and our estimate for Thursday slaughter. Packers ran very light last Friday and Saturday and we could see light kills again this week as the change in boxed beef prices has been underwhelming. The choice beef cutout value on Thursday closed at \$135.8 /cwt, just \$1.5 per cwt higher than last Thursday and still \$1.9 lower than a year ago. The select cutout value is effectively priced at the same price as choice at \$135.2 /cwt, just \$0.6 higher than last week and \$1.8 lower than a year ago. Fed cattle slaughter numbers should begin to move seasonally higher into May but overall they will remain below year ago levels as indicated in the latest cattle on feed report. In addition to weaker cutout values compared to a year ago, packers also have to contend with a sharp decline in drop credits, which is the value of items such as offal, hides and other by-products. USDA quoted drop credit values on Thursday at \$5.86 /cwt compared to \$5.77 a week ago (+1.6%) and \$10.5 /cwt (-44.2%) last year. Drop values have declined sharply due to a stronger US currency and limited demand from world markets. Many of the steer and heifer hides produced in the US end up as leather luxury goods sold in the global marketplace. Demand for such goods has collapsed and a strong US currency means that prices have to decline to offset the currency change. US whole cattle hide exports in January were down 14.4% on a volume basis and down 53.3% on a value basis. Exports of beef variety meats also are down across the board. Mexico is the largest market for US variety meats and shipments to that market in January were down 26% from a year ago.

The decline in beef supplies should begin to have some impact, however, as beef demand seasonally improves. Prices for less expensive grinding beef were higher this week, in part due to lower cow slaughter numbers but also because of smaller supplies of trimmings from steers and heifers. Less expensive steak cuts also have seen a moderate improvement. But this will need to be sustained as supplies also will seasonally increase.